US equities hit another record high

EMIRATES INVESTMENT BANK

LOOKING BACK

- **US Q2 GDP, Alphabet push US equities higher.** Q2 results so far show S&P500 companies are beating roughly flat earnings growth expectations. With 219 out of the 500 companies having reported so far, blended EPS growth is seen at 4.2%. In particular, tech heavyweight Alphabet surged 10.1% last week alone on better-than-expected earnings, lifting the S&P500 to a new record high. Meanwhile, a slightly better than expected US Q2 GDP figure and strong consumer data all helped US equities edge higher by 1.7% on the week.
- **German manufacturing woes continue; ECB indicates further easing.** While the economy's labor market, household spending and services sector continue to remain strong, Germany's manufacturing woes deepened in July as the manufacturing PMI fell to 43.1 from 45.0 in June. Meanwhile and mindful of the ongoing weakness in the Eurozone owing to global trade tensions and heightened Brexit uncertainty, the ECB decided to keep rates steady but signalled that it may cut its short-term interest rate in September and possibly revamp its QE program. The EUR fell 0.8% against the USD while the EuroStoxx50 gained 1.3% last week.
- **Johnson becomes UK's new PM.** Brexit hardliner Boris Johnson became the UK's new PM, further intensifying the political and economic uncertainty for the country. While Johnson has pledged to take the UK out of the EU by the October 31 deadline with or without a deal, the EU rejected his bid to reopen Brexit negotiations. Meanwhile, several UK ministers resigned opposing Johnson's aggressive stance, increasing the likelihood of a fresh general election. The GBP came under pressure and lost 0.9% against the USD last week while the FTSE100 gained 0.5%.
- **US-China trade talks to resume.** Chinese equities edged higher on news that senior US trade representatives would travel to China and kick-start face-to-face talks with their Chinese counterparts for the first time since talks broke down in May. While the resumption in dialogue is a positive sign, several major differences remain between the two sides and a meaningful deal is likely difficult to strike anytime soon. The Shanghai Composite edged higher by 0.7%.
- **Turkish Central Bank cuts interest rates.** Amid pressure to cut rates and meaningful declines in recent inflationary pressures, the Turkish Central Bank slashed its key interest rate by 425bps to 19.75%. Although the decision remains somewhat controversial after Erdogan's recent firing of the previous Central Bank Governor, markets were relatively composed with the Central Bank's reference to "the continuation of a cautious monetary stance".

LOOKING FORWARD

- Japan reports its unemployment figures and IP data on **Monday** while the BoJ reviews its monetary policy on **Tuesday.** The Eurozone releases its Q2 GDP and CPI on **Wednesday** while the US FOMC meets on the same day. The BoE will meet on **Thursday** while the US announces its unemployment data on **Friday.**

MAIN CROSS RATES

€ 1	$ 1.1128
£ 1	$ 1.2384
$ 1	¥ 108.68

	Yield % (28/07)	Yield % (21/07)
Abu Dhabi 2027	2.58	2.58
KSA 2029	3.10	3.17
Dubai 2029	3.66	3.70
Qatar 2029	2.92	3.00
US 10Y	2.07	2.06
German 10Y	-0.38	-0.32

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,216	1.0%	17.6%
MSCI BRIC	319	-0.2%	12.3%
MSCI EM	1,049	-0.8%	8.6%
USA - S&P 500	3,026	1.7%	20.7%
UK- FTSE 100	7,549	0.5%	12.2%
France - CAC40	5,610	1.0%	18.6%
Germany - DAX	12,420	1.3%	17.6%
Japan - Nikkei 225	21,658	0.9%	8.2%
Dubai	2,851	3.2%	12.7%
Abu Dhabi	5,388	3.3%	9.6%
Saudi	8,819	-2.4%	12.7%
Oman	3,755	0.2%	-13.2%
Kuwait	4,847	-1.1%	2.3%
Egypt	13,510	-1.2%	3.6%
Qatar	10,631	1.2%	3.2%
Commodities			
Gold ($/oz)	1,419	-0.5%	10.6%
Silver ($/oz)	16	1.2%	5.8%
Platinum ($/oz)	865	2.3%	8.7%
Oil – Brent ($/bbl)	63	1.6%	18.0%

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EMIRATES INVESTMENT BANK

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IMPORTANT INFORMATION