

[WEEKLY ECONOMIC COMMENTARY]

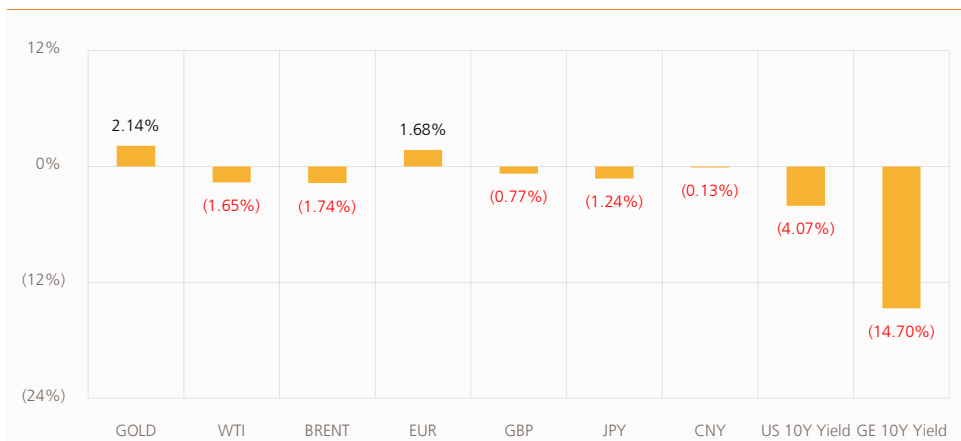
WEEKLY ANALYSIS FOR THE MOST CRITICAL ECONOMIC AND FINANCIAL DEVELOPMENTS

MACRO & MARKETS COMMENTARY

- » The ECB President Mario Draghi failed last week at the central bank's policy meeting to convince investors that he is "in no rush to rein the ECB stimulus program" as "stronger inflation is necessary". Mr. Draghi adopted a more dovish approach but markets have largely ignored his cautious tone, expecting the ECB will soon announce a tightening of its monetary policy. In the United States, the delay of Health-Care vote played critical role is driving the U.S. dollar to its lowest levels since June last year.
- » Dollar spot index (DXY - the index that tracks the performance of the U.S. dollar against major world currencies) fell by 1.36% (or 1.30 points) over the week, closing its weekly trading session at 93.86 point on the 21st of July, compared to 95.15 at last week's close. EUR/USD spiked to its highest level in nearly two years higher by 1.68% [or 193 pips], closing its trading session at \$1.1663 per Euro on Friday, the 21st of July 2017.
- » Crude oil prices fell during the week after a report showed that OPEC's supply in July will be the highest since December last year as it is expected to exceed 33 million barrels a day in July. On the other hand, U.S stockpiles dropped for the third consecutive week declining by 4.73 million barrel to 490.62 million barrel. West Texas Intermediate WTI (September 2017 Delivery) fell during the week by 1.65% [or \$0.77] per barrel to \$45.77 per barrel.

WEEKLY CHANGES AGAINST THE USD

MAJOR MARKETS



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

“

The European Central Bank is the central bank for the euro and administers monetary policy of the EuroZone, which consists of 19 EU member states

”

- » Brent crude prices (September 2017 Delivery) ended the week higher by 1.74%, or \$0.85 per barrel, closing at \$48.06 on Friday, the 21st of July 2017.
- » The inability to pass health care reforms in the US raised many questions about the administration's ability to enact changes to the U.S tax system before the end of this year. The yield on the benchmark 10 – year Treasury fell during the week, declining by 9.5 basis points (bps) or 4.07% over the week, closing its weekly trading session at 2.238% on the 21st of July 2017.

ECONOMIC DATA & EVENTS FROM THE LAST WEEK.

U.S.A & CANADA

Initial jobless claims in the **United States** fell below expectations to 233K in the week ending July 15 compared to the revised up reading to 248K in the previous week.

MBA mortgage applications rose 6.3% in the week ending July 14 following 7.4% decline in the preceding week. Housing starts increased more than expected to 1215K in June following the revised up reading to 1122K in May. Leading index grew 0.6% (more than expected at 0.4%) in June compared to the revised down increase to 0.2% in May.

Empire manufacturing index fell to 9.8 in July from 19.8 in June. Philadelphia Fed business outlook fell more than expected in July reaching 19.5 compared to 27.6 registered in June. Import price index fell 0.2% M/M in June following the revised down reading to -0.1% M/M in May.

Inflation in **Canada** decelerated to 1% Y/Y in June from 1.3% Y/Y in May.

Retail sales increased 0.6% M/M in May following the revised down reading to 0.7% M/M in April.

UK & JAPAN

CPI inflation in the **United Kingdom** unexpectedly decelerated to 2.6% Y/Y in June from 2.9% Y/Y in May. Core inflation came in at 2.4% Y/Y in June following 2.6% Y/Y in May.

PPI output rose 3.3% Y/Y in June following 3.6% Y/Y increase in May. Retail sales increased 2.9% Y/Y in June following 0.9% Y/Y increase in May. Excluding auto fuel, retail sales increased 3% Y/Y in June following 0.6% Y/Y increase in May.

In **Japan**, all industry activity index fell 0.9% M/M in May following 2.1% M/M increase in April. Machine tool orders was confirmed at 31.1% Y/Y in June final estimate, the same as previously estimated.

EUROZONE

On July 20, the **European Central Bank** kept its main refinancing rate, deposit facility rate, and marginal lending facility unchanged at 0%, -0.4%, and 0.25% respectively.

CPI inflation came in at 1.3% Y/Y in June final estimate as expected, while the previously estimated number was revised up to 1.4% Y/Y. Consumer confidence index fell to -1.7 in July from -1.3 in June.

In **Germany**, ZEW survey expectations fell below expected to 17.5 in July from 18.6 in June. ZEW survey current situation fell to 86.4 in July from 88 in June.

EMERGING MARKET,

In **Brazil** CPI fell 0.18% M/M in July compared to -0.1% M/M expected and following 0.16% M/M increase registered in the prior month. Total formal job creation came in at 9821 in June which is less than expected at 28300 and compared to 34253 registered in May. Current account balance posted a surplus of \$1330 million in June compared to \$2884 million surplus in May.

The **Chinese** economy expanded 6.9% Y/Y in Q2 2017 compared to 6.8% Y/Y expected, and the same as in the previous quarter. Industrial production increased 7.6% Y/Y in June following 6.5% Y/Y increase in May. Retail sales rose 11% Y/Y in June following 10.7% Y/Y increase in May.

Russian gold and FOREX reserve increased to \$412.6 billion in the week ending July 16 compared to \$410.9 billion in the previous week. Unemployment rate fell slightly to 5.1% in June from 5.2% in May. Industrial production increased 3.5% Y/Y in June following 5.6% Y/Y increase in May. Retail sales increased 1.2% Y/Y in June compared to 0.7% Y/Y increase in May.

GCC & MENA,

CPI in **Saudi Arabia** fell 0.4% Y/Y in June compared to -0.7% Y/Y in May.

Measure of money supply in the **UAE** M2 fell 1.7% M/M in June following 0.1% M/M increase in May.

CPI in **Turkey** fell 0.4% Y/Y in June compared to 0.7% Y/Y decline in May. Unemployment rate fell more than expected to 10.5% in April from 11.7% March.

WEEKLY CLOSING FX CHART

POUND STERLING

— GBP/USD Jul 21 CLOSE \$1.2997

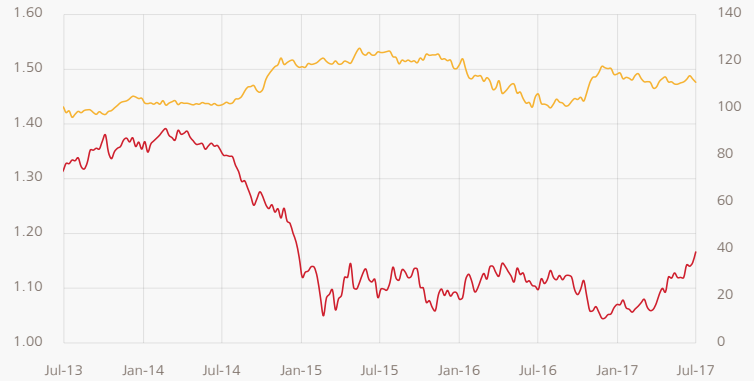


SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING FX CHART

EURO & JAPANESE YEN

— EUR / USD Jul 21 CLOSE \$1.1663 — USD / JPY Jul 21 CLOSE ¥111.13



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING CRUDE OIL

USD PER BARREL

— NYMEX WTI Crude Weekly closing Jul 21 CLOSE \$45.77 — ICE Brent Crude Weekly closing Jul 21 CLOSE \$48.06

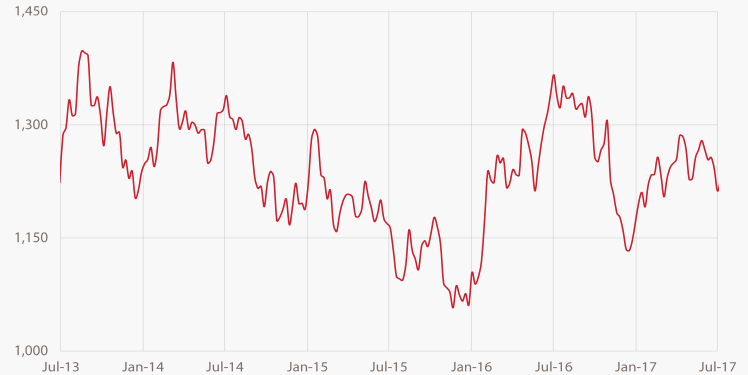


SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING SPOT GOLD

USD PER OUNCE

— Gold Spot price, quoted as US Dollars per Troy Ounce Jul 21 CLOSE \$1254.98

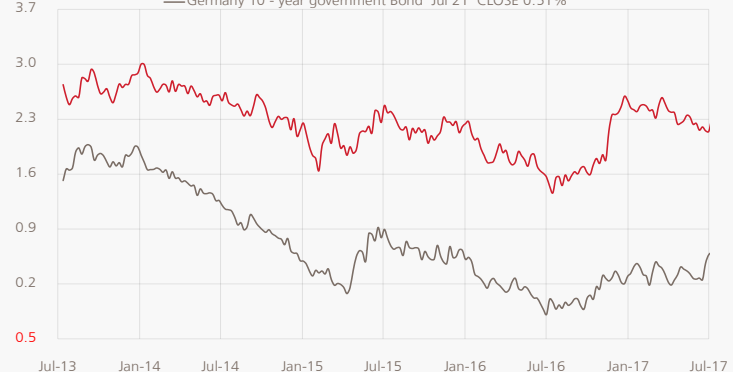


SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING GOVERNMENT BOND YIELDS

USA & GERMANY

— U.S 10 - year government Bond Jul 21 CLOSE 2.24% — Germany 10 - year government Bond Jul 21 CLOSE 0.51%



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING GOVERNMENT BOND YIELDS

ITALY & SPAIN

— Italy 10 - year government Bond Jul 21 CLOSE 2.06% — Spain 10 - year government Bond Jul 21 CLOSE 1.45%



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

PROFIT RATE BENCHMARK

TENOR	LIBOR	SIBOR	SAR - DEP
1 - Month	1.2322	1.4613	1.09
3 - Month	1.3144	1.7975	1.53
6 - Month	1.4531	2.0513	1.75
9 - Month	-	-	-
12 - Month	1.7357	2.2425	1.93

ENERGY / COMMODITIES USD

	LAST PRICE	WTD
GOLD - SPOT	1,254.98	2.14%
SILVER - SPOT	16.52	3.31%
ALUMINUM - LME 3 MTH	1,915.00	(0.62%)
COPPER - LME 3 MTH	6,004.00	1.32%
WTI - NYMEX	45.77	(1.65%)
BRENT - ICE	48.06	(1.74%)




Foreign Exchange

	Spot	SAR Equ	WTD
GBP / USD	1.2997	4.8739	(0.77%)
EUR / USD	1.1663	4.3736	1.68%
AUD / USD	0.7916	2.9685	1.07%
USD / CHF	0.9457	3.9653	(1.85%)
USD / CAD	1.2539	2.9907	(0.83%)
USD / JPY	111.13	0.0337	(1.24%)
USD / CNY	6.4755	0.5791	(0.28%)
USD / SAR	3.7501	1.0000	(0.01%)

STOCKS INDEXES WEEKLY CLOSING

Index	Closed	WTD
S&P 500	2,473	0.54%
Dow Jones	21,580	(0.27%)
NASDAQ	6,388	1.19%
FTSE 100	7,453	1.01%
DAX Index	12,240	(3.10%)
CAC Index	5,118	(2.25%)
Nikkei 225	20,100	(0.09%)
TASI Index	7,261	(0.71%)

WEEK AHEAD ECONOMIC CALENDAR

DATE	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED *	PRIOR	IMPORTANCE
Mon 24 / 07 10:00	FR	Markit France Manufacturing PMI	Jul P	54.6	54.8	
Mon 24 / 07 10:30	GE	Markit/BME Germany Manufacturing PMI	Jul P	59.2	59.6	
Mon 24 / 07 11:00	EC	Markit Eurozone Manufacturing PMI	Jul P	57.2	57.4	
Mon 24 / 07 16:45	US	Markit US Manufacturing PMI	Jul P	52.2	52	
Tue 25 / 07 11:00	GE	IFO Business Climate	Jul	114.9	115.1	
Wed 26 / 07 11:30	UK	GDP QoQ	2Q A	0.30%	0.20%	
Wed 26 / 07 11:30	UK	GDP YoY	2Q A	1.70%	2.00%	
Wed 26 / 07 21:00	US	FOMC Rate Decision	Jul-26	1.25%	1.25%	
Thu 27 / 07 15:30	US	Durable Goods Orders	Jun P	3.50%	-0.80%	
Fri 28 / 07 00:00	UK	Nationwide House PX MoM	Jul	-0.20%	1.10%	
Fri 28 / 07 08:30	FR	GDP QoQ	2Q A	0.50%	0.50%	
Fri 28 / 07 09:45	FR	CPI YoY	Jul P	0.70%	0.70%	
Fri 28 / 07 10:00	SP	CPI EU Harmonised YoY	Jul P	1.60%	1.60%	
Fri 28 / 07 17 15:00	GE	CPI YoY	Jul P	1.50%	1.60%	
Fri 28 / 07 17 15:30	US	GDP Annualized QoQ	2Q A	2.50%	1.40%	

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

DISCLOSURE APPENDIX

ANALYST DISCLAIMER

Research analyst (s) responsible for the content of this research report certify that the views expressed and attributed to the research analyst (s) in the research report accurately reflect their personal views about the subject matters discussed. No part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the research report. The views of the author (s) do not necessarily reflect the views of Bank Al Bilad and are subject to change without notice.

ADDITIONAL DISCLOSURES

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

DISCLAIMER

This report is prepared for information purpose only. It should not be construed as an offer to sell or a solicitation of an offer to purchase or subscribe to any investment. Although the information contained in this report is obtained from many sources believed to be reliable, Bank Al Bilad does not guarantee its completeness or accuracy. To the extent permitted by applicable laws and regulations in the Kingdom of Saudi Arabia, neither Bank Al Bilad nor any of its affiliates, their directors, officers and employees will be liable or have any responsibility of any kind for any loss or damage that may be incurred as a result of using the information contained in this report.