

Daily Market Chatter

FX & Rates

- Yesterday, Italian politics dominated the market amid the US and UK holiday. It resulted in a complete risk off move where EURUSD dove more than a big figure, while the Euro curve flattened and BTP bunds were on a free fall. Market conditions are tight and there is limited liquidity. Thus, please expect wider spreads than normal in these conditions.
- The flight to safety move is set to continue today as the market is likely to be fixated on Italian headlines for the time being. The data slate today is fairly light with only the Italian consumer confidence, Eurozone money supply, Italian manufacturing confidence and US confidence.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1D	YTD
5Y	2.77%	+0.0	-13.0	-3.5	+97.6	+56.0
10Y	2.93%	+0.0	-12.9	-2.5	+68.5	+52.7
30Y	3.09%	+0.0	-10.9	-3.2	+18.0	+35.3

Source: Bloomberg

\$ Mid Swap	Prev day Close	Change (basis points)				
		1D	1W	1M	1D	YTD
5Y	287.3	+0.4	-12.2	-4.2	+99.8	+62.9
10Y	299.7	+2.9	-10.0	+1.0	+79.5	+59.9
30Y	302.4	+2.4	-10.5	+2.7	+54.2	+48.7

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1625	-0.22%	-1.41%	-3.75%	+4.13%	-3.17%
GBP USD	1.3311	+0.02%	-0.86%	-3.28%	+3.67%	-1.49%
USD JPY	109.42	+0.01%	-1.47%	+0.07%	-1.66%	-2.90%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	4.5837	-2.80%	+0.17%	+12.84%	+28.14%	+20.68%
USD INR	67.4250	-0.51%	-0.91%	+1.15%	+4.54%	+5.56%
USD IDR	14,000.0	-0.94%	-1.34%	+0.63%	+5.11%	+3.28%

Source: Bloomberg

Asia Credit

- Well not too much to say given most major centres were closed last night. But Euro zone was a bit weaker on the back of Italy so maybe that gives us some guidance but with Tokyo UST traders back looking at slightly lower rates again. On the other hand we did see a good bounce back from the Turkish lira as the central bank took further steps to clean things up a little.
- A lot of holidays here in Asia today with Indonesia, Malaysia, Singapore and Thailand all closed. Expecting IG credit spreads to be fairly flat, while some better pricing in the HY prices given move in rates, so another strong day for Indo and Philly prices.

29 May 2018

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Asia Credit

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	365.3	+0.0	-10.9	+26.0	+38.7	+36.7
Sovx CEEMEA	58.9	-0.1	-4.3	+18.4	+16.4	+26.3
Itrax Xover	299.0	+0.3	+18.6	+28.5	+48.8	+65.8

Source: Bloomberg

MENA Credit

- Our US 10Y yield falls below 2.90% on the back of Italy's political crisis, Brent holding the \$75 level after 3 sessions of declines and Turkish Lira gained around 3pct yesterday.
- A very quiet day in our market as UK & US were both out but we still managed to print a couple of tickets and expect activity to increase today/tom on the back of the USTs move, as we mentioned we have been very active in the Perps space mainly the ones with 1Y left to call date and see value there esp ADIB and AL HILAL. We are also very active in the GCC short end 0-2Y.

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	62.0	-0.2	-3.0	-3.1	+23.2	+0.4
Kuwait 5Y	64.5	-0.2	-2.8	+5.1	+15.4	+0.6
Dubai 5Y	116.9	+0.2	-2.4	+8.4	+13.0	-5.6

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	89.7	-0.2	-6.3	+1.2	+31.7	-11.2
KSA 5Y	87.5	+0.1	-5.0	-1.0	-2.0	-4.3
Bahrain 5Y	372.9	-1.6	+5.0	+75.2	+153.1	+96.3

Source: Bloomberg

Continued...

Overnight market headlines

Global News

- Italy's PM-designate Carlo Cottarelli says he will accompany country to new vote; Populists mobilise in protest as cabinet list drawn up.
- Spanish prime minister to face confidence vote on Friday.
- US and China clash over 'technology transfer' at WTO.
- Yen rises, stocks retreat, and 10-year treasury yield falls below 2.9% as Italy crisis deepens; euro slips back to 6-1/2 month low; Oil extends decline.

Middle East & Africa News

- Saudi central bank reserves rise sharply on back of high oil prices.
- Saudi Arabia's inflation up 2.5% in April.
- UAE's current account surplus surges to AED 97.1bn or 6.9% of GDP in 2017; fiscal deficit falls to AED 62.6bn, 4.5% of the GDP.
- DP World acquires Cosmos Agencia Mari-tima for \$315.7m.
- Dubai announces plan to take all real estate deals online.
- Gulf markets close subdued on Monday.
- Tunisia's central bank holds key rate unchanged at 5.75%; bank says time is right to issue \$1bn bonds.
- Kenya central bank holds main lending rate at 9.5%.

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	24,753	-0.24%	+0.15%	+1.82%	+17.42%	+0.14%
S&P 500	2,721	-0.24%	+0.31%	+1.93%	+12.65%	+1.78%
Nasdaq Composite	7,434	+0.13%	+1.08%	+4.41%	+19.70%	+7.68%
Nikkei	22,481	+0.13%	-2.27%	+0.06%	+14.22%	-1.25%
Hang Seng	30,792	+0.67%	-1.42%	+1.69%	+19.81%	+2.92%
Shanghai	3,135	-0.20%	-2.45%	+1.71%	+0.80%	-5.20%
Mumbai Sensex	35,165	+0.69%	+1.59%	+0.56%	+13.04%	+3.26%
DAX	12,863	-0.58%	-1.64%	+2.25%	+1.86%	-0.42%
CAC 40	5,509	-0.61%	-2.28%	+0.47%	+3.31%	+3.70%
FTSE 100	7,730	+0.18%	-0.62%	+3.04%	+2.42%	+0.55%
DJ Stoxx 50	3,483	-0.93%	-2.52%	-1.03%	-2.69%	-0.61%
FTSE MIB Index	21,933	-2.08%	-5.02%	-8.34%	+5.53%	+0.36%
SMI Index	8,775	+0.19%	-1.85%	-0.76%	-2.84%	-6.46%
MENA						
Abu Dhabi – ADX	4,547	+0.23%	+2.00%	-2.95%	+1.21%	+3.39%
Dubai – DFM	2,930	-0.07%	-0.58%	-3.89%	-11.70%	-13.06%
Saudi Arabia	7,963	-0.12%	-0.42%	-3.19%	+16.73%	+10.19%
Qatar	9,125	+1.47%	+2.03%	-0.16%	-9.76%	+7.06%
Bahrain	1,260	-0.21%	-0.59%	-0.18%	-4.42%	-5.35%
Kuwait	4,692	+0.18%	-1.28%	-1.73%	NA	-5.14%
Oman	4,591	+0.53%	-0.10%	-3.03%	-14.75%	-9.96%
Egypt	16,791	+0.86%	+0.06%	-8.27%	+27.13%	+11.80%
Turkey	106,525	+3.22%	+4.17%	-1.01%	+9.00%	-7.64%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	67.88	-4.00%	-6.04%	-0.32%	+36.31%	+12.35%
Brent Oil \$/bbl	75.30	-1.49%	-4.95%	+0.88%	+44.00%	+12.61%
Gold spot \$/oz	1,299.0	-0.25%	+0.50%	-1.24%	+2.44%	-0.29%
Silver spot \$/Troy oz	16.474	-0.22%	-0.22%	+0.87%	-5.32%	-2.74%
Aluminium 3MO \$	2,263.0	-0.79%	-0.31%	+0.80%	+15.46%	-0.22%
Nickel 3MO \$	14,780	-0.81%	+0.20%	+4.49%	+63.50%	+15.83%
Copper 3MO \$	6,885	+0.07%	+0.44%	-1.76%	+20.28%	-5.00%

Source: Bloomberg

FAB Global Markets

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