

4th June 2018

OUR WEEKLY CAPITAL MARKETS UPDATE

US & Europe Market News

US Indices

	Closing	Net		YTD
		Change	% Change	
DJIA	24,635.21	-176.55	-0.71%	-0.34%
S&P 500	2,734.62	+6.86	0.25%	2.28%
NASDAQ Composite	7,554.33	+129.90	1.75%	9.43%
TSX Composite Index	16,043.54	-32.13	-0.20%	-1.02%
CBOE - VIX	13.46	+93	7.42%	21.92%

Europe Indices

	Closing	Net		YTD
		Change	% Change	
UK - FTSE 100	7,701.77	-14.97	-0.19%	0.18%
Eurozone - STOXX 50	3,085.27	-31.86	-1.02%	-2.91%
France - CAC 40	5,465.53	-77.02	-1.39%	2.88%
Germany - DAX	12,724.27	-213.74	-1.65%	-1.50%
Netherlands - AEX	559.18	-3.59	-0.64%	2.68%
Switzerland - SMI	8,618.54	-140.54	-1.60%	-8.14%

- ❖ Stocks finished the week higher after quickly recovering from a post-Memorial Day sell-off amid worries about Italian politics and the stability of the eurozone.
- ❖ The small-cap Russell 2000 Index outperformed the broad market, reaching record highs, as did the tech-heavy Nasdaq Composite Index. Technology shares performed well, while financial stocks struggled as a sharp decrease in longer-term Treasury yields led to investor worries about bank profitability.
- ❖ Friday's release of the May employment report showed continuing strength in the labor market. The government report said that the economy added a better-than-expected 223,000 jobs last month. Also, the unemployment rate declined to 3.8%—an 18-year low—from 3.9% in April.
- ❖ Evolving political developments in Italy and, to a lesser degree, in Spain were the primary drivers in a volatile week for European equities. The pan-European index STOXX 600 and Italy's and Spain's main benchmark indexes—the FTSE MIB and IBEX 35, respectively—ended the week lower.
- ❖ It was a volatile week for eurozone government bonds, with political situations in Italy and Spain. Yields spiked mid-week when the ongoing Italian political situation looked to be heading to new elections. The losses were largely recouped, though, by the end of the week, when the Five Star and League coalition appeared to be back in place.

BRICS & Asia Market News

BRICS Indices

	Closing	Net		YTD
		Change	% Change	
Brazil - Ibovespa	77,239.75	-2,882.56	-3.60%	1.10%
Russia - MICEX	2,295.34	-11.23	-0.49%	8.80%
India - SENSEX	35,227.26	+302.39	0.87%	3.44%
China - Shanghai	3,075.14	-66.17	-2.11%	-7.02%
South Africa - JSE Africa	57,282.14	+365.17	0.64%	-3.74%

Asia-Pacific Indices

	Closing	Net		YTD
		Change	% Change	
Japan - Nikkei 225	22,171.35	-279.44	-1.24%	-2.61%
Hong Kong - Hang Seng	30,492.91	-95.13	-0.31%	1.92%
South Korea - KOSPI	2,438.96	-21.84	-0.89%	-1.16%
Australia - ASX 200	5,990.39	-42.44	-0.70%	-1.23%

- ❖ Bloomberg reported that the Bank of Japan reduced its purchases of 5- to 10-year Japanese government bonds (JGBs) to ¥430 billion from ¥450 billion at Friday's regular operation. It was the first such move since February and was designed to take advantage of lower yields—the result of trade tensions and
- ❖ China's leading stock indexes fell for the week as global risk aversion outweighed the long-awaited inclusion of Chinese A shares into MSCI's global equity benchmarks.
- ❖ Brazilian shares were down over 3.5% for the week, as a 10-day trucking strike disrupted the economy. Shares of Petrobras tumbled after its chief executive Pedro Parente resigned after coming under pressure to abandon market-driven policy pricing. By midday Friday, Petrobras stock had fallen about 20% in U.S. dollar terms, and its trade was suspended.
- ❖ India's two-year-old bankruptcy law, which gives creditors more power to restructure troubled companies, is luring more and more offshore investors from as far as Canada to buy the nation's bad debt. India's banking sector is coping with about \$210 billion of soured or problem loans, a legacy of a borrowing spree following the global financial crisis and an economic slowdown after that.

Middle East Market News

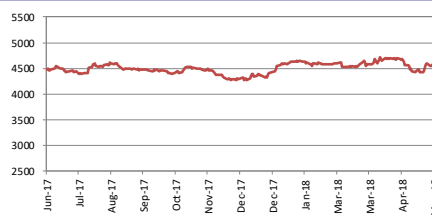
	Key Indices			
	Closing	Net Change	% Change	YTD
Dubai - DFM	2,987.25	+55.16	1.88%	-11.36%
Abu Dhabi - ADX	4,566.05	+29.23	0.64%	3.81%
Saudi Arabia - TASI	8,301.75	+329.70	4.14%	14.88%
Qatar - QE	8,930.98	-61.83	-0.69%	4.78%
Bahrain - BHSE	1,265.65	+2.46	0.19%	-4.96%
Oman - MSM 30	4,602.08	+35.10	0.77%	-9.75%
Kuwait	4,746.88	+8.57	0.18%	

(In Dollar Terms)

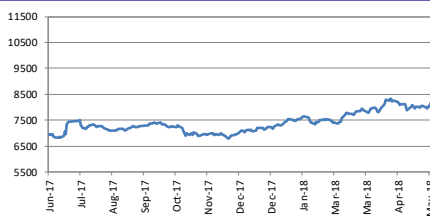
Dubai - DFM 52-Week Performance



Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance



- ❖ Dubai Airport Free Zone Authority (Dafza) has revealed its two initiatives which aim to place Dubai 10 years ahead of other leading cities in the world. Dubai Blink will be the world's first B2B smart commerce platform while the Free Zone Exchange (FZExchange) will be the world's first stock exchange dedicated to trading shares of free zone business.
- ❖ The 2017 cash dividends paid out by 62 companies listed on the Abu Dhabi and Dubai bourses amounted to AED33.1 billion (\$9 billion). The banking sector continued to have the lion's share of cash distributions, after 13 out of 18 listed banks paid out around AED18 billion in cash, accounting for 54.3 percent of the total payout.
- ❖ Abu Dhabi Securities Exchange (ADX) is set to launch its first roadshow in 2018 in New York later this month, accompanied by a number of its listed companies. The roadshow will enable ADX listed companies to engage with potential new investors, fund managers, asset management companies to inform them about their growth strategies and recent developments.

Commodity Market News

	Commodities			
	Closing	Net Change	% Change	YTD
Gold Spot	1,293.40	-8.85	-0.68%	-0.72%
Silver Spot	16.41	-0.10	-0.60%	-3.10%
Platinum Spot	904.25	3.15	0.35%	-2.59%
Palladium Spot	1,003.12	21.77	2.22%	-5.68%
Crude Oil (WTI)	65.81	-4.90	-6.93%	8.92%
Crude Oil (Brent)	76.79	+35	0.46%	14.83%
Baltic Dry Ind	1,156.00	+47.00	4.24%	-15.37%

- ❖ Crude futures posted a second consecutive week of declines as American oil output comes close to matching that of top producer Russia. U.S. energy companies added oil rigs for a second week in a row. Drillers added two oil rigs in the week to June 1, bringing the total count to 861.
- ❖ Gold fell to a new low last week below \$1,300 an ounce mark after U.S. employment data was stronger than economists expected.

Currency Market News

Currencies			
	Closing		Closing
GBP/USD	1.335	EUR/USD	1.166
USD/JPY	109.540	AUD/USD	0.757
USD/CHF	0.988	EUR/AED	4.283
USD/INR	67.063	EUR/INR	78.473
USD/CNY	6.420	EUR/CHF	1.152
USD/RUB	62.203	AED/INR	18.221

- ❖ Seventeen top central bankers and officials from Africa will meet at a forum in Harare to consider the possibility of using the yuan in national reserves. Attendees will focus on the weakening external positions of most member countries, following an economic slowdown.
- ❖ Sterling strengthened against the dollar and the euro as data showed UK manufacturing growth picking up speed in May while Italy's political crisis dominated the market psyche.

Investment Banking Deals

- ❖ Italy's biggest bank, UniCredit SpA is exploring a merger with France's Societe Generale SA in a move that would see the European banks leading the way for banking mergers on the continent. Senior executives representing both parties stressed planning was at an early stage and that Italy's volatile political situation caused a delay in the timetable for a deal from the original plan of 18 months.
- ❖ British sandwich and coffee shop chain Pret-A-Manger was sold for \$2 billion to an investment fund of Germany's billionaire Reimann family, as part of a global acquisition spree aimed at challenging Nestle in the coffee sector.
- ❖ Japan's Toshiba Corp said on Friday it had completed the \$18 billion sale of its chip unit to a consortium led by U.S. private equity firm Bain Capital. The completion of the deal, initially aimed for by end-March, had been delayed due to a prolonged review by Chinese antitrust authorities.

Sources: CNBC, Bloomberg, Wall Street Journal & Reuters

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