

- **NOUVELLES** -

18th June 2018

OUR WEEKLY CAPITAL MARKETS UPDATE

US & Europe Market News

US Indices					Europe Indices				
	Closing	Net		YTD		Closing	Net		YTD
		Change	% Change				Change	% Change	
DJIA	25,090.48	-226.05	-0.89%	1.50%	UK - FTSE 100	7,633.91	-47.16	-0.61%	-0.70%
S&P 500	2,779.66	+63	0.02%	3.97%	Eurozone - STOXX 50	3,088.80	+30.83	1.01%	-2.80%
NASDAQ Composite	7,746.38	+100.87	1.32%	12.21%	France - CAC 40	5,501.88	+51.66	0.95%	3.56%
TSX Composite Index	16,314.42	+111.73	0.69%	0.65%	Germany - DAX	13,010.55	+244.00	1.91%	0.72%
CBOE - VIX	11.98	-.20	-1.64%	8.51%	Netherlands - AEX	561.71	+1.68	0.30%	3.15%
					Switzerland - SMI	8,642.60	+130.54	1.53%	-7.88%

- ❖ The President Donald Trump approved tariffs on some \$50 billion of Chinese goods, China has taken direct aim at American farms in retaliation for Mr. Trump's tariff, threatening duties on soybeans from the United States. China turned their sights to Brazil and Argentina, the only countries that now produce enough soybeans to offer a potential alternative to the American supply.
- ❖ The Federal Reserve on Wednesday, 20th June, 2018, increased 0.25 % interest rate for a second time in 2018.
- ❖ The US stock markets was trading in narrow range for the week where S&P 500 closed flat to 2,779, The Dow Jones Industrial Average closed down by 225.6 points at 25,090.48 marking a change of -0.89%.
- ❖ With a result to above tariff war, Caterpillar and Boeing were the worst-performing stocks in the index. Both firms are big exporters and subsequently pressured by rising trade tensions. While all of that was going on the Nasdaq and the Russell made new all-time highs.
- ❖ Weekly mortgage data applications dropped by 1.5% as rates turn higher again. Refinance volume turned back to hurting lows, going down to 2 percent for the week and off nearly 34 percent for the same period a year ago. Rates are on the move higher again, according to the Mortgage Bankers Association. US retail sales posted biggest gain in six months
- ❖ 4% GDP growth forecasted by Trump is coming true as Americans spend tax-bill proceeds. Surging consumer spending is driving GDP and now moving near 4 percent for the second quarter, which is almost double the pace of the first quarter. Economists say the consumer is getting the impact of the tax cuts and is spending, leading to more disposable income.
- ❖ The European Central Bank on Thursday submitted a road map for unraveling its crisis-era, multitrillion-euro bond-buying initiative.
- ❖ European markets saw a rally after ECB news but closed lower. There was a rally seen in European Stock Market followed by news from the European Central Bank on the future of its bond-buying program. The pan-European Euro Stoxx 600 was down by 0.8 percent, with all major sectors in negative territory. The FTSE 100 in London closed lower by 0.6 percent. Rolls Royce was up by about 8 percent.
- ❖ The chief executive at Fasanara Capital who accurately predicted the market correction of early February says the trouble is set to come in the form of a market crash which may be sooner rather than later.
- ❖ Events Investor to watch out for:
In the US, existing home sales data for May will be out on June 20.
The Bank of England (BoE) will decide on interest rate on June 21.

BRICS & Asia Market News

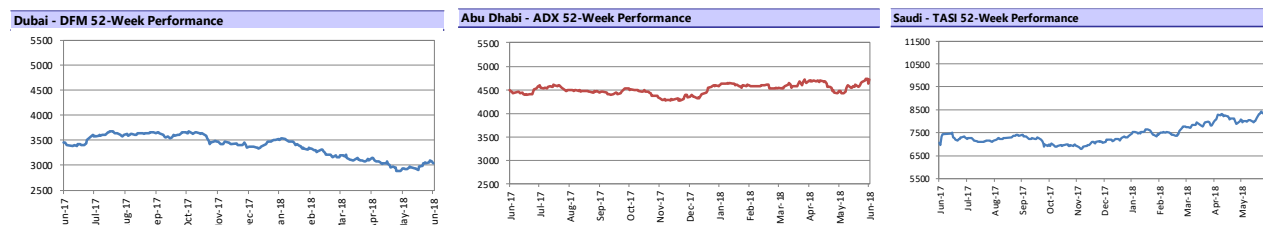
BRICS Indices					Asia-Pacific Indices				
	Closing	Net		YTD		Closing	Net		YTD
		Change	% Change				Change	% Change	
Brazil - Ibovespa	70,757.73	-2,184.34	-2.99%	-7.39%	Japan - Nikkei 225	22,658.51	-145.53	-0.64%	-0.47%
Russia - MICEX	2,237.53	-30.39	-1.34%	6.06%	Hong Kong - Hang Seng	30,309.49	-648.72	-2.10%	1.30%
India - SENSEX	35,608.21	+124.74	0.35%	4.56%	South Korea - KOSPI	2,369.66	-81.92	-3.34%	-3.96%
China - Shanghai	3,021.90	-45.25	-1.48%	-8.63%	Australia - ASX 200	6,110.70	+65.52	1.08%	0.75%
South Africa - JSE Africa	57,660.50	-563.22	-0.97%	-3.10%					

- ❖ Asian stocks closed with mixed sentiments for the week on Friday.
- ❖ Australian stocks financials resulted in gains which outperformed their peers.
- ❖ Investors were cautious ahead of U.S. tariffs on China.
- ❖ Euro lagged after the ECB said it would halve its bond-buying program in the last quarter of the year.
- ❖ The Nikkei 225 was up by 0.5 percent i.e. 113.14 points, to close at 22,851.75, paring more than 200-point decline in the last session.
- ❖ In South Korea, the Kospi was down by 0.8 percent to close at 2,404.04, extending declines during the week.
- ❖ Shanghai stocks declined to mark a 20-month low on Friday as investors worried that rising trade tensions with the United States would add pressure on the country's economic growth.
- ❖ The blue-chip CSI300 Index fell 0.5 percent to 3,753.43, the Shanghai Composite Index hit lowest since September 2016.
- ❖ Events Investor to watch out for:
 - Japan's balance of trade data for May will be out on June 18.
 - Bank of Japan's monetary policy meeting minutes will be unveiled on June 20.
 - Japan's inflation data for May will be out on June 22.

Middle East Market News

Key Indices				
	Closing	Net		YTD
		Change	% Change	
Dubai - DFM	3,038.23	-3.49	-0.11%	-9.85%
Abu Dhabi - ADX	4,714.73	+52.15	1.12%	7.19%
Saudi Arabia - TASI	8,270.46	-136.44	-1.62%	14.45%
Qatar - QE	9,097.91	-144.39	-1.56%	6.74%
Bahrain - BHSE	1,307.33	+43.54	3.45%	-1.83%
Oman - MSM 30	4,596.05	+15.71	0.34%	-9.87%
Kuwait	4,842.68	+37.16	0.77%	

(In Dollar Terms)



- ❖ Russia and Saudi Arabia have come to a general consensus to Institutionalize the OPEC+ format and to be extended until 2019 and beyond for oil market monitoring and joint action in case of need. The meeting of OPEC and other major producers in Vienna on June 22 will consider several options for rebalancing of oil market.
- ❖ Middle East Stock Markets -Abu Dhabi, Qatar rise, but Dubai sags ahead of Eid holiday.

- ❖ Following the US Federal Reserve change in rates, UAE central bank hikes repo rate by 25 basis points where Bahrain raises key policy interest rate by 25 basis points and Saudi central bank raises repo and reverse repo rates by 25 bps and Kuwait central bank maintains discount rate at 3%.
- ❖ S&P Global said that share buyback of Etisalat to take place over the next two years, telecom Operator had announced its intention to buy up to 5 per cent of its paid-up capital.
- ❖ Subscription for the 10-year bond of Societe Generale Marocaine de Banques of \$84.7mln bond issue will take place from June 19 to June 21.
- ❖ The International Monetary Fund (IMF) praised the decision by Saudi Arabia, the UAE and Kuwait to provide an economic aid package worth \$2.5 billion to crisis-hit Jordan over the next five years

Commodity Market News

Commodities				
	Closing	Net		YTD
		Change	% Change	
Gold Spot	1,279.61	-20.88	-1.61%	-1.78%
Silver Spot	16.52	-0.41	-2.39%	-2.46%
Platinum Spot	886.90	-17.21	-1.90%	-4.45%
Palladium Spot	988.26	-34.36	-3.36%	-7.08%
Crude Oil (WTI)	63.87	-2.23	-3.37%	5.71%
Crude Oil (Brent)	72.78	-3.68	-4.81%	8.84%
Baltic Dry Ind	1,445.00	+54.00	3.88%	5.78%

- ❖ Gold prices declined to three-week lows on Friday as disappointed investors & trades liquidated long positions amidst trade skirmishes between the United States and China. U.S. gold futures for the month of August delivery, settled \$29.80 lower at \$1,278.50 and Spot gold was down more than 1.5 percent and reached its lowest since May 21.
- ❖ Silver fell 0.4 percent to \$16.52 per ounce.
- ❖ Platinum was down 1.9 percent at \$886.90 an ounce. It touched a four-week low
- ❖ Palladium was 3.36 percent lower at \$988.26 an ounce.
- ❖ Soybeans were down 2.38 per cent to \$9.04 a bushel in the early trades. Futures for November delivery fell 1.9 per cent on CBoT to the lowest level in a year amidst of the Trump administration that hit the world's biggest importer of soya (China) with trade tariffs.

Currency Market News

Currencies			
	Closing		Closing
GBP/USD	1.327	EUR/USD	1.159
USD/JPY	110.470	AUD/USD	0.745
USD/CHF	0.997	EUR/AED	4.258
USD/INR	67.979	EUR/INR	78.819
USD/CNY	6.439	EUR/CHF	1.156
USD/RUB	63.161	AED/INR	18.512

As President Donald Trump announced hefty tariffs on \$50 billion of Chinese imports:

- ❖ The U.S. dollar slumped against the Japanese yen on Friday.
- ❖ The Canadian dollar weakened to a fresh near one-year low against its U.S. counterpart.
- ❖ The euro was 0.35 percent higher at \$1.1607
- ❖ Sterling was 0.15 percent higher at \$1.3281.
- ❖ Argentine peso slumped to a record low after the resignation of its central bank president.

Investment Banking Deals

- ❖ Specialist insurer Life Company Consolidation Group Closed buying Britain's oldest mutual life insurance company Equitable Life
- ❖ AT&T Inc, wireless carrier, closed its \$85 billion deal to acquire media company Time Warner Inc.
- ❖ Defense contractor Israel Aerospace Industries signed a \$600 million deal with Airbus to lease Heron TP drones to Germany's Defense Ministry.
- ❖ Abu Dhabi's Mubadala Investment Company announced its intention to create a \$400 million (Dh1.47 billion) fund to invest in European tech companies.
- ❖ Ground handling services company Dnata has acquired a majority stake in logistics company DUBZ.

Sources: CNBC, Bloomberg, Wall Street Journal & Reuters, Money control.

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