

**Market Commentary**

- **US Economy Grew Faster than Expected in Q2:** The US economy grew at a slightly faster pace than expected during the second quarter of this year. Combined with data on Wednesday morning showing the Federal Reserve's preferred measure of inflation rose in line with market estimates, that keeps the US central bank on track to raise interest rates at its policy meeting next month.
- **Pound Rallies after Negotiations with EU:** Sterling shot higher after the EU's chief Brexit negotiator Michel Barnier indicated that he was close to offering the UK a deal. Sterling popped 1% higher on the news, to break \$1.30 for the first time since August 6.
- **German Consumers Shake Off US Trade War Fears:** German consumers halted their decline in economic optimism in August, backing the country's economic growth prospects according to the latest monthly data from GfK. A measure of expectations about the Germany economy climbed 6.5 points in the month to 22.2, after having followed a downward path for much of the year.
- **French Consumer Spending Slowed in July:** French household spending slowed in July, getting the third quarter off to a sluggish start after a similarly lacklustre first half of the year. Consumer spending increased 0.1% month-on-month, following a 0.3% rise in June and a 1.1% climb in May. A small rise in food consumption offset a similar decline in energy.
- **Italian Banks' Bond Purchases Slow after Hitting a Record:** Italian banks' net purchases of their own government's debt have slowed, after hitting record levels earlier this year as foreign investors fled the market and dumped their holdings. Financial institutions in Italy bought a net €4bn of Italian government debt in July, according to figures from the European Central Bank, down from €14bn in June and €28bn in May, when the Italian bond market saw a sharp sell-off amid political turmoil.
- **Turkish Lira Slides Again on Pastor Row and Bank Downgrades:** The Turkish lira has taken a fresh hit after ratings agency Moody's downgraded 20 of the country's financial institutions and the row with Washington over the fate of a US pastor detained in the country continued. The dollar swept as high as TL6.43, a drop of more than 2%.
- **IMF to Consider Argentina's Request:** The International Monetary Fund will look at revising its bailout for Argentina, after the country's president, Mauricio Macri, asked it to speed up disbursement of the \$50bn package.
- **Oil Pushes Higher after US Inventory Draw:** Oil prices climbed to multi-week highs, after data pointed to a larger-than-expected decline in US crude stockpiles last week. WTI was up 1.7% to \$69.70 a barrel, approaching the \$70 a barrel mark for the first time in a month. Brent was up 1.84% to \$77.33 a barrel, its highest in seven weeks.

Currencies	
EUR/USD	1.1691
GBP/USD	1.3018
USD/JPY	111.66
AUD/USD	0.7278
NZD/USD	0.6649
USD/CHF	0.9712
USD/CAD	1.2930

Interbank Rates						
	USD	GBP	EUR	AED	SAR	BHD
1WK	1.95675	0.71506	-0.4234	1.9488	2.2988	2.400
1MO	2.07488	0.723	-0.3966	2.2759	2.4075	3.175
2MO	2.19963	0.74688	-0.3704	-	-	3.325
3MO	2.31475	0.80638	-0.3609	2.6100	2.61	3.525
6MO	2.52825	0.89919	-0.3100	2.8886	2.7875	3.775
12MO	2.82813	1.04519	-0.2179	3.2552	2.99875	4.450

Commodities	
Brent Crude	77.28
WTI	69.68
Gold	1202.16
Aluminum	2156.8
Copper	6086
Silver	14.66
Platinum	792.4
Palladium	951.1

Indices	
DJIA	26,124.6
S&P 500	2,914.0
DAX	12,561.7
NIKKEI 225	22,878.9
CAC 40	5,501.3
FTSE 100	7,563.2
DFM	2,832.1
TASI	8,018.5

Treasuries	
US2Y	2.6735
US10Y	2.8767
EU2Y	-0.5720
EU10Y	0.4040
GB2Y	0.7630
GB10Y	1.4890
SAR2Y	3.2685
SAR10Y	3.9350

**Main Economic Indicators**

Relevance	Country	Indicator	Consensus	Previous
	US	Personal Income (Jul)	0.4%	0.4%
	US	Personal Spending (Jul)	0.4%	0.4%
	EC	Consumer Confidence (Aug F)	-1.9	-1.9
	UK	Mortgage Approvals (Jul)	65.0k	65.6k

## Disclaimer

It is important that you only use this report if you are the intended recipient of this report and you have satisfied yourself that you are eligible to receive such information. This report is provided to you because you are one of our esteemed customers and have previously shown interest in receiving the type of information contained in this report.

The Treasury and Investment Management department of Gulf International Bank B.S.C. ("GIB") have compiled the information in this report. GIB is incorporated in the Kingdom of Bahrain and is licensed by the Central Bank of Bahrain (the "CBB") as a conventional wholesale bank. GIB's head office is located at Al-Dowali Building, P.O. Box 1017, 3 Palace Avenue, Manama, Kingdom of Bahrain.

This report is intended for the accredited investors, as defined in the Investment Business Code of Conduct published by the CBB. This information has not been reviewed by the CBB or any other regulatory authority in any jurisdiction and neither CBB nor any other regulatory takes any responsibility for the correctness or accuracy for the information contained in this report.

The information contained herein is not directed at or intended for use by any person resident or located in any jurisdiction where (1) the distribution of such information is contrary to the laws of such jurisdiction or (2) such distribution is prohibited without obtaining the necessary licenses or authorizations by the relevant branch, subsidiary or affiliate office of GIB and such licenses or authorizations have not been obtained. The recipient of such information is responsible for ensuring that this information has not been received by it in breach of laws and regulations of any jurisdiction.

This report contains publicly available information only, which has only been compiled by GIB. The information provided herein is on "as is" and "as available" basis and without representation or warranty of any kind. GIB hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall GIB or its subsidiaries, affiliates, shareholders or their directors, officers, employees, independent contractors, agents and representatives (collectively, "GIB Representatives") be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting there from, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages arising from any use of information or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of GIB or any GIB Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. The information here is, and must be construed solely as, compilation of information (unless expressly stated otherwise) and not statements of fact as to credit worthiness or recommendations or opinions of GIB.

This report does not provide individually tailored investment advice. Any materials contained herein have no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. The document is provided for information purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. GIB makes every effort to use reliable, comprehensive information, but we do not represent that it is accurate or complete. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the materials, nor are they a complete statement of the securities, markets or developments referred to herein. Recipients should not regard the materials as a substitute for the exercise of their own judgement. Any opinions are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of GIB as a result of using different assumptions and criteria. GIB is not under any obligation to update or keep current the information contained herein.

The value of, and income from, your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realised.

The information contained in this report is just for informational purposes. Information does not constitute a solicitation, an offer, or a recommendation to buy or sell any investment instruments, to effect any transactions, or to conclude any legal act of any kind whatsoever. GIB does not intend to provide investment, legal or tax advice through this report and does not represent that any securities or services discussed are suitable for any investor. When making a decision about your investments and business, you should seek the advice of professional advisors.

The report may contain statements that constitute "forward looking statements". While these forward looking statements may represent GIB's judgment and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from GIB's expectations. GIB is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise. The historical information is provided for information purposes only. Performance figures are calculated before tax (if any) and after deducting ongoing fees and expenses. The performance figures are historical and past performance is not necessarily an indication of future results. Certain amounts (including %ages) included in this document may have been subject to rounding adjustments. Accordingly, figures may not be an exact arithmetic aggregation of the figures to which they relate. The values and forecasts shown represent our current indicative valuations and forecasts of the relevant transactions, currencies, interest rates, commodities or securities as at the date shown. Any value or forecast shown herein is not an indicative price quotation. We expressly disclaim any responsibility for the accuracy of the values or forecasts shown, any errors or omissions in the report

With the exception of information regarding GIB and save as otherwise specifically indicated, the information set out in this report is based on public information. We have, where possible, indicated the primary source of information. We strongly recommend the recipients consult the primary source of information. Facts and views in this report have not been reviewed by, and may not reflect information known to, professionals in other GIB business areas.

This Report, and the information contained herein (save to the extent that such information is publicly available) is confidential and may not be disclosed by you to any other person outside of your organization without our consent.

GIB retains all right, title and interest (including copyrights, trademarks, patents, as well as any other intellectual property or other right) in all information and content (including all text, data, graphics and logos) in this document. All recipients must not, without limitation, modify, copy, transmit, distribute, display, perform, reproduce, publish, license, frame, create derivative works from, transfer or otherwise use in any other way for commercial or public purposes in whole or in part any information, text, graphics, images from this document (excluding publicly available information) without the prior written permission of GIB.