



Asian indices posted gains across the board taking cues from the relief rally from Friday. Asia dollar bond sales stayed muted this week as secondary markets remained volatile amid trade tensions, but the \$1.36b in deals was still a bounce-back from last week's \$0.6b. The main focus would turn to the Jerome Powell's address at the Kansas Fed's annual Jackson Hole gathering on Friday. Furthermore, the minutes from the July's FOMC due on Wednesday would provide further information to investors on how the Fed's viewpoints on the monetary policy front. US benchmark Treasuries retraced to settle at 1.58% while Eurozone yields following suit on the back of announcements on fiscal stimulus by European policymakers. Headlines that the German government is ready to deliver fiscal stimulus by boosting deficit spending pushed the Eurozone yields higher between 2bp and 6bp in absolute yield terms. While fiscal stimulus would be a welcome support to ECB policy initiatives, just how much and how long deficit spending could last is an open and unanswered question.

US housing starts fell 4% in July marking a post-November 2016 low. Housing starts have now fallen for three consecutive months, weighed down by tariffs, which have hit the housing sector by forcing up construction costs.

The preliminary August release of the University of Michigan consumer sentiment came in weaker than expected, falling 92.1. Current conditions dropped to 107.4 and expectations fell to 82.3. Despite ongoing strength in the US labour market, concern about the outlook appears to be creeping into US consumers' psyche. In spite of the fall, both the 1-year and 5-10 year measures of inflation expectations rose 0.1%pts to 2.7% and 2.6% respectively.

Euro area trade data for July continued to reflect ongoing deterioration in global trade volumes. The June euro area trade surplus came in at EUR20.6bn, with exports down 5.0% y/y and imports down 4.0% y/y. Intra-euro area trade was down 7.0% y/y.

China has moved towards a market-based rate-setting structure for deciding bank lending rates to influence and effectively control interest rates. Under the new system, a consortium of 18 lenders selected by the People's Bank of China will submit their one-year and five-year loan prime rates to the central bank monthly. The average of those rates will then be published at 9.30am on the 20th of every month starting from Tuesday. Notably, HSBC has been left out of the rate-setting consortium of banks.

This Thursday brings the Bank Indonesia rate decision together with a press conference with Governor Perry Warjiyo. Bank Indonesia cut the benchmark last month for the first time in almost two years to 5.75%. Indonesia's real yields are still wide to their peers and markets are widely anticipating a 25bp policy rate cut.

ADES International Holding announced its notice of results, with full 1H19 financial statements set to be released on 27 September. First half 2019 top-line figure rising to USD219.9mn and growth flowing to the EBITDA level, which came in at USD88mn. ADES announced that net debt stood at cUSD614mn, which climbed from the USD424mn balance at end-2018 post completion of Weatherford transaction, CAPEX needs for new built jack-up rigs and a few upgrades to existing fleet.

STOCKS VS BONDS (S&P DIV YIELD- UST 10 Y)



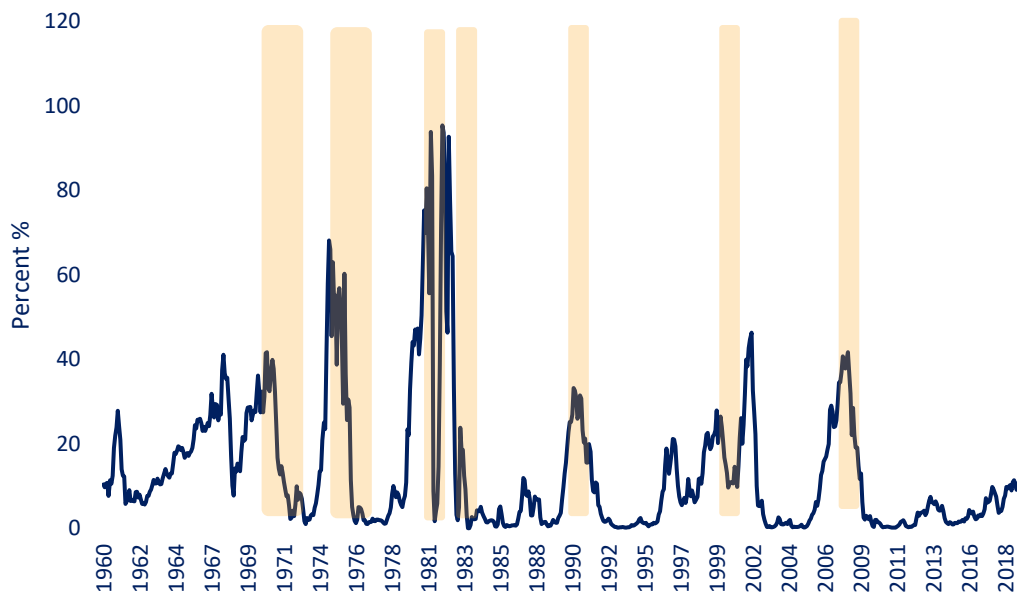
Source: Bloomberg

INDONESIA REAL YIELD - WARRANTS FOR A CUT



Source: Bloomberg

FED PROBABILITY OF RECESSION 12M AHEAD PREDICTED BY TREASURY SPREAD



Source: Bloomberg

INTERBANK RATES AND GOVERNMENT BONDS

	3m	6M	12M	2Y	5Y	10 y
LIBOR	2.14	2.02	1.95			
EURIBOR	-0.42	-0.43	-0.39			
EIBOR	2.43	2.50	2.50			
SAIBOR	2.47	2.47	2.48			
US Treasuries				1.50	1.44	1.58
Germany Bunds				-0.91	-0.89	-0.69
UK Gilts				0.50	0.39	0.46
Mid Swaps (MS)			1.76	1.52	1.39	1.47

Source: Bloomberg

CREDIT INDICES

	Spread	Chg Day	Chg YTD
I Traxx Europe	52.85	-3.12	-39.51
I Traxx Europe Crossover	278.85	-9.72	-20.94
CDX North America IG		-3.75	-33.68
CDX North America HY	356.96	-13.21	-20.47
CDX Emerging Markets	203.74	-7.45	-2.05

Source: Bloomberg

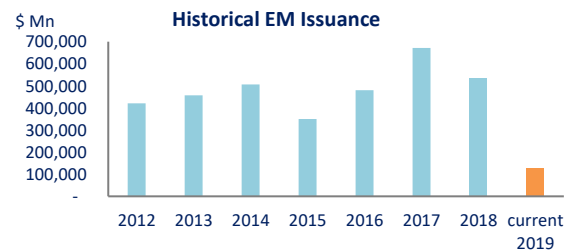
BOND MARKET PERFORMANCE

BONDS	Yield	Spread	1 day	YTD
Glob Developed Sovereign (Loc)	0.68%	-	-0.2%	8.8%
GCC Credit	3.2%	170	0.1%	12.9%
Global High yield	5.81%	453	0.1%	9.4%
USD Emerging Market	4.91%	333	0.2%	10.5%
US Government	1.57%	-	0.0%	8.5%
USD Corporate Investment Grade	2.87%	124	0.0%	13.3%
BBG EUR Aggr Corp (Loc)	0.41%	99	-0.1%	7.9%
USD EM Sovereign	5.64%	401	0.4%	11.4%
USD EM Corporate	5.14%	361	0.0%	9.5%
Local EM Sovereign	3.85%	40	0.4%	5.9%

Source: Bloomberg

EMERGING MARKETS PRIMARY ISSUANCE

	2018	March 2019 - mn
EM	\$533,322	\$128,821
ASIA	\$279,190	\$65,802
MENA	\$73,189	\$27,921
GCC	\$65,864	\$23,921
Sukuk	\$22,708	\$5,949



DESK VIEW: POSITIONING & STRATEGY

	Positioning
Global Investment Grade	Overweight
Global High Yield	Underweigh
Emerging Markets	Overweight
GCC Bond/Sukuk	Overweight

EXPECTED PRIMARY BOND SALES

KDB (Aa2/AA/AA-) – AUD 3 year FRN & 5 year MTN	IPTs - BBSW+65/ BBSW+85
UBS (NR/A-/A+) – AUD AT1 COCO	IPTs – 5.125%



Syed Yahya Sultan - Head of Fixed Income Strategy

He is in charge of the investment strategy for the asset class, is a voting member of the bank's Tactical Asset Allocation Committee and is responsible for the list of recommended bonds. Yahya has over 19 years of experience in fixed income spanning across brokerage, proprietary trading, Islamic banking, Portfolio management and active advisory services. Yahya grew up in the UAE and holds a MBA from the Preston University, Wyoming, USA. Prior to Joining Emirates NBD, he managed the Sukuk business at Noor Bank.

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He has over 10 years of investment experience and has joined us from ADCB where he worked as a Portfolio Manager in the HNW Segment of the bank. Prior to this, he had worked for Deutsche Bank in the Institutional Clients' Group Credit Desk and ICRA Ltd (A Moody's Investors Services Company) as a senior Analyst in the corporate sector credit ratings desk. He holds a CFA charter, and got his MBA in Finance from IIM Kozhikode as well as a M.Sc in Mathematics and Computing from IIT Kharagpur.

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