

Market Commentary

- Brexit Deal Vote Day:** Theresa May is heading for a crushing defeat on Brexit vote day in the Commons, despite a series of last-minute appeals to rebel Tory MPs to back her EU withdrawal agreement. Senior MPs are predicting a defeat for the prime minister of between 100 and 200 votes, which is likely to be followed by Jeremy Corbyn calling a vote of no confidence in the government.
- EU Offers Reassurances To May:** May plans a second vote on her Brexit deal after Angela Merkel indicated the EU could grant extra concessions if today's first vote goes badly, the Sun reported. These might include pressing Irish PM Leo Varadkar to accept an ending date for the Irish backstop. People familiar said that May is already mulling whether to support an amendment to her plan to that effect, although the EU has publicly rejected the idea until now.
- U.S. Government Shutdown Continued:** House Democrats plan votes on two stopgap spending bills this week but the Senate probably won't take them up because they don't include wall funds. Two group of senators met yesterday with no visible conclusion emerging. Meanwhile, William Barr, Trump's pick for attorney general, will testify before the Senate Judiciary Committee today.
- China Outlines Tax Cuts:** China will cut value-added tax rates for selected industries and provide tax rebates for others as part of its efforts to boost a slowing economy. Xu Hongcai outlined the new stimulus measures at a press conference in which government officials described progress implementing the economic policy agenda agreed late year at the Central Economic Work Conference. In addition, the government will expand preferential policies that reduce the burden of corporate income taxes for small and micro enterprises.
- Fall in Eurozone Industrial Production:** Eurozone manufacturers' limp performance in November has crushed hopes of a resurgence in regional growth in the final quarter of last year. Eurostat, the European Commission's statistics bureau, said on Monday that industrial production fell by 1.7% between October and November. The fall, which followed a gain of just 0.1% in October, was the sharpest since February 2016 and highlighted the pressures on the single currency's manufacturers as global trade faltered.
- Oil Prices Fall:** Oil prices extended their declines on Monday as weak economic data out of China stoked worries that a slowdown could drag on fuel demand. China's exports and imports fell in December, a fresh sign of troubles for the world's second-largest economy. Brent crude tumbled 2.5% to \$58.99 a barrel. West Texas Intermediate settled 2.1% lower at \$50.51 a barrel.

Source: Bloomberg, Reuters
Currencies

EUR/USD	1.1475
GBP/USD	1.2899
USD/JPY	108.64
AUD/USD	0.7215
NZD/USD	0.6843
USD/CHF	0.9815
USD/CAD	1.3269

Interbank Rates

	USD	GBP	EUR	AED	SAR	BHD
1WK	2.407	0.69788	-0.4417	2.2770	2.6925	2.850
1MO	2.50894	0.73269	-0.41843	2.5800	2.78625	3.567
2MO	2.648	0.796	-0.3693	-	-	3.700
3MO	2.78731	0.91969	-0.32857	2.9125	2.97125	3.950
6MO	2.86463	1.04338	-0.2969	3.2208	3.10375	4.067
12MO	3.01869	1.18763	-0.172	3.5385	3.33	4.700

Commodities

Brent Crude	59.85
WTI	51.25
Gold	1290.43
Aluminum	1818.0
Copper	5897
Silver	15.66
Platinum	804
Palladium	1287.9

Indices

DJIA	23,909.8
S&P 500	2,582.6
DAX	10,855.9
NIKKEI 225	20,555.3
CAC 40	4,762.8
FTSE 100	6,855.0
DFM	2,527.4
TASI	8,270.6

Treasuries

US2Y	2.5450
US10Y	2.7166
EU2Y	-0.5960
EU10Y	0.1780
GB2Y	0.8230
GB10Y	1.2970
SAR2Y	3.0740
SAR10Y	4.0493

Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	US	Empire Manufacturing (Jan)	10.00	10.9
	US	PPI Final Demand MoM (Dec)	-0.10%	0.10%
	US	PPI Ex Food and Energy MoM (Dec)	0.2%	0.3%

Disclaimer

It is important that you only use this report if you are the intended recipient of this report and you have satisfied yourself that you are eligible to receive such information. This report is provided to you because you are one of our esteemed customers and have previously shown interest in receiving the type of information contained in this report.

The Treasury and Investment Management department of Gulf International Bank B.S.C. ("GIB") have compiled the information in this report. GIB is incorporated in the Kingdom of Bahrain and is licensed by the Central Bank of Bahrain (the "CBB") as a conventional wholesale bank. GIB's head office is located at Al-Dowali Building, P.O. Box 1017, 3 Palace Avenue, Manama, Kingdom of Bahrain.

This report is intended for the accredited investors, as defined in the Investment Business Code of Conduct published by the CBB. This information has not been reviewed by the CBB or any other regulatory authority in any jurisdiction and neither CBB nor any other regulatory takes any responsibility for the correctness or accuracy for the information contained in this report.

The information contained herein is not directed at or intended for use by any person resident or located in any jurisdiction where (1) the distribution of such information is contrary to the laws of such jurisdiction or (2) such distribution is prohibited without obtaining the necessary licenses or authorizations by the relevant branch, subsidiary or affiliate office of GIB and such licenses or authorizations have not been obtained. The recipient of such information is responsible for ensuring that this information has not been received by it in breach of laws and regulations of any jurisdiction.

This report contains publicly available information only, which has only been compiled by GIB. The information provided herein is on "as is" and "as available" basis and without representation or warranty of any kind. GIB hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall GIB or its subsidiaries, affiliates, shareholders or their directors, officers, employees, independent contractors, agents and representatives (collectively, "GIB Representatives") be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting there from, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages arising from any use of information or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of GIB or any GIB Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. The information here is, and must be construed solely as, compilation of information (unless expressly stated otherwise) and not statements of fact as to credit worthiness or recommendations or opinions of GIB.

This report does not provide individually tailored investment advice. Any materials contained herein have no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. The document is provided for information purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. GIB makes every effort to use reliable, comprehensive information, but we do not represent that it is accurate or complete. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the materials, nor are they a complete statement of the securities, markets or developments referred to herein. Recipients should not regard the materials as a substitute for the exercise of their own judgement. Any opinions are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of GIB as a result of using different assumptions and criteria. GIB is not under any obligation to update or keep current the information contained herein.

The value of, and income from, your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realised.

The information contained in this report is just for informational purposes. Information does not constitute a solicitation, an offer, or a recommendation to buy or sell any investment instruments, to effect any transactions, or to conclude any legal act of any kind whatsoever. GIB does not intend to provide investment, legal or tax advice through this report and does not represent that any securities or services discussed are suitable for any investor. When making a decision about your investments and business, you should seek the advice of professional advisors.

The report may contain statements that constitute "forward looking statements". While these forward looking statements may represent GIB's judgment and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from GIB's expectations. GIB is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise. The historical information is provided for information purposes only. Performance figures are calculated before tax (if any) and after deducting ongoing fees and expenses. The performance figures are historical and past performance is not necessarily an indication of future results. Certain amounts (including %ages) included in this document may have been subject to rounding adjustments. Accordingly, figures may not be an exact arithmetic aggregation of the figures to which they relate. The values and forecasts shown represent our current indicative valuations and forecasts of the relevant transactions, currencies, interest rates, commodities or securities as at the date shown. Any value or forecast shown herein is not an indicative price quotation. We expressly disclaim any responsibility for the accuracy of the values or forecasts shown, any errors or omissions in the report.

With the exception of information regarding GIB and save as otherwise specifically indicated, the information set out in this report is based on public information. We have, where possible, indicated the primary source of information. We strongly recommend the recipients consult the primary source of information. Facts and views in this report have not been reviewed by, and may not reflect information known to, professionals in other GIB business areas.

This Report, and the information contained herein (save to the extent that such information is publicly available) is confidential and may not be disclosed by you to any other person outside of your organization without our consent.

GIB retains all right, title and interest (including copyrights, trademarks, patents, as well as any other intellectual property or other right) in all information and content (including all text, data, graphics and logos) in this document. All recipients must not, without limitation, modify, copy, transmit, distribute, display, perform, reproduce, publish, license, frame, create derivative works from, transfer or otherwise use in any other way for commercial or public purposes in whole or in part any information, text, graphics, images from this document (excluding publicly available information) without the prior written permission of GIB.