

US-China trade negotiations continue

بنك الإمارات
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LOOKING BACK

- **US-China trade negotiations continue.** Amid broad optimism over the possibility of a "phase one" trade deal, a few contentious issues continue to preclude the consummation of the deal. The size of in-place tariff rollbacks as well as structural issues including technology and intellectual property remain unresolved. Global equities ended lower on the week as tensions over a bipartisan US support bill for Hong Kong (HK) protestors hit expectations for a deal between the US and China. The S&P500 closed 0.3% lower last week.
- **US support for HK opens another front with China.** Complicating matters further, the US House and Senate each passed a bill to support the democratic freedom movement in HK. While Trump has sent mixed signals on whether he would approve or veto the bill, he would certainly be using it as a bargaining chip to get China to agree on the phase-one deal as early as possible. Chinese equities trended lower while the Shanghai Composite remained steady, losing 0.2% last week.
- **FOMC minutes suggest rates unlikely to change soon.** Minutes of the October's FOMC meeting suggested that the Fed will not likely change interest rates anytime soon. While most officials saw downside risks to the economy as elevated and lowered the benchmark rate for a third time this year, the minutes showed most participants prefer to follow a wait and see strategy from here in order to allow the economy to digest the rate cuts already implemented. The 10-year US Treasury closed at 1.77% last week, lower by 6bps.
- **Eurozone manufacturing showing signs of stabilization.** In a sign that the worst may be over for the Eurozone, the flash manufacturing PMI rose to 46.6 in November from 45.9. While the gauge is still in contraction, the second straight monthly uptick was accompanied by an improvement in business confidence. Meanwhile, some weakness in the services PMI suggested that while Europe's slowdown may have stabilized, it is more likely to tread at a slow pace for some time. The EUR lost 0.3% against the USD last week.
- **Japan's Abe seeks more fiscal support.** Amid damage caused by the recent natural disasters and pressure to keep the economic momentum going well beyond the 2020 Tokyo Olympics, Japan's ruling coalition has called for a budget increase of up to USD92 bn. After years of monetary stimulus and its diminishing impact, focus now is clearly shifting for fiscal policy to play a more prominent role. While the policy direction is welcome, Abe's ability to borrow such a large amount given that Japan's government debt is already twice its GDP is somewhat questionable.

LOOKING FORWARD

- US consumer confidence data will be released on **Tuesday** while US GDP will be published on **Wednesday**. The Eurozone reports its economic sentiment indicator on **Thursday**. Japan announces its CPI, Industrial Production and unemployment figures on **Friday** while the Eurozone publishes its unemployment and CPI on the same day.



MAIN CROSS RATES



	Yield % (17/11)	Yield % (10/11)
Abu Dhabi 2027	2.41	2.46
KSA 2029	2.91	2.97
Dubai 2029	3.21	3.24
Qatar 2029	2.59	2.66
US 10Y	1.77	1.83
German 10Y	-0.36	-0.33

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,274	-0.4%	20.7%
MSCI BRIC	316	0.8%	11.4%
MSCI EM	1,049	0.0%	8.6%
USA - S&P 500	3,110	-0.3%	24.1%
UK- FTSE 100	7,327	0.3%	8.9%
France - CAC40	5,893	-0.8%	24.6%
Germany - DAX	13,164	-0.6%	24.7%
Japan - Nikkei 225	23,113	-0.8%	15.5%
Dubai	2,684	-0.6%	6.1%
Abu Dhabi	5,042	-1.9%	2.6%
Saudi	8,063	1.7%	3.0%
Oman	4,083	0.0%	-5.6%
Kuwait	4,755	1.1%	0.3%
Egypt	14,095	-3.1%	8.1%
Qatar	10,267	-0.9%	-0.3%
Commodities			
Gold (\$/oz)	1,462	-0.4%	14.0%
Silver (\$/oz)	17	0.3%	9.9%
Platinum (\$/oz)	892	0.1%	12.1%
Oil - Brent (\$/bbl)	63	0.1%	17.8%

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