

[WEEKLY ECONOMIC COMMENTARY]

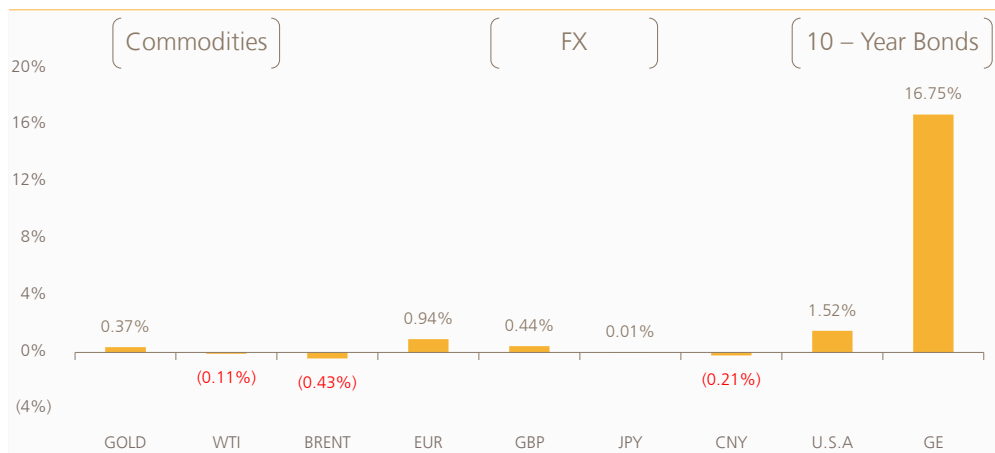
WEEKLY ANALYSIS FOR THE MOST CRITICAL ECONOMIC AND FINANCIAL DEVELOPMENTS

MACRO & MARKET COMMENTARY

- » Emerging Market had another unstable week as plunging currencies promoted central bank to act accordingly. The Central Bank of Turkey and The Reserve Bank of India raised interest rate, while the central bank of Brazil intervened by selling FX – Swap contracts to boost the Real. U.S Dollar index (DXY - the index that tracks the performance of the US Dollar against major world currencies), however, fell for second consecutive week (the first back to back decline since January), declining by 0.66% or 0.62 points. the index closed its weekly trading session at 93.535 point on Friday the 08th of June of June compared to 94.156 at last week's close.
- » Crude oil prices closed the week lower after a weekly report showed higher U.S oil inventories and raising U.S oil productions. U.S Energy Information Administration (EIA) reported that commercial crude stockpile unexpectedly increased by 2.072 million barrel (compared to the expectation of a decline of 2.17 Million barrel), putting total inventories at 436.6 million barrels. On the supply side, drillers in U.S added another oil rig in the week to the 08th of June, bringing the total count up to 862, according to Baker Hughes energy services firm.

WEEKLY CHANGES AGAINST THE USD

MAJOR MARKETS



SOURCE : BLOOMBERG | BANK ALBILAD ECONOMIC RESEARCH

- » West Texas intermediate future contracts (July 2018 delivery) fell by 0.11% [or 0.07 \$] per barrel to \$65.74 per barrel. The international oil benchmark (Brent crude future contracts for Aug 2018 delivery), however, fell by 0.43% [or \$0.33] per barrel, closing its weekly trading session at \$76.46 on Friday, the 08th of June 2018.
- » U.S bond swung between gains and losses during the week before closing higher as U.S Treasuries followed the sell off in the Eurozone bonds after remarks from the ECB chief economist about the ECB plan to wind - down its QE program. Yield on the benchmark 10 – year treasury rose by 4.4 basis points (bps) or 1.51% over the week closing its weekly trading session at 2.947% on the 08th of June 2018.

ECONOMIC DATA & EVENTS FROM LAST WEEK.

US & Canada:

Initial jobless claims in the United States increased to 222K in the week ending June 02 compared to 221K in the prior week. Durable goods orders fell 1.6% in April final estimate compared to -1.7% previously estimated. Durables excluding transportations grew 0.9% in April final estimate, the same as previously estimated. Factory orders fell 0.8% in April following 1.6% increase in March. PMI services was revised up to 56.8 in May final estimate from 55.7 in a prior estimate. ISM non-manufacturing composite climbed to 58.6 in May from 56.8 in April. The trade balance posted a deficit of \$46.2 billion in April following a deficit of \$49 billion in March. Unemployment rate in Canada remained stable at 5.8% in May, the same as in April. Building permits fell 4.6% M/M in April following 3.1% M/M increase in March.

UK and Japan:

House price index rose 1.5% M/M in May following 3.1% M/M decline in April. PMI construction remained unchanged at 52.5 in May, the same as in April. GDP growth in Japan was confirmed at -0.2% Q/Q seasonally adjusted in Q1 2018 final estimate. The Japanese current account posted a surplus of ¥1845.1 billion in April compared to a surplus of ¥3122.3 billion in March.

EuroZone:

The European economy growth rate was confirmed at 0.4% Q/Q in Q1 final estimate as expected. On yearly basis, GDP growth was confirmed at 2.5% in Q1 2018 final estimate as expected. Factory orders in Germany unexpectedly fell 2.5% M/M in April following 0.9% M/M decline in March. The trade balance posted a surplus of €20.4 billion in April compared to a surplus of €25.2 billion in March. Industrial production in France increased 2.1% Y/Y in April following 1.8% Y/Y increase in March and compared to 2.9% Y/Y increase expected. PMI services was confirmed at 54.3 in May final estimate as expected. Retail sales in Italy unexpectedly fell 0.7% M/M in April following 0.2% M/M decline in March.

Emerging Markets:

Industrial production in Brazil grew beyond expectations as it increased 0.8% M/M in April following 0.1% M/M increase in March. On June 06, Reserve Bank of India raised its Reverse Repo Rate and Repurchase Rate to 6% and 6.25% respectively, while keeping its Cash Reserve Ratio unchanged at 4%.

The Chinese trade balance posted a surplus of \$24.92 billion in May compared to \$28.78 billion surplus registered in April. Imports grew 26% Y/Y in May following 21.5% Y/Y increase in April. Exports increased 12.6% Y/Y in May following 12.9% increase in April. CPI inflation in Russia remained stable at 2.4% Y/Y in May, the same as in April.

GCC & MENA:

PMI in Saudi Arabia rose to 53.2 in May from 51.4 in April. PMI in Emirates edged up to 56.5 in May from 55.1 in April. On June 07, Central Bank of Turkey rose its Overnight Borrowing Rate, Overnight Lending Rate and One-week Repo Rate from 15%, 18% and 16.50% to 16.25%, 19.25% and 17.75% respectively. CPI inflation accelerated to 12.15% Y/Y in May from 10.85% Y/Y in March as expected.

WEEKLY CLOSING FX CHART

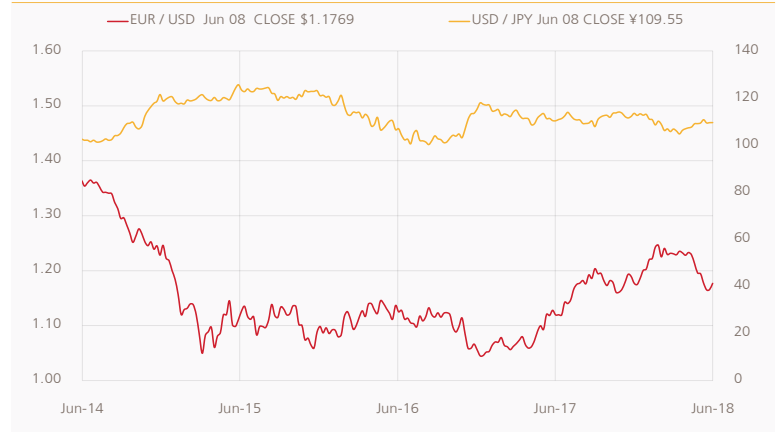
POUND STERLING



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING FX CHART

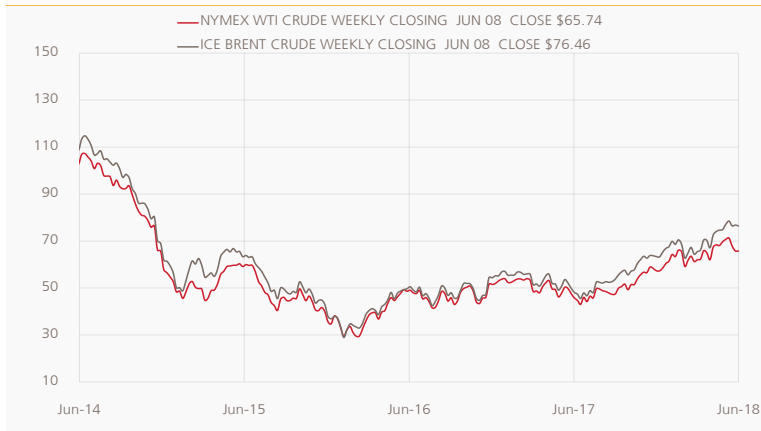
EURO & JAPANESE YEN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING CRUDE OIL

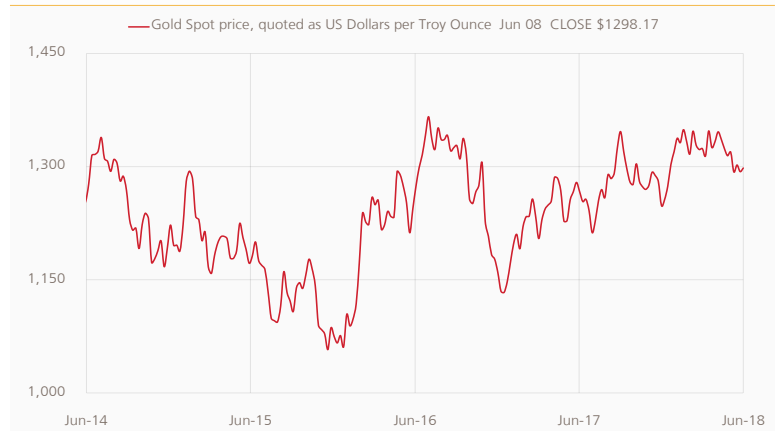
USD PER BARREL



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING SPOT GOLD

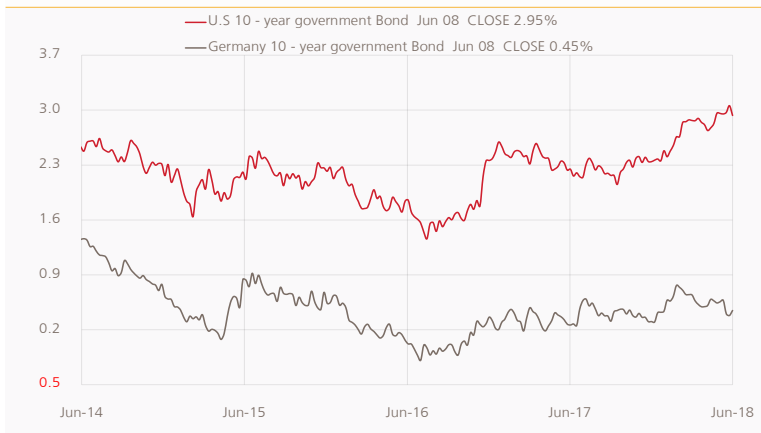
USD PER OUNCE



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING GOVERNMENT BOND YIELDS

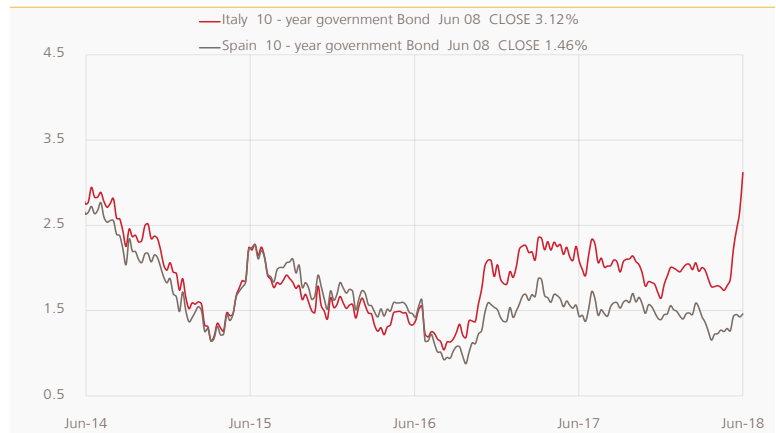
USA & GERMANY



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	2.0462	2.1425	2.04
3 - MONTH	2.3263	2.4463	2.35
6 - MONTH	2.4888	2.6325	2.53
12 - MONTH	2.7403	2.8463	2.75

ENERGY / COMMODITIES USD

	LAST PRICE	WTD
GOLD - SPOT	1,298.17	0.37%
SILVER - SPOT	16.79	2.30%
ALUMINUM - LME 3 MTH	2,299.00	(0.26%)
COPPER - LME 3 MTH	7,312.00	6.03%
WTI - NYMEX	65.74	(0.11%)
BRENT - ICE	76.46	(0.43%)

FOREIGN EXCHANGE

	SPOT	SAR EQU	WTD
GBP / USD	1.3405	5.0269	0.44%
EUR / USD	1.1769	4.4134	0.94%
AUD / USD	0.7601	2.8504	0.42%
USD / CHF	0.9857	3.8044	(0.25%)
USD / CAD	1.2928	2.9007	(0.18%)
USD / JPY	109.5500	0.0342	0.01%
USD / CNY	6.4755	0.5791	(0.28%)
USD / SAR	3.7501	1.0000	(0.00%)

STOCKS INDEXES WEEKLY CLOSING

INDEX	LAST PRICE	WTD
S&P 500	2,779	1.62%
DOW JONES	25,317	2.77%
NASDAQ	7,646	1.21%
FTSE 100	7,681	(0.27%)
DAX INDEX	12,767	0.33%
CAC INDEX	5,450	(0.28%)
NIKKEI 225	22,695	2.36%
TASI INDEX	8,344	2.25%

WEEK AHEAD ECONOMIC CALENDAR

DATE	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED *	PRIOR	IMPORTANCE
Sat 09 / 06 04:30	CH	CPI YoY	May	1.80%	1.80%	97
Mon 11 / 06 02:50	JN	Core Machine Orders MoM	Apr	2.40%	-3.90%	93
Mon 11 / 06 10:00	TU	Current Account Balance	Apr	-5.15b	-4.81b	91
Mon 11 / 06 11:30	UK	Industrial Production MoM	Apr	0.10%	0.10%	92
Mon 11 / 06 11:30	UK	Manufacturing Production MoM	Apr	0.30%	-0.10%	87
Tue 12 / 06 11:30	UK	ILO Unemployment Rate 3Mths	Apr	4.20%	4.20%	89
Tue 12 / 06 12:00	GE	ZEW Survey Expectations	Jun	-14	-8.2	97
Tue 12 / 06 12:00	GE	ZEW Survey Current Situation	Jun	85	87.4	95
Wed 13 / 06 11:30	UK	CPI YoY	May	2.40%	2.40%	95
Thu 14 / 06 09:00	GE	CPI YoY	May F	2.20%	2.20%	88
Thu 14 / 06 09:45	FR	CPI YoY	May F	2.00%	2.00%	95
Thu 14 / 06 14:45	EC	ECB Main Refinancing Rate	14-Jun	0.00%	0.00%	98
Thu 14 / 06 14:45	EC	ECB Deposit Facility Rate	14-Jun	-0.40%	-0.40%	86

SOURCE: BLOOMBERG FOR FORECASTING

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DISCLOSURE APPENDIX

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ADDITIONAL DISCLOSURES

This report is dated as at 11 June 2018. All market data included in this report are dated as at close 09 June 2018, unless otherwise indicated in this report.

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