

## US-China trade resumption lifts sentiment

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **US-China trade talks to resume.** Amid fears that the US would impose tariffs on another USD200 bn worth of Chinese imports, US officials surprisingly reached out to their Chinese counterparts to resume high level talks. Global equities rose on the news with the S&P500 gaining 1.2% last week. Despite mixed US inflation and retail sales data for August, the 10-year US Treasury yield rose 6bps to the psychological 3% mark ahead of the Fed's September 25-26 meeting.
- **ECB re-iterates its monetary policy stance.** The ECB kept its monetary policy unchanged, confirming its intention to end QE by the end of the year and reiterated its plan to keep interest rates on hold for at least a year. While Draghi maintained that risks were still "broadly balanced," he noted that that "rising protectionism and vulnerabilities in emerging markets pose downside risks". For the week, the EuroStoxx50 gained 1.6% on easing US-China trade tensions while the EUR edged higher by 0.6% against the USD.
- **Japan's Q2 GDP growth revised upward to 3.0%.** Japan's Q2 GDP growth was revised up to an annualized 3.0% from an earlier estimate of 1.9%, led by upward revisions in business spending and private consumption. While the economy is expected to temporarily slow down in Q3 due to the impact of natural disasters, the revised GDP figure helped the Nikkei225 gain 3.5% last week, also aided by the drop in the JPY, which lost 1.0% against the USD.
- **Turkey's rate hike calms Emerging Market (EM) fears.** Turkey's Central Bank defied Erdogan and raised interest rates by a more-than-expected 625bps to 24% to support the falling TRY. The move helped spark a rebound in the TRY which ended last week higher by 3.7% against the USD. While the rate hike was much needed, sentiment dampened a bit after Erdogan repeated demands for lowering borrowing costs and issued a decree curtailing the use of foreign currencies in domestic transactions. The JP Morgan EM currency Index gained 1.0% while the MSCI EM Index edged higher by 0.5% last week.
- **Oil gains on supply concerns.** Brent gained 1.6% last week on fears of shrinking global supplies amid looming US sanctions on Iran, a terrorist attack in Libya, the hurricanes in the US, and the ongoing turmoil in Venezuela. Meanwhile, the US and Saudi energy ministers met to discuss high oil prices amid pressures from Trump to keep output high ahead of renewed US sanctions on Iran's crude exports.

### LOOKING FORWARD

- Eurozone CPI will be released on **Monday** while the BoJ meets on **Wednesday** and the UK's CPI will be published on the same day. US existing home sales and UK retail sales will be announced on **Thursday** while global flash PMIs will be released on **Friday**.



### MAIN CROSS RATES

€ 1	→	\$ 1.1625
£ 1	→	\$ 1.3068
\$ 1	→	¥ 112.06

	Yield % (16/09)	Yield % (09/09)
Abu Dhabi 2021	3.13	3.13
KSA 2021	3.52	3.48
Dubai 2023	3.67	3.63
Qatar 2023	3.47	3.46
US 10Y	3.00	2.94
German 10Y	0.45	0.39

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,167	1.4%	3.0%
MSCI BRIC	295	-0.1%	-12.2%
MSCI EM	1,029	0.5%	-11.2%
USA - S&P 500	2,905	1.2%	8.7%
UK- FTSE 100	7,304	0.4%	-5.0%
France - CAC40	5,353	1.9%	0.8%
Germany - DAX	12,124	1.4%	-6.1%
Japan - Nikkei 225	23,095	3.5%	1.4%
Dubai	2,810	-0.6%	-16.6%
Abu Dhabi	4,934	0.3%	12.2%
Saudi	7,591	-1.3%	5.0%
Oman	4,559	2.8%	-9.7%
Kuwait	4,759	-2.2%	-1.4%
Egypt	15,309	-3.1%	1.9%
Qatar	10,022	2.0%	17.5%
Commodities			
Gold (\$/oz)	1,195	-0.2%	-8.3%
Silver (\$/oz)	14	-0.8%	-17.0%
Platinum (\$/oz)	796	1.7%	-14.3%
Oil - Brent (\$/bbl)	78	1.6%	16.8%

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