

Markets unfazed by temporary US jobs disruption

بنك الإمارات
للاستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- Hurricanes disrupt US job market.** In a clear aberration from a robust employment growth trend, the US economy shed 33K jobs in September, the first monthly decline in nearly seven years due to disruptions caused by hurricanes as workers in affected areas were unable to report to work. Meanwhile, a strong reading for US manufacturing combined with hopes for a tax reform package helped push the US 10-year Treasury yield to 2.36% from 2.33% a week ago.
- Spain faces political challenge.** While the Eurozone continues its strong economic recovery, Spain remains embroiled in crisis, as last weekend's Catalan independence referendum unnerved investors and pushed the IBEX35 to a 15-month low. The IMF warned that although the outlook for the Spanish economy is currently strong, prolonged tensions could weigh on confidence and investment decisions.
- UK growth below expectations.** UK PMIs slightly disappointed but remained firmly in expansionary territory. Slower manufacturing growth and the first drop in construction activity in 13 months were accompanied by weak service growth in September. The FTSE100 gained 2.0% last week while the GBP lost 2.5% versus the USD as doubts arose concerning PM May's continued leadership.
- IMF concerned of Japan sales tax hike.** Odd Brekk, one of the regional directors of the IMF, expressed concern about the impact of the Abe administration's plan to hike the sales tax rate by 2% to 10% in 2019. He believes that a measured pace of increases, with efforts to curb social spending, is a more prudent plan for medium-term fiscal reform.
- Oil falls on oversupply concerns.** A drop in the OPEC compliance rate to 82% in September from 88% in August alongside record US crude oil exports led oil prices to drop by 3.3% last week. Meanwhile, Putin recognized it was a possibility that the oil output cut agreement could be extended beyond the March 31 deadline.

LOOKING FORWARD

- UK Industrial Production (IP) data will be released on **Tuesday** and the latest FOMC minutes will be published on **Wednesday**. Eurozone IP will be released on **Thursday** while US retail sales & CPI will be released on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1730

£ 1 ————— \$ 1.3066

\$ 1 ————— ¥ 112.65

	Yield % (08/10)	Yield % (01/10)
Abu Dhabi 2019	1.76	1.74
KSA 2021	2.70	2.70
Dubai 2023	3.23	3.18
Qatar 2023	3.09	3.02
US 10Y	2.36	2.33
German 10Y	0.46	0.46

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,014	0.7%	15.0%
MSCI BRIC	326	3.4%	34.9%
MSCI EM	1,103	2.0%	27.9%
USA - S&P 500	2,549	1.2%	13.9%
UK- FTSE 100	7,523	2.0%	5.3%
France - CAC40	5,360	0.6%	10.2%
Germany - DAX	12,956	1.0%	12.8%
Japan - Nikkei 225	20,691	1.6%	8.2%
Dubai	3,591	0.8%	1.7%
Abu Dhabi	4,414	0.4%	-2.9%
Saudi	7,259	-0.3%	0.7%
Oman	5,213	1.5%	-9.8%
Kuwait	6,662	-0.3%	15.9%
Egypt	13,882	0.0%	12.5%
Qatar	8,132	-2.2%	-22.1%
Commodities			
Gold (\$/oz)	1,277	-0.2%	11.3%
Silver (\$/oz)	17	1.1%	5.7%
Platinum (\$/oz)	916	0.5%	1.5%
Oil - Brent (\$/bbl)	56	-3.3%	-2.1%

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

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