

Market Commentary

- **US Reserves China 'Currency Manipulator' Label:** China is no longer a currency cheat. President Trump's administration lifted the manipulator designation after Beijing made "enforceable commitments" not to devalue the yuan and agreed to publish exchange-rate information. The Treasury Department unveiled the move in its semi-annual report two days before officials sign the phase one trade deal in Washington. The yuan touched a five-month high.
- **China Posts Strong December Exports:** China's exports rose for the first time in five months in December and by more than expected, signaling a modest recovery in demand as Beijing and Washington agreed to defuse their prolonged trade war. The world's largest economies are set to sign a Phase 1 trade deal, marking a significant de-escalation but not an end to a dispute that has rattled financial markets and weighed heavily on global business confidence. China's December exports rose 7.6% from a year earlier.
- **Fed On Hold:** U.S. Federal Reserve officials may be in broad agreement that interest rates are unlikely to change soon, but they differed on how concerned they are about developing financial risks in assessing when a rate hike might be appropriate. Two Fed officials offered supportive views on the outlook, suggesting little need to either cut or hike rates. Atlanta President Raphael Bostic said there's no reason for officials to either stimulate or slow down growth. Boston's Eric Rosengren warned that while market "ebullience" would be a concern, financial institutions are in stronger shape than before the financial crisis. Neither vote on policy this year.
- **US-EU Square Up for Trade Brawl:** The European Union's new trade chief will be in Washington for the next three days trying to head off a transatlantic commercial war on several fronts. The prospects for success look slim. Phil Hogan is due to meet U.S. Trade Representative Robert Lighthizer and other American officials during a Jan. 14-16 visit that follows a general fraying of ties in recent months between the world's biggest economic partners.
- **Oil Prices Rise:** Oil prices edged higher as investors focused on the signing of a preliminary trade deal between the US and China, the world's top oil consumers, and on expectations of a drawdown in U.S. crude oil inventories. However, price gains were capped by receding Middle East tensions, with both Tehran and Washington desisting from any further escalation after this month's clashes. Brent crude was up 0.3%, at \$64.36 after falling 1% on Monday. U.S. WTI crude futures were up 0.2%, at \$58.21.
- **First Asset-backed Sukuk Launched in Saudi Arabia:** Neo Merchants Capital launched a domiciled asset-backed Sukuk programme, the first asset-backed SAR-denominated Sukuk programme in Saudi Arabia issued by a special purpose entity licensed by the Saudi Market Authority (CMA). The SAR 1 billion programme will be privately offered in multiple series over two to three years.

Source: Bloomberg, Reuters

Currencies		1Y Trend
EUR/USD	1.1137	
GBP/USD	1.2989	
USD/JPY	110.06	
AUD/USD	0.6896	
NZD/USD	0.6624	
USD/CHF	0.9712	
USD/CAD	1.3062	

Interbank Rates	USD	GBP	EUR	AED	SAR	BHD
1WK	1.56438	0.69375	-0.5530	1.6244	1.8914	2.300
1MO	1.67663	0.69025	-0.50314	1.8525	2.07143	2.600
2MO	1.8065	0.73225	-0.4491	-	-	2.667
3MO	1.83775	0.7815	-0.42329	2.0548	2.22429	2.667
6MO	1.87213	0.8375	-0.3601	2.1468	2.25143	2.700
12MO	1.96663	0.92688	-0.27343	2.2966	2.30286	2.833

Commodities		1Y Trend
Brent Crude	64.29	
WTI	58.11	
Gold	1538.24	
Aluminum	1781.00	
Copper	6290	
Silver	17.71	
Platinum	969.3	
Palladium	2086.0	

Indices		1Y Trend
DJIA	28,907.1	
S&P 500	3,288.1	
DAX	13,451.5	
NIKKEI 225	24,013.3	
CAC 40	6,036.1	
FTSE 100	7,617.6	
DFM	2,775.6	
TASI	8,441.1	

Treasuries		1Y Trend
US2Y	1.5883	
US10Y	1.8529	
EU2Y	-0.5880	
EU10Y	-0.1590	
GB2Y	0.4850	
GB10Y	0.7500	
SAR2Y	2.0450	
SAR10Y	2.8758	

Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	US	CPI MoM (Dec)	0.3%	0.3%
	US	CPI Ex Food and Energy MoM (Dec)	0.2%	0.2%
	US	CPI YoY (Dec)	2.4%	2.1%
	US	NFIB Small Business Optimism (Dec)	104.60	104.70

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