

## US tax reform hopes lift global stocks

بنك الإمارات  
للاستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- US Senate approves Trump's budget.** Last week, the Senate passed a budget blueprint that paves the way for potential tax cuts. Although the move remains fairly symbolic, as several policy hurdles remain, the passage of this resolution is a step towards ratifying a tax reform bill as early as this year. The S&P gained 0.9% over the week, while the US Dollar Index (DXY) strengthened by 0.7% over the same period.
- Spain's crisis deepens.** Spain's central government announced it will trigger Article 155 of the Constitution, effectively allowing the government to remove Catalonia's leaders and take control over the region until early elections take place. In response, Spain's main index, the IBEX 35, fell 0.3% last week, while the Eurostoxx 50 remained unchanged.
- UK inflation hits a 5-year high.** Headline inflation rose to 3% year-on-year (YoY) in September, reaching its highest level in 5 years. While the increase in prices is mainly driven by the sterling's weakness it adds pressure on the Bank of England to raise rates relatively soon.
- China Q3 GDP meets expectations.** In Q3, China's economy grew by 6.8% YoY, slightly below the growth achieved in Q2, but in line with expectations and above the official target of 6.5% set for 2017. China has been resilient despite increased efforts from the government to clean up excess leverage in the economy.
- Oil rebounds on heightened tensions in Iraq.** Last week, Brent and WTI gained 1.0% and 0.8%, respectively, as tensions in the Kurdistan region of Iraq intensified, potentially disrupting the region's oil supplies. Additionally, US crude oil inventories dropped by a larger than anticipated 5.7mio barrels in the week ending October 18th.

### LOOKING FORWARD

- October preliminary PMIs for both the US and the Eurozone will be published on **Tuesday**. On **Wednesday**, the UK will announce its Q3 GDP figure, while the same data will be released on **Friday** for the US. Meanwhile, the ECB will meet on **Thursday** and announce its latest monetary policy decision.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1784

£ 1 ————— \$ 1.3190

\$ 1 ————— ¥ 113.52

	Yield % (22/10)	Yield % (15/10)
Abu Dhabi 2019	1.65	1.68
KSA 2021	2.71	2.67
Dubai 2023	3.22	3.19
Qatar 2023	3.17	3.13
US 10Y	2.38	2.27
German 10Y	0.45	0.40

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,036	0.4%	16.2%
MSCI BRIC	327	-0.5%	35.2%
MSCI EM	1,120	-0.6%	29.9%
USA - S&P 500	2,575	0.9%	15.0%
UK- FTSE 100	7,523	-0.2%	5.3%
France - CAC40	5,372	0.4%	10.5%
Germany - DAX	12,991	0.0%	13.2%
Japan - Nikkei 225	21,458	1.4%	12.3%
Dubai	3,673	0.3%	4.0%
Abu Dhabi	4,505	-0.5%	-0.9%
Saudi	7,011	0.3%	-2.8%
Oman	5,067	-1.2%	-12.4%
Kuwait	6,633	0.1%	15.4%
Egypt	13,714	-1.3%	11.1%
Qatar	8,172	-2.0%	-21.7%
<b>Commodities</b>			
Gold (\$/oz)	1,280	-1.8%	11.6%
Silver (\$/oz)	17	-2.2%	6.9%
Platinum (\$/oz)	924	-2.3%	2.3%
Oil - Brent (\$/bbl)	57.75	1.0%	1.6%

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