

[WEEKLY ECONOMIC COMMENTARY]

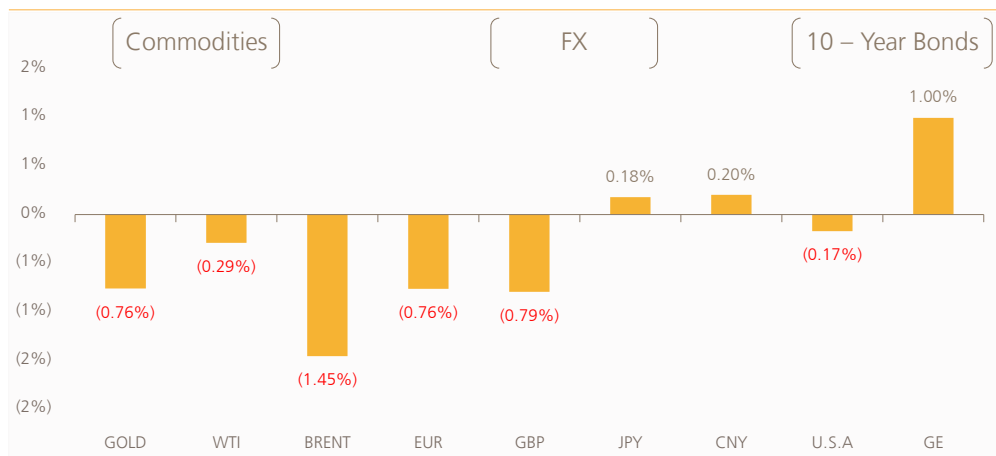
WEEKLY ANALYSIS FOR THE MOST CRITICAL ECONOMIC AND FINANCIAL DEVELOPMENTS

MACRO & MARKET COMMENTARY

- » The Bank of England raised its benchmark interest rate to its highest level in almost a decade. Raising the interest rate is suggesting that inflation continues to be the main worry for the Monetary Policy Committee (MPC) members. Bank of England's MPC voted unanimously to raise interest rate from 0.5% to 0.75% (the highest since March 2009). On the other side of the Atlantic, the Federal Reserve (FED) held interest rate steady in August meeting at the [1.75% and 2%] range, however, the Fed emphasized the economy's strength in the after-meeting statement suggesting another interest rate hike is coming as soon as September.
- » U.S Dollar index (DXY - the index that tracks the performance of the US Dollar against major world currencies), rose for the second consecutive week, increasing by 0.52% or 0.49 points. the index closed its weekly trading session at 94.16 point on Friday the 03rd of August compared to 94.67 at last week's close. Pound Sterling experienced its worst weekly performance since (the 15th of June) as Brexit uncertainty clouded the outlook for the pound, specially after the BOE Governor underscored that policy tightening will be gradual and highlighted that the BOE will be ready for "any potential Brexit outcomes".

WEEKLY CHANGES AGAINST THE USD

MAJOR MARKETS



SOURCE : BLOOMBERG | BANK ALBILAD ECONOMIC RESEARCH

- » GBPUSD fell by 0.79% (or 104 pips), closing its weekly trading session at 1.3001 on Friday the 03rd of August.
- » Global Oil prices fell for the 05th consecutive week after a government report showed crude oil inventories “unexpectedly” increased for the week ended July 27. U.S Energy Information Administration (EIA) reported that commercial crude stockpile unexpectedly rose by 3.8 million barrel (compared to the expectation of a decline of 3 million barrel), putting total inventories at 408.74 million barrels. On the supply side, drillers in U.S removed 2 rigs the week to the 03rd of August, bringing the total count up to 859, according to Baker Hughes energy services firm. West Texas intermediate future contracts (Sep 2018 delivery) fell by 0.29% [or \$0.20] per barrel to \$68.49 per barrel. The international oil benchmark (Brent crude future contracts for Oct 2018 delivery) fell by 1.45% [or \$1.08] per barrel, closing its weekly trading session at \$73.21 on Friday, the 03th of August 2018.
- » U.S. Treasuries rose last week as intensifying trade tensions between US and China fueled demand for safe heaven on Thursday and Friday. Yield on the benchmark 10 – year treasury closed its weekly trading session lower by 0.5 basis points (bps) or 0.17% to 2.95% on the 03th of August 2018.

ECONOMIC DATA & EVENTS FROM LAST WEEK.

US & Canada:

On August 01, FOMC kept its rate (upper bound) unchanged at 2% as expected. ISM manufacturing fell more than expected to 58.1 in July from 60.2 in June. Manufacturing PMI was revised down to 55.3 in July final estimate from 55.5 previously estimated. Factory orders rose 0.7% in June compared to 0.4% increase in May. Personal income grew 0.4% in June as expected, the same as in May. Personal spending increased 0.4% in June as expected following the revised up increase to 0.5% in May. Manufacturing PMI fell slightly to 56.9 in July from 57.1 in May.

UK and Japan:

On August 02, Bank of England raised its rate from 0.5% to 0.75% as expected. The bank has kept its asset purchase target at £ 435 billion as expected. Manufacturing PMI fell to 54 in July compared to the revised down reading to 54.3 in June. In Japan, Jobless rate rose to 2.4% in June from 2.2% in May. Industrial production fell 2.1% M/M in June following 0.2% M/M decline in May. Manufacturing PMI climbed to 52.3 in July final estimate from 51.6 previously estimated.

EuroZone:

The European economy expanded 0.3% Q/Q in Q2 2018 compared to 0.4% Q/Q growth expected and following 0.4% Q/Q expansion in the previous quarter. CPI estimate came in at 2.1% Y/Y in July compared to 2% Y/Y in June. Manufacturing PMI was confirmed at 55.1 in July final estimate as expected.

Consumer confidence index was confirmed at -0.6 in July final estimate as expected. Unemployment claims rate in Germany kept stable at 5.2% in July as expected. CPI inflation unexpectedly decelerated to 2% Y/Y in July from 2.1% in June. Manufacturing PMI was unexpectedly revised down to 56.9 in July final estimate from 57.3 previously estimated. CPI inflation in France accelerated to 2.3% Y/Y in July from 2% in June. Manufacturing PMI was revised up to 53.3 in July final estimate from 53.1 previously estimated. The Italian economy expanded 0.2% Q/Q in Q2 2018 as expected compared to 0.3% Q/Q growth rate in the previous quarter. Manufacturing PMI fell more than expected to 51.5 in July from 53.3 in June.

Emerging Markets:

On August 01, the Brazilian Central Bank has kept its rate unchanged at 6.5% as expected. Industrial production increased 13.1% M/M in June following 10.9% M/M decline in the prior month. Net debt to GDP ratio inched up to 51.4% in June from 51.3% in May. Manufacturing PMI rose to 50.5 in July from 49.8 in June. On August 01, Reserve Bank of India raised its repurchase rate and reserve REPO rate from 6.25%, 6% to 6.50% and 6.25% respectively. Manufacturing PMI fell to 52.3 in July from 53.1 in June. Manufacturing PMI in China fell to 50.8 in July from 51 in June. Russian Manufacturing PMI fell to 48.1 in July from 49.5 in June.

GCC and Turkey:

SAMA net foreign assets increased to SAR1870.9 billion in June from SAR1863.9 billion in May. Saudi measure of money supply M2 fell 1% Y/Y in June following 0.1% Y/Y increase in May. In Bahrain, measure of money supply M1 fell 3.63% Y/Y in June following the revised down decline to 5.9% Y/Y in May.

Kuwaiti measure of money supply M2 grew 5.25% Y/Y in June following 4.01% Y/Y increase in May. The Turkish trade balance posted a deficit of USD5.5 billion in June compared to the revised up deficit to -USD7.76 billion registered in May. CPI inflation inched up to 15.85% Y/Y in July from 15.39% Y/Y in June.

WEEKLY CLOSING FX CHART

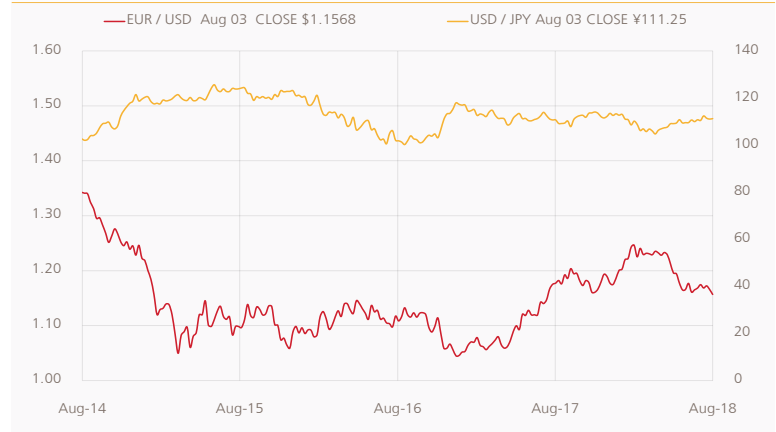
POUND STERLING



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING FX CHART

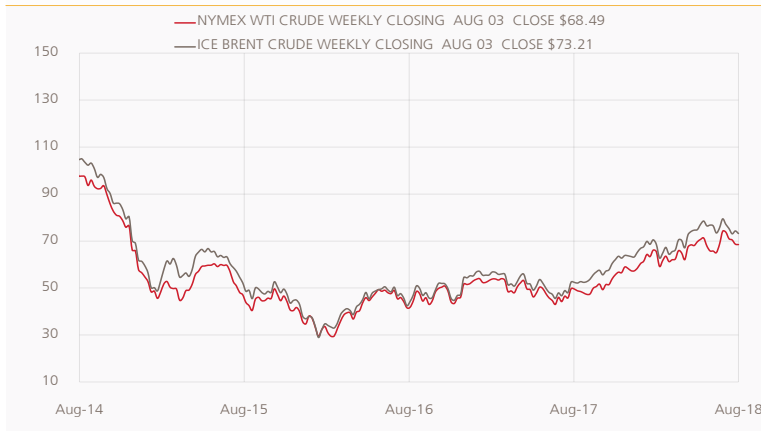
EURO & JAPANESE YEN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING CRUDE OIL

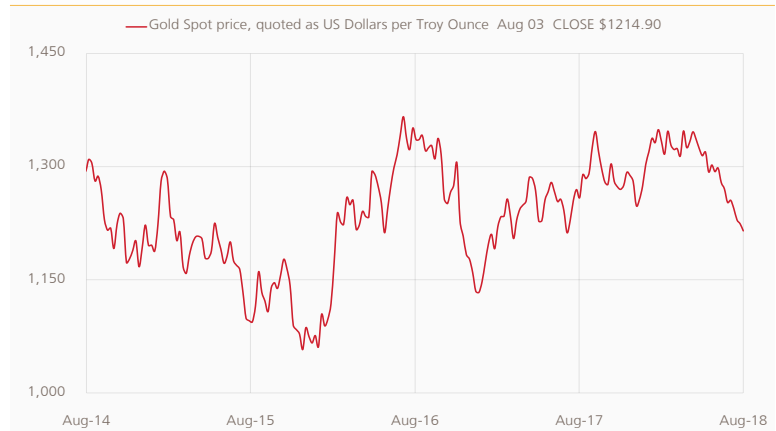
USD PER BARREL



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	2.0793	2.4088	2.31
3 - MONTH	2.3430	2.6088	2.51
6 - MONTH	2.5248	2.7875	2.69
12 - MONTH	2.8274	2.9963	2.90

ENERGY / COMMODITIES USD

	LAST PRICE	WTD
GOLD - SPOT	1,214.90	(0.76%)
SILVER - SPOT	15.42	(0.57%)
ALUMINUM - LME 3 MTH	2,028.00	(2.08%)
COPPER - LME 3 MTH	6,206.00	(1.45%)
WTI - NYMEX	68.49	(0.29%)
BRENT - ICE	73.21	(1.45%)

FOREIGN EXCHANGE

	SPOT	SAR EQU	WTD
GBP / USD	1.3001	4.8754	(0.79%)
EUR / USD	1.1568	4.3380	(0.76%)
AUD / USD	0.7404	2.7765	0.05%
USD / CHF	0.9941	3.7723	(0.04%)
USD / CAD	1.2991	2.8866	(0.49%)
USD / JPY	111.2500	0.0337	0.18%
USD / CNY	6.4755	0.5791	(0.28%)
USD / SAR	3.7505	1.0000	0.01%

STOCKS INDEXES WEEKLY CLOSING

INDEX	LAST PRICE	WTD
S&P 500	2,840	0.76%
DOW JONES	25,463	0.05%
NASDAQ	7,812	0.96%
FTSE 100	7,659	(0.55%)
DAX INDEX	12,616	(1.90%)
CAC INDEX	5,479	(0.59%)
NIKKEI 225	22,525	(0.83%)
TASI INDEX	8,254	(1.36%)

WEEK AHEAD ECONOMIC CALENDAR

DATE	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED *	PRIOR	IMPORTANCE
Mon 06 / 08 09:00	GE	Factory Orders MoM	Jun	-0.50%	2.60%	92
Tue 07 / 08 09:00	GE	Industrial Production SA MoM	Jun	-0.50%	2.60%	93
Wed 08 / 08 02:50	JN	Current Account Balance	Jun	¥1222.2b	¥1938.3b	94
Wed 08 / 08 14:00	US	MBA Mortgage Applications	3-Aug	--	-2.60%	92
Thu 09 / 08 04:30	CH	CPI YoY	Jul	2.00%	1.90%	97
Thu 09 / 08 15:30	US	Initial Jobless Claims	4-Aug	220k	218k	98
Fri 10 / 08 02:50	JN	PPI YoY	Jul	2.90%	2.80%	92
Fri 10 / 08 02:50	JN	GDP Annualized SA QoQ	2Q P	1.40%	-0.60%	96
Fri 10 / 08 02:50	JN	GDP SA QoQ	2Q P	0.30%	-0.20%	97
Fri 10 / 08 10:00	TU	Current Account Balance	Jun	-2.98b	-5.89b	91
Fri 10 / 08 11:30	UK	Industrial Production MoM	Jun	0.40%	-0.40%	92
Fri 10 / 08 11:30	UK	GDP QoQ	2Q P	0.40%	0.20%	98
Fri 10 / 08 11:30	UK	GDP YoY	2Q P	1.30%	1.20%	97

SOURCE: BLOOMBERG FOR FORECASTING

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ADDITIONAL DISCLOSURES

This report is dated as at 06 August 2018. All market data included in this report are dated as at close 04 August 2018, unless otherwise indicated in this report.

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