

Market Commentary

- Asian stocks and the pound sagged today as investors waited for British Prime Minister Theresa May to lay out plans to exit the European Union, which traders fear will see Britain lose access to the bloc's single market. MSCI's broadest index of Asia-Pacific shares outside Japan lost 0.1 percent, while Japan's Nikkei brushed a five-week low and was last down 0.4 percent. Sterling hovered around \$1.2050, in striking distance of \$1.1983, its lowest since Oct. 7 struck the previous day. The yen benefited from its safe-haven status, holding its gains versus against the dollar, euro and sterling. The dollar was steady at 114.200 yen having gone as low as 113.610 the previous day, its weakest since Dec. 8. The Australian dollar, sensitive to shifts in risk sentiment, was down 0.1 percent at \$0.7472. Higher iron ore prices had taken the Aussie to a one-month high of \$0.7519 last week.
- Britain will not seek a Brexit deal that leaves it "half in, half out" of the European Union, Prime Minister Theresa May will say today, according to her office, in a speech setting out her 12 priorities for upcoming divorce talks with the bloc. Those priorities will include leaving the European Union's single market and regaining full control of Britain's borders, several newspapers reported, reinforcing investor fears of a 'Hard Brexit' which has pushed the pound to some of the lowest levels against the U.S. dollar seen in more than three decades.
- China will lower its 2017 economic growth target to around 6.5 percent from last year's 6.5-7 percent, policy sources said, reinforcing a policy shift from supporting growth to pushing reforms to contain debt and housing risks. The world's second-largest economy likely grew around 6.7 percent last year but it faces increasing uncertainties in 2017, the head of China's state planning agency said on Jan. 10.
- OPEC Secretary-General Mohammed Barkindo forecast on Monday that stability would return to oil markets this year while price hawk Venezuela said it hoped its crude basket would rise to \$70 in coming months.
- Oil markets were mixed on Tuesday, supported by growth in U.S. crude production and Saudi Arabia saying it would strictly adhere to a commitment to cut output, but held back by scepticism in financial markets that oversupply would be curbed. U.S. West Texas Intermediate crude oil futures were trading up 2 cents at \$52.39 per barrel. Brent crude futures, the international benchmark for oil prices, were down 19 cents at \$55.67 a barrel.
- Gold was helped by the heightened risk aversion stemming from Brexit and uncertainty over Trump's plans. Spot gold was \$1,206.70 an ounce after climbing to \$1,207.86 overnight, its highest since late November.
- Saudi Arabia's stock market may be pulled down further today by disappointing fourth-quarter earnings, while subdued international equities and crude oil prices could restrain other regional markets.

Source: Bloomberg, Reuters

Currencies	
EUR/USD	1.0653
GBP/USD	1.2108
USD/JPY	113.40
AUD/USD	0.7517
NZD/USD	0.7145
USD/CHF	1.0070
USD/CAD	1.3109

Interbank Rates						
	USD	GBP	EUR	AED	SAR	BHD
1WK	0.71944	0.24	-0.3970	0.6536	-	1.075
1MO	0.76778	0.26256	-0.38214	0.9829	1.778	1.600
2MO	0.83667	0.31775	-0.3603	-	2.029	1.800
3MO	1.02372	0.35663	-0.34286	1.4090	2.027	2.100
6MO	1.33294	0.52238	-0.2386	1.6603	2.2	2.200
12MO	1.70178	0.76775	-0.09471	2.0511	2.41	2.625

Commodities	
Brent Crude	55.55
WTI	52.31
Gold	1210.76
Aluminum	1792.0
Copper	5865
Silver	16.92
Platinum	988.2
Palladium	743.23

Indices	
DJIA	19,885.7
S&P 500	2,274.6
DAX	11,554.7
NIKKEI 225	18,813.5
CAC 40	4,882.2
FTSE 100	7,327.1
DFM	3,665.8
TASI	6,823.6

Treasuries	
US2Y	1.1646
US10Y	2.3453
EU2Y	-0.7650
EU10Y	0.3210
GB2Y	0.1220
GB10Y	1.3100
SAR2Y	2.4900
SAR10Y	4.0800

Main Economic Indicators

Country	Indicator	Consensus	Previous
UK	Consumer Prices Index (YoY) (DEC)	1.4%	1.2%
GE	ZEW Economic Sentiment (JAN)	18.3	13.8

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