

Daily Market Chatter

FX & Rates

- **USD:** Trump held an unofficial 'hand's up' poll of republican senators as to whom should be the next FED Chair. Taylor appeared to win the poll and ten-year govies broke through the 2.40% resistance level as TY breaks through multiple technical supports and the curve steepens. The market seemed to brush off the rumblings surrounding tax reforms and discontent in the party. We look for a more detailed break-down of the reforms on the 1st November and also for the announcement of FED Chair. It does seem to me that optimism of a Taylor appointment has already been built into the curve and if Powell is announced I expect to see some pull back. Durable goods today and mortgage applications will be the ones to watch in the US.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.04%	+4.5	+8.6	+20.8	+77.0	+11.7
10Y	2.42%	+5.3	+11.9	+19.9	+66.3	-2.4
30Y	2.93%	+4.9	+13.1	+17.1	+43.5	-13.2

Source: Bloomberg

\$ Mid Swap	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	210.6	+2.3	+6.0	+18.8	+81.1	+14.8
10Y	238.7	+3.9	+8.5	+20.3	+78.8	+6.8
30Y	263.2	+4.4	+11.9	+18.5	+68.7	+6.2

Source: Bloomberg

- **GBP:** The press continues to lambast the tory party although Chancellor Hammond seems to be bearing the brunt of the attacks at the moment. Headlines today flagging support for the strained housing market as Brussels and May continue to parry with each other in public. Advance Q3 GDP data today could give cable a boost after it suffered at the hands of USD strength yesterday.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1764	+0.16%	+0.15%	-0.68%	+8.02%	+11.86%
GBP USD	1.3132	-0.52%	-0.36%	-2.39%	+7.67%	+6.42%
USD JPY	113.87	+0.15%	+1.42%	+2.06%	+9.23%	-2.64%

Source: Bloomberg

- **EUR:** We saw limited price action yesterday with a 50 pip range as the EURUSD did dip briefly to 1.1743 but quickly reversed back to mid-1.1750s where it consolidated most of the day. Furthermore, large option expiries above 1.1800 failed to pull EUR higher amid the broad-based dollar strength, and even the decent French Markit manufacturing PMIs received a muted price reaction. As the market awaits the ECB decision, one must respect the resilience of the EUR longs as they wish for a more hawkish outcome. Today's price action is likely to remain nimble and focus will turn towards the German IFO data and Italian industrial orders and sales.
- **CNH / CNY:** So now the 19th NPC story has finished, and next important meeting will be 1 year apart talking about the economy and growth prospects/plans in the 3rd plenary session (2nd plenary session should be in March 2018) but it only firms up and approve the committee member's

25 October 2017

 Chavan Bhogaita
 Head of Market Insights & Strategy

 Rakesh Sahu
 Analyst

 Please click [here](#) to view our recent publications on MENA and Global Markets

position/authority. Historically, China's equity market performance tends to underperform right after the end of the NPC till the 3rd plenary session, as there seems to be lack of concrete plans for development for this year (despite the ideas are laid out during this meeting), hence I am slightly bearish on CNH / CNY.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.7451	+0.83%	+1.82%	+5.51%	+21.95%	+6.29%
USD INR	65.0675	+0.08%	+0.07%	-0.08%	-2.63%	-4.21%
USD IDR	13,533.0	-0.07%	+0.19%	+1.56%	+4.06%	+0.45%

Source: Bloomberg

Asia Credit

- In Asia we have some new Korean issues trading today – EIBKOR Float 11/01/22, EIBKOR 2 ½ 11/01/20 and EIBKOR 3 11/01/22. We also expect to see the new China sovereign deal to start building formally as China names going tighter to start the day with few lifts in Sinope/Chinagrid. We expect the IG spreads to stay steady while the EM prices will stay under pressure given the higher UST range.

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	317.2	-1.7	-1.1	-2.7	-25.1	-46.0
Sovx CEEMEA	40.6	-0.1	+1.5	-1.7	-52.4	-39.0
Itrax Xover	237.3	-1.8	-4.2	-19.4	-83.2	-50.7

Source: Bloomberg

MENA Credit

- Our market followed USTs last night as the 10Y pushed above the 2.40% level now @ 2.417%. We were very active on both the ADGB & KSA curve and surprisingly saw a buyer in the QATAR curve mainly in Qatar 23s Sukuk. Would expect some bottom fishing today specially in the Sov/IG space. We also had buyers of the long end mainly KSA 46s/47s.
- Coming to New Issues we have ADNOC & APICORP. IPT for the 5-year Aa3 rated APICORP sukuk was announced today at MS+125bps area. Think ADNOC books could open today. We have also Mazoon Electricity (Oman) starting their road show today in Singapore and a Sukuk deal might follow next week. FAB is on all three deals, so please reflect your interest to the sales team.

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	58.4	-1.7	-1.8	-4.7	-7.1	-3.0
Kuwait 5Y	62.7	+0.6	-4.8	-10.1	-45.4	-48.6
Dubai 5Y	124.3	-2.9	-1.1	-8.3	-27.3	-25.5

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	101.9	+0.3	+1.4	+1.9	+15.4	+21.6
KSA 5Y	83.2	-0.2	-0.5	-7.2	-56.2	-30.3
Bahrain 5Y	237.9	-0.1	+0.1	-2.6	-134.2	+124.5

Source: Bloomberg

Continued...

Overnight market headlines

Global News

- Markit PMIs show US business activity strengthen in October and euro zone business remained strong
- UK brings Brexit transition push into line with EU stance as Hammond steps back from previous comments about transition
- China signals steady economic policy as Liu keeps party role
- India agrees \$32bn plan to recapitalise state banks
- 10-year Treasury yields rise above 2.40% as Fed chair decision looms; Aussie sinks to 3-month low on inflation drop; Asia stocks pause; Oil holds gains near \$52

Middle East & Africa News

- Saudi Prince tells investors he's taking on religious extremists; announces \$500bn plan to develop a new city on the Red Sea coast
- Saudi wealth fund PIF plans to borrow in push to double returns; targets annual returns of 8% to 9% over the longer term
- PIF managing director Al-Rumayyan says “doesn’t want to be a passive investor”
- Saudi Aramco CEO says IPO is on track for second half of 2018, considering New York, London, Tokyo, Hong Kong for listing
- Saudi Arabia considers selling stake in utility Saudi Electricity Co. to SoftBank Vision Fund
- Mubadala to float Emirates Global Aluminium next year, CEO says
- Mubadala weighs first Saudi investment as fund starts US talks
- DP World Q3 gross container volumes rise 13.5%
- DEWA raises \$653m green fund for sustainable projects
- Bank of Sharjah posts AED 265m nine-month net profit
- Emaar expects to pay special dividend from real estate listing proceeds
- Saudi Arabia flat, Emaar lifts Dubai market

Please refer to our daily news summary if you wish to read the full articles

Continued...

Key data points – Global

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	23,442	+0.72%	+1.93%	+5.14%	+29.02%	+18.62%
S&P 500	2,569	+0.16%	+0.38%	+2.90%	+19.88%	+14.75%
Nasdaq Composite	6,598	+0.18%	-0.38%	+3.58%	+24.89%	+22.58%
Nikkei	21,805	+0.50%	+2.20%	+6.90%	+25.57%	+14.08%
Hang Seng	28,155	-0.53%	-1.89%	+2.38%	+19.48%	+27.97%
Shanghai	3,388	+0.22%	+0.48%	+1.40%	+8.18%	+9.17%
Mumbai Sensex	32,607	+0.31%	-0.01%	+3.10%	+16.08%	+22.46%
DAX	13,013	+0.08%	+0.14%	+3.32%	+20.97%	+13.34%
CAC 40	5,395	+0.15%	+0.62%	+2.42%	+18.81%	+10.95%
FTSE 100	7,527	+0.03%	+0.14%	+3.09%	+7.25%	+5.37%
DJ Stoxx 50	3,611	+0.05%	+0.08%	+2.06%	+16.95%	+9.73%
FTSE MIB Index	22,630	+1.12%	+1.31%	+1.07%	+31.34%	+17.65%
SMI Index	9,195	-0.58%	-0.81%	+0.59%	+15.95%	+11.86%
MENA						
Abu Dhabi – ADX	4,496	-0.05%	+0.17%	+1.95%	+5.44%	-1.10%
Dubai – DFM	3,641	+0.64%	-0.05%	+2.02%	+9.13%	+3.13%
Saudi Arabia	6,885	-0.02%	-1.54%	-4.70%	+17.04%	-4.51%
Qatar	8,110	-0.09%	-1.45%	-4.02%	-22.05%	-22.29%
Bahrain	1,277	-0.87%	-0.49%	-1.19%	+11.63%	+4.59%
Kuwait	6,598	-0.37%	-0.75%	-2.50%	+22.44%	+14.79%
Oman	5,033	+0.00%	-1.09%	-1.88%	-8.87%	-12.96%
Egypt	13,928	+0.42%	+2.98%	+1.86%	+68.60%	+12.83%
Turkey	1,07,206	-0.09%	+0.20%	+4.83%	+34.96%	+37.20%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	52.47	+1.10%	+1.14%	+0.48%	+5.02%	-2.33%
Brent Oil \$/bbl	58.33	+1.67%	+0.78%	-1.17%	+14.85%	+2.66%
Gold spot \$/oz	1,276.5	-0.35%	-0.67%	-2.57%	+0.35%	+11.24%
Silver spot \$/Troy oz	16.940	-0.85%	-0.46%	-1.25%	-4.59%	+6.35%
Aluminium 3MO \$	2,155.0	+0.84%	+0.70%	-0.14%	+32.17%	+27.29%
Nickel 3MO \$	11,995	+1.14%	+1.95%	+15.12%	+18.70%	+19.71%
Copper 3MO \$	7,036	+0.45%	+0.12%	+8.96%	+51.69%	+27.10%

Source: Bloomberg

FAB Global Markets

Contact details

G10 FX & Rates

Alison Higgins

Alison.Higgins@nbad.com

Nourah Al Zahmi

Nourah.Alzahmi@nbad.com

Meera Al Marar

Meera.AIMarar@nbad.com

EM FX & Rates

Husain Askar

Husain.Askar@nbad.com

Ahmed ElAlami

Ahmed.ElAlami@nbad.com

Danay Sarypbekov

Danay.Sarypbekov@nbad.com

Pinrath Wongtrangan

Pinrath.Wongtrangan@nbad.com

Market Insights & Strategy

Chavan Bhogaita

Chavan.Bhogaita@nbad.com

MENA Credit Trading

Matthew Locke

Matthew.Locke@nbad.com

Sherif El Zeneiny

Sherif.Zeneiny@nbad.com

Asia Credit Trading

Shaun Lynn

ShaunRobert.Lynn@nbad.com

Marcus Corrigan

Marucus.Corrigan@nbad.com

Non-Linear Products

Hein Van Der Wielen

Hein.Wielen@nbad.com

Marco Benassi

Marco.Benassi@nbad.com

Vijesh Peris

Vijesh.Peris@nbad.com

Mohamed Bouzoubaa

Mohamed.Bouzoubaa@nbad.com

Naoufal Alami

Naoufal.Alami@nbad.com

FAB Global Markets

Tel: 00971 2611 0111

Please click [here](#) to view our recent publications on MENA and Global Markets

Disclaimer:

To the fullest extent allowed by applicable laws and regulations, First Abu Dhabi Bank (the "Bank") and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an "as is" and "as available" basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Global Markets division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.