

**Market Commentary**

- **Powell is Concerned with Inflation:** Powell said the risks to the US inflation outlook were “roughly balanced” but added that he was still slightly more concerned about lower inflation. Mr Powell told the committee that inflation as measured by the CPI was 2.3% for the 12 months ending in May, but that core inflation, which excludes food and energy prices, was at 2%.
- **US Housing Falls:** The number of housing starts in the US fell by the most since Trump was elected president, with the latest data undershooting market expectations by some margin and dragging Wall Street futures and Treasury yields lower. Americans broke ground on 1.173m new houses in June, the least since September last year.
- **Trump Holds Putin Responsible:** US president said he holds Russian president responsible for Russian interference in the 2016 US presidential election because he is in charge of the country.
- **Pound Sink Further:** Sterling took a heavy knock, firstly due to political reasons and secondly due to the economic data. UK inflation data came in well below forecasts, with core inflation sinking 0.1% in June, having been expected to rise by 0.3% as it did in the previous month. Hence the pound went down by 0.7%, which is the lowest since September 2017.
- **Is BoE Rate Hike in Doubt?:** Markets have been pricing an August rate rise by the BoE as a near-certainty, with an implied probability of almost 90%. June’s inflation data has cast some doubt on that, but investors are still betting the Bank of England will opt to shore up the pound by lifting interest rates for the second time in a year.
- **UK House Prices Tipped to Cools:** House prices rose at their slowest annual rate since 2013 in May, continuing the slowdown seen since the UK voted to leave the European Union, according to data released by the Office for National Statistics. Average UK house prices rose by 3% in the year to May, compared to 3.5% in April. This was the slowest annual rate since August 2013.
- **EU Inflation:** Annual inflation in the EU rose to 2% in June, confirming an earlier flash estimate. The data is a welcome sign for the ECB as it seeks to wind down bond purchases, although volatile energy prices were the main driver behind inflation growth.
- **Lebanon Battling for Deposits:** Lebanon’s banks are paying the highest interest rates on deposits in almost nine years as lenders seek to shore up their capital to cope with political uncertainty and the high borrowing needs of the government. The weighted average rate on customer deposits in Lebanese pounds climbed to 6.71 percent at the end of May, the highest since December 2009.

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

EUR/USD	1.1618
GBP/USD	1.3046
USD/JPY	112.86
AUD/USD	0.7395
NZD/USD	0.6762
USD/CHF	1.0009
USD/CAD	1.3194

**Interbank Rates**

	USD	GBP	EUR	AED	SAR	BHD
1WK	1.94913	0.47638	-0.4309	1.8775	2.2950	2.350
1MO	2.08175	0.58425	-0.3966	2.2050	2.40625	3.050
2MO	2.17313	0.65588	-0.3701	-	-	3.275
3MO	2.34194	0.75619	-0.358	2.5200	2.60875	3.500
6MO	2.52313	0.86125	-0.3180	2.8355	2.7875	3.700
12MO	2.79575	1.02144	-0.2343	3.2018	2.995	4.238

**Commodities**

Brent Crude	72.79
WTI	68.81
Gold	1223.1
Aluminum	2089.0
Copper	6150
Silver	15.43
Platinum	810.3
Palladium	903.4

**Indices**

DJIA	25,199.3
S&P 500	2,815.6
DAX	12,765.9
NIKKEI 225	22,764.7
CAC 40	5,447.4
FTSE 100	7,676.3
DFM	2,935.0
TASI	8,452.3

**Treasuries**

US2Y	2.6198
US10Y	2.8858
EU2Y	-0.6280
EU10Y	0.3500
GB2Y	0.7520
GB10Y	1.2400
SAR2Y	3.2273
SAR10Y	3.9703

**Main Economic Indicators**

Relevance	Country	Indicator	Consensus	Previous
	UK	Retails Sales Ex Auto Fuel YoY (Jun)	3.7%	4.4%
	US	Initial Jobless Claims (Jul)	220 k	214 k
	US	Leading Index (Jun)	0.4%	0.2%

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