

Mixed economic signals as important deadlines approach

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LOOKING BACK

- **Mixed signals cloud US markets.** Caught between caution surrounding trade war tensions and firm employment data, the S&P 500 traded flattish on the week. With the mid-December deadline fast approaching, the possibility of an amicable trade deal remains evasive although both sides continue to engage in intense negotiations. The US unemployment rate declined to its lowest level in fifty years, thus providing more room for a neutral policy stance. Non-farm payrolls rose on the back of broad-based growth across many sectors with the healthcare sector registering its highest growth in employment since March and manufacturing job growth returning to normal after a General Motors' strike was called off. The S&P500 inched higher by 0.2% on the week.
- **Weak data continues to weigh on markets.** Weighed down by sluggish growth in the top three member countries, Eurozone GDP registered Q3 growth of only 0.2%. While household as well as public spending supported the growth, the decline in trade due to ongoing trade tensions dragged economic progress. Germany, the Bloc's largest economy, registered a 1.7% decline on the month in its October industrial output against an estimated rise of 0.1% as trade tensions, Brexit uncertainties as well as an ailing car industry continued to thwart its growth. Marred by tepid economic releases, the EuroStoxx 50 index was flattish 0.3% on the week.
- **Boris Johnson favourite as UK prepares to vote.** Embroiled in political uncertainty, the British manufacturing PMI remained in a contractionary phase for a seventh consecutive month. On the other hand, boosted by pre-poll estimates of a Boris Johnson victory and thereby a growing belief that Brexit uncertainty will finally be put to an end, the British pound rose to its highest level since May. The GBP gained 1.7% against the USD last week while the FTSE 100 index slipped 1.5%.
- **Domestic demand boosts Chinese PMI.** Buoyed by a revival in domestic demand on Beijing's stimulus package, the Chinese manufacturing PMI rose to 51.8 in November from 51.7 the previous month, even as business confidence remained weak, nervously awaiting a trade war solution. Chinese official factory output also returned to growth for the first time in seven months, bolstered by domestic demand. The Shanghai Composite index rose 1.4% on the week, taking its year-to-date gains to 16.8k.
- **India stalls its rate cut spree.** Riddled by rising inflation and slowing economic growth, the Reserve Bank of India (RBI), in a surprise move, paused its interest rate cuts after a spree of five consecutive cuts this year. Highlighting slowdown concerns, the Monetary Policy Committee revised its FY2020 GDP forecast down from 6.1% to 5.0%, but ruled out this pause to be permanent.

LOOKING FORWARD

- Japan will report its GDP data on **Monday** while France and the UK will release Industrial Production data on **Tuesday**. The Fed meets on **Wednesday** and the UK's general elections will be held on **Thursday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1060

£ 1 ————— \$ 1.3140

\$ 1 ————— ¥ 108.58

	Yield % (08/12)	Yield % (01/12)
Abu Dhabi 2027	2.41	2.40
KSA 2029	2.91	2.88
Dubai 2029	3.13	3.13
Qatar 2029	2.55	2.57
US 10Y	1.84	1.78
German 10Y	-0.29	-0.36

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,296	0.2%	21.9%
MSCI BRIC	320	1.3%	12.9%
MSCI EM	1,049	0.9%	8.6%
USA - S&P 500	3,146	0.2%	25.5%
UK- FTSE 100	7,240	-1.5%	7.6%
France - CAC40	5,872	-0.6%	24.1%
Germany - DAX	13,167	-0.5%	24.7%
Japan - Nikkei 225	23,354	0.3%	16.7%
Dubai	2,695	0.6%	6.5%
Abu Dhabi	5,047	0.3%	2.7%
Saudi	7,906	0.6%	1.0%
Oman	4,029	-0.9%	-6.8%
Kuwait	4,823	1.2%	1.8%
Egypt	13,622	-1.6%	4.5%
Qatar	10,358	2.1%	0.6%
Commodities			
Gold (\$/oz)	1,460	-0.3%	13.9%
Silver (\$/oz)	17	-2.7%	7.0%
Platinum (\$/oz)	897	0.1%	12.7%
Oil - Brent (\$/bbl)	64	3.1%	19.7%

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