

Subdued US jobs data pushes rates lower

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- US adds less-than-expected 155k jobs in November.** A softer-than-expected November US jobs data and subdued wage gains bolstered the case for a less aggressive rate hike cycle next year. While a 25bps hike later this month is still very much on the cards, the expected pace of interest rate increases for 2019 has been tempered as markets now expect the Fed to go slower after recent mixed economic data and a sharp fall in oil prices moderated inflation expectations. As a result, the US 10-year Treasury yield lost 14bps to end last week at 2.85%.
- Global equities suffer on US-China concerns.** Uncertainty surrounding the US-China 90-day trade truce increased after a Trump tweet in which he questioned whether a "real deal" was possible with China and referred to himself as a "Tariff Man". Risk sentiment deteriorated further on reports that Canadian officials had acted at the request of US authorities and arrested Huawei's CFO on suspicion of violating Iranian sanctions. Global equities suffered last week with the S&P500 losing 4.6% while the VIX Index spiked by 5 points to end the week at 23.2.
- UK equities fall ahead of Parliamentary Brexit vote.** Under pressure from both Remain and Leave camps, PM May will seek the UK Parliament's approval on the Brexit deal she struck with the EU. The general view is that the agreement may not be approved, and she may delay the vote to buy time for further negotiation with the opposition while also asking the EU to relax certain terms of the deal. The FTSE100 came under pressure and lost 2.9% last week while the GBP ended with a marginal loss of 0.2% against the USD.
- Japan's manufacturing PMI slows.** Japan's manufacturing PMI fell to its weakest level in 15 months amid reports of softer demand from Europe and China. November's PMI dropped to 52.2 from 52.9 in October. The data suggest that the boost in October's PMI from post-typhoon demand seems to be fading. For the week, the Nikkei225 lost 3.0% while the JPY rose 0.8% against the USD.
- OPEC cuts production.** OPEC and Russia agreed to cut production by 1.2m bbl/day, defying Trump's calls to keep output high. The cut was slightly more than anticipated and sparked a rebound in crude prices. For the week, Brent rose 5.0%.

LOOKING FORWARD

- Japan and the UK report their respective Q3 GDP data on **Monday** while UK unemployment data will be announced on **Tuesday**. US CPI data will be released on **Wednesday** while the ECB reviews its monetary policy on **Thursday**. Both the US and China report their retail sales data on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1379

£ 1 ————— \$ 1.2726

\$ 1 ————— ¥ 112.69

	Yield % (09/12)	Yield % (02/12)
Abu Dhabi 2021	3.23	3.31
KSA 2021	3.65	3.68
Dubai 2023	3.93	3.99
Qatar 2023	3.47	3.61
US 10Y	2.85	2.99
German 10Y	0.25	0.31

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	1,965	-3.7%	-6.6%
MSCI BRIC	291	-1.9%	-13.3%
MSCI EM	981	-1.3%	-15.3%
USA - S&P 500	2,633	-4.6%	-1.5%
UK- FTSE 100	6,778	-2.9%	-11.8%
France - CAC40	4,813	-3.8%	-9.4%
Germany - DAX	10,788	-4.2%	-16.5%
Japan - Nikkei 225	21,679	-3.0%	-4.8%
Dubai	2,580	-3.3%	-23.4%
Abu Dhabi	4,877	2.2%	10.9%
Saudi	7,849	1.9%	8.6%
Oman	4,549	3.1%	-9.9%
Kuwait	4,734	0.1%	-1.9%
Egypt	12,388	-7.0%	-17.5%
Qatar	10,598	2.3%	24.3%
Commodities			
Gold (\$/oz)	1,249	2.4%	-4.1%
Silver (\$/oz)	15	3.0%	-13.7%
Platinum (\$/oz)	793	-0.6%	-14.5%
Oil - Brent (\$/bbl)	62	5.0%	-7.8%

**FOR MORE INFORMATION,
PLEASE CONTACT:**

Emirates Investment Bank pjsc
PO Box 5503, Dubai
Dubai Festival City, UAE



+971 4 231 7777



+971 4 231 7788



www.eibank.com

ASSET MANAGEMENT TEAM:**Nadi Bargouti, CFA**

Managing Director – Head of Asset Management
nadi.bargouti@eibank.com

Yaser Al-Nimr

Director – Asset Management
yaser.alnimr@eibank.com

Hamad Al Majidi

Senior Associate – Asset Management
hamad.almajidi@eibank.com

Joyson D'Souza, CFA

Associate – Asset Management
joyson.dsouza@eibank.com

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