

[WEEKLY ECONOMIC COMMENTARY]

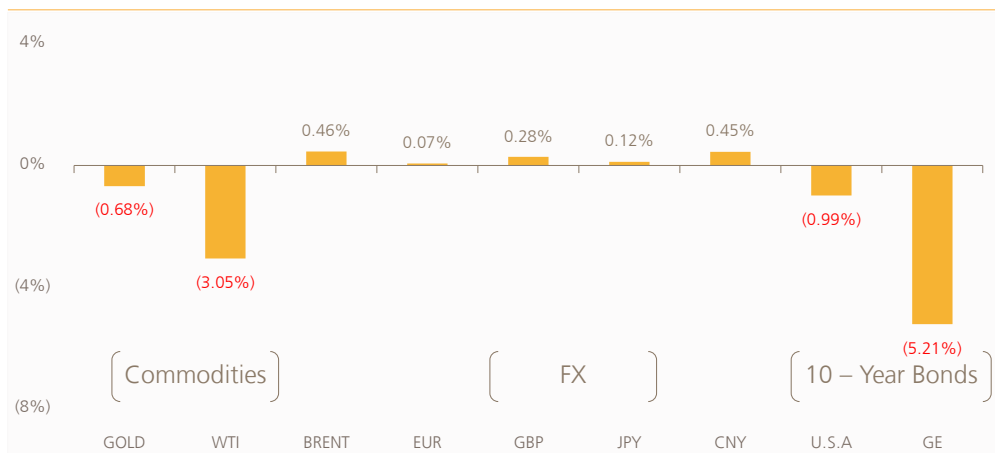
WEEKLY ANALYSIS FOR THE MOST CRITICAL ECONOMIC AND FINANCIAL DEVELOPMENTS

MACRO & MARKET COMMENTARY

- » Macroeconomic data from the US gave markets a boost during the week. Unemployment rate fell to its lowest level since 2000 as U.S economy continues to create 200K jobs (and more) every month. Concerns about trade war, however, have been intensified after the United States moved to impose tariffs on metal imports from Canada, Mexico and the European Union.
- » U.S Dollar index (DXY - the index that tracks the performance of the US Dollar against major world currencies) fell for the first time in three weeks, declining by 0.1% or 0.1 points. the index closed its weekly trading session at 94.16 point on Friday the 01st of June compared to 94.25 at last week's close. Emerging Market currencies had mixed directions against the greenback as Brazilian real, Mexican and Argentine Peso weakened. On the flip side Russian, Indian and Turkish currencies closed the week higher.
- » U.S and international oil benchmarks diverged last week, on concerns about increasing oil supply, sending WTI benchmark down for the 2nd consecutive week. The U.S Energy Information Administration (EIA) reported that commercial crude stockpiles unexpectedly declined by 3.62 million barrels (compared to the expectation of a 450K increase)

WEEKLY CHANGES AGAINST THE USD

MAJOR MARKETS



SOURCE : BLOOMBERG | BANK ALBILAD ECONOMIC RESEARCH

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What is “Nonfarm Payroll”?
Nonfarm payroll is a term used in the U.S. to refer to any job with the exception of farm work.

”

- » Putting total inventories at 434.5 million barrels. On the supply side, drillers in the U.S added 2 oil rigs in the week to the 01st of June, bringing the total count up to 861, according to Baker Hughes energy services firm. West Texas intermediate future contracts (July 2018 delivery) fell by 3.05% [or 2.07 \$] per barrel to \$65.81 per barrel. The international oil benchmark (Brent crude future contracts for Aug 2018 delivery), however, rose by 0.46% [or \$0.35] per barrel, closing its weekly trading session at \$76.79 on Friday, the 01st of June 2018.
- » U.S Treasury rose for the second consecutive week driven by fears over the new Italian government's policy agenda, pushing down yield. Yield on the benchmark 10 – year treasury fell by 2.9 basis points (bps) or 0.99% over the week closing its weekly trading session at 2.9030% on the 01st of June 2018.

ECONOMIC DATA & EVENTS FROM LAST WEEK.

US & Canada: GDP growth data in the United States unexpectedly revised down to 2.2% Q/Q annualized rate in Q1 from 2.3% Q/Q previously estimated. Initial jobless claims fell below expectations to 221K in the week ending May 26 compared to 234K in the prior week. Unemployment rate fell slightly to 3.8% in May from 3.9% in April. Personal spending increased 0.6% in April following the revised up increase to 0.5% in March. Personal income rose 0.3% in April as expected following the revised down reading to 0.2% in March. Construction spending grew 1.8% M/M in April following 1.7% M/M decline in March. ISM manufacturing index rose above expectations to 58.7 in May from 57.3 in April. The Canadian economy expanded 1.3% annualized rate in Q1 2018 missing expectations of 1.8% growth rate and following 1.7% increase in the previous quarter.

UK and Japan: Capital spending in Japan climbed 3.4% Y/Y in Q1 2018 following 4.3% Y/Y increase in the previous quarter.

Euro Countries: Consumer confidence index was confirmed at 0.2 in May final estimate as expected. CPI estimate came in at 1.9% Y/Y in May compared to 1.6% Y/Y expected and following 1.2% Y/Y in April. In Germany, CPI inflation accelerated to 2.2% Y/Y in May from 1.6% Y/Y in April. The French economy expanded 0.2% Q/Q in Q1 2018 following 0.3% Q/Q increase in the preceding quarter. On yearly basis, GDP grew 2.2% in Q1 2018 following 2.1% increase in the prior quarter. CPI inflation accelerated more than expected to 2% Y/Y in May following 1.6% Y/Y in April. Consumer confidence index remained stable at 100 in May, the same as in April (revised down reading from 101). In Italy, GDP growth rate was confirmed at 1.4% Y/Y in Q1 2018 final estimate as expected. Economic sentiment index fell to 104.7 in May from 105 in April (revised down from 105.1).

Turkey:

On May 28, the Central Bank of Turkey raised its One-week Repo Rate from 8% to 16.5%. The bank has also raised its Overnight Lending Rate from 9.25% to 18%. The Turkish trade balance posted a deficit of USD6.69 billion in April compared to - USD6.70 billion and following a deficit of USD5.86 billion registered in the previous month.

WEEKLY CLOSING FX CHART

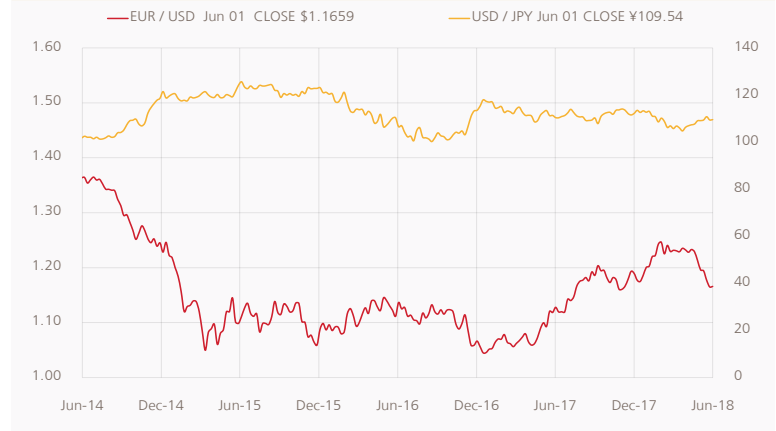
POUND STERLING



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING FX CHART

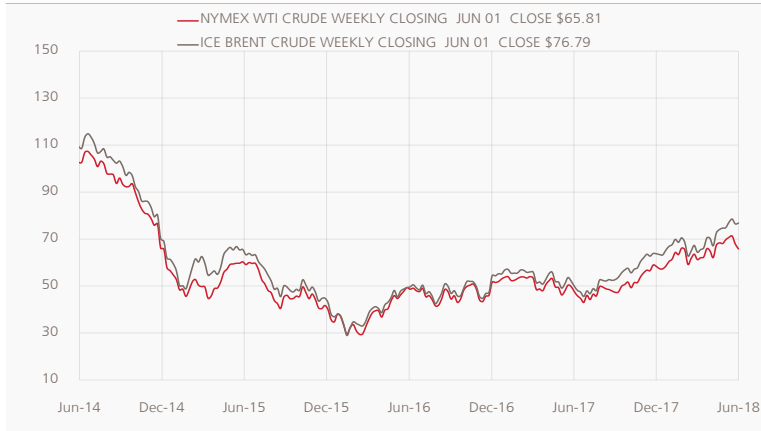
EURO & JAPANESE YEN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING CRUDE OIL

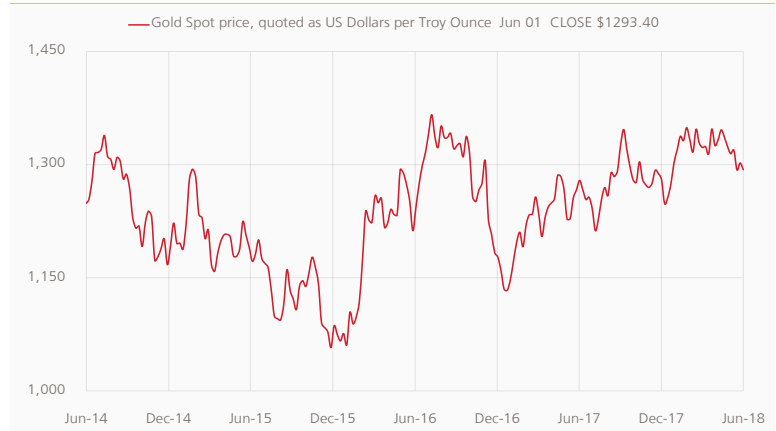
USD PER BARREL



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING SPOT GOLD

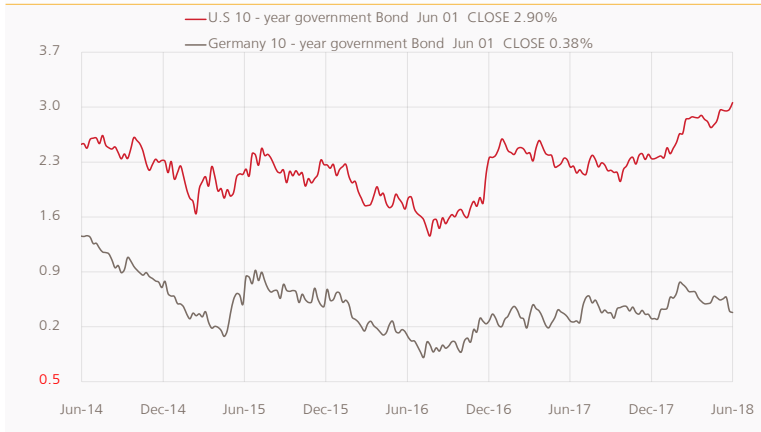
USD PER OUNCE



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING GOVERNMENT BOND YIELDS

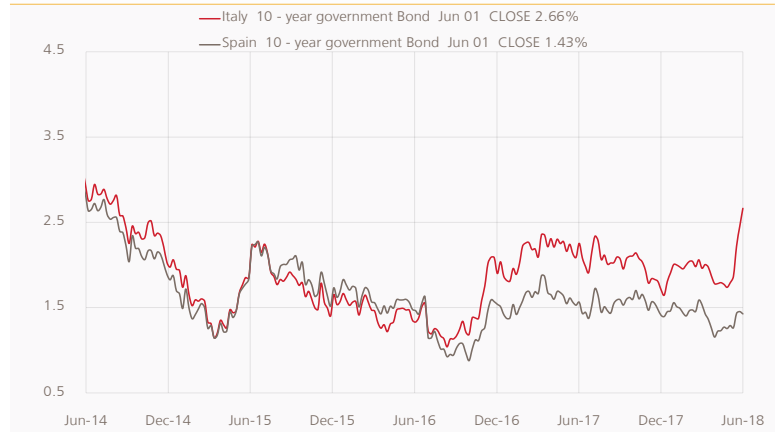
USA & GERMANY



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	2.0047	2.1200	2.02
3 - MONTH	2.3178	2.4388	2.34
6 - MONTH	2.4744	2.6263	2.53
12 - MONTH	2.7241	2.8413	2.74

ENERGY / COMMODITIES USD

	LAST PRICE	WTD
GOLD - SPOT	1,293.40	(0.68%)
SILVER - SPOT	16.41	(0.60%)
ALUMINUM - LME 3 MTH	2,305.00	1.86%
COPPER - LME 3 MTH	6,896.00	0.16%
WTI - NYMEX	65.81	(3.05%)
BRENT - ICE	76.79	0.46%

FOREIGN EXCHANGE

	SPOT	SAR EQU	WTD
GBP / USD	1.3346	5.0048	0.28%
EUR / USD	1.1659	4.3721	0.07%
AUD / USD	0.7569	2.8384	0.28%
USD / CHF	0.9882	3.7948	(0.28%)
USD / CAD	1.2951	2.8955	(0.17%)
USD / JPY	109.5400	0.0342	0.12%
USD / CNY	6.4755	0.5791	(0.28%)
USD / SAR	3.7502	1.0000	0.00%

STOCKS INDEXES WEEKLY CLOSING

INDEX	LAST PRICE	WTD
S&P 500	2,735	0.49%
DOW JONES	24,635	(0.48%)
NASDAQ	7,554	1.62%
FTSE 100	7,702	(0.37%)
DAX INDEX	12,724	(1.65%)
CAC INDEX	5,466	(1.39%)
NIKKEI 225	22,171	(1.24%)
TASI INDEX	8,161	1.53%

WEEK AHEAD ECONOMIC CALENDAR

DATE	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED *	PRIOR	IMPORTANCE
Mon 04 / 06 10:00	TU	CPI YoY	May	12.15%	10.85%	94
Mon 04 / 06 17:00	US	Factory Orders	Apr	-0.50%	1.60%	86
Mon 04 / 06 17:00	US	Durable Goods Orders	Apr F	--	-1.70%	93
Thu 07 / 06 09:00	GE	Factory Orders MoM	Apr	0.80%	-0.90%	92
Thu 07 / 06 12:00	EC	GDP SA YoY	1 Q F	2.50%	2.50%	91
Thu 07 / 06 12:00	EC	GDP SA QoQ	1 Q F	0.40%	0.40%	93
Thu 07 / 06 14:00	TU	One-Week Repo Rate	7-Jun	16.75%	16.50%	97
Thu 07 / 06 14:00	TU	Overnight Lending Rate	7-Jun	18.75%	18.00%	85
Fri 08 / 06 02:50	JN	GDP Deflator YoY	1 Q F	0.50%	0.50%	88
Fri 08 / 06 02:50	JN	GDP Annualized SA QoQ	1 Q F	-0.50%	-0.60%	94
Fri 08 / 06 02:50	JN	GDP SA QoQ	1 Q F	-0.20%	-0.20%	97
Fri 08 / 06 02:50	JN	BoP Current Account Balance	Apr	¥2147.8b	¥3122.3b	96
Fri 08 / 06 09:45	FR	Industrial Production MoM	Apr	0.30%	-0.40%	92

SOURCE: BLOOMBERG FOR FORECASTING

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DISCLOSURE APPENDIX

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ADDITIONAL DISCLOSURES

This report is dated as at 04 June 2018. All market data included in this report are dated as at close 02 June 2018, unless otherwise indicated in this report.

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