

### Market Commentary

- **Powell's Testimony:** Jerome Powell came close to acknowledging that the central bank may not have the firepower to fight the next recession and called on Congress to get ready to help. The current low level of interest rates "means that it would be important for fiscal policy to support the economy if it weakens," he said. The remark was an unusual appeal by the head of a politically independent institution that is used to combating economic contractions on its own. But it highlights the difficulties that the Fed and other major central banks face in a world of historically low interest rates and why tax cuts and government spending increases may also be needed to fight future downturns.
- **Toll of Virus Deaths:** New cases of coronavirus infections spiked, rising by 14,840 in Hubei province, after Beijing revised its method for diagnosing the illness, and demoted two top local officials. Italy may miss its 2020 growth targets as the virus impact "risks being significantly negative," Deputy Finance Minister Antonio Misiani said.
- **Lagarde's Agenda for ECB:** The ECB is testing just how far it can go in fighting climate change. While "green QE" –buying environmentally friendly bonds for political reasons– is a non-starter, officials are focusing instead on less controversial options. A key part of that is recognizing that purchasing carbon-intensive securities comes at a risk to the institution itself. The ECB is accepting that so-called brown bonds, to finance investments such as coal-fired power plants, could easily lose value as the world shifts toward more sustainable ways to run its economy. That gives Lagarde a way of pursuing her broad agenda without infringing on the ECB's narrow mandate to pursue price stability.
- **German Politics Update:** The race to replace Angela Merkel is getting rolling. Friedrich Merz will run to be leader of Merkel's CDU and is open to a non-binding membership vote. A longtime Merkel antagonist, Merz launched a failed bid for the post back in 2018. Health Minister Jens Spahn said he's prepared to "take on responsibility."
- **Carney Speaks:** Mark Carney said he's lucky he never had to cut interest rates below zero as BOE governor because they would have damaged the U.K. Carney, who leaves the central bank next month, has long been opposed to negative rates, a tool used in other economies such as the euro area and which has proved controversial.
- **Oil Prices Mixed:** Oil prices were mixed as concerns about falling demand caused by travel restrictions tied to the coronavirus outbreak in China, the world's biggest oil importer, outweighed expectations of supply cuts from major producers. Brent crude fell 0.1% to \$55.71 per barrel. WTI rose 0.1% to \$51.24. Brent rose 3.2% on Wednesday while WTI gained 2.5% as a slowdown in new Chinese coronavirus cases boosted expectations of a demand recovery.

Source: Bloomberg, Reuters

Currencies		1Y Trend
EUR/USD	1.0871	
GBP/USD	1.2950	
USD/JPY	109.82	
AUD/USD	0.6715	
NZD/USD	0.6444	
USD/CHF	0.9776	
USD/CAD	1.3258	

Interbank Rates	USD	GBP	EUR	AED	SAR	BHD
1WK	1.5825	0.68963	-0.5467	1.6316	1.8543	2.250
1MO	1.65275	0.70725	-0.51957	1.7766	1.99286	2.450
2MO	1.67963	0.7325	-0.4541	-	-	2.517
3MO	1.70725	0.75863	-0.43114	1.9844	2.14571	2.583
6MO	1.7245	0.81538	-0.3927	2.0695	2.16571	2.633
12MO	1.80713	0.89063	-0.30671	2.3108	2.21286	2.767

Commodities		1Y Trend
Brent Crude	55.63	
WTI	51.15	
Gold	1573.72	
Aluminum	1714.75	
Copper	5764	
Silver	17.64	
Platinum	968.2	
Palladium	2321.3	

Indices		1Y Trend
DJIA	29,551.4	
S&P 500	3,379.5	
DAX	13,749.8	
NIKKEI 225	23,827.7	
CAC 40	6,104.7	
FTSE 100	7,534.4	
DFM	2,725.1	
TASI	7,915.4	

Treasuries		1Y Trend
US2Y	1.4094	
US10Y	1.5883	
EU2Y	-0.6350	
EU10Y	-0.3780	
GB2Y	0.5340	
GB10Y	0.6110	
SAR2Y	1.8930	
SAR10Y	2.6950	

### Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	US	Initial Jobless Claims	210 k	202 k
	US	CPI MoM (Jan)	0.2%	0.2%
	US	Continuing Claims	1734 k	1751 k
	US	Bloomberg Consumer Comfort	--	66.50

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