

## US hurricane concerns weigh on investor sentiment

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- US braces for hurricane.** Global equities were little changed last week, albeit with elevated volatility, as markets digested escalating tensions on the Korean Peninsula and the potential impacts of hurricanes Harvey and Irma on the US economy. The odds of a third Fed rate hike this year declined last week after perceivably hawkish Fed vice-chairman Fischer's resignation, prompting a drop in the US 10-year Treasury yield to 2.05% from 2.17% a week ago.
- ECB postpones tapering decision to October.** The ECB kept its benchmark interest rate unchanged, but added that the Bank stands ready to increase its asset purchase program if needed. While it revised Eurozone's 2017 growth outlook to 2.2% from an earlier 1.9% forecast, inflation outlook was lowered to 1.2% from 1.3%. Draghi hinted that any change to the Bank's QE program would wait until its October meeting, cautioning that recent EUR strength has tightened financial conditions but the exchange rate is not a policy target. The EUR continued its upward trajectory and gained 1.5% against the USD last week.
- UK economic outlook bleak.** In its latest quarterly forecast of the UK economy, the British Chambers of Commerce (BCC) warned that there was "no sign on the horizon of a return to healthier levels of growth". Uncertainty around Brexit is outweighing the depreciation of the GBP. The BCC cut its growth forecast for 2018 to 1.2% from 1.3%, while also lowering growth projections for 2019.
- Japan Q2 GDP revised down, still strong.** Japan's GDP expanded by an annualized 2.5% rate in Q2 2017, less than the initial estimate of 4.0%, but a sixth consecutive quarter of positive economic growth. Domestic consumption remained solid as private consumption rose 0.8% in Q2. Wage growth and household spending, however, remain lackluster despite a tight job market.
- Brazil passes bold lending reform.** In its effort to reduce the country's budget deficit, Brazil's senate passed a reform meant to reduce subsidized lending by the national development bank BNDES. The Bank's lending rate will now be market-based and the transition which is to start next year, has the potential to open long-term lending in Brazil to greater competition.

### LOOKING FORWARD

- UK CPI data will be released on **Tuesday** while the Eurozone publishes its Industrial Production (IP) figures on **Wednesday**. US CPI will be released and the Bank of England (BoE) meets to set rates on **Thursday**.



### MAIN CROSS RATES

€ 1 ————— \$ 1.2036

£ 1 ————— \$ 1.3200

\$ 1 ————— ¥ 107.84

	Yield % (10/09)	Yield % (03/09)
Abu Dhabi 2019	1.51	1.56
KSA 2021	2.47	2.55
Dubai 2023	3.00	3.07
Qatar 2023	2.85	2.93
US 10Y	2.05	2.17
German 10Y	0.31	0.37

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	1,965	-0.1%	12.2%
MSCI BRIC	315	0.2%	30.3%
MSCI EM	1,091	0.0%	26.5%
USA - S&P 500	2,461	-0.6%	9.9%
UK- FTSE 100	7,378	-0.8%	3.3%
France - CAC40	5,113	-0.2%	5.2%
Germany - DAX	12,304	1.3%	7.2%
Japan - Nikkei 225	19,275	-2.1%	0.8%
Dubai	3,644	0.2%	3.2%
Abu Dhabi	4,454	-0.3%	-2.0%
Saudi	7,361	1.4%	2.1%
Oman	5,047	-0.1%	-12.7%
Kuwait	6,897	0.1%	20.0%
Egypt	13,433	0.1%	8.8%
Qatar	8,675	-1.4%	-16.9%
<b>Commodities</b>			
Gold (\$/oz)	1,347	1.6%	17.3%
Silver (\$/oz)	18	1.4%	12.8%
Platinum (\$/oz)	1,008	0.0%	11.6%
Oil - Brent (\$/bbl)	54	2.0%	-5.4%

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## EMIRATES INVESTMENT BANK

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