

US Indices

	Closing	Net Change	% Change	YTD
DJIA	16,606.27	+114.96	0.70%	0.18%
S&P 500	1,900.53	+22.67	1.21%	2.82%
NASDAQ	4,185.81	+95.22	2.33%	0.22%

Europe Indices

	Closing	Net Change	% Change	YTD
DJ STOXX 50	3,026.46	-2.53	-0.08%	3.67%
FTSE 100	6,815.75	-40.06	-0.58%	0.99%
CAC 40	4,493.15	+36.87	0.83%	4.59%
DAX	9,768.01	+138.91	1.44%	2.26%

BRICS Indices

	Closing	Net Change	% Change	YTD
Bovespa	52,626.41	-1,349.35	-2.50%	2.17%
Russia TS	1,326.58	+36.60	2.84%	-8.05%
Sensex	25,058.01	+645.95	2.65%	18.13%
Shanghai	2,038.39	+36.75	1.83%	-3.50%
JSE Africa	49,952.69	+792.92	1.61%	7.99%

Asia & Japan Indices

	Closing	Net Change	% Change	YTD
TOPIX	1,191.23	+42.07	3.66%	-8.46%
NIKKEI 225	14,556.08	+556.81	3.98%	-10.61%
Hang Seng	22,939.51	+245.89	1.08%	-1.53%
HSCEI	10,092.51	+175.79	1.77%	-6.70%
KOSPI	2,010.83	-4.84	-0.24%	-0.05%

Commodities / Money Market / Currencies

Commodities	Closing	Net Change	% Change	YTD
Baltic Dry Ind	964.00	-63.00	-6.13%	-57.66%
Gold Spot	1,292.50	-0.47	-0.04%	7.56%
Silver Spot	19.43	0.07	0.38%	-0.19%
WTI Oil	104.95	2.93	2.87%	6.63%
Money Market	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.23	0.00	-0.01	-0.02
12M Libor	0.54	0.00	-0.04	-0.05
3M Euribor	0.32	0.00	0.09	0.03
12M Euribor	0.58	-0.01	0.09	0.02
10Y Bund	1.41	#N/A	N/A	-0.33
10Y US	2.53	0.12	-0.18	-0.50
10Y JPY	0.58	-0.02	-0.03	-0.15
Currencies	Closing	Currencies	Closing	
USD/JPY	101.9200	-	CNY/USD 6.2365	
EUR/USD	1.3619	-	EUR/AED 5.0021	
EUR/CHF	1.2210	-	INR/USD 58.4925	
GBP/USD	1.6836	-	AUD/USD 1.0826	

* Source: Bloomberg

International Market Update

US Stocks indices rose for the week and small-cap stocks rebounded amid better-than-estimated data that boosted confidence in the strength of the world's largest economy. US economic reports during the week beat forecasts as Citigroup. US Economic Surprise Index, which rises when releases exceed forecasts, climbed to 1.4 over the period, making it above zero for the first time since February. A recent Markit report showed a rise in US Manufacturing Index to 56.2 in May from 55.4 in April, the highest in three months and surpassing the 55.5 reading projected by economists. Furthermore, the sales of new and previously owned US homes rose by 6.4% to a seasonally-adjusted annual rate of 433,000 in April from the revised March rate of 407,000. Economists had expected new home sales to climb to a rate of 420,000. **Market gains were also spurred by the minutes of the Federal Reserve policy makers, who saw a muted risk of inflation from continued US stimulus. The Fed reiterated that it will keep its key interest rate target near zero for a considerable time once it concludes its bond-buying program.**

European stocks advanced for a sixth week as a gauge of euro-area confidence increased more than forecast, amid better-than-estimated manufacturing data from China and the U.S. **We would expect confidence to continue to accelerate which will be positive GDP-wise for Europe. This data confirms that the euro zone is slowly pulling itself out of the mud, though it is still at a slow pace.** National benchmark indexes advanced in 16 of the 18 western-European markets this week.

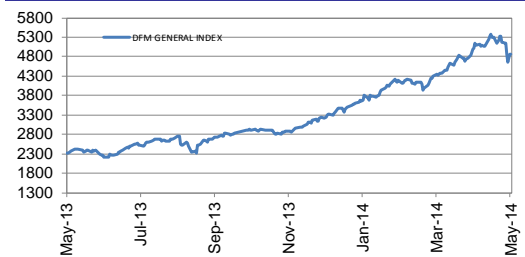
Asian stocks posted their second straight rise this week, closing at their highest level since January as US and Chinese manufacturing data beat estimates and a weaker yen boosted Japanese equities. Japan's TOPIX jumped 3.6% this week, snapping two weeks of losses as the Nikkei rose 3.98% and the yen fell for the first week in three. The Bank of Japan refrained from adding to monetary stimulus, as expected by economists.

In India, many agencies including Morgan Stanley, Nomura, etc are revising their growth estimates for India after seeing a stable government under Prime Minister designate Narendra Modi. Modi led government is infusing enthusiasm among various stake holders and it is to be seen how he selects his cabinet and deliver in the days to come. Stock market has already shown its initial reaction in terms of gains largely coming out of hopes for the better policy actions and reforms needed for the economic revival. Corporates would not see any meaningful change in numbers in short term but with the government action on the expectations, stock markets would surely give salute to the earnings that are likely to improve going forward.

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Key Indices				
	Closing	Net Change	% Change	YTD
Dubai - DFM	4,864.03	-317.11	-6.12%	44.34%
Abu Dhabi - ADX	4,925.71	-95.76	-1.91%	14.81%
Saudi - Tadawul	9,772.48	-37.33	-0.38%	14.49%
Kuwait	7,310.28	-94.61	-1.28%	-3.17%
Bahrain - BHSE	1,465.76	+2.54	0.17%	17.37%
Qatar - DSM QE	13,350.54	+329.82	2.53%	28.62%
Oman - MSM 30	6,725.03	-19.89	-0.29%	-1.60%
Turkey - ISEN 100	78,060.64	+2,832.20	3.76%	15.13%

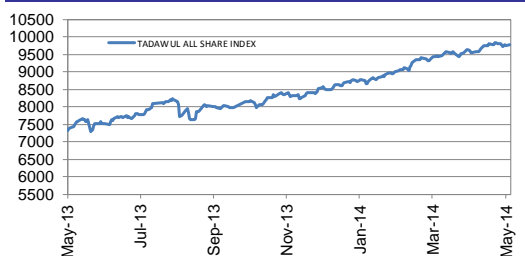
Dubai - DFM Index 52-Week Performance



Abu Dhabi - ADX Index 52-Week Performance



Saudi - Tadawul Index 52-Week Performance



* Source: Bloomberg

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Middle East

GCC Financial markets this week were in negative territory. Oman MSM 30 recorded as the top gainer with an increase of 0.14% last week while the top loser was Dubai Index (-6.12%).

The stock markets of Abu Dhabi and Dubai have plummeted over the last week. Since the 14th of May, the local markets witnessed a selloff, with the Dubai Financial Market dropping 14% and the Abu Dhabi Exchange down 6%. The moves were very much broad based and across quality assets such as property developer Emaar.

Saudi Arabia, home to the Arab world's largest stock market, is trying to catch up with its peers, the UAE and Qatar, after MSCI officially upgraded their status from Frontier Markets to Emerging Markets this May. The Capital Market Authority (CMA) submitted a draft of rules to the Economic Council, allowing foreign investors to hold shares in Saudi firms. The proposed rules are still rigid, requiring investors to have minimum USD5bn of assets under management and operated for at least five years to limit speculative inflows. **However, we believe reaching such a milestone signals the government's willingness to open up its market for foreign investors, which will help speed up diversification and boost investments.**

En Bref *Biggest market news*

Stock markets globally gained during the week on the back of positive economic data out of U.S. and China. Preliminary index by Markit Economics suggested that manufacturing in U.S. increased to 56.2 in May from 55.4 in prior month. As per preliminary PMI and Markit, manufacturing activity in China rose to five month high to 49.7 in the month of May beating most estimates.

As expected, the Bank of Japan kept its policy steady and stated that the economy will emerge from a temporary slowdown caused by last month's sales tax hike around summer when wages and jobs will rise. The BOJ's statement that would continue to expand its monetary base is sure to boost the investor's confidence. However, Japanese economy is expected to shrink in the ongoing quarter after seeing 5.9% growth in the 1st quarter. With inflation target of 2%, many are of the opinion that BOJ would expand stimulus by year end.

The European Markets also witnessed a volatile movement after euro-area economic growth missed the growth estimates. Also the mixed earnings reports kept investors tizzy. The Euro Zone grew by 0.2% in the first quarter of 2014. The silver lining is that the German economy drove most of the expansion, improving 0.8% quarter-on-quarter.

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