NOUVELLES

OUR WEEKLY CAPITAL MARKETS UPDATE

December 15, 2014

US Indices

	Closing	Net Change	% Change	YTD
DJIA	17,958.79	-677.96	-3.78%	4.25%
S&P 500	2,075.37	-73.04	-3.52%	8.33%
NASDAQ	4,780.76	-127.16	-2.66%	11.42%

Europe Indices

	Closing	Net Change	% Change	YTD
STOXX 50	3,095.75	-187.66	-6.06%	-0.39%
FTSE 100	6,742.84	-442.21	-6.56%	-6.64%
CAC 40	4,419.48	-310.55	-7.03%	-4.35%
DAX	10,087.12	-492.39	-4.88%	0.45%

BRICS Indices

	Closing	Net Change	% Change	YTD
Ibovespa	51,992.89	-3,990.91	-7.68%	-6.81%
MICEX	1,529.20	-69.52	-4.55%	-2.95%
SENSEX	28,458.10	-1,107.42	-3.89%	29.19%
Shanghai Composite	2,937.65	+.53	0.02%	38.86%
JSE Africa	49,506.59	-1,463.40	-2.96%	3.86%

Asia-Pacific Indices

	Closing	Net Change	% Change	YTD
Nikkei 225	17,920.45	-548.87	-3.06%	6.63%
Hang Seng	24,002.64	-753.44	-3.14%	-0.25%
KOSPI	1,986.62	-64.91	-3.27%	-4.46%
ASX 200	5,335.33	-115.76	-2.17%	-2.48%

Commodities

	Closing	Net Change	% Change	YTD
Gold Spot	1,222.59	+30.24	2.54%	1.74%
Silver Spot	17.03	0.75	4.59%	-12.52%
Crude Oil (WTI)	57.81	-8.03	-12.20%	-41.26%
Crude Oil (Brent)	61.85	-7.22	-10.45%	-44.18%
Baltic Dry Ind	863.00	-119.00	-12.12%	-62.10%

Money Market

	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.243	0.007	0.012	-0.003
12M Libor	0.601	0.025	0.061	0.018
3M Euribor	0.082	0.000	-0.160	-0.205
12M Euribor	0.329	0.000	-0.182	-0.227
10Y US	2.082	-0.225	-0.513	-0.947
10Y UK	1.800	-0.219	-0.917	-1.222
10Y Germany	0.624	-0.156	-0.763	-1.305
10Y Japan	0.396	-0.025	-0.206	-0.345
10Y India	7.869	-0.069	-0.681	-0.956

Currencies

	Closing		Closing
GBP/USD	1.572	EUR/USD	1.246
USD/JPY	118.750	AUD/USD	0.825
AED/INR	17.062	EUR/AED	4.578
USD/INR	62.295	EUR/INR	77.562
USD/CNY	6.188	EUR/CHF	1.201

Source: Bloomberg

For more information:

Mail: info@sidracapital.com

Tel: +971 4 4328369

Fax: +971 4 4343806

International Market News Update

Both the S&P 500 and Dow Jones Industrial Average (DJIA) last week ended their continuous streak of weekly rises with the S&P 500 having its worst weekly loss since May 2012 and the DJIA had its worst weekly loss since November 2011. Retail sales in November grew by 0.7%, which is the biggest monthly rise in 8 months. Prices of imports had a monthly fall of 1.5% in November, which is the biggest decline in over 2 years. The number of available jobs remained at the highest level in 14 years as hiring remains strong.

Greece's benchmark stock index, ASE Index, fell last week to its lowest level since July 2013, on news that upcoming elections in the country would see the political party which is completely against bailouts win. The index is currently the worst performing index in the world this year behind Russia's RTS Index, after it fell over 20% last week. European stock markets were negatively impacted as a result and posted their biggest weekly loss since August 2011. All major European stock markets had touched 7-year highs on December 5. Germany had its all-time highest monthly exports in October, crossing over 100 billion of Euros in volume. Germany's 10 year bond yield touched an all-time low of 0.6177 last week.

Inflation data released last week showed that consumer price inflation in India fell to an all-time low of 4.38% in November. Industrial production in India fell by 4.2% in October and this is the sharpest fall in over 2 years. Consumer price inflation in China rose by 1.4% in November and this is the lowest inflation in 5 years. Industrial production was up by 7.2% while trade surplus reached an all-time high in November.

Currency in Focus

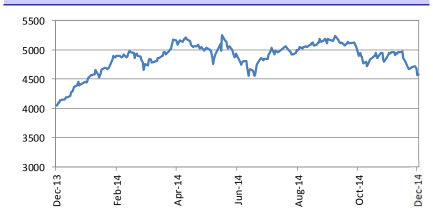
Crude oil prices fell to the lowest levels in 5 years as the major players in the Organization of the Petroleum Exporting Countries (OPEC), particularly Saudi Arabia, refused to cut down oil production and indicated that they were comfortable with low oil prices. OPEC cut its demand projections for 2015 to the lowest levels in over 12 years, at 28.9 million barrels per day. US crude inventories rose to an all-time high as global demand remains far below the supply of crude oil available. Both Saudi Arabia and Iraq offered the biggest discounts in over 10 years to customers, particularly countries in Asia, as the battle for market share continues to negatively impact the prices of crude oil. Brent crude oil touched a low of USD 61.35 and West Texas Intermediate crude oil touched a low of USD 57.34.

Key Indices

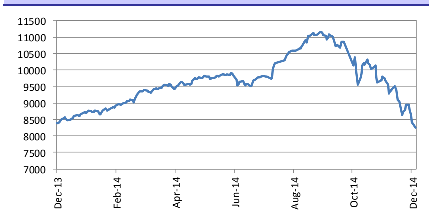
	Closing	Net Change	% Change	YTD
Dubai - DFM	4,176.61	-848.86	-20.36%	-1.44%
Abu Dhabi - ADX	4,712.85	-507.32	-10.75%	-1.88%
Saudi - TASI	8,957.63	-698.23	-7.72%	-3.33%
Qatar - QE	12,659.72	-1,526.24	-12.07%	7.08%
Bahrain - BHSE	1,418.20	-29.37	-2.08%	10.69%
Oman - MSM 30	6,386.00	-680.64	-10.80%	-17.72%
Kuwait	6,732.70	-474.65	-7.03%	-16.89%

Dubai - DFM 52-Week Performance

Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance



Source: Bloomberg

Middle East Market News Update

The stock markets in the GCC had massive falls last week on the news of continued fall in oil prices with the Dubai Financial Market having its biggest 1-day drop in 6 years, of over 7%. The Dubai Financial Market fell by nearly 14% last week, bringing its 1-month loss to over 20%. Selling of stocks is assumed to be magnified by margin calls and investors who have to raise money to repay their bank loans. Saudi Arabia's stock market fell to its lowest level of 2014 last week. This stock market is most vulnerable to low oil prices as petrochemical firms are around 25% of its capitalization and therefore these firms suffer the most because of price falls. Dubai Parks and Resorts listed last week and closed the week down 17% below its IPO price of AED 1.00 at 83 fils.

En Bref….. Biggest Market News

Russia – more economic pain ahead

The Russian central bank raised its key interest rate for the 5th time this year. The Bank of Russia raised its key rate by 1% to 10.5% but is finding it hard to raise interest rates by bigger margins as the country faces recession even as inflation is at levels last seen in 2011. Oil is Russia's largest source of foreign revenue and contributes over 50% of the country's total budget revenue. Oil prices are at 5-year lows and this is negatively impacting the country's GDP as well. The economic sanctions and export bans imposed by the US and large parts of Europe on Russia have choked foreign capital flows into the country. The cost of borrowing is at a 5-year high, which is impacting Russian firms significantly.

The ruble is currently at an all-time low at 58.5053 against the USD and has fallen by over 40% since the start of the year. The Russian central bank has had to sell nearly over USD 100 billion of its foreign currency reserves to stop the fall in the currency and currently the total reserves stand at around USD 410 billion. Exporters have been asked to co-ordinate with the central bank on conversion of their foreign revenue to help defend the ruble.

The yield on the 10-year government bond has breached past 13%, which is a 5-year high. The cost of Russian credit-default swaps have also risen to a 5-year high. Investors are now demanding an increasing premium to own ruble-denominated bonds traded in Moscow rather than ruble debt that trades in international markets.

Product in Focus

IL&FS Investment Managers Limited, a leading financial institution, and SIDRA LLC, a leading Dubai based conglomerate, are jointly sponsoring a new yield based real estate fund to capitalize on the maturing Middle East and North African real estate market by acquiring significantly leased and newly constructed commercial, industrial and residential real estate assets. To pursue these opportunities, a private investment vehicle is being registered in the Cayman Islands, targeting commitments of up to USD 200 million.

The objective of this real estate fund is to provide steady annual cash yield and capital appreciation through equity investments in real estate assets across the Middle East and North Africa region. The fund intends to focus on properties in prime locations in the strongest submarkets of the major cities in the Gulf Co-operation Council region including Dubai, Abu Dhabi, Doha, Riyadh, Jeddah, Dammam and Muscat. The fund will also opportunistically look at investments in the North African region.

The fund will target high-quality real estate assets that produce high current income returns, have the potential for capital appreciation and are in accordance with the principles of Sharia.

The fund will target investments with initial annual unlevered yields of 8-10% in an effort to construct a portfolio with the potential to distribute an annual cash yield of 6-8% to the investors in the fund. The fund will seek to deliver a gross IRR of 12-14% over a 5 year horizon. The targeted dividend frequency is annual or semi-annual.