

Equities rally on release of proposed US tax plan

بنك الإمارات
للاستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **New US tax code proposal buoys equities.** Equities gained as investors examined the details of the US tax reform proposal with the S&P500 closing the week at a new all-time high. Meanwhile, an underwhelming October jobs report was more than compensated by a solid ISM services report and the appointment of Powell as the next Fed Chair, who has similar policy preferences to Yellen and helps ensure a relatively seamless transition. The news put downward pressure on US yields.
- **Spain political tensions ease.** Spain's IBEX35 ended with a weekly gain of 1.8% as political risks waned and sentiment improved after the Spanish government took control in Catalonia with little to no violence. A slew of corporate earnings and solid economic data lifted European stocks. The Eurostoxx50 was up 1.0% while the EUR ended flat against the USD for the week.
- **Bank of England (BoE) hikes rates.** The BoE increased its benchmark interest rate to 0.50% from 0.25%, guiding that the bank would adopt a cautious approach to any future hikes. The BoE also warned that considerable risks to the outlook remain, as Brexit uncertainty continues to loom. The GBP slipped against the USD and the EUR following the dovish guidance, pushing the FTSE100 to fresh highs.
- **China's economy moderates.** China's official manufacturing PMI fell to 51.6 in October, from September's 52.4, which marked a five-year high. The figure suggested that growth has started to moderate from a strong first-half 2017. The decline reflects recent actions taken by the government to deleverage the economy and crack down on heavy industrial polluters.
- **Venezuela plans to restructure its unsustainable debt.** Venezuelan bonds corrected and yields rose to record levels after President Maduro announced plans to restructure the country's debt, estimated between USD100-150 bn. Maduro said state-owned oil giant PDVSA will make its upcoming principal payment of USD1.1 bn and the country would then move to restructure its outstanding obligations with creditors.

LOOKING FORWARD

- Eurozone & UK service PMIs will be released on **Monday** while retail sales data for the Eurozone will be published on **Tuesday**. China's trade data will be released on **Wednesday** and UK Industrial Production (IP) will be reported on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1608

£ 1 ————— \$ 1.3077

\$ 1 ————— ¥ 114.07

	Yield % (05/11)	Yield % (29/10)
Abu Dhabi 2019	1.61	1.70
KSA 2021	2.78	2.75
Dubai 2023	3.31	3.25
Qatar 2023	3.21	3.21
US 10Y	2.33	2.41
German 10Y	0.36	0.38

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,045	0.5%	16.8%
MSCI BRIC	327	0.9%	35.2%
MSCI EM	1,126	1.4%	30.6%
USA - S&P 500	2,588	0.3%	15.6%
UK- FTSE 100	7,560	0.7%	5.8%
France - CAC40	5,518	0.4%	13.5%
Germany - DAX	13,479	2.0%	17.4%
Japan - Nikkei 225	22,539	2.4%	17.9%
Dubai	3,622	-0.8%	2.6%
Abu Dhabi	4,465	-0.1%	-1.8%
Saudi	6,957	0.7%	-3.5%
Oman	5,040	1.6%	-12.8%
Kuwait	6,548	-1.1%	13.9%
Egypt	14,319	2.6%	16.0%
Qatar	8,146	0.2%	-21.9%
Commodities			
Gold (\$/oz)	1,270	-0.3%	10.7%
Silver (\$/oz)	17	-0.1%	5.7%
Platinum (\$/oz)	921	0.5%	2.0%
Oil – Brent (\$/bbl)	62	2.7%	9.2%

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