

Market Commentary

- **Swining from Dove to Hawk:** The pound climbed 0.4% to 1.2662 after Bank of England chief economist Andy Haldane said he is leaning toward joining the hawks on the Monetary Policy Committee. He said that the risks of leaving policy tightening too late are rising and that he considered voting for an interest rate increase this month.
- **Too Late to Pull Back The Exit:** French President Emmanuel Macron said that talks on the U.K.'s exit from the European Union will be difficult to reverse now that a timetable has been agreed upon. The European Union and the U.K. agreed this week on a schedule for talks on the British departure from the 28-nation bloc. The clock is now ticking down to midnight on 29th of March 2019, when the U.K. will leave the EU, with or without a deal.
- **New Zealand Holds Rates at Low Record:** The central bank kept the official cash rate at 1.75% and indicated it won't raise it anytime soon. Even though inflation has picked up much faster than the RBNZ expected to 2.2% in March quarter, the bank has attributed that to temporary influences such as food and fuel prices. In May, it predicted inflation will slow to 1.1% in the first quarter of 2018. The bank failed to complain about its recent strength. "Monetary policy will remain accommodative for a considerable period," Reserve Bank Governor Graeme Wheeler said.
- **Is the Next Fed Rate Hike going to Happen?** Philadelphia Federal Reserve Bank President Patrick Harker tells Financial Times "It is prudent for us to pause on the next rate increase; at some point, and I would assume it is this year, cease reinvestment; and see how the markets react. We can take our time to do this. We don't have to be in a rush." He suggested that September's FOMC meeting would be a possible moment to begin shrinking the balance sheet.
- **Oil Status:** Brent crude oil dropped below \$45 a barrel for the first time this year on Wednesday, slipping further into a bear market as traders lose faith in OPEC's ability to balance supplies. Oil prices have now dropped by more than 20% since the start of this year with Brent on course to post its worst first half since 1997 and energy stocks getting hit. US benchmark West Texas Intermediate is trading at \$42.48 per barrel and Brent Crude at \$44.73.

Source: Bloomberg, Reuters

Currencies

| | |
|---------|--------|
| EUR/USD | 1.1163 |
| GBP/USD | 1.2666 |
| USD/JPY | 111.03 |
| AUD/USD | 0.7547 |
| NZD/USD | 0.7260 |
| USD/CHF | 0.9732 |
| USD/CAD | 1.3323 |

Interbank Rates

| | USD | GBP | EUR | AED | SAR | BHD |
|------|---------|---------|---------|--------|---------|-------|
| 1WK | 1.19389 | 0.23713 | -0.4079 | 1.0828 | - | 1.625 |
| 1MO | 1.21556 | 0.25106 | -0.4043 | 1.2078 | 1.45 | 2.200 |
| 2MO | 1.24944 | 0.26725 | -0.3886 | - | - | 2.300 |
| 3MO | 1.28722 | 0.28706 | -0.3729 | 1.5135 | 1.78125 | 2.425 |
| 6MO | 1.43961 | 0.421 | -0.2957 | 1.7418 | 2.0325 | 2.600 |
| 12MO | 1.73594 | 0.62381 | -0.1804 | 2.1252 | 2.2225 | 3.150 |

Commodities

| | |
|-------------|---------|
| Brent Crude | 44.74 |
| WTI | 42.45 |
| Gold | 1252.17 |
| Aluminum | 1858.0 |
| Copper | 5742 |
| Silver | 16.60 |
| Platinum | 929.2 |
| Palladium | 901.0 |

Indices

| | |
|------------|----------|
| DJIA | 21,410.0 |
| S&P 500 | 2,435.6 |
| DAX | 12,737.7 |
| NIKKEI 225 | 20,110.5 |
| CAC 40 | 5,251.6 |
| FTSE 100 | 7,412.7 |
| DFM | 3,411.4 |
| TASI | 7,440.6 |

Treasuries

| | |
|--------|---------|
| US2Y | 1.3401 |
| US10Y | 2.1459 |
| EU2Y | -0.6340 |
| EU10Y | 0.2510 |
| GB2Y | 0.2050 |
| GB10Y | 1.0150 |
| SAR2Y | 2.3690 |
| SAR10Y | 3.7740 |

Main Economic Indicators

| Importance | Country | Indicator | Consensus | Previous |
|------------|---------|---------------------------------|-----------|----------|
| | US | Leading Index (MAY) | 0.30% | 0.30% |
| | US | Initial Jobless Claims (JUN 17) | 240K | 237K |
| | EU | Consumer Confidence (JUN) | -3.00 | -3.30 |
| | CA | Retail Sales (MoM) (APR) | 0.30% | 0.70% |

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