

Global equities rise despite looming US debt ceiling concerns

بنك الإمارات
للاستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- Trump threatens government shutdown as debt ceiling looms.** With the US government expected to reach its debt limit as early as October, Congress will have to raise the debt ceiling in order to avoid a government shutdown. Congress will have to simultaneously pass a spending bill, which as per President Trump, will have to include funding for the Mexican border wall. Despite the growing uncertainty, the US equity markets edged higher with the S&P gaining 0.7%.
- Long awaited Jackson Hole symposium disappoints.** Both Fed Chair Yellen and ECB President Draghi did not comment on the future path of their respective monetary policies. Instead, they warned against deregulating the financial system and said it could have dangerous consequences. For Yellen, this is going against Trump's reform agenda and puts her potential re-election next February at risk. In response, the USD weakened, while the US 10Y yield fell 3bps to 2.17%, a 2-month low.
- US Services PMI surges in August.** The US Composite PMI increased to 56.0 in August, its highest level since May 2015, helped by a strong Services PMI figure that came in at 56.9, a 2.2 pts increase from July. On the other hand, the Manufacturing PMI eased somewhat from 53.3 in July to 52.5 in August.
- Eurozone PMIs suggest steady growth.** Preliminary PMIs for August came in slightly above expectations with a small drop in the Services PMI being offset by a stronger than expected manufacturing sector. Overall, the Composite PMI printed at 55.8, 0.1pts higher than in July and its seventh consecutive month above 55, suggesting the Eurozone's growth is maintaining a steady pace.
- Saudi FX reserves drop in July.** After recording a USD1.6 bn increase in June, sparking hopes that the country had adjusted to lower oil prices, FX reserves resumed their fall in July, dropping by USD6.3 bn down to USD487 bn. Meanwhile, Saudi Arabia announced it would remove any foreign ownership limit on healthcare and education companies, which could potentially attract billions in foreign investments.

LOOKING FORWARD

- Japan reports retail sales data on **Tuesday**, while the second estimate of US Q2 GDP will be released on **Wednesday**. On **Thursday**, the latest unemployment and inflation figures for the Eurozone will be published, alongside China's official PMIs for August. On **Friday**, the focus will be on the US jobs report for August.



MAIN CROSS RATES

€ 1 ————— \$ 1.1924

£ 1 ————— \$ 1.2882

\$ 1 ————— ¥ 109.36

	Yield % (27/08)	Yield % (20/08)
Abu Dhabi 2019	1.60	1.52
KSA 2021	2.55	2.60
Dubai 2023	3.05	3.11
Qatar 2023	2.94	2.94
US 10Y	2.17	2.19
German 10Y	0.38	0.41

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	1,945	0.7%	11.0%
MSCI BRIC	311	2.8%	28.7%
MSCI EM	1,085	2.4%	25.9%
USA - S&P 500	2,443	0.7%	9.1%
UK- FTSE 100	7,401	1.1%	3.6%
France - CAC40	5,104	-0.2%	5.0%
Germany - DAX	12,168	0.0%	6.0%
Japan - Nikkei 225	19,453	-0.1%	1.8%
Dubai	3,624	0.6%	2.7%
Abu Dhabi	4,494	0.0%	-1.2%
Saudi	7,246	0.9%	0.5%
Oman	4,947	1.2%	-14.5%
Kuwait	6,885	0.0%	19.8%
Egypt	12,926	-1.5%	4.7%
Qatar	8,952	-1.7%	-14.2%
Commodities			
Gold (\$/oz)	1,291	0.6%	12.5%
Silver (\$/oz)	17	0.6%	7.1%
Platinum (\$/oz)	975	-0.3%	7.9%
Oil - Brent (\$/bbl)	52	-0.6%	-7.8%

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EMIRATES INVESTMENT BANK

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