

Market Commentary

- **Wall Street Deepens Global Equity Losses:** US stocks fell on Tuesday, deepening a global sell-off as investors worry that a long winning streak has pushed valuation too far. With a drop of more than 1%, the S&P 500 had its worst day since last August and the largest two-day loss since May, with highflying healthcare stocks leading the decline, following steep falls in Asia and Europe earlier in the trading day.
- **Fed Expected to Strike Hawkish Tone Today:** The first meeting of the FOMC, the Federal Reserve's policy-setting meeting, this year on Wednesday, Jan. 31 "is likely to send a modestly hawkish signal," said BofA, as officials "become more convinced of the shift from the disinflation of 2017 and emphasize the momentum in the real economy." It is widely expected to keep interest rates steady.
- **Sterling weakened:** The pound fell for a second day against the dollar as pressure continued to mount on U.K. Prime Minister Theresa May amid the leak of government Brexit impact assessments. Sterling weakened versus most of its Group-of-10 peers after BuzzFeed cited leaked papers suggesting the U.K. will be worse off under all three of the most likely Brexit scenarios. Pound is currently trading at \$1.4198 after it slides 0.5% yesterday during the day to 1.4005
- **German Inflation Fall:** German inflation unexpectedly fell in January, underlining the dilemma facing the European Central Bank as it considers moves to wind back its monetary stimulus plan. Annual consumer prices in the eurozone's biggest economy came in at 1.6% in January, down from 1.7% in December after a decline in the cost of energy, the Federal Statistics Office (Destatis) said in preliminary data released on Tuesday.
- **Kuroda Isn't Tapering:** Japan's central bank increased the amount of bonds it offered to buy at a regular operation for the first time since July, pulling local yields lower after rates challenged the upper limit of what its curve control policy will tolerate. It's "a crystal-clear statement of intent that it's too early to talk about exiting easy monetary policy," Bloomberg strategist Mark Cranfield said.
- **Oil is Sinking Back:** WTI is down more than 3% this week, marring its best January since 2013, on concerns U.S. stockpiles will rebound on the back of more drilling activity. U.S. Crude Inventories rose 3.23 million barrels last week, as indicated by the API. WTI and Brent Crude are trading at \$63.89 and \$68.43 per barrel, respectively.
- **Gold off Highs:** Gold slipped back to a one-week low on Tuesday as markets braced for U.S. President Donald Trump's annual State of the Union address and news on U.S. monetary policy. Spot gold was down 0.22 percent at \$1,336.99 an ounce by 1:49 p.m. EST (1849 GMT), earlier touching a one-week low of \$1,334.10.

Source: Bloomberg, Reuters

Currencies	
EUR/USD	1.2441
GBP/USD	1.4193
USD/JPY	108.72
AUD/USD	0.8087
NZD/USD	0.7385
USD/CHF	0.9325
USD/CAD	1.2297

Interbank Rates						
	USD	GBP	EUR	AED	SAR	BHD
1WK	1.4675	0.48963	-0.4243	1.3520	-	1.900
1MO	1.57345	0.49381	-0.4061	1.6083	1.66875	2.500
2MO	1.65363	0.51125	-0.3923	-	-	2.600
3MO	1.77225	0.52794	-0.3816	1.8665	1.8875	2.750
6MO	1.96719	0.59775	-0.3386	2.0973	2.08375	2.950
12MO	2.26406	0.80506	-0.2626	2.6262	2.2825	3.300

Commodities	
Brent Crude	68.66
WTI	64.08
Gold	1343.53
Aluminum	2208.0
Copper	7050
Silver	17.23
Platinum	1008.2
Palladium	1056.0

Indices	
DJIA	26,076.9
S&P 500	2,822.4
DAX	13,197.7
NIKKEI 225	23,098.3
CAC 40	5,473.8
FTSE 100	7,588.0
DFM	3,405.6
TASI	7,629.8

Treasuries	
US2Y	2.1084
US10Y	2.7106
EU2Y	-0.5330
EU10Y	0.6850
GB2Y	0.6080
GB10Y	1.4600
SAR2Y	2.5477
SAR10Y	3.6087

Main Economic Indicators

Relevance	Country	Indicator	Consensus	Previous
	FR	CPI (YoY) (JAN)	1.2%	1.2%
	EU	Unemployment Rate (DEC)	8.7%	8.7%
	CA	GDP (MoM) (NOV)	0.4%	0.0%
	US	FOMC Rate Decision (JAN 31)	1.25% - 1.50%	1.25% - 1.50%

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