

Market Insights & Strategy

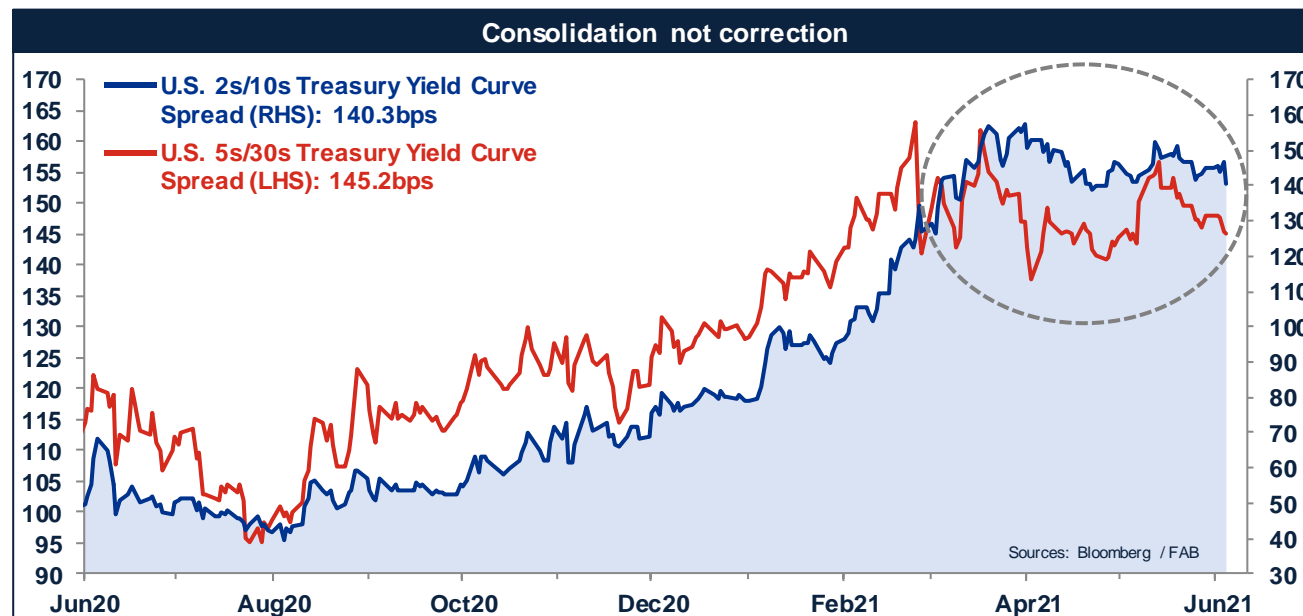
Global Markets

06th June 2021

Emerging Markets Rates, FX, Credit & Commodities The Traders' Weekly Views

Global Markets Outlook: Reading the macro tealeaves

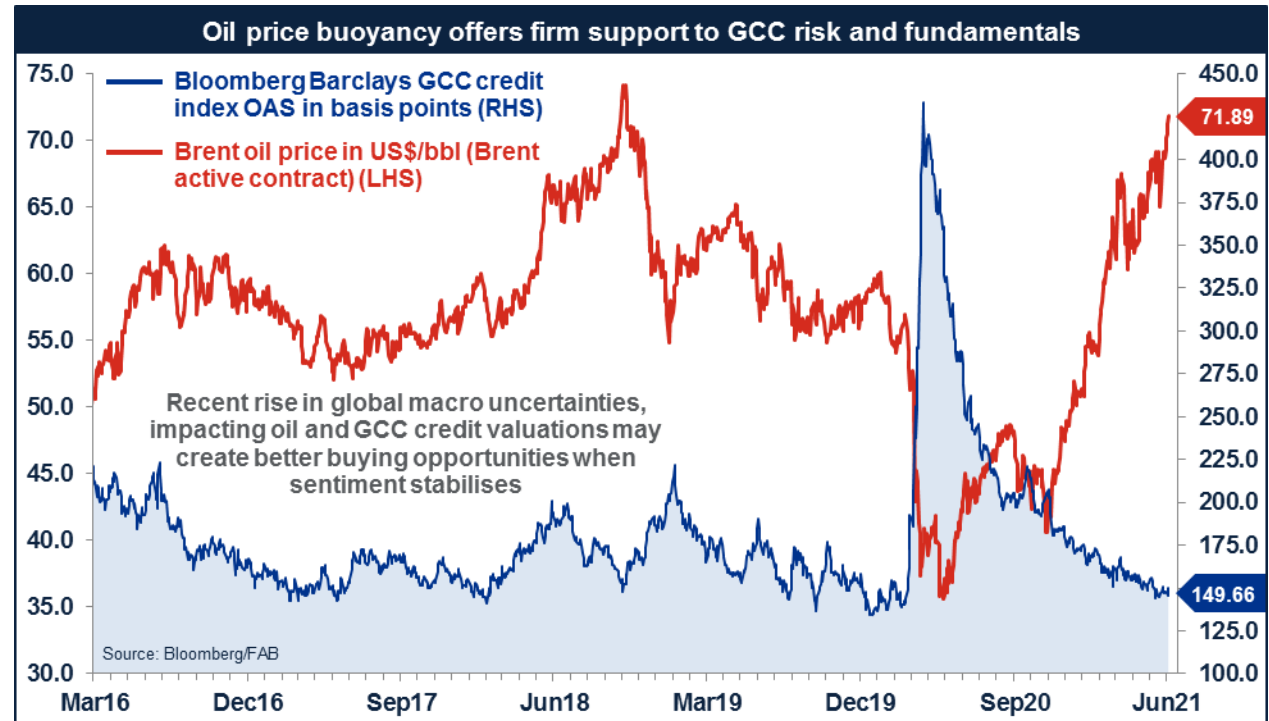
- Central bank speak may have distracted from subliminal tapering
 - Nonfarm payrolls weren't as bad as rates reaction suggests; factory orders were
 - Front end cash maintains downward pressure on fixings
 - Plethora of central bank meetings will keep headline risk elevated this week
- After a week spent focusing on Fed speakers and unemployment data, we believe that perhaps a far more market-relevant event has gone almost unnoticed in recent days. An element of tapering of the corporate bonds/ETF purchases that the Fed put in place in the early days of the pandemic in an effort to support risks asset valuations and broader financial market conditions. Indeed, the announcement was slipped onto the wires last week, with relatively little fanfare, that beginning June 7th the Fed will begin to sell down the aforementioned holdings. Yes, we appreciate that the holdings are small in comparison to the established UST and MBS programs, totaling around \$14bln at the end of April, but this is still an earlier than expected start to reduce the program.



Please click [here](#) to view our recent publications on MENA and Global Markets

- The market has, so far, contained expectations for any more meaningful discussion of tapering at the upcoming FOMC meeting (16th June), although the overarching bear steepening bias of (U.S.) yield curves over the past 12 months has been a clear reflection of reflation optimism. This said, Friday's U.S. nonfarm payrolls data put a firm stop to the selloff in duration seen earlier in the week, with rates rallying hard into the close.
- Any breach of the 1.70% mark on the 10y UST will clearly have to wait for now. However, while the rates market is currently experiencing some consolidation, with yield curves edging (bull) flatter over recent weeks, this should come as little surprise; we have suggested consistently that the path to reflation would likely be neither linear nor smooth.
- The problem with the labour market data was perhaps not so much the numbers themselves – yes, NFP missed forecasts, but was still noticeably higher than the prior month and the unemployment rate shrank further than expected – but rather it was the fact that ahead of the data release the risk was seen as being solidly to the upside. In the event the headline NFP number came in at 559k for May (versus consensus of 675k and a revised April reading of 278k), while the unemployment rate dipped to 5.8% from 6.1% in April, ahead of the expected decline to just 5.9%. There was a degree of 'inflation concern' in the numbers though as average hourly earnings picked up to 2.0% y-o-y in May, ahead of consensus (+1.6%) and well up from +0.4% in April.
- However, it was perhaps that April factory orders data that eclipsed the labour market report and determined the direction of the market reaction. Orders fell by a far greater than expected -0.6% in April (consensus was -0.2%), down from an upwardly revised (+1.4%) increase in March. The overall effect of Friday's reports saw the U.S. 10y rally from an intra-session high of 1.6335% to 1.5534% by the close, according to Bloomberg data.
- The glut of available cash in the front end of the market continues to put downward pressure on the fixings as libor hit all-time lows last week, fixing at 12.85bp. This is helping to squeeze front end basis tighter and keep all fixings subdued. Whilst the Fed effective hasn't touched 5bp again since April month end – it has fixed at 6bps since – it would seem that there is increasing pressure on the Federal Reserve to increase the IOER rate and offer the market some relief. In the meantime we would expect to see tighter spreads and it seems unlikely that the cross-currency basis will reverse the trend higher seen throughout May.
- Aside from the upcoming FOMC meeting there are an additional six central bank meetings in the next two weeks with the Bank of England rounding off the month on the 24th. The ECB will be the one to watch this coming Thursday (June 10th) as they will also release an updated schedule of economic projections (as will the Fed on the 16th), but of course it goes without saying that we do not expect any change to the rates status quo at either meeting.
- Again, it will be more about what they say than what they do. In addition to the three majors, the Bank of Canada meets on Wednesday, SNB and Norges on the 17th and BoJ on the 18th June, a busy calendar ahead with plenty of potential headline risk.

- In aggregate, any change in rhetoric towards tapering could prove very interesting to the market. As we have discussed previously on these pages, given the degree of macro reflation optimism currently priced into elevated risk asset valuations – founded on faith in Covid-19 vaccination programs and ‘low for longer’ monetary and fiscal policy assumptions – we believe that the market remains highly sensitive to headline risk. Accordingly, we continue to advocate that investors remain nimble in terms of investment strategy at this time, with a clear focus on liquidity and credit fundamentals.
- Back under the macro spotlight, Canadian GDP was released last Tuesday and showed growth of 5.6% q-o-q in Q1 which was below consensus of a +6.8% increase. What stands out about the Canadian economy is its reliance on residential investment for growth which has benefitted from low interest rates and an increased saving rate. This dependency is likely something the federal government would like to dilute in order to secure a strong growth plan in the next few years and policy could thus be adjusted to support investments into areas that have more potential to increase productivity throughout the economy. A work in progress.



Closer to home

- It was a relatively quiet week across all markets, including in the GCC and MENA space, shortened by the US and UK holidays. Oil is proving supportive to our region but the small amount of volatility seen coming into the May month end vanished nearly as soon as it got here and the regional names are keeping curves flat snapping up dollars at every opportunity.

The Simon & Alison Sunday Show

Simon Ballard, Chief Economist, Market Insights & Strategy

Alison Higgins, Global Head of FX & Rates

Please find below views on EM Markets Rates & FX directly from our traders.

EM FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
INR	<p>USDINR traded better bid during the first half of the week on the back of MSCI related outflows and we quickly traded to a high of 73.30 on spot (1s at 73.65), where we saw some aggressive selling. Overall, INR is slightly weaker on the week and trading at 72.90 spot at the time of writing. Covid-19 cases continue to head lower and are currently at 130-135k cases per day (-30% on the week). INR has largely ignored the weakness we have seen in rest of USD North Asian pairs on the back of the strong ADP and ISM prints on Thursday.</p> <p>Onshore equity markets printed new highs on Thursday, ahead of the RBI policy decision and will continue to support and drive the sentiment for the currency pair. Expectations from the RBI are to keep an accommodative stance and also give guidance on GSAP 2.0 for Jul – Sep 2021 period. As the rates are quite low, I expect them to focus on non-monetary measures which makes the bond buying program quite important. Market will also look for clues on GDP projections especially on the back of the setback from the 2nd Wave of Covid. The GDP print for 1Q came in slightly above expectations at 1.6% YoY vs expectations of 1.0% YoY growth.</p> <p>In forwards space there has been an outsized move in points as 1yr dropped from 380/85 to 325. One of the possible reasons could be the RBI running down its forward book (~ 6Bio), the other reason being talked about by the market is the easing of restrictions around how USDs are deployed by the national banks. That led to some selling in points as the premium in 1yr is 5%+.</p> <p>Data Next Week : 11th June – Industrial Production YoY (Apr) – Exp 126% vs Last 22.4%</p>	Neutral 72.30 – 73.30	<p>3 months: Bullish 73.25 – 76.25</p> <p>12 months: Bullish 73.25 – 75.25</p>
KRW	<p>USDKRW followed rest of USD North Asian pairs and started the week softer, continuing on from the trend of last week. However, sentiment quickly turned around on Monday evening post headlines from China where PBoC increased RRR on FCY deposits. This led to some short covering in the pair and that got exaggerated post the strong ADP print on Thursday. At the time of writing, USDKRW is at 1116.75 (0.6% weaker on the week) and will probably take cues from the NFP print later tonight for further direction.</p>	Bearish 1105-1125	Neutral 1100-1140

EM FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
KRW	<p>In terms of levels, 1105 has formed a good support and a break of that and 1100 (psychological support), should open a move towards 1080 region. On the top 1120/25 will act as the first resistance, followed by 1140. Last week, Bank of Korea kept interest rate unchanged at 0.5% as expected with no dissenters, but bullish upward revision in GDP forecast was deemed slightly hawkish which led to bear steepening interest in the rates curve. We still favour short USDKRW in short to medium term as it, as a risk proxy will benefit from bullish bias in Yuan after breaking 6.40 key level.</p> <p>Data Next Week</p> <p>06th June – BoP Current Account Balance Apr - Last \$7.8Bio</p> <p>09th June – GDP YoY 1QF - Exp 1.8% vs Last 1.8%</p>	Bearish 1105-1125	Neutral 1100-1140
CNH	<p>After USDCNH and USDCNY broke the all-important 6.4000 support, market went into overdrive and pushed spot to a low of 6.3525 on Monday before headlines from PBoC pushed the pair back towards 6.4000 region at the time of writing. PBoC raised the RRR for FCY deposits by 2% and that should tie up roughly \$20bio of USD liquidity (onshore FCY deposits are around \$1 Trln). The impact, therefore, could be minimal. But it does show the intent and the unease at fast one-way bets on the currency pair. Whilst the broader move will depend on the DXY, this shouldn't change the trend of RMB appreciation on the back China outperformance.</p> <p>Heading into the latter half of the week, the pair found further support as DXY rebounded from the lows on the back of some strong data out of the US. As usual, market will be paying attention to the all important NFP print tonight for further direction. Next week we will also get the trade data as well as CPI prints.</p> <p>Post the announcement on Monday, 1yr swaps points immediately dipped to touch a low of 1450 in offshore market. However, as highlighted previously, the overall impact on USD liquidity wasn't impacted much and we have traded back towards 1490/1500 as we close for the week.</p> <p>Data Next Week :</p> <p>07th June – Trade Balance May – Exp. \$50.5bio vs Last \$42.86bio</p> <p>07th June – Exports YoY May – Exp. 32.0% vs Last 32.3%</p> <p>07th June – Imports YoY May – Exp. 54.5% vs Last 43.1%</p> <p>09th June – CPI YoY May – Exp. 1.6% vs Last 0.9%</p>	Neutral 6.3500 - 6.4150	Bearish 6.3000 – 6.4000

EM FX	Macroeconomic/Fundamental Analysis	Views (Bearish/Bullish) 2-week Time Frame	Intermediate & Long-term Views (3mth & 12mth Time Frame)
EGP	The spot market moved slightly higher in the past week to 15.64/74 on increased USD demand. The central bank published that its FX reserves stood at \$40.5bln at the end of May and as we mentioned the previous week there will be a further increase on the back of the IMF disbursement of \$1.6bln. At the scheduled T-bills auction 6mth and 12mth on Thursday yields came out at 13.39% and 13.33% in line with the week before. The inflows into Egypt continue slowly but surely and it reported by the government that T-bill holdings by foreign investors are close to \$21bln currently.	Neutral USDEGP 15.60-15.80	Neutral 15.00-16.00
NGN	The Nafex fixing continues to hold around 411/\$ as foreign-exchange shortage persists while dollars traded on the black market command a 20% premium to the official rate. The NDF market has been quiet with implied yields trading in line with the forward rate premium. NDF traders expect the Naira to weaken to about 465/\$ in one year's time. We are negative on owning NGN assets as yields are not reflective of the economic fundamentals while the FX market remains illiquid as outflows from Foreign Portfolio Investors persist.	Neutral NAFEX USDNGN 408-411	Bullish 420-440
ZAR	South Africa's unemployment rate rose to a record 32.6% vs 32.5% recorded in Q4. This is one of the highest jobless rate in the world. Paradoxically, the Rand strengthened to a fresh two-year high during the week as stability in the developed markets bond yields has made investors to pour funds to some EM FX where returns remains relatively high. The outlook is for the local currency to consolidate its recent gains.	Neutral USDZAR 13.80-14.50	Bullish 14.50- 15.00

Local Paper Levels					
Country	Spot	3m	6m	9m	12m
EGP T-Bills	15.63/73	13.10	13.40	13.40	13.34
NDF'S(Mid)		16.10	16.50	16.85	17.30
NGN T-bills	410/411	6.25	6.50	8.50	10.00
NDF's(mid)		423	435	445	458
Ghana T-bills	5.75/80	12.25	13.40	14.00	15.75
NDF's(mid)		5.95	6.15	6.35	6.58

GCC FX & Rates Commentary

- Oil extended gains on Friday, with Brent topping \$72 a barrel for the first time since 2019, as OPEC+ supply discipline and recovering demand countered concerns about a patchy COVID-19 vaccination rollout around the globe. The Organization of the Petroleum Exporting Countries and allies on Tuesday said they would stick to agreed supply restraints. A weekly supply report on Thursday showed U.S. crude inventories dropped more than expected last week.
- Oil extended gains after U.S. figures showed nonfarm payrolls increased by 559,000 jobs last month. The U.S. dollar weakened after the report, making oil cheaper for holders of other currencies and lending support to oil prices. Brent crude rose 58 cents, or 0.8%, to settle at \$71.89 a barrel, after touching \$72.17, its highest since May 2019. U.S. West Texas Intermediate crude rose 81 cents, or 1.2%, to settle at \$69.62. The session high was \$69.76, its highest since October 2018. Also boosting oil this week was a slowdown in talks between the United States and Iran over Tehran's nuclear program, which reduced expectations of a return of Iranian oil supply.
- The local currency liquidity situation in the GCC FX markets has tightened significantly over the past month across all GCC currencies. The AED short dates have tightened up a tad over the past month, with a Prominent Local name bid across the front end of the curve out to 12M in big size. The OMR short dates are much tighter after the Eid break, as a Prominent Local Omani name is on the bid out to 3M. The KWD maintained its tightness in short dated liquidity, with day to day trading +0.6/+1 last week. BHD short dates were tight, with very few offers obtainable in both the FX Swaps as well as in the Cash market. The SAR short dates are still tight, as both Local and International names are looking for SAR funding, even though the front end saw less bidding pressure over the latter half of last week.
- Saudi Arabia net foreign assets drop 1.9% in April to \$436bn.
- Saudi Aramco is preparing to return to global capital markets with a bond that would help fund a \$75bn dividend commitment.
- S&P affirms Abu Dhabi's 'AA/A-1+' ratings on its robust economic fundamentals and fiscal buffers.
- UAE Central Bank report shows banks liquid assets rise to \$132bn in first quarter of 2021; lending to public, private sectors grow in April.
- UAE non-oil private sector expands for a sixth consecutive month in May.
- Oman posted a deficit of OMR 827m (\$2.15bn) in the four months to April, the ministry of finance said on Wednesday, with revenues declining by 27.7% annually during the period.
- The 3M BHD T-bill auction held on Monday last week, saw the weighted average yield surprisingly drop by 4BP to 1.64333% with coverage at 205%. Given that USD/BHD FX Swaps were higher, the only logical explanation for T-bill yields to nudge lower, is due to the fact that regional names are chasing carry. The Local Bahraini banks are piling into the 4W CBB Deposit facility at 1.75%, given that the BHD T-bill rates have tanked over the past few months. The 1Y BHD T bill auction held on Tuesday the week prior, saw yields pick up by 14BP over the previous month, with a weighted average rate of 1.73866% and coverage was at 306%.
- PKR Spot was fixed on Friday at 154.6191.
- PKR T-bill yields in the secondary market last week were small down. The 3M yields were down 3BP at 7.33%, while the 6M yields were down 1BP at 7.55% and the 1Y was down 5BP at 7.65%.

GCC FX & Rates Commentary	
SAR	Spot USD/SAR closed last week at 3.75025/035, as short dated FX Swaps were tight. Local/Regional Banks and International names were very short SAR funding, with day to day funding trading in a range of +0.2 to +0.4. The front end of the curve out to 3M was tight. The 1Y traded a high of +32 in the Local/Regional market last week. All FX Swaps 2Y and beyond was better bid in the International market. A few Regional names who constantly borrow SAR deposits, and use the USD/SAR FX Swap to generate USD funding by B/S USD/SAR along the curve, gave the FX Swaps at the higher levels early last week, which kept the curve somewhat in check. The market ended the week as follows. 1M 7/9, 3M 11/14, 6M 16/20 and 12M 28/36.
AED	Spot USD/AED was trading unchanged last week at 3.672925/3.673025, even though LCY liquidity was a tad tighter in the market. The front end of the USD/AED FX Swap curve out to 1Y was a tad better offered last week. A Prominent Local name has been on the bid in the 4Y and 5Y FX Swap. The FX Swaps trade as follows. 1M -1/+1, 3M -1/+2, 6M Par/4 and 12M 4/10.
KWD	Spot USD/KWD is trading at or around the perceived CBK offer. The front end of the USD/KWD FX Swaps are still tight, with day to day funding going through anywhere between +0.6 to +1 last week. Local names are still looking for KWD funding in the 3M to 1Y space both in FX Swaps as well as on KWD Deposits with limited success. The entire FX Swap curve closed last week bid, even though we detected month-end LCY liquidity still in the market. We expect the FX Swaps to trade higher this week. 1M 21/26, 3M 70/80, 6M 140/160 and 12M 270/290.
OMR	Spot USD/OMR was trading flat last week at 0.38498/01, as short dates turned a tad tighter, with day to day funding exchanging hands around +0.2 to +0.4. The front end of the USD/OMR FX Swap curve was better bid as a Prominent Omani bank was on the bid out to 3M. The 1Y was paid in the International market early last week. The FX Swaps ended the week higher. 1M 10/18, 3M 35/45, 6M 75/90 and 12M 165/185.
BHD	Spot USD/BHD was much better offered all of last week too as short dates continued to be tight. Spot closed the week at 0.37698/01, with day to day funding trading in a range of +0.5 to +0.8. Regional and International banks were seen taking the USD/BHD FX Swap along the curve out to 1Y, in decent size at the start of last week, but offers returned towards the end of the week. We expect the FX Swaps to stay bid in the near term. The FX Swaps closed the week as follows. 1M 15/23, 3M 55/65, 6M 95/125, 12M 150/180.

Commodities Commentary

- Oil futures gained this week, with prices trading near their highest level since 2018, as the OPEC+ acknowledged that the market is getting tighter and confirmed its plans to hike production for June and July
- This should keep the market undersupplied for the summer, as the demand is recovering in various part of the world thanks to the vaccinations
- The fifth round of talks to revive the Iranian nuclear deals haven't resulted in an agreement and the chances to get to a deal before the June 18th Iranian elections got lower as the parties are planning more talks in the coming days
- But the optimism on display by investors in paper crude isn't exactly being reflected in Asia, where physical demand appears lackluster and pricing for cargoes appears to reflect the region's ongoing struggles to contain the coronavirus pandemic

Contributors

FAB Global Markets FX & Rates

G10		EM FX	
Alison Higgins Alison.Higgins@bankfab.com	Simon Turner Simon.Turner@bankfab.com	Danay Sarypbekov Danay.Sarypbekov@bankfab.com	Kevin Chau Kevin.Chau@bankfab.com
Nourah Al Zahmi Nourah.Alzahmi@bankfab.com	Meera Al Marar Meera.AlMarar@bankfab.com	Tega Adeda Tega.Adeda@bankfab.com	Varun Tejavath Varun.Tejavath@bankfab.com

GCC	Non-Linear Products	Commodities	Credit
Lyndon Loos Lyndon.Loos@bankfab.com	Marco Benassi Marco.Benassi@bankfab.com	Mirco Neri Mirco.Neri@bankfab.com	Tahir Aslam Tahir.Aslam@bankfab.com
Sumaya Al Maskari Sumaya.AIMaskari@bankfab.com	Thomas Juszezak Thomas.Juszezak@bankfab.com		

FX_RatesTrading@bankfab.com

Tel: +971 2611 0111

Important Notice: This communication has been prepared by individual personnel of First Abu Dhabi Bank PJSC or its affiliates (collectively, “FAB”) and, accordingly, it may not represent the views of FAB. FAB is licensed and regulated by the Central Bank of the United Arab Emirates and its registered office address is P.O. Box 6316, 1 – Al Qurm, Abu Dhabi, the United Arab Emirates. This communication is directed at persons (i) who have been or can be classified by FAB as eligible counterparties, professional clients or sophisticated investors, (ii) who have experience in matters relating to investments and (iii) other persons to whom it may otherwise lawfully be communicated. No other person should review the contents or access the products or transactions discussed in this communication. All material contained herein, including any proposed terms and conditions, is indicative and for discussion purposes only, is subject to change without notice, is strictly confidential, may not be reproduced and is intended for your consideration only. It does not include a number of terms and conditions that will be included in any actual transaction and final terms and conditions are subject to further discussion and negotiation nor does it purport to identify all applicable risks. This communication is not a commitment to deal in any product, offer financing or enter into any transaction described herein. FAB is not acting as your agent, fiduciary or investment adviser and is not managing your account. The provision of information in this communication is not based on your individual circumstances and must not be relied upon as an assessment of suitability for you of a particular product or transaction. It does not constitute investment advice and FAB makes no recommendation as to the suitability of any of the products or transactions mentioned. Even if FAB possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this is not sufficient for, and does not constitute, any assessment of suitability for you of any transaction, series of transactions or trading strategy. Save in those jurisdictions where it is not permissible to make such a statement, FAB hereby informs you that this communication should not be considered as a solicitation or offer to sell or purchase any securities, deal in any product or enter into any transaction. You should make any trading or investment decisions in reliance on your own analysis and judgment and/or that of your independent advisors and not in reliance on FAB and any decision whether or not to adopt any strategy or engage in any transaction will not be FAB’s responsibility. FAB does not provide investment, accounting, tax, financial, legal, regulatory or other advice; such matters as well as the suitability of a potential transaction or product or investment should be discussed with your independent advisors. Prior to dealing in any product or entering into any transaction, you and the senior management in your organization should determine, without reliance on FAB, (i) the economic risks or merits, as well as the investment, accounting, tax, financial, legal and regulatory characteristics and consequences of dealing with any product or entering into the transaction (ii) that you are able to assume these risks, (iii) that such product or transaction is appropriate for a person with your experience, investment goals, financial resources or any other relevant circumstance or consideration. Where you are acting as an adviser or agent, you should evaluate this communication in light of the circumstances applicable to your principal and the scope of your authority. Any prices used herein, unless otherwise specified, are indicative. Although all information has been obtained from, and is based upon sources believed to be reliable, it may be incomplete or condensed, it has not been verified by FAB and its accuracy cannot be guaranteed. FAB makes no representation or warranty, expressed or implied, as to the accuracy of the information, the reasonableness of any assumptions used in calculating any illustrative performance information or the accuracy (mathematical or otherwise) or validity of such information. Any opinions attributed to FAB constitute FAB’s judgment as of the date of the relevant material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Commissions and other costs relating to any dealing in any products or entering into any transactions referred to in this communication may not have been taken into consideration. Any scenario analysis or information generated from a model is for illustrative purposes only. Where the communication contains “forward-looking” information, such information may include, but is not limited to, projections, forecasts or estimates of cashflows, yields or return, scenario analyses and proposed or expected portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). It does not represent actual termination or unwind prices that may be available to you or the actual performance of any products and neither does it present all possible outcomes or describe all factors that may affect the value of any applicable investment or product. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. FAB shall not be under an obligation to update any information contained in this communication. Illustrative performance results may be based on mathematical models that calculate those results by using inputs that are based on assumptions about a variety of future conditions and events and not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results may vary and the variations may be substantial. The products or transactions identified in any of the illustrative calculations presented herein may therefore not perform as described and actual performance may differ, and may differ substantially, from those illustrated in this communication. When evaluating any forward looking information you should understand the assumptions used and, together with your independent advisors, consider whether they are appropriate for your purposes. You should also note that the models used in any analysis may be proprietary, making the results difficult or impossible for any third party to reproduce. This communication is not intended to predict any future events. Past performance is not indicative of future performance. FAB accepts no responsibility and makes no representation to you or to any third parties for, and has not independently verified, the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this communication and FAB shall not be liable for any special, direct, indirect, incidental or consequential loss or damage which may be sustained because of the use of the information contained and/or referred to in this communication or otherwise arising in connection with the information contained and/or referred to in this communication, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to FAB that may not be excluded or restricted. The transactions and any products described herein may

be subject to fluctuations of their mark-to-market price or value and such fluctuations may, depending on the type of product or security and the financial environment, be substantial. Where a product or transaction provides for payments linked to or derived from prices or yields of, without limitation, one or more securities, other instruments, indices, rates, assets or foreign currencies, such provisions may result in negative fluctuations in the value of and amounts payable with respect to such product prior to or at redemption. You should consider the implications of such fluctuations with your independent advisers. The products or transactions referred to in this communication may be subject to the risk of loss of some or all of your investment, for instance (and the examples set out below are not exhaustive), as a result of fluctuations in price or value of the product or transaction or a lack of liquidity in the market or the risk that your counterparty or any guarantor fails to perform its obligations or, if this the product or transaction is linked to the credit of one or more entities, any change to the creditworthiness of the credit of any of those entities. FAB (whether through the individual sales and/trading personnel involved in the preparation or issuance of this communication or otherwise) may from time to time have long or short principal positions and/or actively trade, for its own account and those of its customers, by making markets to its clients, in products identical to or economically related to the products or transactions referred to in this communication. FAB may also undertake hedging transactions related to the initiation or termination of a product or transaction, that may adversely affect the market price, rate, index or other market factor(s) underlying the product or transaction and consequently its value. FAB may have an investment banking or other commercial relationship with and access to information from the issuer(s) of securities, products, or other interests underlying a product or transaction. FAB may also have potential conflicts of interest due to the present or future relationships between FAB and any asset underlying the product or transaction, any collateral manager, any reference obligations or any reference entity. Any decision to purchase any product or enter into any transaction referred to in this communication should be based upon the information contained in any associated offering document if one is available (including any risk factors or investment considerations mentioned therein) and/or the terms of any agreement. Any securities which are the subject of this communication have not been and will not be registered under the United States Securities Act of 1933 as amended (the Securities Act) or any United States securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any US person, except pursuant to an exemption from, or in a product or transaction, not subject to, the registration requirements of the Securities Act. This communication is not intended for distribution to, or to be used by, any person or entity in any jurisdiction or country which distribution or use would be contrary to law or regulation. FAB may process your personal data to provide you with information or promotional and advertising communications on products, services, other events and campaigns.

If you wish not to receive email from the Market Insights team at FAB, please [click here](#) to send us your request to unsubscribe, and you shall no longer receive such information. You can also let us know by contacting your usual FAB representative should you wish to no longer receive any such further information. You may be entitled according to the applicable laws to exercise your rights to access, to rectification, to erasure and to portability of your personal data, to restrict the use of and to object to the processing of your personal data. You may exercise any such aforesaid rights by sending your request to FAB at the following address: privacy@bankfab.com.