NOUVELLES

OUR WEEKLY CAPITAL MARKETS UPDATE

February 15, 2016

US Indices	Closing	Net Change	% Change	YTD
DJIA	15,973.84	-231.13	-1.43%	-8.33%
S&P 500	1,864.78	-15.27	-0.81%	-8.77%
NASDAQ Composite	4,337.51	-25.63	-0.59%	-13.38%

Europe Indices	Closing	Net Change	% Change	YTD
UK - FTSE 100	5,707.60	-140.46	-2.40%	-8.57%
Eurozone - STOXX 50	2,651.78	-97.22	-3.54%	-14.47%
France - CAC 40	3,995.06	-205.61	-4.89%	-13.84%
Germany - DAX	8,967.51	-318.72	-3.43%	-16.53%
Netherlands - AEX	391.86	-22.08	-5.33%	-11.31%
Switzerland - SMI	7,656.60	-303.53	-3.81%	-13.17%

BRICS Indices	Closing	Net Change	% Change	YTD
Brazil - Ibovespa	39,808.05	+219.23	0.55%	-8.17%
Russia - MICEX	1,726.04	-54.55	-3.06%	-2.01%
India - SENSEX	22,986.12	-1,630.85	-6.62%	-11.99%
China - Shanghai	2,763.49	+25.89	0.95%	-21.92%
South Africa - JSE Africa	48,589.69	-1,163.60	-2.34%	-4.15%

Asia-Pacific Indices	Closing	Net Change	% Change	YTD
Japan - Nikkei 225	14,952.61	-2,092.38	-12.28%	-21.44%
Hong Kong - Hang Seng	18,319.58	-1,127.26	-5.80%	-16.40%
South Korea - KOSPI	1,835.28	-71.32	-3.74%	-6.43%
Australia - ASX 200	4,765.35	-210.83	-4.24%	-10.02%

Commodities	Closing	Net Change	% Change	YTD
Gold Spot	1,237.97	+64.57	5.50%	16.67%
Silver Spot	15.75	0.74	4.92%	13.73%
Platinum Spot	955.35	43.75	4.80%	7.16%
Palladium Spot	523.63	21.78	4.34%	-6.99%
Crude Oil (WTI)	29.44	-1.45	-4.69%	-20.52%
Crude Oil (Brent)	33.36	-.70	-2.06%	-10.52%
Baltic Dry Ind	291.00	-6.00	-2.02%	-39.12%

Money Markets	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.618	(0.002)	0.309	0.006
12M Libor	1.116	(0.020)	0.293	(0.062)
3M Euribor	(0.183)	(0.016)	(0.159)	(0.052)
12M Euribor	(0.009)	(0.007)	(0.170)	(0.069)
10Y US	1.748	(0.088)	(0.400)	(0.521)
10Y UK	1.414	(0.145)	(0.380)	(0.546)
10Y Germany	0.261	(0.035)	(0.344)	(0.368)
10Y Japan	0.090	0.063	(0.269)	(0.175)
10Y India	7.724	(0.097)	(0.073)	(0.037)

Currencies	Closing		Closing
GBP/USD	1.450	EUR/USD	1.126
USD/JPY	113.250	AUD/USD	0.711
USD/CHF	0.977	EUR/AED	4.134
USD/INR	68.235	EUR/INR	77.000
USD/CNY	6.574	EUR/CHF	1.101
USD/RUB	78.664	AED/INR	18.548

Source: Bloomberg

International Market News Update

Stock markets in the US continued to fall last week as investors reacted with nervousness to weakening global credit markets. The S&P 500 last week fell to 1810.10, which is its lowest level since 14th February 2014. The NASDAQ Composite last week fell to 4209.759, which is its lowest level since 17th October 2014. This stock market index has so far fallen by around 19.54% from the high that it had touched in July 2015. The yield on the country's 10-year government bond fell to 1.5286% last week, which is its lowest level since 4th August 2012.

Stock markets in Europe last week also reacted to the falling global markets and fell sharply. The euro strengthened to 1.1376 against the USD last week as investors seek the currency as a safe haven. This is the euro's strongest level against the USD since 22nd October 2015. The yield on Germany's 5-year government bond fell to an all-time low of -0.359%. The Eurozone grew at an annualised rate of 1.5% during the October-December 2015 quarter. Germany's economy grew at an annualised rate of 1.3% during the October-December 2015 quarter. Industrial production in Germany fell by 1.2% during December 2015. Sweden's central bank lowered its benchmark interest rate to -0.5% last week.

The Nikkei 225 in Japan fell to 14865.77, which is its lowest level since 22nd October 2014. This stock market index is now down by over 29.05% since the high that it had touched in June 2015. The yield on Japan's 10 year government bond fell to an all-time low of -0.08% last week. The Japanese yen strengthened to 112.42, which is its strongest level since 1st November 2014. The benchmark stock market index in India, SENSEX, fell to 22601.84, which is its lowest level since 10th May 2014. The Indian Rupee fell to 68.4738 against the USD, which is its weakest level since 5th September 2013. India's economy grew by 7.3% during the October–December 2015 quarter.

Commodity in Focus

The price of gold touched USD 1263.48 last week, which is its highest level since 10th February 2015. Gold prices continued its sharp rise last week as investors search for safe asset classes as global stock and credit markets fall sharply. Investors also remain unsure about the direction that the US Federal Reserve will take in the coming months as the jobs data in the US continues to remain strong but global economies falter and inflation in the US still remains low.

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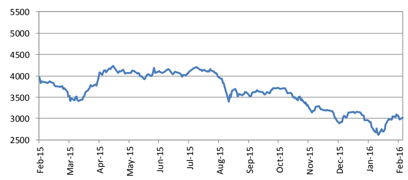
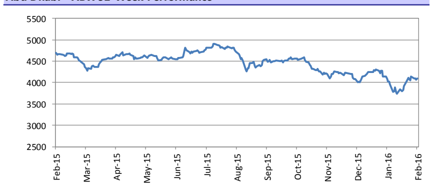
Key Indices	Closing	Net Change	% Change	YTD
Dubai - DFM	3,036.06	-1.27	-0.04%	-3.65%
Abu Dhabi - ADX	4,089.82	-13.45	-0.33%	-5.05%
Saudi Arabia - TASI	5,660.86	-234.93	-3.98%	-18.10%
Qatar - QE	9,602.95	-80.67	-0.83%	-7.92%
Bahrain - BHSE	1,166.36	-10.46	-0.89%	-4.07%
Oman - MSM 30	5,372.54	+73.94	1.40%	-0.62%
Kuwait	5,142.40	-64.43	-1.24%	-8.42%

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 reacted negatively as oil prices fell sharply last week. WTI crude oil fell last week to touch USD 26.05, which is its lowest level since 8th May 2003. Investors in the region remain nervous with the volatility seen in oil prices during the past few weeks. Also, many of the earnings data being reported by companies have been weak.

En Bref….. Biggest Market News

USD 216 billion of Treasuries mature in 2016. How will it be dealt by the US Federal Reserve?

In 2016, about USD 216 billion of US government bonds will be maturing. The US Federal Reserve is the largest holder of US government debt. It is expected that the US Federal Reserve will use the proceeds from the maturity of the bonds to reinvest into government bonds. The end of quantitative easing has meant that the US Federal Reserve is no longer going to be expanding its balance sheet but clearly reinvesting means that for the time-being, there will be continued large-scale demand for US government bonds.

For many investors it is how the US Federal Reserve intends to deal with its current existing holdings of US government debt that is more critical than the pace of expected interest rate hikes. Between 2016 and 2019, over 1.1 trillion of US government debt will be maturing. By reinvesting the proceeds of these bonds, the US Federal Reserve will help yields to not rise sharply. Also, not investing the proceeds of the maturing bonds would result in more poorly-timed quantitative tightening that the US can't afford right now.

Events in the week ahead

15 February – October-December 2015 GDP of Japan is released.

17 February – Minutes of US Federal Reserve January 2016 meeting are released.

18 February – Minutes of European Central Bank January 2016 meeting are released.