

Yields rise on US tax reform

بنك الإمارات
للإستثمار

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LOOKING BACK

- US tax reform bill ratified.** After weeks of deliberation, Trump finally signed the USD1.5 trillion tax-overhaul bill, delivering a major tax cut to US businesses and individuals. Meanwhile, some positive economic data and the prospect of faster economic growth and wider deficits pushed the US 10-year Treasury yield to its highest level (2.50%) since March. The S&P500 recorded modest gains amid moderating volumes as investors go into the holiday season.
- Spain's separatists secure narrow victory.** Spanish PM Rajoy suffered a major blow as separatists narrowly won Catalonia's regional election called by him in hopes of calming the country's constitutional crisis. This verdict allows the separatists to revive their independence drive and has the potential to unsettle abating political risks across the Eurozone. The EuroStoxx50 ended last week flat while the EUR gained 1.0% against the USD.
- Bank of Japan (BoJ) stays course.** BoJ Governor Kuroda stressed patience and left its ultra-loose monetary policy unchanged, unfazed by criticism about diminishing returns from the easy-money policy. In an expected move, the BoJ left the short-term interest rate target at -0.1% and the 10-year JGB yield target at about 0.0%. Meanwhile, the Cabinet Office revised its fiscal year 2017 GDP growth target to 1.9% from 1.5%. It also raised its GDP growth estimate for fiscal 2018 to 1.8% from 1.4%.
- South Africa elects reformist.** South Africa's stocks rallied more than 2.0% and the ZAR rose 3.7% against the USD last week after reformist Ramaphosa was elected leader of the ruling ANC party. The development is a clear positive for the struggling economy but fears that Moody's will downgrade the country's debt rating to junk status in March remain a headwind.
- Saudi unveils budget 2018.** Saudi unveiled an expansionary 2018 budget announcing it will boost spending to SAR1.1 trillion in 2018 from SAR926 billion in 2017 to counter revenue-boosting measures, such as the VAT and a levy on expat workers. The budget tries to revive the economy struggling in a lower-for-longer oil price environment while diversifying the government's revenue base.

LOOKING FORWARD

- Japan will release its jobless rate on **Tuesday** while China publishes its current account balance on **Thursday**. India will report its fiscal deficit on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1862

£ 1 ————— \$ 1.3363

\$ 1 ————— ¥ 113.29

	Yield % (24/12)	Yield % (17/12)
Abu Dhabi 2019	2.01	1.89
KSA 2021	3.01	2.93
Dubai 2023	3.29	3.23
Qatar 2023	3.35	3.29
US 10Y	2.48	2.35
German 10Y	0.42	0.30

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,100	0.7%	19.9%
MSCI BRIC	333	2.5%	37.9%
MSCI EM	1,141	2.0%	32.3%
USA - S&P 500	2,683	0.3%	19.9%
UK- FTSE 100	7,593	1.4%	6.3%
France - CAC40	5,365	0.3%	10.3%
Germany - DAX	13,073	-0.2%	13.9%
Japan - Nikkei 225	22,903	1.5%	19.8%
Dubai	3,365	0.3%	-4.7%
Abu Dhabi	4,349	0.2%	-4.3%
Saudi	7,210	1.9%	0.0%
Oman	5,063	0.0%	-12.4%
Kuwait	6,414	1.3%	11.6%
Egypt	14,669	-0.1%	18.8%
Qatar	8,621	5.0%	-17.4%
Commodities			
Gold (\$/oz)	1,274	1.4%	11.0%
Silver (\$/oz)	16	1.7%	2.5%
Platinum (\$/oz)	917	2.6%	1.5%
Oil - Brent (\$/bbl)	65	3.2%	14.8%

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