April 24, 2017

[WEEKLY ECONOMIC COMMENTARY]

WEEKLY ANALYSIS FOR THE MOST CRITICAL ECONOMIC AND FINANCIAL DEVELOPMENTS

MACRO & MARKETS COMMENTARY

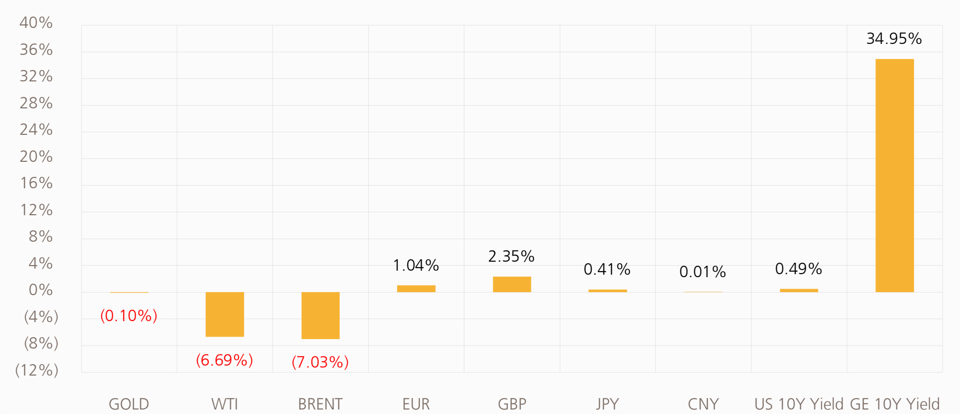
» Last week, the UK's Prime Minister Theresa May surprised markets by calling for an early general election to be held on the 08th of June, the step has been welcomed by markets as it reflects the expectations that the government will emerge with a larger majority, thus reducing the political uncertainty and the likelihood of a "hard Brexit". The Pound Sterling surged to a six-month high after the announcement. GBP/USD rose by 2.35% [or 294 pips] closing its weekly trading session at $1.2817 per pound on Friday the 21st of April 2017.

» Dollar spot index (DXY - the index that tracks the performance of the U.S. dollar against major world currencies) fell for the second consecutive week (on a weekly basis), declining by 0.53% (or 0.53 points) over the week, closing its weekly trading session at 99.98 point on the 21th of April 2017, compared to 100.51 at last week's close. The single currency closed its weekly trading session higher. EUR/USD rose by 1.4% [or 110 pips], closing its weekly trading session at $1.0728 per Euro at the end of the week.

» Crude oil prices have had its worst week since in the 10th of March after the U.S Energy Information Administration (EIA) unexpectedly reported an increase in gasoline supplies, raising fears refineries could cut their crude demand. Though Crude oil inventory fell by 1.03 million barrel (0.19%) to 532.34 million it wasn't enough to ease concerns about last week's increase in the U.S oil production.

WEEKLY CHANGES AGAINST THE USD

MAJOR MARKETS



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

"Philadelphia Federal Index: The index is capturing the direction of change in the overall business activities in the United States"

- West Texas Intermediate WTI (June 2017 Delivery) fell over the week by 6.69% [or $3.56] per barrel to $49.62 per barrel. Brent crude prices (June 2017 Delivery) ended the week lower by 7.03%, or $3.93 per barrel, closing at $51.96 on Friday, the 21st of April 2017

- U.S Treasuries swung between gains and losses during the week. They surged on Tuesday as investors have been losing hope that Trump's administration will make any progress in fiscal or tax reforms pushing the 10-year yield down to its lowest level in 2017. On Thursday, however, Treasuries fell ahead of the French election. The yield on the benchmark 10 – year Treasury closed the week slightly higher by 1.10 basis points (bps) or 0.49% ending its weekly trading session at 2.249% on Friday, the 21st of April.

ECONOMIC DATA & EVENTS FROM THE LAST WEEK.

U.S.A & CANADA

Initial jobless claims in the **U.S** climbed to 244K in the week ending April 15 compared to 234K in the previous week. MBA mortgage application fell 1.8% in the week ending April 14 following 1.5% increase in the prior week. Housing starts fell below expectations to 1215K in March from the revised up reading to 1303K in February. Existing home sales increased to 5.71 million in March following the revised down reading to 5.47 million in February. Industrial production increased 0.5% M/M in March as expected following the revised up reading to 0.1% M/M in February.

Philadelphia Fed business outlook fell to 22 in April from 32.8 in March. Leading index came in at 0.4% in March compared to the revised down reading to 0.5% in February. Empire manufacturing index fell way beyond expectations to 5.2 in April from 16.4 in March. Manufacturing PMI unexpectedly fell to 52.8 in April (preliminary estimate) from 53.3 in March. Composite PMI fell slightly to 52.7 in April (preliminary estimate) from 53 in March.

Inflation in **Canada** decelerated below expectations reaching 1.6% Y/Y in March compared to 2% Y/Y in February.

UK & JAPAN

Retail sales in the **U.K** fell 1.8% M/M in March following the revised-up increase to 1.7% M/M in February. Excluding auto fuel, retail sales fell 1.5% M/M in March following the revised-up increase to 1.6% M/M in February.

Tertiary industry index IN **Japan** rose 0.2% M/M in February following the revised down reading to -0.2% M/M in January. The trade balance posted a surplus of ¥614.7 billion in March following the revised-up surplus to ¥813.5 billion registered in February. Manufacturing PMI rose to 52.8 in April preliminary estimate from 52.4 in March.

EUROZONE

CPI inflation in the **Eurozone** was confirmed at 1.5% Y/Y in March final estimate, the same as previously estimated. Consumer confidence index rose more than expected to -3.6 in April from -5 in March. Manufacturing PMI rose to 56.8 in April preliminary estimate from 56.2 in March. Composite PMI rose to 56.7 in April from 56.4 in March.

Manufacturing PMI in **Germany** fell slightly to 58.2 in April preliminary estimate from 58.3 in March. Composite PMI fell more than expected to 56.3 in April from 57.1 in March. Manufacturing PMI in France rose to 55.1 in April (preliminary estimate) from 53.3 in March. Composite PMI rose to 57.4 in April from 56.8 in March.

EMERGING MARKET,

Inflation in **Brazil** accelerated less than expected to 0.21% M/M in April from 0.15% in March. On yearly basis, inflation fell below the government target of 4.5% reaching 4.41%, which is below expectations of 4.48%, and compared to 4.73% registered in March. Brazilian formal sector unexpectedly shed 63,624 jobs in March following 35,612 new jobs created in February. The trade balance posted a surplus of $1.829 billion in the week ending April 16 following $1.596 billion surplus registered in the prior week.

Wholesale prices in **India** rose 5.7% Y/Y in March following 6.55% Y/Y increase in February. The **Chinese** economy expanded 6.9% Y/Y in Q1 2017, following 6.8% Y/Y increase in the preceding quarter. Industrial production increased 7.6% Y/Y in March following 6% Y/Y increase in February. Economists expected 6.3% Y/Y increase. Retail sales unexpectedly rose 10.9% Y/Y in March, same as in February.

Russian gold and FOREX reserve increased to $398.4 billion in the week ending April 14 compared to $395.7 billion in the previous week. Unemployment rate unexpectedly fell to 5.4% in March from 5.6% in February. Industrial production increased 0.8% Y/Y in March following 2.7% Y/Y decline in February. Retail sales fell 0.4% Y/Y in March compared to 1.6% Y/Y decline expected, and following the revised down reading to -2.8% Y/Y in February.

GCC & MENA,

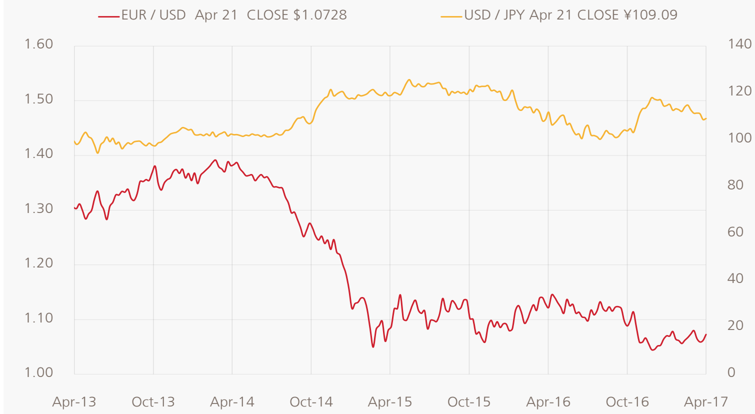
Saudi Arabia CPI fell 0.4% Y/Y in March compared to 0.1% Y/Y decline in February.

Unemployment rate in **Turkey** rose to 13% in January as expected compared to 12.7% in December 2016.

WEEKLY CLOSING FX CHART
POUND STERLING

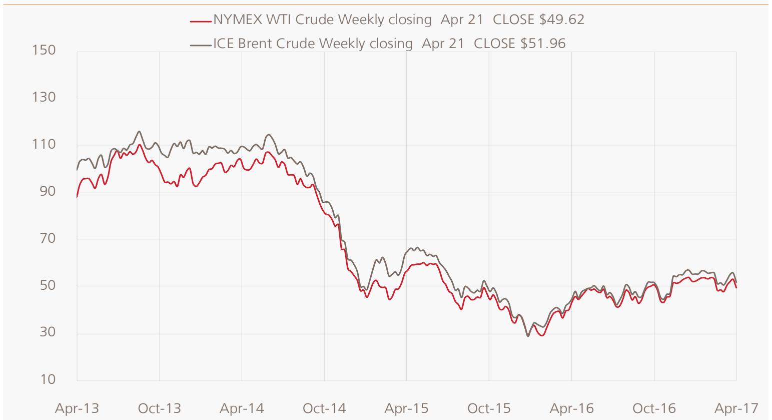
SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING FX CHART
EURO & JAPANESE YEN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING CRUDE OIL
USD PER BARREL



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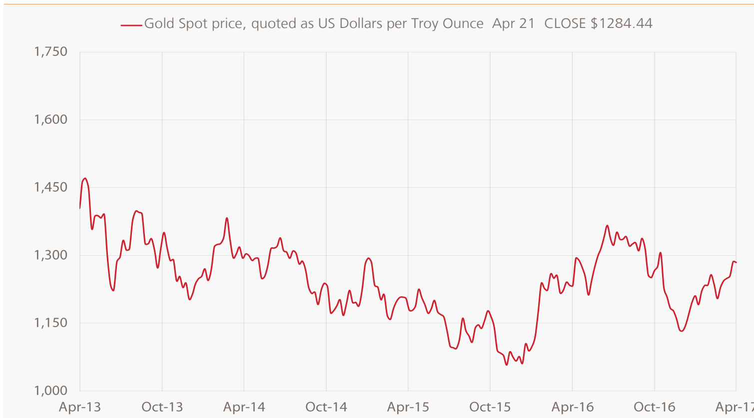
WEEKLY CLOSING SPOT GOLD
USD PER OUNCE



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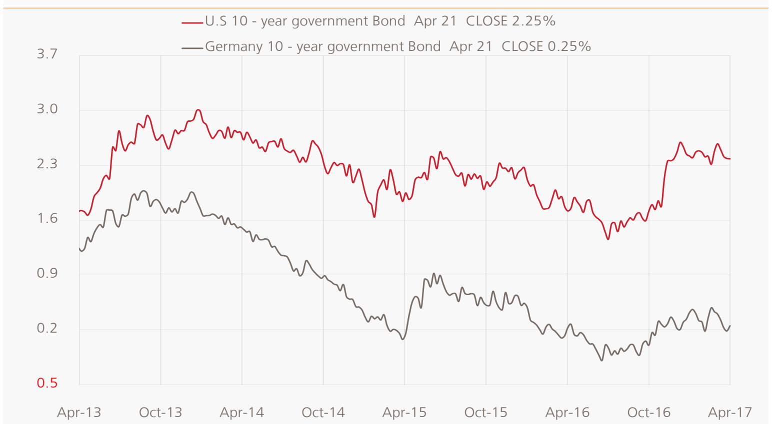
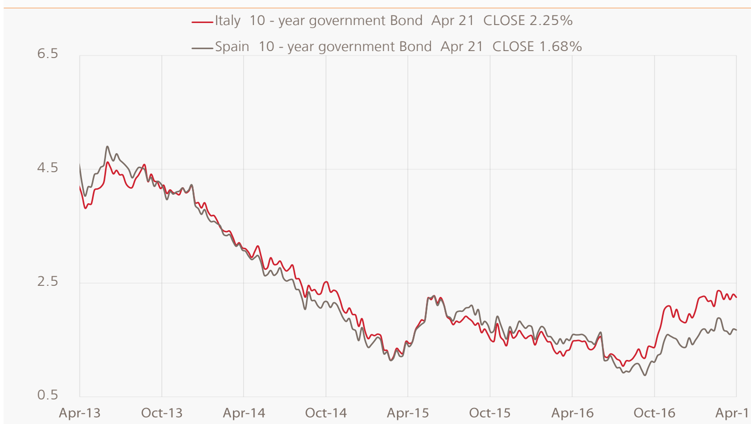
WEEKLY CLOSING GOVERNMENT BOND YIELDS
USA & GERMANY



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING GOVERNMENT BOND YIELDS
ITALY & SPAIN



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PROFIT RATE BENCHMARK			
TENOR	LIBOR	SIBOR	SAR - DEP
1 - Month	0.9906	1.2925	1.09
3 - Month	1.1562	1.7288	1.53
6 - Month	1.4021	2.0063	1.75
9 - Month	-	-	-
12 - Month	1.7446	2.2063	1.93

ENERGY / COMMODITIES USD		
	LAST PRICE	WTD
GOLD - SPOT	1,284.44	(0.10%)
SILVER - SPOT	17.93	(3.30%)
ALUMINUM - LME 3 MTH	1,933.50	1.28%
COPPER - LME 3 MTH	5,623.00	(1.21%)
WTI - NYMEX	49.62	(6.69%)
BRENT - ICE	51.96	(7.03%)

Foreign Exchange			
	Spot	SAR Equ	WTD
GBP / USD	1.2817	4.8064	2.35%
EUR / USD	1.0728	4.0230	1.04%
AUD / USD	0.7541	2.8279	(0.50%)
USD / CHF	0.9963	3.7639	(0.91%)
USD / CAD	1.3498	2.7782	1.30%
USD / JPY	109.09	0.0344	0.41%
USD / CNY	6.4755	0.5791	(0.28%)
USD / SAR	3.7503	1.0000	0.00%

STOCKS INDEXES WEEKLY CLOSING		
Index	Closed	WTD
S&P 500	2,349	0.85%
Dow Jones	20,548	0.46%
NASDAQ	5,911	1.82%
FTSE 100	7,115	(2.91%)
DAX Index	12,049	(0.50%)
CAC Index	5,059	(0.23%)
Nikkei 225	18,621	1.56%
TASI Index	6,899	(2.51%)

WEEK AHEAD ECONOMIC CALENDAR

DATE	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED *	PRIOR	IMPORTANCE
Mon 24 / 04 11:00	GE	IFO Expectations	Apr	105.9	105.7	
Mon 24 / 04 11:00	GE	IFO Current Assessment	Apr	119.2	119.3	
Tue 25 / 04 17:00	US	New Home Sales	Mar	584k	592k	
Wed 26 / 04 09:45	FR	Consumer Confidence	Apr	100	100	
Thu 27 / 04 00:00	SR	SAMA Net Foreign Assets SAR	Mar	--	1900.7b	
Thu 27 / 04 11:00	IT	Consumer Confidence Index	Apr	107.4	107.6	
Thu 27 / 04 12:00	EC	Consumer Confidence	Apr F	-3.6	-3.6	
Thu 27 / 04 14:45	EC	ECB Main Refinancing Rate	Apr-27	0.00%	0.00%	
Thu 27 / 04 14:45	EC	ECB Deposit Facility Rate	Apr-27	-0.40%	-0.40%	
Thu 27 / 04 15:00	GE	CPI YoY	Apr P	1.90%	1.60%	
Thu 27 / 04 15:30	US	Durable Goods Orders	Mar P	1.30%	1.80%	
Thu 27 / 04 15:30	US	Initial Jobless Claims	Apr-22	243k	244k	
Fri 28 / 04 02:50	JN	Industrial Production MoM	Mar P	-0.80%	3.20%	
Fri 28 / 04 08:30	FR	GDP QoQ	1Q A	0.40%	0.40%	
Fri 28 / 04 09:45	FR	CPI YoY	Apr P	1.20%	1.10%	

Source: Bloomberg for forecasting

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ADDITIONAL DISCLOSURES

This report is dated as at 24 April 2017. All market data included in this report are dated as at close 22 April 2017, unless otherwise indicated in this report.

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