

Daily Market Chatter

Macro Strategy View: A global markets jigsaw puzzle

- With Asian equities registering modest gains early Tuesday, after U.S. stocks closed in negative territory overnight, and with the rates market and the dollar steady, this latest market price action reflects to us the jigsaw nature of underlying investment strategy. Indeed, investors are now not only faced with myriad pieces of this puzzle to put together, but with the added complication not having a clear image of the final picture that they are trying to build toward. Expect market volatility to remain elevated in the near-term at least.

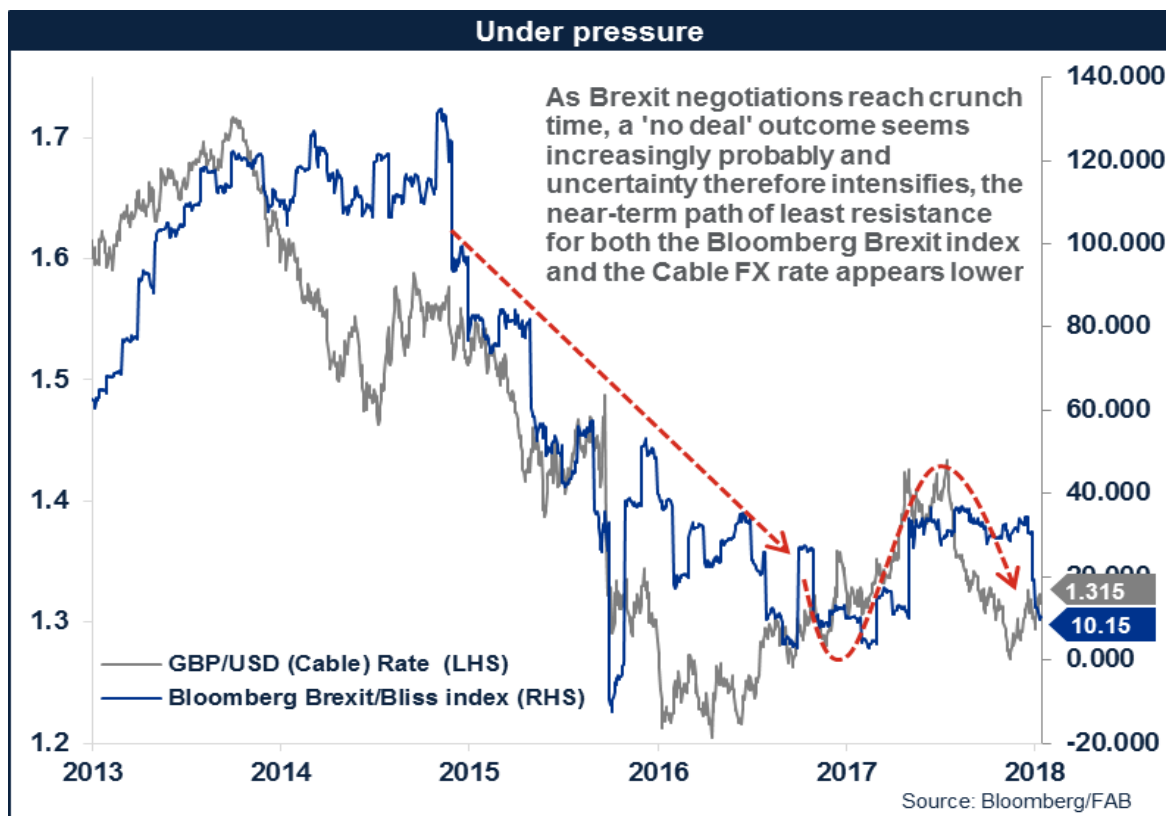


- While there may be more of tentative risk-on tone to market sentiment this morning, we remain susceptible to headline risk. U.S.-China trade war rhetoric as well as the recent rise in geopolitical uncertainties seem set to weigh on sentiment and risk appetite over the coming weeks, all alongside the evolving macro environment, the Q3 earnings season that is picking up momentum and the established shift toward tighter central bank policy. An up-in-quality, idiosyncratic approach to investment strategy, with a focus on liquidity, seems increasingly appropriate under current market conditions.
- While there may be concerns from an asset allocation perspective of a higher yield structure over the coming months as global central bank policy edges toward balance sheet normalization and a rate tightening bias, on the flip side, banks should obviously be among the key beneficiaries of higher rates. Indeed, this was evident in the Q3 earnings from Bank of America yesterday, where net interest income rose to its highest level since 2011 on the back of Fed tightening. Focus today will fall on Goldman Sachs' earnings report.

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- Meanwhile, notwithstanding the modest strength seen in cable on Monday, recovering from the session low of \$1.3082 back to \$1.3152 by the close, U.K. risk assets could come under renewed downward pressure over the next 24hrs ahead of the EU summit scheduled for Wednesday. With EU officials reported to have warned that no-deal is now 'more likely than ever before' and that the summit being 'the moment of truth' for Brexit is now highly unlikely, will do little to buoy U.K. risk asset sentiment. We maintain our view that the near-term path of least resistance for GBP remains lower amid intensifying Brexit tensions and lack of solution.

Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	3.01%	-0.5	-5.9	+10.7	+106.0	+80.4
10Y	3.16%	-0.6	-7.7	+16.0	+85.2	+75.1
30Y	3.34%	+0.2	-6.8	+20.5	+51.3	+59.7

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	314.2	+0.4	-3.1	+13.1	+110.5	+89.9
10Y	320.7	+0.2	-5.7	+15.4	+93.1	+80.9
30Y	323.5	+2.3	-6.4	+16.8	+74.1	+69.8

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1579	+0.16%	+0.76%	-0.89%	-1.84%	-3.55%
GBP USD	1.3152	-0.01%	+0.47%	-0.04%	-0.75%	-2.67%
USD JPY	111.77	-0.39%	-1.29%	-0.07%	-0.37%	-0.82%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.7873	-1.46%	-5.30%	-8.33%	+58.71%	+52.37%
USD INR	73.8237	+0.34%	-0.76%	+1.82%	+14.07%	+15.58%
USD IDR	15,220.0	+0.15%	-0.12%	+2.28%	+12.94%	+12.28%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	395.8	-4.2	+0.1	-10.7	+75.7	+67.1
Sovx CEEMEA	93.8	-2.7	-6.0	-32.9	+55.1	+61.1
Itrax Xover	294.1	+0.8	+7.1	+12.0	+51.2	+60.9

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	67.9	-1.4	+1.6	+5.3	+8.2	+6.2
Kuwait 5Y	69.8	-0.3	+0.4	+3.9	+2.8	+5.8
Dubai 5Y	128.3	+3.1	+6.0	+10.7	+0.5	+5.9

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	77.4	-2.1	+2.2	-2.9	-21.9	-23.5
KSA 5Y	89.7	-0.8	+12.5	+10.7	+7.5	-2.0
Bahrain 5Y	293.1	+3.8	+13.0	-62.6	+56.1	+16.5

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	71.78	+0.62%	-3.38%	+4.04%	+38.38%	+18.80%
Brent Oil \$/bbl	80.78	+0.44%	-3.73%	+3.44%	+39.71%	+20.80%
Gold spot \$/oz	1,227.1	+0.82%	+3.28%	+2.13%	-5.30%	-5.81%
Silver spot \$/Troy oz	14.694	+0.79%	+2.25%	+3.60%	-14.71%	-13.24%
Aluminium 3MO \$	2,027.0	-0.69%	-1.94%	-0.78%	-4.99%	-10.63%
Nickel 3MO \$	12,615	-0.32%	+0.32%	-0.32%	+7.64%	-1.14%
Copper 3MO \$	6,301	-0.02%	+1.99%	+5.49%	-8.44%	-13.05%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	25,251	-0.35%	-4.67%	-3.46%	+9.99%	+2.15%
S&P 500	2,751	-0.59%	-4.63%	-5.31%	+7.55%	+2.89%
Nasdaq Composite	7,431	-0.88%	-3.95%	-7.23%	+12.18%	+7.64%
Nikkei	22,271	-1.87%	-6.36%	-3.57%	+4.78%	-2.17%
Hang Seng	25,445	-1.38%	-2.89%	-6.75%	-11.32%	-14.95%
Shanghai	2,568	-1.49%	-5.46%	-4.23%	-23.99%	-22.35%
Mumbai Sensex	34,865	+0.38%	+1.13%	-8.47%	+6.84%	+2.37%
DAX	11,614	+0.78%	-2.79%	-4.21%	-10.69%	-10.09%
CAC 40	5,095	-0.02%	-3.87%	-4.81%	-4.99%	-4.09%
FTSE 100	7,029	+0.48%	-2.82%	-3.76%	-6.61%	-8.57%
DJ Stoxx 50	3,210	+0.50%	-3.00%	-4.01%	-10.98%	-8.38%
FTSE MIB Index	19,288	+0.16%	-2.84%	-7.65%	-14.00%	-11.74%
SMI Index	8,653	-0.08%	-3.47%	-3.53%	-6.70%	-7.77%
MENA						
Abu Dhabi – ADX	4,933	+0.04%	-1.41%	-0.66%	+9.05%	+12.15%
Dubai – DFM	2,713	-0.03%	-2.22%	-2.20%	-25.82%	-19.50%
Saudi Arabia	7,568	+4.14%	-4.68%	+1.31%	+8.46%	+4.72%
Qatar	9,834	+0.10%	+0.15%	-1.09%	+18.49%	+15.38%
Bahrain	1,316	+0.01%	-0.71%	-1.89%	+2.95%	-1.19%
Kuwait (Premier Market)	5,205	+0.89%	-1.95%	-2.66%	-0.06%	+5.25%
Oman	4,461	-0.81%	-0.99%	-2.25%	-12.45%	-12.52%
Egypt	13,521	-0.12%	-0.61%	-8.36%	-0.03%	-9.97%
Turkey	98,631	+2.04%	+2.65%	+4.09%	-7.37%	-14.48%

Source: Bloomberg

Overnight market headlines

Global News

- US retail sales increase modestly; consumer spending strong
- US budget deficit hits \$779bn in Trump's first full fiscal year
- EU's Tusk says 'let's not give up' on Brexit, but warns of no deal; May says Irish backstop can't derail Brexit talks
- China's factory-gate inflation cools for third month, points to slackening demand
- Asia stocks rise with US futures; Dollar steady and 10-year Treasury yields hold at 3.16%; Crude holds gain above \$71

Middle East & Africa News

- UAE central bank says debt law to spur dirham-bond market
- Kuwait central bank's assets rise 15% in September
- Mubadala says Cepsa will consider IPO when conditions are favourable
- UAE's Waha Capital acquires minority stake in Dubai's Petronash
- Dana Gas to trim sukuk by October 2019
- Saudi stock market rebounds sharply on Monday; other markets mixed
- Tunisia will not impose new taxes in 2019

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