

## Relief rally as hurricane worries abate

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Global equities grind higher.** US equities rebounded from the previous week's decline owing to August's better-than-expected increase in CPI and as the country began to recover from two major hurricanes. The S&P 500 rose 1.6% for the week as it breached the psychological 2,500 level for the first time while the 10-year Treasury yield increased from its recent 10-month low of 2.05% to close at 2.20%.
- **Bank of England (BoE) holds interest rates steady.** The BoE voted to keep interest rates at 0.25% but hawkishly indicated that inflationary pressures may force an increase in rates as inflation increased to 2.9% in August, well above the central bank's target of 2.0%. Meanwhile, UK unemployment fell to 4.3%, the lowest level in more than four decades, but wage growth continued to be sluggish and well below the rate of inflation. The yield on 10-year gilts climbed to 1.31% from 0.99% the previous week, while the GBP gained 3.0% versus the USD.
- **Japanese equities shrug off geopolitics.** Despite fresh United Nations Security Council (UNSC) sanctions against North Korea for its latest missile tests, a strong USD, amid speculation the US will push through a tax reform program, pushed the JPY lower by 2.8% last week, helping the export-oriented Nikkei225 gain 3.3%.
- **Bahrain issues USD3 bn bond issue amid strong demand.** The Kingdom of Bahrain's offer of a USD3 bn three-tranche bond issue with a 7.5-year note yielding 5.25%, a 12-year at 6.75%, and a 30-year at 7.5% was met with strong investor demand, exceeding USD15 bn. Bahrain is rated BB- by S&P and BB+ by Fitch, both with a negative outlook.
- **Oil gains on positive outlook.** Oil continued its rise on forecasts of rising global crude demand and as US Gulf Coast refineries continued to recover from Hurricane Harvey. Moreover, the International Energy Agency (IEA) said that global oil demand will climb this year by the most since 2015 even as OPEC raised its supply estimates for 2018 on stronger consumption from Europe and China. Brent closed last week at USD55.6, higher by 3.4%.

### LOOKING FORWARD

- Eurozone CPI will be published on **Monday**. The US Fed meets to review monetary policy on **Wednesday** while UK retail sales will be released on the same day. On **Thursday**, the BoJ meets to set rates.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1945

£ 1 ————— \$ 1.3594

\$ 1 ————— ¥ 110.83

	Yield % (17/09)	Yield % (10/09)
Abu Dhabi 2019	1.63	1.51
KSA 2021	2.53	2.47
Dubai 2023	3.09	3.00
Qatar 2023	2.94	2.85
US 10Y	2.20	2.05
German 10Y	0.43	0.31

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	1,988	1.2%	13.5%
MSCI BRIC	321	2.0%	32.8%
MSCI EM	1,102	1.0%	27.8%
USA - S&P 500	2,500	1.6%	11.7%
UK- FTSE 100	7,215	-2.2%	1.0%
France - CAC40	5,214	2.0%	7.2%
Germany - DAX	12,519	1.7%	9.0%
Japan - Nikkei 225	19,910	2.6%	4.2%
Dubai	3,657	0.4%	3.6%
Abu Dhabi	4,481	0.6%	-1.4%
Saudi	7,373	0.2%	2.3%
Oman	5,002	-0.9%	-13.5%
Kuwait	6,914	0.2%	20.3%
Egypt	13,611	1.3%	10.3%
Qatar	8,409	-3.1%	-19.4%
<b>Commodities</b>			
Gold (\$/oz)	1,320	-2.0%	15.0%
Silver (\$/oz)	18	-2.1%	10.4%
Platinum (\$/oz)	969	-3.8%	7.3%
Oil - Brent (\$/bbl)	56	3.4%	-2.1%

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