

[WEEKLY ECONOMIC COMMENTARY]

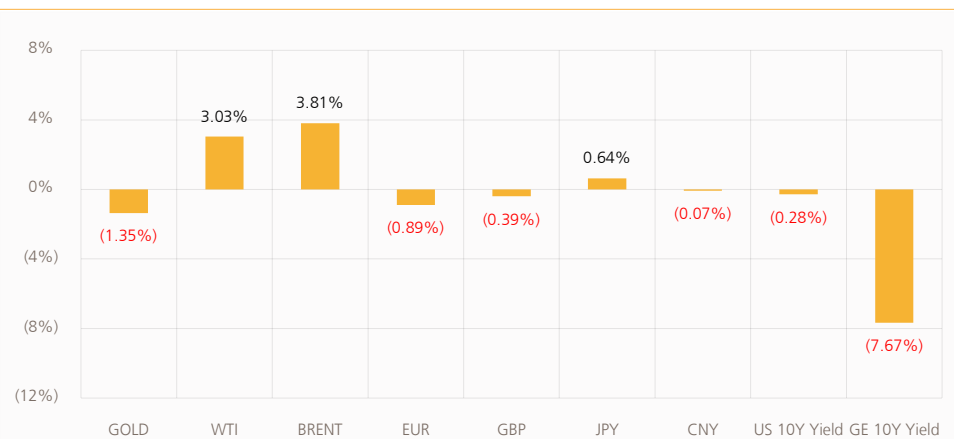
WEEKLY ANALYSIS FOR THE MOST CRITICAL ECONOMIC AND FINANCIAL DEVELOPMENTS

MACRO & MARKETS COMMENTARY

- » Federal Reserve officials see the economic growth and the acceleration of inflation as a good signal to continue to raise interest rate gradually over the "medium term", according to the minute of FOMC meeting in late January 2018. Furthermore, recent developments in U.S economy [Tax cut & improve labor market conditions] prompted FED officials to upgrade their economic outlook relative to those made for December 2017 meeting. On the flip side, FED officials cautioned that "imbalances in Financial Markets may begin to emerge as the economy continued to operate above potential".
- » U.S dollar swung back and forth between gains and losses, before closing its weekly trading session up. U.S Dollar index (DXY - the index that tracks the performance of the US Dollar against major world currencies) fell by 0.88% or 0.78 points. the index closed its weekly trading session at 89.88 point on Friday the 23th of February compared to 89.10 at last week's close. Sterling weakened during the week amid combination of soft Job data in the UK and news that PM is under pressures from her own party to adopt quick and clean break from the EU. the GBP/USD fell by 0.39% (or 55 pips) reaching \$1.3971 per pound on Friday, the 23th of February 2018.
- » Crude oil prices rebounded again last week after a government reports showed a surprise pullback in U.S crude inventories. U.S Energy Information Administration (EIA) reported that commercial crude stockpiles unexpectedly drop by 1.62 million barrel putting total inventories at 420.48 million barrels.

WEEKLY CHANGES AGAINST THE USD

MAJOR MARKETS



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

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What is the (FOMC)?
The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve Board that determines the direction of monetary policy. The FOMC meets several times a year to discuss whether to maintain or change current policy

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- » West Texas intermediate future contracts (April 2018 delivery) rose by 3.6% [or \$2.21] per barrel to \$63.55 per barrel. The international oil benchmark (Brent crude future contracts for April 2018 delivery) rose by 3.81% W/W [or \$2.47] per barrel, closing its weekly trading session at \$67.31 on Friday, the 23th of February 2018.
- » U.S government bond prices rose for the first time (on a weekly basis) since the December as the FED's latest minutes showed policy makers expect greater economic growth and inflation. Yield on the benchmark 10 – year treasury fell by 0.80 basis points (bps) or 0.28% over the week closing its weekly trading session at 2.868% on the 23th of February 2018.

ECONOMIC DATA & EVENTS FROM THE LAST WEEK.

U.S.A & CANADA

Existing home sales in the United States unexpectedly declined to 5.38 million in January following the revised down reading to 5.56 million in December. Manufacturing PMI unexpectedly climbed to 55.9 in February from 55.5 in January. Composite PMI rose to 55.9 in February from 53.8 in January. CPI inflation in Canada decelerated to 1.7% Y/Y in January from 1.9% Y/Y in December 2017. Economists expected inflation to fall to 1.5% Y/Y.

UK & JAPAN

UK GDP growth unexpectedly fell to 0.4% Q/Q in Q4 preliminary estimate compared to 0.5% Q/Q in the previous quarter. On yearly basis, GDP growth came in at 1.4% in Q4, the same as in Q3 (revised down reading). Unemployment rate for the three months ending December rose to 4.4% compared to 4.3% in the prior period.

CPI inflation in Japan accelerated more than expected to 1.4% Y/Y in January compared to 1% Y/Y in December. The Japanese trade balance posted a deficit of ¥943.4 billion in January following the revised down surplus to ¥358.7 billion registered in December. Exports grew 12.2% Y/Y in January compared to 9.4% Y/Y increase expected and following 9.3% Y/Y increase in December. While imports grew 7.9% Y/Y in January following 14.9% Y/Y increase in December.

EUROZONE

CPI inflation in the Euro Area was revised down to 1.3% Y/Y in January final estimate as expected from 1.4% Y/Y previously estimated. Services PMI fell below expectations to 56.7 in February from 58 in January. In Germany, GDP growth was confirmed at 0.6% Q/Q seasonally adjusted in Q4 2017 final estimate as expected. On yearly basis, GDP was also confirmed at 2.3% in Q4 2017 as expected. IFO business climate fell more than expected to 115.4 in February from 117.6 in January. ZEW survey current situation declined to 92.3 in February from 95.2 in January.

ZEW survey expectations fell to 17.8 in February from 20.4 in January, while expectations were at 16. Inflation in France was unexpectedly revised down to 1.3% Y/Y in January final estimate from 1.4% Y/Y previously estimated. Manufacturing PMI fell more than expected to 56.1 in February from 58.4 in January.

The Italian current account posted a surplus of \$5872 million in December following the revised down reading to \$4752 million in November. The Spanish trade balance posted a deficit of \$2050 million in December following a deficit of \$1621 million in November.

EMERGING MARKETS:

Inflation in Brazil decelerated to 2.86% Y/Y in February from 3.02% Y/Y in January. Russian gold and FOREX reserve climbed to \$454 billion in the week ending February 16 compared to \$447.4 billion in the previous week. Unemployment rate rose to 5.2% in January from 5.1% in December.

GCC AND TURKEY:

CPI inflation in Bahrain accelerated to 2.8% Y/Y in January from 1.4% Y/Y in December 2017. Kuwaiti CPI inflation fell to 0.98% Y/Y in January from 1.07% Y/Y in December.

WEEKLY CLOSING FX CHART

POUND STERLING



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING FX CHART

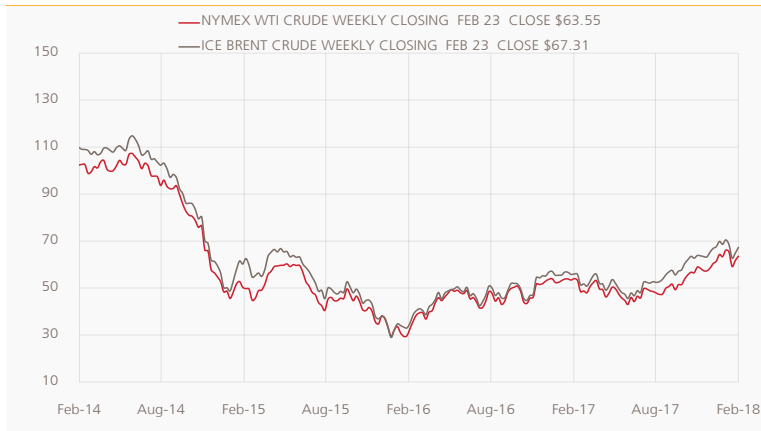
EURO & JAPANESE YEN



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING CRUDE OIL

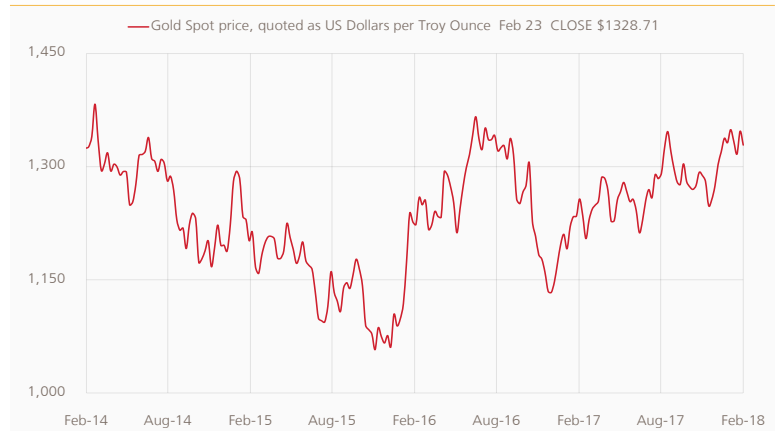
USD PER BARREL



SOURCE : BLOOMBERG | BANK ALBILAD TREASURY DIVISION

WEEKLY CLOSING SPOT GOLD

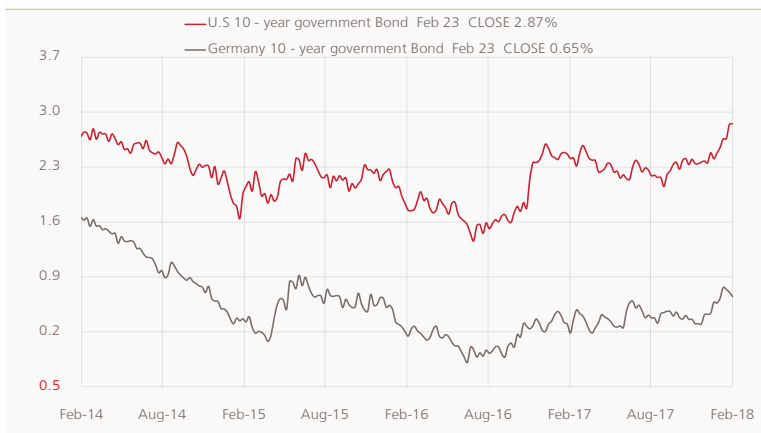
USD PER OUNCE



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	1.6312	1.6863	1.27	GOLD - SPOT	1,328.71	(1.35%)
3 - MONTH	1.9563	1.8988	1.57	SILVER - SPOT	16.53	(0.67%)
6 - MONTH	2.1819	2.0925	1.79	ALUMINUM - LME 3 MTH	2,140.00	(3.08%)
12 - MONTH	2.1731	2.2838	1.97	COPPER - LME 3 MTH	7,095.00	(1.91%)
				WTI - NYMEX	63.55	3.03%
				BRENT - ICE	67.31	3.81%

FOREIGN EXCHANGE				STOCKS INDEXES WEEKLY CLOSING		
	SPOT	SAR EQU	WTD	INDEX	LAST PRICE	WTD
GBP / USD	1.3971	5.2391	(0.39%)	S&P 500	2,747	0.55%
EUR / USD	1.2295	4.6106	(0.89%)	DOW JONES	25,310	0.36%
AUD / USD	0.7843	2.9411	(0.78%)	NASDAQ	7,337	1.35%
USD / CHF	0.9361	4.0060	0.98%	FTSE 100	7,244	(0.69%)
USD / CAD	1.2633	2.9684	0.60%	DAX INDEX	12,484	0.26%
USD / JPY	106.89	0.0351	0.64%	CAC INDEX	5,317	0.68%
USD / CNY	6.4755	0.5791	(0.28%)	NIKKEI 225	21,893	0.79%
USD / SAR	3.7503	1.0000	(0.01%)	TASI INDEX	7,525	0.20%

WEEK AHEAD ECONOMIC CALENDAR						
DATE	COUNTRY	ECONOMIC RELEASE /EVENTS	PERIOD	EXPECTED *	PRIOR	IMPORTANCE
Tue 27/02 13:00	EC	Consumer Confidence	Feb F	0.1	0.1	
Tue 27/02 16:00	GE	CPI YoY	Feb P	1.50%	1.60%	
Tue 27/02 16:30	US	Durable Goods Orders	Jan P	-2.00%	2.80%	
Wed 28/02 04:00	CH	Manufacturing PMI	Feb	51.2	51.3	
Wed 28/02 10:00	TU	Trade Balance	Jan	-9.10b	-9.21b	
Wed 28/02 13:00	EC	CPI Estimate YoY	Feb	1.20%	1.30%	
Wed 28/02 16:30	US	GDP Annualized QoQ	4Q S	2.50%	2.60%	
Thu 01/03 04:45	CH	Caixin China PMI Mfg	Feb	51.3	51.5	
Thu 01/03 11:55	GE	Markit/BME Germany Manufacturing PMI	Feb F	60.3	60.3	
Thu 01/03 12:30	UK	Markit UK PMI Manufacturing SA	Feb	55	55.3	
Thu 01/03 16:30	US	PCE Core YoY	Jan	1.50%	1.50%	
Thu 01/03 16:30	US	PCE Deflator YoY	Jan	1.70%	1.70%	
Thu 01/03 18:00	US	ISM Manufacturing	Feb	58.7	59.1	

Source: Bloomberg For Forecasting

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ADDITIONAL DISCLOSURES

This report is dated as at 26 February 2018. All market data included in this report are dated as at close 24 February 2018, unless otherwise indicated in this report.

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