

# WEEKLY MARKET UPDATE

24<sup>th</sup> November 2019

## OVERVIEW

- ➔ US Inflation remained soft in October, despite an acceleration in headline CPI.
- ➔ US Jobless claims match highest level since June.
- ➔ UK's Purchasing Managers Index slipped to 48.5.
- ➔ Subscription for Saudi Aramco's IPO for the first five days totaled SAR 73 billion (USD 19.5 billion).

## ECONOMIC CALENDER

*The coming week*

### Monday

Eurozone – IFO Business Climate (Nov) Surv: 95

### Tuesday

US – Fed's Chair Powell Speech

Australia – RBA's Governor Lowe speech

### WEDNESDAY

UK – Inflation Report Hearing

US – GDP Annualized (Q3) Surv: 1.9%

### THURSDAY

Eurozone – Harmonized Index of Consumer Prices (YoY)(Nov) Surv: 1.3%

### Friday

Eurozone – Consumer Price Index – Core (YoY)(Nov) Surv: 1.2%

## INTERNATIONAL MARKETS

### US:

It's a big week for the U.S. consumer, and not just because of the annual retail extravaganza of Black Friday. A report on Wednesday will show how resilient U.S. consumer spending was in October following revised third-quarter GDP figures. The nation will also see data on consumer confidence and durable-goods orders ahead of Thursday's Thanksgiving holiday. Throw in the biggest retailing day of the year, and U.S. Federal Reserve Chairman Jerome Powell's first speech since his meeting with President Donald Trump on Nov. 18, and you have a week that could help set the economic tone for the remainder of the year.

Initial claims for state unemployment benefits were flat at a seasonally adjusted 227,000 for the week ended November 16, the highest level since June 22, according to the labor department on Thursday data for the week prior was revised to show 2,000 more claims received than previously reported. On another note the US is set for a lot of economic releases this week. A deluge of data kicks off on Tuesday with reports on consumer confidence and new home sales, while the next day sees durable goods, GDP and PCE inflation releases, as well as the publication of the Beige book.

### U.S. Jobless claims match highest level since june



INJCJC Index (US Initial Jobless Claims SA) Graph 2 Daily 24NOV2018-24NOV2019 Copyright© 2019 Bloomberg Finance L.P. 24-Nov-2019 09:38:53

Source: Bloomberg

EQUITY INDEX	Price	5days change %
Dow Jones	27,876	-0.46
S&P 500	3,110	-0.33
Euro Stoxx	3,687	-0.65
FTSE 100	7,327	0.33
CAC 40	5,893	-0.78
DAX	13,164	-0.59
NIKKEI	23,113	-0.82
Shanghai	2,885	-0.21
SENSEX India	40,359	0.01
Turkey N100	106,588	1.15

COMMODITY	Price	5days change %
WTI	57.9	0.09
BRENT	63.6	0.14
GOLD	1462	-0.43
Copper 3M	5854	0.10
Corn	378.0	-0.59

FX Spot	Week Closing	5days Change %
EUR	1.1021	-0.27
GBP	1.2834	-0.49
JPY	108.66	0.13
CAD	1.3302	-0.59
CHF	0.9977	-0.76
AUD	0.6787	-0.45
CNY	7.0383	-0.43
INR	71.72	0.10

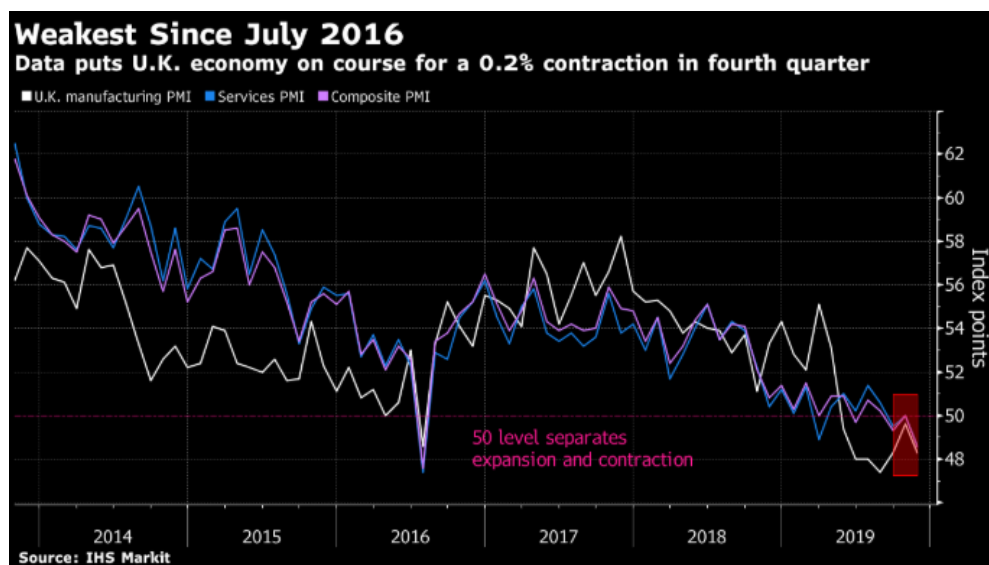
RATES	USD swap	AED swap
2 Year	1.61	1.92
5 Year	1.56	2.19
7 Year	1.59	2.45
10 Year	1.67	2.79

## EUROPE:

Christine Lagarde delivered her maiden speech as European Central Bank President to a banking forum in Frankfurt Friday that suggested little change from the central bank's previous negative rate strategy under Mario Draghi.

Lagarde, who assumed her role earlier this month after an eight-year tenure as Managing Director of the International Monetary Fund in Washington, focused most of her speech on the need for Eurozone governments to increase public spending in order to boost underlying demand and offset the current trade weakness in the global economy. That emphasis suggests Lagarde, a former French Finance Minister who is hugely respected in European political circles but has scant experience on hard monetary policy, will focus her time at the central bank towards urging a new fiscal approach for currency-area members, whom many have accused of being too-reliant on the ECB's loose monetary policy during the region's stalled recovery, as opposed to major changes in the Bank's low-rate tactics.

The UK economy's performance was at its worst levels since July 2016 this month, as uncertainty from Brexit and the snap election weighed on sentiment. IHS Markit's composite Purchasing Managers Index slipped to 48.5, with readings for both manufacturing and services falling further below the 50 mark that separates expansion from contraction.



Source: Bloomberg

## ASIA:

**China:** The USD rose on Wednesday and trade-exposed currencies fell after the US president threatened a trade war escalation and China condemned a US senate measure backing pro-democracy protesters in Hong Kong. China's CNY slipped to a new two-week low in overnight trading after US President Donald Trump threatened to raise new tariffs on Chinese imports if ongoing trade negotiations fail.

**Japan:** A slightly milder-than-anticipated decline in imports in October adds to evidence that the pullback in activity following the sales-tax hike probably won't knock Japan's economy completely off its feet. That said, imports were still very weak -- reflecting depressed demand -- and exports tumbled more than expected. All of this suggests weakness heading into year-end, as the global slowdown weighs on the external sector.

## GCC / MENA Indices

	Closing Level	5 days change%
ADX Index	5042	-0.39
DFM Dubai	2684	-0.63
Tadawul	8063	1.77
Qatar EX	10267	-0.40
Kuwait Main	4755	1.08
Egypt EGX 30	14095	-3.10

## SOVEREIGN 5 Year CDS

	Current Level	1month ago	3month ago
ABU DHABI	43	47	459
BAHRAIN	217	217	257
BRAZIL	125	123	141
CHINA GOV	40	40	48
DUBAI	119	122	131
EGYPT	316	309	298
FRANCE	19	19	21
GERMANY	9	10	11
GREECE	153	168	280
ITALY	132	111	188
TURKEY	304	358	421
JAPAN	23	22	23
OMAN	275	323	349
QATAR	42	47	49
RUSSIA	70	75	101
SAUDI	70	70	69
SPAIN	40	35	43
UK	20	26	34
USA	14	15	15

## MONEY MARKET

TENOR	LIBOR	EIBOR
3M	1.92	2.20
6M	1.91	2.27
12M	1.91	2.29

## AED FX Forward

### Mid Forward Points

1 week	+1.550
1 month	+5.000
3 month	+15.000
12 month	+58.750

## COMMODITIES

Gold prices edged lower on Friday as the USD and Treasuries strengthened after data showed U.S. manufacturing output and services activity picked up, limiting demand for the yellow metal. Spot gold was down 0.1% at USD 1,462.97 per ounce. Oil prices edged up for the week ending Nov. 22, with the price of West Texas Intermediate (WTI) for January delivery up 0.09% and Brent crude oil for January up 0.14%. Oil prices edged up for the week ending Nov. 22, with the price of West Texas Intermediate (WTI) for January delivery up 0.09% and Brent crude oil for January up 0.14%.

### Gold prices edged lower last week



## GCC Market & Mena Region

**UAE:** The industrial sector in the UAE tops GCC M&A transactions in Q3 2019. DP World's acquisition of Topaz Energy and Marine from Renaissance Services and Standard Chartered Private Equity for a total value of \$1.1 billion was the top reported deal in the Gulf region.

**Saudi Arabia:** Subscription for Saudi Aramco's IPO for the first five days totaled SAR 73 billion (USD 19.5 billion), according to Samba Capital, one of the lead advisers on the deal.

**Egypt:** Egypt has signed a group of energy investment agreement including USD 430 million deal with US Noble Energy to pump natural gas through the East Mediterranean Gas Company's pipeline.

Source: Bloomberg



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