

Market Commentary

- Trade Deal Hopes:** Washington isn't likely to proceed with a threat to impose extra tariffs on \$160 billion of Chinese goods from Dec. 15, Agriculture Secretary Sonny Perdue said. "I do not believe those will be implemented and I think we may see some backing away," he said at a conference. Among the issues negotiators are dealing with is how to ensure the terms of any deal are enforced.
- China's Inflation is Up:** Chinese inflation picked up to 4.5% in November, a faster clip than the 4.3% economists predicted, from October's 3.8% pace. Factory gate prices remained in deflation last month, falling 1.4%, a tad better than the consensus for a 1.5% drop.
- Japan's 10-Year Yield Climbs:** Japan's 10-year bond yield climbed 1.5 basis point to zero, after being as low as minus 0.295% in September, for the first time in nine months amid waning global demand for debt. The nation's benchmark yields are rising for a fourth month after the Bank of Japan slashed debt purchases and refrained from adding any more easing measures.
- Pound Bolstered:** The pound gained with just days to the December U.K. election as polls continued to show a Conservative majority is the most likely outcome. Sterling edged higher by 0.2% to \$1.3165. "We maintain our base case that the general election on 12 December is likely to return a Conservative government with a working majority," write Goldman Sachs strategists.
- Oil Outlook:** Oil was steady near a 12-week high as investors weighed a forecast drop in American crude inventories against a looming deadline for the U.S. to impose more tariffs on China. Future in New York were little changed after declining 0.3% on Monday. U.S. stockpiles shrunk by 2.5 million barrels last week, a Bloomberg survey showed before government data due Wednesday.
- Budget Cut:** Saudi Arabia will earmark less money for subsidies, social benefits and the military as it embarks on three years of spending cuts. The fiscal program unveiled Monday marks a shift away from stimulus that helped power non-oil economic growth this year to the fastest since 2015. With output curbs negotiated by OPEC still a drag on the world's biggest crude exporter, Riyadh is expecting its sixth consecutive deficit to widen next year.
- New Liquidity Management Tool by Central Bank of Bahrain:** The tool based on the "Single Binding Wa'ad based structure" is developed by the International Islamic Financial Market and International Swaps and Derivatives Association and represents a Shariah-compliant alternative to Foreign Exchange Forward contracts. The single binding Wa'ad based structure involves one party who is looking for a hedge to purchase a specified currency at a future date based on the rate determined today, providing a binding Wa'ad (promise/undertaking) to purchase such currency.

Source: Bloomberg, Reuters

Currencies		1Y Trend
EUR/USD	1.1067	
GBP/USD	1.3155	
USD/JPY	108.61	
AUD/USD	0.6828	
NZD/USD	0.6565	
USD/CHF	0.9877	
USD/CAD	1.3230	

Interbank Rates	USD	GBP	EUR	AED	SAR	BHD
1WK	1.58288	0.69975	-0.5416	1.6618	1.9186	2.317
1MO	1.71513	0.70663	-0.51143	1.8828	2.09571	2.617
2MO	1.82175	0.75088	-0.4626	-	-	2.700
3MO	1.8905	0.78213	-0.44271	2.1931	2.23571	2.717
6MO	1.88675	0.86038	-0.3971	2.1893	2.25286	2.750
12MO	1.92313	0.96713	-0.28857	2.4188	2.29857	2.850

Commodities		1Y Trend
Brent Crude	64.2	
WTI	58.97	
Gold	1462.68	
Aluminum	1757.00	
Copper	6075	
Silver	16.63	
Platinum	901.4	
Palladium	1867.3	

Indices		1Y Trend
DJIA	27,909.6	
S&P 500	3,136.0	
DAX	13,105.6	
NIKKEI 225	23,410.2	
CAC 40	5,837.3	
FTSE 100	7,233.9	
DFM	2,681.8	
TASI	8,120.0	

Treasuries		1Y Trend
US2Y	1.6130	
US10Y	1.8138	
EU2Y	-0.6370	
EU10Y	-0.3070	
GB2Y	0.5740	
GB10Y	0.7630	
SAR2Y	2.0586	
SAR10Y	2.9485	

Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	FR	Industrial Production (YoY) (OCT)	-0.4%	0.1%
	UK	Industrial Production (YoY) (OCT)	-1.2%	-1.4%
	UK	Manufacturing Production (MoM) (OCT)	0.0%	-0.4%
	GE	ZEW Survey Expectations (DEC)	0.3	-2.1

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