NOUVELLES

OUR WEEKLY CAPITAL MARKETS UPDATE

February 01, 2016

US Indices	Closing	Net Change	% Change	YTD
DJIA	16,466.30	+372.79	2.32%	-5.50%
S&P 500	1,940.24	+33.34	1.75%	-5.07%
NASDAQ Composite	4,613.95	+22.77	0.50%	-7.86%

Europe Indices	Closing	Net Change	% Change	YTD
UK - FTSE 100	6,083.79	+183.78	3.11%	-2.54%
Eurozone - STOXX 50	2,902.41	+28.33	0.99%	-6.38%
France - CAC 40	4,417.02	+80.33	1.85%	-4.75%
Germany - DAX	9,798.11	+33.23	0.34%	-8.80%
Netherlands - AEX	431.28	+12.00	2.86%	-2.39%
Switzerland - SMI	8,319.81	+48.70	0.59%	-5.65%

BRICS Indices	Closing	Net Change	% Change	YTD
Brazil - Ibovespa	40,405.99	+2,688.88	7.13%	-6.79%
Russia - MICEX	1,784.92	+66.94	3.90%	1.34%
India - SENSEX	24,870.69	+908.48	3.79%	-4.77%
China - Shanghai	2,737.60	-178.96	-6.14%	-22.65%
South Africa - JSE Africa	49,141.94	+1,480.07	3.11%	-3.06%

Asia-Pacific Indices	Closing	Net Change	% Change	YTD
Japan - Nikkei 225	17,518.30	+559.77	3.30%	-7.96%
Hong Kong - Hang Seng	19,683.11	+602.60	3.16%	-10.18%
South Korea - KOSPI	1,912.06	+32.63	1.74%	-2.51%
Australia - ASX 200	5,005.52	+141.52	2.91%	-5.48%

Commodities	Closing	Net Change	% Change	YTD
Gold Spot	1,118.21	+20.26	1.85%	5.38%
Silver Spot	14.26	0.23	1.66%	2.97%
Platinum Spot	871.45	38.95	4.68%	-2.25%
Palladium Spot	499.45	2.28	0.46%	-11.28%
Crude Oil (WTI)	33.62	+1.43	4.44%	-9.23%
Crude Oil (Brent)	35.99	+3.81	11.84%	-3.46%
Baltic Dry Ind	317.00	-37.00	-10.45%	-33.68%

Money Markets	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.613	(0.007)	0.316	(0.000)
12M Libor	1.140	(0.016)	0.339	(0.038)
3M Euribor	(0.162)	(0.010)	(0.140)	(0.031)
12M Euribor	0.015	(0.017)	(0.154)	(0.045)
10Y US	1.921	(0.131)	(0.365)	(0.349)
10Y UK	1.560	(0.151)	(0.418)	(0.400)
10Y Germany	0.325	(0.159)	(0.392)	(0.304)
10Y Japan	0.100	(0.140)	(0.310)	(0.165)
10Y India	7.783	0.005	(0.029)	0.022

Currencies	Closing		Closing
GBP/USD	1.424	EUR/USD	1.083
USD/JPY	121.140	AUD/USD	0.708
USD/CHF	1.023	EUR/AED	3.978
USD/INR	67.793	EUR/INR	74.012
USD/CNY	6.576	EUR/CHF	1.108
USD/RUB	75.547	AED/INR	18.482

Source: Bloomberg

International Market News Update

The economy in the US grew at only 0.7% on an annualised basis during the October-December 2015 quarter. The strong US dollar and poor global demand have clearly been responsible for this relatively low growth in the GDP. For 2015, the country's economy grew at 2.4%. The US Federal Reserve met last week and the policymakers decided to leave benchmark interest rates unchanged. They indicated during the meeting that they intend to be in a wait-and-watch mode as they gauge the impact of weakening global economies. All major stock markets in the US rose last week as investors started to buy at the lower levels.

Stock markets in Europe last week continued their weekly rise as investors now anticipate strongly that the European Central Bank would be announcing further quantitative easing measures during the March 2016 meeting. This was after the Bank of Japan announced a negative interest rate last week. This news also caused yields of government bonds in Europe to fall sharply. Last week, the yield on Germany's 5-year government bond fell to an all-time low of -0.314%. Russia's economy posted a fall of 3.7% in 2015 due to low oil prices, sanctions due to its conflict with Ukraine and the weakening Russian ruble. Russia remains the world's largest energy exporter and therefore its economy been affected by poor global demand.

The Bank of Japan Governor Haruhiko Kuroda last week announced that it was approving a negative interest-rate strategy. The announcement of the interest rate of -0.1% is clearly an attempt to tackle deflation by raising import prices and weakening the Japanese yen. The Japanese yen was at USD 117.66 last week against the USD and it weakened to touch USD 121.69 later in the week after this announcement by the Bank of Japan Governor. Japan's Economy Minister Akira Amari resigned last week after allegations emerged that he had received money in exchange for providing favours. The Shanghai Composite continued to fall last week and touched 2638.302, which is its lowest level since 1st December 2014.

Commodity in Focus

After rising 2 weeks back by over 23.52%, WTI crude oil rose further last week by over 19.04% to touch USD 34.82. After rising 2 weeks back by around 19.19%, Brent crude oil rose further last week by around 22.45% to touch USD 35.84. Investors are speculating that Russia and the Organization of the Petroleum Exporting Countries will have a meeting in the near future to discuss cutting crude oil production.

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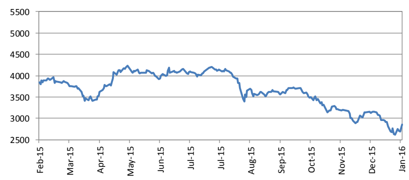
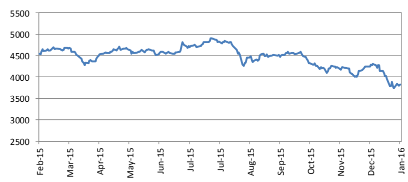
Key Indices

	Closing	Net Change	% Change	YTD
Dubai - DFM	2,997.77	+240.69	8.73%	-4.86%
Abu Dhabi - ADX	4,054.37	+215.32	5.61%	-5.87%
Saudi Arabia - TASI	5,996.57	+384.92	6.86%	-13.24%
Qatar - QE	9,481.30	+499.69	5.56%	-9.09%
Bahrain - BHSE	1,187.10	+29.07	2.51%	-2.37%
Oman - MSM 30	5,179.36	+237.61	4.81%	-4.20%
Kuwait	5,114.52	+139.57	2.81%	-8.92%

Dubai - DFM 52-Week Performance



Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance

Source: Bloomberg

Middle East Market News Update

Stock markets in the GCC region last week reacted positively to the continued rise in crude oil prices. The Dubai Gold & Commodities Exchange announced last week the 15 single stocks, of companies based in the US and in India, for which the exchange has launched stock futures. The stocks from India include Infosys, Tata Consultancy Services, Larsen & Toubro, Maruti Suzuki, Tata Motors, Reliance Industries, State Bank of India, HDFC Bank, ICICI Bank and Axis Bank. The stocks from the US include Apple, Facebook, Microsoft, Google & J P Morgan. With the introduction of the stock futures, investors will be able to trade these stocks without the costs and efforts involved in managing funds abroad.

En Bref….. Biggest Market News

Central Banks are pushing benchmark interest rates below zero. Is this the new 'normal'?

Central banks across the globe seem to be growing confident about bringing down benchmark interest rates into negative territory as they struggle to fight deflation and raise import prices. With the announcement by the Bank of Japan to approve a negative interest-rate strategy last week, it seems clear that central banks are being left with no other choice.

Over the past few years, capital markets were moving upwards more often due to quantitative easing measures which depended on the action of central banks. However, the month of January 2016 has clearly shown that asset classes behaved in a fundamental manner during the month. The question now is whether this is a return of fundamentals and if so, this represents the best time to invest into equities, especially on a long-term basis.

Events in the week ahead

4 February - Bank of England monetary policy meeting.

5 February - US employment report is released.

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