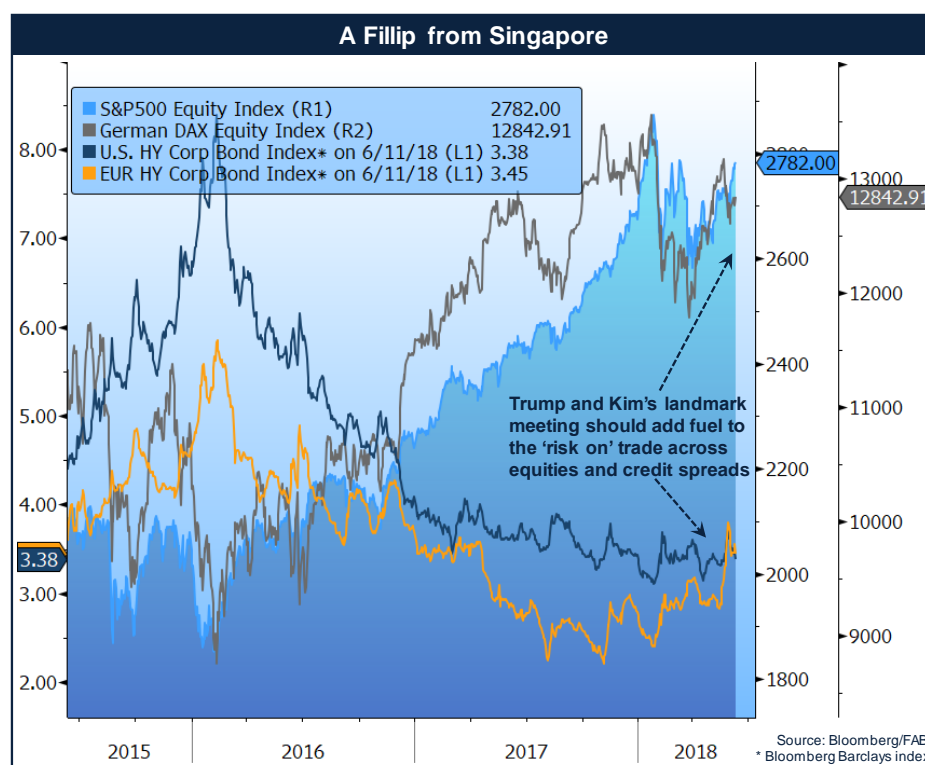


## Daily Market Chatter

### Macro Strategy View: A Geopolitical Landmark Event

- The global geopolitical village may just have become a little more friendly. Only a few months ago they seemed to be on the brink of military confrontation, but U.S. President Trump and North Korean leader Kim Jong Un have today shaken hands and are deep in summit discussions in Singapore. While many questions remain over the leaders' meeting and we will pour over the headlines and analysis of the meeting content over the coming days, this is unarguably a landmark event of global geopolitical importance. Risk asset sentiment should be buoyed by this event, as should Mr Trump's and Mr. Kim's respective chances of being awarded the next Nobel Peace Prize.



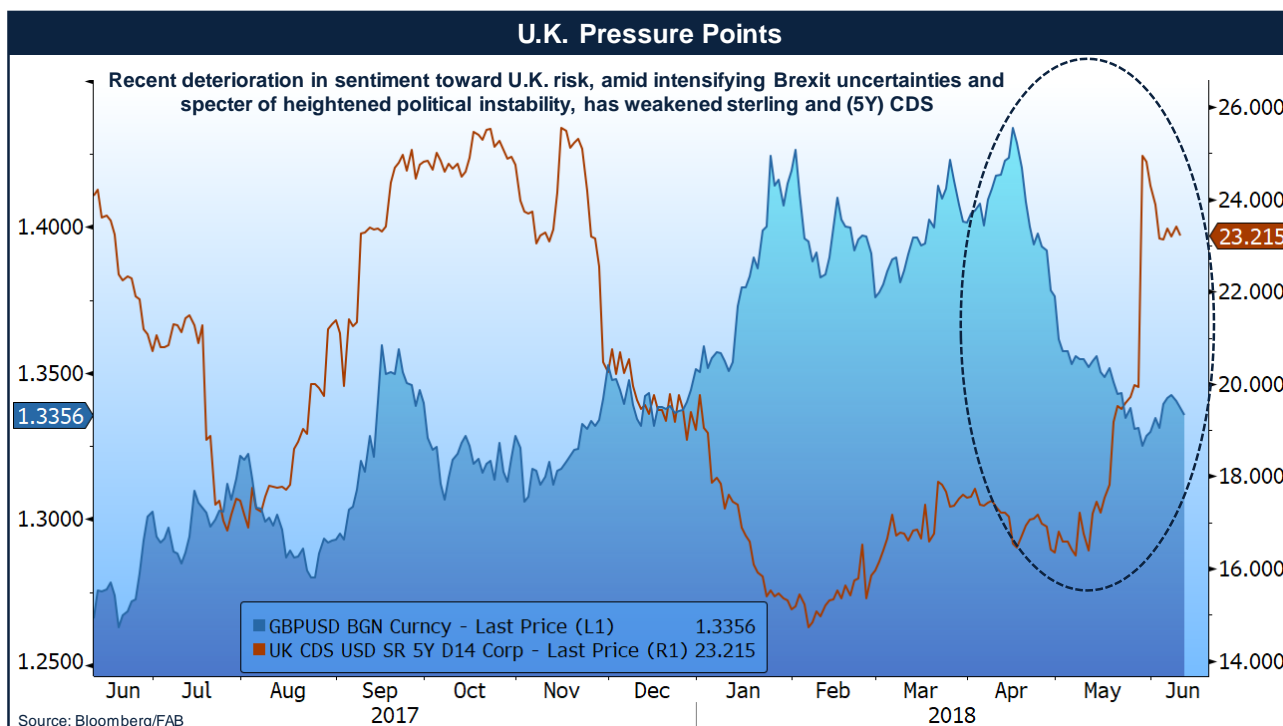
- Indeed, Asian equity markets are trading higher this morning, albeit with iTraxx Asia credit indexes showing a slightly more hesitant picture. Nonetheless, market sentiment should be underpinned in the coming days by the summit and the subsequent encouraging headlines from Singapore and we would expect a firm undertone to MENA risk during today's session.
- Meanwhile, there also seems to have been a degree of easing in Brexit tensions in the U.K. over the past 24 hours. In what is poised to be a delicately-balanced week of voting on Brexit Bill amendments by the British parliament, Prime Minister May seems to have contained one rebellion by pro-European members of her own Conservative party, at least for now. Fears of weakening May's position – and potentially even toppling her from power – ahead of the scheduled EU summit at the end of this month, may have persuaded the rebels to fall in line. This said, on the other side, hard line, pro-Brexit supporters continue to threaten the disrupt the negotiations, pushing for a clean break from the EU. Mrs. May has her work cut out to please both sides.

12 June 2018

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- While the combination of the above could weaken Mrs. May's position in her talks with the EU elite in Brussels, at the very least it seems set to maintain a degree of negative pressure on U.K. risk over the coming months. After widening sharply in May from 16.27 to 25.95, U.K. 5Y CDS has dipped back to 23.21 this month, albeit still well inside its 10Y average of 45.80. If political uncertainties were to intensify over the coming weeks we would expect the CDS to push wider again toward the 40 level while sterling could also come under renewed pressure. Currently around \$1.3360, the currency has fallen from \$1.4339 in mid-April; \$1.25 may not be an unreasonable target if Mrs. May looks to be in trouble.

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

### Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1Y	YTD
5Y	2.80%	+1.2	+0.2	-4.3	+101.8	+59.0
10Y	2.95%	+0.6	+1.0	-1.9	+73.7	+54.7
30Y	3.09%	+0.4	+0.9	-1.1	+22.4	+35.4

Source: Bloomberg

\$ Mid Swap	Prev day Close	Change (basis points)				
		1D	1W	1M	1Y	YTD
5Y	294.1	+1.3	+1.4	-0.5	+108.9	+69.7
10Y	301.5	+0.8	+1.5	-1.6	+85.5	+61.7
30Y	303.9	+3.2	+4.4	+1.0	+62.9	+50.3

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1784	+0.13%	+0.73%	-1.20%	+5.19%	-1.84%
GBP USD	1.3379	-0.19%	+0.50%	-1.31%	+5.69%	-0.99%
USD JPY	110.03	+0.44%	+0.19%	+0.34%	+0.07%	-2.36%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	4.5232	+1.12%	-1.48%	+3.58%	+28.65%	+19.09%
USD INR	67.4275	-0.12%	+0.41%	-0.13%	+4.63%	+5.57%
USD IDR	13,930.0	+0.56%	+0.42%	-0.87%	+4.75%	+2.67%

Source: Bloomberg

## MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	389.1	+2.9	+11.1	+29.4	+64.8	+60.4
Sovx CEEMEA	69.3	+2.7	+6.4	+22.5	+22.2	+36.7
Itrax Xover	299.5	-13.6	+11.3	+31.6	+59.3	+66.3

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	62.4	-0.1	+0.7	+0.6	+14.0	+0.7
Kuwait 5Y	65.5	-0.3	+0.8	-0.7	+15.5	+1.5
Dubai 5Y	119.1	+0.5	+2.6	+4.8	-1.0	-3.4

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	94.4	-0.1	+1.4	+5.4	+7.0	-6.6
KSA 5Y	89.2	-0.0	+0.9	+2.3	-10.3	-2.5
Bahrain 5Y	433.4	+2.7	+46.5	+115.2	+203.7	+156.8

Source: Bloomberg

## Major Commodities Prices

Commodities	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	66.10	+0.55%	+2.08%	-6.51%	+43.45%	+9.40%
Brent Oil \$/bbl	76.46	+0.00%	+1.55%	-0.86%	+58.34%	+14.34%
Gold spot \$/oz	1,300.5	+0.18%	+0.66%	-0.99%	+2.71%	-0.18%
Silver spot \$/Troy oz	16.926	+0.81%	+3.11%	+2.43%	-0.21%	-0.07%
Aluminium 3MO \$	2,301.0	+0.09%	-0.56%	+0.57%	+20.66%	+1.46%
Nickel 3MO \$	15,290	-0.84%	-1.26%	+8.79%	+70.27%	+19.83%
Copper 3MO \$	7,255	-0.78%	+4.01%	+4.51%	+25.00%	+0.11%

Source: Bloomberg

## Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
<b>GLOBAL</b>						
Dow Jones Inds. Avg	25,322	+0.02%	+2.05%	+1.98%	+19.24%	+2.44%
S&P 500	2,782	+0.11%	+1.28%	+1.99%	+14.51%	+4.05%
Nasdaq Composite	7,660	+0.19%	+0.70%	+3.47%	+24.04%	+10.96%
Nikkei	22,804	+0.48%	+1.46%	+0.20%	+14.54%	+0.17%
Hang Seng	31,064	+0.34%	+0.21%	-0.19%	+20.83%	+3.83%
Shanghai	3,053	-0.47%	-1.24%	-3.49%	-2.77%	-7.69%
Mumbai Sensex	35,483	+0.11%	+1.35%	-0.15%	+14.11%	+4.19%
DAX	12,843	+0.60%	+0.57%	-1.22%	+1.20%	-0.58%
CAC 40	5,474	+0.43%	+0.02%	-1.23%	+4.45%	+3.04%
FTSE 100	7,737	+0.73%	-0.05%	+0.17%	+3.00%	+0.65%
DJ Stoxx 50	3,480	+0.95%	+0.31%	-2.39%	-1.80%	-0.68%
FTSE MIB Index	22,086	+3.42%	+0.35%	-8.58%	+5.62%	+1.07%
SMI Index	8,624	+1.31%	-0.13%	-4.11%	-2.09%	-8.08%
<b>MENA</b>						
Abu Dhabi – ADX	4,733	+0.89%	+3.41%	+6.66%	+4.92%	+7.62%
Dubai – DFM	3,097	+1.41%	+2.07%	+7.48%	-9.63%	-8.09%
Saudi Arabia	8,244	-0.42%	-1.10%	+4.17%	+20.84%	+14.08%
Qatar	9,203	-0.23%	+0.94%	+5.19%	+0.75%	+7.98%
Bahrain	1,281	+0.52%	+1.25%	+0.82%	-3.11%	-3.80%
Kuwait (Premier Market)	4,754	-0.62%	+0.72%	-0.90%	NA	-3.87%
Oman	4,603	+0.03%	+0.39%	-1.68%	-13.39%	-9.74%
Egypt	15,921	-1.37%	-2.94%	-7.19%	+18.01%	+6.01%
Turkey	96,661	+0.82%	-2.61%	-5.10%	-2.80%	-16.19%

Source: Bloomberg

## Overnight market headlines

### Global News

- Trump, Kim voice optimism over path to peace as summit opens
- After 'difficult' G7 summit, UK's May warns against unilateral action on trade
- Clouds over global economy have darkened since G7 summit, says IMF's Lagarde
- Stocks choppy, dollar rises as historic Trump-Kim summit starts; Oil holds gain near \$66

### Middle East & Africa News

- Fitch affirms Saudi Arabia at 'A+' with stable outlook
- UAE central bank assumes role of settlement and clearing agent
- GEMS Education said to plan delaying IPO after Dubai freezes school fees
- Emaar sends Dubai higher; other markets close mixed
- Egypt sells \$715mn in one-year dollar-denominated T-bills
- Jordan Eurobonds rise after \$2.5bn Gulf aid pledge

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