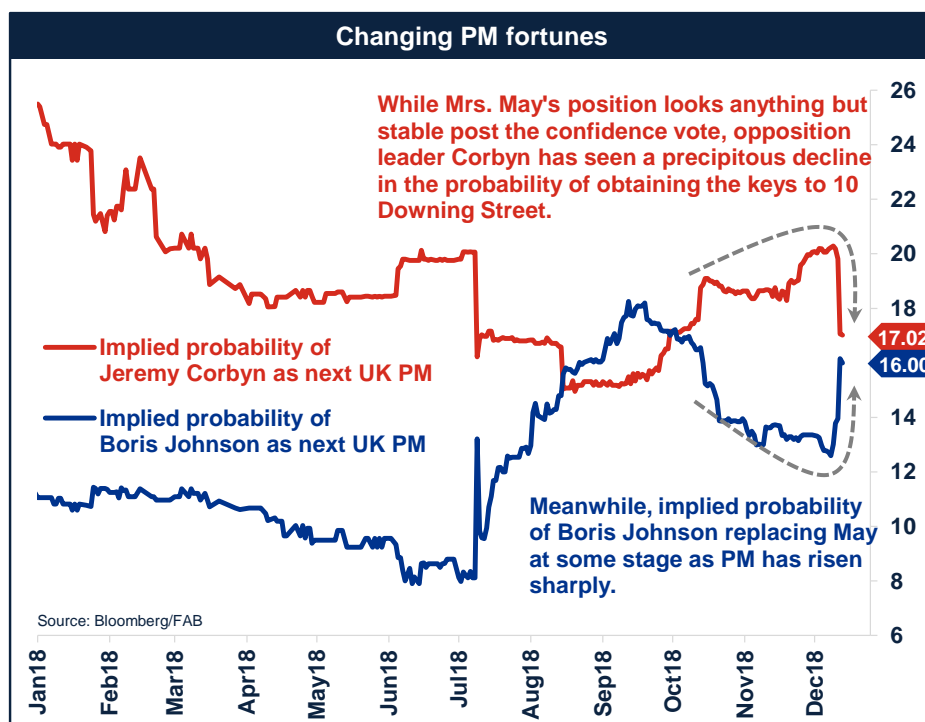


Daily Market Chatter

Macro Strategy View: Die Another Day

- So Mrs. May has won the vote of confidence in her leadership of the U.K. Conservative party – and her prime ministership – but she is badly wounded. Some would say fatally. The prime minister won by just 200 votes to 117, a majority of 41 over the required 159 votes to win. Hardly a ringing endorsement of her authority, which we would interpret as offering little for GBP risk markets to cheer about.
- With 37% of the voters calling for a change of leader, her support appears more diaphanous than even. Many in her own political party are calling for her to consider her position and to step down to give way to someone with more widespread support, although which (Brexit) politician may have such depth of support to assume the leadership is far from clear.

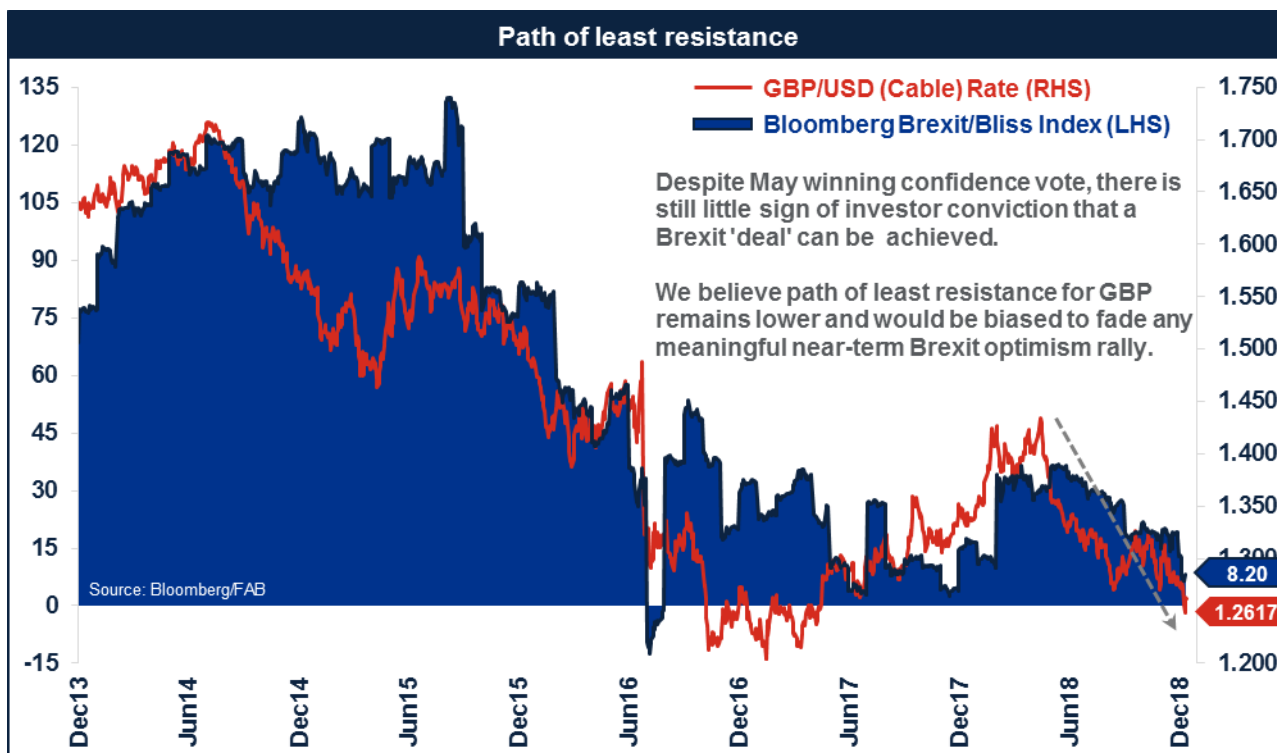


- The veil of uncertainty surrounding the Brexit polemic has definitely not been lifted by the vote, if anything it has only become more opaque. And while GBP strengthened in the immediate wake of the vote of confidence result, the rally has subsequently faded as the market has woken up to the fragility of May's position and the ongoing parlous state of her Brexit negotiations. (Interestingly, Die Another Day, the 2002 James Bond movie in which Bond is betrayed – albeit in North Korea not Westminster – was the last time that Pierce Brosnan appeared in the lead role)
- Anyway, I digress. Mrs. May must now go back to Brussels to try to renegotiate the terms of her Withdrawal Agreement, the wording of which the EU elite have already said carries 'no room whatsoever for renegotiation'. The bottom line remains that the risk of a 'no-deal' Brexit – and the economic and political chaos that would follow – is growing. Cable is not out of the woods yet and the forest is getting denser.

13th December 2018

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➤ Meanwhile, global markets are trading with a positive tone as we head toward the weekend. Optimism toward the U.S./China trade situation has helped to buoy Asian equities overnight; both the Nikkei and the Hang Seng are up well over 1% at the time of publication. The dollar is again firm and the Yen has edged lower, following the selloff in the rates market late yesterday that saw the U.S. 10y yield gain 3bps to 2.91%. At the same time the pickup in risk appetite has resulted in better selling of (iTraxx) protection in early Thursday trading, with the Asian and Australian indices tighter by as much as 2.35bps according to Bloomberg data.

Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.77%	+2.7	-1.9	-21.6	+66.3	+56.3
10Y	2.91%	+3.1	-0.4	-23.0	+56.7	+50.5
30Y	3.15%	+2.4	-2.3	-20.9	+42.3	+41.1

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	287.4	+3.7	-4.9	-24.6	+70.6	+63.0
10Y	294.5	+3.0	-3.0	-25.5	+59.9	+54.7
30Y	301.0	+2.2	-4.3	-24.8	+48.4	+46.7

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1369	+0.46%	+0.22%	+0.70%	-3.86%	-5.30%
GBP USD	1.2629	+1.14%	-0.82%	-2.68%	-5.89%	-6.54%
USD JPY	113.29	-0.08%	+0.09%	-0.46%	+0.67%	+0.53%

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.3454	-0.37%	+0.38%	-2.41%	+40.22%	+40.74%
USD INR	72.0200	+0.23%	+2.21%	-0.90%	+11.76%	+12.76%
USD IDR	14,598.0	-0.07%	+1.35%	-1.40%	+7.46%	+7.59%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	427.1	-6.7	-8.2	+26.3	+89.9	+98.4
Sovx CEEMEA	91.8	-2.2	-0.1	+4.6	+52.0	+59.1
Itrax Xover	328.0	-19.6	-2.8	+27.8	+94.4	+94.8

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	66.5	-0.6	-0.4	-1.6	+3.2	+4.9
Kuwait 5Y	65.8	+0.0	+0.0	+1.0	+1.2	+1.9
Dubai 5Y	131.1	+1.8	+10.1	+10.5	-0.9	+8.7

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	77.5	-1.6	+3.5	+3.2	-26.8	-23.5
KSA 5Y	94.1	-1.1	+4.0	-0.2	-0.2	+2.4
Bahrain 5Y	293.1	-5.9	+11.6	+33.4	+9.1	+16.5

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	51.15	-0.97%	-3.29%	-8.15%	-9.63%	-15.34%
Brent Oil \$/bbl	60.15	-0.08%	-2.29%	-8.13%	-3.67%	-10.05%
Gold spot \$/oz	1,245.7	+0.19%	+0.68%	+3.61%	-0.78%	-4.39%
Silver spot \$/Troy oz	14.737	+1.17%	+1.62%	+5.26%	-8.29%	-12.99%
Aluminium 3MO \$	1,939.0	+0.00%	-1.52%	-0.15%	-3.82%	-14.51%
Nickel 3MO \$	10,795	+0.23%	-3.83%	-5.31%	-2.48%	-15.40%
Copper 3MO \$	6,140	-0.45%	-0.57%	+1.50%	-7.85%	-15.28%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	24,527	+0.64%	-2.00%	-3.00%	-0.24%	-0.78%
S&P 500	2,651	+0.54%	-1.81%	-2.61%	-0.44%	-0.84%
Nasdaq Composite	7,098	+0.95%	-0.84%	-1.42%	+3.24%	+2.82%
Nikkei	21,603	+2.15%	-1.44%	-0.95%	-5.08%	-5.11%
Hang Seng	26,187	+1.61%	-2.36%	+1.53%	-10.39%	-12.48%
Shanghai	2,602	+0.31%	-1.80%	-1.99%	-21.22%	-21.32%
Mumbai Sensex	35,779	+1.79%	-0.29%	+1.81%	+8.25%	+5.06%
DAX	10,929	+1.38%	-2.42%	-4.73%	-16.73%	-15.39%
CAC 40	4,909	+2.15%	-0.71%	-3.77%	-9.07%	-7.59%
FTSE 100	6,880	+1.08%	-0.60%	-2.46%	-8.22%	-10.50%
DJ Stoxx 50	3,108	+1.72%	-1.34%	-3.62%	-13.23%	-11.30%
FTSE MIB Index	18,946	+1.91%	-1.98%	-1.46%	-15.42%	-13.30%
SMI Index	8,861	+1.68%	-0.88%	-1.71%	-5.68%	-5.55%
MENA						
Abu Dhabi – ADX	4,838	+0.45%	+0.15%	-2.60%	+10.34%	+9.98%
Dubai – DFM	2,573	+1.50%	-2.23%	-7.28%	-24.40%	-23.64%
Saudi Arabia	7,890	+0.65%	+0.08%	+1.80%	+11.22%	+9.19%
Qatar	10,434	-0.46%	-1.48%	+1.15%	+27.13%	+22.41%
Bahrain	1,320	+0.18%	-0.16%	+1.17%	+4.44%	-0.86%
Kuwait (Premier Market)	5,388	-0.35%	-0.04%	+1.72%	+14.31%	+8.94%
Oman	4,482	-0.34%	-1.53%	+0.34%	-11.53%	-12.10%
Egypt	12,857	+1.52%	+2.15%	-5.07%	-12.25%	-14.40%
Turkey	90,051	-1.91%	-4.17%	-2.87%	-16.74%	-21.92%

Source: Bloomberg

Overnight market headlines

Global News

- PM May survives party confidence vote but Brexit deal still teetering
- Italy promises budget cuts to avoid EU sanctions
- US consumer prices flat; underlying inflation firm
- Chinese importers resume purchases of US soyabeans
- Asian stocks rise with US futures on trade hopes; Pound steady; Oil trades below \$52

Middle East & Africa News

- Emirate of Ajman plans debut international bond
- UAE interbank rates have dropped on good liquidity, says central bank
- Dubai Aerospace signs \$535m revolving credit facility
- Saudi Arabia plans Red Sea pact
- Emaar's leap lifts Dubai, banks boost Egypt
- Egypt wants World Bank, IMF to include informal sector in GDP
- Turkey to issue foreign currency bonds to individual investors, Finance Minister Albayrak says
- Lebanon's Bassil says Aoun-Hariri partnership will lead to government

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