

Global bond yields continue to plummet

بنك الإمارات
للاستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Global bond yields continue to plummet.** Concerns over the health of the global economy appeared to be the biggest factor weighing on risk sentiment last week as global yields continued to fall. The US yield curve temporarily inverted mid-week amid conflicting economic signals and increased uncertainty on the US-China trade front. The US 10-year Treasury yield lost 19bps to end the week at 1.55%.
- **Mixed signals from US-China trade conflict.** Last week, Trump announced that some of the 10% tariffs to be imposed on Chinese imports from September 1 would be delayed until mid-December to allow US consumers to enjoy the holiday season. While the news came as a sigh of relief for risk assets, the Chinese response later in the week was mixed, dampening sentiment. On the week, global equities edged lower with the S&P500 dropping 1.0%.
- **Eurozone Q2 GDP raises stimulus hopes.** The Eurozone's GDP barely grew in Q2 with the German economy actually contracting amid a global slowdown driven by trade conflicts and Brexit uncertainty. Meanwhile, reports that the ECB may announce a package of stimulus measures at its next policy meeting in September pushed yields even lower across the bloc with the German 10-year Bund yield falling to a fresh all-time low of -0.7%.
- **Chinese equities rally on more stimulus news.** Mounting evidence of the trade war's toll on the Chinese economy showed up with July's Industrial Output, retail sales and fixed-asset investment lagging expectations meaningfully. In response, the government pledged to roll out consumer income-boosting measures to offset the ongoing economic slowdown. Chinese equities bucked the global downtrend last week with the Shanghai Composite edging higher by 1.8%.
- **Argentine markets collapse on political developments.** The ARS was in a free-fall and lost 21% against the USD last week after a shock primary election result, where populist Fernandez defeated market-friendly incumbent President Macri. While the final round of elections will be held in October, the upset raises the prospect of a protectionist government and casts a doubt on the sustainability of the ongoing IMF bailout programme. The country's equities, as represented by the Merval Index, lost 31.5% on the week.

LOOKING FORWARD

- The Eurozone reports its CPI on **Monday** while minutes of the July FOMC meeting will be released on **Tuesday**. The Fed's Jackson Hole Symposium will be held on **Thursday** while global flash PMIs and minutes of the ECB's July meeting will be published on the same day.



MAIN CROSS RATES

€ 1 ————— \$ 1.1090

£ 1 ————— \$ 1.2149

\$ 1 ————— ¥ 106.38

	Yield % (18/08)	Yield % (11/08)
Abu Dhabi 2027	2.15	2.30
KSA 2029	2.70	2.81
Dubai 2029	3.17	3.50
Qatar 2029	2.46	2.63
US 10Y	1.55	1.74
German 10Y	-0.69	-0.58

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,109	-1.3%	11.9%
MSCI BRIC	296	-0.5%	4.2%
MSCI EM	970	-1.1%	0.5%
USA - S&P 500	2,889	-1.0%	15.2%
UK- FTSE 100	7,117	-1.9%	5.8%
France - CAC40	5,301	-0.5%	12.1%
Germany - DAX	11,563	-1.1%	9.5%
Japan - Nikkei 225	20,419	-1.3%	2.0%
Dubai	2,796	-1.5%	10.5%
Abu Dhabi	5,055	-0.8%	2.8%
Saudi	8,550	0.0%	9.2%
Oman	3,862	0.0%	-10.7%
Kuwait	4,876	-0.4%	2.9%
Egypt	14,295	0.8%	9.7%
Qatar	9,622	-2.2%	-6.6%
Commodities			
Gold (\$/oz)	1,514	1.1%	18.0%
Silver (\$/oz)	17	0.8%	10.4%
Platinum (\$/oz)	849	-1.4%	6.7%
Oil - Brent (\$/bbl)	59	0.2%	9.0%

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