

Global Markets Update

In New York, stock markets rallied as investors renewed their hopes that Deutsche Bank and the broader financial system are in better shape than previously believed. The U.S. Department of Justice wants the German lender to pay \$14 billion to settle an investigation into mortgage-backed securities. Investors had been worried that problems at the bank, one of the largest in Europe, could ripple through the entire financial system. But a report that said the bank could use a smaller payment to settle the case allayed some of those fears and caused financial stocks in the U.S. and in Europe to climb higher. The Dow Jones industrial average shot up 164.70 points to 18,308.15, the NASDAQ composite gained 42.85 points to 5,312.00 and the S&P 500 increased by 17.14 points to 2,168.27.

US Indices				
	Closing	Net Change	% Change	YTD
DJIA	18,308.15	+46.70	0.26%	5.07%
S&P 500	2,168.27	+3.58	0.17%	6.08%
NASDAQ Composite	5,312.00	+6.25	0.12%	6.08%

Europe Indices				
	Closing	Net Change	% Change	YTD
UK - FTSE 100	6,932.70	+114.66	1.68%	11.06%
Eurozone - STOXX 50	2,843.94	+18.88	0.67%	-8.27%
France - CAC 40	4,451.96	+44.11	1.00%	-3.99%
Germany - DAX	10,511.02	-115.95	-1.09%	-2.16%
Netherlands - AEX	453.23	+5.36	1.20%	2.58%
Switzerland - SMI	8,171.51	+6.46	0.08%	-7.33%

BRICS Indices				
	Closing	Net Change	% Change	YTD
Brazil - Ibovespa	58,367.05	-329.95	-0.56%	34.64%
Russia - MICEX	1,978.83	-19.11	-0.96%	12.35%
India - SENSEX	28,159.05	-135.23	-0.48%	7.82%
China - Shanghai	3,004.70	-29.19	-0.96%	-15.10%
South Africa - JSE Africa	52,014.66	+534.86	1.04%	2.61%

Asia-Pacific Indices				
	Closing	Net Change	% Change	YTD
Japan - Nikkei 225	16,598.67	+54.11	0.33%	-12.79%
Hong Kong - Hang Seng	23,536.54	+218.62	0.94%	7.40%
South Korea - KOSPI	2,043.63	-10.44	-0.51%	4.20%
Australia - ASX 200	5,478.51	+47.09	0.87%	3.45%

Commodities				
	Closing	Net Change	% Change	YTD
Gold Spot	1,315.84	-22.11	-1.65%	24.01%
Silver Spot	19.11	-0.34	-1.75%	37.98%
Platinum Spot	1,020.59	-19.36	-1.86%	14.47%
Palladium Spot	719.83	25.65	3.70%	27.86%
Crude Oil (WTI)	48.07	+2.14	4.66%	29.78%
Crude Oil (Brent)	50.10	+2.75	5.81%	34.39%
Baltic Dry Ind	875.00	-66.00	-7.01%	83.05%

Money Markets				
	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.854	0.001	0.229	0.241
12M Libor	1.552	(0.006)	0.338	0.374
3M Euribor	(0.301)	0.001	(0.058)	(0.170)
12M Euribor	(0.064)	(0.005)	(0.060)	(0.124)
10Y US	1.598	0.014	(0.173)	(0.672)
10Y UK	0.737	0.040	(0.672)	(1.223)
10Y Germany	(0.118)	(0.002)	(0.252)	(0.747)
10Y Japan	(0.068)	(0.004)	(0.009)	(0.333)
10Y India	6.779	(0.004)	(0.686)	(0.982)

Currencies			
	Closing		Closing
GBP/USD	1.285	EUR/USD	1.123
USD/JPY	101.330	AUD/USD	0.766
USD/CHF	0.972	EUR/AED	4.126
USD/INR	66.540	EUR/INR	74.742
USD/CNY	6.672	EUR/CHF	1.092
USD/RUB	62.586	AED/INR	18.116

Source: Bloomberg

Britain needs a new fiscal plan to navigate economic turbulence caused by Britain's vote to leave the European Union, finance minister Philip Hammond said on Monday, stressing the need to balance spending cuts with infrastructure investment. On Sunday, Prime Minister Theresa May told the Conservative Party annual conference she would formally trigger the EU exit by the end of March next year, at which point Britain will enter into an initial two-year negotiating period. Last week, official data showed Britain's giant services sector grew strongly in July, giving the clearest sign to date that the economy has not suffered a major slowdown after the EU referendum.

European shares closed higher on Friday, lifted by a late surge in Deutsche Bank after a media report that it was close to settling with U.S. authorities over alleged misselling of mortgage-backed securities. The pan-European STOXX 600 index ended 0.1 percent higher, as Deutsche Bank closed up 6.4 percent, rallying towards the end of the European trading session having initially sunk to record lows of below 10 euros at the start of the day. However, Spanish telecoms group Telefonica fell 4 percent as the company cancelled the stock market listing of its Telxius business. German bank Commerzbank also dipped 1.2 percent on uncertainty over whether it could deliver on restructuring plans, which will see it axe thousands of jobs in a bid to boost earnings. The STOXX 600 index remains down by around 6 percent so far in 2016.

Developing-nation stocks gained, adding to their best quarterly performance since 2012, after a report that Deutsche Bank AG may settle with U.S. regulators for less than half the amount investors had expected buoyed demand for higher-yielding assets. The MSCI Emerging Markets Index rose 0.5 percent, extending its 8.3 percent advance since June. Ten of 11 industry groups climbed, led by health care, telecommunications and information technology shares.

Commodity In Focus

Brent crude oil prices steadied above \$50 a barrel, supported by a planned production cut by exporter club OPEC, but still under pressure from an overhang in supply that currently exceeds consumption.

International benchmark Brent crude futures were trading at \$50.10 per barrel, up 6 cents from their last close, although U.S. West Texas Intermediate (WTI) futures CLc1 was down at \$48.07 a barrel.

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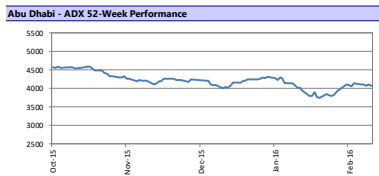
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Regional Markets Update

Saudi Arabia's stock market plunged to its lowest close since March 2011 on Sunday because of fears the government could introduce more austerity measures to curb a big budget deficit caused by low oil prices. The Saudi index edged up in early trade but fell steadily through the afternoon to close 3.1 percent lower at 5,448 points in thin trade. After the Saudi government said last week that it was reducing allowances for public sector employees - a major blow because many Saudis rely for up to 30 percent of their income on such allowances - the main factor for the stock market is the damage to economic growth from austerity steps.

Kuwait's stock exchange will introduce a limit of 20 percent for the maximum daily rise or fall of individual stocks by November. The exchange will also introduce a circuit breaker mechanism providing for brief halts in trade with every move of 5 percent. The new rules will replace the current range of limits for stock movements; these limits vary depending on the level of stock prices. Also, Boursa Kuwait is working with the regulator to begin establishing a secondary market for small and medium-sized enterprises that would open in 2017.

Key Indices	Closing	Net Change	% Change	YTD
Dubai - DFM	3,443.35	-48.34	-1.38%	9.28%
Abu Dhabi - ADX	4,453.72	-42.89	-0.97%	3.40%
Saudi Arabia - TASI	5,441.61	-494.98	-8.31%	-20.98%
Qatar - QE	10,306.23	-203.56	-1.94%	-1.18%
Bahrain - BHSE	1,148.68	+11.59	1.02%	-5.53%
Oman - MSM 30	5,726.20	-42.64	-0.74%	5.92%
Kuwait	5,368.00	-42.23	-0.78%	-4.40%



Source: Bloomberg

En Bref – The Biggest Market News

After over two years of low oil prices OPEC members agreed on Wednesday to trim output by less than 1 million barrels per day. OPEC members met on the sidelines of the International Energy Forum in Algeria on Wednesday and agreed to reduce output by about 700,000 barrels per day. According to Reuters, OPEC members have agreed to cut the group's output range to between 32.5 million to 33 million bpd. The group's current output is estimated at 33.24 million bpd. Saudi Energy Minister Khalid al-Falih told Reuters that the deal will allow Iran, Libya and Nigeria to produce "at maximum levels that make sense." The production agreement came just one day after Saudi Arabia announced that it would cut pay for some public sector employees and freeze pay for lower ranking employees.

The Week Ahead

- 3 Oct – USD ISM Manufacturing - September.
- 4 Oct – Reserve Bank of Australia Rate Decision.
- 7 Oct – US & Canada Unemployment Rates.

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