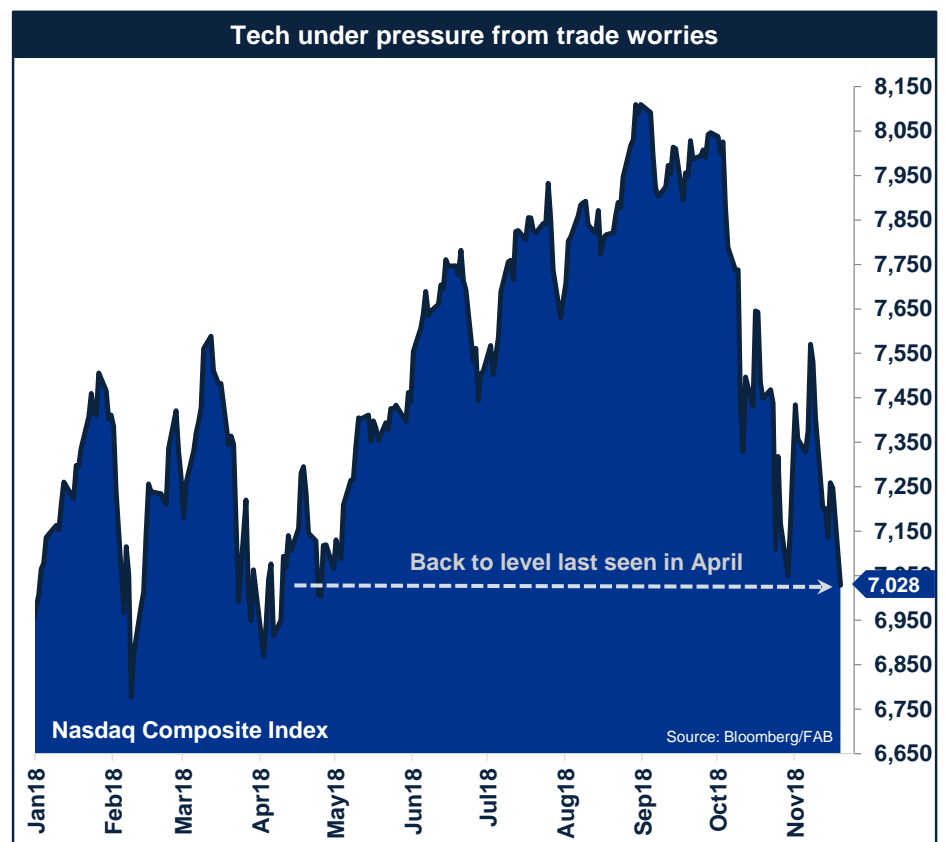


## Daily Market Chatter

### Macro Strategy View: GCC Credit – Reasons to be Cheerful

- It's more of the same early Tuesday morning with global trade concerns damping sentiment toward risk assets, even as Brexit uncertainties recede slightly. In more of a risk-off move, the Hang Seng and Chinese equities are currently lower by around 1.85% (as of 9.30am UAE time), while the Nikkei is off by some 1.10%. There has also been a marked weakness in Asia iTraxx spreads with the 5Y ex-Japan Asia investment grade index 1.87bps wider and the 5Y Australia IG index 2.23bps wider.



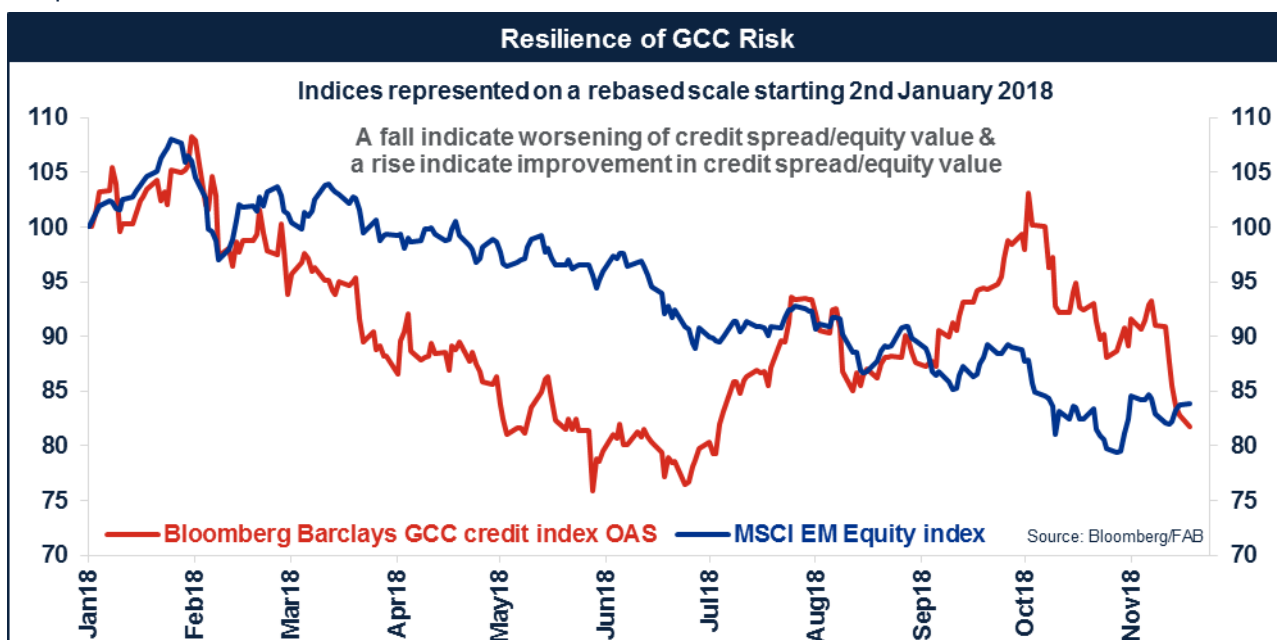
- All of this follows a very weak close in the U.S. on Monday night, spearheaded by the Nasdaq composite that plunged 3.03% - taking it to its lowest level in 7 months. The selloff in tech names was also fueled by escalating trade war concerns and the impact that these may have on both demand and supply (chain) dynamics. Declining liquidity ahead of the long Thanksgiving weekend in the U.S. could also lead to further asset price gyrations over the coming days.
- Closer to home though, MENA/GCC market sentiment may be buoyed today by (Reuters) press reports that Houthi rebels in Yemen have alluded to a cease fire on their drone and missile attacks on the Saudi Arabia-led coalition. 'After our contacts with the U.N. envoy ... we announce our initiative ... to halt missile and drone strikes on the countries of aggression' the head of the Houthis' Supreme Revolutionary Committee said in a statement, according to Reuters.

20<sup>th</sup> November 2018

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- If followed through, this declaration of an end to hostilities would, in our opinion, mark a massive positive for the macro and geopolitical outlook for the broader GCC region. As a result, it would likely further bolster an outperformance of GCC credit relative to the broader selloff in the EM (MSCI) space, as was evident in recent months during the Fed's tightening moves, before fading in recent weeks with the oil price decline.



- Elsewhere, speculation of possible OPEC oil supply cuts, to address the recent downturn in prices amid fears of slowing global demand and subsequent oversupply, could also be a near-term fillip for GCC credit risk appetite. However, while WTI and Brent both opened the Tuesday session in positive territory, the early gains have subsequently reversed, outweighed by the aforementioned persistent global macro uncertainties. WTI and Brent are currently (as of 9.30am UAE time) seen in the context of -0.16% and -0.33% respectively on the session.

### Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.87%	-0.9	-16.5	-17.7	+77.8	+66.4
10Y	3.06%	-0.0	-11.9	-12.9	+69.6	+65.8
30Y	3.32%	+0.5	-6.3	-5.5	+54.1	+58.2

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	301.4	-0.9	-15.3	-17.4	+86.5	+77.0
10Y	312.2	-0.5	-12.3	-13.9	+75.8	+72.4
30Y	320.5	-0.4	-8.7	-9.2	+63.0	+66.3

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1454	+0.34%	+2.10%	-0.09%	-2.38%	-4.59%
GBP USD	1.2854	+0.16%	+0.04%	-0.84%	-2.88%	-4.88%
USD JPY	112.55	-0.25%	-1.13%	-0.24%	-0.06%	-0.12%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.3125	-0.38%	-2.80%	-6.30%	+35.22%	+39.87%
USD INR	71.6575	-0.38%	-1.69%	-2.59%	+10.09%	+12.19%
USD IDR	14,588.0	-0.53%	-1.57%	-3.94%	+7.80%	+7.52%

Source: Bloomberg

## MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	423.4	+3.9	+22.6	+22.3	+79.0	+94.7
Sovx CEEMEA	87.6	+0.0	+0.7	-6.0	+37.1	+55.0
Itrax Xover	327.2	+10.3	+32.4	+32.9	+83.2	+94.0

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	69.0	+1.0	+2.0	+0.9	+0.9	+7.3
Kuwait 5Y	64.8	+0.0	+0.0	-2.7	-6.2	+0.9
Dubai 5Y	121.6	+1.0	-5.9	-6.5	-15.2	-0.8

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	76.7	+2.6	+3.6	+0.8	-29.4	-24.2
KSA 5Y	96.5	+2.6	+1.7	-0.5	+2.6	+4.7
Bahrain 5Y	273.8	+3.7	+16.8	-12.6	-5.8	-2.7

Source: Bloomberg

## Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	57.20	+1.31%	-4.56%	-17.25%	+1.98%	-5.33%
Brent Oil \$/bbl	66.79	+0.04%	-4.75%	-16.28%	+7.34%	-0.12%
Gold spot \$/oz	1,224.2	+0.07%	+1.98%	+0.17%	-4.13%	-6.04%
Silver spot \$/Troy oz	14.427	+0.01%	+3.06%	-0.94%	-14.68%	-14.83%
Aluminium 3MO \$	1,934.0	-0.31%	-0.41%	-3.44%	-8.08%	-14.73%
Nickel 3MO \$	11,180	-1.58%	-1.93%	-10.20%	-3.41%	-12.38%
Copper 3MO \$	6,259	+0.87%	+3.47%	+0.63%	-7.64%	-13.63%

Source: Bloomberg

## Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
<b>GLOBAL</b>						
Dow Jones Inds. Avg	25,017	-1.56%	-1.46%	-1.68%	+6.77%	+1.21%
S&P 500	2,691	-1.66%	-1.30%	-2.78%	+4.21%	+0.64%
Nasdaq Composite	7,028	-3.03%	-2.39%	-5.65%	+3.50%	+1.81%
Nikkei	21,821	+0.65%	-2.01%	-3.16%	-1.98%	-4.15%
Hang Seng	26,372	+0.72%	+2.88%	+3.17%	-9.87%	-11.86%
Shanghai	2,704	+0.91%	+2.77%	+6.00%	-20.31%	-18.25%
Mumbai Sensex	35,775	+0.90%	+2.76%	+4.25%	+7.24%	+5.04%
DAX	11,245	-0.85%	-0.71%	-2.68%	-13.89%	-12.95%
CAC 40	4,985	-0.79%	-1.46%	-1.95%	-6.65%	-6.16%
FTSE 100	7,001	-0.19%	-0.74%	-0.69%	-5.26%	-8.93%
DJ Stoxx 50	3,160	-0.64%	-1.06%	-1.57%	-11.26%	-9.81%
FTSE MIB Index	18,823	-0.29%	-1.22%	-1.35%	-15.17%	-13.87%
SMI Index	8,813	-1.06%	-1.91%	-0.67%	-5.24%	-6.07%
<b>MENA</b>						
Abu Dhabi – ADX	5,062	-0.34%	+2.18%	+1.48%	+18.04%	+15.09%
Dubai – DFM	2,769	-0.52%	-1.19%	+0.42%	-18.95%	-17.82%
Saudi Arabia	7,560	+0.84%	-2.76%	-1.15%	+11.11%	+4.62%
Qatar	10,398	+0.98%	-0.16%	+2.01%	+33.17%	+22.00%
Bahrain	1,306	-0.33%	-0.14%	-1.28%	+3.20%	-1.89%
Kuwait (Premier Market)	5,295	+0.13%	+0.10%	+2.37%	+10.92%	+7.07%
Oman	4,453	+0.03%	-0.59%	+0.20%	-12.43%	-12.67%
Egypt	13,906	-0.45%	+1.67%	+1.92%	+1.65%	-7.41%
Turkey	94,571	+1.02%	+3.42%	-1.95%	-8.99%	-18.00%

Source: Bloomberg

## Overnight market headlines

### Global News

- US home builder sentiment posts biggest drop in 4-1/2 years
- New York Fed's John Williams sees US central bank likely raising interest rates 'somewhat' more
- May sticks to Brexit deal as opponents seek formal challenge; No-deal Brexit would be 'wrecking ball' for UK economy, British industry chiefs warn
- India's central bank signals truce with government over reserves
- Asian stocks fall as US tech sinks; 10-year treasury yield holds 3.066% and dollar stable while yen gains; Oil holds gains as OPEC plans assessed amid warnings on cuts

### Middle East & Africa News

- UAE eyes 15-20% FDI increase by 2020
- ADNOC says eyeing new deals to accelerate gas strategy
- Aramco said to abandon plan for corporate bond to fund Sabic deal; still considering range of options for Sabic, including loan
- Oman combines oil companies to create refining-to-trading giant
- DP World chief sees 'challenging' 2019 amid trade tensions
- Saudi real estate developers face new project marketing rules
- Saudi bourse bounces from one-month low, Abu Dhabi index gains 0.5%

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