

**Market Commentary**

- **U.K. Inflation Drops:** U.K. inflation slowed to the weakest in a year in March, raising questions about how quickly the Bank of England will increase interest rates. Consumer prices rose 2.5% from a year earlier, down from 2.7% in February, the Office for National Statistics said on Wednesday. That's less than economists estimated and below the BOE's most recent forecast of 2.8% for the same period. Core inflation cooled to 2.3%, also the lowest rate in a year.
- **Sterling Slide:** The pound dropped abruptly on Wednesday after data on UK inflation came in substantially below market estimates. The pound was recently lower by more than 1% to \$1.4192. Sterling had climbed on Tuesday to \$1.4376, the highest level since the Brexit vote in June 2016.
- **May Defeated:** The House of Lords defeated Theresa May on one of her Brexit red lines. Lawmakers passed an amendment by a margin of more than 100, pressing the PM to seek a customs union with the EU. The vote, while not considered binding, risks emboldening Tories that want to soften the exit. There was also little progress in the first formal meeting between the U.K. and the bloc on a future relationship. Officials want more details from Britain before talks begin in earnest.
- **Fed Yield Curve Warnings are Escalating:** St. Louis chief James Bullard said officials need to debate the issue right now, and that the curve — which has flattened to about 30 basis points — could invert within six months. He said he doesn't support more rate increases as a result. Randy Quarles noted that the flattening wasn't a recession signal. Outgoing New York Fed President William Dudley said he doesn't see a compelling need for faster hikes.
- **Canada Hold Rates at 1.25%:** Bank of Canada Governor Stephen Poloz is showing faith in the economy's ability to prolong its current expansion without fueling inflation, in a decision Wednesday that kept interest rates on hold even as he raised the outlook for growth.
- **Momentum in Oil Prices:** Oil extended a rally toward \$69 a barrel after a drop in U.S. petroleum stockpiles below a commonly used dividing line for surplus versus deficit stoked optimism as investors await a key OPEC meeting. Total U.S. inventories of crude and fuel dropped below the five-year average for the first time since 2014, government data showed Wednesday. WTI is up by 2% since beginning of the week to stand at \$68.75 a barrel. Brent Crude stood at \$73.85 a barrel.
- **Aluminum Extended Gain:** Aluminum hit a multiyear high and nickel extended its dramatic ascent as the turmoil unleashed by U.S. sanctions against United Co. Rusal reverberated, with industry leader Alcoa Corp. forecasting a deficit of the lightweight metal and warning it's still assessing what the curbs will mean. Aluminum rallied as much as 5% to \$2,664.50 a metric ton on the London Metal Exchange, the highest since 2011.

*Source: Bloomberg, Reuters*
**Currencies**

EUR/USD	1.2394
GBP/USD	1.4220
USD/JPY	107.29
AUD/USD	0.7806
NZD/USD	0.7326
USD/CHF	0.9674
USD/CAD	1.2611

**Interbank Rates**

	USD	GBP	EUR	AED	SAR	BHD
1WK	1.74188	0.4845	-0.4220	1.7142	1.9088	2.150
1MO	1.89563	0.53556	-0.4016	1.9750	2.05375	2.750
2MO	2.04188	0.65624	-0.3827	-	-	2.875
3MO	2.35539	0.78607	-0.365	2.4356	2.3375	3.055
6MO	2.50125	0.897	-0.3237	2.7665	2.5175	3.250
12MO	2.74606	1.06175	-0.2463	2.9087	2.73	3.585

**Commodities**

Brent Crude	74.01
WTI	68.9
Gold	1353.57
Aluminum	2548.0
Copper	7022
Silver	17.26
Platinum	948.2
Palladium	1038.9

**Indices**

DJIA	24,748.1
S&P 500	2,708.6
DAX	12,590.8
NIKKEI 225	22,191.2
CAC 40	5,380.2
FTSE 100	7,317.3
DFM	3,079.3
TASI	8,146.1

**Treasuries**

US2Y	2.4275
US10Y	2.8747
EU2Y	-0.5590
EU10Y	0.5490
GB2Y	0.8660
GB10Y	1.4450
SAR2Y	2.9494
SAR10Y	3.8342

**Main Economic Indicators**

Relevance	Country	Indicator	Consensus	Previous
	US	Initial Jobless Claims (APR 14)	230K	233K
	US	Leading Index (MAR)	0.3%	0.6%
	UK	Retail Sales Ex. Auto Fuel (MoM) (MAR)	-0.4%	0.6%

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