

Market Commentary

- No Confidence in PM May:** Some of PM Theresa May's Tory colleagues say the 48-letter threshold has been met to trigger a leadership vote, local media reported. The only person who knows is Graham Brady, the chairman of the 1922 Committee, who collects and counts calls for no-confidence ballots. He has asked to meet with May today, the BBC reported, although others denied this.
- EU's Response to Brexit:** As May braces for trouble at home, the rest of the EU plans only a minimal response to help her sell her Brexit deal when leaders gather in Brussels this week. European diplomats say privately it's unlikely to be enough to win over U.K. MPs. Michel Barnier, the EU's lead negotiator, told European commissioners the chances of the U.K. crashing out with no deal have increased.
- Sterling Drops:** Sterling took a leg lower to hit its weakest level in 20 months as political uncertainties, which have increased dramatically over the past 24 hours after UK prime minister Theresa May delayed the parliamentary vote on her Brexit deal, keep the currency under pressure. The pound fell 0.6 per cent to \$1.2482, the lowest since April 12, 2017. It had earlier traded up by as much as 0.4 per cent to claw back some of Monday's 1.3 per cent fall against the dollar.
- Huawei CFO Freed on Bail:** Huawei CFO Meng Wanzhou was freed on bail by a Canadian court after four friends and her husband acted as guarantors. She handed over her passports. The ruling came hours after a former Canadian diplomat was detained in China. She'll wear a GPS tracker in her Vancouver home as she awaits possible extradition to the U.S. on fraud charges. President Trump told Reuters he might intervene in the case if it facilitated trade deals. He hailed China for resuming soybean buying and said he's willing to meet Xi Jinping again.
- US Producer Prices Moderate:** The pace of wholesale inflation in the US slowed in November, as the sharp sell-off in crude prices last month helped drag energy costs lower and ease pressure on the Federal Reserve to step up its pace of interest rate tightening. The headline producer price index rose just 0.1 per cent on a month-over-month basis last month.
- Euro Area Industrial Production:** Euro-area industrial output may have grown a mere 0.1% in October after a drop of 0.3% the month before, consensus shows. Bloomberg Economics goes against that view, forecasting a decline of 0.3% on month that erodes the chance of a significant rebound in GDP this quarter. BE sees Italy as the main contributor to the weakness with Germany also making a negative contribution.

Source: Bloomberg, Reuters

Currencies

EUR/USD	1.1326
GBP/USD	1.2497
USD/JPY	113.47
AUD/USD	0.7215
NZD/USD	0.6878
USD/CHF	0.9930
USD/CAD	1.3375

Interbank Rates

	USD	GBP	EUR	AED	SAR	BHD
1WK	2.21025	0.71188	-0.4387	2.1688	2.5225	2.650
1MO	2.4205	0.73688	-0.4107	2.5013	2.65625	3.450
2MO	2.56763	0.78363	-0.3843	-	-	3.575
3MO	2.77594	0.907	-0.3573	2.9038	2.87875	3.800
6MO	2.87788	1.02838	-0.3267	3.1646	3.05625	4.050
12MO	3.084	1.15175	-0.2144	3.6150	3.2925	4.600

Commodities

Brent Crude	60.97
WTI	52.32
Gold	1243.53
Aluminum	1955.0
Copper	6168
Silver	14.60
Platinum	787.2
Palladium	1204.6

Indices

DJIA	24,370.2
S&P 500	2,636.8
DAX	10,780.5
NIKKEI 225	21,602.8
CAC 40	4,806.2
FTSE 100	6,806.9
DFM	2,545.0
TASI	7,838.9

Treasuries

US2Y	2.7785
US10Y	2.8933
EU2Y	-0.6010
EU10Y	0.2320
GB2Y	0.6900
GB10Y	1.1880
SAR2Y	3.2301
SAR10Y	4.1235

Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	US	CPI MoM (Nov)	0.0%	0.3%
	US	CPI Ex Food and Energy MoM (Nov)	0.2%	0.2%
	US	MBA Mortgage Applications	--	2.0%
	EC	Industrial Production SA MoM (Oct)	0.1%	-0.3%

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