

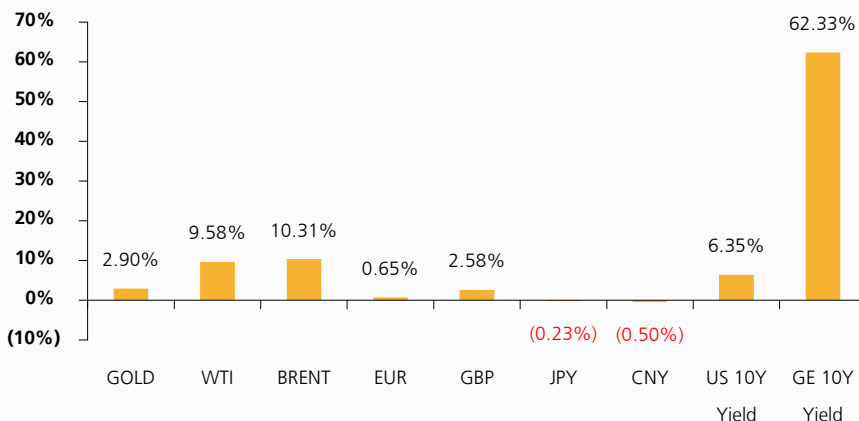
## [ WEEKLY ECONOMIC COMMENTARY ]

Weekly analysis for the most critical economic and financial developments

### MARKETS COMMENTARY

- » **The U.S. Job report for February (released on Friday, the 04<sup>th</sup> of March) reflects the mixed picture of the U.S. economy. U.S. employer was able to create "even better than expected" new Jobs.** However, the quality of these new jobs have declined as hourly earnings dropped on a monthly basis, bringing the wages annual growth rate from 2.5% in January to 2.2% in February. The current U.S. labour market conditions with no doubt will be watched closely by the FOMC members as a new economic assessment to the U.S. economy is expected this month from the FED. The interest rate path is what driving movements of equities, commodities, and Foreign exchange markets.
- » **Dollar spot index (the index that tracks the performance of the U.S. dollar against major world currencies) dropped for the first time in three weeks (on a weekly basis).** The index dropped by 0.82% (or 0.808 point) as the mixed economic data in the U.S put some downside risk on the greenback. The EURO/USD rose by 0.65% [or 71 pips] during the week, closing its trading session at \$1.1005 per Euro on Friday the 04<sup>th</sup> of March.
- » **Crude oil prices rose for the second consecutive week, touching its highest level since December 2015 after a report by the energy information Administration showed the U.S. oil production fell for the sixth consecutive week** to 9.08 Mbpd (the lowest level since November 2014). West Texas Intermediate [WTI] for April 2016 rose over the week ended on the 04<sup>th</sup> of March by 9.58% (\$ 3.14) per barrel to \$35.92.

#### WEEKLY CHANGES AGAINST THE USD



#### <<< TERM OF THE WEEK

#### IFO Business Climate Survey >>>

It is a survey that measures the business climate in Germany. It is based on 7000 survey responses from firms in the manufacturing, construction, wholesale, and retail sectors >>>>

- » Brent crude prices for May 2016 rose by 10.31% (\$3.62) per barrel to settle at \$38.72 on Friday, the 04<sup>th</sup> of March 2016.
- » **U.S. Treasuries fell after the better – than expected economic data from the U.S. promoted investors to re-evaluate their expectation about the interest rate path in the United States.** The Benchmark 10 – year treasury note yield ended the week higher by 11.2 basis point (bps) or 6.35% over the close of the previous week, ending its weekly trading session at 1.875% on Friday, the 04<sup>th</sup> of March 2016.

## ECONOMIC DATA & EVENTS FROM THE LAST WEEK

### U.S.A, CANADA & AUSTRALIA

Total nonfarm payroll in the **United states** increased by 242K in February beating expectations at 195K and following the revised up increase to 172K in January. Initial jobless claims unexpectedly increased to 278K in the week ending February 27 following 272K in the prior week. Unemployment rate held at 9.4% in February, the same as in January. MBA mortgage applications fell 4.8% in the week ending February 26 compared to -4.3% in the preceding week. Pending home sales unexpectedly fell 2.5% M/M in January following the revised up increase to 0.9% M/M in December 2015.

Factory orders increased 1.6% in January compared to 2.9% decline in December 2016.

Durable goods orders increased 4.7% in January final estimate compared to 4.9% increase in the previous estimate.

The trade balance posted a deficit of \$45.68 billion in January following the revised up deficit to \$44.7 billion in December 2015. ISM manufacturing rose above expectations to 49.5 in February from 48.2 in January. ISM non-manufacturing inched down to 53.4 in February from 53.5 in January.

Markit manufacturing PMI rose slightly to 51.3 in February final estimate from 51 in the previous estimate. Markit services PMI unexpectedly fell to 49.7 in February final estimate from 49.8 in the prior estimate.

The **Canadian** economy expanded by an annualized 0.8% Q/Q in Q4 2015 following the revised up increase to 2.4%

Q/Q in the previous quarter.

RBC manufacturing PMI inched up to 49.4 in February from 49.3 in January.

The **Australian** central bank kept the cash rate target unchanged at 2% in March 01. The gross domestic product grew 0.6% Q/Q (above expectations) in Q4 2015 following the revised up reading to 1.1% Q/Q in the prior quarter. On yearly basis, GDP grew 3% in Q4 2015 compared to the revised up increase to 2.7% in the third quarter. Building approvals fell 7.5% M/M in January compared to the revised down increase to 8.6% M/M in December 2015. Retail sales increased 0.3% M/M in January following zero change in December 2015. The Australian trade balance posted a less than expected deficit at 2937 million in January following the revised down deficit to 3524 million in December 2015.

### UK & JAPAN

Nationwide house price index in the **UK** increased 0.3% M/M in February, the same as in January.

Mortgage approvals increased above expectations to 74.6K in January compared to the revised up reading to 71.3K in December 2015. Markit manufacturing PMI fell to 50.8 in February from 52.9 in January. Markit/ CIPS services index fell to 52.7 in February from 55.6 in January.

Jobless rate in **Japan** unexpectedly declined to 3.2% in January from 3.3% in December 2015. Job to applicant ratio rose to 1.28 in January from 1.27 in December 2015.

Industrial production in Japan increased by 3.7% M/M in January compared to -1.7% M/M in December 2015.

Nikkei manufacturing PMI inched down to 50.1 in February final estimate compared to 50.2 in the previous estimate.

### EUROZONE

Unemployment rate in the **Euro area** declined slightly to 10.3% in January compared to 10.4% in December 2015.

CPI estimate was at -0.2% Y/Y in February compared to 0.3% in January. Markit manufacturing PMI rose to 51.2 in February final estimate compared to 51 in the previous estimate. Markit services PMI rose to 53.3 in February final estimate compared to 53 in the previous estimate.

Unemployment change in **Germany** came at -10K in February as expected following the revised down reading to -19k in January. Markit/BME manufacturing PMI rose to 50.5 in February final estimate compared to 50.2 in the previous estimate. Markit services PMI rose to 55.3 in February final estimate from 55.1 in the previous estimate.

In **France**, Markit manufacturing PMI declined to 50.2 in February final estimate from 50.3 in the previous estimate. Markit services PMI fell to 49.2 in February final estimate compared to 49.8 in the previous estimate.

The **Italian** GDP was confirmed at 0.1% Q/Q in the fourth quarter 2015 according to the final estimate, the same as previously estimated. On yearly basis, GDP grew 1% in Q4 as expected, the same as previously estimated.

CPI EU harmonized fell 0.2% Y/Y in February preliminary estimate compared to 0.4% Y/Y increase in January.

Markit/ADACI manufacturing PMI fell below expectations to 52.2 in February from 53.2 in January.

Net unemployment in **Spain** was at 2.2K in February compared to 57.2K in January. Markit manufacturing PMI fell to 54.1 in February from 55.4 in January.

## EMERGING MARKET,

In **Brazil**, the Selic rate was kept unchanged at 14.25% on March 02. GDP fell 5.9% Y/Y in the fourth quarter 2015 following -4.5% Y/Y in the third quarter. On quarterly basis, GDP fell 1.4% in Q4 2015 compared to -1.7% in the third quarter. Industrial production decline 13.8% Y/Y in January following the revised up decrease to 12.1% Y/Y in December 2015. Markit manufacturing PMI fell to 44.5 in February from 47.4 in January. Markit services PMI fell to 36.9 in February from 44.4 in January.

Caixin manufacturing PMI in **China** unexpectedly fell to 48 in February from 48.4 in January. Caixin services PMI fell to 51.2 in February from 53.5 in January.

Nikkei Manufacturing PMI in **India** remained unchanged at 51.1 in February, the same as in January. Nikkei services PMI fell to 51.4 in February from 54.3 in January.

Gold and FOREX reserve in **Russia** increased to \$379.8 billion in the week ending February 26 from \$379.4 billion in

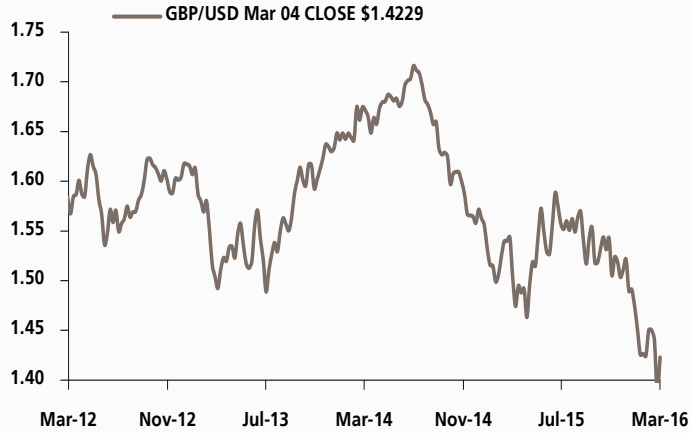
the prior week. CPI inflation decelerated to 8.1% Y/Y in February compared to 9.8% Y/Y in January. Markit manufacturing PMI fell to 49.3 in February from 49.8 in January. Markit services PMI rose above 50 to 50.9 in February from 47.1 in January.

## GCC & MENA,

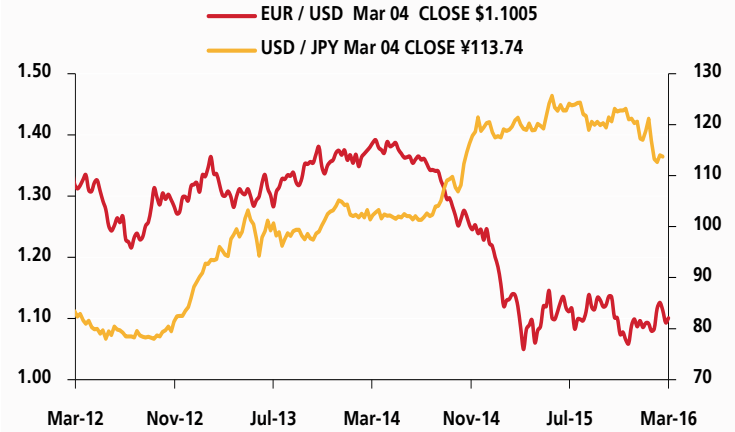
Measure of money supply M2 in **Saudi Arabia** grew 3.1% Y/Y in January compared to 2.5% Y/Y increase in December 2015. NBD **UAE** PMI rose to 53.1 in February from 52.7 in January. Measure of money supply M2 in Qatar grew 0.42% Y/Y in January compared to 3.44% Y/Y in December 2015. **Bahraini** measure of money supply M2 grew 3.25% Y/Y in September 2015.

CPI inflation in **Turkey** decelerated to 8.78% Y/Y in February from 9.58% in January. The Turkish trade balance posted a deficit of \$3.76 billion in January following the revised up deficit to \$6.21 billion in December 2015. Markit/ISO manufacturing PMI fell to 50.3 in February from 50.9 in January ■

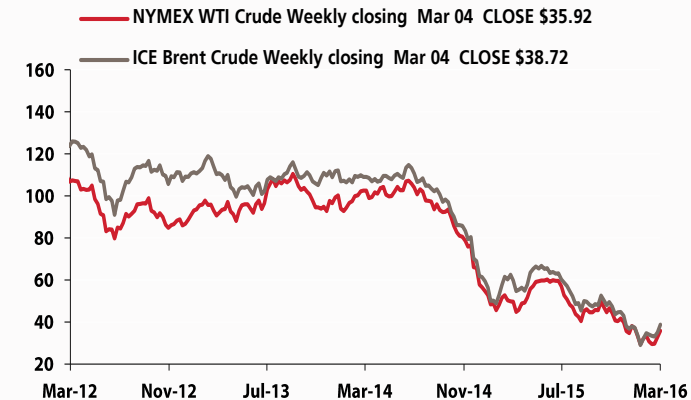
### WEEKLY CLOSING FX CHART



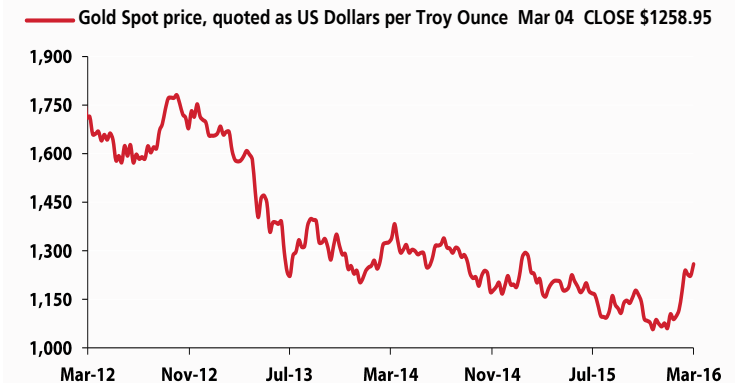
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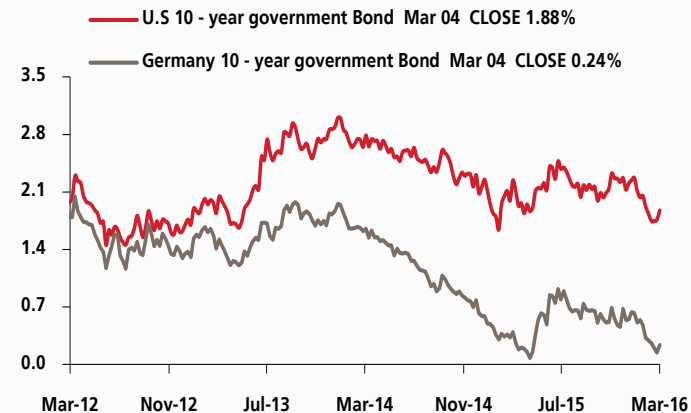
### WEEKLY CLOSING CRUDE OIL



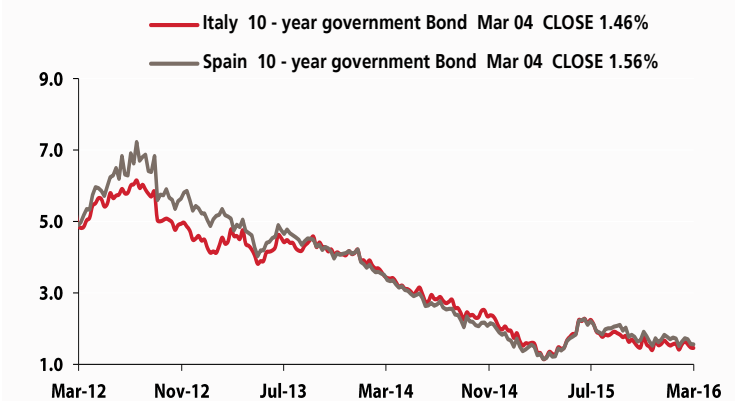
### WEEKLY CLOSING SPOT GOLD



### WEEKLY CLOSING GOVERNMENT BOND YIELDS



### WEEKLY CLOSING GOVERNMENT BOND YIELDS



## PROFIT RATE BENCHMARK

TENOR	LIBOR	SIBOR	SAR (Deposit)
1 Month	0.4380	1.4867	0.25
3 Months	0.6335	1.7433	0.40
6 Months	0.8921	1.8322	0.60
9 Months	-	1.8811	0.70
12 Months	1.1940	1.9767	0.70

## FX

	SPOT	SAR EQU	WTD
GBP / USD	1.4229	5.3359	2.58%
EUR / USD	1.1005	4.1269	0.65%
AUD / USD	0.7439	2.7896	4.39%
USD / CHF	0.9927	3.7776	(0.41%)
USD / CAD	1.3317	2.8159	(1.45%)
USD / JPY	113.740	0.0330	(0.23%)
USD / SAR	3.7504	1.0000	(0.01%)

## STOCKS INDEXES WEEKLY CLOSING

INDEX	CLOSED	WTD
S&P 500	2,000	2.67%
Dow Jones	17,007	2.20%
NASDAQ	4,717	2.76%
FTSE 100	6,199	1.70%
DAX	9,824	3.27%
CAC	4,457	3.29%
Nikkei 225	17,015	5.10%
TASI	6,216	2.04%

## ENERGY / COMMODITIES USD

		Last Price	WTD
Gold	SPOT	1,258.95	2.90%
Silver	SPOT	15.51	5.50%
Aluminum	LME 3 Mth	1,587.00	1.73%
Copper	LME 3 Mth	5,027.50	6.83%
WTI Crude	NYMEX	35.92	9.58%
Brent Crude	ICE	38.72	10.31%

## WEEK AHEAD ECONOMIC CALENDAR

DATE & TIME (KSA )	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED (Bloomberg)	PRIOR
Mon 03 / 07 10:00	GE	Factory Orders MoM	Jan	-0.30%	-0.70%
Tue 03 / 08 00:00	CH	Trade Balance	Feb	\$50.75b	\$63.29b
Tue 03 / 08 10:00	GE	Industrial Production SA MoM	Jan	0.50%	-1.20%
Tue 03 / 08 13:00	EC	GDP SA QoQ	4Q P	0.30%	0.30%
Tue 03 / 08 13:00	EC	GDP SA YoY	4Q P	1.50%	1.50%
Wed 03 / 09 12:30	UK	Industrial Production MoM	Jan	0.40%	-1.10%
Wed 03 / 09 12:30	UK	Manufacturing Production MoM	Jan	0.20%	-0.20%
Wed 03 / 09 15:00	US	MBA Mortgage Applications	Mar-04	--	-4.80%
Wed 03 / 09 18:00	US	Wholesale Inventories MoM	Jan	-0.20%	-0.10%
Thu 03 / 10 04:30	CH	CPI YoY	Feb	1.80%	1.80%
Thu 03 / 10 04:30	CH	PPI YoY	Feb	-4.90%	-5.30%
Thu 03 / 10 10:45	FR	Industrial Production MoM	Jan	0.80%	-1.60%
Thu 03 / 10 10:45	FR	Industrial Production YoY	Jan	0.10%	-0.70%
Thu 03 / 10 15:45	EC	ECB Main Refinancing Rate	Mar-10	0.05%	0.05%
Thu 03 / 10 15:45	EC	ECB Deposit Facility Rate	Mar-10	-0.40%	-0.30%
Thu 03 / 10 16:30	US	Initial Jobless Claims	Mar-05	275k	278k
Fri 03 / 11 10:00	GE	CPI YoY	Feb F	0.00%	0.00%
Fri 03 / 11 10:00	GE	CPI MoM	Feb F	0.40%	0.40%
Fri 03 / 11 10:00	GE	CPI EU Harmonized YoY	Feb F	-0.20%	-0.20%
Fri 03 / 11 12:00	IT	Industrial Production MoM	Jan	0.50%	-0.70%

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## ADDITIONAL DISCLOSURES

This report is dated as at **07 mARCH 2016**. All market data included in this report are **dated as at close 05 March 2016**, unless otherwise indicated in this report.

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