

# WEEKLY MARKET UPDATE

22<sup>nd</sup> November, 2020

## OVERVIEW

- ➔ Trump campaign loses Pennsylvania suit to halt certification.
- ➔ US jobless claims pick up to 742k as coronavirus cases rise.
- ➔ Oil is poised for a third weekly gain as positive COVID-19 vaccine developments.
- ➔ UAE reaffirms its full support for OPEC + output reduction accord.

## ECONOMIC CALENDER

*The coming week*

### Monday

Eurozone – Markit Manufacturing PMI Nov  
Surv: 53.3

UK – Markit Manufacturing PMI Nov  
Surv: 50.5

### Tuesday

Germany – IFO Business Climate and IFO Expectation  
Surv Nov: 90.3 & 93.5

### Wednesday

US – GDP Annualized QoQ  
Surv 3Q: 33.1%

US – Initial Jobless Claims  
Surv Nov-21: 733k

US – University Michigan Sentiment  
Surv Nov: 77.0

### Thursday

Russia – Gold & Forex Reserve

### Friday

Japan – Tokyo CPI YoY  
Surv Nov: -0.5%

## INTERNATIONAL MARKETS

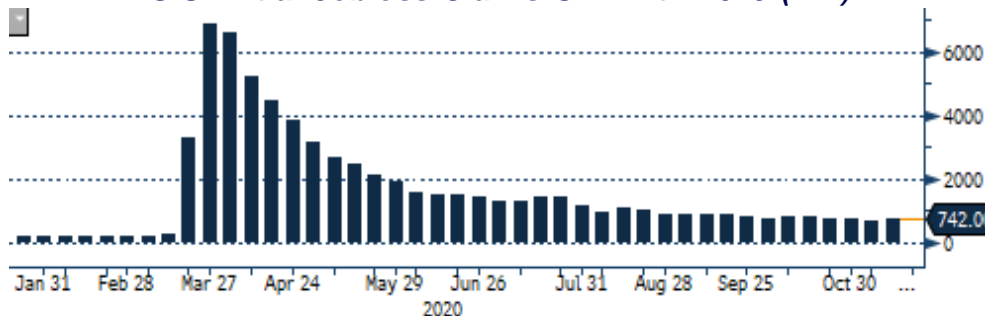
### US:

A federal judge in Pennsylvania threw out a lawsuit by President Donald Trump’s campaign that aimed to block certification of the state’s election results unless it tossed out tens of thousands of mail-in ballots, rejecting the “startling” request due to a lack of evidence. The state’s motion to dismiss the suit was granted Saturday by U.S. District Judge Matthew Brann in Williamsport, Pennsylvania, freeing election officials to certify President-elect Joe Biden’s projected victory as soon as Monday.

Treasury Secretary Steven Mnuchin said that lawmakers should redirect unspent stimulus funding, including money he’s pulling back from the FED, to buy the economy as the US waits for a vaccine. “I hope that Congress will seriously consider reallocating USD580 billion of funds that have already been appropriated that wouldn’t cost taxpayers an additional penny,” he said on Thursday.

Another 742,000 Americans filed for first-time unemployment benefits last week, as the number of new claims increased for the first time in five weeks while the US grapples with a record rise in coronavirus cases and fresh restrictions. Weekly jobless claims increased by 31,000, alongside a rise of 23,863 in claims for federal pandemic unemployment assistance. Overall, 20.3 millions Americans are still receiving jobless benefits of some kind since the crisis began in March in the US. Thursday’s report showed the number of Americans receiving PEUC rose more than 233,000 to almost 4.38 millions at the end of October. That figure stood at about 1.4million at the end of summer.

**U.S. Initial Jobless Claims SA - YtD 2020 (in K)**



Source: Bloomberg

EQUITY INDEX	Price	5days change %
Dow Jones	29,263	-0.73
S&P 500	3,558	-0.77
Euro Stoxx	3,468	1.04
FTSE 100	6,351	0.56
CAC 40	5,496	2.15
DAX	13,137	0.46
NIKKEI	25,527	0.56
Shanghai	3,378	2.04
SENSEX India	43,882	1.01
Turkey N100	1,324	2.53

COMMODITY	Price	5days change %
WTI	42.2	5.62
BRENT	44.96	5.10
GOLD	1871	-0.96
Copper 3M	7264	4.22
Corn	427.8	2.09

FX Spot	Week Closing	5days Change %
EUR	1.1857	0.19
GBP	1.3275	0.65
JPY	103.87	0.74
CAD	1.3095	0.32
CHF	0.9113	0.15
AUD	0.7302	0.44
CNY	6.563	0.66
INR	74.15	0.62

RATES	USD swap	AED swap
2 Year	0.25	0.65
5 Year	0.44	1.18
7 Year	0.61	1.45
10 Year	0.82	1.87

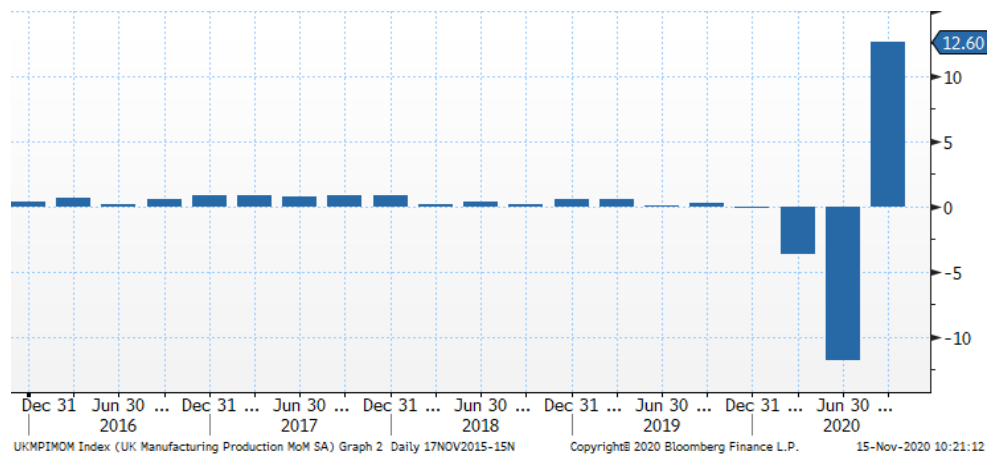
## EUROPE & The UK:

The leaders of France and Belgium urged the European Union to step up preparations for a no-deal Brexit at the end of the year in case negotiations with the UK fail to yield a last-minute breakthrough. At a virtual summit of EU leaders Thursday, French President Macron and Belgian Prime Minister De Croo both called on their colleagues to make contingency plans in case talks to sign a trade and security agreement fail. De Croo pointed out that the negotiations have already run long past their initial deadline and said the bloc can't go on hoping that the disagreements with Britain will resolve themselves, the people said.

On the otherhand, the Euro-area economy may shrink in the final quarter of the year as a second wave of lockdowns to combat the pandemic derails the recovery, European Central Bank Vice President Luis de Guindos said Friday. Euro-area output increased 12.6% in the third quarter, and in September the ECB projected 3.1% growth in the final three months of the year. Since then, 'restrictions have curbed travel and shut restaurants and some shops, curtailing economic activity'.

Greece expects a deeper recession this year than previously forecast after a second lockdown to contain a resurgence in COVID-19 infections and a milder rebound in 2021, its final 2021 budget submitted to parliament on showed. This year the economic contraction is now expected to reach -10.5%, deeper than a previously projected -8.2% slump in draft budget forecasts in October.

### Eurozone Economy Expands by 12.60% QoQ



Source: Bloomberg

## ASIA:

Japan aims to expand CPTPP trade pact as UK, China eye membership. Japan aims to expand a major regional free trade pact called the CPTPP, Prime Minister Yoshihide Suga said, potentially catering for China's and Britain's interest in joining the deal. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) links 11 countries including Canada, Australia and Japan. A spokesman for the Chinese commerce ministry said on Thursday his country was open to the idea of joining the CPTPP, while Britain earlier this year announced its intent to pursue accession to the pact.

## GCC / MENA Indices

	Closing Level	5 days change%
ADX Index	4914	1.46
DFM Dubai	2316	2.38
Tadawul	8578	1.70
Qatar EX	10108	-1.03
Kuwait Main	4352	0.81
Egypt EGX 30	10899	-1.08

## SOVEREIGN 5 Year CDS

	Current Level	1month ago	3month ago
ABU DHABI	39.2	44	48
BAHRAIN	300.3	341	306
BRAZIL	174.7	224	231
CHINA GOV	33.4	41	40
DUBAI	123.5	143	163
EGYPT	388	431	431
FRANCE	17.5	20	19
GERMANY	11	11	12
GREECE	116	143	156
ITALY	109	127	143
TURKEY	378	532	572
JAPAN	16	17	17
OMAN	401	456	461
QATAR	40	44	47
RUSSIA	81	103	101
SAUDI	69	76	87
SPAIN	47	58	60
UK	20	22	23
USA	16	16	18

## MONEY MARKET

TENOR	LIBOR	EIBOR
3M	0.21	0.35
6M	0.25	0.52
12M	0.34	0.79

## AED FX Forward

	Mid Forward Points
1 week	+0.10
1 month	+0.60
3 month	+2.25
12 month	+25.00

## COMMODITIES

Oil is poised for a third weekly gain in New York as positive COVID-19 vaccine developments outweighed concerns about stricter restrictions due to a surge in global infections that will dampen fuel demand. WTI crude futures closed the week at \$42.2 starting the week from \$40.1. Still, oil is poised for a third weekly gain in New York as positive COVID-19 vaccine developments outweighed concerns about stricter restrictions due to a surge in global infections that will dampen fuel demand. The oil market is facing an uncertain demand recovery, with a resurgent virus in the US and Europe prompting tighter restrictions and keeping consumption and prices in check, even as parts of Asia rebounds strongly.

### WTI Oil : 3<sup>rd</sup> weekly gain as positive COVID-19 vaccine developments



Source: Bloomberg

## GCC Market & Mena Region

**UAE:** The UAE publically reaffirmed its support for the OPEC + output reduction accord this week, “The UAE has always been a committed member to OPEC and we have demonstrated this commitment through our compliance to the current OPEC + agreement” said the UAE Energy Minister, Suhail Al Mazrouei.

**Saudi Arabia:** Saudi Armco raised US \$8 bio via a multi-tranche bond issuance last week. These tranches were spread across maturing in 3, 5, 10, 30 and 50 years. Aramco is rated at A1 by Moody’s.

Saudi Arabia’s sovereign wealth fund PIF announced last week, that it has increased its stake in ACWA Power International from 33.60% to 50%.

**Sukuk issuances:** Kuwait International Bank sold \$300m Tier-2 sukuk last Tuesday at 2.375 for the 10-year sukuk that are non-callable for 5-years.

Dubai Aerospace Enterprise (DAE), one of the world's biggest aircraft leasing companies, on Thursday sold \$750m in sukuk with a tenor of 5.25-years at 3.875%.

Source : Reuters & Bloomberg



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