



Risk assets mixed trading this morning across Asia as investor's focus turn to the FED's FOMC. US Benchmark yields at 1.83% while the UK Gilts and Germany Bunds holding strong at 0.70% and -0.35% respectively. The US yield curve (10Y minus 3M and 10Y minus 2Y) both holding steep close to 19bp. The spreads on the GCC bond indices have been well supported at 154bp, which translates to an index yield of 3.30% while the spreads on the EM aggregate bond index currently trades at 316bp on a yield of 4.98%.

The big decision day for the FED officials as markets are expecting a 25bp cut in policy rates. An important observation would be Powell's press conference to gauge the FED's message on the path for further policy actions.

The Bank of Japan's monthly bond-buying operations for October had no changes in the purchase levels from September, signifying that market pressure on BOJ policy has eased slightly.

More than 2 trillion yuan (\$283 billion) of local-government notes will mature in 2020, according to Bloomberg-compiled data, a record and 58%

more than this year's level. This means fresh debt to refinance the borrowing could start hitting the market shortly.

Moreover, Sales of Chinese corporate perpetual dollar bonds have risen to the most in two years on growing risk appetite in a low interest rate environment.

Shanghai Pudong Development Bank Co.'s 50 billion yuan (\$7.1 billion) convertible bond deal was about 330 times oversubscribed, or \$1.1 Trillion in primary investor demand. Convertible bond offerings in China are usually hundreds or even thousands of times oversubscribed by investors given the limited supply compared to other types of securities.

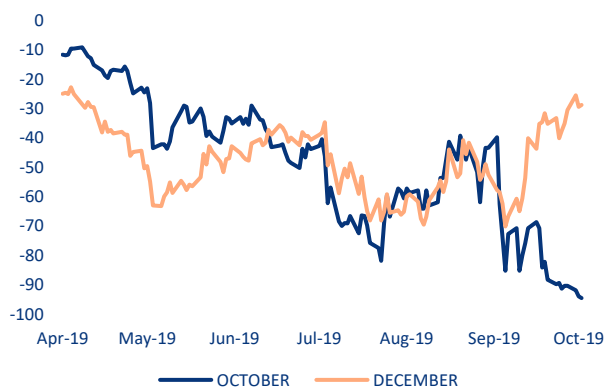
A heavy pipeline of events due this week. The 3Q GDP report on US is due today followed by the FED's inflation data point on PCE deflator tomorrow. The BOJ is expected to release policy statement tomorrow together with a press conference. US payrolls, a driving factor for markets to gauge the health of the US economy is also due on Friday.

INFLATION EXPECTATIONS STUBBORNLY LOW



Source: Bloomberg

INVESTORS SURE ABOUT OCTOBER RATE CUT (US)



Source: Bloomberg

Volume of negative Yielding debt trends downwards



Source: Bloomberg

INTERBANK RATES AND GOVERNMENT BONDS

	3m	6M	12M	2Y	5Y	10 y
LIBOR	1.94	1.94	2.00			
EURIBOR	-0.41	-0.35	-0.28			
EIBOR	2.24	2.37	2.30			
SAIBOR	2.28	2.28	2.30			
US Treasuries				1.64	1.65	1.83
Germany Bunds				-0.63	-0.58	-0.35
UK Gilts				0.53	0.50	0.71
Mid Swaps (MS)			1.76	1.66	1.61	1.74

Source: Bloomberg

CREDIT INDICES

	Spread	Chg Day	Chg YTD
I Traxx Europe	50.98	0.96	-41.65
I Traxx Europe Crossover	232.54	4.65	-34.07
CDX North America IG		1.16	-37.91
CDX North America HY	332.56	2.36	-25.95
CDX Emerging Markets	193.59	2.22	-6.93

Source: Bloomberg

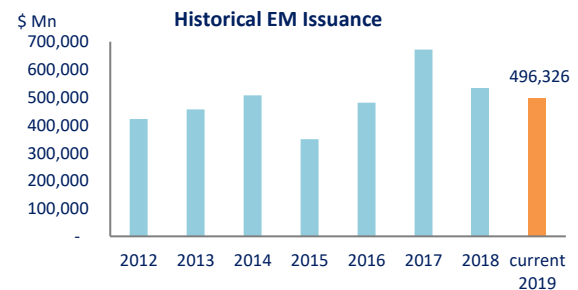
BOND MARKET PERFORMANCE

BONDS	Yield	Spread	1 day	YTD
Glob Developed Sovereign (Loc)	0.88%	-	0.0%	7.5%
GCC Credit	3.3%	154	0.0%	12.7%
Global High yield	5.22%	383	0.0%	11.9%
USD Emerging Market	4.99%	316	0.0%	11.1%
US Government	1.80%	-	0.1%	6.8%
USD Corporate Investment Grade	2.95%	107	0.1%	12.9%
BBG EUR Aggr Corp (Loc)	0.63%	92	0.0%	6.6%
USD EM Sovereign	5.94%	403	-0.1%	10.7%
USD EM Corporate	4.83%	308	0.1%	11.4%
Local EM Sovereign	3.89%	37	0.1%	7.3%

Source: Bloomberg

EMERGING MARKETS PRIMARY ISSUANCE

	2018	YTD Sep
EM	\$533,322	\$496,326
ASIA	\$279,190	\$244,496



DESK VIEW: POSITIONING & STRATEGY

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

EXPECTED PRIMARY BOND SALES

Averda (5NC2)	Roadshow
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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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