

## US Indices

	Closing	Net Change	% Change	YTD
DJIA	18,053.71	+275.56	1.55%	8.91%
S&P 500	2,088.77	+27.54	1.34%	13.01%
NASDAQ	4,806.86	+58.46	1.23%	15.09%

## Europe Indices

	Closing	Net Change	% Change	YTD
STOXX 50	3,018.89	+117.54	4.05%	3.41%
FTSE 100	6,609.93	+273.45	4.32%	-2.06%
CAC 40	4,295.85	+183.94	4.47%	0.00%
DAX	9,922.11	+358.22	3.75%	3.87%

## BRICS Indices

	Closing	Net Change	% Change	YTD
Ibovespa	50,144.63	+1,430.99	2.94%	-2.65%
MICEX	1,417.80	-31.33	-2.16%	-5.74%
SENSEX	27,241.78	+115.21	0.42%	28.68%
Shanghai Composite	3,157.60	+49.01	1.58%	49.23%
JSE Africa	49,478.57	+2,196.09	4.64%	6.97%

## Asia-Pacific Indices

	Closing	Net Change	% Change	YTD
Nikkei 225	17,818.96	+608.91	3.54%	9.38%
Hang Seng	23,349.34	+763.50	3.38%	0.18%
KOSPI	1,948.16	+50.66	2.67%	-3.14%
ASX 200	5,394.50	+232.64	4.51%	0.79%

## Commodities

	Closing	Net Change	% Change	YTD
Gold Spot	1,196.00	+26	0.02%	-0.47%
Silver Spot	16.07	-0.01	-0.09%	-17.47%
Crude Oil (WTI)	54.73	+62	1.15%	-44.39%
Crude Oil (Brent)	59.45	+18	0.30%	-46.34%
Baltic Dry Ind	782.00	-45.00	-5.44%	-65.66%

## Money Market

	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.257	0.011	0.023	0.011
12M Libor	0.629	0.024	0.082	0.046
3M Euribor	0.080	-0.001	-0.131	-0.207
12M Euribor	0.328	-0.002	-0.161	-0.228
10Y US	2.250	0.088	-0.279	-0.778
10Y UK	1.881	0.031	-0.755	-1.141
10Y Germany	0.589	-0.003	-0.656	-1.340
10Y Japan	0.330	-0.026	-0.242	-0.411
10Y India	7.981	0.019	-0.751	-0.844

## Currencies

	Closing	Closing
GBP/USD	1.556	EUR/USD 1.218
USD/JPY	120.310	AUD/USD 0.812
AED/INR	17.333	EUR/AED 4.475
USD/INR	63.569	EUR/INR 77.508
USD/CNY	6.213	EUR/CHF 1.203

Source: Bloomberg

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## International Market News Update

The US GDP grew at an annualized rate of 5% in the 3<sup>rd</sup> quarter. This along-with the growth of 4.6% in the 2<sup>nd</sup> quarter is the strongest 6-months growth rate since 2003. Last week, the NASDAQ hit its highest level since March 2000. The S&P 500 and Dow Jones Industrial Average last week reached all-time highs. The Russell 2000 index, the benchmark small-cap stocks index, also hit an all-time high last week. Gasoline prices in the US are currently at their lowest levels since May 2009 and consumer expectations are currently at an 8-year high. These indications together with a strong labour market are expected to help the US maintain their economic growth in 2015 as well.

The S&P indicated that it would downgrade Russia to a junk credit rating in 2015 if the country is unable to control the rapid deterioration in its monetary position. Last week, Russia's foreign reserves fell the most in 6-years as the central bank continued its defence of the Russian ruble. The total reserves are currently at USD 398.9 billion, down over 22% from the start of the year. Spain's 10-year government bond yield fell to an all-time low last week, touching 1.644%. Italy's 10-year bond fell to 1.911% last week, which is also an all-time low. There are growing expectations that the European Central Bank will start purchasing euro-area sovereign bonds in 2015, as part of its monetary stimulus policies.

The Shanghai Composite index continued its rise last week even as it remains the best performing stock market index in 2014, amid speculation that China's central bank will continue to ease monetary policy and cut interest rates in 2015. The index had its best 2-day gain in over 5 years, last week. The benchmark Indian stock exchange, SENSEX, continued its streak of weekly losses last week, falling for the 3<sup>rd</sup> straight week. The index is now down over 5% in December, heading for its worst month since February 2013.

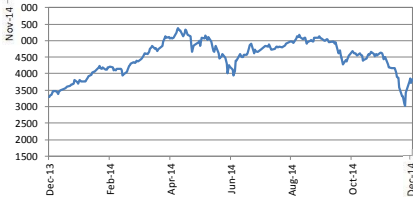
## Country in Focus

Last week, the 10-year bond yields in Japan fell to an all-time low at 0.305%. 2-year bonds were auctioned at a yield of -0.003%, which was the first time borrowing costs were negative at a government note auction. Yields on 20-year and 30-year bonds fell to 20-months lows at 1.035% and 1.225% respectively last week. The Bank of Japan indicated that it will continue with its monetary easing policies causing the Japanese yen to weaken.

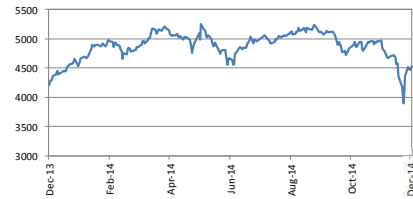
**Key Indices**

	Closing	Net Change	% Change	YTD
Dubai - DFM	3,987.14	+221.79	5.89%	18.32%
Abu Dhabi - ADX	4,595.95	+79.30	1.76%	7.12%
Saudi - TASI	8,856.38	+330.99	3.88%	3.76%
Qatar - QE	12,631.42	+601.83	5.00%	21.69%
Bahrain - BHSE	1,415.26	+5.39	0.38%	13.32%
Oman - MSM 30	6,436.25	+437.98	7.30%	-5.83%
Kuwait	6,679.28	+246.63	3.83%	-11.53%

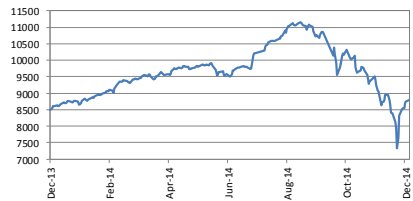
**Dubai - DFM 52-Week Performance**



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



**Saudi - TASI 52-Week Performance**



Source: Bloomberg

**Middle East Market News Update**

Last week, the stock markets in the GCC continued to rise sharply after the massive falls seen two weeks back. The Dubai Financial Market had the biggest weekly jump, up by over 13%, as all the GCC stock markets ended the week in positive territory. It is now up by over 30% in the past 6 trading sessions. Saudi Arabia announced its 2015 budget last week. The budget indicates a SAR 145 billion budget deficit as revenue is expected to drop by more than 30% in 2015 to SAR 715 billion and expenditure will be at SAR 860 billion. The UAE also announced its 2015 budget last week. The budget at AED 49.1 billion was up by AED 2.9 billion as compared to 2014's budget. It has been planned to be a zero-deficit budget.

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

**GCC government bonds – Falling oil prices separate the strong from the weak.**

In the past few weeks, the yields of sovereign bonds issued by each of the six oil exporting nations in the Gulf Cooperation Council had started to diverge sharply as investors prepare to differentiate between countries that can cope comfortably with the plunge in oil prices and those which will find the cut to their export revenues very painful. The spread between Bahrain's sovereign bond due in March 2020 and Qatar's sovereign bond due in January 2020 had risen to 177 basis points, earlier this month.

In the eyes of the investors, the least impacted in 2015 by the fall in oil prices will be Kuwait and Qatar as they would be running budget surpluses even at these current oil prices. The United Arab Emirates and Saudi Arabia would see negative impacts on their budgets in 2015. But they both have huge fiscal reserves that can be used to cover the budget deficits for years. The most impacted in 2015 would be Oman and Bahrain which have the smallest fiscal reserves. Even then, because Oman and Bahrain are geopolitically important, they have always been able to count on aid from their neighbours during a crisis.

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