

Market Commentary

- North Korea Threatens to Cancel Trump Summit:** North Korea threatened to walk away from its meeting with President Donald Trump next month if the U.S. made a “one-sided demand” for the regime to surrender its nuclear weapons. Earlier Wednesday, North Korea abruptly cancelled talks with South Korea. The moves undercut the optimism after Kim agreed to discuss his nuclear weapons program in a first-of-its-kind meeting.
- Dollar Is Up:** The dollar surged as U.S. retail sales rose for a second month in April, signalling consumer demand was off to a good start this quarter. The value of sales increased 0.3%, matching the median forecast, after a 0.8% advance in the prior month that was stronger than initially reported, Commerce Department figures showed Tuesday. The Japanese yen was steady at ¥110.28 against the dollar, while the UK pound was flat at \$1.3500 and the euro dipped to \$1.1828.
- Three to Four 2018 Hikes Still Warranted:** Federal Reserve Bank of San Francisco President John Williams said he’s “very positive” about the economic outlook both in the U.S. and abroad and reiterated that he views three to four interest-rate increases this year as appropriate. Williams said inflation is nearing the central bank’s 2% target after a temporary slowdown last year and noted that unemployment is at its lowest since 2000, shoring up his confidence in the outlook.
- PIMCO Sees U.S. 10-Year Treasury Yields Topping Out at 3.5%:** U.S. 10-year Treasury yields will move in a 3% to 3.5% for the rest of the year as the Federal Reserve continues raising interest rates, said Robert Mead, co-head of Asia-Pacific at Pacific Investment Management Co.
- Oil Market:** Oil traded near \$71 a barrel as investors assessed a surprise gain in U.S. crude inventories and a European Union pledge to salvage the Iran nuclear deal and oil shipments from the Persian Gulf nation. WTI closed at \$71.14 a barrel and Brent Crude at \$78.31 a barrel.
- Mexico Economy Expands at a Strong Pace:** Mexico’s gross domestic product (GDP) grew at an annualized 4.5% pace in first quarter 2018—its highest quarterly growth since mid-2016. More recent data on exports, employment, industrial production and retail sales also improved. Inflation fell for the third consecutive month in March, and the peso appreciated against the dollar. The consensus growth forecast for 2018 is 2.2%.
- Lebanon Bonds Fall to Record Lows:** Lebanon dollar bonds fell on Tuesday, hit by escalating tensions across the Middle East where violence flared following U.S. decisions to move the U.S. embassy in Israel to Jerusalem and withdraw from the Iran nuclear deal. The issue maturing 2032 was down 1.85% to a record low and the issue maturing 2022 was down 1.65%, the lowest since early November.

Source: Bloomberg, Reuters

Currencies

EUR/USD	1.1844
GBP/USD	1.3511
USD/JPY	110.19
AUD/USD	0.7486
NZD/USD	0.6884
USD/CHF	0.9988
USD/CAD	1.2856

Interbank Rates

	USD	GBP	EUR	AED	SAR	BHD
1WK	1.755	0.48381	-0.4281	1.6500	1.9350	2.125
1MO	1.93375	0.49956	-0.3973	2.0138	2.08875	2.750
2MO	2.08569	0.5385	-0.3767	-	-	2.900
3MO	2.33	0.64787	-0.3506	2.4400	2.41375	3.175
6MO	2.50063	0.75788	-0.3143	2.7225	2.595	3.275
12MO	2.75748	0.92981	-0.2404	3.0675	2.8175	3.725

Commodities

Brent Crude	78.14
WTI	70.95
Gold	1295.05
Aluminum	2343.0
Copper	6808
Silver	16.32
Platinum	897.8
Palladium	976.4

Indices

DJIA	24,706.4
S&P 500	2,711.5
DAX	12,970.0
NIKKEI 225	22,717.2
CAC 40	5,553.2
FTSE 100	7,723.0
DFM	2,920.8
TASI	8,039.3

Treasuries

US2Y	2.5748
US10Y	3.0594
EU2Y	-0.5630
EU10Y	0.6240
GB2Y	0.8400
GB10Y	1.5170
SAR2Y	3.0380
SAR10Y	4.0017

Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	US	Industrial Production (MoM) (APR)	0.6%	0.5%
	US	Housing Starts (APR)	1310K	1319K
	EU	CPI (MoM) (APR)	0.3%	1.0%

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