

**Market Commentary**

- **Iran Responsible for Attack on Tankers:** Secretary of State Michael Pompeo expressed "no doubt" Iran was responsible for the attacks on two oil tankers last week, telling the U.S. will guarantee safe navigation in the Persian Gulf. Saudi Crown Prince MBS called for a firm international stance against Tehran, which has denied involvement. American and Saudi fighters flew joint sorties nearby.
- **Trade Talk Update:** Since the U.S. is collecting billions in tariffs, Donald Trump stated that he's in no rush for a trade deal with China and "it doesn't matter" if Xi agrees to meet him at the G-20 summit. Still, the president seems keen not to rile Beijing. On June 4, he delayed a planned Mike Pence speech critical of China's rights record. Huawei is said to be bracing for a 40%-60% drop in international phone shipments.
- **US Consumer Sentiment Falls in June:** Confidence among US consumers deteriorated this month amid growing concern about tariffs and a weaker level of domestic job creation. The preliminary reading of the University of Michigan's consumer sentiment index sank to a three-month low of 97.9 in June. That was down from a final reading of 100 the previous month, which had been the highest since September.
- **US Industrial Output Rises in May:** US industrial output increased in May as the manufacturing sector bounced back on renewed strength in autos and appliances. The industrial production rose 0.4% last month, compared with an upwardly revised 0.4% drop in April (it was previously a 0.5% decline).
- **Tories Clash Over "Dictatorial" Brexit Plan:** Tory rivals battling to be the next PM traded insults in a TV debate and split over the issue of suspending Parliament as a last resort to deliver Brexit on time if no deal is reached. Dominic Raab said it was a viable option that would prevent further delays, prompting Sajid Javid to quip, "We are not selecting a dictator of our country." Michael Gove sided with Javid. Front-runner Boris Johnson didn't participate.
- **Moody Cuts Turkey's Credit Rating Deeper:** Turkey's credit rating has been cut deeper into junk territory by Moody's Investors Services, with the agency citing its high reliance on external capital flows and rising risk of government default as reasons for the downgrade. Moody's cut the country's long-term debt rating by one notch to B1 from Baa3 and maintained a negative outlook.
- **Opec Output Cuts Extension:** OPEC+ will probably meet in the first week of July in Vienna, Saudi Arabia said, adding that the goal is to extend output curbs and balance the market before 2020. It expects seasonal demand to pick up in the second half, better aligning supply and consumption. The IEA warned that global supplies will expand far more than demand next year, putting more pressure on the Opec and its allies.

*Source: Bloomberg, Reuters*

Currencies	
EUR/USD	1.1210
GBP/USD	1.2587
USD/JPY	108.58
AUD/USD	0.6875
NZD/USD	0.6510
USD/CHF	0.9995
USD/CAD	1.3410

Interbank Rates						
	USD	GBP	EUR	AED	SAR	BHD
1WK	2.37	0.6985	-0.4526	2.3200	2.6629	2.767
1MO	2.38175	0.726	-0.42257	2.4818	2.70714	3.033
2MO	2.39438	0.75913	-0.3949	-	-	3.100
3MO	2.402	0.7875	-0.35886	2.6563	2.76429	3.183
6MO	2.27738	0.87138	-0.3411	2.8527	2.78286	3.283
12MO	2.2465	0.98375	-0.25486	2.8356	2.87714	3.583

Commodities	
Brent Crude	62.07
WTI	52.49
Gold	1339.38
Aluminum	1733.50
Copper	5822
Silver	14.87
Platinum	800.3
Palladium	1445.0

Indices	
DJIA	26,089.6
S&P 500	2,887.0
DAX	12,096.4
NIKKEI 225	21,124.0
CAC 40	5,367.6
FTSE 100	7,345.8
DFM	2,619.5
TASI	8,886.8

Treasuries	
US2Y	1.8606
US10Y	2.0976
EU2Y	-0.6940
EU10Y	-0.2540
GB2Y	0.6070
GB10Y	0.8470
SAR2Y	2.3517
SAR10Y	3.1551

**Main Economic Indicators**

Relevance	Country	Indicator	Consensus	Previous
	US	Empire Manufacturing (Jun)	11.00	17.80
	US	Net Long-term TIC Flows (Apr)	--	-\$28.4b
	US	Total Net TIC Flows (Apr)	--	-\$8.1b

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