

Daily Market Chatter

FX & Rates

- USD: The big headline to hit the US yesterday involved the Trump campaign and Russia and put yields under pressure as the idea of a presidential indictment resurrects itself. The press have jumped all over the idea that there was collusion between Trump and the Russians. With two arrests and one guilty plea to 'making false statements' from campaign managers and associates, the FBI is trying its best to get there too. Let's see how that unfolds but obviously that will add volatility to yields. The tax plan also got some air time yesterday as the corporate rate reduction could be phased in over 5-year which makes sense from a fiscal perspective - you have to pay the piper too.
- Several sources reported that Powell has got the FED chair position but again nothing official has been released. He is seen as the business as usual candidate whereas the other front runner – Taylor – is touted as the man to shake things up as more of a Hawk. This also helped UST's to rally and 10y is sitting around 2.36% having failed to hold above the 2.40% resistance. No major surprises from the data outside of the Dallas FED manufacturing which beat expectations concisely coming in at 27.6 vs 21. Never likely to rule the market though and the bull flattening of the curve was helped along by the PCE report which lined up with consensus on inflation.
- Might be time to fade longer end USD yield strength and looking around 2s10s for a move towards 40 bp. From the data side, we have Chicago Purchasing Manager and Conf Board Consumer Confidence today.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.00%	-3.3	-0.3	+5.9	+68.8	+6.8
10Y	2.37%	-3.8	+0.2	+3.5	+54.3	-7.5
30Y	2.88%	-3.7	-0.3	+2.0	+30.1	-18.4

Source: Bloomberg

\$ Mid Swap	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	207.7	-4.3	-0.6	+6.0	+73.6	+11.9
10Y	235.1	-5.3	+0.3	+5.6	+65.7	+3.2
30Y	260.1	-4.7	+1.3	+5.5	+54.6	+3.1

Source: Bloomberg

- EUR: Very quiet day yesterday as spot traded in an extremely tight range of 1.1600 - 1.1660 and remains there so far this morning. Q3 GDP numbers today should be a highlight with CPI estimates for October also released. The Catalonia situation is bubbling away in the background but with five of the government looking to apply for political asylum in Belgium it looks like Madrid has quelled the uprising - rightly or wrongly for now at least.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1630	+0.19%	-0.98%	-0.96%	+6.08%	+10.58%
GBP USD	1.3193	+0.50%	-0.05%	-0.60%	+7.89%	+6.91%
USD JPY	113.15	-0.46%	-0.48%	+0.41%	+7.77%	-3.26%

Source: Bloomberg

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- JPY: After threatening to break 114.00, the rally was halted by the emerging dollar sell-off on the back of the US political jitters. As for the Japanese employment data, it matched the forecast where the jobless rate did not change from August released at 2.8%, with a slight improvement on the industrial productions. Then the market turned its focus towards BOJ meeting results in which the central bank kept its policy unchanged as widely expected. Additionally, the central bank did not change its inflation outlook anticipating to reach its inflation target of 2% by 2019 but it did lower its median inflation forecasts for 2017 and 2018. Finally, BoJ reduced its monthly JGB purchase amount, which is a balanced approach by the central bank, which kept USDJPY at the lower ranges of 113.00.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.7897	+0.04%	+2.03%	+6.18%	+22.43%	+7.55%
USD INR	64.8525	-0.30%	-0.29%	-0.65%	-2.89%	-4.52%
USD IDR	13,582.0	-0.20%	+0.29%	+0.31%	+4.09%	+0.81%

Source: Bloomberg

MENA Credit

- A busy day in our market especially the long end names catching a decent bid on the back of the treasuries move. ADGB 47s, KSA 46s/47s and Bahrain 47s all trading a point higher. As for the 10Y space still Abu Dhabi 27s is the main focus with good volume going through every day and it's a name we have been active on since issue date.
- Both the new ADCOPs performed very well gaining 0.35pt & 1.5pt respectively. We sent a switch idea yesterday if you want to realise profit on the 12Y ADCOP. You can replace it with Mubadala 12Y same maturity, same AA rating and a 12bps pickup in spread. Having said that we like the New ADCOP as it's a rare name and have been very busy on it since it started trading last Friday.
 - NEW ADCOP 29s 100.30-100.50 5x5
 - NEW ADCOP 47s 101.60-102.10 5x5
- On the New Issues side, Oman's Mazoon Electricity Company should conclude its roadshow in New York today and a deal might follow depending on market conditions. On the Sov space we still await more news/colour if Qatar will come to the market before year. On the maturity side we only have \$500m GULF 17s maturing in Nov.

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	319.3	+0.1	+0.4	+1.9	-34.3	-43.9
Sovx CEEMEA	41.5	-2.3	+0.9	+0.9	-49.6	-38.1
Itrax Xover	227.9	-4.4	-11.2	-22.1	-107.6	-60.1

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	60.5	-2.0	+0.3	+0.1	-6.4	-1.0
Kuwait 5Y	60.0	-3.8	-2.0	-13.0	-49.3	-51.2
Dubai 5Y	130.9	-1.8	+3.7	+0.6	-24.1	-19.0

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	101.9	-0.4	+0.3	+4.8	+13.8	+21.7
KSA 5Y	81.7	-0.7	-1.7	-3.2	-51.6	-31.7
Bahrain 5Y	240.1	-5.0	+2.1	+0.1	-129.2	+126.7

Source: Bloomberg

Commodities Market

- Oil Prices hold near 2-year high, supported by OPEC cuts on supplies. Brent crude futures, were at \$60.75 per barrel and WTI crude futures were at \$54.00 a barrel. Later on Tuesday, (API) will report its weekly estimates of crude and refined product stocks. Expectations are 2.575 million barrels drop in crude, a 2.450 million barrels decline in distillates and a 2.050 million barrels dip in gasoline supplies. The estimates are followed by the official data from EIA on Wednesday.

Overnight market headlines

Global News

- US consumer spending grows at fastest pace since 2009; core inflation benign
- Trump expected to name pick for Fed chair on Thursday
- Eurozone economic confidence surges to highest in 17 years
- Catalonia's independence movement unravels as Rajoy prevails
- BOJ keeps stimulus unchanged as it trims inflation outlook
- China Oct. official factory PMI falls more than expected to 51.6
- Dollar sags on White House woes; 10-year treasury yields fall below 2.40%, while Asia stocks retreat on China manufacturing; Oil set for best back-to-back monthly gain

Middle East & Africa News

- Abu Dhabi's GDP increases 6.6% during Q2 2017
- UAE bank deposits hit record \$209bn in September
- UAE plans new law to relax foreign investment rules
- Kuwait prime minister offers resignation, Emir accepts cabinet resignation
- US, Qatar agree to further curbs on terrorist financing
- UAE says Gulf rail network to operate from 2021 despite regional rift
- S&PGR revises Saudi Electric outlook to negative; affirms 'A-
- Emirates NBD's reports 37% rise in Q3 profit; announces new USD bond mandate
- DFM post 1% drop in Jan-Sept net profit
- Dana Gas is said to miss payment on \$700m sukuk on Tuesday
- Emaar unit is said to plan IPO at premium of as much as 20%; fair value is said to be as high as AED 33bn
- Saudi soft despite SABIC beat, Emaar drags down Dubai
- IMF says rising debt, political risk dims sub-Saharan Africa's economic outlook
- Kenyan President Kenyatta re-elected with 98% of vote

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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	23,349	-0.36%	+0.32%	+4.21%	+28.70%	+18.15%
S&P 500	2,573	-0.32%	+0.31%	+2.12%	+21.01%	+14.92%
Nasdaq Composite	6,699	-0.03%	+1.70%	+3.13%	+29.10%	+24.44%
Nikkei	22,012	+0.01%	+1.45%	+8.13%	+26.32%	+15.16%
Hang Seng	28,336	-0.36%	+0.11%	+2.84%	+23.55%	+28.80%
Shanghai	3,390	-0.77%	+0.29%	+1.24%	+9.35%	+9.24%
Mumbai Sensex	33,266	+0.33%	+2.34%	+6.34%	+19.10%	+24.94%
DAX	13,230	+0.09%	+1.74%	+3.12%	+24.05%	+15.23%
CAC 40	5,494	-0.01%	+1.98%	+3.07%	+21.83%	+12.98%
FTSE 100	7,488	-0.23%	-0.49%	+1.56%	+7.67%	+4.83%
DJ Stoxx 50	3,662	+0.27%	+1.48%	+1.87%	+19.87%	+11.29%
FTSE MIB Index	22,753	+0.39%	+1.67%	+0.25%	+32.86%	+18.29%
SMI Index	9,176	-0.09%	-0.79%	+0.20%	+17.22%	+11.63%
MENA						
Abu Dhabi – ADX	4,457	-0.14%	-0.93%	+1.35%	+3.64%	-1.97%
Dubai – DFM	3,630	-0.27%	+0.32%	+1.85%	+8.93%	+2.80%
Saudi Arabia	6,945	-0.16%	+0.86%	-4.64%	+15.52%	-3.68%
Qatar	8,197	+0.76%	+0.97%	-1.39%	-19.43%	-21.46%
Bahrain	1,276	-0.02%	-0.87%	-0.54%	+11.11%	+4.59%
Kuwait	6,562	-0.70%	-0.92%	-1.77%	+21.49%	+14.15%
Oman	4,982	+0.32%	-1.00%	-3.02%	-9.11%	-13.84%
Egypt	14,197	+1.23%	+2.36%	+2.22%	+69.30%	+15.00%
Turkey	1,08,467	+0.54%	+1.08%	+5.40%	+38.11%	+38.81%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	54.15	+0.46%	+4.34%	+4.80%	+15.56%	+0.80%
Brent Oil \$/bbl	60.90	+0.76%	+6.15%	+5.84%	+26.09%	+7.18%
Gold spot \$/oz	1,276.7	+0.27%	-0.34%	+0.18%	+0.23%	+11.26%
Silver spot \$/Troy oz	16.834	-0.19%	-1.47%	+1.08%	-5.50%	+5.69%
Aluminium 3MO \$	2,163.0	-0.23%	+1.22%	+2.90%	+25.83%	+27.76%
Nickel 3MO \$	11,675	+0.82%	-1.56%	+11.19%	+11.94%	+16.52%
Copper 3MO \$	6,867	+0.54%	-1.96%	+5.96%	+41.79%	+24.05%

Source: Bloomberg

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