NOUVELLES

OUR WEEKLY CAPITAL MARKETS UPDATE

May 11, 2015

US Indices	Closing	Net Change	% Change	YTD
DJIA	18,191.11	+167.05	0.93%	2.06%
S&P 500	2,116.10	+7.81	0.37%	2.78%
NASDAQ Composite	5,003.55	-1.84	-0.04%	5.65%

Europe Indices	Closing	Net Change	% Change	YTD
UK - FTSE 100	7,046.82	+86.19	1.24%	7.32%
Eurozone - STOXX 50	3,467.39	+34.95	1.02%	15.43%
France - CAC 40	5,090.39	+43.90	0.87%	19.14%
Germany - DAX	11,709.73	+255.35	2.23%	19.42%
Netherlands - AEX	490.79	+2.94	0.60%	15.62%
Switzerland - SMI	9,093.33	+16.21	0.18%	1.22%

BRICS Indices	Closing	Net Change	% Change	YTD
Brazil - Ibovespa	57,149.33	+919.95	1.64%	14.28%
Russia - MICEX	1,708.52	+37.53	2.25%	22.33%
India - SENSEX	27,105.39	+94.08	0.35%	-1.43%
China - Shanghai	4,205.92	-235.74	-5.31%	30.03%
South Africa - JSE Africa	53,790.57	-649.86	-1.19%	8.08%

Asia-Pacific Indices	Closing	Net Change	% Change	YTD
Japan - Nikkei 225	19,379.19	-604.13	-3.02%	11.05%
Hong Kong - Hang Seng	27,577.34	-555.66	-1.98%	16.83%
South Korea - KOSPI	2,085.52	-57.11	-2.67%	8.87%
Australia - ASX 200	5,634.56	-179.84	-3.09%	4.13%

Commodities	Closing	Net Change	% Change	YTD
Gold Spot	1,188.39	+9.93	0.84%	0.34%
Silver Spot	16.47	0.31	1.93%	4.81%
Platinum Spot	1,141.50	9.62	0.85%	-5.51%
Palladium Spot	799.35	24.91	3.22%	0.22%
Crude Oil (WTI)	59.39	+.24	0.41%	11.49%
Crude Oil (Brent)	65.39	-1.07	-1.61%	14.06%
Baltic Dry Ind	574.00	-17.00	-2.88%	-26.60%

Money Market	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.280	0.000	0.047	0.024
12M Libor	0.733	0.015	0.166	0.104
3M Euribor	(0.009)	-0.004	-0.089	-0.087
12M Euribor	0.169	-0.002	-0.167	-0.156
10Y US	2.148	0.034	-0.150	-0.023
10Y UK	1.876	0.034	-0.326	0.120
10Y Germany	0.547	0.174	-0.270	0.006
10Y Japan	0.421	0.058	-0.062	0.092
10Y India	7.983	0.122	-0.227	0.126

Currencies	Closing		Closing
GBP/USD	1.546	EUR/USD	1.120
USD/JPY	119.760	AUD/USD	0.793
USD/CHF	0.930	EUR/AED	4.113
USD/INR	63.938	EUR/INR	71.731
USD/CNY	6.209	EUR/CHF	1.043
USD/RUB	50.914	AED/INR	17.342

Source: Bloomberg

International Market News Update

Stock markets in the US rose last week after the unemployment rate fell to 5.4%, which is the lowest level since May 2008. The S&P 500 rose to 2117.66 last week, just 0.4% away from its all-time high. The Dow Jones Industrial Average rose to 18205.23 last week, just 0.5% away from the all-time high it had touched on 2nd March 2015. But, investors are preparing themselves for the fact that the US economy actually shrank in the 1st quarter of 2015, after it was announced last week that the country's trade deficit had ballooned to USD 54.1 billion during March 2015, which is its biggest trade deficit in over 6 years. Ports in the West Coast got back to business and imports arriving through them surged during the month. Also, the strong US dollar is impacting exports by weakening their global competitiveness.

UK Prime Minister David Cameron won the mandate to remain in office, after his political party won a majority in the UK parliament last week. This caused the British pound to jump up to touch 1.5523 against the US dollar on Friday, close to 1.5590 - its highest point of 2015. The FTSE 100 closed last week at 7046.82, and is now just 1.1% away from the all-time high level it touched on 27th April 2015. Industrial production in Germany fell 0.5% in March 2015 as demand of exports continued to remain weak. The European Commission increased the growth projection for the Eurozone economy last week to an annualised rate of 1.5% in 2015.

Last week, the Shanghai Composite fell sharply to touch 4099.242. This level was 10.3% below 4572.391, which the index had touched on 28th April 2015. An upcoming series of initial public offerings in China are expected to divert funds away from existing holdings of shares. China's central bank cut interest rates last week as it shows its willingness to support an economy facing a debt overhang. The country's 1-year lending rate was cut to 5.1% and the 1-year deposit rate was cut to 2.25%. Exports by China had fallen by 6.4% in April 2015. The SENSEX fell last week to 26423.99, its lowest level since 22nd October 2014. This became a 12% fall from the all-time high level of 30024.74 that it had touched on 4th March 2015.

Currency in Focus

The Indian rupee fell to 64.2825 against the US dollar last week, its lowest level since 11th September 2013, after investors reacted to rise in yields of bonds issued by governments in Europe and increasing oil prices. The Indian rupee had not breached 64 since October 2013.

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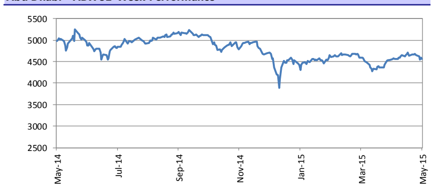
Key Indices

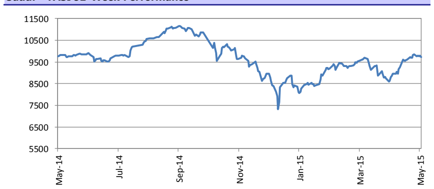
	Closing	Net Change	% Change	YTD
Dubai - DFM	4,138.63	+6.17	0.15%	9.66%
Abu Dhabi - ADX	4,553.65	-65.22	-1.41%	0.55%
Saudi Arabia - TASI	9,717.90	-116.59	-1.19%	16.62%
Qatar - QE	12,282.17	+87.13	0.71%	-0.03%
Bahrain - BHSE	1,390.75	+.13	0.01%	-2.51%
Oman - MSM 30	6,313.44	-4.84	-0.08%	-0.47%
Kuwait	6,398.16	+8.65	0.14%	-2.10%

Dubai - DFM 52-Week Performance

Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance



Source: Bloomberg

Middle East Market News Update

Most stock markets in the GCC were flat last week as crude oil prices fell after having risen by nearly 18% in the past 1 month. Crude oil prices had touched their highest levels of 2015 last week, before closing Friday having fallen by around 5% from the high. Index provider MSCI announced last week that it would be launching standalone indices, for Saudi Arabia and other stock markets in the GCC, on June 1st 2015.

En Bref….. Biggest Market News

Assets held by oil-rich nations are being sold at record pace. Low oil prices continue to hurt…

For years, oil-rich nations had been accumulating billions of foreign reserves, mostly denominated in US dollars, as oil prices hovered around USD 100 for large parts of 2011 to 2014. The earnings from high oil prices went into buying luxury homes in the UK and the US as well as soccer clubs in Europe, besides investing into high-rated government bonds.

With oil-prices falling to below USD 50 in the past few months, many of these oil-rich nations have had to withdraw their investments and cut their demand for European government debt and US real estate, to fill the gaping holes in their domestic budgets. Foreign reserves of Saudi Arabia, the largest producer of oil in the world, fell by over USD 20 billion in February 2015. This is the largest monthly drop in the country's foreign reserves in at least 15 years.

According to the International Monetary Fund, the selloff of assets by oil-rich countries will affect market sentiment as it will alter the flow of investments. Low-yielding European assets are expected to be the most affected. It is likely that members of the Organization of Petroleum Exporting Countries will earn just about USD 380 billion from selling oil this year. This is down by almost half from the over USD 730 billion these members earned in 2014. Clearly, the oil-rich countries will be needing to sell a lot more of their assets this year to bridge the gap currently appearing between low revenues and their high fiscal spending.