

## Market awaits BoE rate decision

- ▶ Fed keep rates unchanged
- ▶ Britain inflation fell unexpectedly.
- ▶ Equities and commodities, mostly continue to decline.

Chart of the day: BoE Peak Rate Falls



Source: Bloomberg, and ADCB Asset Management

### Macroeconomic news

- ▶ The US Federal Reserve left interest rates unchanged at a targeted range between 5.25% to 5.5%. Central bankers believe they still raise rates one more time this year and fewer cuts than previously indicated next year.
- ▶ Britain's high inflation rate fell unexpectedly with CPI in August coming at 6.7% versus an expected 7%. Despite it falling below expectations it was only a small fall from July's 6.8% figure. Sterling sank to its lowest against the dollar since May. Market is pricing in a 50/50 chance of a BoE rate hike today.

### Rates and Fixed Income

- ▶ Yields on US 10Y Treasury rose after Fed officials' hawkish tone yesterday. Yields on UK 10Y bonds continued to decline as inflation in the UK fell unexpectedly.
- ▶ Global bond indices continued to decline for a third day in a row.

### Currencies

- ▶ Broader USD index rose, EUR & GBP weakened against the USD.

### Equities

- ▶ Major global equities mostly declined with the exception of European stock indices.
- ▶ GCC stocks mostly declined, DFM and MSM rose while ADX was flat.

### Commodities

- ▶ Oil declined close to 1% and gold was relatively unchanged.
- ▶ Copper declined due to a rising dollar and rising inventories.

### Key events in the day ahead (September 21)

- ▶ BoE Bank Rate
- ▶ U.S. Initial Jobless Claims

### Performance snapshot\*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	5.31	0.00	1.00	26.00
UAE Eibor 3m	5.25	13.86	-5.91	-7.32
UAE Eibor 12m	5.48	-11.74	-0.17	1.09
US 3m Bills	5.46	2.53	1.71	17.49
US 10yr Treasury	4.41	4.84	9.14	71.04
German 10yr Bund	2.70	-0.60	8.00	29.70
UK 10yr Gilt	4.22	-17.60	-46.00	-12.20

  

Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	442	0.11	-0.66	-2.74
Global Treasuries	190	0.15	-1.02	-3.54
Global Corporate	254	0.00	0.02	-1.38
EM USD Sovereign	352	0.13	0.54	0.04
EM LCY Sovereign	138	0.03	-0.47	-1.57
Global High Yield	1421	0.12	0.88	1.46

  

Currencies		1D (%)	1M (%)	3M (%)
Dollar Index	105.33	0.19	2.21	3.44
EUR USD	1.0661	-0.17	-2.38	-3.18
GBP USD	1.2344	-0.39	-3.39	-3.50
USD JPY	148.34	0.32	-1.45	-4.37

  

Equities		1D (%)	1M (%)	3M (%)
S&P 500	4402	-0.93	0.89	0.70
Dow Jones	34441	-0.22	0.07	1.67
NASDAQ	13469	-1.52	1.41	-1.25
STOXX 600	461	0.95	2.86	0.82
DAX	15782	0.75	1.33	-2.05
Nikkei 225	33024	-0.66	5.07	-0.92
FTSE 100	7732	0.93	6.62	3.17
SENSEX	66801	-1.18	2.89	5.88
Hang Seng	17886	-0.62	0.29	-7.07
MSCI World	2936	-0.49	1.51	0.34
MSCI EM	971	-0.36	0.91	-3.09

  

Regional Equities		1D (%)	1M (%)	3M (%)
ADX	9823	0.00	0.25	4.04
DFM	4138	1.56	2.17	9.94
Tadawul	11062	-0.08	-3.49	-2.02
DSM	10295	-0.23	-2.67	0.27
MSM30	4694	0.14	-1.65	0.36
BHSE	1923	-0.34	-1.98	0.79
KWSE	6966	-0.34	-1.75	-0.45

  

Commodities		1D (%)	1M (%)	3M (%)
BBG Commodity Index	107.2	-0.20	2.88	3.50
Brent USD/bbl	93.5	-0.86	9.96	20.42
Gold USD/t oz	1930.3	-0.05	1.77	-0.21
Copper USD/MT	8277.0	-0.52	1.24	-3.36

  

Volatility		1D (%)	1M (%)	3M (%)
VIX	15.14	7.30	-12.49	9.08
MOVE	97.04	-4.21	-19.48	-15.02

Source: Bloomberg, and ADCB Asset Management

Notes: \*Data as at 8AM GST on September 21, 2023 unless stated otherwise. Performance in local currency terms.

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