

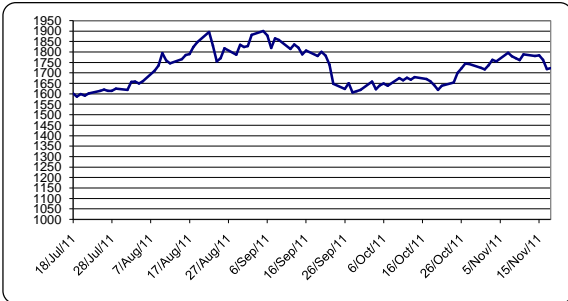
Daily Snapshot

Saturday 19 November, 2011

The market continues to swing around Eurozone woes (and hopes) with equity markets expected to continue to fall, while Italian/Spanish yields still have an upside bias and French yields look to remain pressured higher. The EUR/USD is finding support at the \$1.3430/00 zone though, and the rally into early London morning trading above \$1.3500 looks perky. The market focus is expected to remain on Eurozone wobbles, with UK PM Cameron arriving in Germany to arm-wrestle with German Chlr Merkel over what to do next. The UK is in a strange position here - a large EU economy which 'should' be happy to help bail out fellow EU members. But... by staying out of the EUR project the UK has always been seen as being 'sort of European' and the willingness of UK leaders to spend money to save the EUR is not that high. While the Franco/German discussion over what the ECB can and can't do is interesting, the UK has the tough job of paying lip service to helping out, while mostly seen as restraining the urge and saying 'This is another fine mess you have got us into' and 'I told you so...'. Currency union without political union rarely (never) works.

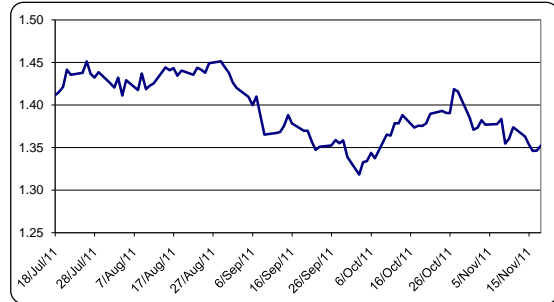
There is more to having political union - a country - than having a parliament in Brussels and passing laws. Chances are that most folk in Europe like being Europeans, distrust government to some extent, and would just like the opportunity to work and make money and have a better life. The idea that a single currency guarantees this is flawed - free trade helps, investment in infrastructure and a business friendly tax/fiscal approach is good too, as is realistic gov't spending. None of those needs a single currency. Free flow of labor and goods/services don't need a single currency either, and the currency markets are a quick punisher of bad policies. So, chances are that the meeting of these two will be the classic 'unstoppable force and immovable object' paradox - they may have to agree to disagree. The pressure continues to build on the ECB to print money and buy troubled bonds (like the Fed and other central banks do). This is well outside their remit and will reward the 'bad countries', look for the ECB to continue to balk at this. Very light Data on Thursday? UK retail sales were perky but with strikes looming at the end of November and austerity cuts looming, the market shrugged. US housing data and initial claims were better than expected, but this not enough to lift the near term gloom.

GOLD



<http://www.shb.com.sa/pdf/SHB-Snapshot.pdf>

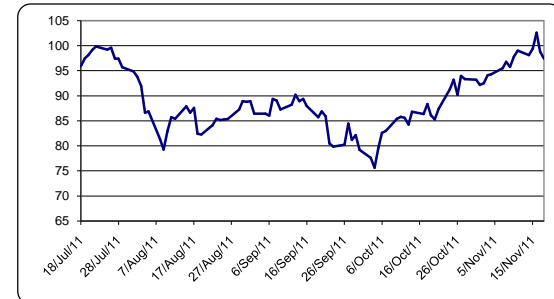
EUR/USD



GBP/USD



OIL (West Texas Crude)



	Against USD		Against SAR			Against USD		Against SAR			Against USD		Against SAR	
	BID	OFFER	BID	OFFER		BID	OFFER	BID	OFFER		BID	OFFER	BID	OFFER
CHF	0.8992	0.9245	4.0616	4.1656	AUD	1.0223	0.9911	3.7215	3.8295	SAR	3.7458	3.7548		
EUR	1.3777	1.3374	5.0216	5.1606	CAD	1.0080	1.0372	3.6202	3.7162	AED	3.6177	3.7287	1.0070	1.0354
GBP	1.6131	1.5566	5.8448	6.0422	NZD	0.7756	0.7487	2.8112	2.9052	BHD	0.3760	0.3770	9.8535	10.0685
JPY	75.39	77.39	0.0485	0.0497	SEK	6.6474	6.8356	0.5493	0.5635	KWD	0.2750	0.2760	13.4828	13.7428
Gold	1725.38	1725.88			ZAR	7.8285	8.4090	0.4465	0.4785	OMR	0.3844	0.3854	9.6405	9.8467
Silver	32.39	32.41			INR	49.64			0.0755	QAR	3.6268	3.6525	1.0176	1.0432
WTI	97.66	97.70			PHP	42.29			0.0886	EGP	5.4726			0.6911
Brent	108.66	108.68			PKR	84.50			0.0443	JOD	0.7061			5.3557

	SAR		USD		EUR		GBP		JPY		CHF	
	Depo.	Loan	Depo.	Loan	Depo.	Loan	Depo.	Loan	Depo.	Loan	Depo.	Loan
1 week	0.12	0.37	0.15	0.65	0.50	0.85	0.43	0.73	0.06	0.31	0.03	0.28
2 weeks	0.14	0.39	0.17	0.67	0.58	0.93	0.45	0.75	0.06	0.31	0.03	0.28
1 Mnth	0.18	0.43	0.22	0.72	0.75	1.10	0.50	0.80	0.06	0.31	0.03	0.28
2 Mths	0.25	0.50	0.32	0.97	0.90	1.25	0.60	0.90	0.10	0.35	0.05	0.30
3 Mths	0.36	0.71	0.44	1.09	1.05	1.40	0.75	1.05	0.13	0.38	0.06	0.31
6 Mths	0.42	0.77	0.65	1.30	1.27	1.62	1.03	1.33	0.25	0.50	0.10	0.35
9 Mths	0.53	0.88	0.81	1.46	1.45	1.80	1.28	1.58	0.38	0.63	0.20	0.45
1 Year	0.64	0.99	0.97	1.62	1.63	1.98	1.53	1.83	0.45	0.70	0.31	0.56

The views expressed in this report are those of the author alone, and do not represent an official SHB opinion or forecast. Such views should not be construed as investment advice or recommendations. SHB accepts no responsibility for losses incurred by any party as a result of investment or trading decisions made on the basis of this report. The market data in this report are believed to be correct at the time of writing, but we accept no responsibility for any inaccuracies. All charts are supplied by courtesy of Reuters plc.

TREASURY SOLUTIONS - CONTACT DETAILS

Central - Riyadh Tel. (01-4066665)
 Email: tsca@shb.com.sa
 Fax (01-4050968)

Eastern - Khobar Tel. (03-8947993)
 Email: tsea@shb.com.sa
 Fax (03-898-3361)

Western - Jeddah Tel. (02-2368866)
 Email: tswa@shb.com.sa
 Fax (02-2369113)