

## US equities buoyed by encouraging economic data

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EMIRATES INVESTMENT BANK

### LOOKING BACK

- **US equities gain.** US equities were buoyed by incoming Fed Chair Powell's remarks about a reduced regulatory environment, progress on tax reform and encouraging economic data. US Treasury yields, which rose sharply during mid-week, reversed course on headlines that the fired National Security Adviser Flynn had lied to the FBI about his contact with then-Russian Ambassador to the US Sergey Kislyak.
- **ECB positive on expected inflation.** While pointing out that inflation developments remain subdued, ECB chief economist Praet said the central bank is confident that inflation will gradually reach its target of "below, but close to 2.0%" and the planned reduction in the monthly asset purchases is consistent with this view.
- **Japanese economic momentum continues.** On the back of robust global demand, Japanese exports posted strong gains in recent months, evidenced in the capital spending data released, which beat expectations with a 4.2% gain in Q3. Meanwhile, Industrial Production (IP) rose 0.5% in October while consumer spending and retail sales were largely flat. However, a sluggish CPI implies the BoJ is still some distance away from meeting its 2.0% inflation target.
- **Chinese manufacturing near 5-year high.** Despite the government's pledge to rein in excesses and promote slower but more sustainable growth, China's manufacturing PMI unexpectedly rose to 51.8 in November, climbing to close to a 5-year high. The data suggests China's economy continues to outperform amid strong global demand.
- **Brazil economy shows signs of turnaround.** The Brazilian economy expanded for the third consecutive quarter in Q3, growing 1.4% YoY. Exports grew at a robust pace of 7.6% annually in Q3 while imports also turned around, reflecting reviving domestic demand. The fragile recovery is still tepid given the high political uncertainty in the run-up to the 2018 elections.
- **OPEC and Russia extend deal.** OPEC and Russia agreed to extend production cuts through the end of 2018. While saying he was "very bullish" about oil demand for 2018, Saudi energy minister Al-Falih said the cartel had not yet defined exactly when and how it would start unwinding the cuts. Oil markets traded flat last week.

### LOOKING FORWARD

- Eurozone PPI will be released on **Monday** while US trade balance figures and Japan's PMI data will be published on **Tuesday**. China reports its forex reserves on **Thursday** and trade balance on **Friday**.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1896

£ 1 ————— \$ 1.3477

\$ 1 ————— ¥ 112.17

	Yield % (03/12)	Yield % (26/11)
Abu Dhabi 2019	1.85	1.77
KSA 2021	2.91	2.91
Dubai 2023	3.25	3.27
Qatar 2023	3.28	3.24
US 10Y	2.36	2.34
German 10Y	0.31	0.36

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,069	0.5%	18.2%
MSCI BRIC	324	-4.3%	34.1%
MSCI EM	1,116	-3.3%	29.4%
USA - S&P 500	2,642	1.5%	18.0%
UK- FTSE 100	7,300	-1.5%	2.2%
France - CAC40	5,317	-1.4%	9.3%
Germany - DAX	12,861	-1.5%	12.0%
Japan - Nikkei 225	22,819	1.2%	19.4%
Dubai	3,421	-1.2%	-3.1%
Abu Dhabi	4,283	-0.1%	-5.8%
Saudi	7,004	1.8%	-2.9%
Oman	5,110	0.5%	-11.6%
Kuwait	6,197	-0.7%	7.8%
Egypt	14,582	3.4%	18.1%
Qatar	7,714	-0.4%	-26.1%
<b>Commodities</b>			
Gold (\$/oz)	1,281	-0.6%	11.6%
Silver (\$/oz)	16	-3.6%	3.2%
Platinum (\$/oz)	940	-0.2%	4.1%
Oil - Brent (\$/bbl)	64	-0.2%	12.2%

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