

— NOUVELLES —

OUR WEEKLY CAPITAL MARKETS UPDATE

US & Europe Market News

US Indices				
	Closing	Net		YTD
		Change	% Change	
DJIA	24,651.74	+322.58	1.33%	24.74%
S&P 500	2,675.81	+24.31	0.92%	19.52%
NASDAQ Composite	6,936.58	+96.50	1.41%	28.86%
TSX Composite Index	16,041.98	-54.09	-0.34%	4.93%

Europe Indices				
	Closing	Net		YTD
		Change	% Change	
UK - FTSE 100	7,490.57	+96.61	1.31%	4.87%
Eurozone - STOXX 50	3,184.47	+7.53	0.24%	5.78%
France - CAC 40	5,349.30	-49.79	-0.92%	10.02%
Germany - DAX	13,103.56	-50.14	-0.38%	14.13%
Netherlands - AEX	548.67	+1.45	0.26%	13.56%
Switzerland - SMI	9,394.71	+75.55	0.81%	14.29%

- ❖ Federal Reserve officials do not seem to be buying what tax cut advocates are selling, namely that economic growth will offset the proposed rate reductions. Even with the sharp uptick in 2018 GDP projections, central bank policymakers view gains in coming years as muted and more in line with the post-financial crisis trend.
- ❖ Snapshot of the tax Bill. Businesses big and small also catch some new tax breaks and give up some popular deductions in return. The drop in the corporate tax rate from the current 35 percent to 21 percent will save U.S. companies more than \$1.3 trillion over ten years. In return, they'll lose part of the deduction for interest expenses (generating \$253 billion for the Treasury over 10 years), along with limits on deductions for operating losses (\$201 billion) and R&D spending (\$120 billion). The pan-European Stoxx 600 was up 0.78 percent, with almost all sectors and major bourses in positive territory.
- ❖ The world's biggest exchange is joining the bitcoin revolution. Bitcoin futures start trading Sunday night at CME Group Inc.'s venue, a week after Chicago rival Cboe Global Markets Inc. introduced similar derivatives on the volatile cryptocurrency. CME's version could make a bigger splash because the company is a much bigger player in futures than Cboe, handling about 55 times more volume during the first nine months of 2017, according to the Futures Industry Association.
- ❖ Mario Draghi stopped short of declaring that the European Central Bank will meet its inflation goal in 2020, signalling that the euro-area economy isn't yet strong enough to warrant weaning off monetary stimulus. Policy makers earlier kept the ECB's interest rates and their quantitative-easing settings unchanged. European shares fell on Friday, weighed down by weakness in the heavyweight banking sector and a slump in retail stocks following a disappointing trading update from fashion brand H&M.

BRICS & Asia Market News

BRICS Indices				
	Closing	Net		YTD
		Change	% Change	
Brazil - Ibovespa	72,607.70	-124.14	-0.17%	20.56%
Russia - MICEX	2,143.99	+39.00	1.85%	-3.97%
India - SENSEX	33,462.97	+212.67	0.64%	25.68%
China - Shanghai	3,266.14	-23.86	-0.73%	5.24%
South Africa - JSE Africa	57,412.76	-599.55	-1.03%	13.34%

Asia-Pacific Indices				
	Closing	Net		YTD
		Change	% Change	
Japan - Nikkei 225	22,553.22	-257.86	-1.13%	17.99%
Hong Kong - Hang Seng	28,848.11	+208.26	0.73%	31.12%
South Korea - KOSPI	2,482.07	+18.07	0.73%	22.48%
Australia - ASX 200	5,996.97	+2.60	0.04%	5.85%

- ❖ China wants to deepen financial and investment links with the U.K. as Britain seeks to boost two-way trade once it leaves the European Union. In an investment boost for U.K. businesses operating in China's Belt and Road Initiative, the U.K. government announced up to 25 billion pounds (\$33.3 billion) in financial support, including loan guarantees, as part of the bilateral trade talks this weekend in Beijing.
- ❖ India's trade deficit INTRD=ECI narrowed to \$13.83 billion from \$14.02 billion in the previous month, government data showed on Friday. Merchandise exports INEXP=ECI for November rose 30.55 percent from a

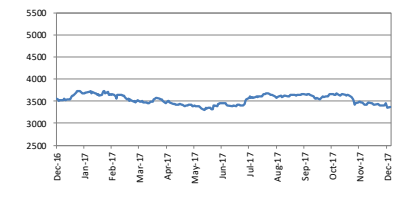


year ago to \$26.20 billion. Goods imports INIMP=ECI last month were \$40.02 billion, a gain of 19.61 percent from a year ago, data from the commerce and industry ministry showed.

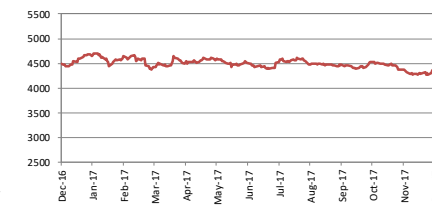
- ❖ Australia's benchmark index, the S&P/ASX 200, has finally broken out from the prolonged trading band which had dominated the market for more than a year.

Middle East Market News

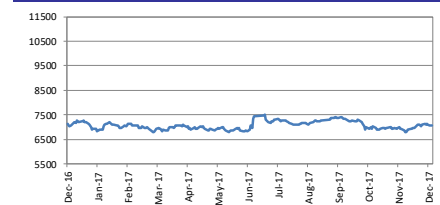
Dubai - DFM 52-Week Performance



Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance



- ❖ The UAE, Saudi Arabia and Bahrain have called for global action against Iran for its terror activities in the region after the United States confirmed that the missile fired at the Riyadh airport by the Houthi rebels in Yemen was Iranian made. Saudi Arabia had earlier called it an act of war. Tehran's role in missile proliferation and backing terror groups has increased since 2015 when it signed a nuclear deal with the West, Russia and China. Its missile capabilities are raising concerns in the region that has suffered from conflicts in Syria, Iraq and Yemen.
- ❖ UAE real GDP growth in the emirate is set to reach 3.2% this year, 3.5% in 2018 and 3.7% in 2019 as outward-oriented strategies and policies as well as sharper focus on diversification, sustainability, and infrastructure development will further enhance economic performance. The economy in Dubai has continued to grow at a fast pace in 2017 guided by a leadership that has its eye on the future and a government committed to the emirate's sustainable development and global leadership, said Sami Al Qamzi, Director-General of Dubai Economy.
- ❖ Saudi Arabia is on the threshold of a revolution in its financial and equity markets, as it seeks to reduce both oil dependency and the overweening power of the public-sector economy. Of the two aims — lessening the importance of oil and increasing the power of the private sector — the former is the big headline-grabber, but the latter is the more difficult to achieve. If the initial public offering (IPO) of Saudi Aramco is achieved late next year or early 2019, it will be a symbolic but highly significant step toward moving away from oil dependency.

Commodity Market News

Commodities				
	Closing	Net Change	% Change	YTD
Baltic Dry Ind	1,619.00	-83.00	-4.88%	68.47%
Gold Spot	1,256.44	7.95	0.64%	9.49%
Silver Spot	16.06	0.19	1.22%	0.80%
WTIOil	57.30	-0.06	-0.10%	6.66%

- ❖ Hedge funds are pulling out of gold bets as more exciting moves in equities and cryptocurrencies make safe-haven investments look boring. Money managers cut their bets on a bullion rally at the fastest pace in five months as prices head for their worst quarterly loss in a year. Speculators are throwing in the towel as the metal failed to sustain the gains that took futures to a one-year high in September. While the metal posted some modest gains recently, its performance still pales in comparison to the record-breaking rally of U.S. equity indexes and the dizzying surge in bitcoin..
- ❖ OPEC basically gave a Christmas gift to U.S. shale producers," the company's global head of energy analysis said this week on CNBC's "Futures Now." The oil cartel decided last Thursday to extend production cuts through the



end of next year. The purpose is intended to boost crude prices and prevent a glut. But it comes with a price. In return, non-OPEC countries, such as the United States, have more of an incentive to increase their output.

Currency Market News

Currencies			
	Closing		Closing
USD/JPY	112.6000	CNY/USD	6.6093
EUR/USD	1.1749	EUR/AED	4.3147
EUR/CHF	1.1645	INR/USD	64.0450
GBP/USD	1.3320	AUD/USD	1.3081

* Source: Bloomberg

- ❖ The U.S. dollar rose on Friday as Republican negotiators in the U.S. Congress put the finishing touches on a sweeping tax overhaul, raising expectations that the bill would be passed by year-end.
- ❖ Pound traders are about to get their first insight into how the currency may fare in the next phase of the Brexit talks as negotiators move on to the potentially more complicated stage of discussing trade.

Investment Banking Deals

- ❖ CVS, the second-largest U.S. pharmacy benefit manager, on Dec. 3 said it agreed to buy No. 3 health insurer Aetna for \$69 billion. Reuters reported earlier this month that the deal would change the way top U.S. employers contract health benefits, based on early feedback from benefits consultants. Combining CVS with Aetna would leave only one major pharmacy benefits company, Express Scripts Holding Co (ESRX.O), operating as a standalone entity.
- ❖ Disney struck a deal to buy film, television and international businesses from Rupert Murdoch's Twenty-First Century Fox Inc for \$52.4 billion in stock. The deal includes a plan to add Fox's 22 regional sports networks to Disney's No. 1 sports network ESPN. Five antitrust experts said this week the deal would likely win approval from the U.S. Justice Department, which is expected to review the purchase since they have reviewed other content deals, although the agency may require asset sales or conditions.
- ❖ Thales SA, a French aerospace and electronics manufacturer, offered to buy Gemalto NV in a deal that values the Dutch security software company at \$5.42 billion and may thwart a spurned effort by IT services provider Atos SE. Thales offered 51 euros in cash for all of Amsterdam-based Gemalto's shares and plans to combine the company with its digital security business, according to a joint statement on Sunday. The offer has been unanimously recommended by both boards and Gemalto has agreed to give Thales the opportunity to match any higher offer that may come.

Sources: CNBC, Bloomberg, Wall Street Journal & Reuters

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