

Global Markets Update

The US Federal Reserve left interest rates unchanged but strongly signaled it could still tighten monetary policy by the end of this year as the labor market improved further. The Fed said US economic activity had picked up and job gains were "solid" in recent months. It added that its rate-setting committee had decided against raising rates "for the time being," until there was more evidence of progress towards its employment and inflation objectives. The Fed has held its target rate for overnight lending between banks in a range of 0.25 percent to 0.50 percent since December, when it raised borrowing costs for the first time in nearly a decade. At the same time, policymakers cut the number of rate increases they expect this year to one from two previously, according to the median projection of forecasts released with the statement. Three of the 17 policymakers said rates should remain steady for the rest of the year.

European shares ended weaker on Friday, pulling back from two-week highs in the previous session after the Federal Reserve signalled an increasingly cautious approach to future rate hikes, with banks leading sectoral fallers. The pan-European STOXX 600 index ended 0.7 percent lower, retreating after closing at its highest level since Sept. 9 on Thursday. It rose 2.2 percent this week, the best performance in two months, but is still down more than 5 percent this year. The STOXX Europe 600 Banks index fell 1.5 percent, the top sector faller. It remains the weakest performer so far this year on concerns over falling profitability levels and capital shortfalls in a low-growth, low-rates environment. Banco Santander, Bankia, Intesa Sanpaolo and Deutsche Bank fell 2 to 3 percent.

Japan's Nikkei share average edged down on Friday as investors took profits on financial stocks such as banks and insurers that had soared in the previous session, while worries about a stronger yen dented sentiment. The Nikkei fell 0.3 percent to 16,754.02. For the week, the benchmark gave up 0.3 percent. The broader Topix dropped 0.2 percent to 1,349.56 and the JPX-Nikkei Index 400 declined 0.3 percent to 12,105.95.

Hong Kong stocks fell on Friday, dragged lower by financial shares and hit by a plunge in Chinese money inflows, after investors took profits from the previous day's jump triggered by the Federal Reserve's approach on raising U.S. rates. The Hang Seng index fell 0.3 percent, to 23,686.48, while the China Enterprises Index lost 1.0 percent, to 9,796.01 points. Appetites were curbed by signs that Chinese interest in Hong Kong stocks has suddenly cooled, following strong and steady inflows over the past month.

Commodity In Focus

Oil futures fell sharply Friday, posting their biggest daily loss in two months on skepticism that the world's largest exporters can cooperate and ease a supply glut that has dragged down prices for two years.

Brent, the global benchmark, lost \$1.76, or 3.7%, to \$45.89 a barrel. It ended the week up 12 cents, or 0.3%. Light, sweet crude for November delivery settled down \$1.84, or 4%, to \$44.48 a barrel on the New York Mercantile Exchange

US Indices				
	Closing	Net Change	% Change	YTD
DJIA	18,261.45	+137.65	0.76%	4.80%
S&P 500	2,164.69	+25.53	1.19%	5.91%
NASDAQ Composite	5,305.75	+61.18	1.17%	5.96%

Europe Indices				
	Closing	Net Change	% Change	YTD
UK - FTSE 100	6,909.43	+199.15	2.97%	10.69%
Eurozone - STOXX 50	2,869.70	+61.71	2.20%	-7.44%
France - CAC 40	4,488.69	+156.24	3.61%	-3.20%
Germany - DAX	10,626.97	+350.80	3.41%	-1.08%
Netherlands - AEX	454.48	+15.41	3.51%	2.87%
Switzerland - SMI	8,272.89	+142.45	1.75%	-6.18%

BRICS Indices				
	Closing	Net Change	% Change	YTD
Brazil - Ibovespa	58,697.00	+1,617.24	2.83%	35.40%
Russia - MICEX	2,011.83	+29.87	1.51%	14.22%
India - SENSEX	28,668.22	+69.19	0.24%	9.77%
China - Shanghai	3,033.90	+31.05	1.03%	-14.28%
South Africa - JSE Africa	51,999.45	+166.90	0.32%	2.58%

Asia-Pacific Indices				
	Closing	Net Change	% Change	YTD
Japan - Nikkei 225	16,754.02	+139.78	0.84%	-11.98%
Hong Kong - Hang Sen	23,686.48	+350.89	1.50%	8.09%
South Korea - KOSPI	2,054.07	+54.71	2.74%	4.73%
Australia - ASX 200	5,431.30	+134.60	2.54%	2.56%

Commodities				
	Closing	Net Change	% Change	YTD
Gold Spot	1,337.56	+27.21	2.08%	26.05%
Silver Spot	19.69	0.90	4.81%	42.18%
Platinum Spot	1,054.00	37.76	3.72%	18.22%
Palladium Spot	702.00	28.50	4.23%	24.69%
Crude Oil (WTI)	44.48	+1.45	3.37%	20.09%
Crude Oil (Brent)	45.89	+1.12	0.26%	23.10%
Baltic Dry Ind	941.00	+141.00	17.63%	96.86%

Money Markets				
	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.853	(0.004)	0.223	0.240
12M Libor	1.557	0.013	0.320	0.379
3M Euribor	(0.302)	(0.001)	(0.061)	(0.171)
12M Euribor	(0.059)	(0.005)	(0.056)	(0.119)
10Y US	1.618	(0.074)	(0.260)	(0.651)
10Y UK	0.730	(0.143)	(0.719)	(1.230)
10Y Germany	(0.082)	(0.089)	(0.276)	(0.711)
10Y Japan	(0.045)	(0.006)	0.069	(0.310)
10Y India	6.804	(0.064)	(0.706)	(0.957)

Currencies		
	Closing	Closing
GBP/USD	1.297	EUR/USD 1.123
USD/JPY	101.020	AUD/USD 0.762
USD/CHF	0.970	EUR/AED 4.123
USD/INR	66.654	EUR/INR 74.744
USD/CNY	6.669	EUR/CHF 1.089
USD/RUB	64.057	AED/INR 18.163

Source: Bloomberg

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Regional Markets Update

Emaar Properties listed a \$750 million sukuk on Monday on Nasdaq Dubai, the region's international financial exchange. The listing has raised the total value of sukuk listed in Dubai to \$45.55 billion, underlining the emirate's position as the world's largest sukuk listing centre by value, the exchange said in a statement. So far this year, Nasdaq Dubai has listed 14 sukuk with a total value of \$10 billion, the statement added. Last week, ratings agency S&P said corporate and infrastructure sukuk issuance in the Gulf region and Malaysia has continued to stagnate so far this year and this may carry over to the coming quarters.

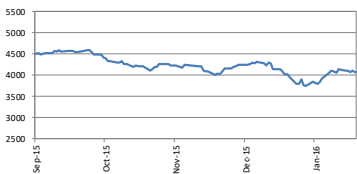
UAE listed companies' earnings dropped by 8 percent year-on-year in the first half of 2016 as low oil prices and weak economic growth impact performance. Research by Kuwait Stock Exchange-listed Kuwait Financial Centre (Markaz) found the decline was led in particular by real estate companies, whose earnings dropped by 4 percent compared to the same period last year. UAE corporate earnings are expected to fall by 3 percent in the second half of the year as a Gulf-wide credit squeeze takes its toll on the banking sector, the research added. Across the GCC, corporate earnings fell by 8 percent year-on-year in the first half of 2016 with the exception of Oman, which registered 7 percent growth

Key Indices	Closing	Net Change	% Change	YTD
Dubai - DFM	3,491.69	+8.37	0.24%	10.81%
Abu Dhabi - ADX	4,497.21	+10.93	0.24%	-4.41%
Saudi Arabia - TASI	5,913.00	-263.53	-4.27%	-14.45%
Qatar - QE	10,435.17	-137.28	-1.30%	0.06%
Bahrain - BHSE	1,137.09	+8.67	0.77%	-6.48%
Oman - MSM 30	5,768.84	-10.34	-0.18%	6.71%
Kuwait	5,410.23	-16.13	-0.30%	-3.65%

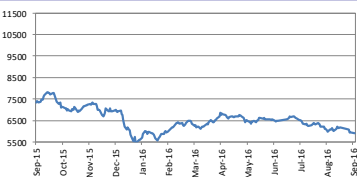
Dubai - DFM 52-Week Performance



Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance



Source: Bloomberg

En Bref – The Biggest Market News

Who becomes the next U.S. president will be a primary focus for Wall Street next week and beyond, starting on Monday with the first debate between candidates Hillary Clinton and Donald Trump. While the White House race has so far had little discernible effect on the market, that may soon change as polls show a tightening race. Clinton's once-comfortable lead in opinion polls has evaporated, and with just over six weeks until Election Day, some investors see a toss-up contest creating volatility in certain sectors, including health insurers, drugmakers and industrials. Also, many on Wall Street worry about the uncertainty of what Trump would do as president, as well as his sometimes contradictory proposals at odds with mainstream Republicans, such as his protectionist stance on international trade. Some investors believe U.S. equities are likely to edge higher next week after the Federal Reserve on Wednesday left interest rates unchanged. The S&P 500 has gained 6 percent in 2016 and is about 1 percent short of its record high set in August.

The Week Ahead

- 28 Sept – USD Consumer Confidence (September).
- 29 Sept – Euro-Zone Unemployment Change.
- 30 Sept – Japanese National Consumer Price Index

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