

US 10-year Treasury yield at 3-year high

بنك الإمارات
للإستثمار

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LOOKING BACK

- **US yields rise on government shutdown fears.** The prospect of a government shutdown pushed the USD lower and the 10-year Treasury yield to 2.66%, its highest level since May 2014. At the time of this writing, the Republicans were locked in a standoff with Democrats over federal funding with no agreement reached. However, equities continued to rally on upbeat jobs data and solid corporate earnings as the S&P500 gained 0.9% last week.
- **UK inflation eases.** UK headline CPI fell to 3.0% in December from November's rate of 3.1%, a six-year high. The BoE stated that it thinks inflation peaked at the end of 2017 and will fall back to the Bank's target of closer to 2.0% this year. It sees inflation at 2.4% in Q4 2018 as the inflationary impact of the GBP's depreciation starts to wane.
- **Japanese Manufacturing PMI close to 4-year high.** Japan's manufacturing PMI recorded a December reading of 54.0 from November's 53.6, marking 16 consecutive months of expansion. Although the December PMI figure was revised slightly lower from the preliminary reading, it stood at the highest level since 2014 as Japan's economy enjoys a steady, albeit moderate expansion. The JPY was modestly stronger for the week and has gained 1.7% versus the USD year-to-date.
- **China's 2017 growth rises faster than expected.** China's GDP rose 6.8% YoY in Q4 2017, taking the full year figure to 6.9%, the first growth acceleration since 2010. A broad-based global recovery drove demand for Chinese exports though the government's pledge to focus on higher-quality growth is expected to lead to a slowdown in the medium-term.
- **US oil output to surpass Saudi's in 2018.** According to the International Energy Agency (IEA), US crude output could surpass 10 million barrels a day in 2018 as higher oil prices motivate shale producers to ramp-up production and provided the OPEC-led production caps remain in place. In response, Brent corrected last week to USD68.6/bbl, lower by 1.8%.

LOOKING FORWARD

- The Bank of Japan (BoJ) meets to set rates on **Tuesday** while global PMIs will be released on **Wednesday**. The ECB will review its monetary policy on **Thursday** while US Q4 GDP figures will be released on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.2222

£ 1 ————— \$ 1.3858

\$ 1 ————— ¥ 110.77

	Yield % (21/01)	Yield % (14/01)
Abu Dhabi 2019	2.14	2.10
KSA 2021	3.04	3.00
Dubai 2023	3.22	3.24
Qatar 2023	3.41	3.32
US 10Y	2.66	2.55
German 10Y	0.57	0.58

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,207	1.0%	4.9%
MSCI BRIC	364	1.9%	8.5%
MSCI EM	1,233	2.0%	6.4%
USA - S&P 500	2,810	0.9%	5.1%
UK- FTSE 100	7,731	-0.6%	0.6%
France - CAC40	5,527	0.2%	4.0%
Germany - DAX	13,434	1.4%	4.0%
Japan - Nikkei 225	23,808	0.7%	4.6%
Dubai	3,531	1.0%	4.8%
Abu Dhabi	4,625	0.7%	5.2%
Saudi	7,539	2.7%	4.3%
Oman	5,024	-1.2%	-0.5%
Kuwait	6,639	1.2%	3.6%
Egypt	15,411	1.1%	2.6%
Qatar	9,200	0.7%	7.9%
Commodities			
Gold (\$/oz)	1,332	-0.4%	2.2%
Silver (\$/oz)	17	-1.1%	0.5%
Platinum (\$/oz)	1,013	1.9%	9.2%
Oil - Brent (\$/bbl)	69	-1.8%	2.6%

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