

### Global Markets Update

The earnings season is picking up pace as investors gauge the strength of corporations amid uneven economic growth. More than 80 percent of the S&P 500 Index's companies that have released third-quarter results so far beat expectations, while analysts still forecast a contraction in profits. The dollar's advance has also been in the spotlight as it reflects bets that U.S. monetary policy will diverge from stimulus measures in Europe and Asia. The S&P 500 was little changed at 2,141.16. The Nasdaq Composite Index rose 0.3 percent, buoyed by Microsoft and PayPal Holdings Inc., which surged on its better-than-expected outlook. Microsoft joined an 'exclusive club' on Friday, moving higher for the 21st century after International Business Machines Corp. and Oracle Corp. achieved the milestone.

European stock markets posted a weekly gain on Friday, as a rebound in bank shares and some well-received company results lent markets support in spite of uncertainty over future monetary policy. The pan-European STOXX 600 index closed flat on the day but recorded a weekly gain of around 1.3 percent. The STOXX Europe 600 banks index outperformed to rise by 0.5 percent.

Britain could slash corporation tax to 10 percent if the European Union refuses to agree a post-Brexit free trade deal or blocks UK-based banks from accessing its market. The idea of halving the headline rate from 20 percent had been put forward amid growing fears other EU member states will take a hard line in Brexit negotiations. The tax cut would be used to try and persuade the EU to grant "passporting" rights for financial services firms to continue operating across the EU.

Japan's Nikkei share average edged down in choppy trade on Friday, snapping a five-day winning streak while investors await for major Japanese companies to report their mid-year results next week. The Nikkei ended 0.3 percent lower at 17,184.59, falling for the first time in six sessions. For the week, it was still up 1.9 percent. China stocks traded sideways on Friday but managed to end the session slightly up, as strength in infrastructure shares offset concerns rooted in continuing yuan weakness. The blue-chip CSI300 index rose 0.3 percent, to 3,327.80 points, while the Shanghai Composite Index gained 0.2 percent, to 3,091.29 points. For the week, CSI300 was up 0.7 percent, while SSEC gained 0.9 percent.

### Commodity In Focus

Crude prices closed higher Friday, reversing earlier losses as a stronger U.S. dollar failed to subdue optimism over a tightening market. U.S. crude for December settled up 22 cents, or 0.4%, at \$50.85 a barrel on the New York Mercantile Exchange, after trading as low as \$50.21 earlier in the session. Brent, the global benchmark, rose 40 cents, or 0.8%, at \$51.78 a barrel.

The recent oil price rally, triggered by the Organization of the Petroleum Exporting Countries announcement in September of plans to implement a production cut, has stalled this week as investors have taken profits and await more news on fundamental supply and demand.

US Indices	Closing	Net Change	% Change	YTD
DJA	18,145.71	+7.33	0.04%	4.14%
S&P 500	2,141.16	+8.18	0.38%	4.76%
NASDAQ Composite	5,257.40	+43.24	0.83%	4.99%

Europe Indices	Closing	Net Change	% Change	YTD
UK - FTSE 100	7,020.47	+6.92	0.10%	12.47%
Eurozone - STOXX 50	2,865.64	+33.06	1.17%	-7.57%
France - CAC 40	4,536.07	+65.15	1.46%	-2.18%
Germany - DAX	10,710.73	+130.35	1.23%	-0.30%
Netherlands - AEX	457.40	+6.90	1.53%	3.33%
Switzerland - SMI	8,034.86	-55.05	-0.68%	-8.88%

BRICS Indices	Closing	Net Change	% Change	YTD
Brazil - Ibovespa	64,108.08	+2,340.86	3.79%	47.88%
Russia - MICEX	1,957.70	-8.69	-0.44%	11.15%
India - SENSEX	28,077.18	+403.58	1.46%	7.50%
China - Shanghai	3,090.94	+27.13	0.89%	-12.67%
South Africa - JSE Africa	51,629.23	+482.45	0.94%	1.85%

Asia-Pacific Indices	Closing	Net Change	% Change	YTD
Japan - Nikkei 225	17,184.59	+238.22	1.95%	-9.71%
Hong Kong - Hang Seng	23,374.40	+343.10	1.49%	6.66%
South Korea - KOSPI	2,033.00	+10.34	0.51%	3.66%
Australia - ASX 200	5,430.32	-3.71	-0.07%	2.54%

Commodities	Closing	Net Change	% Change	YTD
Gold Spot	1,266.46	+15.43	1.23%	19.35%
Silver Spot	17.55	0.13	0.72%	26.70%
Platinum Spot	934.00	-1.74	-0.19%	4.76%
Palladium Spot	623.92	-22.13	-3.43%	10.82%
Crude Oil (WTI)	50.85	+0.50	0.99%	37.28%
Crude Oil (Brent)	51.78	-0.17	-0.33%	38.89%
Baltic Dry Ind	842.00	-50.00	-5.61%	76.15%

Money Markets	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.882	0.000	0.244	0.269
12M Libor	1.572	(0.014)	0.332	0.394
3M Euribor	(0.312)	(0.001)	(0.063)	(0.181)
12M Euribor	(0.074)	(0.002)	(0.063)	(0.134)
10Y US	1.735	(0.063)	(0.126)	(0.335)
10Y UK	1.087	(0.010)	(0.504)	(0.873)
10Y Germany	0.006	(0.052)	(0.233)	(0.623)
10Y Japan	(0.052)	0.002	0.062	(0.317)
10Y India	6.761	0.007	(0.715)	(1.000)

Currencies	Closing	Closing
GBP/USD	1.223	EUR/USD 1.088
USD/JPY	103.800	AUD/USD 0.761
USD/CHF	0.994	EUR/AED 4.027
USD/INR	66.890	EUR/INR 72.872
USD/CNY	6.767	EUR/CHF 1.082
USD/RUB	62.372	AED/INR 18.222

Source: Bloomberg

**For more information:**

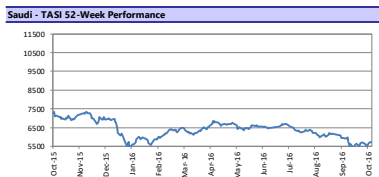
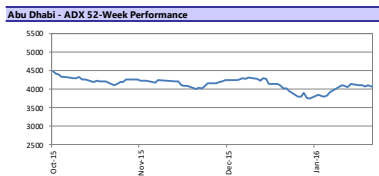
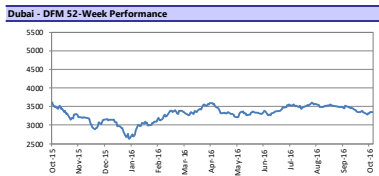
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## Regional Markets Update

Saudi shares surged yesterday after the country's record-breaking bond issue and positive signals on oil prices, and payment to contractors. The kingdom raised US\$17.5 billion in its first ever international bond sale, an emerging market record, through a series of five-year, 10-year and 30-year notes on Wednesday. The sale coincided with a 15-month high in the price of US crude, following a surprise drop in US supplies, together with news that the Saudi government had finally resumed payments to contractors after several months.

Dubai Financial Market (DFM), the Gulf's only listed stock exchange, has published draft rules covering sharia-compliant hedging, part of broader efforts to develop Islamic business in the emirate. The rules aim to expand guidance on transactions that currently lack standardisation, and would be the third set of rules from the DFM specific to Islamic finance after ones covering equities and Islamic bonds. A standard on Islamic hedging could provide greater clarity between counterparties as the industry makes a gradual shift from customized solutions towards volume transactions which can be cost- and time-effective.

Key Indices	Closing	Net Change	% Change	YTD
Dubai - DFM	3,355.37	+53.53	1.62%	6.49%
Abu Dhabi - ADX	4,299.37	-16.25	-0.38%	-0.18%
Saudi Arabia - TASI	5,733.64	+100.95	1.79%	-17.05%
Qatar - QE	10,433.95	+66.21	0.64%	0.04%
Bahrain - BHSE	1,147.43	+6.46	0.57%	-5.63%
Oman - MSM 30	5,537.97	-113.10	-2.00%	2.44%
Kuwait	5,330.49	+21.34	0.40%	-5.07%



Source: Bloomberg

## En Bref – The Biggest Market News

AT&T and Time Warner have agreed to an \$85 billion deal -- one of the biggest media tie-ups ever. The move, announced Saturday evening, will help AT&T expand beyond wireless and Internet service into programming. Time Warner (TWX) is the parent of CNN, TNT, HBO, the Warner Bros. studio, and other channels and websites. AT&T (T, Tech30), is one of the country's largest providers of wireless phone and Internet service. It also recently acquired the DirecTV satellite TV business. The deal will be subject to a review by government regulators that could take more than a year to complete. AT&T will pay \$107.50 a share - a big premium over where Time Warner stock was trading last week. Including Time Warner's debt, the deal's value is \$109 billion. Adding Time Warner will help AT&T to diversify its business beyond wireless phone and Internet services. Stephenson, CEO of AT&T, has spoken publicly about his desire to own valuable programming. Gaining Time Warner will give AT&T entry into entertainment, news and sports.

## The Week Ahead

- 25 Oct – USD Consumer Confidence.
- 27 Oct – GBP Gross Domestic Product (Year-on-Year)
- 28 Oct – USD Gross Domestic Product (Annualized).

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