

Trump's tax reform plan offsets heightened political tensions

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- Trump unveils tax reform plan.** President Trump unveiled a reform plan to simplify the cumbersome US tax code. Under the proposal, existing seven tax brackets would be reduced to three, and the corporate tax rate would be cut from 35% to 20%. Meanwhile, despite core inflation declining to 1.3% in August, from 1.4% in July, Fed chair Yellen said it would be imprudent to hold rates longer, making a December rate hike more likely. Treasuries backed up with the 10-year yield ending the week higher by 8bps at 2.33%.
- German business confidence faltering.** German business confidence unexpectedly weakened for a second straight month in September, in a sign that the economy is struggling to maintain its current strong pace of expansion. After years of tailwinds from a weak EUR and very low borrowing costs, businesses now face additional headwinds as the economy grows near-capacity while a strengthening EUR threatens to weigh on exports.
- UK economy slows.** The UK economy grew by an annual rate of 1.5% in Q2, compared to an initial estimate of 1.7%, representing the weakest annual growth performance since 2013. Despite the setback to growth, Bank of England (BoE) Governor Carney said the economy was on track for a rate hike "in the relatively near term". The GBP lost ground and ended the week lower by 0.8% against the USD.
- Japan's Abe calls snap election.** PM Abe dissolved parliament last week and called an election for October 22, asking for a new mandate to deal with the growing threat from North Korea and to rebalance the bloated social security system in Japan. Meanwhile, the minutes from the July meeting revealed that the BoJ had postponed its deadline for reaching its inflation target for a sixth time since the QE program started in 2013.
- Chinese manufacturing PMI at 5-year high.** China's manufacturing activity grew at its fastest pace since 2012, suggesting that efforts to clean up the excesses in the financial sector aren't yet dampening economic growth. The government continues to balance growth prospects while consciously attempting to reduce systematic risks.

LOOKING FORWARD

- Global manufacturing and services PMIs will be released on **Monday** and **Wednesday**, respectively. Minutes of the ECB's September meeting will be published on **Thursday** while the US employment report will be released on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1814

£ 1 ————— \$ 1.3398

\$ 1 ————— ¥ 112.51

	Yield % (01/10)	Yield % (24/09)
Abu Dhabi 2019	1.74	1.65
KSA 2021	2.70	2.57
Dubai 2023	3.18	3.15
Qatar 2023	3.02	2.99
US 10Y	2.33	2.25
German 10Y	0.46	0.45

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,001	0.3%	14.2%
MSCI BRIC	316	-2.0%	30.4%
MSCI EM	1,082	-1.9%	25.5%
USA - S&P 500	2,519	0.7%	12.5%
UK- FTSE 100	7,373	0.8%	3.2%
France - CAC40	5,330	0.9%	9.6%
Germany - DAX	12,829	1.9%	11.7%
Japan - Nikkei 225	20,356	0.0%	6.5%
Dubai	3,564	-1.9%	0.9%
Abu Dhabi	4,397	-1.3%	-3.3%
Saudi	7,283	-0.6%	1.0%
Oman	5,137	0.7%	-11.2%
Kuwait	6,680	-2.5%	16.2%
Egypt	13,889	1.4%	12.5%
Qatar	8,312	-0.6%	-20.4%
Commodities			
Gold (\$/oz)	1,280	-1.4%	11.5%
Silver (\$/oz)	17	-2.0%	4.6%
Platinum (\$/oz)	912	-2.3%	1.0%
Oil - Brent (\$/bbl)	58	1.2%	1.3%

FOR MORE INFORMATION,
PLEASE CONTACT:



Emirates Investment Bank pjsc
PO Box 5503, Dubai
Dubai Festival City, UAE



+971 4 231 7777



+971 4 231 7788



www.eibank.com

ASSET MANAGEMENT TEAM:

Nadi Bargouti, CFA

Managing Director – Head of Asset Management
nadi.bargouti@eibank.com

Yaser Al-Nimr

Director – Asset Management
yaser.alnimr@eibank.com

Fabien Paturaud, CFA

Associate Director – Asset Management
fabien.paturaud@eibank.com

Hamad Al Majidi

Senior Associate – Asset Management
hamad.almajidi@eibank.com

Joyson D'Souza, CFA

Associate – Asset Management
joyson.dsouza@eibank.com

EMIRATES INVESTMENT BANK

EIBank is a Dubai-based boutique dedicated to the service of an exclusive group of private and institutional clients. Private banking and investment banking needs are approached holistically.

In private banking, the bank prides itself on offering highly personalised investment solutions and one-on-one servicing by a professional team of wealth management specialists. EIBank's open platform provides clients with access to markets globally.

In investment banking, the bank provides clients with advice on mergers & acquisitions, access to capital markets and other corporate finance matters.

IMPORTANT INFORMATION

This report is for our clients only. It is not an offer or a solicitation to offer, buy or sell any security or instrument or to participate in any particular trading strategy. This report is based on current public information that we consider reliable, but it should not be considered accurate or complete.

This report is not intended to provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. We recommend that investors independently evaluate particular investments and strategies and we encourage investors to always seek professional advice. The securities, instruments or strategies discussed in this report may not be suitable for all investors and certain investors may not be eligible to purchase or participate in some or all of them.

The value of and income from investments may vary because of a variety of factors. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Fluctuations in exchange rates could have adverse effects on the value, price of and income derived from certain investments. Certain transactions give rise to substantial risk and are not suitable for all investors.

We and our affiliates may transact the securities or derivatives referred to in this research. We may also make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

Emirates Investment Bank pjsc is regulated by the Central Bank of the United Arab Emirates.