

## US policy uncertainty continues to drive sentiment

بنك الإمارات  
للاستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- US policy uncertainty continues to drive sentiment.** While officials from both sides are scheduled to meet on October 10 to restart trade talks, we believe that a limited, short-term deal between the US and China will not solve their long-term strategic differences. Meanwhile, Trump's sharp criticism of China at the UNGA and US House Speaker Pelosi's formal impeachment inquiry of Trump unsettled risk assets to some extent. On the week, the S&P500 edged lower by 1.0% while the 10-year US Treasury yield lost 4bps to 1.68%.
- Eurozone manufacturing continues to struggle.** September's flash manufacturing PMI for the Eurozone fell to its worst level in nearly seven years. The figure fell to 45.6, down from 47.0 in August. While the consumer continues to hold up well, services like logistics and technical support that are dependent on manufacturing growth, have started to come under pressure. The deterioration comes as the ECB, which cut rates and announced renewed QE few weeks ago, has asked Eurozone countries to use fiscal measures to help prod the economy forward.
- UK Supreme Court rules against Johnson's move.** In yet another blow to embattled PM Johnson, the UK's Supreme Court ruled that his suspension of Parliament was illegal. The move makes it harder for Johnson to negotiate any substantive deal with the EU and increases the likelihood that the Brexit deadline could be extended. Meanwhile, BoE policymaker Saunders argued that Brexit uncertainties are likely to continue to depress growth even if the departure from the EU is smooth. The GBP lost 1.5% against the USD while the FTSE100 gained 1.1% on the week.
- Indian equities rise on corporate tax cuts.** In a major move to stem the ongoing demand slowdown, India's Finance Minister Sitharaman announced a reduction in corporate income taxes. The base corporate tax will drop to 22% from 30% while new manufacturing entities will be taxed at a globally competitive 17%. The move aims to revive the private capex cycle while also intends to induce foreign companies to set up shop in India. The NIFTY has gained 7.5% since the announcement on September 20.
- S&P affirms Saudi ratings.** S&P retained Saudi's sovereign ratings at A- with a stable outlook as the Kingdom recovers faster than expected from the recent attacks on its oil facilities. While the threat of any escalation in the near-term seems low, the uncertainty has created a volatile environment for oil prices. Brent lost 3.7% last week after gaining 6.7% the previous week.

### LOOKING FORWARD

- Japan releases its IP and retail sales on **Monday** while UK GDP and Eurozone unemployment will be announced on the same day. Global manufacturing PMIs will be released on **Tuesday** while services-sector PMIs will be released on **Thursday**. The US reports its employment report on **Friday**.



### MAIN CROSS RATES

€ 1 ————— \$ 1.0940

£ 1 ————— \$ 1.2292

\$ 1 ————— ¥ 107.92

	Yield % (29/09)	Yield % (22/09)
Abu Dhabi 2027	2.37	2.26
KSA 2029	2.83	2.83
Dubai 2029	3.17	3.13
Qatar 2029	2.66	2.56
US 10Y	1.68	1.72
German 10Y	-0.57	-0.52

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,176	-1.0%	15.5%
MSCI BRIC	302	-2.2%	6.3%
MSCI EM	1,002	-1.9%	3.7%
USA - S&P 500	2,962	-1.0%	18.1%
UK- FTSE 100	7,426	1.1%	10.4%
France - CAC40	5,641	-0.9%	19.2%
Germany - DAX	12,381	-0.7%	17.3%
Japan - Nikkei 225	21,879	-0.9%	9.3%
Dubai	2,798	-0.8%	10.6%
Abu Dhabi	5,069	-1.1%	3.1%
Saudi	8,028	1.3%	2.6%
Oman	4,016	0.6%	-7.1%
Kuwait	4,718	1.1%	-0.4%
Egypt	13,857	-6.0%	6.3%
Qatar	10,420	-0.9%	1.2%
Commodities			
Gold (\$/oz)	1,497	-1.3%	16.7%
Silver (\$/oz)	18	-2.5%	13.2%
Platinum (\$/oz)	931	-1.6%	17.0%
Oil - Brent (\$/bbl)	62	-3.7%	15.1%

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## EMIRATES INVESTMENT BANK

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