sidra capital

NOUVELLES

OUR WEEKLY CAPITAL MARKETS UPDATE

December 04, 2016

US Indices

	Closing	Net Change	% Change	YTD
DJIA	19,170.42	+18.28	0.10%	10.02%
S&P 500	2,191.95	-21.40	-0.97%	7.24%
NASDAQ Composite	5,255.65	-143.27	-2.65%	4.96%

Europe Indices

	Closing	Net Change	% Change	YTD
UK - FTSE 100	6,730.72	-110.03	-1.61%	7.82%
Eurozone - STOXX 50	2,810.21	-25.61	-0.90%	-9.36%
France - CAC 40	4,528.82	-21.45	-0.47%	-2.33%
Germany - DAX	10,513.35	-185.92	-1.74%	-2.14%
Netherlands - AEX	449.60	-8.39	-1.83%	1.76%
Switzerland - SMI	7,784.01	-97.52	-1.24%	-11.73%

BRICS Indices

	Closing	Net Change	% Change	YTD
Brazil - Ibovespa	60,316.13	-1,242.95	-2.02%	39.14%
Russia - MICEX	2,128.99	+30.84	1.47%	20.87%
India - SENSEX	26,230.66	-85.68	-0.33%	0.43%
China - Shanghai	3,243.84	-18.09	-0.55%	-8.34%
South Africa - JSE Africa	49,256.10	-1,440.00	-2.84%	-2.84%

Asia-Pacific Indices

	Closing	Net Change	% Change	YTD
Japan - Nikkei 225	18,426.08	+44.86	0.24%	-3.19%
Hong Kong - Hang Seng	22,564.82	-158.63	-0.70%	2.97%
South Korea - KOSPI	1,970.61	-3.85	-0.19%	0.47%
Australia - ASX 200	5,444.02	-63.77	-1.16%	2.80%

Commodities

	Closing	Net Change	% Change	YTD
Gold Spot	1,177.43	-6.13	-0.52%	10.96%
Silver Spot	16.74	0.21	1.27%	20.90%
Platinum Spot	929.24	20.99	2.31%	4.23%
Palladium Spot	744.13	-0.47	-0.06%	32.18%
Crude Oil (WTI)	51.68	+5.62	12.20%	39.52%
Crude Oil (Brent)	54.46	+7.22	15.28%	46.08%
Baltic Dry Ind	1,198.00	+17.00	1.44%	150.63%

Money Markets

	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.946	0.009	0.266	0.334
12M Libor	1.645	(0.001)	0.312	0.467
3M Euribor	(0.313)	0.001	(0.051)	(0.182)
12M Euribor	(0.076)	0.003	(0.059)	(0.136)
10Y US	2.383	0.026	0.584	0.114
10Y UK	1.380	(0.037)	0.036	(0.580)
10Y Germany	0.281	0.041	0.167	(0.348)
10Y Japan	0.040	(0.002)	0.140	(0.225)
10Y India	6.243	0.010	(1.241)	(1.518)

Currencies

	Closing		Closing
GBP/USD	1.273	EUR/USD	1.066
USD/JPY	113.510	AUD/USD	0.746
USD/CHF	1.011	EUR/AED	3.917
USD/INR	68.225	EUR/INR	72.642
USD/CNY	6.880	EUR/CHF	1.078
USD/RUB	63.892	AED/INR	18.522

Source: Bloomberg

International Market News Update

The S&P 500 eked out a slight gain Friday, but posted its first weekly decline since Donald Trump was elected president. Investors have pulled out of long-dated government bonds and put money into financial and industrial shares since Election Day, helping push major U.S. indexes to record highs. Many expect Mr. Trump's policies to include fiscal stimulus and reduced regulation, driving expectations for stronger growth and higher inflation. But the rally stalled this week. Gains in energy shares—spurred by soaring oil prices—weren't enough to offset declines elsewhere, particularly in technology shares. The S&P 500's newest sector is also its worst-performing. Real estate has lagged behind the broader market since splitting off from financials and becoming its own stock grouping in September. The sector—which includes shares of real-estate investment trusts and real-estate management companies—fell 7.9% from the close of its first day of trading on Sept. 19 through Friday, making it the worst-performing sector out of 11 over that period. The S&P 500 climbed 2.5% and financial shares gained 17% since the sector split.

Markets across Europe were in the red on Friday, as Italy prepared for Sunday's constitutional referendum, which could determine the future of the eurozone. The German DAX, British FTSE 100 and French CAC 40 were losing over a percent, as speculators worry about the political turmoil should Italy vote against constitutional changes proposed by Prime Minister Matteo Renzi. As of Friday, bookmakers were heavily favoring a 'no' vote, giving a 77 percent chance that Renzi's proposals will be rejected by Italian people. Besides the political crisis, the no-vote is likely to speed up the banking crisis in Italy. Monte dei Paschi, the world's oldest operating bank, is seeking to raise capital to survive, and Renzi's resignation could hinder that. The bank's stock has lost 86 percent of its value, while its rival Unicredit has slid over 61 percent.

Asian stocks turned negative on Friday and oil prices retreated along with the US dollar as investors took a step back from a recent rally, while caution set in ahead of a crunch referendum in Italy at the weekend. Japan's Nikkei, which on Thursday closed at its highest level this year, slipped 0.47% by the break, while Hong Kong gave up 0.6% and Shanghai slipped 0.1%. Sydney fell 0.6%, Seoul shed 0.5%, while Singapore and Wellington each gave back 0.2%.

Commodity in Focus

Oil prices edged higher on Friday, with Brent crude on track for its biggest weekly rally since 2009, following OPEC's decision to cut crude output in order to rein in a global glut. The market's focus now shifts to the implementation and impact of OPEC's first production agreement since 2008, which will be joined by non-OPEC producers.

U.S. West Texas Intermediate (WTI) futures settled up 1.2 percent, at $51.68. The 5-day gain of 12.2 percent was the best weekly performance since February, 2011. Front-month Brent crude futures were up 41 cents at $54.35 per barrel. The contract was up about 15 percent this week.

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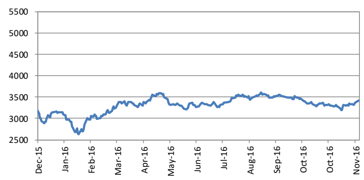
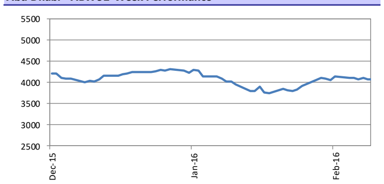
Key Indices

	Closing	Net Change	% Change	YTD
Dubai - DFM	3,417.05	+92.98	2.80%	8.44%
Abu Dhabi - ADX	4,261.86	-11.18	-0.26%	-1.05%
Saudi Arabia - TASI	7,151.57	+307.79	4.50%	3.47%
Qatar - QE	10,010.27	+276.09	2.84%	-4.02%
Bahrain - BHSE	1,175.93	-20.52	-1.71%	-3.29%
Oman - MSM 30	5,610.02	+90.90	1.65%	3.77%
Kuwait	5,554.90	+19.91	0.36%	-1.07%

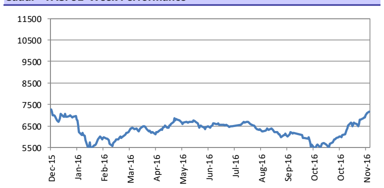
Dubai - DFM 52-Week Performance



Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance



Source: Bloomberg

Middle East Market News Update

Dubai stocks were the biggest gainers across Gulf markets after oil, the region's main source of revenue, capped its best week since 2009. The DFM General Index climbed to the highest level in two months after Emaar Properties PJSC, which accounts for about one-fifth of the gauge, advanced 3.2 percent as of 11:52 a.m. in Dubai. The developer signed an insurance settlement of 1.2 billion dirhams ($327 million) for a fire that engulfed its hotel on New Year's Eve, Al Khaleej newspaper reported. Saudi Arabia's Tadawul All Share Index increased 1.6 percent as more than 90 percent of the measure's 176 members rose.

Saudi Arabia will fall into recession next year for the first time since 1999, according to a new analysis. The kingdom's non-oil sector growth will continue to slow as the government implements fiscal consolidation measures to mitigate the impact of low oil prices, the latest BMI Research paper claims. As a result of the continued austerity drive, the Saudi Arabian economy is forecast to contract by 0.2 percent in real terms in 2017 – the first annual contraction since 1999 – compared to 0.8 percent growth in 2016. Meanwhile, oil production is expected to decline to meet OPEC targets and the Saudi economy will slump into recession as economic activity falters.

En Bref….. Biggest Market News

For the first time in more than 18 months, there is reason to believe that most of the volatility will be removed from the oil market, following a consensus agreement reached between members of the Organisation of Petroleum Exporting Countries (OPEC). Russia too has agreed to go along with the OPEC members in capping production at 32.5 million barrels a day — a cut of about 1.2 million. While the markets have broadly accepted the deal in a positive vein, the possibility of oil returning to the $100-plus levels last seen after 2007 — when a high of $127 per barrel was reached are not realistic. Times have changed, vehicles are greener, more power is being generated from renewable resources and there is a general environment shift both in thinking and in production terms. Those factors combined should see oil at the sub-$60 level until 2020.

Events in the week ahead

5 December – UK Supreme Court hears Government-Parliament Brexit Appeal.

8 December – European Central Bank Rate Decision.