

US Indices

	Closing	Net Change	% Change	YTD
DJIA	16,469.99	-9.89	-0.06%	-0.64%
S&P 500	1,831.37	-10.65	-0.58%	-0.92%
NASDAQ	4,131.91	-35.27	-0.85%	-1.07%

Europe Indices

	Closing	Net Change	% Change	YTD
DJ STOXX 50	2,907.99	+21.23	0.74%	-0.39%
FTSE 100	6,730.67	+36.50	0.55%	-0.27%
CAC 40	4,247.65	+29.24	0.69%	-1.12%
DAX	9,435.15	+34.97	0.37%	-1.22%

BRICS Indices

	Closing	Net Change	% Change	YTD
Bovespa	50,981.09	-375.01	-0.73%	-1.02%
Russia TS	1,442.16	-11.86	-0.82%	-0.04%
Sensex	20,851.33	-342.25	-1.61%	-1.51%
Shanghai	2,083.14	+10.04	0.48%	-1.55%
JSE Africa	46,206.09	+1,293.29	2.88%	-0.11%

Asia & Japan Indices

	Closing	Net Change	% Change	YTD
TOPIX	1,302.29	+40.65	3.22%	0.00%
NIKKEI 225	16,291.31	+420.89	2.65%	0.00%
Hang Seng	22,817.28	-362.27	-1.56%	-2.10%
HSCEI	10,436.76	-397.67	-3.67%	-3.51%
KOSPI	1,946.14	-55.45	-2.77%	-3.24%

Commodities / Money Market / Currencies

Commodities	Closing	Net Change	% Change	YTD
Baltic Dry Ind	2,036.00	-98.00	-4.59%	-10.58%
Gold	1,236.97	23.70	1.95%	2.94%
Silver	20.16	0.08	0.39%	3.51%
WTI Oil	93.96	-6.36	-6.34%	-4.53%

Money Market	Closing	Net Change (1-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.24	-0.01	-0.03	-0.01
12M Libor	0.58	0.00	-0.11	0.00
3M Euribor	0.28	-0.01	0.06	-0.01
12M Euribor	0.55	-0.01	0.02	-0.01
10Y Bund	1.94	0.10	0.28	0.02
10Y US	2.99	0.05	0.49	-0.03
10Y JPY	0.73	-0.55	-0.13	0.00

Currencies	Closing	Currencies	Closing
USD/JPY	104.4900	-	CNY/USD 6.0511
EUR/USD	1.3605	-	EUR/AED 4.9908
EUR/CHF	1.2303	-	USD/INR 62.2200
GBP/USD	1.6427	-	AUD/USD 1.1135

* Source: Bloomberg

International Market Update

US stocks declined for the week as investors sold shares after the biggest annual gain (30%) in more than a decade. S&P500 declined 0.5% in the holiday-shortened week as an improving economy heightened concern about Fed's schedule for ending stimulus. Starting this month Fed will cut its monthly bond purchases to \$75 billion from \$85 billion, which may raise concern that funds available for investing in emerging market may be reduced. Yields on 10 yr and 30 yr Treasuries rose to the highest since 2011 at 3% and 4% respectively. Investors are waiting for the monthly payroll report due next week and corporate earnings to gauge the prospects for the stock market.

European stocks were little changed in the first week for the year after completing a two-year of rally that sent the Stoxx Europe 600 Index to its highest level since May 2008. Manufacturing reports last week confirmed that manufacturing in Euro area expanded in December at the fastest pace since May 2011, while output in Germany grew for a sixth consecutive month. Reports from Spain showed that registered unemployment fell last month, the most since June 2013.

In Asia, Japanese markets were closed for four days during the week. Reports from China last week showed that non-manufacturing purchasing manager's index dropped to lowest since August while a manufacturing purchasing index declined as well. Stocks in Hong Kong were impacted with the benchmark index sinking the most in six months to close at 1.56% down for the week.

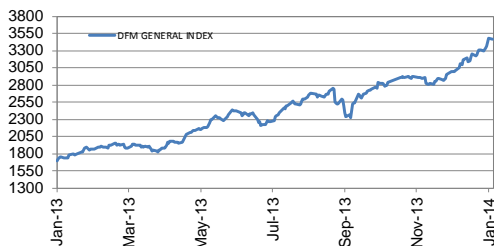
In India, the benchmark index fell 1.6% for the week. Industrial production numbers, due on Friday, may keep the market volatile for couple of weeks. This report will be followed by December consumer and wholesale inflation data in the week after. FIIs were gross buyers of equities which led to a net inflow of \$163 million till Jan 3.

Most of the markets were shut on Jan 1 for the New Year holiday.

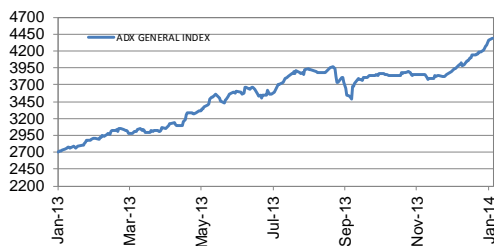
Key Indices

	Closing	Net Change	% Change	YTD
Dubai - DFM	3,472.29	+164.34	4.97%	3.04%
Abu Dhabi - ADX	4,359.20	+173.55	4.15%	1.61%
Saudi - Tadawul	8,618.12	+123.36	1.62%	0.97%
Kuwait	7,549.52	-76.71	-1.01%	0.00%
Bahrain - BHSE	1,247.98	+25.08	2.05%	-0.07%
Qatar - DSM QE	10,545.27	+154.10	1.48%	1.81%
Oman - MSM 30	6,889.38	+98.61	1.45%	0.80%
Turkey - ISEN 100	65,967.14	+1,411.94	2.19%	-2.71%

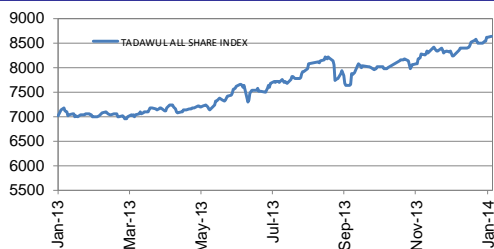
Dubai - DFM Index 52-Week Performance



Abu Dhabi - ADX Index 52-Week Performance



Saudi - Tadawul Index 52-Week Performance



* Source: Bloomberg

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Middle East

GCC Regional markets traded on a positive note last week.

UAE indices started the year on a strong footing led by the banking stocks. Abu Dhabi's ADX advanced 4.15% as investors bet shares are cheap relative to earnings prospects. ADX finished the year as the world's fourth best performing gauge for 2013. According to the emirate's department of economic development, the economy of Abu Dhabi is expected to grow at 5.7% a year through 2016. The Qatari index gained 1.48% last week led by the banking and financial sector. Market capitalization rose by 1.21% to reach QR561.7 bn last week.

GCC markets are not expected to have a dramatic change in response to the US Federal Reserve announcement that it will start tapering monthly bond purchases as their positive drive is largely driven by their own economies.

Crude fell, capping the biggest weekly decline in 19 months, after a government report showed that U.S. supplies of distillate fuel and gasoline climbed. WTI for February delivery decreased US\$1.48 to US\$93.96.

En Bref Biggest market news

Gold rose 2% for the week after tumbling 28% in 2013, the most since 1981 and the first drop since 2000. Some investors seem to lose faith in the metal as an alternative investment amid a U.S. equity rally to a record and muted inflation. On the demand side, China's consumption of jewelry, bars and coins rose 30% to 996.3 metric tons in the 12 months that ended Sept.30, while usage in India, the second-biggest buyer, gained 24% to 977.6 tons, according to the World Gold Council report. **As mentioned in our last week's report, we maintain that Commodities may be range bound in near term given no clear direction.**

The euro fell the most against the dollar in two months amid speculation its six-month rally was due for a pause even as data signaled improvements in the European economy. The euro dropped 1.2% to US\$1.3589 this week in New York after reaching US\$1.3893 on Dec. 27, the strongest level since October 2011.

Treasury yields rose to the highest levels since 2011 as the Federal Reserve prepared to start cutting bond purchases amid data that signaled the recovery of the world's biggest economy is picking up speed. The 10-year note yield ended the week little changed at 2.99% in New York, as investors attracted by its high level pushed it below 3%.