

Market Commentary

- Theresa May in Search for The Perfect Compromise:** U.K. Prime Minister Theresa May is in a frantic search for the perfect compromise. Her mission is clear: to find a way to unite the warring Brexit factions in her party before they derail the government. May's officials will begin work Wednesday on the wording of a new clause in her key piece of legislation preparing for the divorce from the European Union. The U.K. will leave the EU in March next year, but talks in Brussels are struggling to make headway. The slow progress is in part because the premier can't get her cabinet to agree on the kind of post-Brexit trade regime they want the U.K. to have with the EU.
- Asian Equities Mixed a Head of Central Bank Meetings:** Asian stocks were mixed following a lackluster session in the U.S. as investors await the major central bank meetings this week, after shrugging at Tuesday's North Korea summit. Japanese shares had a modest gain with the Topix index trading up 0.5 percent while equities fell in Australia and Hong Kong. Australia's S&P/ASX 200 Index lost 0.6 percent and the Hang Seng Index declined 0.6 percent. Chinese shares declined, with ZTE Corp. plunging by its daily limit after it agreed to a \$1 billion fine. China's CSI 300 Index lost 0.8 percent, with ZTE the biggest decliner. S&P 500 futures rose 0.2 percent. Elsewhere, Stocks in the Philippines declined 2 percent as the Philippines Central bank appears to be backpedalling on another rate hike at its June 21 meeting as the previous hike was "sufficient" to bring inflation back on target by next year. South Korean and Indonesian markets are closed for a holiday.
- U.S dollar Edges Up and yen Trades Lower After U.S North-Korea Meeting:** Safe-haven currencies including the yen and gold edged lower amid the prospects of diminishing geopolitical risks after President Donald Trump and Kim Jong Un pledged to work toward peace on the Korean peninsula. The Bloomberg Dollar Spot Index rose 0.1 percent to its highest in two weeks. The yen fell 0.2 percent to 110.62 per dollar near the weakest in almost three weeks. The euro traded at \$1.1747. The British pound was little changed at \$1.3364. Gold was little changed at \$1,295.17 an ounce. The Philippine peso led declines in Asian emerging currencies, plunging a fresh 12-year low and was last trading at 53.085 PHP/USD. Lingering concerns over the deteriorating trade deficit continue to put upside pressure on the currency.
- U.S Treasuries steady a Head of the Federal Reserve Meeting:** U.S Treasuries yields are roughly 1 basis point higher across the curve. The yield on 10-year Treasuries held around 2.96 percent while Australia's 10-year bond yield fell more than two basis point to 2.78 percent.
- Crude Oil Prices Higher on API Data:** Oil prices fell in early trading on Wednesday as rising supplies in the U.S. weighed on prices. Data from the American Petroleum Institute showed a surprise build of 833,000 barrels in U.S. crude stockpiles. Analysts had expected a decline of 2.7 million barrels. Official U.S. production and inventory data is due to be published on Wednesday by the Energy Information Administration (EIA). Brent crude futures, the international benchmark for oil prices, were at \$75.65 per barrel, down 23 cents, or 0.3 percent, from their last close. U.S. West Texas Intermediate crude futures were at \$65.99 a barrel, down 37 cents, or 0.6 percent, from their last settlement. Iraq joined other OPEC members in resisting a push to boost oil supplies yesterday. The OPEC and its allies are scheduled to meet on June 22 to 23 to review its output cut pact.

Source: Bloomberg, Reuters

Currencies

EUR/USD	1.1748
GBP/USD	1.3360
USD/JPY	110.61
AUD/USD	0.7570
NZD/USD	0.7012
USD/CHF	0.9881
USD/CAD	1.3036

Interbank Rates

	USD	GBP	EUR	AED	SAR	BHD
1WK	1.90688	0.48506	-0.4246	1.8688	2.0513	2.125
1MO	2.04738	0.49856	-0.4009	2.1408	2.19125	2.750
2MO	2.137	0.54425	-0.3753	-	-	2.950
3MO	2.33263	0.62469	-0.3517	2.4293	2.46375	3.250
6MO	2.49313	0.75725	-0.3053	2.7847	2.64625	3.400
12MO	2.75794	0.927	-0.2283	3.1409	2.8575	4.040

Commodities

Brent Crude	75.37
WTI	65.89
Gold	1295.3
Aluminum	2304.5
Copper	7222
Silver	16.85
Platinum	896
Palladium	1029.1

Indices

DJIA	25,320.7
S&P 500	2,786.9
DAX	12,842.3
NIKKEI 225	22,966.4
CAC 40	5,453.4
FTSE 100	7,703.8
DFM	3,083.7
TASI	8,270.5

Treasuries

US2Y	2.5408
US10Y	2.9645
EU2Y	-0.5860
EU10Y	0.4870
GB2Y	0.7470
GB10Y	1.3950
SAR2Y	3.0825
SAR10Y	3.9388

Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	EC	Industrial Production WDA YoY (Apr)	2.5%	3.0%
	UK	CPI MoM (May)	0.4%	0.4%
	UK	RPI MoM (May)	0.4%	0.4%
	US	FOMC Rate Decision (upper bound) (Jun)	2.00%	1.75%

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