sidra capital

Monday 18th of August 2014

NOUVELLES

….. Weekly market news for you

US Indices				
	Closing	Net Change	% Change	YTD
DJIA	16,662.91	+108.98	0.66%	0.52%
S&P 500	1,955.06	+23.47	1.22%	5.77%
NASDAQ	4,464.93	+94.03	2.15%	6.90%

Europe Indices				
	Closing	Net Change	% Change	YTD
DJ STOXX 50	2,928.65	+30.17	1.04%	0.32%
FTSE 100	6,689.08	+121.72	1.85%	-0.89%
CAC 40	4,174.36	+26.55	0.64%	-2.83%
DAX	9,092.60	+83.28	0.92%	-4.81%

BRICS Indices				
	Closing	Net Change	% Change	YTD
Bovespa	56,963.65	+1,390.72	2.50%	10.59%
Russia TS	1,232.34	+61.74	5.27%	-14.58%
Sensex	26,103.23	+774.09	3.06%	23.30%
Shanghai	2,226.73	+32.31	1.47%	5.23%
JSE Africa	51,257.72	+587.77	1.16%	10.81%

Asia & Japan Indices				
	Closing	Net Change	% Change	YTD
TOPIX	1,270.68	+42.42	3.45%	-2.43%
NIKKEI 225	15,318.34	+539.97	3.65%	-5.97%
Hang Seng	24,954.94	+623.53	2.56%	7.07%
HSCEI	11,103.92	+271.26	2.50%	2.66%
KOSPI	2,063.22	+8.71	0.42%	2.58%

Commodities / Money Market / Currencies

Commodities	Closing	Net Change	% Change	YTD
Baltic Dry Ind	1,015.00	238.00	30.63%	-55.42%
Gold Spot	1,304.70	-4.88	-0.37%	8.58%
Silver Spot	19.57	-0.33	-1.65%	0.49%
WTI Oil	97.35	-0.21	-0.22%	-1.09%

Money Market	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.23	0.00	0.00	-0.01
12M Libor	0.55	0.00	0.00	-0.03
3M Euribor	0.20	-0.01	-0.09	-0.09
12M Euribor	0.48	-0.01	-0.07	-0.08
10Y Bund	0.95	0.94	-0.73	-0.98
10Y US	2.34	0.60	-0.40	-0.69
10Y JPY	0.49	0.02	-0.10	-0.24

Currencies	Closing	**Currencies**	Closing
USD/JPY	102.3600	CNY/USD	6.1472
EUR/USD	1.3401	EUR/AED	4.9217
EUR/CHF	1.2095	INR/USD	60.7700
GBP/USD	1.6693	AUD/USD	1.0727

Source: Bloomberg

International Market Update

In **US**, stocks rose for the second consecutive week, taking the year-to-date gain of the S&P 500 to nearly 6%. On closer look, the markets are down only 2% from the record highs reached in July 2014. The strong corporate earnings results along with merger and acquisition news provided solid support to the US markets even as weak economic reports emerged from Germany, France and Japan. US industrial production rose 5% from July 2013 and was the sixth consecutive monthly increase. This was also the fastest annual increase in three and half years. The producer price index eased to a 1.7% annual increase from a 1.9% rise in June, indicating muted inflation concerns. The 4.7 million job openings at the end of June were the highest number since February 2001. More US workers quit jobs in June than in any month since June 2008, reflecting regained confidence in employment opportunities.

In the **Eurozone**, the bad news continued this week. After 12 months of extremely weak growth, the economy stalled in the second quarter, growing at an annualized 0.2% overall. Germany's second-quarter GDP shrank at an annualized rate of 0.6% while France's economy stagnated for the second straight quarter. Eurozone's inflation rate of 0.4% remains far below the European Central Bank's target of just below 2%. The impact of recent sanctions against Russia could slow economic activity further in coming quarters.

In **Asia**, Japan faced a sharp downturn in its economy as its GDP contracted at a 6.8% annualized rate in the second quarter, as consumers were dissuaded from spending after the April increase in the national sales tax to 8% from 5%. Hong Kong's benchmark index closed at its highest level since November 2010 on Friday. The Hang Seng Index ended up 0.6 percent at 24,954.94 points, the highest close since Nov. 8, 2010. It gained 2.6 percent this week.

In **India**, In India, the Index of Industrial Production (IIP) grew by a slower 3.4% as compared to 4.7% growth registered in May. But inflation woes continued to plague the economy. The consumer price inflation (CPI) has risen to 7.96% in July as against 7.46% in June. High inflation continues to remain a headwind as the economy struggles to get back on track.

During the week, investors sold the US dollar against the safe-haven yen and Swiss franc. The Japanese and Swiss currencies advanced against most currencies after the government in Ukraine said its artillery partially destroyed a Russian column in fighting overnight. The Swiss franc hit a 19-month high against the euro and a three-week peak versus the dollar.

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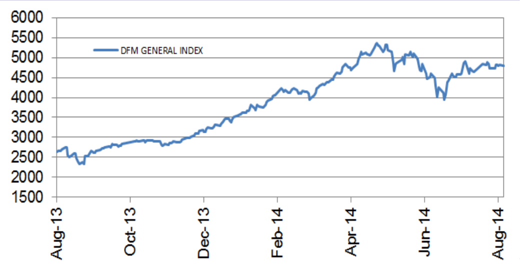
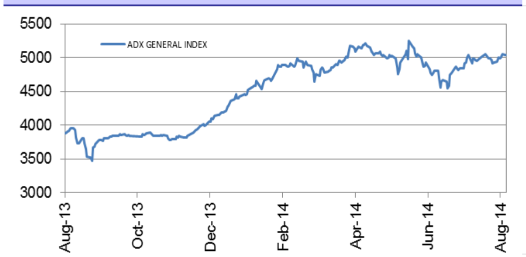
Key Indices

	Closing	Net Change	% Change	YTD
Dubai - DFM	4,795.08	+67.05	1.41%	42.65%
Abu Dhabi - ADX	5,011.75	+92.60	1.87%	17.38%
Saudi - Tadawul	10,615.03	+35.78	0.34%	24.05%
Kuwait	7,246.85	+32.53	0.45%	-4.30%
Bahrain - BHSE	1,471.04	-8.93	-0.60%	18.45%
Qatar - DSM QE	13,431.00	+369.23	2.82%	29.53%
Oman - MSM 30	7,334.85	+.45	0.01%	7.24%
Turkey - ISEN 100	76,692.07	-2,507.34	-3.17%	13.11%

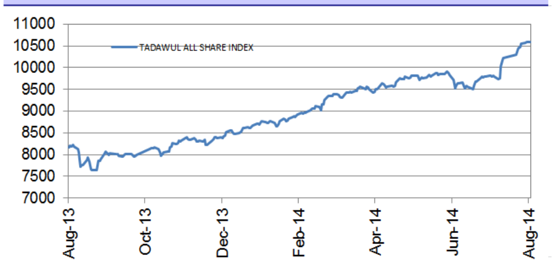
Dubai - DFM Index 52-Week Performance



Abu Dhabi - ADX Index 52-Week Performance



Saudi - Tadawul Index 52-Week Performance



** Source: Bloomberg*

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Middle East

The Dubai Financial Market (DFM) index ended the week with a total of 1.41% increase. Meanwhile, the Abu Dhabi Securities Exchange (ADX) general index gained 1.87% this week. The recent fall in oil prices may cause further profit-taking in the Saudi market which has seen loss in steam in the last few days post the huge surge in the index in response to the announcement by the Capital Market Authority in late July that the Saudi market would open to direct foreign investment. Analysts believe that the pull-back will not be steep given the optimism about the entry of foreign funds starting early next year. In 2013, foreigners owned just 1.2% of the market via swaps. If Saudi Arabia is added to global equity indexes, it may attract over $50 billion of fresh money from abroad in the coming years, fund managers estimated in a recent Reuters report.

As for the geopolitical environment, Sebastien Henin, head of asset management at The National Investor, dismissed its influence on the GCC bourses and said "I think investors have understood that it will not have an impact on the GCC economies. The first reason is from a security point of view, and second, from an economical point of view because there's almost no trade between these countries and the GCC so it's not like exports will go down."

En Bref ….. *Biggest market news*

Benchmark 10-year Treasury yields in the US are at a 14-month low. These low interest rates are a positive for Real Estate Investment Trusts (REIT) because they offer investors attractive yield alternatives relative to Treasury or fixed income. Real estate investment trust-related exchange traded funds are therefore outperforming the broader equities market as they are attracting income-minded investors. REIT sectors represent a broad range of U.S. economic activity and was supported by good supply and demand balance in commercial real estate markets around the country.

In India, the regulatory authority SEBI this week has issued the final guidelines for REITs and Infra Investment Trusts (InvITs). As per the new norms, both REITs and InvITs can now be listed on the Indian stock exchanges. These financial instruments can invest in income producing real estate and infra assets and their earning can be distributed among shareholders.

In the UAE, Emirates REIT Limited, the Shari'a compliant regulated real estate investment trust, has announced a 194% rise in net profit during the first six months of 2014. The trust, incorporated in the Dubai International Financial Centre and listed on NASDAQ Dubai, has seen net profit soar to $34.15 million from $11.61 million for the same period in 2013. Portfolio value increased by 73%, to $559.65 million. Since its listing in April, Emirates REIT said it has used the net proceeds of the IPO to fund two successful acquisitions.