

— NOUVELLES —

OUR WEEKLY CAPITAL MARKETS UPDATE

14th May 2018

US & Europe Market News

US Indices	Net			
	Closing	Change	% Change	YTD
DJIA	24,831.17	+568.66	2.34%	0.45%
S&P 500	2,727.72	+64.30	2.41%	2.02%
NASDAQ Composite	7,402.88	+193.27	2.68%	7.24%
TSX Composite Index	15,983.32	+253.92	1.61%	-1.39%
CBOE - VIX	12.65	-2.12	-14.35%	14.58%

Europe Indices	Net			
	Closing	Change	% Change	YTD
UK - FTSE 100	7,724.55	+221.86	2.96%	0.48%
Eurozone - STOXX 50	3,132.46	+35.47	1.15%	-1.43%
France - CAC 40	5,541.94	+25.89	0.47%	4.32%
Germany - DAX	13,001.24	+181.64	1.42%	0.65%
Netherlands - AEX	562.27	+6.57	1.18%	3.25%
Switzerland - SMI	8,993.51	+151.22	1.71%	-4.14%

- ❖ U.S. Stocks advanced by more than 2% on the week, pushing most major benchmarks back in to positive territory for the year. With more than 90% of the companies in the S&P 500 having reported earnings for the first quarter, results are on pace to be the strongest since the third quarter of 2010.
- ❖ The market's approximately 5.5% gain from its April lows is not without reason. Economic readings in May, including an 18-year low in unemployment and healthy consumer confidence. Last week's CPI report showed that inflation remains sufficiently contained to allow the Fed to maintain its gradual approach to raising rates.
- ❖ The yield on the benchmark 10-year Treasury note briefly broke through the 3% barrier for the first time since late April but ended only modestly higher for the week, at 2.97%.
- ❖ Key European indexes ended the week higher—buoyed by rising oil prices and positive corporate news despite political uncertainty, particularly in Italy. The Pan-European Stoxx 50 was up 1.2% for the week.
- ❖ As the first-quarter corporate earnings season wound down, more European companies than usual continued to surpass earnings estimates.
- ❖ The Bank of England (BOE) reduced its forecast for second-quarter inflation to 2.4% from 2.7%, as well as its forecast for gross domestic product to 1.4% from 1.8%.

BRICS & Asia Market News

BRICS Indices	Net			
	Closing	Change	% Change	YTD
Brazil - Ibovespa	85,220.23	+2,102.20	2.53%	11.54%
Russia - MICEX	2,345.26	+71.19	3.13%	11.16%
India - SENSEX	35,535.79	+620.41	1.78%	4.34%
China - Shanghai	3,163.26	+72.23	2.34%	-4.35%
South Africa - JSE Africa	58,422.86	+773.99	1.34%	-1.82%

(In Dollar Terms)

Asia-Pacific Indices	Net			
	Closing	Change	% Change	YTD
Japan - Nikkei 225	22,758.48	+285.70	1.27%	-0.03%
Hong Kong - Hang Seng	31,122.06	+1,195.56	3.99%	4.02%
South Korea - KOSPI	2,477.71	-9.54	-0.38%	0.41%
Australia - ASX 200	6,116.19	+53.29	0.88%	0.84%

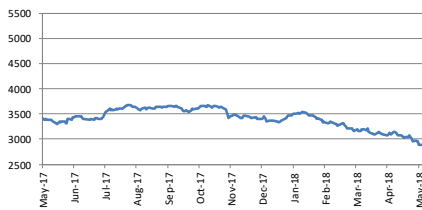
- ❖ Asia Pacific markets rose with Hong Kong gaining 4% for the week.
- ❖ While official figures have yet to be released, analyst polled by Reuters believe the Japanese economy contracted in the first quarter, due to tepid private consumption, faltering export demand, and weak housing investment.
- ❖ Trade tensions between the U.S. and China remained in the news as both sides entered a second round of trade talks in Washington to try and head off a damaging trade war. The latest bilateral trade negotiations occur as the
- ❖ Hong Kong stocks closed higher on Friday for a fifth straight session, posting the longest winning streak since January and capping off the week with a 4 per cent jump, tracking strong gains on Wall Street as soft US inflation data eased fears about a faster pace of interest rate rises.

Middle East Market News

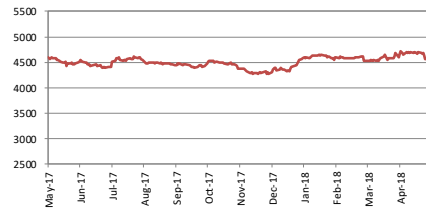
	Key Indices			
	Closing	Net Change	% Change	YTD
Dubai - DFM	2,892.05	-80.36	-2.70%	-14.18%
Abu Dhabi - ADX	4,424.99	-135.39	-2.97%	0.60%
Saudi Arabia - TASI	8,023.01	-90.86	-1.12%	11.02%
Qatar - QE	8,816.84	-91.19	-1.02%	3.44%
Bahrain - BHSE	1,271.09	-4.70	-0.37%	-4.55%
Oman - MSM 30	4,686.56	-31.92	-0.68%	-8.09%
Kuwait	4,819.30	+23.95	0.50%	

(In Dollar Terms)

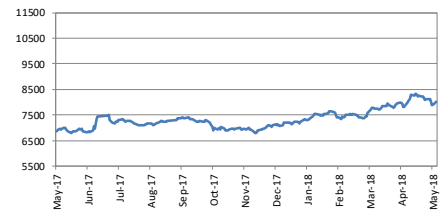
Dubai - DFM 52-Week Performance



Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance



- ❖ Once again the Dubai Financial Market General Index (DFMGI) ends the week with a loss, at a new trend low, and near the low for the week. This was the fourth consecutive week that the index has closed lower. There's only been two weeks in the past 12 that the DFMGI has seen positive weekly performance.
- ❖ Saudi Arabia promised to work with other OPEC nations to "mitigate" the impact in the oil market of the US exit from the Iran nuclear deal. While the statement didn't say whether Riyadh would boost output, the new sanctions could disrupt as much as 1 million barrels a day of Iranian crude - about a quarter of its total output - opening room for Saudi Arabia to fill the gap.
- ❖ Kuwait-based Jassim Transport & Stevedoring Co (JTC), has announced its intent for an initial public offering and listing on Boursa Kuwait. The provider of equipment and logistics services also reported a net profit of KD7.8 million in 2017, up 25 percent on the previous year.
- ❖ The Saudi equity market is gaining momentum as it heads for possible inclusion in MSCI's influential emerging market index in 2018, following the FTSE upgrade as an emerging market last month. Although passive flows will start from March 2019 onwards, active funds benchmarked to these indices have already started positioning themselves ahead of the upgrade (\$2.5 billion year-to-date)

Commodity Market News

	Commodities			
	Closing	Net Change	% Change	YTD
Gold Spot	1,319.30	+4.80	0.37%	1.27%
Silver Spot	16.67	0.14	0.84%	-1.59%
Platinum Spot	922.87	11.13	1.22%	-0.58%
Palladium Spot	991.87	21.22	2.19%	-6.74%
Crude Oil (WTI)	70.70	+98	1.41%	17.01%
Crude Oil (Brent)	77.12	+2.25	3.01%	15.33%
Baltic Dry Ind	1,472.00	+96.00	6.98%	7.76%

- ❖ Oil prices on Friday pulled back from 3 ½-year highs, but marked a second weekly climb in a row, driven by uncertainty over how much oil the global market will lose following the U.S. decision to reimpose sanctions on OPEC member Iran.

Currency Market News

Currencies			
	Closing		Closing
GBP/USD	1.354	EUR/USD	1.194
USD/JPY	109.390	AUD/USD	0.754
USD/CHF	1.000	EUR/AED	4.389
USD/INR	67.333	EUR/INR	80.358
USD/CNY	6.334	EUR/CHF	1.195
USD/RUB	61.952	AED/INR	18.353

- ❖ Sterling bounced back as a weak dollar helped the pound recover losses suffered when the Bank of England held rates and cut its economic growth projections. The BoE held interest rates steady as expected on Thursday but cut its growth and inflation projections for this year and next.
- ❖ China is positioned to be a chief beneficiary of the U.S. decision to withdraw from the Iran nuclear deal as it would give China leverage to demand oil imports be priced in yuan. Pricing imports in yuan would therefore spare China the cost of exchanging dollars, and would increase the use of the renminbi in global financial trade, which could ultimately hurt the dollar's international clout.

Investment Banking Deals

- ❖ Virgin Mobile Middle East and Africa, part-owned by British entrepreneur Richard Branson's Virgin Group, has raised \$30 million via Islamic bonds ahead of a proposed initial public offering. The deal from Dubai-based VMMEA, a mobile virtual network operator with a presence in Saudi Arabia, Oman and South Africa, is a rare addition to a market that is comprised mostly of sukuk originated by sovereigns and financial firms.
- ❖ Silver Lake is buying Zoopla and PrimeLocation owner ZPG for 2.2 billion pounds (\$3 billion), landing the Daily Mail publishing group a 642-million-pound windfall for cashing out of online property portals. Along with rival and market leader Rightmove, ZPG dominates online searches by people looking to buy or rent homes in Britain. Zoopla's sites carry property listings for nearly 15,000 estate agent branches.
- ❖ India's Fortis Healthcare Ltd aims to accept an offer of investment from the underdog of a five-way bidding war, in a decision that drew investor ire and sent shares in the cash-strapped hospital operator down almost 5 percent. Hero Enterprise Investment Office and Burman Family Office will together invest 18 billion rupees (\$267 million), valuing Fortis at 90 billion rupees, subject to shareholder approval.
- ❖ Saudi Basic Industries Corp, the world's No.4 petrochemical company, wants to buy about half of the \$4.6-billion Indian petrochemical project backed by Oil and Natural Gas Corp. Previously, ONGC had held talks about selling a stake in the project with Saudi Aramco and Petrochemical Industries Co, a unit of Kuwait Petroleum Corp.

Sources: CNBC, Bloomberg, Wall Street Journal & Reuters

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