

**US Indices**

|         | Closing   | Net Change | % Change | YTD    |
|---------|-----------|------------|----------|--------|
| DJIA    | 17,958.79 | +523.97    | 3.03%    | 7.41%  |
| S&P 500 | 2,075.37  | +68.32     | 3.41%    | 12.03% |
| NASDAQ  | 4,780.76  | +111.78    | 2.40%    | 14.10% |

**Europe Indices**

|          | Closing   | Net Change | % Change | YTD    |
|----------|-----------|------------|----------|--------|
| STOXX 50 | 3,095.75  | +83.61     | 2.88%    | 2.48%  |
| FTSE 100 | 6,742.84  | +244.64    | 3.88%    | -3.02% |
| CAC 40   | 4,419.48  | +132.72    | 3.23%    | -1.26% |
| DAX      | 10,087.12 | +192.23    | 2.00%    | 2.46%  |

**BRICS Indices**

|                    | Closing   | Net Change | % Change | YTD    |
|--------------------|-----------|------------|----------|--------|
| Ibovespa           | 51,992.89 | +1,649.00  | 3.44%    | -3.60% |
| MICEX              | 1,529.20  | -10.55     | -0.72%   | -3.65% |
| SENSEX             | 28,458.10 | +21.16     | 0.08%    | 29.29% |
| Shanghai Composite | 2,937.65  | +170.42    | 5.80%    | 46.91% |
| JSE Africa         | 49,506.59 | +1,276.19  | 2.65%    | 6.77%  |

**Asia-Pacific Indices**

|            | Closing   | Net Change | % Change | YTD    |
|------------|-----------|------------|----------|--------|
| Nikkei 225 | 17,920.45 | +249.82    | 1.44%    | 8.16%  |
| Hang Seng  | 24,002.64 | -132.57    | -0.57%   | -0.81% |
| KOSPI      | 1,986.62  | +8.27      | 0.43%    | -4.05% |
| ASX 200    | 5,335.33  | +119.08    | 2.28%    | -0.25% |

**Commodities**

|                   | Closing  | Net Change | % Change | YTD     |
|-------------------|----------|------------|----------|---------|
| Gold Spot         | 1,195.74 | -26.85     | -2.20%   | -0.49%  |
| Silver Spot       | 16.08    | -0.95      | -5.58%   | -17.40% |
| Crude Oil (WTI)   | 57.13    | -0.68      | -1.18%   | -41.95% |
| Crude Oil (Brent) | 61.38    | -0.47      | -0.76%   | -44.60% |
| Baltic Dry Ind    | 803.00   | -60.00     | -6.95%   | -64.73% |

**Money Market**

|             | Closing | Net Change (5-D) | Net Change (6-M) | Net Change (YTD) |
|-------------|---------|------------------|------------------|------------------|
| 3M Libor    | 0.252   | 0.009            | 0.023            | 0.006            |
| 12M Libor   | 0.617   | 0.016            | 0.071            | 0.034            |
| 3M Euribor  | 0.081   | -0.001           | -0.131           | -0.206           |
| 12M Euribor | 0.329   | 0.000            | -0.160           | -0.227           |
| 10Y US      | 2.162   | 0.080            | -0.459           | -0.866           |
| 10Y UK      | 1.850   | 0.050            | -0.885           | -1.172           |
| 10Y Germany | 0.592   | -0.032           | -0.729           | -1.337           |
| 10Y Japan   | 0.356   | -0.040           | -0.235           | -0.385           |
| 10Y India   | 7.962   | 0.093            | -0.729           | -0.863           |

**Currencies**

|         | Closing | Closing        |
|---------|---------|----------------|
| GBP/USD | 1.563   | EUR/USD 1.223  |
| USD/JPY | 119.500 | AUD/USD 0.813  |
| AED/INR | 17.249  | EUR/AED 4.491  |
| USD/INR | 63.300  | EUR/INR 77.665 |
| USD/CNY | 6.221   | EUR/CHF 1.204  |

Source: Bloomberg

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**International Market News Update**

Last week, the US Federal Reserve indicated, during its last policymaking meeting of 2014, that it would be patient before raising interest rates in 2015. The S&P 500 had its best week in 3 years and ended the week just 5 points below the all-time closing high it reached on December 5. The index is currently in the positive for this month. The unemployment rate remains at a 6-year low of 5.8%. Consumer prices had the biggest monthly fall in November, since December 2008. US employers have added over 2.65 million workers to payrolls so far this year, which is the biggest annual increase since 1999.

Data released last week showed that private-sector growth in Germany, the Eurozone's strongest economy, in December was its weakest in over 18 months, thus raising concerns that there could be an imminent economic downturn in the country in 2015. German, Irish, Belgian and Austrian 10-year bond yields all touched all-time lows last week on this news. The German Bund yield, which is the benchmark 10-year bond yield for the region, fell to 0.565%. Last week, Fitch Ratings cut its credit rating for France to AA from AA+ analysing that the weak French economy would find it very hard to stabilize the public debt ratio.

The benchmark Shanghai Composite made a 4-year high last week as investors remain bullish on more monetary easing by China in 2015. This monetary easing would include further cuts in the country's interest rates as well as lowering of the lenders' reserve-requirement ratios. The Shanghai Composite is now the world's best performing stock market among the major stock markets, ahead of India's bench-mark stock markets.

**Commodity in Focus**

Brent crude oil touched USD 58.50 last week and West Texas Intermediate crude oil touched USD 53.60 last week, which are their lowest levels since May 2009. Crude oil prices have now fallen by nearly 50% since this year's highest level in June. US crude oil output has grown at the fastest pace in over 30 years. The production by the country expanded to 9.14 million barrels per day, which is its highest level since January 1983. The Organization of the Petroleum Exporting Countries had refused to cut their oil production during their meeting last month as member countries continue to compete with each other for market share as well as compete with the US shale gas producers.

**Key Indices**

|                 | Closing   | Net Change | % Change | YTD     |
|-----------------|-----------|------------|----------|---------|
| Dubai - DFM     | 4,176.61  | +415.63    | 12.51%   | 10.90%  |
| Abu Dhabi - ADX | 4,712.85  | +300.07    | 7.13%    | 5.12%   |
| Saudi - TASI    | 8,957.63  | +317.18    | 3.91%    | -1.16%  |
| Qatar - QE      | 12,659.72 | +263.78    | 2.23%    | 16.28%  |
| Bahrain - BHSE  | 1,418.20  | -6.02      | -0.43%   | 11.88%  |
| Oman - MSM 30   | 6,386.00  | +374.62    | 6.66%    | -12.24% |
| Kuwait          | 6,732.70  | +143.80    | 2.29%    | -14.98% |

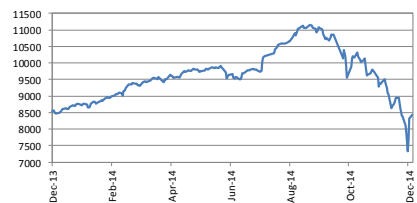
**Dubai - DFM 52-Week Performance**



**Abu Dhabi - ADX 52-Week Performance**



**Saudi - TASI 52-Week Performance**



Source: Bloomberg

**Middle East Market News Update**

The stock markets in the GCC moved up sharply last week with the biggest weekly gain seen in the Dubai Financial Market of over 12%. S&P and Fitch Ratings cut the outlook on Bahrain to 'negative' last week. Saudi Arabia's Finance Minister confirmed that the Saudi Arabian government would continue to spend strongly on infrastructure projects and social benefits in 2015 in their budget to be announced this week. Investors, particularly in Dubai use heavy leverage, including bank loans to buy stocks.

**En Bref..... Biggest Market News**

The Russian ruble continues to fall – what other steps could be taken to stop this decline.

The Russian central bank raised its benchmark interest rate by 6.5% to 17% last week, in an effort to stop the decline in the Russian ruble. In spite of this increase, the ruble touched an all-time low of USD 80 against the USD on that day. This increase in interest rates was the 6<sup>th</sup> increase in 2014 as inflation is expected to cross 11% by the 1<sup>st</sup> quarter of 2015. So far in 2014, close to USD 100 billion of foreign reserves have been spent in the attempts to stop the ruble's decline. The foreign reserves are at a 5-year low of around USD 410 billion.

Russia's gross domestic product is expected to fall by over 4% in 2015 due to high interest rates and falling oil prices as well as economic sanctions imposed by the US and major European countries.. Russia derives more than half of its budget revenue from the oil & gas sector and therefore, the ruble moves in the same direction as the direction of oil prices.

Ultimately, the cash crunch scenario created by the announcement of the interest rate hike by the Russian central bank Governor Elvira Nabiullina has helped the Russian ruble rise up by nearly 30% since the all-time low it touched on December 16. The rate charged by Russian banks to each other for overnight cash rose to 27% last week, the highest in over 8 years. The cost of overnight ruble deposits jumped to a 6-year high of 22% last week.

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