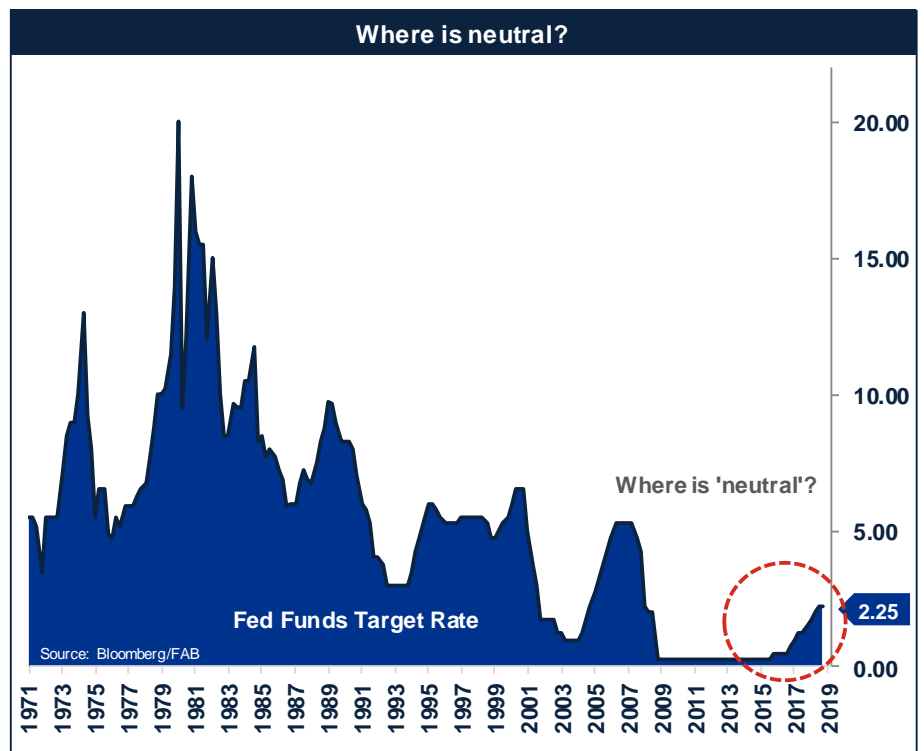


Daily Market Chatter

Macro Strategy View: Are We There Yet Dad?

- There is a slightly tentative tone to global markets early Thursday as investors balance a perceived dovish tone to comments from Fed chair Powell late Wednesday, with the prospect of headline risk from the upcoming G20 meeting in Buenos Aires. Nonetheless, even with the U.S. 10y yield slightly lower overnight at 3.033%, the underlying theme to risk assets remains fragile with Asian bourses fading earlier gains net and the iTraxx Asian credit indices nudging tighter.
- Powell's comments to the Economic Club of New York, as reported by Bloomberg, were a fillip for market sentiment. The Fed chair hinted that U.S. rates may now be close to 'neutral for the (U.S.) economy', raising speculation that the FOMC could soon pause its tightening cycle. The key words in Powell's speech were 'just below' in terms of his reference to where he sees the current Fed funds rate relative to the so-called neutral level.

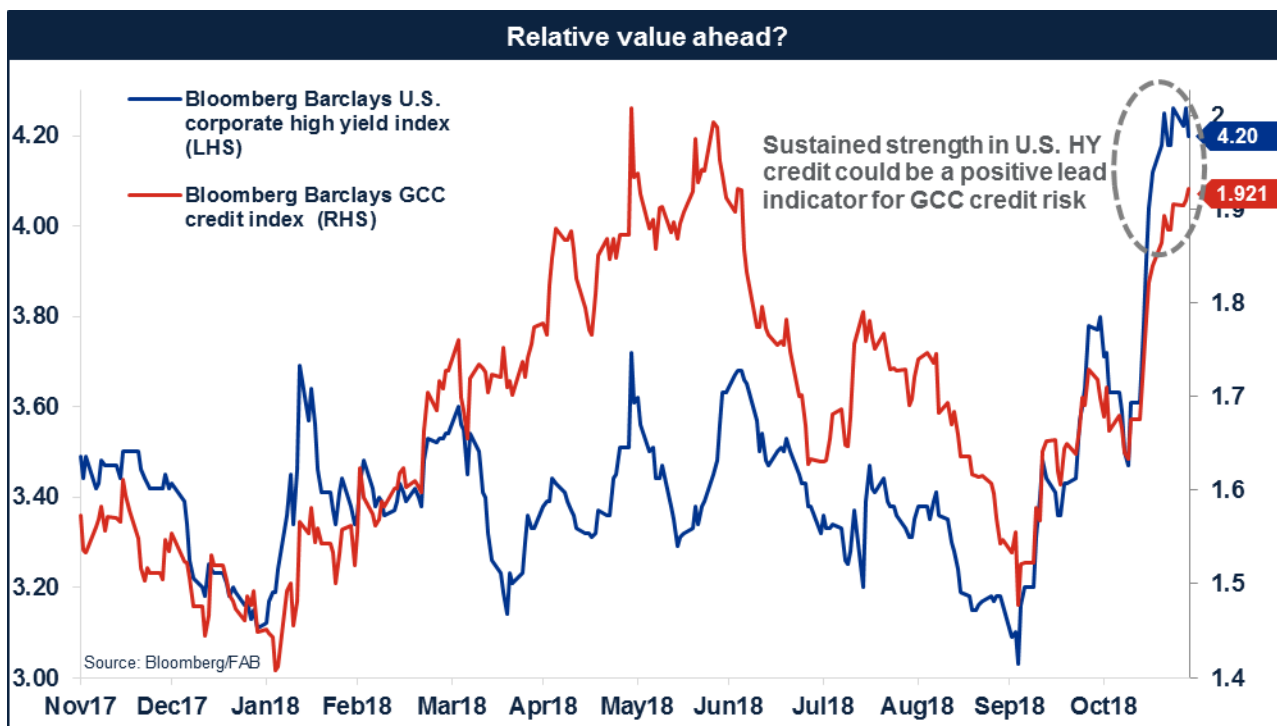


- This triggered a strong performance across U.S. equities, with the Dow and S&P500 closing +2.50% and +2.30% respectively in their biggest rally since March. After such a performance though, equity futures are indicating some possible consolidation in today's session. Meanwhile U.S. high yield corporate spreads also performed strongly on Powell's comments and we believe that quality higher yielding asset classes (including GCC credit) should continue to react strongly to any perception that the Fed is close to pausing. The Bloomberg Barclays U.S. corporate high yield index closed 6bps better at 420bps OAS, albeit that the index is still over 100bps wider since the beginning of October.

29th November 2018

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- Meanwhile, attention is now turning to the weekend G20 meeting, which is tending to dampen sentiment a little. Indeed, as suggested yesterday, we believe that if the market is hoping for some grand declaration of a U.S./China trade accord between Trump and Xi to be announced over the weekend, it could well be disappointed. We believe that to achieve such a result though would require one or both sides to capitulate, something that we see as unlikely. Moreover, history should serve as a warning; many previous G7,10,20 meetings have failed to deliver on a grand scale. Perhaps the best we should expect is an agreement to continue working toward finding an agreement.

Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.87%	-2.2	-2.5	-5.4	+75.9	+65.9
10Y	3.06%	+0.2	-0.4	-2.6	+67.1	+65.4
30Y	3.35%	+2.7	+2.9	+1.5	+52.1	+60.6

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	300.3	-2.5	-3.6	-7.1	+83.3	+75.9
10Y	309.5	-1.8	-3.7	-5.7	+71.4	+69.7
30Y	318.6	-0.4	-2.3	-3.0	+59.8	+64.4

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1366	+0.68%	-0.16%	-0.06%	-4.06%	-5.32%
GBP USD	1.2825	+0.61%	+0.37%	+0.25%	-4.36%	-5.09%
USD JPY	113.68	-0.10%	+0.55%	+1.17%	+1.56%	+0.88%

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.2219	-0.90%	-1.63%	-6.10%	+31.81%	+37.48%
USD INR	70.6175	-0.24%	-1.18%	-3.85%	+9.79%	+10.56%
USD IDR	14,529.0	+0.10%	-0.51%	-4.56%	+7.62%	+7.19%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	437.3	-4.7	+5.1	+24.6	+97.6	+108.6
Sovx CEEMEA	98.7	-0.6	+8.7	+4.6	+52.7	+66.0
Itrax Xover	341.7	+2.3	+21.7	+43.8	+112.3	+108.5

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	70.8	-1.3	+2.2	+2.8	+6.0	+9.1
Kuwait 5Y	64.8	+0.0	+0.0	+0.0	-4.5	+0.9
Dubai 5Y	127.2	+3.2	+3.5	+6.6	-0.3	+4.8

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	80.9	-0.9	+6.0	+9.2	-22.2	-20.0
KSA 5Y	98.8	-3.6	+3.6	+7.3	+9.0	+7.0
Bahrain 5Y	304.6	+3.3	+26.2	+20.7	+34.9	+28.1

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	50.29	-2.46%	-7.94%	-24.99%	-12.23%	-16.77%
Brent Oil \$/bbl	58.76	-2.41%	-7.44%	-24.02%	-6.89%	-12.13%
Gold spot \$/oz	1,221.2	+0.51%	-0.39%	-0.67%	-4.86%	-6.26%
Silver spot \$/Troy oz	14.327	+1.25%	-1.22%	-0.91%	-13.39%	-15.42%
Aluminium 3MO \$	1,932.0	+0.08%	-1.10%	-3.30%	-8.11%	-14.81%
Nickel 3MO \$	10,800	+0.23%	-2.00%	-9.24%	-4.85%	-15.36%
Copper 3MO \$	6,200	+1.28%	-0.56%	+0.65%	-8.89%	-14.45%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	25,366	+2.50%	+3.68%	+3.78%	+5.96%	+2.62%
S&P 500	2,744	+2.30%	+3.86%	+3.88%	+4.48%	+2.62%
Nasdaq Composite	7,292	+2.95%	+5.54%	+3.42%	+6.85%	+5.62%
Nikkei	22,177	+1.02%	+3.11%	+4.86%	-1.86%	-2.58%
Hang Seng	26,683	+1.33%	+2.74%	+7.54%	-9.93%	-10.82%
Shanghai	2,602	+1.05%	-1.88%	+2.35%	-22.05%	-21.33%
Mumbai Sensex	35,717	+0.57%	+1.47%	+4.84%	+6.29%	+4.87%
DAX	11,299	-0.09%	+0.49%	-0.32%	-13.50%	-12.53%
CAC 40	4,983	+0.00%	+0.16%	-0.12%	-7.68%	-6.20%
FTSE 100	7,005	-0.18%	-0.65%	-0.31%	-5.26%	-8.89%
DJ Stoxx 50	3,168	+0.06%	+0.46%	+0.42%	-11.74%	-9.58%
FTSE MIB Index	19,115	-0.18%	+2.05%	+0.40%	-14.38%	-12.53%
SMI Index	8,895	-0.04%	+0.60%	+1.54%	-4.40%	-5.19%
MENA						
Abu Dhabi – ADX	4,895	+0.28%	-1.53%	+0.48%	+14.28%	+11.28%
Dubai – DFM	2,678	-0.27%	-2.86%	-1.36%	-21.70%	-20.54%
Saudi Arabia	7,633	+0.78%	+1.57%	-2.74%	+9.47%	+5.62%
Qatar	10,330	-0.25%	+0.36%	+1.35%	+32.73%	+21.19%
Bahrain	1,325	+0.34%	+0.80%	+0.75%	+3.21%	-0.51%
Kuwait (Premier Market)	5,340	-0.01%	+1.40%	+2.36%	+12.21%	+7.97%
Oman	4,404	+0.17%	-1.12%	-0.57%	-13.77%	-13.64%
Egypt	13,309	+0.72%	-3.07%	+1.80%	-8.73%	-11.38%
Turkey	94,071	+0.59%	+1.47%	+3.90%	-8.08%	-18.44%

Source: Bloomberg

Overnight market headlines

Global News

- US Fed's Powell, in apparent dovish shift, says current interest rate level 'just below' neutral
- Fed warns a large plunge in market prices possible if risks materialise; despite vulnerabilities, risks 'moderate', says Powell
- US third-quarter growth unrevised, headwinds increasing
- BoE says extreme Brexit could be worse than financial crisis for UK; Govt. says no-deal Brexit could cost UK economy 9.3% of GDP over 15 years
- China's Xi highlights economic crossroads before Trump talks; Trump renews auto tariff threat
- Asia stocks advance, dollar struggles on signs of more cautious Fed; Oil near 1-year low as Russia's move, US inventory assessed

Middle East & Africa News

- UAE launches six initiatives to promote trade, shape future of economy
- Report says non-oil sector to lead UAE's economic growth this year
- UAE's inflation rate halves to 1.6% in October; Saudi inflation accelerates to 2.4% in October
- UAE's Eibor rates hit new highs, says Central Bank
- Russian fund, UAE's Mubadala, Saudi Arabia in talks on drilling firm stake
- Zain Saudi to sell tower infrastructure to IHS Holding for \$647.7m
- Egypt says won't seek further funding from IMF when program ends
- Egypt finance minister eyes JPMorgan bond index inclusion mid-2019; expects to issue first green bonds this financial year
- Egypt ends forex repatriation guarantee for overseas investors
- Petrochemicals lift Saudi index, banks drag down Abu Dhabi; Egypt's blue-chip index adds 0.7%

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