

[WEEKLY ECONOMIC COMMENTARY]

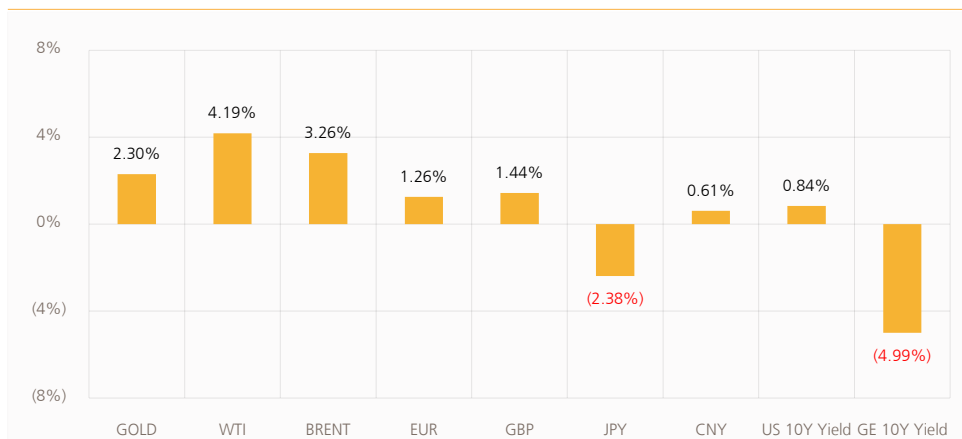
WEEKLY ANALYSIS FOR THE MOST CRITICAL ECONOMIC AND FINANCIAL DEVELOPMENTS

MACRO & MARKETS COMMENTARY

- » Last week, Global stock markets witnessed one of their best weeks in almost six years after two consecutive weeks in the red. The last week rally was mainly driven by strong corporate earnings that offset investors' concerns about inflation expectations in the United States. The VIX "fear gauge", the index that measures volatility and the big factor in the wild movement in stock prices in the last two weeks, closed on Friday at 19.5 after it soared to levels (50.2 on the 06th of February) not seen since the financial crisis.
- » U.S dollar closed its weekly trading session lower after two weeks of rally. U.S. Dollar spot index (DXY - the index that tracks the performance of the US Dollar against major world currencies) fell by 1.48% or 1.342 points [the most since January]. the index closed its weekly trading session at 89.10 point on Friday the 16th of February compared to 90.44 at last week's close. In the Eurozone, the EUR/USD rebounded again as it closed its weekly trading session higher by 1.26% (or 154 pips) reaching \$1.2406 per Euro on Friday, the 16th of February 2018.
- » Crude oil prices rebounded again last week after a government reports showed the recent buildup in U.S storage has slowed down. U.S Energy Information Administration (EIA) reported that commercial crude stockpiles rose by 1.841 million barrel [Expectations at 3.1 Million barrel], putting total inventories at 422.1 million barrels.

WEEKLY CHANGES AGAINST THE USD

MAJOR MARKETS



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

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The Chicago Board Options Exchange (CBOE) Volatility Index (VIX): It reflects a market estimate of future volatility based on the weighted average of the implied volatilities for a wide range of strikes.

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- » West Texas intermediate future contracts (March 2018 delivery) fell by 4.19% [or \$2.48] per barrel to \$61.68 per barrel. The international oil benchmark (Brent crude future contracts for April 2018 delivery) fell by 3.26% W/W [or \$2.05] per barrel, closing its weekly trading session at \$64.84 on Friday, the 16th of February 2018.
- » Us government bond prices dropped for the 07th consecutive week pushing the 10-year T-bill yields to its highest level since January 2014. Last week movement came after inflation report in the United States rose more than expected. Yield on the benchmark 10 – year treasury rose by 2.4 basis points (bps) or 0.84% over the week closing its weekly trading session at 2.876% on the 16th of February 2018.

ECONOMIC DATA & EVENTS FROM THE LAST WEEK.

U.S.A & CANADA

Initial jobless claims in the United States increased more than expected to 230K in the week ending February 10 compared to 221K in the previous week. Housing starts climbed to 1326K in January from 1192K in December 2017. Industrial production unexpectedly fell 0.1% M/M in January following 0.9% M/M increase in December last year. University of Michigan sentiment unexpectedly rose to 99.9 in February preliminary estimate from 95.7 in January. Empire manufacturing index unexpectedly fell to 13 in February from 17.7 in January.

UK & JAPAN

CPI inflation in the United Kingdom kept stable at 3% in January, the same as in December. Core inflation accelerated to 2.7% Y/Y in January from 2.5% Y/Y in December. The Japanese industrial production growth rate was revised up to from 2.7% to 2.9% M/M in December final estimate. The Japanese economy expanded 0.1% Q/Q seasonally adjusted in Q4 2017 preliminary estimate compared to 0.6% Q/Q in the previous quarter. Producer price index climbed 2.7% Y/Y in January following 3.1% Y/Y in December.

EUROZONE

The Euro economy kept stable at the same growth pace as it expanded 0.6% Q/Q in Q4 2017 preliminary estimate as expected. On yearly basis, gross domestic product increased 2.7% seasonally adjusted in Q4 as expected, same as in the preceding quarter. In Germany, GDP growth decelerated to a seasonally adjusted 0.6% Q/Q in Q4 2017 from 0.8% Q/Q registered in the previous quarter. CPI inflation was confirmed at 1.6% Y/Y in January final estimate as expected. In Italy, GDP grew 0.3% Q/Q in Q4 2017 preliminary estimate (less than expected at 0.4%) compared to 0.4% Q/Q in the prior quarter. CPI inflation in Spain was revised up to 0.6% Y/Y in January final estimate as expected.

EMERGING MARKET,

Industrial production in India increased more than expected, as it grew 7.1% Y/Y in December following 8.4% increase in November. Indian exports climbed 9.1% Y/Y in January compared to 12.4% Y/Y increase in December. Measure of money supply in China grew 8.6% Y/Y in January following 8.2% Y/Y increase in December.

Russian gold and FOREX reserve increased to \$447.4 billion in the week ending February 09 from \$449.8 billion registered in the previous week.

Industrial production unexpectedly rose 2.9% Y/Y in January following 1.5% Y/Y decline in December.

GCC & MENA,

The Turkish current account posted a deficit of \$7.7 billion in December following a deficit of \$4.2 billion in November.

WEEKLY CLOSING FX CHART

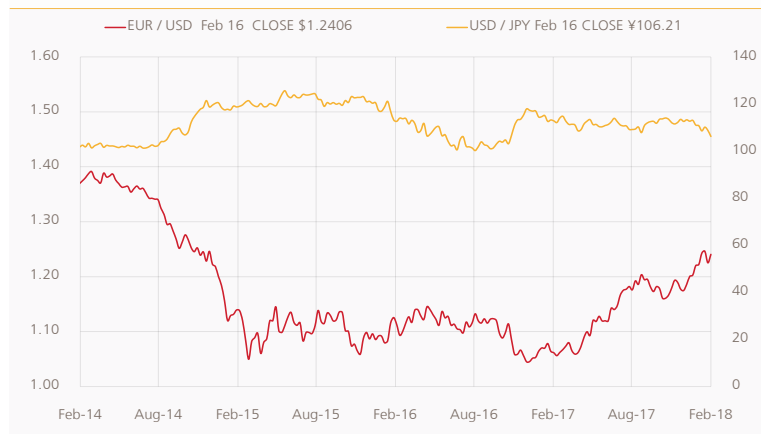
POUND STERLING



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING FX CHART

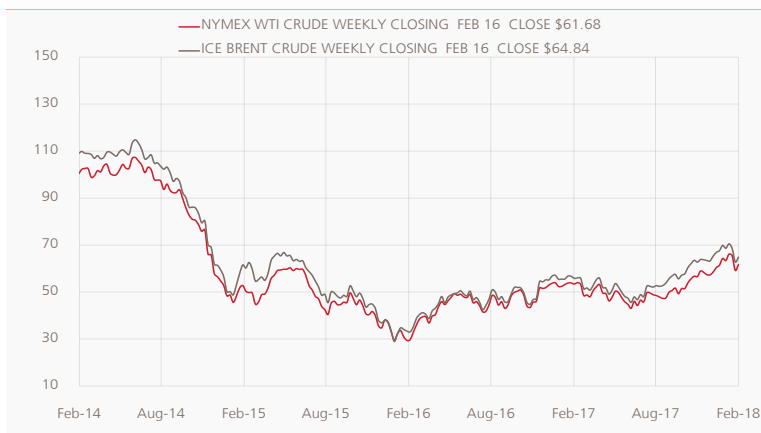
EURO & JAPANESE YEN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING CRUDE OIL

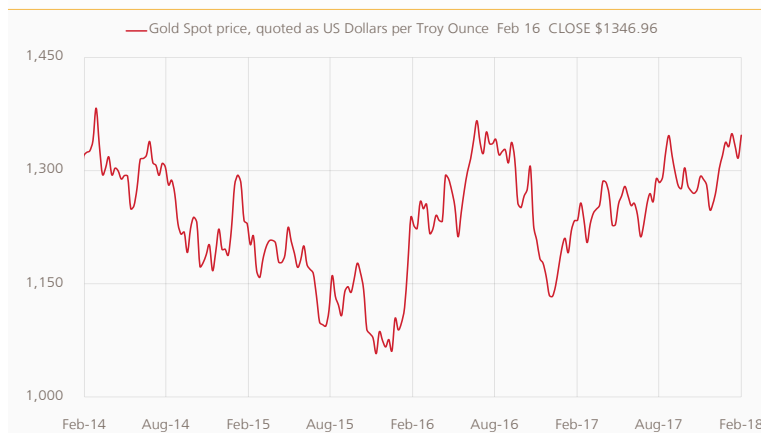
USD PER BARREL



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING SPOT GOLD

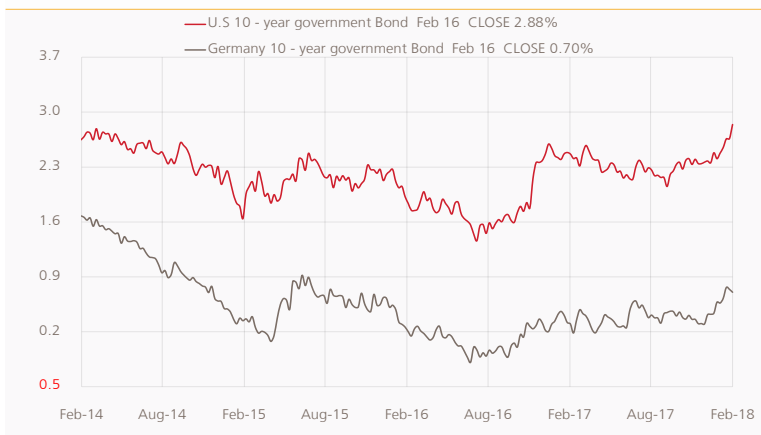
USD PER OUNCE



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING GOVERNMENT BOND YIELDS

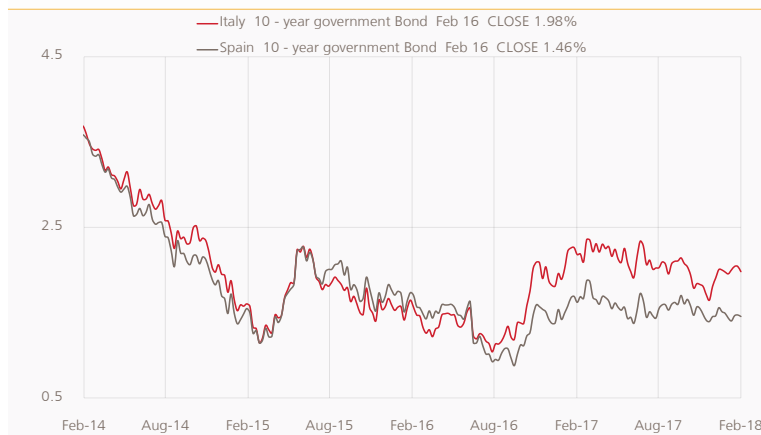
USA & GERMANY



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING GOVERNMENT BOND YIELDS

ITALY & SPAIN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

PROFIT RATE BENCHMARK				ENERGY / COMMODITIES USD		
TENOR	LIBOR	SIBOR	SAR - DEP		LAST PRICE	WTD
1 - MONTH	1.5938	1.6788	1.27	GOLD - SPOT	1,346.96	2.30%
3 - MONTH	1.8849	1.8925	1.57	SILVER - SPOT	16.64	1.71%
6 - MONTH	2.1061	2.0850	1.79	ALUMINUM - LME 3 MTH	2,208.00	4.00%
12 - MONTH	2.1731	2.2838	1.97	COPPER - LME 3 MTH	7,233.00	7.08%
				WTI - NYMEX	61.68	4.19%
				BRENT - ICE	64.84	3.26%

FOREIGN EXCHANGE				STOCKS INDEXES WEEKLY CLOSING		
	SPOT	SAR EQU	WTD	INDEX	LAST PRICE	WTD
GBP / USD	1.4026	5.2598	1.44%	S&P 500	2,732	4.30%
EUR / USD	1.2406	4.6523	1.26%	DOW JONES	25,219	4.25%
AUD / USD	0.7905	2.9644	1.18%	NASDAQ	7,239	5.31%
USD / CHF	0.9270	4.0453	(1.24%)	FTSE 100	7,295	2.85%
USD / CAD	1.2558	2.9861	(0.18%)	DAX INDEX	12,452	2.85%
USD / JPY	106.21	0.0353	(2.38%)	CAC INDEX	5,282	3.98%
USD / CNY	6.4755	0.5791	(0.28%)	NIKKEI 225	21,720	1.58%
USD / SAR	3.7505	1.0000	0.01%	TASI INDEX	7,510	1.45%

WEEK AHEAD ECONOMIC CALENDAR						
DATE	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED *	PRIOR	IMPORTANCE
Tue 20 / 02 13:00	GE	ZEW Survey Expectations	Feb	16	20.4	
Tue 20 / 02 18:00	EC	Consumer Confidence	Feb A	1	1.3	
Wed 21 / 02 03:30	JN	Nikkei Japan PMI Mfg	Feb P	--	54.8	
Wed 21 / 02 11:00	FR	Markit France Manufacturing PMI	Feb P	58	58.4	
Wed 21 / 02 12:30	UK	Unemployment Rate	Dec	4.30%	4.30%	
Wed 21 / 02 17:45	US	Markit US Manufacturing PMI	Feb P	55.5	55.5	
Wed 21 / 02 18:00	US	Existing Home Sales	Jan	5.62M	5.57M	
Thu 22 / 02 12:00	GE	IFO Business Climate	Feb	117	117.6	
Thu 22 / 02 12:00	GE	IFO Expectations	Feb	107.9	108.4	
Thu 22 / 02 12:30	UK	GDP YoY	4Q P	1.50%	1.50%	
Thu 22 / 02 16:30	US	Initial Jobless Claims	17-Feb	230K	230K	
Fri 23 / 02 02:30	JN	Natl CPI YoY	Jan	1.30%	1.00%	
Fri 23 / 02 13:00	EC	CPI YoY	Jan F	1.30%	1.40%	

Source: Bloomberg For Forecasting

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ADDITIONAL DISCLOSURES

This report is dated as at 19 February 2018. All market data included in this report are dated as at close 17 February 2018, unless otherwise indicated in this report.

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