

## Global Markets Update

The S&P 500 Index hasn't seen a 1 percent move in either direction for 40 days, the longest such streak in more than two years. Things are not that much different in the currency and bond markets. Treasury 10-year yields have traded in a range of 1.45 percent to 1.63 percent since mid-July, while a gauge of the dollar against its major peers is virtually unchanged from the average for that period. Traders are pricing in a 32 percent chance the central bank will raise borrowing costs at its September meeting, down from 34 percent before the jobs data, though the probability earlier slipped as low as 20 percent. The first month with better-than-even odds of a hike is December. The S&P 500 rose 0.4 percent on Friday, rebounding after three days of declines. Utilities, energy, raw-materials and consumer-staples shares were the strongest among the main industries, rising at least 0.6 percent.

European shares rose on Friday, with a leading regional equity index reaching its highest level since late May, as weaker-than-expected U.S jobs data led investors to pare back bets on an imminent U.S. interest rate hike. The pan-European STOXX 600 index closed nearly 2 percent higher at 350.44 points, its best level since late May. The index also had its biggest one-day percentage gain since late June. Europe's stock markets climbed after data on Friday showed that U.S. employment growth slowed more than expected in August. The STOXX Europe 600 Utilities outperformed with a 2.8 percent rise, with France's Veolia advancing 4.9 percent as investors welcomed the company's issuance of a 1 billion Renminbi 'Panda' bond.

Hong Kong stocks advanced to a fresh one-year closing high on Friday led by a burst of Chinese money into the city's blue-chips at the fastest pace in nearly 1-1/2-years. The benchmark Hang Seng index climbed 0.5 percent to 23,266.70 points, the highest close since last August, and brings the weekly gain to 1.6 percent. The China Enterprises Index gained 0.8 percent. Chinese investors stepped up buying blue-chips such as HSBC and Bank of China under the Shanghai-Hong Kong Stock Connect, with weekly money inflows under the cross-border scheme surging to 17.7 billion yuan (\$2.65 billion), the highest level since last April. The south-bound gush under the Shanghai Connect comes as mainland investors seek to front-run a similar cross-border link between Shenzhen and Hong Kong, expected to start in November. Chinese investors are also eagerly seeking bargains for foreign-currency assets amid the backdrop of a low-yield environment and a slowing economy at home

## Commodity In Focus

Oil prices snapped a four-day losing streak Friday following a report of more muted than expected hiring in August but were still down from the beginning of the week amid persistent worries about oversupply.

U.S. crude for October delivery closed up \$1.28, or 2.97% at \$44.44 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, rose \$1.38, or 3.04%, to \$46.83.

US Indices				
	Closing	Net Change	% Change	YTD
DJIA	18,491.96	+96.56	0.52%	6.12%
S&P 500	2,179.98	+10.94	0.50%	6.66%
NASDAQ Composite	5,249.90	+30.98	0.59%	4.84%

Europe Indices				
	Closing	Net Change	% Change	YTD
UK - FTSE 100	6,894.60	+77.70	1.14%	10.45%
Eurozone - STOXX 50	2,922.57	+62.08	2.17%	-5.73%
France - CAC 40	4,542.17	+100.30	2.26%	-2.05%
Germany - DAX	10,683.82	+96.05	0.91%	-0.55%
Netherlands - AEX	463.60	+10.59	2.34%	4.93%
Switzerland - SMI	8,294.30	+125.98	1.54%	-5.94%

BRICS Indices				
	Closing	Net Change	% Change	YTD
Brazil - Ibovespa	59,616.40	+1,900.15	3.29%	37.52%
Russia - MICEX	2,003.77	+10.42	0.52%	13.76%
India - SENSEX	28,532.11	+749.86	2.70%	9.25%
China - Shanghai	3,067.35	-2.96	-0.10%	-13.33%
South Africa - JSE Africa	53,500.07	-6.55	-0.01%	5.54%

Asia-Pacific Indices				
	Closing	Net Change	% Change	YTD
Japan - Nikkei 225	16,925.68	+564.97	3.45%	-11.08%
Hong Kong - Hang Seng	23,266.70	+357.16	1.56%	6.17%
South Korea - KOSPI	2,038.31	+81	0.04%	3.93%
Australia - ASX 200	5,372.80	-142.67	-2.59%	1.45%

Commodities				
	Closing	Net Change	% Change	YTD
Gold Spot	1,325.21	+4.03	0.31%	24.89%
Silver Spot	19.45	0.79	4.24%	40.43%
Platinum Spot	1,063.84	-9.96	-0.93%	19.32%
Palladium Spot	679.50	-9.62	-1.40%	20.70%
Crude Oil (WTI)	44.44	-3.20	-6.72%	19.98%
Crude Oil (Brent)	46.83	-3.09	-6.19%	25.62%
Baltic Dry Ind	720.00	+2.00	0.28%	50.63%

Money Markets				
	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.835	0.002	0.200	0.222
12M Libor	1.559	0.023	0.364	0.381
3M Euribor	(0.301)	(0.003)	(0.093)	(0.170)
12M Euribor	(0.052)	(0.002)	(0.028)	(0.112)
10Y US	1.602	(0.027)	(0.238)	(0.667)
10Y UK	0.727	0.163	(0.735)	(1.233)
10Y Germany	(0.043)	0.029	(0.249)	(0.672)
10Y Japan	(0.033)	0.037	(0.005)	(0.298)
10Y India	7.118	(0.011)	(0.505)	(0.643)

Currencies			
	Closing	Closing	
GBP/USD	1.329	EUR/USD	1.116
USD/JPY	103.920	AUD/USD	0.757
USD/CHF	0.981	EUR/AED	4.113
USD/INR	66.825	EUR/INR	74.813
USD/CNY	6.681	EUR/CHF	1.099
USD/RUB	65.092	AED/INR	18.127

Source: Bloomberg

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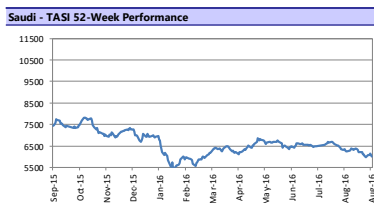
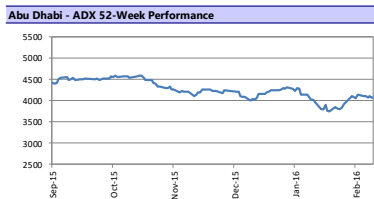
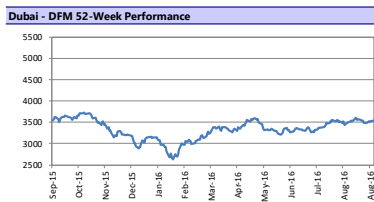
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## Regional Markets Update

Saudi Arabian stocks led advances across most Gulf markets as investors speculated companies in the kingdom stand to benefit if oil-producing nations agree an output freeze. The Tadawul All Share Index added 1.2 percent to 6,093.33, with Al Rajhi Bank contributing the most to the gain. Bloomberg's index of the largest and most liquid companies in the six-nation Gulf Cooperation Council climbed for the first time in three days. Shares in the region's biggest equity market rose in anticipation that Russia and OPEC may agree an oil output freeze at a meeting later this month. The gains come as the world's largest crude exporter relaxed rules for foreign investors in a bid to lure overseas cash, one of a number of steps to break the kingdom's dependence on oil.

Middle East fund managers have turned negative towards fixed income for the first time since January because of the prospect of US monetary tightening and a flood of bond supply expected from governments in the region, a monthly Reuters poll found. The poll of 14 leading fund managers, conducted over the past week, found 21 percent expect to cut back allocations to Middle East fixed income in the next three months while 14 percent expect to raise them. (Poll findings). Last month, 21 percent anticipated reducing their fixed income allocations with 29 percent increasing them. One reason for the shift is statements by Federal Reserve officials suggesting an increased chance of a U.S. interest rate hike by the end of this year. The last couple of months have seen a strong rally in Gulf Cooperation Council debt instruments, in line with emerging market bonds in general.

Key Indices	Closing	Net Change	% Change	YTD
Dubai - DFM	3,535.36	+45.09	1.29%	12.20%
Abu Dhabi - ADX	4,472.20	-27.54	-0.61%	3.83%
Saudi Arabia - TASI	6,094.90	+23.49	0.39%	-11.82%
Qatar - QE	10,850.48	-347.00	-3.10%	4.04%
Bahrain - BHSE	1,141.05	+1.71	0.15%	-6.16%
Oman - MSM 30	5,727.79	-81.54	-1.40%	5.95%
Kuwait	5,395.49	-15.48	-0.29%	-3.91%



Source: Bloomberg

## En Bref – The Biggest Market News

Israel Aerospace Industries Ltd., the state-owned weapons manufacturer, is planning to raise as much as \$800 million in an initial public offering next year, according to the head of the government authority that oversees the company. IAI, which co-developed the Iron Dome anti-missile system that blasts incoming rockets out of the sky, is seeking to sell between 20 and 25 percent of its shares on the Tel Aviv Stock Exchange, Ori Yogev said in an interview. The company is worth about \$3.2 billion, he said. The sale would be the largest IPO on Israel's bourse since Oil Refineries Ltd. sold \$1.5 billion of shares 10 years ago, according to data compiled by Bloomberg. It also would represent a step forward in the government's plan to privatize its largest companies.

## The Week Ahead

- 6 Sept – Reserve Bank of Australia Rate Decision.
- 7 Sept – Bank of Canada Rate Decision.
- 8 Sept – European Central Bank Rate Decision.

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