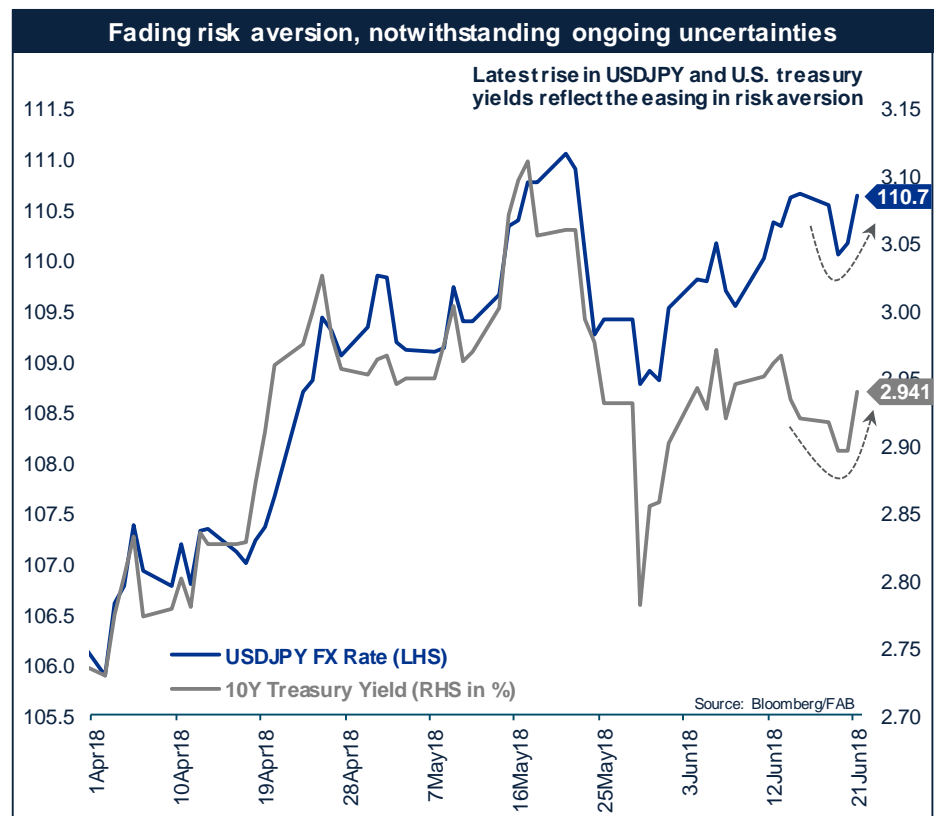


Daily Market Chatter

Macro Strategy View: A tentative improvement in market tone

- While current market uncertainties over the global trade polemic, the macroeconomic outlook and the future path and pace of central bank monetary policy may be far from over, markets are trying to adopt a more optimistic tone this morning. Such has been the fragility of risk assets in recent days, buffeted by headlines and headwinds, that there does seem to be a feeling that a degree of relative value has crept back into valuations. Asian equities pushed higher in early trading (although the Hang Seng has subsequently given back the gains and dropped into negative territory), the iTraxx credit indexes are showing modest declines (selling of protection implies improved risk appetite) and the yen has further pared its flight safety strength. USDJPY traded as low as 109.55 on Tuesday according to Bloomberg, but is currently seen in the context of 110.66.



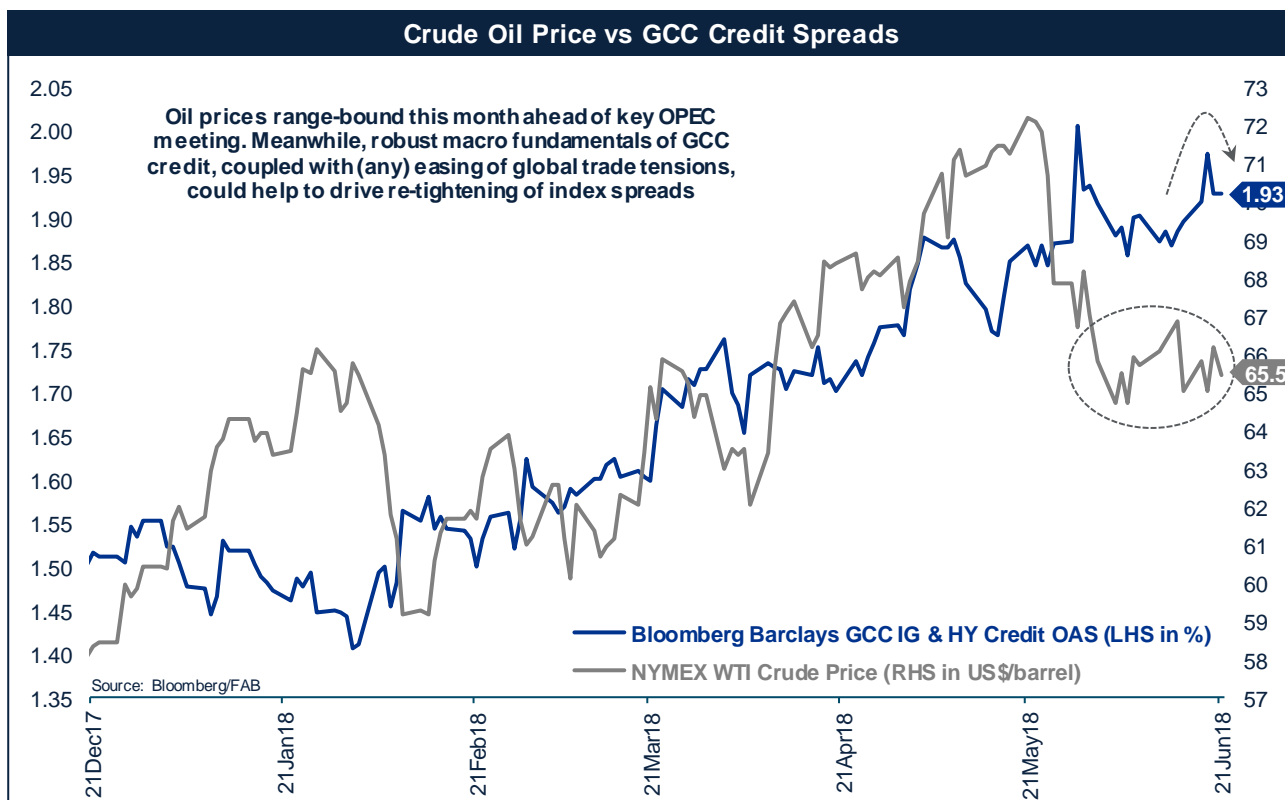
- The more placid market tone is also reflected in the modest backup in U.S. treasury yields, with the 10Y currently up at 2.9425% from a low of 2.8511% on Tuesday at the height of this week's risk aversion. Similarly improved sentiment should also be felt across the MENA/GCC risk space this morning, helping spreads to claw back (some of) the brutal weakness experienced earlier in the week. Indeed, the Bloomberg Barclays GCC Credit + HY Index has widened over 50bps since February – as EM has been dented by global trade and rates fears – and currently sits close to 193bps OAS, although it is trying to edge tighter. The index will remain susceptible to headline risk over the coming months, but if Trump's rhetoric turns less belligerent we would suggest that it could now be set to rally back toward the 170bps OAS mark, amid selective buying, from what have arguably been oversold levels of late.

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- This said, the outlook for oil prices will also be a key near-term contributor to MENA/GCC market sentiment. WTI has traded in a tight \$2 range this month (\$64.68bbl-\$66.69) ahead of Friday's key OPEC meeting in Vienna. The key debate at this 174th (ordinary) OPEC meeting will focus on a possible easing of production curbs. Consensus appears to be that a modest increase in oil production will be agreed, although we believe that members will be cognizant of – and keen to limit, with carefully constructed communication – the downside risks to oil prices from any such increase.
(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	2.81%	+3.8	-2.2	-8.7	+103.5	+60.2
10Y	2.94%	+4.2	-2.7	-12.1	+77.6	+53.4
30Y	3.08%	+4.6	-0.9	-12.4	+35.0	+33.8

Source: Bloomberg

\$ Mid Swap	Prev day Close	Change (basis points)				
		1D	1W	1M	1Y	YTD
5Y	294.8	+3.3	-2.7	-4.7	+111.9	+70.4
10Y	300.1	+3.7	-3.3	-9.6	+87.3	+60.3
30Y	298.2	+2.5	-4.3	-14.7	+58.4	+44.5

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1572	-0.16%	-1.86%	-1.86%	+3.62%	-3.61%
GBP USD	1.3172	-0.02%	-1.53%	-1.90%	+3.95%	-2.52%
USD JPY	110.36	+0.27%	+0.02%	-0.62%	-0.92%	-2.07%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	4.7325	-0.17%	+1.84%	+3.42%	+34.03%	+24.60%
USD INR	68.0762	-0.45%	+0.66%	-0.07%	+5.51%	+6.58%
USD IDR	13,930.0	+0.00%	+0.00%	-1.80%	+4.59%	+2.67%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	403.8	-9.3	+9.9	+28.9	+63.9	+75.1
Sovx CEEMEA	81.7	-0.9	+5.9	+19.2	+26.0	+49.1
Itrax Xover	300.8	-0.5	+1.0	+16.2	+67.9	+67.6

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	68.2	-2.5	+4.0	+4.4	+18.2	+6.6
Kuwait 5Y	66.1	-0.4	+0.5	-0.6	+11.1	+2.1
Dubai 5Y	127.8	-3.5	+2.0	+9.3	-1.6	+5.4

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	103.2	-5.2	+6.0	+8.8	+1.2	+2.2
KSA 5Y	96.6	-3.1	+4.3	+5.8	-10.8	+4.8
Bahrain 5Y	452.2	-5.8	+31.7	+68.5	+213.2	+175.7

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	65.71	+0.98%	-1.40%	-9.04%	+54.50%	+8.76%
Brent Oil \$/bbl	74.74	-0.45%	-2.61%	-5.66%	+66.76%	+11.77%
Gold spot \$/oz	1,267.9	-0.53%	-2.42%	-1.91%	+1.72%	-2.68%
Silver spot \$/Troy oz	16.284	-0.13%	-4.41%	-1.37%	-1.11%	-3.86%
Aluminium 3MO \$	2,166.0	-0.23%	-4.79%	-4.58%	+14.82%	-4.50%
Nickel 3MO \$	14,975	+2.18%	-4.16%	+1.53%	+69.78%	+17.36%
Copper 3MO \$	6,773	-0.98%	-6.67%	-1.20%	+19.73%	-6.54%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	24,658	-0.17%	-2.16%	-1.42%	+15.17%	-0.25%
S&P 500	2,767	+0.17%	-0.30%	+1.26%	+13.62%	+3.50%
Nasdaq Composite	7,782	+0.72%	+1.12%	+5.24%	+24.82%	+12.72%
Nikkei	22,555	+1.24%	-1.79%	-1.94%	+12.00%	-0.92%
Hang Seng	29,696	+0.77%	-3.35%	-4.92%	+15.57%	-0.75%
Shanghai	2,916	+0.27%	-4.40%	-9.28%	-7.62%	-11.84%
Mumbai Sensex	35,547	+0.74%	-0.54%	+2.69%	+13.63%	+4.38%
DAX	12,695	+0.14%	-1.52%	-2.93%	-0.62%	-1.72%
CAC 40	5,372	-0.34%	-1.47%	-4.70%	+1.86%	+1.12%
FTSE 100	7,627	+0.31%	-0.99%	-2.95%	+2.41%	-0.79%
DJ Stoxx 50	3,440	+0.13%	-1.15%	-3.72%	-3.23%	-1.84%
FTSE MIB Index	22,121	+0.16%	-0.43%	-4.21%	+4.98%	+1.22%
SMI Index	8,558	+1.11%	-0.89%	-4.28%	-4.76%	-8.79%
MENA						
Abu Dhabi – ADX	4,550	-0.25%	-3.88%	+2.06%	+2.05%	+3.45%
Dubai – DFM	2,923	-0.57%	-5.08%	-0.83%	-14.50%	-13.28%
Saudi Arabia	8,166	-1.26%	-0.94%	+2.12%	+11.34%	+13.01%
Qatar	8,882	-2.37%	-3.72%	-0.69%	+1.19%	+4.21%
Bahrain	1,301	-0.47%	+2.09%	+2.62%	-0.94%	-2.30%
Kuwait (Premier Market)	4,815	+0.20%	+1.28%	+1.04%	NA	-2.64%
Oman	4,594	+0.09%	-0.18%	-0.04%	-10.31%	-9.92%
Egypt	16,143	+0.47%	+1.40%	-3.80%	+20.69%	+7.49%
Turkey	94,552	+0.12%	-0.79%	-7.54%	-4.87%	-18.02%

Source: Bloomberg

Overnight market headlines

Global News

- Fed Chair Powell calls case 'strong' for more interest rate hikes
- Top central banks see growing gloom on global trade war
- EU to impose duties on \$3.2bn of US imports starting Friday in response to Trump's tariffs
- China could strike back at Dow-listed firms over trade
- China signals reserve ratio cut coming to help small firms
- RBI hawks and doves unite as India growth seen fanning inflation
- Dollar steady, while 10-year treasury yield rises to 2.94%; Asia stocks gain with US future; Oil holds near \$66 as OPEC inches closer to boosting production

Middle East & Africa News

- Saudi Arabia wins coveted Emerging-Market status in MSCI upgrade; Saudi bourse CEO sees inflows up to \$40bn after MSCI move
- UAE receives 67% of GCC foreign investments
- UAE to invest \$899mn in electricity networks
- Mubadala unit acquires 10% stake in offshore Egyptian gas field
- Dubai's DP World closes deal to expand in Canada
- Air Arabia has \$336 million overall exposure to Abraaj
- Saudi shares fall Wednesday amid profit-taking ahead of MSCI decision
- Nigeria's President Buhari signs off on record 2018 budget

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