

Global equities continue to trend higher

بنك الإمارات
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EMIRATES INVESTMENT BANK

LOOKING BACK

- Global equities continue to trend higher.** Even as the US House of Representatives passed a vote to impeach President Trump, global equities remained unfazed and continued their uptrend on broader abatement of political and trade-related worries. While the US-China mini trade pact is expected to be officially signed in early January, Trump's impeachment vote is likely to fail at the Republican-led Senate. On the week, the S&P500 rallied further into record territory while the US 10-year Treasury yield reached its highest level in a month to 1.92%.
- Eurozone manufacturing continues to fall.** Amid few signs of a let-up for the Euro-area, manufacturing activity contracted for the 11th month in a row in December. While German Industrial Production (IP) continues to struggle, widespread protests in France have adversely affected activity in neighbouring economies. Meanwhile, the larger services sector and a strong labor market have offset the drop in manufacturing. The EUR edged lower by 0.4% against the USD on the week.
- Return of no-deal Brexit fears hit the GBP.** The UK's House of Commons easily cleared PM Johnson's Brexit withdrawal bill, paving the way for the UK to exit the EU at the end of January, less than six weeks away. While this removes some of the uncertainty surrounding Brexit, Johnson still needs to negotiate a long-term trade deal with the EU, which must be completed by the end of 2020. Should the two sides fail to agree to a deal, a no-deal Brexit scenario would reemerge by the end of next year. The GBP gave up most of its post-election gains, losing 2.5% against the USD last week.
- BoJ holds policy amid fiscal stimulus.** The BoJ kept its monetary policy unchanged amid expectations of a moderate uptick in economic growth in light of the stimulus package unveiled by PM Abe earlier this month. Although the government is trying reduce its high fiscal deficit and public debt, the country's exports, production and business sentiment have shown some weakness, warranting further fiscal spending. The Nikkei225 edged lower by 0.9% while the JPY was flat against the USD last week.
- Chinese equities continue to rally.** The temporary respite in trade tensions continued to aid risk sentiment toward Chinese equities with the Shanghai Composite gaining for a third straight week. While the "phase one" deal buys time for both sides and steadies a tense relationship, the deal doesn't address deeper issues between the two sides and risks of a possible re-escalation in the future remain. The Shanghai Composite gained 1.3% last week.

LOOKING FORWARD

- The US reports its durable goods orders on **Tuesday** while Japan will announce its retail sales, IP and unemployment data on **Thursday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1079

£ 1 ————— \$ 1.2999

\$ 1 ————— ¥ 109.44

	Yield % (22/12)	Yield % (15/12)
Abu Dhabi 2027	2.39	2.38
KSA 2029	2.83	2.84
Dubai 2029	3.12	3.11
Qatar 2029	2.52	2.54
US 10Y	1.92	1.82
German 10Y	-0.25	-0.29

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,350	1.3%	24.7%
MSCI BRIC	337	2.0%	18.8%
MSCI EM	1,108	1.9%	14.7%
USA - S&P 500	3,221	1.7%	28.5%
UK- FTSE 100	7,582	3.1%	12.7%
France - CAC40	6,022	1.7%	27.3%
Germany - DAX	13,319	0.3%	26.1%
Japan - Nikkei 225	23,817	-0.9%	19.0%
Dubai	2,769	1.7%	9.4%
Abu Dhabi	5,092	1.1%	3.6%
Saudi	8,291	3.6%	5.9%
Oman	3,917	-2.6%	-9.4%
Kuwait	4,861	0.8%	2.6%
Egypt	13,837	3.6%	6.1%
Qatar	10,340	0.8%	0.4%
Commodities			
Gold (\$/oz)	1,482	0.4%	15.5%
Silver (\$/oz)	17	1.6%	11.0%
Platinum (\$/oz)	911	-1.9%	14.5%
Oil - Brent (\$/bbl)	66	1.4%	22.9%

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EMIRATES INVESTMENT BANK

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