

Market Commentary

- **Shutdown Stalemate:** The U.S. government remained closed. The House and Senate were back in session on Sunday, but Republicans, Democrats and the White House were still far apart on how to move ahead, choosing to blame each other for the deadlock. Senate Majority Leader Mitch McConnell and Democrat leader Chuck Schumer are set to meet on a set of options hashed out by a bipartisan group of centrist senators.
- **Euro Briefly Edge Higher:** The euro gave up initial modest gains against the dollar to hover virtually unchanged at \$1.2223, after Germany's Social Democrats voted to hold coalition talks that could give Angela Merkel a fourth term in office, breaking months of political deadlock.
- **Central Banks Hog The Economic Spotlight This Week:** The ECB probably won't change policy but Mario Draghi will get questions on forward guidance. While no movement is expected at this meeting, analysts have brought forward predictions for when the bank will set an end date for QE, with almost half seeing an announcement by June. The BOJ is expected to stand pat, with strong GDP, buoyant stocks and a tight job market still not doing enough to lift inflation toward the 2% target.
- **Oil Cut to Continue:** OPEC and Russia reaffirmed their oil-cut alliance may endure past 2018. Russia is prepared to continue cooperating with the cartel and Saudi Arabia even after the deal expires, Energy Minister Alexander Novak told Bloomberg TV. The market may re-balance at year-end or in 2019, his Saudi counterpart said, adding it's unclear whether inventories will drop at the same pace in coming months.
- **The Central Bank's New Priorities are Becoming Clear:** Staffers are rewriting the leverage-ratio rule, which requires lenders to maintain a minimum level of capital against all their assets, people familiar said — a move that may free up billions of dollars for Wall Street.
- **The Fed's New-Look Leadership is Taking Shape:** San Francisco's regional chief John Williams was interviewed for the role of vice chairman, a person familiar said. He hadn't previously been seen as a contender.
- **Saudi Arabia to Boost 2016 Loan:** The Kingdom plans to increase the size of a \$10 billion sovereign loan by a quarter as it looks to bridge its budget deficit, according to people familiar with the matter. The government may increase the size of the 2016 loan by at least \$2.5 billion, depending on demand from lenders, the people said, asking not to be identified because the information is private. Budget deficit estimated to be \$52 Billion this year.

Source: Bloomberg, Reuters

Currencies

EUR/USD	1.2237
GBP/USD	1.3889
USD/JPY	110.79
AUD/USD	0.7998
NZD/USD	0.7288
USD/CHF	0.9613
USD/CAD	1.2468

Interbank Rates

	USD	GBP	EUR	AED	SAR	BHD
1WK	1.46596	0.48488	-0.4243	1.3340	-	1.900
1MO	1.56128	0.49763	-0.4047	1.6200	1.6825	2.500
2MO	1.63475	0.50931	-0.3913	-	-	2.600
3MO	1.74447	0.5235	-0.3814	1.8233	1.8925	2.750
6MO	1.93175	0.58092	-0.3349	2.0627	2.08625	2.950
12MO	2.2275	0.78144	-0.2617	2.6038	2.285	3.305

Commodities

Brent Crude	68.82
WTI	63.52
Gold	1331.23
Aluminum	2222.0
Copper	7041
Silver	17.00
Platinum	1016.4
Palladium	1100.0

Indices

DJIA	26,071.7
S&P 500	2,810.3
DAX	13,434.5
NIKKEI 225	23,816.3
CAC 40	5,526.5
FTSE 100	7,730.8
DFM	3,491.1
TASI	7,517.4

Treasuries

US2Y	2.0650
US10Y	2.6463
EU2Y	-0.6020
EU10Y	0.5710
GB2Y	0.5650
GB10Y	1.3370
SAR2Y	2.6365
SAR10Y	3.8485

Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	GE	ZEW Survey Current Situation (JAN)	89.6	89.3
	UK	ZEW Survey Expectations (JAN)	17.7	17.4
	EU	Consumer Confidence (JAN)	0.6	0.5

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