

## Equities hold up despite elusive mini trade deal

بنك الإمارات  
للاستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Equities hold up despite elusive mini trade deal.** China's wariness of some US demands, in addition to the Trump administration's hard ball approach on the rollback of existing tariffs, keeps the much awaited US-China phase one trade deal elusive. Meanwhile, growing unrest in Hong Kong also led to concerns that any Chinese aggression would create a further split between the two sides. On the week, risk appetite somewhat waned as EM equities underperformed their developed counterparts.
- **Powell reiterates the Fed's stance.** In his testimony to the House's Budget Committee, Fed Chair Powell reiterated the Fed's stance to remain on "pause" mode after three straight 25bps cuts this year. While noting that the policy remains flexible and data-dependent, Powell stated that the Fed saw few signs that the manufacturing slump is spilling over to the dominant services sector. The US 10-year Treasury yield lost 11bps on the week as the comments hinted at the Fed's dovish bias overall.
- **Moody's lowers its outlook for the UK.** The UK's economy grew at its slowest pace in nearly a decade in Q3, as Brexit worries hit manufacturing and business investment. Q3 GDP grew at a mere 1.0% annualized pace, as Brexit uncertainty took a toll on the ability of businesses to plan and spend for the future. Earlier, Moody's lowered its outlook for the UK economy to negative from stable, citing deep political divisions that have adversely affected the country's ability to make policy decisions.
- **Japan's GDP slows.** Amid a slowdown in both public and private demand, Japan's economy moderated to 0.1% QoQ growth in Q3, from a 0.4% growth rate in the previous quarter. Authorities are planning to provide a fiscal boost soon to offset the impact of the recent consumption tax hike as they see economic growth waning meaningfully in the second half of 2020 after the Tokyo Olympics. The Nikkei225 edged lower by 0.4% on the week.
- **Chinese economic data disappoint.** Despite broad optimism surrounding a possible trade deal with the US, the latest batch of data evidence China's sluggish economic environment. Industrial output and retail sales both grew less than expected in October while fixed-asset investment also rose by a weaker-than-expected 5.2% year-to-date. The weak data raises the prospect of further easing measures and increases pressure on the authorities to conclude the phase-one trade deal with the US. On the week, the Shanghai Composite lost 2.5%.

### LOOKING FORWARD

- On **Monday**, the US releases data on housing starts. Japan reports its trade balance on **Wednesday** while minutes of the last FOMC meeting will be released on the same day. US existing home sales data will be published on **Thursday** while global flash PMIs will be announced on **Friday**.



### MAIN CROSS RATES

€ 1	\$ 1.1051
£ 1	\$ 1.2897
\$ 1	¥ 108.80

	Yield % (17/11)	Yield % (10/11)
Abu Dhabi 2027	2.46	2.50
KSA 2029	2.97	3.01
Dubai 2029	3.24	3.25
Qatar 2029	2.66	2.73
US 10Y	1.83	1.94
German 10Y	-0.33	-0.26

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,283	0.6%	21.2%
MSCI BRIC	314	-2.7%	10.5%
MSCI EM	1,049	-1.5%	8.6%
USA - S&P 500	3,120	0.9%	24.5%
UK- FTSE 100	7,303	-0.8%	8.5%
France - CAC40	5,939	0.8%	25.5%
Germany - DAX	13,242	0.1%	25.4%
Japan - Nikkei 225	23,303	-0.4%	16.4%
Dubai	2,701	0.1%	6.8%
Abu Dhabi	5,138	0.1%	4.5%
Saudi	7,924	1.6%	1.2%
Oman	4,084	1.1%	-5.5%
Kuwait	4,705	-1.0%	-0.7%
Egypt	14,546	-1.7%	11.6%
Qatar	10,363	0.9%	0.6%
Commodities			
Gold (\$/oz)	1,468	0.6%	14.5%
Silver (\$/oz)	17	0.9%	9.5%
Platinum (\$/oz)	891	0.4%	11.9%
Oil - Brent (\$/bbl)	63	1.3%	17.7%

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## EMIRATES INVESTMENT BANK

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