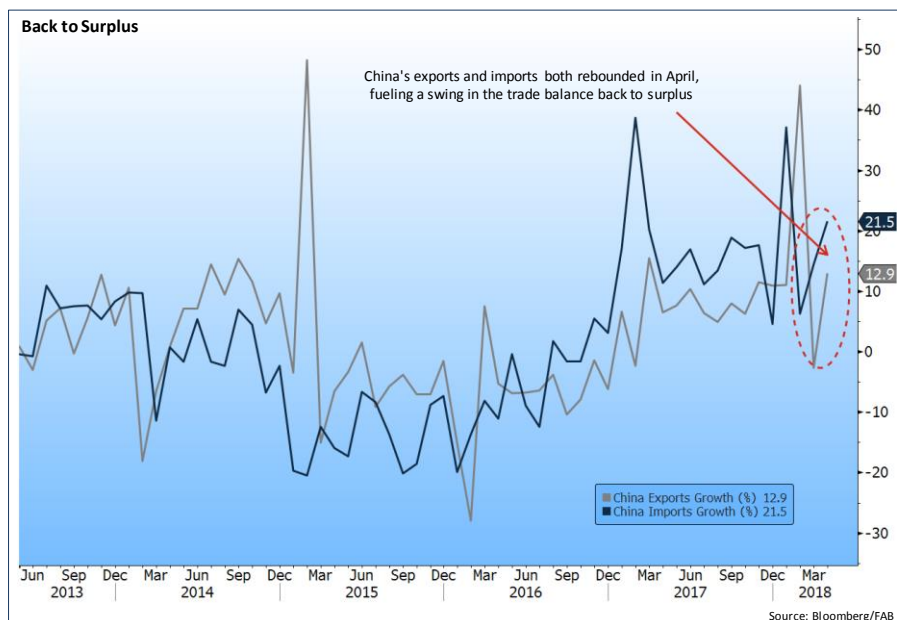


Daily Market Chatter

Macro Strategy View: Oil Market Holds Breath for Trump Decision

- Oil is again leading market sentiment and media headlines Tuesday morning, with WTI and Brent paring gains made Monday, ahead of U.S. President Trump's anticipated announcement on the Iran nuclear deal later today. While Mr. Trump officially has until May 12 to decide whether to re-certify the 2015 6-nation accord or not, he has stated that he will announce his position today. However, although oil prices have eased back overnight, the market should be braced for possible renewed price upside and increased volatility. If the U.S. does pull its support for the deal, which the likes of U.K. Foreign Secretary Boris Johnson and French President Emmanuel Macron fear is likely, the prospect of sanctions on Iran being ramped up again by the U.S. – as authorities scramble to find a Plan B – could feed renewed upside pressure to crude. Conversely, if Trump surprises with continued, albeit conditional, support for the deal, the oil price could swiftly edge lower again.
- Meanwhile, Asian equities are trading with a positive bias again this morning in the wake of encouraging China export and trade balance data released earlier. Indeed risk appetite appears to be well underpinned across the MENA and Asia investment grade space, even if sentiment toward lower-rated, higher yielding assets remains challenged by the prospect of rising rates as global growth edges higher, allowing central banks to pursue monetary tightening and balance sheet normalization initiatives.



- Despite the recent uncertainties surrounding trade relations between the U.S. and China, China's exports bounced back (+12.9% YoY) in April from the (-2.7%) decline in March. And while imports also surged higher in April (+11.6% YoY CNY and +21.5% YoY), the country's trade balance returned to surplus (\$28.78b) in April from the \$4.98b deficit registered the previous month, which we would interpret as a positive near-term fillip for the Yuan.

(Simon Ballard, Macro Strategist, Market Insights & Strategy)

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FX & Rates

- Quiet day yesterday in lieu of the London holiday, the market was left trading around Friday's close with 10Y around 2.99%, 2s10s at 22 and US treasuries around 119-20 still. In the FX world, the greenback remained bid across the board amid poor liquidity conditions and EURUSD tested this year lows once again before bouncing 40 pips higher later in the day. Most notably, USDCHF traded to 1.0056 high, levels not seen since November last year, buoyed by stronger dollar and low market volatility with VIX at 14.75 but that can soon change as Trump will announce whether the US will remain in the Iran nuclear deal accord today.
- As for GBPJPY, the desk closed the trade at our target 148.00 yesterday and we now remain on the lookout for any bounces towards 150.00.
- The desk remains vigilant around the upcoming risks with preference to go long CHF or JPY; we recommend going short USDCHF above 1.0050.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1D	YTD
5Y	2.79%	+0.3	-1.0	+20.1	+87.6	+58.2
10Y	2.95%	+0.0	-0.3	+17.6	+56.3	+54.5
30Y	3.12%	+0.1	-0.1	+10.5	+10.1	+38.3

Source: Bloomberg

\$ Mid Swap	Prev day Close	Change (basis points)				
		1D	1W	1M	1D	YTD
5Y	292.0	+0.6	+0.5	+19.0	+91.1	+67.6
10Y	299.0	+0.5	+0.3	+18.4	+66.3	+59.2
30Y	301.9	+1.1	+2.2	+14.7	+44.0	+48.2

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1922	-0.32%	-1.29%	-3.24%	+9.14%	-0.69%
GBP USD	1.3557	+0.19%	-1.50%	-4.06%	+4.77%	+0.33%
USD JPY	109.09	-0.03%	-0.23%	+2.17%	-3.68%	-3.19%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	4.2681	+0.88%	+5.07%	+4.80%	+19.04%	+12.37%
USD INR	67.1425	+0.41%	+0.72%	+3.25%	+4.41%	+5.12%
USD IDR	14,001.0	+0.40%	+0.63%	+1.74%	+5.31%	+3.29%

Source: Bloomberg

Asia & MENA Credit

- Asian credit markets opened Monday with a constructive tone, following Friday's strong close in US equities. LATAM CDS is quoted 5-20 bps tighter, with Argentina leading the way. Last week, Argentine local rates soared from 23% to 40%, which prompted some major volatility across the EM space; this triggered some real money selling in EM, which then permeated through to our markets. Asia IG is currently better by 0.5-1.5 bps. IG cash tried to open tighter but we are now flat. Indonesia 2048s got to 91.125-91.625 but now are 90.375-90.875 +1/4 from Fridays close.

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	370.1	+2.6	+22.3	+32.3	+44.3	+41.4
Sovx CEEMEA	49.7	+1.6	+9.2	+13.4	+2.1	+17.0
Itrax Xover	273.5	-0.6	+3.0	-11.5	+18.0	+40.3

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	64.6	-0.5	+2.1	+1.8	+22.5	+2.9
Kuwait 5Y	66.2	-0.5	+6.7	+3.8	+16.2	+2.3
Dubai 5Y	115.0	-0.3	+6.5	+9.2	+4.2	-7.4

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	90.9	-0.7	+2.4	+1.4	+29.1	-10.0
KSA 5Y	91.3	+1.1	+2.9	+1.9	-0.3	-0.4
Bahrain 5Y	361.5	+3.9	+63.8	+81.2	+146.0	+84.9

Source: Bloomberg

Continued...

Overnight market headlines

Global News

- Fed officials say price pressures rising but no need to shift rate path.
- White House says China trade talks to resume in Washington next week as Chinese vice premier set to visit US for further talks.
- NAFTA talks enter a critical week with the US still pushing a hard line.
- Asian stocks climb, dollar flat as yen gains; Oil declines near \$70 as Trump set to unveil Iran deal decision, while Saudi energy minister says concerned about tight spare oil capacity.

Middle East & Africa News

- Saudi Arabia Q1 budget deficit stands at SAR 34.3bn, about 18% of 2018's budgeted deficit; Non-oil income rises 63% in Q1 on new taxes.
- Oman working with McKinsey to integrate refining, petrochemical assets.
- Abu Dhabi's Aldar acquires \$1bn of TDIC assets.
- Bank of Sharjah reports AED 84m Q1 net profit, up 45% yoy.
- Dubai Holding to invest in digital bank, first product launch in 2019.
- Dubai's DP World signs initial agreement to develop Egypt port terminal.
- Dubai Investments first-quarter profit surges 25%.
- Zain Saudi swings to Q1 loss as it loses 1.7 million subscribers.
- Gulf markets closed sluggish on Monday despite oil price gains.
- Yield on Egyptian dollar-denominated T-bill rises marginally.
- Egypt's Banque Misr seeks \$500m loan to fund growth plans.
- Sudan to receive oil from Saudi Arabia for next five years as the nation struggles with fuel crisis.
- Kenya's fiscal deficit seen dropping to 5.7% of GDP in 2018/19.

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	24,357	+0.39%	+0.80%	+1.77%	+15.92%	-1.46%
S&P 500	2,673	+0.35%	+0.93%	+2.62%	+11.39%	-0.04%
Nasdaq Composite	7,265	+0.77%	+2.82%	+5.06%	+19.05%	+5.24%
Nikkei	22,467	-0.03%	-0.00%	+4.17%	+12.92%	-1.31%
Hang Seng	29,994	+0.23%	-2.64%	+0.50%	+22.04%	+0.25%
Shanghai	3,137	+1.48%	+1.80%	+0.18%	+1.89%	-5.16%
Mumbai Sensex	35,208	+0.84%	+0.14%	+4.70%	+17.65%	+3.38%
DAX	12,948	+1.00%	+2.92%	+5.77%	+2.00%	+0.24%
CAC 40	5,531	+0.28%	+0.88%	+5.20%	+2.76%	+4.12%
FTSE 100	7,567	+0.86%	+0.87%	+5.34%	+3.70%	-1.57%
DJ Stoxx 50	3,564	+0.38%	+0.78%	+4.58%	-2.14%	+1.72%
FTSE MIB Index	24,544	+0.86%	+2.58%	+7.04%	+14.54%	+12.31%
SMI Index	8,979	+0.84%	+1.53%	+3.55%	-0.67%	-4.30%
MENA						
Abu Dhabi – ADX	4,540	-0.44%	-2.77%	-1.36%	-0.83%	+3.22%
Dubai – DFM	2,963	-0.32%	-3.36%	-3.52%	-12.64%	-12.08%
Saudi Arabia	8,117	+0.04%	-1.11%	+1.87%	+18.25%	+12.33%
Qatar	8,984	+0.85%	-1.41%	+2.30%	-8.81%	+5.40%
Bahrain	1,279	+0.22%	+1.25%	-0.46%	-3.29%	-3.99%
Kuwait (Premier Market)	4,796	+0.24%	+0.35%	-0.81%	NA	-3.04%
Oman	4,712	-0.14%	-0.37%	-2.27%	-13.40%	-7.60%
Egypt	17,523	-0.50%	-4.27%	+0.65%	+36.60%	+16.67%
Turkey	100,866	-1.69%	-6.27%	-12.09%	+7.50%	-12.54%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	70.73	+1.45%	+3.15%	+13.97%	+52.34%	+17.06%
Brent Oil \$/bbl	76.17	+1.74%	+1.33%	+13.50%	+54.38%	+13.91%
Gold spot \$/oz	1,314.2	-0.02%	-0.09%	-1.66%	+7.17%	+0.88%
Silver spot \$/Troy oz	16.474	-0.34%	+0.87%	-0.13%	+1.50%	-2.74%
Aluminium 3MO \$	2,350.0	+3.57%	+5.71%	+18.03%	+22.84%	+3.62%
Nickel 3MO \$	14,025	+1.81%	+1.01%	+6.65%	+55.57%	+9.91%
Copper 3MO \$	6,826	-0.01%	+0.43%	+1.52%	+23.15%	-5.81%

Source: Bloomberg

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