

[WEEKLY ECONOMIC COMMENTARY]

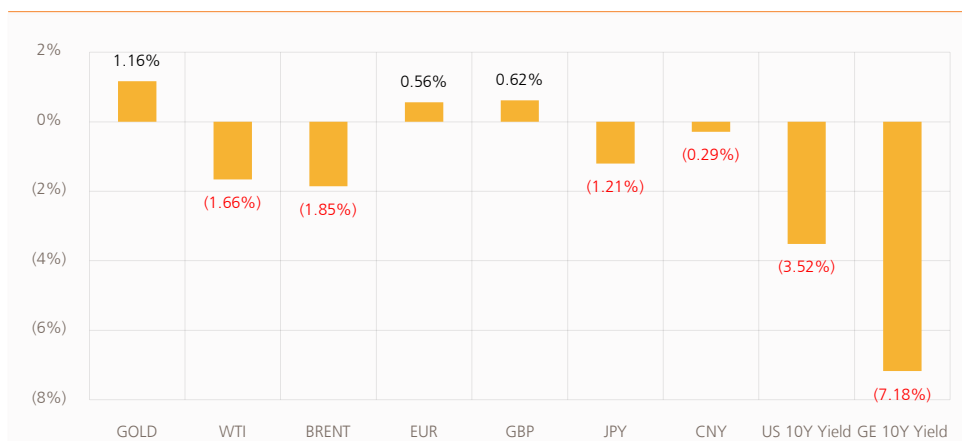
WEEKLY ANALYSIS FOR THE MOST CRITICAL ECONOMIC AND FINANCIAL DEVELOPMENTS

MACRO & MARKETS COMMENTARY

- » On Friday, the U.S. House of Representatives canceled a vote on the health care bill as Republicans determined they didn't have enough votes to pass it, casting doubts on the new administration's economic agenda. US stocks plunged during the week with S&P declined by 1.44% and Dow Jones Industrial Average fell by 1.52%. U.S and Global markets will carefully reassess the consequences of the failure to repeal and replace the Affordable Care Act (ACA). In the UK, the focus next week will shift to the trigger of Article 50 of the Maastricht Treaty (29 March 2017) to formally start the process of leaving the European Union (EU).
- » Dollar spot index (DXY – the index that tracks the performance of the U.S. dollar against major world currencies) dropped for the third consecutive week, declining by 0.67% (or 0.67 points) over the week, closing its weekly trading session below the 100 – mark at 99.63 point on the 24th of March 2017, compared to 100.3 at last week's close. The single currency edged higher over its weekly trading session. EUR/USD rose by 0.56% [or 60 pips], closing its weekly trading session at \$1.0798 per Euro at the end of the week. GBP/USD continued its rally last week, driven mainly by the decline of the USD, increasing by 0.62% [or 77 pips], and closing its weekly trading session at \$1.2473 per pound on Friday the 24th of March 2017.
- » Crude oil prices fell to its lowest level since November last year, erasing most of the gains that followed OPEC's historic deal to cut production.

WEEKLY CHANGES AGAINST THE USD

MAJOR MARKETS



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

- » Oil dropped in March below the \$50-mark for the first time in 2017 driven primarily by the increase of U.S productions that led to a record stockpiles. U.S Crude oil inventory unexpectedly surged by 4.954 million barrel in the week ended on the 17th of March, bringing total inventory to 533.11 million barrel. West Texas Intermediate WTI (May 2017 Delivery) fell over the week by 1.66% [or \$0.81] per barrel to \$47.97 per barrel. Brent crude prices (May 2017 Delivery) ended the week lower by 1.85%, or \$0.96 per barrel, closing at \$50.8 on Friday, the 24th of March 2017.
- » U.S. Treasuries advanced for the second consecutive week as Trump Administration failed to deliver a replacement to the “Affordable Care Act” known as “Obamacare,” casting doubts over tax reforms and fiscal spending plans. The yield on the benchmark 10 – year Treasury fell by 8.8 basis points (bps) or 3.52% ending its weekly trading session at 2.413% on Friday, the 26th of March 2017.

ECONOMIC DATA & EVENTS FROM THE LAST WEEK

U.S.A & CANADA

U.S. current account deficit unexpectedly fell in the fourth quarter of 2016 to \$112.4 billion (EXP deficit at \$129 billion) hitting its lowest level since Q2 / 2015. The narrowing in the current account deficit last quarter was mainly due to the near record surplus on primary income (reflecting increase in direct investment income – equity & portfolio inflows) of \$61.5 billion compared to \$41.6 billion in the previous quarter Q3 / 2016.

The number of Americans filing for unemployment benefits unexpectedly rose to 261K in the week ending March 18 following the revised up reading to 246K in the prior week. MBA mortgage applications fell 2.7% in the week ending March 17 compared to 3.1% increase in the previous week. New home sales increased to 592K in February from 558K in January. Existing home sales fell below expectations to 5.48 million in February from 5.69 million in January. House price index kept stable in January following 0.4% M/M increase in December 2016. Durable goods orders increased 1.7% in February (more than expected) following the revised up increase to 2.3% in January. PMI manufacturing unexpectedly fell to 53.4 in March from 54.2 in February. PMI composite declined to 53.2 in March from 54.1 in February.

Canadian CPI inflation slightly decelerated to 2% Y/Y in February from 2.1% Y/Y in January. Retail sales increased 2.2% M/M in January (1.5% M/M expected) following the revised down decline to 0.4% M/M in December 2016. Excluding auto, retail sales increased 1.7% M/M (more than expected) in January following the revised up decline to 0.5% M/M in December 2016.

UK & JAPAN

The rise of fuel prices and the Sterling's depreciation following the Brexit vote pushed the **UK** inflation rate to its highest levels in three years. Inflation rate was well above the 2.1% expected in the Bloomberg poll as it rose by 2.3% in February, up from the 1.8% level of January. PPI output rose 3.7% Y/Y in February as expected following the revised up increase to 3.6% Y/Y in January. Retail sales increased 1.4% M/M in February following the revised up decline to -0.5% M/M in January.

Excluding auto fuel, retail sales increased 1.3% M/M in February following the revised up decline to -0.3% M/M in January.

All industry activity index in **Japan** rose 0.1% M/M in January following the revised down decline to 0.2% M/M in December 2016. PMI manufacturing fell to 52.6 in March from 53.3 in February.

EUROZONE

ECB said that the Eurozone current account surplus declined to a 15 – month (October 2015) low in January at €24.1 billion, down from €30.8 in December. The breakdown analysis showed “Goods & Services” surplus declined in January, compared to a month earlier. Consumer confidence index rose slightly to -5 in March from -6.2 in February. PMI manufacturing unexpectedly rose to 56.2 in March from 55.4 in February. PMI composite rose to 56.5 in March from 55.5 in February.

Consumer confidence index in **Germany** fell to 9.8 in April from 10 in March. PMI manufacturing unexpectedly rose to 58.3 in March from 56.8 in February. PMI composite rose to 57 in March from 56.1 in February.

The **French** economy expansion was confirmed at 0.4% Q/Q in Q4 final estimate as expected. On yearly basis, GDP grew 1.1% Y/Y in Q4 final estimate compared to 1.2% previously estimated. Manufacturing confidence index fell to 104 in March from 107 in February. PMI manufacturing rose to 53.4 in March from 52.2 in February. PMI composite unexpectedly rose to 57.6 in March from 55.9 in February.

EMERGING MARKET,

Inflation in **Brazil** decelerated to 0.15% M/M in March from 0.54% M/M in February. The current account balance posted a deficit of \$935 million in February following -\$5085 million registered in the previous month. The trade balance posted a surplus of \$1437 million in the week ending March 19 following \$1725 million surplus registered in the previous week.

Russian gold and FOREX reserve increased to \$395.7 billion in the week ending March 17 from \$391.4 billion in the preceding week. On March 24, the Russian Central Bank unexpectedly cut its key rate by 0.25% to 9.75%. Unemployment rate remained stable at 5.6% in February, as expected, the same as in the previous month. Industrial production unexpectedly decreased 2.7% Y/Y in February compared to 2.3% Y/Y increase in January. Retail sales fell 2.6% Y/Y in February following 2.3% Y/Y decline in January.

GCC & MENA,

CPI in **Saudi Arabia** fell 0.1% Y/Y in February following 0.4% Y/Y decline in January. **UAE** measure of money supply M2 grew 1.1% M/M in February following 0.4% M/M increase in January.

WEEKLY CLOSING FX CHART

POUND STERLING



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING FX CHART

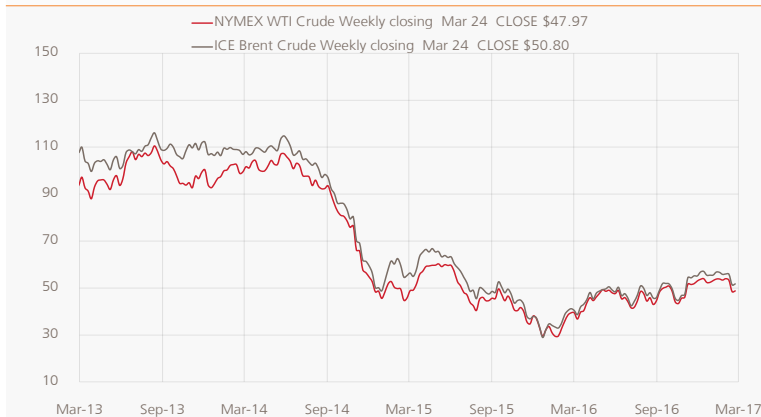
EURO & JAPANESE YEN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING CRUDE OIL

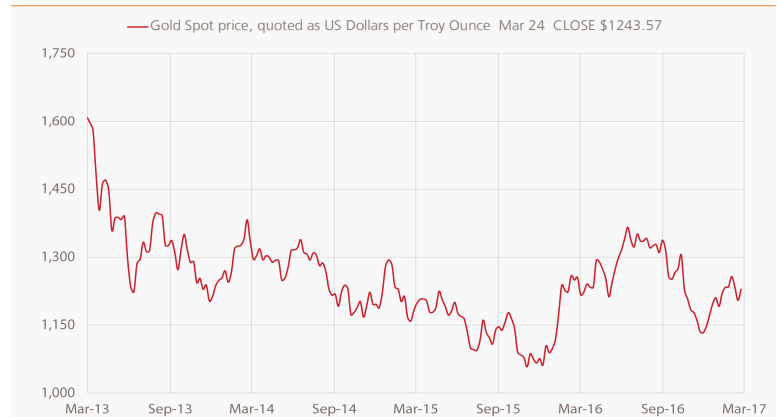
USD PER BARREL



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING SPOT GOLD

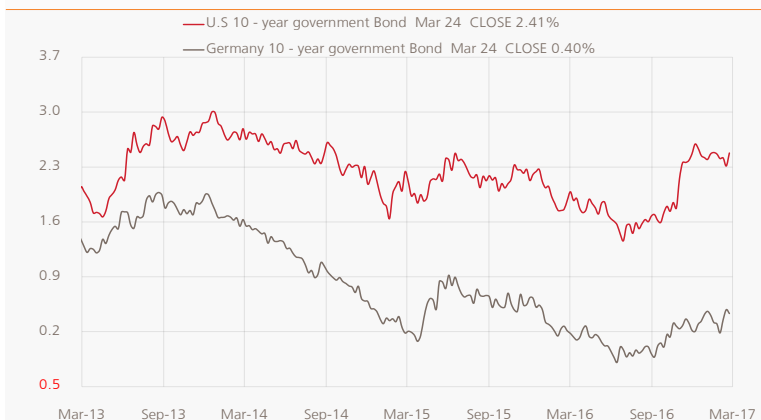
USD PER OUNCE



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING GOVERNMENT BOND YIELDS

USA & GERMANY



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING GOVERNMENT BOND YIELDS

ITALY & SPAIN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

PROFIT RATE BENCHMARK

TENOR	LIBOR	SIBOR	SAR - DEP
1 - Month	0.9828	1.3138	1.09
3 - Month	1.1513	1.7388	1.53
6 - Month	1.4271	2.0113	1.75
9 - Month	-	-	-
12 - Month	1.8029	2.2075	1.93

ENERGY / COMMODITIES USD

	LAST PRICE	WTD
GOLD - SPOT	1,243.57	1.16%
SILVER - SPOT	17.76	2.06%
ALUMINUM - LME 3 MTH	1,939.00	1.31%
COPPER - LME 3 MTH	5,804.00	(2.21%)
WTI - NYMEX	47.97	(1.66%)
BRENT - ICE	50.80	(1.85%)

Foreign Exchange

	Spot	SAR Equ	WTD
GBP / USD	1.2473	4.6774	0.62%
EUR / USD	1.0798	4.0493	0.56%
AUD / USD	0.7623	2.8586	(1.05%)
USD / CHF	0.9914	3.7825	(0.68%)
USD / CAD	1.3378	2.8031	0.21%
USD / JPY	111.34	0.0337	(1.21%)
USD / CNY	6.4755	0.5791	(0.28%)
USD / SAR	3.7501	1.0000	(0.00%)

STOCKS INDEXES WEEKLY CLOSING

Index	Closed	WTD
S&P 500	2,344	(1.44%)
Dow Jones	20,597	(1.52%)
NASDAQ	5,829	(1.22%)
FTSE 100	7,337	(1.19%)
DAX Index	12,064	(0.26%)
CAC Index	5,021	(0.17%)
Nikkei 225	19,263	(1.33%)
TASI Index	6,879	(0.62%)

WEEK AHEAD ECONOMIC CALENDAR

DATE	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED *	PRIOR	IMPORTANCE
Mon 27 / 03 11:00	GE	IFO Business Climate	Mar	111.1	111	
Mon 27 / 03 11:00	GE	IFO Expectations	Mar	104.3	104	
Mon 27 / 03 11:00	GE	IFO Current Assessment	Mar	118.3	118.4	
Tue 28 / 03 17:00	US	Conf. Board Consumer Confidence	Mar	114	114.8	
Wed 29 / 03 11:30	UK	Mortgage Approvals	Feb	69.5k	69.9k	
Wed 29 / 03 14:00	US	MBA Mortgage Applications	Mar-24	--	-2.70%	
Thu 30 / 03 12:00	EC	Consumer Confidence	Mar F	-5	-5	
Thu 30 / 03 15:00	GE	CPI YoY	Mar P	1.80%	2.20%	
Thu 30 / 03 15:30	US	GDP Annualized QoQ	4Q T	2.00%	1.90%	
Fri 31 / 03 04:00	CH	Manufacturing PMI	Mar	51.7	51.6	
Fri 31 / 03 09:00	UK	Nationwide House Px NSA YoY	Mar	4.00%	4.50%	
Fri 31 / 03 10:55	GE	(000's)Unemployment Change	Mar	-10k	-14k	
Fri 31 / 03 11:30	UK	GDP QoQ	4Q F	0.70%	0.70%	
Fri 31 / 03 15:30	US	Personal Income	Feb	0.40%	0.40%	
Fri 31 / 03 15:30	US	Personal Spending	Feb	0.20%	0.20%	

Source: Bloomberg for forecasting

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ADDITIONAL DISCLOSURES

This report is dated as at 27 March 2017. All market data included in this report are dated as at close 25 March 2017, unless otherwise indicated in this report.

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