

## Two versions of US tax bill confuses markets

بنك الإمارات  
للاستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Senate proposes amended tax reform.** Investors appeared confused after the Senate unveiled its version of the tax bill that differed markedly from the House's proposal. The House wants the proposed corporate tax rate cut from 35% to 20% to go into effect next year while the Senate calls for the cut to be effective in 2019. The S&P500 came off its highs while VIX spiked to 11.3 from 9.1 last week.
- **European Commission (EC) raises EU growth forecasts.** The EC raised its GDP forecasts for the EU to 2.2% for 2017, up from its earlier prediction of 1.7%, citing "resilient private consumption" and also predicted a 2.1% expansion for 2018. The EC also alluded to the increasing divergence in growth between the EU and the UK.
- **Japan's economic momentum gains strength.** Business confidence surged following Abe's election win and Japan's services PMI clocked a 26-month peak of 53.4 in October from 50.0 in September. Meanwhile, with almost 90% of Nikkei225 constituents having reported, Q3 revenue growth has been strong, recording 9.4% YoY while earnings grew by 19.0%. The Index continued to trend higher trading at a 26-year high and is up 18.7% YTD. The JPY is up 2.9% against the USD this year.
- **China's central bank warns of excess leverage.** The PBoC Governor Zhou warned last week that China's financial system is becoming significantly more vulnerable because of high leverage and that latent risks are accumulating, which are "hidden, complex, sudden, contagious and hazardous." Zhou also suggested China should open up financial markets, relax capital controls and reduce restrictions on non-Chinese financial institutions to counter the rise in leverage.
- **Oil prices rise to two-and-a-half-year high.** Saudi Arabia's crackdown on corruption, the Kingdom's growing tensions with Iran and the Venezuelan debt crisis all helped raise supply concerns pushing oil prices to 30-month highs. Brent closed 2.3% higher for the week at USD 63.5/bbl.

### LOOKING FORWARD

- UK CPI and Eurozone Q3 GDP will be released on **Tuesday**. UK employment data and US CPI will be published on **Wednesday** while Eurozone CPI and US Industrial Production (IP) will be reported on **Thursday**.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1665

£ 1 ————— \$ 1.3196

\$ 1 ————— ¥ 113.53

	Yield % (12/11)	Yield % (05/11)
Abu Dhabi 2019	1.79	1.61
KSA 2021	2.99	2.78
Dubai 2023	3.37	3.31
Qatar 2023	3.39	3.21
US 10Y	2.40	2.33
German 10Y	0.41	0.36

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,040	-0.3%	16.5%
MSCI BRIC	331	1.2%	36.9%
MSCI EM	1,128	0.2%	30.9%
USA - S&P 500	2,582	-0.2%	15.3%
UK- FTSE 100	7,433	-1.7%	4.1%
France - CAC40	5,381	-2.5%	10.7%
Germany - DAX	13,127	-2.6%	14.3%
Japan - Nikkei 225	22,681	0.6%	18.7%
Dubai	3,450	-4.8%	-2.3%
Abu Dhabi	4,376	-2.0%	-3.7%
Saudi	6,954	0.0%	-3.6%
Oman	5,055	0.3%	-12.6%
Kuwait	6,258	-4.4%	8.9%
Egypt	14,350	0.2%	16.2%
Qatar	7,886	-3.2%	-24.4%
<b>Commodities</b>			
Gold (\$/oz)	1,275	0.4%	11.1%
Silver (\$/oz)	17	0.2%	6.0%
Platinum (\$/oz)	929	0.9%	2.9%
Oil - Brent (\$/bbl)	64	2.3%	11.8%

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