

Market Commentary

- UK Parliament Rejects Theresa May's Deal:** Parliament rejected Theresa May's Brexit deal by a vote of 391 to 242. After the unsurprising defeat, the PM confirmed that there will be a vote Wednesday on a no-deal withdrawal, and if that fails, another Thursday on delaying the divorce. Attorney General Geoffrey Cox, said an extension to the U.K.'s departure from the EU is now "inevitable." Sterling stood flat at \$1.3064 and stuck to a narrow range. The currency had lost 0.65 percent the previous day, when it fluctuated widely between \$1.3290 and \$1.3005.
- US Keeps China Tariff Threat Open:** The U.S. must keep its threat of raising tariffs to ensure China lives up to any trade agreement, U.S. Trade Representative Robert Lighthizer told a Senate panel. He wouldn't say whether existing tariffs will be rolled back if there is a deal, and declined to offer a timeline on negotiations. There's been "headway" on issues including demands for Beijing to make structural changes to the economy.
- 10-year Treasury Yield Drops:** The rally in US government bonds gathered pace on Tuesday, pushing yields lower, as a tepid inflation reading prompted investors to further dial back on their expectations for more US interest rate increases this year. Yield on the benchmark 10-year note fell below 2.6 percent for the first time since January 4, dropping as much as 4.1 bps to hit a session low of 2.5979 percent.
- Japan Machinery Orders Fall at Sharpest Rate:** Japanese core machine orders fell at the fastest rate in four months in January, recording a larger drop than forecast. Core machine orders, which exclude more volatile orders for utilities and ships, fell 2.9 percent year on year in January. That was a sharper contraction than the 2.3 percent forecast in a Reuters poll and a retreat from the 0.9 percent rise in December. In month-on-month terms, orders fell 5.4 percent, a larger decrease than the 1.7 percent forecast.
- OPEC Warns Wall Street:** If Washington passes the NOPEC bill, the first victim will be shale. The cartel would stop working and every member would raise output to maximum capacity, causing a crash in oil prices. Meanwhile, OPEC+ is discussing Saudi Arabia's proposal to extend the supply cuts deal through the second half of the year, adding a decision may be made in April.
- Bahrain To Spend \$3.4bln on 66 New Projects:** Bahrain plans to spend more than BD1.3 billion on 66 new projects in the space of two years. Details are included in the draft national budget for 2019 and 2020, a copy of which has been obtained by the GDN. Almost three quarters of the projects planned will be financed with money from a GCC bailout. A total of BD951.6m in GCC money will fund 73 percent of the schemes over the two years, split BD475.5m this year and BD476.1m next year. The rest will be paid for from Bahrain's national revenues, at a rate of BD200m each year. That means Bahrain will spend BD675.48m on projects in 2019 and BD676.08m in 2020.

Source: Bloomberg, Reuters

Currencies	
EUR/USD	1.1286
GBP/USD	1.3094
USD/JPY	111.29
AUD/USD	0.7057
NZD/USD	0.6842
USD/CHF	1.0077
USD/CAD	1.3363

Interbank Rates						
	USD	GBP	EUR	AED	SAR	BHD
1WK	2.40375	0.69713	-0.4473	2.3390	2.6788	2.833
1MO	2.49888	0.72625	-0.41257	2.5825	2.76125	3.433
2MO	2.5715	0.782	-0.3711	-	-	3.600
3MO	2.60825	0.8425	-0.32986	2.7613	2.9	3.850
6MO	2.67925	0.97188	-0.2980	3.0675	3.01125	3.950
12MO	2.869	1.106	-0.17386	3.3510	3.24125	4.600

Commodities	
Brent Crude	66.88
WTI	57.17
Gold	1304.41
Aluminum	1850.00
Copper	6472
Silver	15.44
Platinum	835
Palladium	1528.4

Indices	
DJIA	25,554.7
S&P 500	2,791.5
DAX	11,524.2
NIKKEI 225	21,290.2
CAC 40	5,270.3
FTSE 100	7,151.2
DFM	2,609.1
TASI	8,446.1

Treasury	
US2Y	2.4587
US10Y	2.6105
EU2Y	-0.5440
EU10Y	0.0550
GB2Y	0.7190
GB10Y	1.1630
SAR2Y	2.9820
SAR10Y	3.8250

Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	US	Construction Spending MoM (Jan)	0.5%	-0.6%
	US	Durable Goods Orders (Jan) - Preliminary	-0.4%	1.2%
	US	PPI Final Demand MoM (Feb)	0.2%	-0.1%
	US	MBA Mortgage Applications	--	-2.5%

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