

Daily Market Chatter

Macro Strategy View: Month-end support

- While there has certainly been no lack of price swings across global markets in the past couple of sessions, the direction of travel is once again higher this morning. End of month book squaring may have been driving the bid in Asian equities overnight, with the Nikkei 2.2% higher and the Hang Seng up by 1.0% as of 11am UAE time. Credit indices also showing modest strength with the iTraxx ex-Japan Asia IG index 1.13bp tighter and the iTraxx Australia 1.38bp stronger.



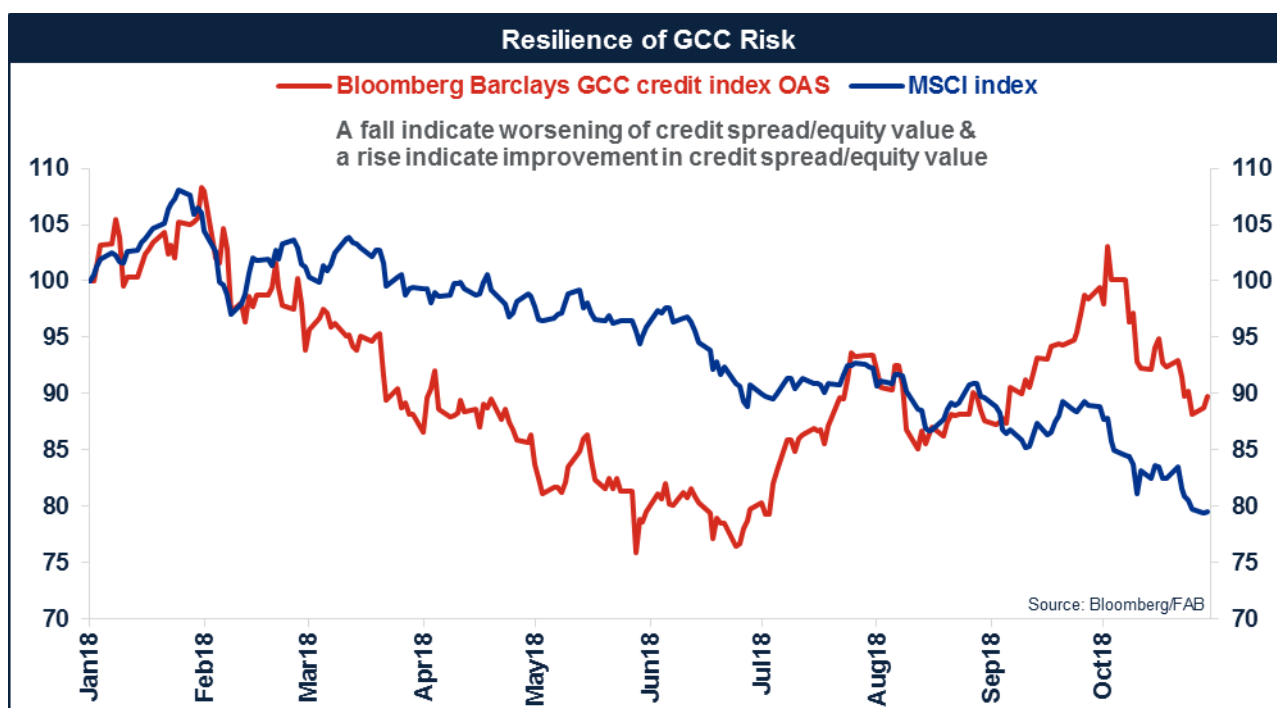
- Meanwhile we also note the tentative gains that Chinese stocks have made in the past 24 hours, after the drubbing experienced ytd. The CSI 300 index has recovered 1.93% since yesterday on more muted retaliatory global trade concerns. This said, the yuan continues to trade around its weakest level in a decade versus the dollar amid persistent longer-term trade uncertainties, which we would expect to result in continued central bank efforts to support the currency.
- Expect investor focus for the remainder of the week to be skewed toward corporate earnings – including Airbus and Santander today and Apple tomorrow – followed by the U.S. monthly (non-farm payrolls) jobs report on Friday. As we discussed in our recent paper ‘Wage growth: A clear and present danger’, we believe that the most pertinent element of the report will again be hourly earnings data, which will be closely scrutinized for any evidence of increasing wage inflation.

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- Closer to home, despite the ongoing fragility of and lack of transparency to the global macro, geopolitical and rates backdrop, we would continue to selectively highlight the underlying fundamental strength of the GCC credit space. On an OAS basis, the Bloomberg Barclays GCC credit index has neatly outperformed the broader MSCI index ytd on a normalized basis.



- Moreover, the total return profile of the GCC credit index also stands out relative to the broader EM spaced. The Bloomberg Barclays GCC credit index may have yielded a negative total return of -0.55% ytd amid the volatility seen in the rates market, but this is still the clear outperformer of all the main Bloomberg Barclays Emerging Markets indices, with the next best performer being the Bloomberg Barclays EM Pan Euro Aggregate index at -1.65% ytd.

Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.96%	+3.7	-5.6	+0.3	+94.0	+75.1
10Y	3.12%	+3.8	-4.5	+6.1	+74.3	+71.8
30Y	3.36%	+3.4	-0.3	+15.9	+48.5	+62.5

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	311.0	+3.6	-4.9	+2.9	+101.9	+86.6
10Y	319.2	+4.0	-4.4	+5.5	+84.0	+79.4
30Y	324.2	+1.0	-0.7	+9.7	+65.6	+70.5

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1345	-0.25%	-1.10%	-2.01%	-2.58%	-5.50%
GBP USD	1.2706	-0.68%	-2.13%	-2.58%	-4.34%	-5.97%
USD JPY	113.13	+0.68%	+0.61%	-0.70%	-0.45%	+0.39%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.4757	-1.54%	-4.60%	-7.81%	+44.42%	+44.17%
USD INR	73.6775	+0.31%	+0.71%	+1.05%	+13.79%	+15.35%
USD IDR	15,224.0	+0.01%	+0.18%	+2.10%	+12.25%	+12.31%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	412.2	-2.7	+6.0	+28.1	+92.9	+83.5
Sovx CEEMEA	92.6	-1.4	-4.5	+6.8	+49.2	+60.0
Itrax Xover	302.7	+1.8	+1.6	+23.4	+77.5	+69.5

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	68.0	-0.9	-0.8	+6.7	+8.6	+6.3
Kuwait 5Y	67.9	-0.1	+0.4	+1.2	+3.3	+4.0
Dubai 5Y	120.6	-0.2	-8.5	-1.3	-4.2	-1.8

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	72.2	-1.3	-4.5	+3.4	-29.3	-28.7
KSA 5Y	90.0	-0.1	-7.6	+21.1	+8.3	-1.7
Bahrain 5Y	288.6	-1.9	+7.0	-11.2	+47.6	+12.0

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	66.18	-1.28%	-0.38%	-9.65%	+21.70%	+9.53%
Brent Oil \$/bbl	75.91	-1.85%	-0.69%	-8.23%	+23.69%	+13.52%
Gold spot \$/oz	1,222.9	-0.53%	-0.60%	+2.85%	-3.82%	-6.13%
Silver spot \$/Troy oz	14.473	+0.10%	-1.78%	-0.11%	-13.43%	-14.55%
Aluminium 3MO \$	1,967.0	-0.86%	-1.70%	-4.61%	-9.06%	-13.27%
Nickel 3MO \$	11,765	+0.09%	-4.93%	-6.63%	+0.77%	-7.80%
Copper 3MO \$	6,032	-2.08%	-2.65%	-3.61%	-12.16%	-16.77%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	24,875	+1.77%	-1.26%	-5.99%	+6.41%	+0.63%
S&P 500	2,683	+1.57%	-2.12%	-7.94%	+4.17%	+0.34%
Nasdaq Composite	7,162	+1.58%	-3.71%	-11.00%	+6.45%	+3.74%
Nikkei	21,457	+1.45%	-2.51%	-11.04%	-2.52%	-5.74%
Hang Seng	24,586	-0.91%	-3.00%	-11.53%	-12.96%	-17.83%
Shanghai	2,568	+1.02%	-1.03%	-8.98%	-24.32%	-22.35%
Mumbai Sensex	33,891	-0.52%	+0.13%	-6.45%	+2.04%	-0.49%
DAX	11,287	-0.42%	+0.12%	-7.83%	-14.68%	-12.62%
CAC 40	4,979	-0.22%	+0.22%	-9.37%	-9.54%	-6.29%
FTSE 100	7,036	+0.14%	+1.16%	-6.32%	-6.10%	-8.48%
DJ Stoxx 50	3,147	-0.25%	+0.20%	-7.42%	-14.34%	-10.18%
FTSE MIB Index	18,999	-0.22%	+1.04%	-8.27%	-16.65%	-13.06%
SMI Index	8,854	+1.08%	+0.99%	-2.57%	-4.20%	-5.62%
MENA						
Abu Dhabi – ADX	4,856	-0.32%	-2.30%	-1.61%	+8.40%	+10.40%
Dubai – DFM	2,744	+1.06%	-0.35%	-3.22%	-24.54%	-18.59%
Saudi Arabia	7,833	-0.19%	+3.75%	-2.08%	+12.96%	+8.40%
Qatar	10,163	-0.28%	-0.98%	+3.57%	+24.47%	+19.24%
Bahrain	1,313	-0.16%	-0.62%	-1.92%	+2.84%	-1.41%
Kuwait (Premier Market)	5,225	+0.15%	+0.30%	-2.23%	+3.78%	+5.64%
Oman	4,421	-0.18%	-0.87%	-2.71%	-11.77%	-13.31%
Egypt	13,155	+0.61%	-3.13%	-10.00%	-8.28%	-12.41%
Turkey	90,000	-0.60%	-4.94%	-9.96%	-18.29%	-21.97%

Source: Bloomberg

Overnight market headlines

Global News

- US consumer confidence at 18-year high; house price gains slow
- S&P warns 'no-deal' Brexit likely to tip UK into long recession
- Euro zone economic growth slows while Italy stagnates
- China feels trade war pain as factory growth weakest in over 2 years, slump in export orders deepens; October official services PMI retreats
- BOJ keeps policy steady, cuts inflation forecast
- Asian stocks rise; Dollar hits 16-month high, treasury yields push higher; Oil set for biggest monthly decline since 2016 on growth fears

Middle East & Africa News

- New UAE FDI law comes into force
- Kuwait's Emir says economic reforms needed despite higher oil prices
- Bahrain allows 100% foreign ownership in oil spill services
- Emirates NBD Q3 profit rises 16%
- Union National Bank Q3 profit rises 7%
- Tabreed gets \$408m in loan facilities to refinance debt
- Real estate stocks prop Dubai, most Gulf markets little changed

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