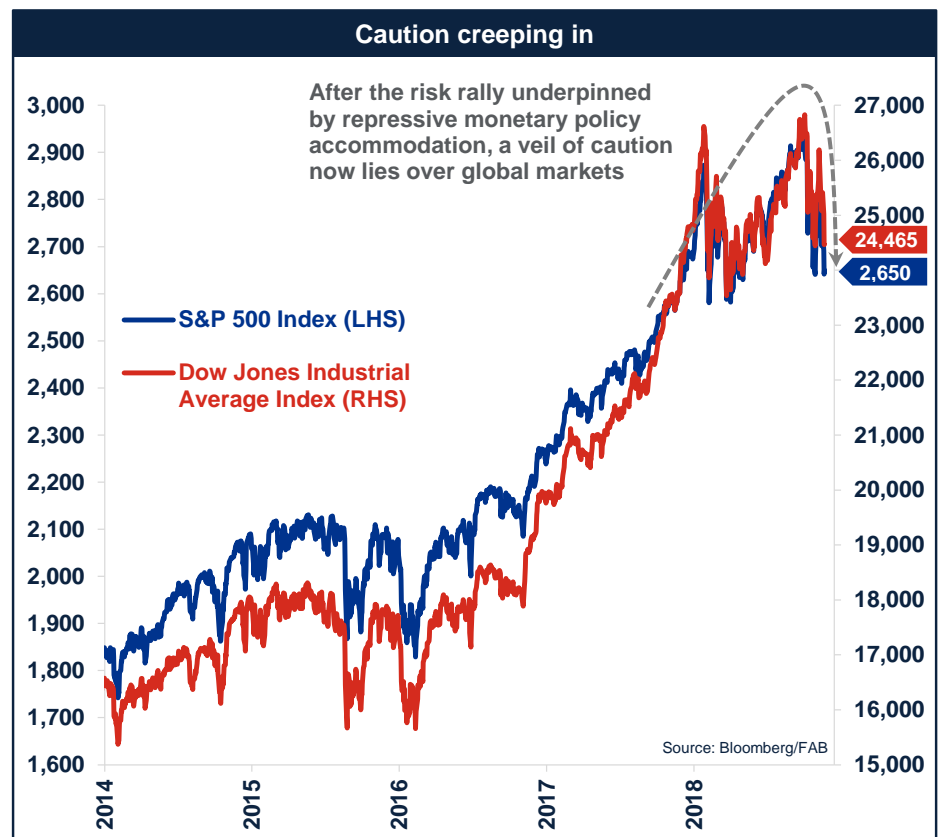


Daily Market Chatter

Macro Strategy View: Happy Thanksgiving, With A Serving of Caution

- A mixed close to U.S. markets overnight – with the Dow marginally lower, the S&P 500 0.30% higher and rates little changed and all in the context of subdued volumes ahead of today's Thanksgiving holiday – has done little in terms of offering direction to Asian credit markets in early Thursday trading. Moreover, with U.S. markets closed today (and a holiday in Japan tomorrow), we expect global market activity to remain light into the weekend, particular in USD-linked geographies.

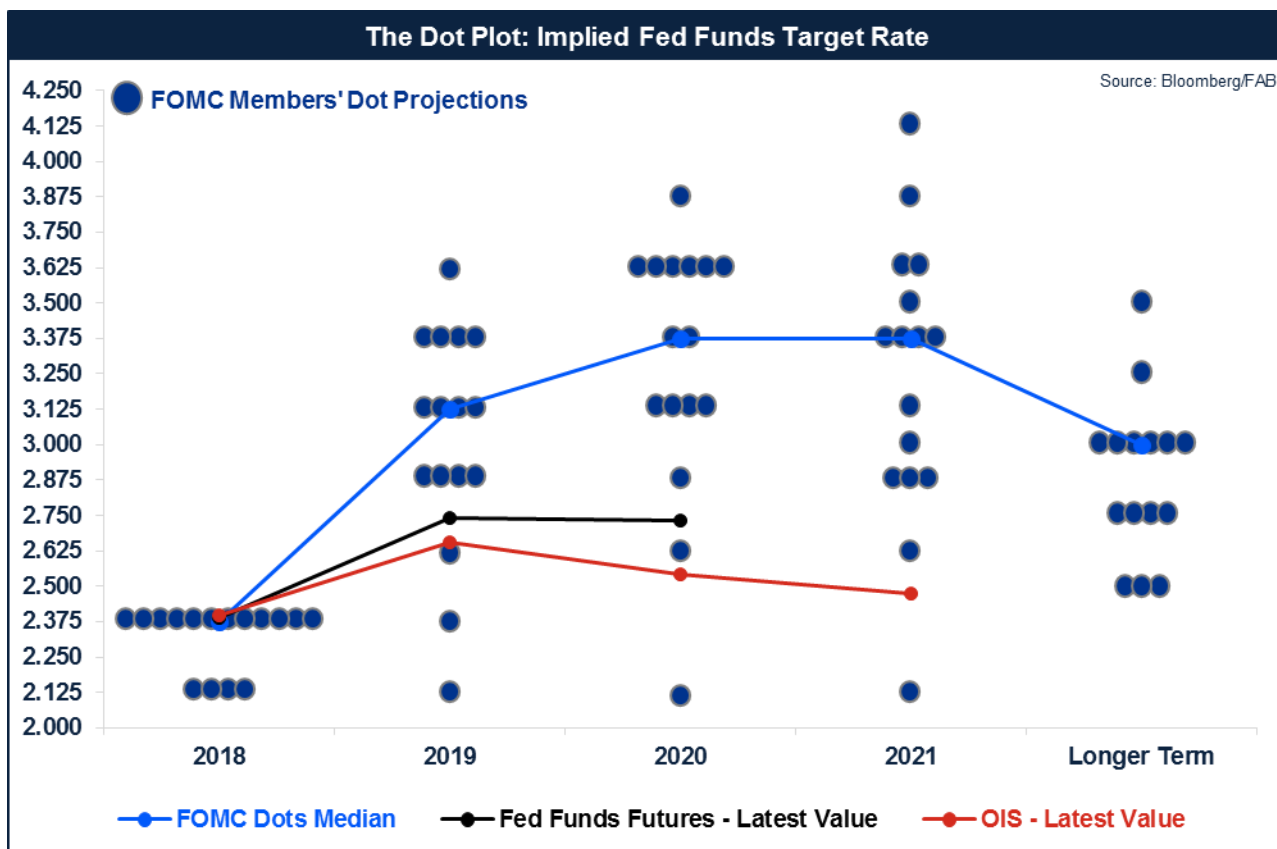


- Investor sentiment remains fragile, which, given the myriad challenges facing the markets over the coming weeks, we see little chance of changing in the near-term. Indeed, we would suggest that the list of reasons for investors to maintain a more cautious bias at this stage are numerous; U.S./China trade tensions, global growth revisions and their implications for corporate earnings, central bank tightening led by the Fed... not to mention Brexit which remains a clear and present danger to a much wider audience than just the U.K. itself.
- We continue to believe that the path of least resistance for yields will still be higher as we enter 2019, but acknowledge the aforementioned prevailing uncertainties, which should help to dampen rates market selloff expectations over the medium-term. The market is pricing in a near-70% probability of a Fed rate rise (25bps) at the December 19 meeting, but beyond this we do expect 2019 rate hike projections to perhaps be reassessed moderately lower, in the context of current market conditions.

22nd November 2018

Simon Ballard
 Macro Strategist

Please click [here](#) to view our recent publications on MENA and Global Markets



- We will be analyzing closely the FOMC's rate forecast (Dot Plot) in December as well as listening attentively to ECB president Draghi's rhetoric as his bank (provisionally) ends its QE asset purchase program at the end of the year. Both could help to clip their respective hawks' wings, although admittedly this will still probably be a better fate than that of the Turkey population today. Happy Thanksgiving!

Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.89%	+0.3	-6.7	-16.0	+84.8	+68.5
10Y	3.06%	-0.0	-6.2	-13.5	+74.4	+65.8
30Y	3.32%	+0.1	-5.0	-7.2	+57.7	+57.7

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	303.9	+0.7	-5.9	-14.9	+92.6	+79.6
10Y	313.2	+0.3	-5.8	-12.9	+81.2	+73.4
30Y	320.9	+0.3	-5.6	-8.7	+68.5	+66.7

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1384	+0.12%	+0.65%	-0.70%	-3.70%	-5.17%
GBP USD	1.2778	-0.08%	-1.65%	-1.43%	-4.11%	-5.44%
USD JPY	113.06	+0.26%	-0.50%	+0.21%	+1.65%	+0.33%

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.3083	-1.30%	-2.79%	-6.38%	+35.47%	+39.76%
USD INR	71.4613	+0.00%	-1.17%	-2.86%	+10.07%	+11.88%
USD IDR	14,603.0	+0.10%	-1.24%	-3.86%	+7.97%	+7.63%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	432.1	-3.1	+18.5	+31.0	+86.1	+103.4
Sovx CEEMEA	90.0	-2.2	+2.8	-6.3	+41.2	+57.3
Itrax Xover	319.9	-9.7	+19.7	+20.4	+81.0	+86.7

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	68.5	-1.6	+0.4	+1.0	+2.7	+6.9
Kuwait 5Y	64.8	+0.0	+0.0	-3.1	+0.8	+0.9
Dubai 5Y	123.7	-0.5	+3.1	-4.3	-15.3	+1.3

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	74.9	-4.2	+0.6	-1.0	-29.9	-26.0
KSA 5Y	95.2	-3.8	+0.8	-1.3	+6.1	+3.5
Bahrain 5Y	278.4	+2.9	+18.7	-1.7	+4.0	+1.8

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	54.63	+2.25%	-2.88%	-21.02%	-5.84%	-9.58%
Brent Oil \$/bbl	63.48	+1.52%	-3.99%	-20.48%	+0.25%	-5.07%
Gold spot \$/oz	1,226.0	+0.36%	+1.25%	+0.32%	-5.11%	-5.89%
Silver spot \$/Troy oz	14.503	+1.27%	+2.59%	-0.41%	-15.44%	-14.37%
Aluminium 3MO \$	1,953.5	+0.70%	+0.54%	-2.47%	-6.17%	-13.87%
Nickel 3MO \$	11,020	-0.68%	-2.56%	-11.49%	-7.16%	-13.64%
Copper 3MO \$	6,235	+0.82%	+2.38%	+0.24%	-9.76%	-13.96%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	24,465	-0.00%	-2.46%	-3.37%	+3.99%	-1.03%
S&P 500	2,650	+0.30%	-1.91%	-3.84%	+2.03%	-0.89%
Nasdaq Composite	6,972	+0.92%	-2.30%	-6.65%	+1.53%	+1.00%
Nikkei	21,508	-0.35%	-1.55%	-4.90%	-4.51%	-5.52%
Hang Seng	25,971	+0.51%	+1.24%	-0.69%	-13.44%	-13.19%
Shanghai	2,652	+0.21%	+0.73%	-0.13%	-22.71%	-19.83%
Mumbai Sensex	35,200	-0.77%	+0.16%	+3.12%	+4.88%	+3.36%
DAX	11,244	+1.61%	-1.48%	-2.43%	-13.61%	-12.95%
CAC 40	4,976	+1.03%	-1.84%	-1.54%	-7.05%	-6.34%
FTSE 100	7,050	+1.47%	+0.23%	+0.11%	-4.97%	-8.29%
DJ Stoxx 50	3,154	+1.21%	-1.61%	-1.13%	-11.47%	-9.99%
FTSE MIB Index	18,732	+1.41%	-1.81%	-1.24%	-16.06%	-14.29%
SMI Index	8,841	+0.82%	-1.00%	-0.27%	-4.85%	-5.76%
MENA						
Abu Dhabi – ADX	4,971	-0.40%	-1.00%	+0.30%	+16.31%	+13.01%
Dubai – DFM	2,757	+0.24%	-0.71%	+0.34%	-19.98%	-18.20%
Saudi Arabia	7,514	+0.13%	-1.90%	-1.76%	+10.14%	+3.99%
Qatar	10,293	+0.24%	+0.92%	+0.18%	+31.99%	+20.76%
Bahrain	1,314	+0.60%	+0.30%	-0.62%	+3.57%	-1.30%
Kuwait (Premier Market)	5,266	-0.08%	-0.58%	+2.32%	+12.05%	+6.48%
Oman	4,453	+0.03%	-0.14%	+0.20%	-12.43%	-12.67%
Egypt	13,731	-1.26%	+1.81%	+0.62%	-0.78%	-8.58%
Turkey	92,708	+1.11%	-0.62%	-2.08%	-12.51%	-19.62%

Source: Bloomberg

Overnight market headlines

Global News

- OECD warns global growth heading towards fragile soft landing; Trade tariffs, higher interest rates slowing global growth
- US durable goods orders fall 4.4% in October, business spending slowing
- US weekly jobless claims rise to a more than 4-month high; housing market weak
- May says to return to Brussels on Saturday in bid to seal Brexit deal
- Asian stocks steady after US gains; dollar slips; Oil holds gain above \$54

Middle East & Africa News

- Aramco closes China's biggest oil purchase, toppling Russia
- Saudi Arabia launches project to boost sustainable tourism-related jobs
- Saudi Arabia's wealth fund said to plan health-care investments
- Kuwait wealth fund expands in China with Shanghai investment hub
- Expo 2020 Dubai launches new platform to drive business growth
- UAE's Majid Al Futtaim buys digital wallet start-up Beam
- Most Gulf markets gain; Egypt slides on blue-chip sell-off

Please refer to our daily news summary if you wish to read the full articles

Simon Ballard

Executive Director & Macro Strategist

Market Insight & Strategy

FAB Global Markets

Tel: +971-2-6110157

Mobile: +971-50-9332806

Email: Simon.Ballard@bankfab.com

Please click [here](#) to view our recent publications on MENA and Global Markets

Disclaimer: To the fullest extent allowed by applicable laws and regulations, First Abu Dhabi Bank (the "Bank") and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an "as is" and "as available" basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Global Markets division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.

The Bank processes your personal data to provide you with information or promotional and advertising communications on products, services, other events and campaigns. If you wish not to receive email from the Market Insights team at the Bank, please [click](#) here to send us your request to unsubscribe, and you shall no longer receive such information.

You are entitled according to the applicable laws to exercise your rights to access, to rectification, to erasure and to portability of your personal data, to restrict the use of and to object to the processing of your personal data. You may exercise your aforesaid rights by sending your request to FAB at the following address: privacy@bankfab.com.