

Daily Market Chatter

FX & Rates

- **USD:** The greenback scored solid gains yesterday across G10 as hawkish Stanford economist Taylor said to have impressed Trump in his interview last week while Warsh's chances have faded. Moreover, Yellen's interview is coming up this week and it is also said that former Treasury official David Malpass is being considered for a seat on the board of governors. On the political front, US representatives might meet North Korea in Moscow which has helped solidify the dollar gains. Today's data slate carries UK inflation data, Eurozone inflation data, German ZEW, US import price index, industrial productions and finally the manufacturing production.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.95%	+5.0	-0.6	+14.4	+69.6	+2.3
10Y	2.30%	+3.0	-5.6	+10.1	+53.7	-14.0
30Y	2.82%	+1.8	-7.1	+5.3	+30.1	-24.2

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	201.0	+2.5	-2.9	+10.0	+73.9	+5.1
10Y	225.3	+1.2	-6.5	+5.3	+65.9	-6.7
30Y	249.4	+0.1	-7.5	+2.5	+53.9	-7.6

Source: Bloomberg

- **EUR:** The single currency remains heavy due to the vague letter that Puigdemont sent, in which he called for a face-to-face meeting as soon as possible insisting the referendum gave his government a mandate to form a new republic. The letter yielded yet another extension to Thursday to finalise his decision. As a result, EUR lost its footing above 1.1800 and sold off to a low of 1.1775 this morning. Until the political tensions in the Eurozone subside, I prefer to play the intraday ranges, at least until the next ECB meeting next week.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1810	-0.08%	+0.51%	-1.04%	+7.35%	+12.29%
GBP USD	1.3285	+0.00%	+1.06%	-1.48%	+8.91%	+7.66%
USD JPY	111.76	-0.05%	-0.82%	+0.19%	+7.54%	-4.45%

Source: Bloomberg

- **GBP:** Brexit headlines continue to drive the pound's price action, as the negotiations said to have hit a dead-end and according to unnamed sources the UK is said to seek a breakdown of Brexit talks unless the EU compromises. Additionally, nothing came out of UK May's visit to Brussels to see Juncker. That said, UK Hammond tried to cool the situation, commenting that the relations with the EU are still positive and the possibility of no deal had not risen. The market completely ignored Hammond's comments and Cable sold off from 1.3300 to 1.3225.
- **CAD:** Oil gains, along with positive reports that PM Trudeau will announce tax cuts, could not battle with the dollar strength which saw USDCAD rising

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to a high of 1.2558. Furthermore, the release of the BoC loan Survey intensified the move higher along with BoC Poloz comments that Canadian growth is likely to slow down in H2.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.6455	+0.29%	-2.07%	+4.46%	+17.64%	+3.46%
USD INR	64.7200	-0.32%	-0.98%	+0.90%	-3.24%	-4.72%
USD IDR	13,476.0	-0.16%	-0.31%	+1.67%	+3.11%	+0.02%

Source: Bloomberg

MENA Credit

- Another busy day here in the GCC. Hate to repeat myself but still ADGB & KSA Sov curves are the center of attention with decent amount of bonds changing hands mainly the ADGB 27s. We were active on both curves and believe this will continue in the weeks ahead.
- Another name we have been busy on is Mubadala 29s (AA Rated) which is cheap if you compare it to ADGB 27s (AA) with pickup of 47bps in Zspd. I agree the Sov paper are the favourite picks for local/regional Banks but would still keep a close eye on the Mubadala due to its AA rating & strong ownership and prefer it compared to IPIC (AA) as the Mubadala curve is more liquid. We are making the below live markets (Security / BidPx – AskPx):
 - MUBAUH 5½ 21 110.000-110.400
 - MUBAUH 3¼ 22 102.100-102.500
 - MUBAUH 2¾ 23 98.600-99.000
 - MUBAUH 3 24 99.100-99.500
 - MUBAUH 3¾ 29 100.150-100.450
 - INTPET 5 20 107.750-108.150
 - INTPET 5½ 22 111.250-111.650

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	318.5	-1.5	+2.0	+1.9	-27.8	-44.7
Sovx CEEMEA	38.7	-0.1	-2.3	-1.9	-56.3	-40.9
Itrax Xover	243.0	-0.3	-5.4	+20.1	-92.9	-45.0

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	59.7	-1.0	+1.6	+3.4	-6.3	-1.8
Kuwait 5Y	67.0	+0.0	+0.0	-0.2	-42.1	-44.2
Dubai 5Y	129.0	+0.0	+3.0	+6.3	-17.0	-20.8

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	99.3	-0.7	-1.3	+9.8	+10.3	+19.0
KSA 5Y	82.2	-1.0	-1.9	+0.7	-61.8	-31.2
Bahrain 5Y	237.0	+0.0	-0.2	+3.6	-149.7	+123.6

Source: Bloomberg

Continued...

Overnight market headlines

Global News

- US Empire State index jumps to 3-year high in October
- Taylor is said to impress Trump for Fed Chair as Warsh slips
- May backs down from Brexit showdown after Merkel rebuff
- China and emerging markets have to stay 'vigilant' to possible risks, says IMF deputy managing director
- Dollar gains while Treasuries fall on Fed chair talk; Asian stocks mixed

Middle East & Africa News

- Abu Dhabi Commercial bank raises A\$400m in bonds
- Oman Electricity Transmission Co considers dollar sukuk issue
- Dubai Aerospace plans sukuk issue by mid-2018
- Dubai's Mashreq posts 12% rise in nine months net profit
- Qatar's Masraf Al Rayan Q3 profit up 6.5%
- Kuwait Finance House Q3 profit rises 7.5%
- Abu Dhabi Investment Authority's unit to invest \$1bn in India's infra fund
- Dubai Holding sidelines \$20bn property project
- China said to offer to buy 5% of Saudi Aramco directly
- Qatar Investment Fund to broaden focus into Gulf beyond Qatar
- Egypt central bank says Saudi Arabia, UAE extend maturities of \$4bn deposits due in 2018
- Saudi market rebounds on banks, oil prices

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Key data points – Global

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	22,957	+0.37%	+0.86%	+3.09%	+26.93%	+16.16%
S&P 500	2,558	+0.18%	+0.51%	+2.30%	+20.27%	+14.24%
Nasdaq Composite	6,624	+0.28%	+0.67%	+2.72%	+27.39%	+23.05%
Nikkei	21,256	+0.47%	+2.73%	+6.76%	+25.77%	+11.20%
Hang Seng	28,693	+0.76%	+1.29%	+3.18%	+24.55%	+30.42%
Shanghai	3,378	-0.36%	+0.12%	+0.74%	+11.09%	+8.86%
Mumbai Sensex	32,634	+0.62%	+2.47%	+1.12%	+18.54%	+22.56%
DAX	13,004	+0.09%	+0.21%	+3.87%	+23.80%	+13.26%
CAC 40	5,363	+0.21%	-0.05%	+2.86%	+20.51%	+10.29%
FTSE 100	7,527	-0.11%	+0.25%	+4.32%	+8.34%	+5.38%
DJ Stoxx 50	3,606	+0.05%	-0.12%	+2.58%	+19.86%	+9.60%
FTSE MIB Index	22,428	+0.07%	-0.22%	+0.89%	+34.86%	+16.60%
SMI Index	9,275	-0.40%	+0.16%	+2.73%	+15.92%	+12.83%
MENA						
Abu Dhabi – ADX	4,524	+0.11%	+1.64%	+1.73%	+7.18%	-0.50%
Dubai – DFM	3,657	-0.00%	+1.29%	+0.71%	+11.77%	+3.59%
Saudi Arabia	6,977	+0.56%	-1.93%	-5.76%	+25.38%	-3.24%
Qatar	8,300	-0.50%	+1.06%	-0.90%	-20.39%	-20.48%
Bahrain	1,278	+0.31%	+0.40%	-1.67%	+12.37%	+4.74%
Kuwait	6,636	+0.21%	-0.20%	-3.99%	+25.51%	+15.45%
Oman	5,095	-0.85%	-1.38%	+1.95%	-8.70%	-11.89%
Egypt	13,525	-2.74%	-3.17%	-0.64%	+64.08%	+9.56%
Turkey	1,06,475	+0.23%	+5.11%	-1.18%	+37.50%	+36.26%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	51.87	+0.82%	+4.62%	+3.97%	+3.86%	-3.44%
Brent Oil \$/bbl	57.82	+1.14%	+3.64%	+3.96%	+12.23%	+1.76%
Gold spot \$/oz	1,303.7	-0.01%	+1.74%	-0.24%	+3.78%	+13.61%
Silver spot \$/Troy oz	17.391	-0.17%	+2.89%	+1.70%	-0.41%	+9.18%
Aluminium 3MO \$	2,136.0	+0.12%	-1.73%	+2.40%	+27.52%	+26.17%
Nickel 3MO \$	11,865	+1.63%	+7.72%	+6.99%	+13.16%	+18.41%
Copper 3MO \$	7,135	+3.67%	+7.03%	+9.64%	+52.59%	+28.89%

Source: Bloomberg

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