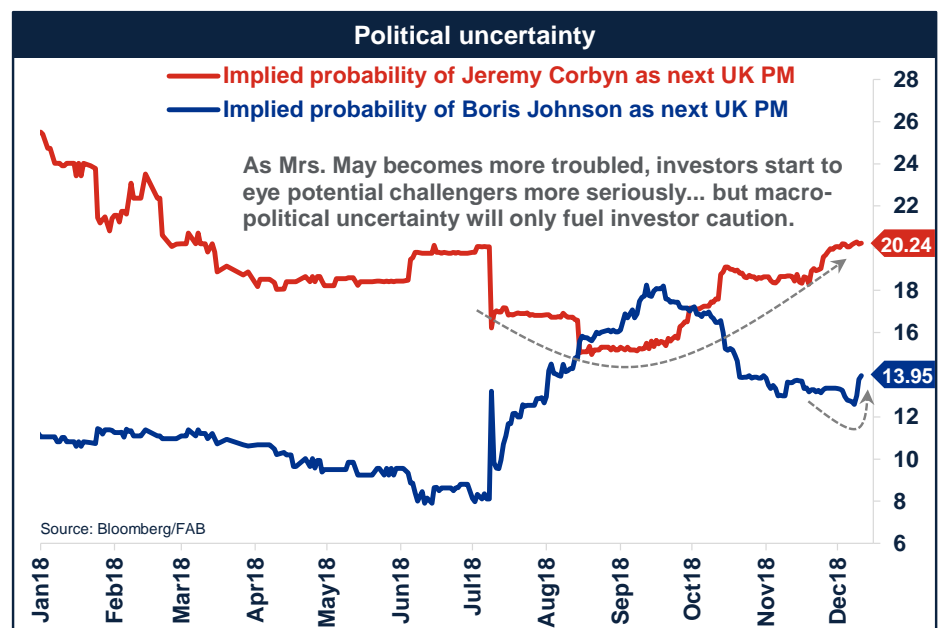


Daily Market Chatter

Macro Strategy View: May Delay! May Delay!

- There is a mixed picture to global market sentiment early Tuesday, albeit with a persistent veil of uncertainty. Asian equities have straddled unchanged overnight, while the U.S. 10 year treasury yield remains well underpinned, holding around the 2.85% level.
- The western spotlight remains firmly on the U.K. after prime minister May's capitulation yesterday and decision to delay the crucial parliamentary vote on her Brexit withdrawal agreement. This is something that, right up to the moment of the announcement, she had said she would not do. TM will now return to Brussels to attempt to negotiate more favorable terms for the U.K.'s divorce from the EU.
- However, while the withdrawal agreement as it stands was facing certain clobbering defeat in Westminster, it remains to be seen what can be improved in the so-called 'deal'. The EU has stated clearly that there will be no renegotiation on its part, suggesting that Mrs. May will struggle to return from Brussels with any meaningful concessions with which to get the divorce terms approved by parliament.



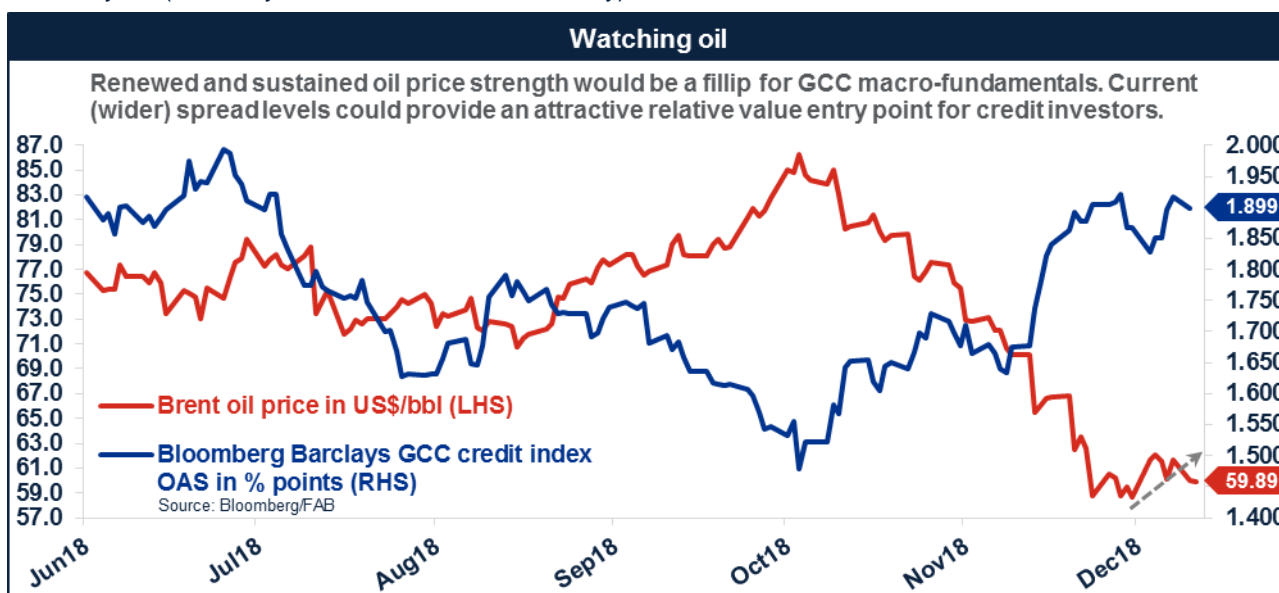
- Coming back empty-handed could be the trigger for either a vote of no confidence in the prime minister from the opposition parties or a direct leadership challenge from a 'Brexit' within her own Conservative party. The odds do now seem increasingly stacked against the wounded Mrs. May and this will maintain downside pressure on GBP risk sentiment.
- Sterling reacted negatively to the vote delay, tanking to an 18-month low of \$1.2507 according to Bloomberg, before stabilizing a little. Cable is currently seen in the context of \$1.2577 as of 8am UAE time. Limited options for Mrs. May though, coupled with an intransigent EU and a rapidly shortening time horizon ahead of the March 29 2019 Brexit day deadline, suggest that the path of least resistance for GBP and U.K. risk assets remains lower from here.

11th December 2018

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- Meanwhile uncertainty is also engulfing Indian markets early this morning after RBI governor Patel announced his (surprise) resignation after the market close on Monday. Indian stock markets have taken a hit on the back of the news. Exacerbating the negative bias and investor uncertainty is the myriad of other issues that the economy is already facing, not least of which is the rupee's parlous performance this year (-10.5% ytd vs the dollar as of Monday).



- Closer to home, GCC markets should remain encouraged in the near-term by the larger-than-expected OPEC production cuts announced late last week. Admittedly the oil price has remained fragile over the past couple of trading sessions as investors question the ability of OPEC+ to bolster prices in a sustained manner, but we continue to view Brent crude above \$60/bl as positive for this region. Moreover, we expect current global macroeconomic uncertainties, risk asset weakness and investors' consequent safe haven bias to further enhance the fundamental appeal of GCC sovereign and investment grade paper as head toward calendar year end.

Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.72%	+2.5	-10.3	-32.1	+55.8	+50.9
10Y	2.86%	+1.2	-11.2	-32.4	+47.0	+45.4
30Y	3.13%	-1.1	-12.4	-25.5	+35.3	+39.0

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	280.3	-0.4	-16.1	-36.4	+58.4	+56.0
10Y	289.0	-0.3	-13.8	-35.5	+49.0	+49.2
30Y	297.2	-2.5	-14.7	-32.0	+39.4	+43.0

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1356	-0.20%	+0.02%	+1.23%	-3.51%	-5.41%
GBP USD	1.2561	-1.30%	-1.29%	-2.24%	-5.85%	-7.05%
USD JPY	113.33	+0.57%	-0.29%	-0.45%	-0.20%	+0.57%

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.3254	+0.42%	+1.43%	-2.56%	+38.81%	+40.21%
USD INR	71.3387	+0.74%	+1.25%	-2.13%	+10.83%	+11.69%
USD IDR	14,555.0	+0.52%	+2.18%	-1.79%	+7.39%	+7.27%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	437.1	+3.0	+12.1	+36.4	+98.9	+108.4
Sovx CEEMEA	95.0	+1.2	+2.9	+8.1	+52.1	+62.4
Itrax Xover	355.6	+11.1	+35.1	+60.8	+123.6	+122.4

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	67.2	+0.2	-0.5	+0.2	+0.3	+5.6
Kuwait 5Y	65.8	+0.0	-2.0	+1.0	+2.6	+1.9
Dubai 5Y	130.0	+5.4	+8.7	+2.4	-3.9	+7.5

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	78.9	+3.9	+4.0	+5.7	-24.7	-22.1
KSA 5Y	96.9	+2.1	+5.2	+2.1	+3.0	+5.2
Bahrain 5Y	299.3	+15.3	+0.8	+42.2	+14.8	+22.7

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	51.00	-3.06%	-3.68%	-15.27%	-12.05%	-15.59%
Brent Oil \$/bbl	59.97	-2.76%	-2.79%	-14.55%	-7.30%	-10.32%
Gold spot \$/oz	1,244.5	-0.39%	+1.12%	+3.67%	+0.20%	-4.48%
Silver spot \$/Troy oz	14.530	-0.65%	+0.99%	+3.80%	-7.51%	-14.21%
Aluminium 3MO \$	1,938.0	-0.87%	-1.82%	-0.82%	-3.61%	-14.55%
Nickel 3MO \$	10,800	-1.01%	-4.00%	-5.84%	-1.37%	-15.36%
Copper 3MO \$	6,089	-0.91%	-3.27%	+0.54%	-7.34%	-15.98%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	24,423	+0.14%	-4.37%	-6.03%	+0.15%	-1.20%
S&P 500	2,638	+0.18%	-4.44%	-5.15%	-0.84%	-1.34%
Nasdaq Composite	7,021	+0.74%	-4.23%	-5.22%	+2.12%	+1.70%
Nikkei	21,220	-2.12%	-6.00%	-4.63%	-7.49%	-6.79%
Hang Seng	25,752	-1.19%	-5.26%	+0.59%	-11.09%	-13.93%
Shanghai	2,585	-0.82%	-2.64%	-0.55%	-22.20%	-21.85%
Mumbai Sensex	34,960	-2.00%	-3.54%	-0.57%	+4.50%	+2.65%
DAX	10,622	-1.54%	-7.36%	-7.87%	-19.06%	-17.77%
CAC 40	4,742	-1.47%	-6.17%	-7.14%	-11.96%	-10.73%
FTSE 100	6,722	-0.83%	-4.83%	-5.40%	-9.82%	-12.57%
DJ Stoxx 50	3,017	-1.36%	-6.16%	-6.58%	-15.78%	-13.90%
FTSE MIB Index	18,410	-1.77%	-6.18%	-4.40%	-18.87%	-15.76%
SMI Index	8,551	-2.17%	-6.10%	-5.76%	-8.20%	-8.86%
MENA						
Abu Dhabi – ADX	4,789	-0.97%	+0.40%	-4.26%	+9.94%	+8.89%
Dubai – DFM	2,500	-1.98%	-6.32%	-11.28%	-26.78%	-25.82%
Saudi Arabia	7,820	-0.25%	-1.23%	+1.41%	+10.13%	+8.21%
Qatar	10,556	-0.46%	+1.00%	+1.60%	+33.23%	+23.85%
Bahrain	1,318	+0.03%	-0.61%	+0.40%	+4.17%	-1.04%
Kuwait (Premier Market)	5,402	-0.74%	+1.40%	+1.90%	+16.69%	+9.22%
Oman	4,503	-0.97%	+1.20%	-0.00%	-10.66%	-11.68%
Egypt	12,476	+2.77%	-3.54%	-8.07%	-13.52%	-16.93%
Turkey	92,227	-1.57%	-2.89%	-0.66%	-15.51%	-20.03%

Source: Bloomberg

Overnight market headlines

Global News

- Brexit in turmoil as May pulls vote to seek changes to EU divorce; EU says open to discuss but no renegotiation of deal
- Irish PM says preparations for 'no-deal' Brexit should intensify; UK assets roiled as delay on Brexit vote sparks no-deal fears
- China, US officials engage on trade talks while Huawei row burns
- Asian stocks trade mixed; Rupee slumps after RBI chief resigns; Oil holds drop on doubts over OPEC curbs and US supply threat

Middle East & Africa News

- UAE targets FDI into non-oil sectors
- Abu Dhabi Ports opens Middle East's largest container terminal at Khalifa port; port to double container volumes in 2019, official says
- UAE Central Bank says lenders must do credit checks before issuing chequebooks
- Abu Dhabi government is set to introduce new income-based benefits for citizens next year
- Aramco seeks foreign investors for Saudi energy technology park
- Saudi chemical maker Sipchem plans N. America, Asia acquisitions
- Oman mulls extending expat visa ban
- Egypt's annual urban consumer price inflation falls to 15.7% in November
- Egypt stock market enjoys best day in two years, oil pressures Gulf

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