

Central bank policies dominate global markets

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Fed keeps rate outlook unchanged for 2018.** The US Fed expectedly announced a 25bps rate hike at its December 14 meeting, while keeping its rate outlook intact, anticipating three more hikes in 2018. Meanwhile, uncertainty over the progress of the House and the Senate in finalizing tax reform legislation sparked some volatility while strong November retail sales data suggest underlying economic momentum continues at a steady pace.
- **ECB revises growth & inflation forecasts.** The ECB kept its interest rate policy unchanged at its December meeting, while raising its growth and inflation forecasts through 2020. The central bank said it expects the economy to grow by 2.4% this year, which would be its strongest performance since 2007. It also raised its growth forecast for next year to 2.3% from 1.8%. Inflation was revised down slightly for 2017 and 2018.
- **Bank of England (BoE) stays put.** After raising interest rates for the first time in a decade in November, the BoE kept its benchmark rate unchanged at 0.50% at its December meeting. Despite a higher-than-expected rise in the November inflation reading, the bank stated inflation "is likely to be close to its peak" while also noting the recent progress on Brexit negotiations have lessened the chances of a disorderly exit from the EU. The GBP ended the week lower by 0.5% versus the USD.
- **India faces inflationary pressures.** India's Wholesale Price Index (WPI) accelerated to an 8-month high of 3.93% in November due to a sharp rise in costlier seasonal vegetables. Earlier last week, the RBI had warned that there may be a spike in prices in the coming months as crude oil has appreciated steadily this year led by OPEC production cuts. The local currency 10-year sovereign yield has climbed by about 20bps to 7.1% in the last one month alone to reflect increased inflation expectations.
- **Turkey hikes rates dovishly.** Despite pressure from President Erdogan to lower rates to spur the economy, Turkey's central bank raised rates by 50bps to 12.75%, lower-than-expected and perhaps insufficient to arrest inflation which hit a 14-year high in November.

LOOKING FORWARD

- Japan will release its trade balance on **Monday** while the US will publish its current account balance on **Tuesday**. German Consumer Confidence survey data will be released on **Friday**.



MAIN CROSS RATES

€ 1	→	\$ 1.1749
£ 1	→	\$ 1.3320
\$ 1	→	¥ 112.60

	Yield % (17/12)	Yield % (10/12)
Abu Dhabi 2019	1.89	1.82
KSA 2021	2.93	2.96
Dubai 2023	3.23	3.22
Qatar 2023	3.29	3.29
US 10Y	2.35	2.38
German 10Y	0.30	0.31

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,086	0.6%	19.1%
MSCI BRIC	325	0.2%	34.5%
MSCI EM	1,119	0.7%	29.7%
USA - S&P 500	2,676	0.9%	19.5%
UK- FTSE 100	7,491	1.3%	4.9%
France - CAC40	5,349	-0.9%	10.0%
Germany - DAX	13,104	-0.4%	14.1%
Japan - Nikkei 225	22,553	-1.1%	18.0%
Dubai	3,355	-1.1%	-5.0%
Abu Dhabi	4,339	1.5%	-4.6%
Saudi	7,076	-0.1%	-1.9%
Oman	5,062	-0.1%	-12.5%
Kuwait	6,332	2.3%	10.2%
Egypt	14,680	2.7%	18.9%
Qatar	8,212	5.6%	-21.3%
Commodities			
Gold (\$/oz)	1,256	0.6%	9.5%
Silver (\$/oz)	16	1.2%	0.8%
Platinum (\$/oz)	894	0.6%	-1.0%
Oil - Brent (\$/bbl)	63	-0.3%	11.3%

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EMIRATES INVESTMENT BANK

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