

## — NOUVELLES —

OUR WEEKLY CAPITAL MARKETS UPDATE

21<sup>st</sup> May 2018

### US & Europe Market News

US Indices				
	Closing	Net		YTD
		Change	% Change	
DJIA	24,715.09	-116.08	-0.47%	-0.02%
S&P 500	2,712.97	-14.75	-0.54%	1.47%
NASDAQ Composite	7,354.34	-48.54	-0.66%	6.53%
TSX Composite Index	16,162.31	+178.99	1.12%	-0.29%
CBOE - VIX	13.42	+0.77	6.09%	21.56%

Europe Indices				
	Closing	Net		YTD
		Change	% Change	
UK - FTSE 100	7,778.79	+54.24	0.70%	1.18%
Eurozone - STOXX 50	3,157.53	+25.07	0.80%	-0.64%
France - CAC 40	5,614.51	+72.57	1.31%	5.68%
Germany - DAX	13,077.72	+76.48	0.59%	1.24%
Netherlands - AEX	567.03	+4.76	0.85%	4.12%
Switzerland - SMI	8,940.46	-53.05	-0.59%	-4.70%

- ❖ U.S. major indices declined modestly on the week as investors shifted their attention to the macroeconomic environment from the earnings season. However, shares of smaller, domestically-focused companies outperformed, sending the Russell 2000 higher by 1.2%.
- ❖ The 10-year Treasury yield reached 3.11%, its highest level since 2011. Inflation expectations have firmed slightly, led by a lift in wage growth, and the Fed remains on its path of gradual rate hikes, reflecting a healthier economy and full employment.
- ❖ The index of leading indicators (LEI) – which measures 10 key economic trends, including unemployment claims, new manufacturing orders, and stock prices – rose for the seventh straight month
- ❖ European equities were relatively volatile but ended the week higher. The pan-European STOXX 600 index reached its highest level since late January. The UK's blue chip FTSE 100 also climbed to a record close, lifted by a report midweek that purportedly confirmed that Britain would retain some official trade ties with the European Union (EU) following Brexit.
- ❖ Italian stocks, particularly banks, were weak amid political uncertainty, ending the week almost 2% lower.

### BRICS & Asia Market News

BRICS Indices				
	Closing	Net		YTD
		Change	% Change	
Brazil - Ibovespa	83,081.88	-2,138.35	-2.51%	8.74%
Russia - MICEX	2,326.94	-18.32	-0.78%	10.30%
India - SENSEX	34,848.30	-687.49	-1.93%	2.32%
China - Shanghai	3,193.30	+30.04	0.95%	-3.44%
South Africa - JSE Africa	57,804.33	-618.53	-1.06%	-2.86%

Asia-Pacific Indices				
	Closing	Net		YTD
		Change	% Change	
Japan - Nikkei 225	22,930.36	+171.88	0.76%	0.73%
Hong Kong - Hang Seng	31,047.91	-74.15	-0.24%	3.77%
South Korea - KOSPI	2,460.65	-17.06	-0.69%	-0.28%
Australia - ASX 200	6,087.36	-28.83	-0.47%	0.37%

(In Dollar Terms)

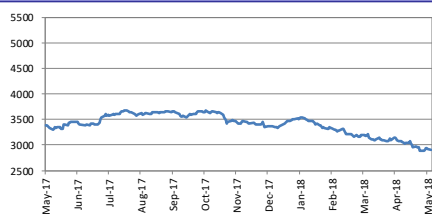
- ❖ Japanese stocks advanced for the week. The Nikkei 225 Stock Average recorded its eighth positive week in a row, returning to positive territory for the year.
- ❖ A trio of economic indicators painted a mixed picture for China's economy, suggesting that growth on the mainland may be entering a long-anticipated slowdown just as trade protectionism threatens to heat up.
- ❖ Brazilian and Indian stocks, the worst performers in the BRICS index, fell last week as political uncertainty along with a global emerging market selloff drove many investors to unwind bets.
- ❖ Chinese oil giant PetroChina saw its shares surge 7.33 percent while shares of China Petroleum Engineering Company jumped by the daily limit of 10 percent on Thursday, as Brent crossed the \$80 mark.
- ❖ Global index provider MSCI Inc. has released a list of more than 200 Chinese stocks that it will include in its key indexes from next month, capping a year-long process that is likely to attract billions of dollars into China's markets.

## Middle East Market News

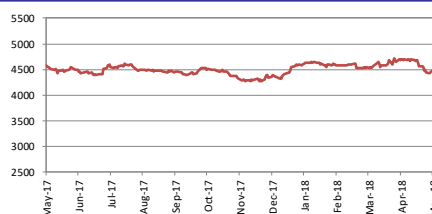
	Key Indices			
	Closing	Net Change	% Change	YTD
Dubai - DFM	2,906.99	+14.94	0.52%	-13.74%
Abu Dhabi - ADX	4,426.05	+1.06	0.02%	0.63%
Saudi Arabia - TASI	8,041.89	+18.88	0.24%	11.29%
Qatar - QE	8,888.67	+71.83	0.81%	4.29%
Bahrain - BHSE	1,272.78	+1.70	0.13%	-4.43%
Oman - MSM 30	4,607.98	-78.58	-1.68%	-9.63%
Kuwait	4,801.14	-18.16	-0.38%	

(In Dollar Terms)

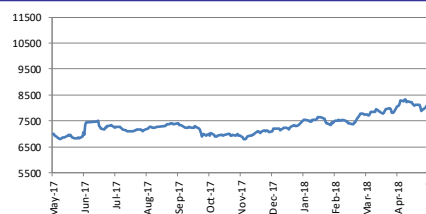
Dubai - DFM 52-Week Performance



Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance



- ❖ Saudi British Bank (SABB) and Alawwal Bank have agreed a merger that would create Saudi Arabia's third-biggest bank with assets of around \$77 billion. The first major banking tie-up in the kingdom for around 20 years comes as Saudi Arabia embarks upon a plan to transform the economy and cut its dependence on oil revenues. Based on the preliminary agreement, Alawwal shareholders would receive 0.485 SABB shares for each Alawwal bank share
- ❖ Oman Telecommunications said first-quarter net profit plunged 33 per cent as the cost of sales and expenses more than tripled. The earnings missed the average 18.7 million Rial (\$48.7m) estimate of analysts polled by Bloomberg. Losses from the cost of sales widened to 169.6 million Rial (\$441.4m) while operating and administration expenses expanded to 140m Rial (\$364m).
- ❖ Noor Bank celebrated the listing of a \$500 million Sukuk on Nasdaq Dubai in a bid to continue rapid growth as a fully scalable universal Islamic bank across the UAE active in a wide range of products and services including retail, corporate and investment banking as well as treasury and insurance. Dubai-based Noor Bank has arranged more than 64 billion US dollars' worth of syndication and capital market transactions since 2008.

## Commodity Market News

	Commodities			
	Closing	Net Change	% Change	YTD
Gold Spot	1,293.04	-26.26	-1.99%	-0.75%
Silver Spot	16.44	-0.22	-1.35%	-2.92%
Platinum Spot	887.31	-35.56	-3.85%	-4.41%
Palladium Spot	967.63	-24.24	-2.44%	-9.02%
Crude Oil (WTI)	71.28	+58	0.82%	17.97%
Crude Oil (Brent)	78.51	+1.39	1.80%	17.41%
Baltic Dry Ind	1,273.00	-199.00	-13.52%	-6.81%

- ❖ Brent Crude Prices crossed the \$80 mark on Wednesday, before declining to close the week at \$78.51 – posting a sixth straight week of gains, boosted by plummeting Venezuelan production, strong global demand and looming U.S. sanctions on Iran.
- ❖ Gold prices edged down last week by 2% to near their lowest levels this year, pressured by a firm US dollar amid surging US Treasury yields. A stronger greenback makes dollar-denominated gold more expensive for users of other currencies, while higher US yields dampen the appeal of non-yielding bullion.

## Currency Market News

Currencies			
	Closing		Closing
GBP/USD	1.347	EUR/USD	1.177
USD/JPY	110.780	AUD/USD	0.751
USD/CHF	0.998	EUR/AED	4.324
USD/INR	68.009	EUR/INR	80.065
USD/CNY	6.380	EUR/CHF	1.174
USD/RUB	62.282	AED/INR	18.519

- ❖ The dollar rose to a five-month high against a basket of major currencies, helped by weakness in the euro as investors fretted about political uncertainty in Italy. The dollar index has climbed for five straight sessions, posting a 1.2 percent weekly gain. It has risen 5 percent since mid-February, with investors betting U.S. interest rates will need to rise further to curb inflation.
- ❖ Sterling fell sharply against the dollar to its lowest since December after a rise in U.S. Treasury yields helped the greenback resume its recent rally. Weak economic data and a decision by the Bank of England to hold interest rates and cut its growth projections have confounded sterling bulls in the last month after a period outperforming other major currencies.

## Investment Banking Deals

- ❖ After holding an interest in Hilton Worldwide Holdings Inc for nearly 11 years, private equity firm Blackstone Group LP has decided to exit the hotel chain operator by selling its 5.8 percent stake. The sale of 15.8 million shares would generate about \$1.32 billion.
- ❖ Blank-check company GS Acquisition Holdings Corp, which is sponsored by an affiliate of Goldman Sachs Group, filed for an initial public offering of up to \$600 million. A blank check company is set up to pursue a merger, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.
- ❖ PayPal Holdings Inc has agreed to buy Swedish financial technology startup iZettle for \$2.2 billion in the U.S. online payments provider's biggest ever acquisition. The deal will allow the Californian company to expand into the retail payment terminals business in international markets, where it will compete with Silicon Valley firm Square Inc.
- ❖ India's Tata Steel Ltd has completed the acquisition of a 72.7 percent stake in Bhushan Steel Ltd, which was in bankruptcy court over unpaid loans. As part of the deal, a unit of Tata Steel is paying 352.33 billion rupees (\$5.18 billion) to Bhushan Steel's creditor banks. It will also pay Bhushan Steel's operational creditors, such as vendors, another 12 billion rupees over 12 months. Taking over Bhushan Steel will help Tata Steel to increase its capacity in India and gain an edge in the fast-growing automotive steel market.

Sources: CNBC, Bloomberg, Wall Street Journal & Reuters

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