

**Market Commentary**

- **Strong Demand on 10-year Treasury Auction:** Investors snapped up the 10-year Treasury auction, in a sign that intensifying trade disputes have yet to impact US government debt sales. Despite what some analysts had feared that the auction would be under-subscribed due to the large Treasury holdings of foreign investors.
- **US Stocks Slip:** US stocks fall for the first time in five sessions as escalating trade tension and a tumble in the price of oil took their toll on investor sentiment. That put pressure on the energy sector, particularly the DJIA, where such names carry a higher weighting, similarly hurting the blue-chip measure.
- **Warning Signals of Recession:** Signals of inflation are flashing after higher than expected wholesale inflation numbers have been read by investors to increase the chance of further interest rate rises, reducing the difference between short and long dated treasury yields. The difference between two-and 10-year Treasuries fell to as little as 26.556 basis points.
- **US Producer Price Inflation Jumps:** US producer prices rose at the fastest pace in over 6 years in June as higher energy and transportation costs continued to drive inflation higher. The producer price index — a key measure of industrial inflation — was up 3.4% in June from the prior year period from 3.1% in May. The gain topped analysts' expectation for a 3.2% rise and is the largest year-on-year monthly advance since November 2011.
- **Chance for Chinese Talks:** Chinese and U.S. officials have raised the prospect of resuming talks over trade between the two nations after President Trump ratcheted up the pressure by announcing a huge new round of potential tariffs.
- **Canada Lifts Rates:** Canada raised its benchmark interest rate for the first time in six months by a quarter to 1.50%, as a steady uptick in inflation and the strong economic readings gave policymakers room to resume monetary tightening. This is the highest since December 2008.
- **Turkish Lira Hits Record Low:** Turkey's currency tumbled below its May low, nearing 5 lira to the dollar, amid a sharp deterioration in investor sentiment after assigning Mr. Erdogan's son-in law for a powerful economic post. The lira's fall accelerated after Mr. Erdogan, an avowed critic of high interest rates, forecast a fall in rates.
- **Biggest One-Day Drop in Oil:** Down more than 7%, oil is facing its biggest drop in nearly 2½ years after Libya's state oil company said it would reopen four export terminals and the heightened trade tensions between the US and China.

Source: Bloomberg, Reuters

**Currencies**

EUR/USD	1.1679
GBP/USD	1.3212
USD/JPY	112.25
AUD/USD	0.7383
NZD/USD	0.6763
USD/CHF	0.9958
USD/CAD	1.3202

**Interbank Rates**

	USD	GBP	EUR	AED	SAR	BHD
1WK	1.96163	0.48113	-0.4249	1.8375	2.2938	2.350
1MO	2.0665	0.54094	-0.3976	2.1988	2.40625	3.070
2MO	2.16713	0.63188	-0.3674	-	-	3.275
3MO	2.33744	0.71988	-0.3554	2.5438	2.6075	3.500
6MO	2.51188	0.83313	-0.3127	2.8236	2.78625	3.725
12MO	2.78094	1.00075	-0.2329	3.3082	2.99375	4.255

**Commodities**

Brent Crude	74.62
WTI	70.78
Gold	1243.99
Aluminum	2089.0
Copper	6145
Silver	15.86
Platinum	831.6
Palladium	936.8

**Indices**

DJIA	24,700.5
S&P 500	2,774.0
DAX	12,417.1
NIKKEI 225	22,188.0
CAC 40	5,353.9
FTSE 100	7,592.0
DFM	2,893.5
TASI	8,388.7

**Treasuries**

US2Y	2.5900
US10Y	2.8619
EU2Y	-0.6290
EU10Y	0.3740
GB2Y	0.7540
GB10Y	1.2940
SAR2Y	3.1781
SAR10Y	3.8730

**Main Economic Indicators**

Relevance	Country	Indicator	Consensus	Previous
	US	CPI MoM (Jun)	0.20%	0.20%
	FR	CPI MoM (Jun F)	0.10%	0.10%
	FR	CPI YoY (Jun F)	2.10%	2.10%

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