

Market Commentary

- **Possible Merger between Barclays and Standard Chartered:** Barclays Plc has been exploring a potential merger with rival banks including Standard Chartered Plc, as part of wide-ranging contingency plans being weighed by senior board members following pressure from an activist investor, the Financial Times reported. A private conversation took place between a director at each bank about the possible benefits of such a deal, though no bid approach had been made, according to the FT.
- **Asian Equities Move Lower:** Japanese shares led most Asian stocks lower as investors eyed risks from Turkey to North Korea. With optimism over U.S.-China trade talks fading from earlier in the week, concerns range from iffy prospects for President Donald Trump's historic summit with North Korea's leader to Turkey's financial-market stability. Equity benchmarks from Hong Kong to Sydney fell. The Topix index of Japanese stocks fell 0.6 percent and the S&P/ASX 200 Index slid 0.2 percent. The Hang Seng Index dropped 1 percent and the Shanghai Composite Index lost 0.8 percent. The S&P 500 Index futures fell 0.2 percent after Trump cast doubt on a meeting with Kim Jong Un during his Oval Office meeting with South Korean President Moon Jae-in. Shares had rallied earlier following China's announcement that it will cut the import duty on passenger cars, signalling a further easing of trade tensions with the U.S.
- **Treasuries yields Fall Slightly:** The yield on 10-year Treasuries fell one basis point to 3.0486 percent ahead of the Federal Reserve releasing minutes of its latest policy meeting on Wednesday, while the ECB follows suit on Thursday. A raft of U.S. debt sales adds to the busy agenda. Australia's 10-year bond yield decreased two basis points to 2.84 percent.
- **Japanese Yen Levels Rise:** Japan's currency rose the most in almost three weeks at one point as traders sought a haven. The total the Japanese yen rose 0.4 percent to 110.48 per dollar. The Bloomberg Dollar Spot Index rose 0.1 percent and the euro dipped 0.1 percent to \$1.1764. The Turkish lira sank 2 percent to 4.7612 per dollar while the kiwi dollar lost 0.4 percent to 69.09 U.S. cents.
- **Crude Oil to Continue its Rally:** Crude oil has risen five weeks out of the last six, but what is equally impressive is the number of hurdles it has had to jump over in its ascent to more than a three-year high. A resurgent dollar, mounting outflows and soaring U.S. output have all failed to put a dent in a rally that's seen West Texas oil futures surge 25 percent since early February. This show of strength despite the many obstacles may point to further upside, according to Nomura Holdings Inc. West Texas Intermediate crude fell 0.3 percent to \$71.90 a barrel.
- **IMF Sees increased Growth for Saudi Arabia:** Saudi Arabia's growth is expected to pick up this year and over the medium-term as good progress is being made in implementing the ambitious reform programme, said a top official of the International Monetary Fund. The primary challenges for the government are to sustain the implementation of reforms and achieve the fiscal targets it has set, added Tim Callen, division chief in the IMF's Middle East and Central Asia Department.

Source: Bloomberg, Reuters

| Currencies | |
|------------|--------|
| EUR/USD | 1.1758 |
| GBP/USD | 1.3399 |
| USD/JPY | 110.35 |
| AUD/USD | 0.7543 |
| NZD/USD | 0.6902 |
| USD/CHF | 0.9915 |
| USD/CAD | 1.2860 |

| Interbank Rates | | | | | | |
|-----------------|---------|---------|---------|--------|---------|-------|
| | USD | GBP | EUR | AED | SAR | BHD |
| 1WK | 1.75125 | 0.48381 | -0.4260 | 1.7300 | 1.9438 | 2.125 |
| 1MO | 1.96125 | 0.49956 | -0.3994 | 2.0271 | 2.1025 | 2.750 |
| 2MO | 2.10675 | 0.53413 | -0.3767 | - | - | 2.900 |
| 3MO | 2.33 | 0.62281 | -0.3534 | 2.4375 | 2.425 | 3.200 |
| 6MO | 2.49875 | 0.7463 | -0.3114 | 2.6945 | 2.60625 | 3.350 |
| 12MO | 2.76523 | 0.92894 | -0.2319 | 3.1645 | 2.82625 | 3.750 |

| Commodities | |
|-------------|---------|
| Brent Crude | 79.19 |
| WTI | 71.99 |
| Gold | 1290.55 |
| Aluminum | 2276.0 |
| Copper | 6979 |
| Silver | 16.53 |
| Platinum | 904.3 |
| Palladium | 984.4 |

| Indices | |
|------------|----------|
| DJIA | 24,834.4 |
| S&P 500 | 2,724.4 |
| DAX | 13,169.9 |
| NIKKEI 225 | 22,689.7 |
| CAC 40 | 5,640.1 |
| FTSE 100 | 7,877.5 |
| DFM | 2,971.8 |
| TASI | 8,044.7 |

| Treasuries | |
|------------|---------|
| US2Y | 2.5766 |
| US10Y | 3.0357 |
| EU2Y | -0.5680 |
| EU10Y | 0.5370 |
| GB2Y | 0.8360 |
| GB10Y | 1.5230 |
| SAR2Y | 3.0033 |
| SAR10Y | 3.9504 |

Main Economic Indicators

| Relevance | Country | Indicator | Consensus | Previous |
|-----------|---------|---|-----------|----------|
| | EC | Markit Eurozone Manufacturing PMI (May) | 56.1 | 56.2 |
| | EC | Consumer Confidence (May) | 0.5 | 0.4 |
| | US | Markit US Manufacturing PMI (May) | 56.5 | 56.5 |

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