

## Investors focused on Q3 earnings

بنك الإمارات  
للاستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Q3 earnings continued to attract investor attention.** With 40% of the S&P500 companies having reported, blended EPS has fallen by 0.5% while sales have grown by 3.7% so far. Overall, several companies have managed to beat the low earnings' expectations, providing some support to equities. The S&P500 gained 1.2% while the 10-year US Treasury yield edged higher by 4bps to 1.79%.
- **Uncertainty around Brexit extension continues.** In a surprise move, French President Macron blocked the EU's attempt to delay Brexit by another three months, asking it be delayed only until November 30 instead. While the EU will make its final decision next week, the UK's PM Johnson could face a tough time calling an election as the opposition Labour Party has said it will block such a move until a no-deal Brexit is ruled out. On the week, a good start to Q3 earnings buoyed European equities with the STOXX Europe 600 gaining 1.6%.
- **Japan's economic activity weakens further.** Amid a broader slowdown in China and trade tensions with South Korea, Japanese exports declined more than expected in September, led by a 6.7% and a 15.9% drop in shipments to China and South Korea, respectively. Meanwhile, October's flash manufacturing PMI showed orders declined at their fastest clip since June 2016. While economic data points to further weakness ahead, improved sentiment aided by reduced tensions in the US-China trade dispute have moderated investor expectations of an aggressive monetary stimulus by the BoJ next week.
- **PBoC infuses additional liquidity.** Ahead of a month-end deadline for companies to pay taxes and in response to a broader economic slowdown in China, the PBoC injected roughly USD35 bn into the financial system. Meanwhile, a decent set of Q3 earnings reports from a few large companies and easing trade tensions with the US helped sentiment further last week. The Shanghai Composite edged higher by 0.6% on the week.
- **Turkey's Central Bank cuts rates.** Last week, the Turkish Central Bank cut the benchmark one-week repo rate from 16.5% to 14.0%. The easing threat of US sanctions after Turkey agreed to extend the 5-day ceasefire in northern Syria by another 150 hours and declining, though still elevated inflation, have allowed the Central Bank to act more aggressively than expected, although some pundits question the extent of the rate cut. On the week, the BIST-100 returned 1.8% while the TRY gained 0.3% against the USD.

### LOOKING FORWARD

- The US reports its trade balance on **Monday** while the Eurozone releases its CPI and retail sales data on **Tuesday**. Eurozone GDP and unemployment figures will be announced on **Wednesday** while the Fed meets on the same day. The BoJ reviews its monetary policy on **Thursday** while US payroll data will be published on **Friday**.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1080

£ 1 ————— \$ 1.2827

\$ 1 ————— ¥ 108.67

	Yield % (27/10)	Yield % (20/10)
Abu Dhabi 2027	2.44	2.38
KSA 2029	2.92	2.94
Dubai 2029	3.16	3.17
Qatar 2029	2.60	2.56
US 10Y	1.79	1.75
German 10Y	-0.36	-0.38

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,223	1.3%	18.0%
MSCI BRIC	312	1.3%	10.0%
MSCI EM	1,036	1.2%	7.3%
USA - S&P 500	3,023	1.2%	20.6%
UK- FTSE 100	7,324	2.4%	8.9%
France - CAC40	5,722	1.5%	21.0%
Germany - DAX	12,895	2.1%	22.1%
Japan - Nikkei 225	22,800	1.4%	13.9%
Dubai	2,784	0.1%	10.1%
Abu Dhabi	5,163	1.4%	5.0%
Saudi	7,913	3.6%	1.1%
Oman	3,990	-0.4%	-7.7%
Kuwait	4,761	0.7%	0.5%
Egypt	14,207	0.0%	9.0%
Qatar	10,378	-0.5%	0.8%
<b>Commodities</b>			
Gold (\$/oz)	1,505	1.0%	17.3%
Silver (\$/oz)	18	2.8%	16.4%
Platinum (\$/oz)	926	4.0%	16.4%
Oil - Brent (\$/bbl)	62	4.4%	15.3%

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