

## Global equities rally on receding political tensions

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Global equities rally on receding political tensions.** News that the US and China would soon restart trade talks, easing tensions in Hong Kong and reduced probability of an immediate no-deal Brexit improved risk appetite last week. Global equities, as represented by the MXWO Index, gained 1.9% while their emerging peers, as represented by the MXEF Index, rallied 2.4%. The US 10-year Treasury yield edged higher by 6bps to 1.56% on the week.
- **Central Banks express scepticism over aggressive easing.** Amid fading effects of increasingly accommodative monetary policy, several European Central Bankers from Germany, France and the Netherlands downplayed the need for an aggressive monetary stance from the ECB at its meeting on September 12. Even in the US, certain regional Fed Presidents pushed back against the need for further rate cuts. The scepticism could cause a sell-off in the fixed income markets as investor positioning remains skewed toward more monetary stimulus going ahead.
- **Johnson loses some control over Brexit.** Amid growing fears of a no-deal Brexit, the UK Parliament thwarted PM Johnson's efforts to take the UK out of the EU without a deal and also blocked his call for a snap election. The move weakens Johnson's position considerably and increases the odds of a general election by year-end. The GBP appreciated 1.0% against the USD and the FTSE100 also gained 1.0% on the week as the chances of a disorderly Brexit on October 31 decreased.
- **China looks to infuse more stimulus.** Amid signs of growing economic pain due to increasing US tariffs, China's cabinet signalled that fresh stimulus measures would be announced soon and promised a faster implementation of measures to reduce real borrowing costs. Meanwhile, the PBoC announced a cut of 50bps in the required reserve ratio for banks and said it would cut the ratio by as much as 100bps for some commercial lenders. The Shanghai Composite gain 3.9% last week.
- **Emirates NBD increases Foreign Ownership Limit (FOL).** The UAE's largest commercial bank announced it is immediately increasing the FOL to 20% from 5% with plans to further increase the limit to 40%, subject to shareholder and regulatory approval. The move aims to diversify the Bank's investor base and has the potential to attract meaningful foreign flows into the company's shares. The Bank's shares gained 19.5% on the week and the news bodes well for the UAE markets overall as speculation mounts that other companies may seek to do the same.

### LOOKING FORWARD

- Japan and the UK announce their respective GDP figures on **Monday** while China releases its trade balance on the same day. China reports its inflation figures on **Tuesday** while the ECB meets on **Thursday**. US retail sales will be published on **Friday**.



### MAIN CROSS RATES



	Yield % (08/09)	Yield % (01/09)
Abu Dhabi 2027	1.98	1.94
KSA 2029	2.59	2.52
Dubai 2029	2.94	3.02
Qatar 2029	2.33	2.29
US 10Y	1.56	1.50
German 10Y	-0.64	-0.70

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,179	1.9%	15.7%
MSCI BRIC	306	2.5%	8.0%
MSCI EM	1,008	2.4%	4.4%
USA - S&P 500	2,979	1.8%	18.8%
UK- FTSE 100	7,282	1.0%	8.2%
France - CAC40	5,604	2.3%	18.5%
Germany - DAX	12,192	2.1%	15.5%
Japan - Nikkei 225	21,200	2.4%	5.9%
Dubai	2,891	4.8%	14.3%
Abu Dhabi	5,114	-1.0%	4.0%
Saudi	8,055	0.4%	2.9%
Oman	3,998	-0.2%	-7.5%
Kuwait	4,794	0.1%	1.2%
Egypt	14,933	0.7%	14.6%
Qatar	10,253	0.2%	-0.4%
<b>Commodities</b>			
Gold (\$/oz)	1,507	-0.9%	17.5%
Silver (\$/oz)	18	-1.1%	17.3%
Platinum (\$/oz)	951	1.9%	19.6%
Oil - Brent (\$/bbl)	62	1.8%	14.4%

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**EMIRATES INVESTMENT BANK**

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