

Optimism around trade and Brexit helps sentiment

بنك الإمارات
للاستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- US-China agree on a partial deal.** After months of failed negotiations and escalation of tariffs, the US and China reached a mini deal in which the US agreed to suspend planned tariff increases on October 15. In return, China made certain currency pledges while also agreeing to buy USD40-50 bn in additional US agricultural products and allowing greater market access to US financial services firms. The ceasefire on trade and optimism over a possible Brexit deal buoyed global equities. The broadly risk-on sentiment pushed the US 10-year Treasury yield higher by 20bps to 1.73% on the week.
- World Bank and IMF downgrade global growth outlook.** In a stark warning of the consequences of the prolonged trade war and Brexit uncertainty, both the World Bank and the IMF downgraded their 2019 economic growth forecasts and warned that the cumulative effect of the ongoing trade uncertainty will cost the global economy 0.8% of its GDP by 2020. According to the IMF, the deceleration means that global growth this year will fall to 3.5%, down from its earlier projection of 3.7%.
- Germany's economic data continues its downtrend.** Slowing global growth amid trade tensions, and Brexit continued to weigh on Germany's industrial sector with the country's industrial output falling more than expected in August. Meanwhile, exports also fell 1.8% in August as Europe's largest economy struggles to avoid a recession. On the week, European equities rallied amid fresh signs of progress on the US-China trade talks and Brexit negotiations. The STOXX Europe 600 Index ended last week 3.0% higher.
- GBP rallies on hopes for a Brexit deal.** With just three weeks left to the Brexit deadline, both the EU and the UK's PM Johnson agreed to reflect further and to engage intensively toward a last-minute mutually agreeable Brexit deal. While Johnson is required by UK law to seek an extension by October 19 if an agreement is not reached, time is running out for both sides to get a deal ratified by their respective policymakers. The GBP rallied 2.7% against the USD last week as all the involved parties work to avoid a no-deal Brexit.
- Oil rises on Iran tanker incident.** Weeks after a series of strikes on Saudi's oil facilities, reports carried news of an attack on an Iranian oil tanker in the Arabian Gulf. For now, investors are shrugging off concerns over possible supply disruptions and continue to focus on the global economic slowdown and its dampening impact on oil demand. On the week, positive global cues and the Iran incident pushed Brent higher by 3.7%.

LOOKING FORWARD

- China's trade balance and Eurozone Industrial Production (IP) will be released on **Monday** while the UK reports its unemployment figures on **Tuesday**. US retail sales will be released on **Wednesday** while China's GDP, retail sales and IP will be announced on **Thursday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1042

£ 1 ————— \$ 1.2668

\$ 1 ————— ¥ 108.29

	Yield % (13/10)	Yield % (06/10)
Abu Dhabi 2027	2.34	2.28
KSA 2029	2.94	2.77
Dubai 2029	3.16	3.10
Qatar 2029	2.59	2.49
US 10Y	1.73	1.53
German 10Y	-0.44	-0.59

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,179	1.2%	15.7%
MSCI BRIC	306	1.7%	7.7%
MSCI EM	1,012	1.5%	4.7%
USA - S&P 500	2,970	0.6%	18.5%
UK- FTSE 100	7,247	1.3%	7.7%
France - CAC40	5,665	3.2%	19.8%
Germany - DAX	12,512	4.2%	18.5%
Japan - Nikkei 225	21,799	1.8%	8.9%
Dubai	2,810	1.8%	11.1%
Abu Dhabi	5,073	0.9%	3.2%
Saudi	7,695	-2.8%	-1.7%
Oman	4,014	-0.3%	-7.2%
Kuwait	4,718	0.4%	-0.4%
Egypt	14,302	0.6%	9.7%
Qatar	10,228	-0.8%	-0.7%
Commodities			
Gold (\$/oz)	1,489	-1.0%	16.1%
Silver (\$/oz)	18	0.0%	13.2%
Platinum (\$/oz)	895	1.7%	12.5%
Oil - Brent (\$/bbl)	61	3.7%	12.5%

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