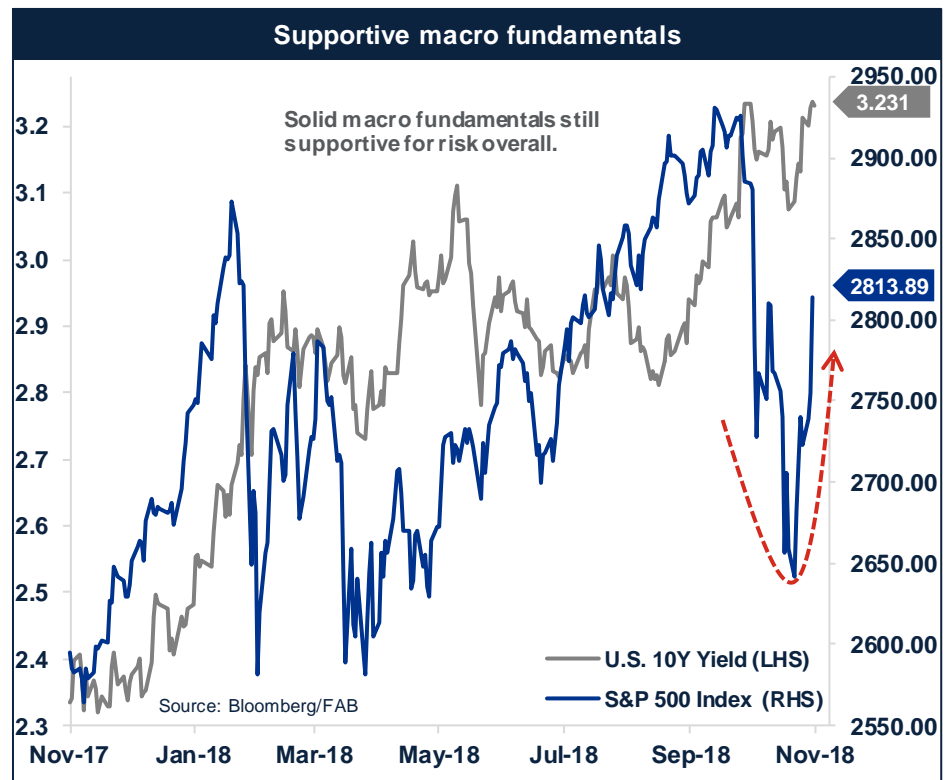


## Daily Market Chatter

### Macro Strategy View: Goldilocks' surprise visit

- A wave of optimism is engulfing global markets Thursday morning, something that may have seemed unlikely yesterday in the immediate wake of the mid-term election results. Indeed, while risk appetite faded and treasuries went bid as the results emerged early Wednesday, taking the U.S. 10y yield down to 3.17%, this move has been reversed overnight with the bond currently back up just below 3.23%.
- We have conjectured that the election outcome should not trigger a more risk-averse environment but that volatility seems set to remain elevated as economic growth expectations are pared back a little. As we wrote yesterday, despite the so-called 'gridlock' now in Congress, the U.S. macro fundamental picture – robust growth and tight labour market –should remain supportive for risk assets at the margin as we head toward year-end.
- This said, we are cognizant that U.S. markets could still be seen as priced for perfection, with equities close to historic highs, leaving credit market valuations susceptible. We continue to advocate a discerning approach to risk on the basis that we may only be one catalyst away from a correction. The mid-terms certainly provided no grounds for complacency, in our opinion.



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- For now though, rather than interpreting the split election result as shackling president Trump and thereby curtailing his future fiscal economic expansion plans, investors seem to be taking the view that a divided Congress will actually create more of a Goldilocks environment. Neither too hot, nor too cold, the message seems to be that a Democratic House and Republican Senate should not threaten the status quo, but may help to dampen the outlook for further significant fiscal stimulus and thereby anchor interest rate expectations.
- After U.S. equities closed solidly in positive territory overnight – S&P500 and DJIA both +2.1% - Asian credit markets are also trading higher this morning. As of 9am UAE time the Nikkei is 1.9% higher and the Hang Seng +0.90%. Meanwhile, the Asia iTraxx credit indices are tighter across the board. All of this would seem to suggest an firm opening for MENA/GCC risk markets as we head toward the weekend.

## Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	3.08%	+2.4	+12.3	+1.0	+107.0	+87.4
10Y	3.24%	+0.9	+10.5	+0.3	+90.1	+83.1
30Y	3.44%	-0.2	+6.5	+3.7	+65.0	+70.2

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	320.7	+1.6	+9.4	+3.4	+113.8	+96.4
10Y	329.2	+0.7	+9.3	+2.9	+98.3	+89.4
30Y	330.1	-2.7	+3.1	+0.2	+77.6	+76.4

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1426	-0.01%	+0.16%	-0.57%	-1.46%	-4.82%
GBP USD	1.3126	+0.21%	+0.88%	+0.28%	+0.08%	-2.86%
USD JPY	113.52	+0.08%	+0.71%	+0.26%	-0.31%	+0.74%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.3611	+0.07%	-2.72%	-12.28%	+38.67%	+41.15%
USD INR	73.0038	+0.78%	-0.91%	-1.44%	+12.87%	+14.30%
USD IDR	14,590.0	-1.45%	-3.56%	-4.13%	+7.96%	+7.64%

Source: Bloomberg

## MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	390.8	-2.9	-21.9	-4.9	+36.0	+62.1
Sovx CEEMEA	81.1	-4.7	-13.0	-18.8	+31.7	+48.4
Itrax Xover	280.1	-4.8	-17.9	-6.8	+45.9	+46.9

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	66.1	-0.0	-1.8	-1.0	-1.9	+4.5
Kuwait 5Y	64.8	+0.0	+0.0	-5.1	-6.3	+0.8
Dubai 5Y	121.6	+1.0	+1.0	-3.2	-14.7	-0.8

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	72.1	-1.8	+0.3	-3.9	-37.8	-28.9
KSA 5Y	90.7	-1.1	-0.7	+11.8	-8.2	-1.0
Bahrain 5Y	271.7	+0.2	-12.2	-7.1	-7.6	-4.9

Source: Bloomberg

## Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	61.67	-0.87%	-3.17%	-16.99%	+8.55%	+2.07%
Brent Oil \$/bbl	72.07	-0.08%	-1.12%	-14.11%	+13.51%	+7.78%
Gold spot \$/oz	1,226.5	-0.06%	-0.56%	+3.23%	-4.28%	-5.86%
Silver spot \$/Troy oz	14.578	+0.28%	-1.13%	+1.45%	-14.44%	-13.93%
Aluminium 3MO \$	1,985.0	+1.77%	+1.61%	-6.81%	-6.89%	-12.48%
Nickel 3MO \$	11,820	+0.38%	+2.78%	-6.34%	-6.60%	-7.37%
Copper 3MO \$	6,153	-0.08%	+2.69%	-0.32%	-9.86%	-15.10%

Source: Bloomberg

## Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
<b>GLOBAL</b>						
Dow Jones Inds. Avg	26,180	+2.13%	+4.24%	-1.16%	+11.11%	+5.91%
S&P 500	2,814	+2.12%	+3.77%	-2.45%	+8.46%	+5.25%
Nasdaq Composite	7,571	+2.64%	+3.63%	-2.14%	+11.51%	+9.67%
Nikkei	22,086	-0.28%	+1.84%	-7.14%	-3.61%	-2.98%
Hang Seng	26,148	+0.10%	+2.88%	-0.21%	-9.55%	-12.61%
Shanghai	2,641	-0.68%	+1.35%	-2.77%	-22.67%	-20.13%
Mumbai Sensex	35,238	+0.82%	+2.31%	+2.21%	+6.08%	+3.47%
DAX	11,579	+0.83%	+1.15%	-3.08%	-13.48%	-10.36%
CAC 40	5,138	+1.24%	+0.87%	-3.06%	-6.10%	-3.29%
FTSE 100	7,117	+1.09%	-0.15%	-1.60%	-5.48%	-7.42%
DJ Stoxx 50	3,246	+1.21%	+1.52%	-1.92%	-11.19%	-7.36%
FTSE MIB Index	19,541	+1.42%	+2.58%	-1.56%	-14.41%	-10.58%
SMI Index	9,051	+0.65%	+0.31%	+0.96%	-2.32%	-3.53%
<b>MENA</b>						
Abu Dhabi – ADX	5,016	+0.25%	+2.33%	+0.25%	+14.81%	+14.04%
Dubai – DFM	2,829	+0.48%	+1.60%	+1.97%	-17.15%	-16.05%
Saudi Arabia	7,793	-0.25%	-1.45%	-1.85%	+12.34%	+7.84%
Qatar	10,253	-1.20%	-0.47%	+4.41%	+30.50%	+20.29%
Bahrain	1,316	+0.18%	+0.12%	-0.68%	+3.90%	-1.16%
Kuwait (Premier Market)	5,293	+0.55%	+1.30%	-0.30%	+14.34%	+7.01%
Oman	4,446	+0.56%	+0.52%	-1.32%	-11.63%	-12.81%
Egypt	13,616	+1.34%	+2.76%	+0.09%	-4.15%	-9.34%
Turkey	95,493	+0.81%	+5.87%	-0.62%	-14.66%	-17.20%

Source: Bloomberg

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