

**Market Commentary**

- Latest on US-China Trade Talks:** China has said trade talks held this week with the US were extensive and deep, with the two sides vowing to maintain close contact. China and the US talks laid the groundwork for higher-level negotiations between now and the March 2 deadline. That deadline was set during a meeting between President Donald Trump and President Xi Jinping in Argentina in December, with the commerce ministry making a nod towards the "common understanding" between the two leaders.
- Trump Storms Out of Talks On Shutdown:** Donald Trump stormed out of a White House meeting with Democratic leaders Nancy Pelosi and Chuck Schumer, tweeting that talks to end the government shutdown were a "waste of time." The House passed funding legislation but the Senate isn't likely to vote as long as Trump vows to veto.
- Fed Minutes Urge Caution:** The US dollar fell to a fresh three-month low against the euro after the minutes of the Federal Reserve's December monetary policy meeting showed officials arguing for caution on rate rises. The minutes showed volatile markets and muted inflation added to arguments for the Fed to take a gradual approach to lifting interest rates further in 2019.
- Cooling Chinese Inflation:** Slowing Chinese inflation will likely spur policymakers in Beijing to ramp up easing and stimulus measures to help shore up the economy. CPI slipped to 1.9% from 2.2% in the previous month, while economists expected 2.1%. Factory-gate price growth also missed roundly, slowing to 0.9% versus the 1.6% consensus. Beijing is expected to add more fiscal support in 2019 on top of the \$29 billion in tax cuts for small firms announced yesterday.
- Eurozone Jobless Rate Slips:** The eurozone unemployment rate fell below 8% in November for the first time in a decade, underscoring the tightening in some of the bloc's labour markets even as others still have high levels of joblessness.
- Saudi Arabia To Sell \$7.5bn Bonds:** Saudi Arabia set the size of its dual-tranche bond offering at \$7.5 billion. A \$4 billion 10-year bond was priced at 175 bps over U.S. Treasury bond benchmarks and a \$3.5 billion 31-year bond priced at 230 bps. While those prices offer relatively generous yields for investors, they are similar to what Saudis have paid in the past on bonds and show that demand hasn't withered for their debt since the journalist's case.
- Oil Rises Above \$60:** Brent crude oil rose back above \$60 a barrel on Wednesday, extending its recent rebound after Saudi Arabia's powerful energy minister vowed to "stabilise" the market. Saudi Arabia and Russia led Opec+ in agreeing a 1.2m barrel a day production cut in December as prices tumbled, with Riyadh taking the lead in removing the majority of the barrels from the market.

*Source: Bloomberg, Reuters*
**Currencies**

EUR/USD	1.1555
GBP/USD	1.2787
USD/JPY	107.88
AUD/USD	0.7186
NZD/USD	0.6786
USD/CHF	0.9733
USD/CAD	1.3232

**Interbank Rates**

	USD	GBP	EUR	AED	SAR	BHD
1WK	2.40875	0.70288	-0.4431	2.2890	2.6963	2.850
1MO	2.5155	0.73	-0.42171	2.5338	2.78875	3.567
2MO	2.64638	0.79575	-0.3691	-	-	3.717
3MO	2.7825	0.90656	-0.33457	2.9275	2.97	3.950
6MO	2.85256	1.03156	-0.2971	3.2250	3.1025	4.067
12MO	3.01613	1.17538	-0.17729	3.4767	3.32875	4.700

**Commodities**

Brent Crude	60.88
WTI	51.76
Gold	1295.18
Aluminum	1831.3
Copper	5958
Silver	15.74
Platinum	825.7
Palladium	1268.3

**Indices**

DJIA	23,879.1
S&P 500	2,585.0
DAX	10,893.3
NIKKEI 225	20,163.8
CAC 40	4,813.6
FTSE 100	6,906.6
DFM	2,535.5
TASI	8,146.7

**Treasuries**

US2Y	2.5223
US10Y	2.6868
EU2Y	-0.5840
EU10Y	0.2190
GB2Y	0.7560
GB10Y	1.2610
SAR2Y	3.0344
SAR10Y	4.0312

**Main Economic Indicators**

Relevance	Country	Indicator	Consensus	Previous
	US	Initial Jobless Claims	226k	231k
	US	Continuing Claims	1740k	1740k
	FR	Industrial Production MoM (Nov)	0.00%	1.20%

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