

[WEEKLY ECONOMIC COMMENTARY]

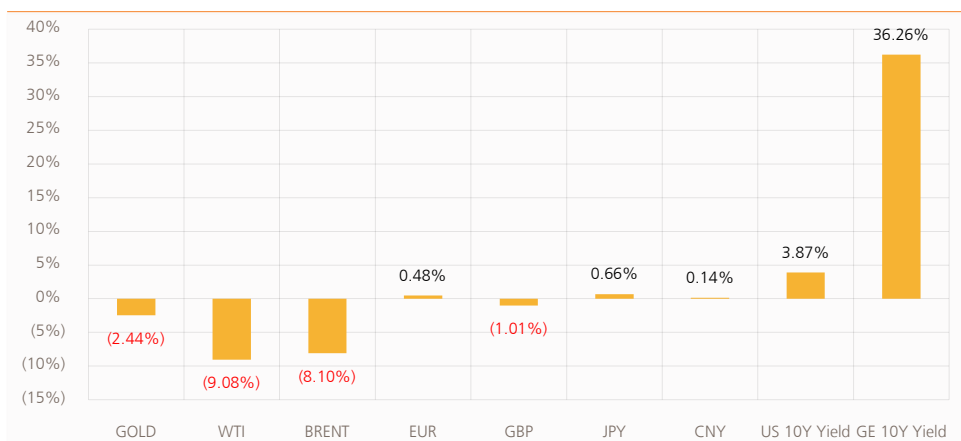
WEEKLY ANALYSIS FOR THE MOST CRITICAL ECONOMIC AND FINANCIAL DEVELOPMENTS

MACRO & MARKETS COMMENTARY

- » US Job Market conditions continued to show signs of strong growth in February, providing good news for the economic outlook in the world's largest economy and paving the way for a Federal Reserve rate hike as soon as March. The job report was the last piece of the puzzle; the FOMC needs to formulate their decision in March, giving the recent "hawkish" signals for FED officials. The ECB, however, kept its accommodative stance unchanged while tweaked its tone as the ECB President Mr. Mario Draghi pointed out that there is "no longer that sense of urgency before taking further actions."
- » Dollar spot index (D XY - the index that tracks the performance of the U.S. dollar against major world currencies) fell for the first time in five weeks, decreasing by 0.29% (or 0.29 points) over the week, closing its weekly trading session at 101.25 point on the 10th of March 2017, compared to 101.54 at last week's close. The single currency edged higher over its weekly trading session. EUR/USD rose by 0.48% [or 51 pips], closing its weekly trading session at \$1.0673 per Euro at the end of the week. GBP/USD fell by 1.01% [or 124 pips] during the week, closing its weekly trading session at \$1.2167 per pound on Friday the 10th of March 2017.
- » Crude oil prices dropped by the most since December 2014 (on a weekly basis) following the recent weekly data in the US that showed a surge in the US crude inventories to a new record high [US Crude inventory rose to 528.4 Million last week.

WEEKLY CHANGES AGAINST THE USD

MAJOR MARKETS



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

- » West Texas Intermediate WTI (April delivery) fell over the week by 9.08% [or \$4.84] per barrel to \$48.49 per barrel. Brent crude prices (May 2017 delivery) ended the week lower by 8.10%, or \$4.53 per barrel, closing at \$51.37 on Friday, the 10th of March 2017.
- » U.S. Treasuries slumped, pushing 10-year yields to its highest level since December driven mainly by the better than expected Job report. The yield on the benchmark 10 – year Treasury rose by 9.7 basis points (bps) or 3.9% ending its weekly trading session at 2.575% on Friday, the 10th of March 2017. German 10 – year yield rose for the second consecutive week after “five weeks of decline because of haven demand” increasing by 12.9 basis points (bps) or 36.54% ending its weekly trading session at 0.48%.

ECONOMIC DATA & EVENTS FROM THE LAST WEEK

U.S.A & CANADA

Initial jobless claims climbed in the **U.S** to 243K in the week ending March 04 compared to 223K in the prior week. Nonfarm pay rolls increased 235K in February (more than expected) following the revised up reading to 238K in January. Unemployment rate declined to 4.7% in February as expected from 4.8% in January. MBA mortgage applications increased 3.3% in the week ending March 03 following 5.8% increase in the preceding week.

Durable goods orders grew 2% in January final estimate compared to 1.8% previously estimated. Durables excluding transportation witnessed zero change in January final estimate compared to 0.2% decline previously estimated. Factory orders increased 1.2% in January following 1.3% increase in December 2016. The trade balance posted a deficit of \$48.5 billion in January compared to -\$44.3 billion in December 2016. Import price index rose 0.2% M/M in February following the revised up increase to 0.6% M/M in January. Wholesale inventories fell 0.2% M/M in January final estimate compared to 0.1% M/M decline in a prior estimate.

Unemployment rate in **Canada** unexpectedly declined to 6.6% in February from 6.8% in January. Net change in employment came in at 15.3K in February, which is less than 48.3K registered in January. Housing starts increased to 210.2K in February compared to the revised up reading to 108.9K in January. Building permits increased 5.4% M/M in January, which is more than expected, and compared to the revised up reading to -4.4% M/M in December 2016.

UK & JAPAN

Industrial production fell 0.4% M/M in January following the revised down increase to 0.9% M/M in December 2016. Manufacturing production declined 0.9% M/M in January following the revised up increase to 2.2% M/M in December 2016. House price index rose 0.1% M/M in February (less than expected) following the revised down reading to -1.1% M/M in January.

The **Japanese** economy expanded 0.3% Q/Q in Q4 2016 final estimate, compared to 0.2% Q/Q previously estimated.

GDP deflator came in at -0.1% Y/Y in Q4 final estimate, the same as previously estimated. The current account posted a surplus of ¥65.5 billion in January compared to ¥1112.2 billion surplus registered in December 2016. Measure of money supply M2 grew 4.2% Y/Y in February as expected, following the revised down growth rate to 4% Y/Y in January. Machine tool orders increased 9.1% Y/Y in February following 3.5% Y/Y increase in January.

EUROZONE

GDP in the **EuroZone** was confirmed at 0.4% Q/Q in Q4 2016, same as previously estimated. On yearly basis, GDP was also confirmed at 1.7% in Q4 2016, same as previously estimated. On March 09, the ECB kept its main refinancing rate, Deposit facility rate, and marginal lending rate unchanged at 0%, -0.4%, and 0.25% respectively.

Industrial production in **Germany** rose 2.8% M/M seasonally adjusted in January following the revised down decline to -2.4% M/M in December 2016. Factory orders fell 7.4% M/M in January compared to 5.2% M/M increase in December 2016.

Industrial production in **France** fell 0.3% M/M in January following the revised up decline to -1.1% M/M in December 2016. Retail sales in **Spain** declined 0.1% Y/Y in January following 0.9% Y/Y increase in December 2016.

EMERGING MARKET,

In **Brazil**, the economy shrank 2.5% Y/Y in Q4 2016 following -2.9 Y/Y in the previous quarter. On quarterly basis, GDP fell 0.9% in Q4 2016 following the revised down reading to -0.7% in the prior quarter. Inflation decelerated more than expected to 4.76% M/M in February from 5.35% M/M in January. Industrial production fell 0.1% M/M in January compared to -0.4% M/M expected, and following the revised up increase to 2.4% M/M in December 2016. Composite PMI rose to 46.6 in February from 44.7 in January.

CPI inflation in **China** decelerated more than expected to 0.8% Y/Y in February from 2.5% Y/Y in January. PPI rose 7.8% Y/Y in February compared to 6.9% Y/Y increase in January. The Chinese trade balance posted an unexpected deficit of \$9.15 billion in February compared to \$27 billion surplus expected, and following the revised down surplus to \$51.34 billion in January. Exports fell 1.3% Y/Y in February following 7.9% Y/Y increase in January.

Russian gold and FOREX reserve increased to \$393.4 billion in the week ending March 03 compared to \$393 billion in the previous week. CPI inflation decelerated to 4.6% Y/Y in February as expected, compared to 5% Y/Y in January.

GCC & MENA,

Saudi Purchasing Manager index (PMI) rose for the forth consecutive months, reaching to 57 in February from 56.7 in January. **Emirati** Purchasing Manager index (PMI) climbed to 56 in February from 55.3 in January.

WEEKLY CLOSING FX CHART

POUND STERLING



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING FX CHART

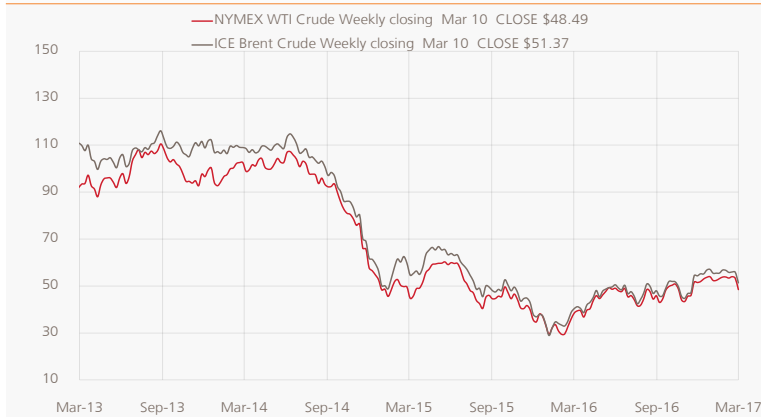
EURO & JAPANESE YEN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING CRUDE OIL

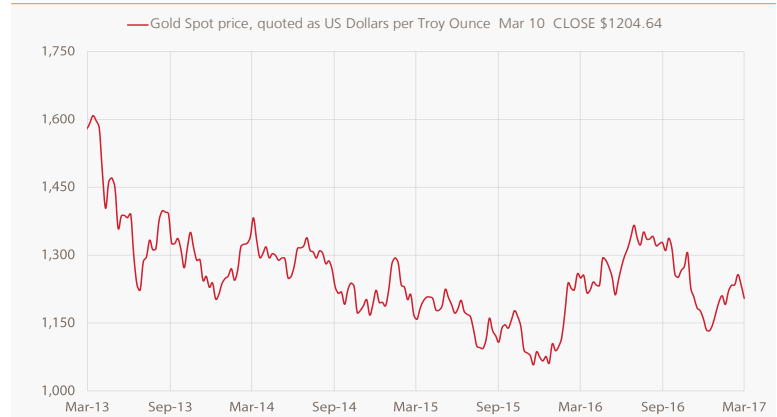
USD PER BARREL



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING SPOT GOLD

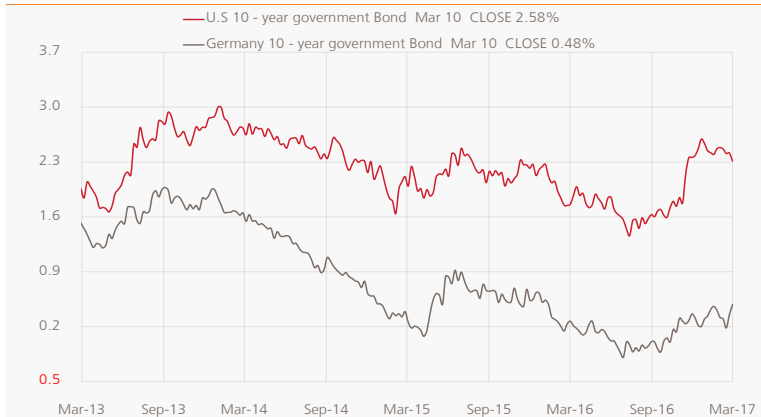
USD PER OUNCE



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	0.8906	1.3263	1.09
3 - Month	1.1212	1.7500	1.53
6 - Month	1.4260	2.0075	1.75
9 - Month	-	-	-
12 - Month	1.8184	2.2038	1.93

ENERGY / COMMODITIES USD

	LAST PRICE	WTD
GOLD - SPOT	1,204.64	(2.44%)
SILVER - SPOT	17.04	(5.20%)
ALUMINUM - LME 3 MTH	1,880.00	(0.63%)
COPPER - LME 3 MTH	5,732.00	(3.13%)
WTI - NYMEX	48.49	(9.08%)
BRENT - ICE	51.37	(8.10%)
















Foreign Exchange

	Spot	SAR Equ	WTD
GBP / USD	1.2167	4.5626	(1.01%)
EUR / USD	1.0673	4.0024	0.48%
AUD / USD	0.7542	2.8283	(0.71%)
USD / CHF	1.0109	3.7096	0.30%
USD / CAD	1.3471	2.7838	0.68%
USD / JPY	114.79	0.0327	0.66%
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	2,373	(0.44%)
Dow Jones	20,903	(0.49%)
NASDAQ	5,862	(0.15%)
FTSE 100	7,343	(0.42%)
DAX Index	11,963	(0.53%)
CAC Index	4,993	(0.04%)
Nikkei 225	19,605	0.70%
TASI Index	6,917	(1.42%)

WEEK AHEAD ECONOMIC CALENDAR

DATE	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED *	PRIOR	IMPORTANCE
Wed 15 / 03 07:30	JN	Industrial Production MoM	Jan F	--	-0.80%	
Wed 15 / 03 10:45	FR	CPI YoY	Feb F	1.20%	1.20%	
Wed 15 / 03 12:30	UK	ILO Unemployment Rate 3Mths	Jan	4.80%	4.80%	
Wed 15 / 03 12:30	UK	Jobless Claims Change	Feb	--	-42.4k	
Wed 15 / 03 14:00	US	MBA Mortgage Applications	Mar-10	--	3.30%	
Wed 15 / 03 15:30	US	Retail Sales Advance MoM	Feb	0.10%	0.40%	
Wed 15 / 03 21:00	US	(Upper Bound)FOMC Rate Decision	Mar-15	1.00%	0.75%	
Thu 16 / 03 13:00	EC	CPI YoY	Feb F	2.00%	2.00%	
Thu 16 / 03 14:00	TU	Benchmark Repurchase Rate	Mar-16	8.00%	8.00%	
Thu 16 / 03 15:00	UK	Bank of England Bank Rate	Mar-16	0.25%	0.25%	
Thu 16 / 03 15:30	US	Initial Jobless Claims	Mar-11	240k	243k	
Thu 16 / 03 15:30	US	Philadelphia Fed Business Outlook	Mar	28	43.3	
Thu 16 / 03 15:30	US	Housing Starts	Feb	1260k	1246k	
Fri 17 / 03 16:15	US	Industrial Production MoM	Feb	0.20%	-0.30%	
Fri 17 / 03 17:00	US	U. of Mich. Sentiment	Mar P	97	96.3	

Source: Bloomberg for forecasting

THE WEEKLY ECONOMIC COMMENTARY IS PREPARED & EDITED BY:

ABDULKARIM I. ALKADRI

Research - Senior Analyst
+966 11 479 8297 / +966 542 188 565
aialkadri@Bankalbilad.com

TREASURY CONTACT LIST

SAMER .M.A. FARHOUD

General Manager - Treasury Division
+966 11 479 8288
Sm.farhoud@Bankalbilad.com

SAJJAD HUSSAIN

Chief Dealer
+966 11 479 8588
S.hussain@bankalbilad.com

FOREIGN EXCHANGE

+966 11 479 8282
+966 11 479 8888 Ext. 9424
Fxdesk@bankalbilad.com

MONEY MARKET

+966 11 479 8935
+966 11 479 8888 Ext. 9427
MMDesk@bankalbilad.com

SALES & BANKNOTES

+966 11 479 8880
Salesdesk@bankalbilad.com

TREASURY SUPPORT

+966 11 479 8270
Halosaimi@bankalbilad.com

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ADDITIONAL DISCLOSURES

This report is dated as at 13 March 2017. All market data included in this report are dated as at close 11 March 2017, unless otherwise indicated in this report.

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