

Strong US jobs data pushes yields higher

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **US wages post strong gains.** The US economy added 250k jobs in October, well above the expected 190k. While the unemployment rate held steady at 3.7%, average hourly earnings rose 3.1% YoY, the biggest jump since 2009. Treasury yields climbed on the news with the US 10-year Treasury yield rising 13bps for the week to 3.21%. Meanwhile, a positive tone from Trump on trade with China lifted risk sentiment with the S&P500 edging higher by 2.4% for the week.
- **European Q3 GDP growth disappoints.** Eurozone GDP slowed to its lowest level in over four years, rising only 0.2% in Q3, down from 0.4% in Q2. After peaking in mid-2017, Euro-area growth has been declining for the last four quarters. Trade war fears and stagnation in Italy amid an ongoing battle with the EU over its proposed 2019 budget weighed on the bloc's growth. For the week, the EuroStoxx50 climbed 2.5% while the EUR ended almost flat against the USD.
- **BoE sounds conditionally hawkish.** While keeping its monetary policy unchanged, the BoE signalled that it would need to step up the pace of interest rate hikes if the UK was able to negotiate a smooth Brexit deal. The Bank highlighted risks surrounding a disorderly Brexit while stating the UK economy is operating at full capacity and inflation is above target. This news alongside hopes for a deal that would allow UK banks to provide financial services within the EU helped the GBP gain 1.1% against the USD last week.
- **BoJ reiterates its accommodative stance.** While acknowledging that the low-rate environment is hurting bank profits, the BoJ reiterated its ultra-loose stance and kept monetary policy unchanged. The Bank confirmed that rates would remain extremely low "for an extended period" amid still lacklustre inflation but it would allow the 10-year government bond yield to move in a more flexible manner. The Nikkei225 rallied 5.0% while the JPY fell 1.2% against the USD last week.
- **Oil falls on US sanction waivers.** Brent tumbled another 6.2% last week on investor concerns about oversupply after the US agreed to temporarily spare eight countries from Iran-related sanctions. The waivers would allow major oil importers to keep buying Iranian oil after sanctions go into effect from November 5. Slowing global growth and a production boost from OPEC to offset lost supply from Iran had already weighed on oil prices. Brent is now down 15.6% from its recent highs but is still up 8.9% YTD.

LOOKING FORWARD

- Global service-sector PMIs will be published on **Monday** while US mid-term elections will be held on **Tuesday**. Eurozone retail sales data will be announced on **Wednesday**. The US FOMC meeting will be held on **Thursday** while China reports its trade balance on the same day. On **Friday**, the UK reports its GDP and IP data.



MAIN CROSS RATES

€ 1 ————— \$ 1.1388

£ 1 ————— \$ 1.2970

\$ 1 ————— ¥ 113.20

	Yield % (04/11)	Yield % (28/10)
Abu Dhabi 2021	3.38	3.33
KSA 2021	3.90	3.85
Dubai 2023	3.96	3.96
Qatar 2023	3.64	3.50
US 10Y	3.21	3.08
German 10Y	0.43	0.35

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,037	2.8%	-3.2%
MSCI BRIC	294	6.8%	-12.3%
MSCI EM	997	6.1%	-14.0%
USA - S&P 500	2,723	2.4%	1.8%
UK- FTSE 100	7,094	2.2%	-7.7%
France - CAC40	5,102	2.7%	-4.0%
Germany - DAX	11,519	2.8%	-10.8%
Japan - Nikkei 225	22,244	5.0%	-2.3%
Dubai	2,805	2.5%	-16.8%
Abu Dhabi	4,921	0.8%	11.9%
Saudi	7,879	0.6%	9.0%
Oman	4,422	-0.7%	-12.4%
Kuwait	4,718	0.4%	-2.3%
Egypt	13,202	1.4%	-12.1%
Qatar	10,281	1.3%	20.6%
Commodities			
Gold (\$/oz)	1,233	-0.1%	-5.4%
Silver (\$/oz)	15	0.1%	-13.1%
Platinum (\$/oz)	868	4.3%	-6.5%
Oil - Brent (\$/bbl)	73	-6.2%	8.9%

**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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