

## Positive Q3 earnings start marred by mixed US data

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Positive Q3 earnings start marred by mixed US data.** While EPS for the S&P500 is expected to fall by 5.0% YoY in Q3 as per Factset, investors welcomed some upside surprises in the earnings reports. Major companies including the UnitedHealth Group, Johnson & Johnson, JPMorgan Chase, Goldman Sachs and Netflix surpassed low investor expectations. Meanwhile, a lower than expected reading of US Industrial Production (IP) and retail sales data for September dampened sentiment and raised the odds of a 25bps Fed rate cut in October to almost 90%.
- **Johnson forced to seek Brexit extension.** After losing a parliamentary vote on his Brexit deal on Saturday, the UK's PM Johnson formally asked the EU to delay Brexit until January 31. While he plans to make another attempt next week to get the UK's Parliament to sign off on his deal, the narrow margin of defeat suggests that Johnson might still have a chance of getting the deal approved. In either case, the odds of a no-deal Brexit have reduced, as reflected in the GBP, which has gained 5.3% against the USD in the last two weeks.
- **Japan's inflation falls to a multi-year low.** The BoJ came under pressure to ease its already ultra-dovish monetary policy further at its October 30 policy meeting after data showed Japan's core CPI fell to its lowest level since April 2017. While exports continue to fall owing to the global economic slowdown, domestic consumption could also be affected due to the impact of the October 1 consumption tax increase. The strength of the safe-haven JPY, which has gained 1.1% against the USD so far this year, hasn't helped authorities to meet their inflation goal.
- **Chinese equities retreat on weak GDP print.** Amid increasing evidence of downward pressures on the Chinese economy, the country's Q3 GDP growth missed forecasts. The 6.0% GDP growth figure, a 30-year low, underscored the increasing toll of the trade war with the US. While the authorities have infused targeted stimulus from time to time, expectations for more stimulus have risen. On the week, the Shanghai Composite lost 1.2%, but is up 17.8% year-to-date on ongoing liquidity easing measures.
- **US-Turkey tensions rise.** Turkish assets came under pressure after Trump warned Turkey against its incursion into northern Syria. While the initial list of sanctions were less severe than expected, bipartisan opposition in the US to Turkey's actions bode ill for the Turkish economy and could invite more severe sanctions. The BIST-100 sold off at the start of the week as tensions rose but recovered to end last week lower by just 0.6%.

### LOOKING FORWARD

- Eurozone PPI will be released on **Monday** while US home sales will be announced on **Tuesday**. US jobless claims, Eurozone unemployment and manufacturing data will be released on **Thursday**. The US will report its consumer sentiment indicator on **Friday**.



### MAIN CROSS RATES

€ 1	\$ 1.1167
£ 1	\$ 1.2984
\$ 1	¥ 108.45

	Yield % (20/10)	Yield % (13/10)
Abu Dhabi 2027	2.38	2.34
KSA 2029	2.94	2.94
Dubai 2029	3.17	3.16
Qatar 2029	2.56	2.59
US 10Y	1.75	1.73
German 10Y	-0.38	-0.44

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,195	0.7%	16.5%
MSCI BRIC	308	0.9%	8.7%
MSCI EM	1,024	1.2%	6.0%
USA - S&P 500	2,986	0.5%	19.1%
UK- FTSE 100	7,151	-1.3%	6.3%
France - CAC40	5,636	-0.5%	19.1%
Germany - DAX	12,634	1.0%	19.6%
Japan - Nikkei 225	22,493	3.2%	12.4%
Dubai	2,780	-1.1%	9.9%
Abu Dhabi	5,093	0.4%	3.6%
Saudi	7,636	-0.8%	-2.4%
Oman	4,005	-0.2%	-7.4%
Kuwait	4,726	0.2%	-0.3%
Egypt	14,206	-0.7%	9.0%
Qatar	10,428	2.0%	1.3%
Commodities			
Gold (\$/oz)	1,490	0.1%	16.2%
Silver (\$/oz)	18	0.1%	13.3%
Platinum (\$/oz)	890	-0.5%	11.9%
Oil - Brent (\$/bbl)	59	-1.8%	10.4%

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## EMIRATES INVESTMENT BANK

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