

Weekly Market Review

Dec 13, 2015 – Dec 19, 2015

December 20, 2015

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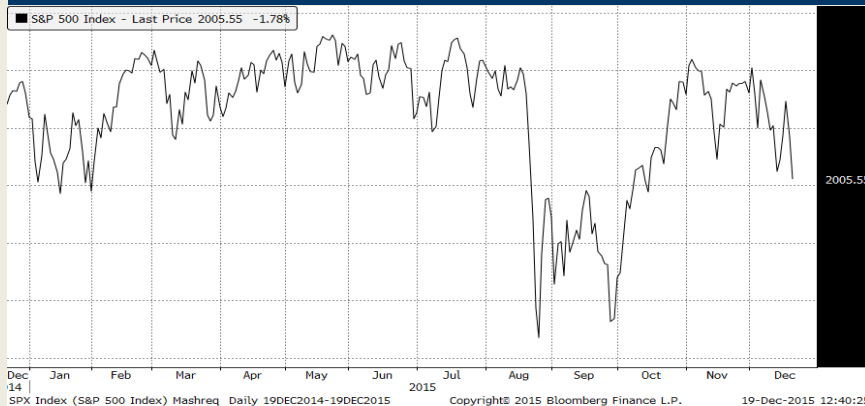
INTERNATIONAL EQUITY MARKETS

- US core consumer price index, excluding food & energy, gained for the 3rd straight month by 0.2% in Nov
 - Housing starts jumped 10.5% in Nov while building permits grew 11% to a 5-month high of 1.29mn units
 - Industrial production slid 0.6% in Nov, weighed down by a strong dollar and cut in inventory investment
 - 3Q2015 current account deficit, hit by a strengthening dollar, reached \$124.1bn, largest since 4Q2008
 - US House of Representatives passed \$1.1tn bill to keep govt. funded through Sep '16 & lift oil export ban
- Canada's wholesale trade unexpectedly declined 0.6% in Oct while the fall in Sep was revised to 0.3% from 0.1%
 - Annual inflation rose at less than expected 1.4% in Nov, offering room for central bank to keep rates low
- Markit's Eurozone composite flash PMI slipped to 54 in Dec from 54.2 in Nov, pointing to a 4Q2015 growth of 0.4%
- Eurozone inflation was revised up to 0.2% YoY in Nov vs. 0.1% estimated earlier, led by slower fall in energy prices
- The ZEW German investor confidence improved for a second consecutive month to 16.1 in Dec from 10.4 in Nov
 - Ifo economic institute's German business climate index inched down to 108.7 in Dec from 109.0 in Nov
- UK inflation inched up for the 1st time in 4 months by 0.1% in Nov after falling 0.1% in Oct, still far from BoE target
- Thomson Reuters/INSEAD Asian Business Sentiment Index dipped to a 4 year low on 58 in 4Q2015 vs. 60 in 3Q2015
- Bank of Japan Tankan index stood flat in Dec as large Japanese manufacturers' confidence in economy held up
 - Japan's cabinet approved a \$27bn extra budget for the FY ending Mar 2016 to revitalize growth
- China's Nov average new home prices gained 0.9% YoY after rising 0.1% in Oct, signaling house market is stabilizing
 - People's Bank of China forecasted 6.8% economic growth for 2016 vs. an expected 6.9% growth in 2015
- Brazil central bank's economic activity index fell for an 8th straight month by 0.63% in Oct after dipping 0.47% in Sep
 - Fitch, following S&P, cut Brazil's credit rating to junk as economy heads toward longest recession
- India slashed its FY2015-16 growth forecast to 7-7.5% from 8.1-8.5% due to drought & weak global demand
- China & the UAE reportedly agreed to create a \$10bn co-investment fund to make strategic deals around the world

	Last Close	5 Day %	YTD %	P/E (2015)	*Div. Yield
S&P 500	2,005.55	-0.34	-2.59	17.01	2.18
DJI	17,128.55	-0.79	-3.90	15.53	2.56
Nasdaq Comp	4,923.08	-0.21	3.95	22.09	1.26
Euro Stoxx 600	361.23	1.53	5.46	15.72	3.53
FTSE 100	6,052.42	1.67	-7.82	15.21	4.37
Dax	10,608.19	2.59	8.19	13.04	2.80
CAC 40	4,625.26	1.66	8.25	15.18	3.24
Nikkei 225	18,986.80	-1.27	8.80	18.46	1.71
Hang Seng	21,755.56	1.36	-7.84	10.99	3.91
Brazil - Bovespa	43,910.60	-2.99	-12.19	12.75	4.82
Russia - Micex	1,719.16	-0.07	23.10	6.11	4.96
BSE Sensex	25,519.22	1.90	-7.20	17.24	1.49
Shanghai Comp	3,578.96	4.20	10.64	15.34	1.73

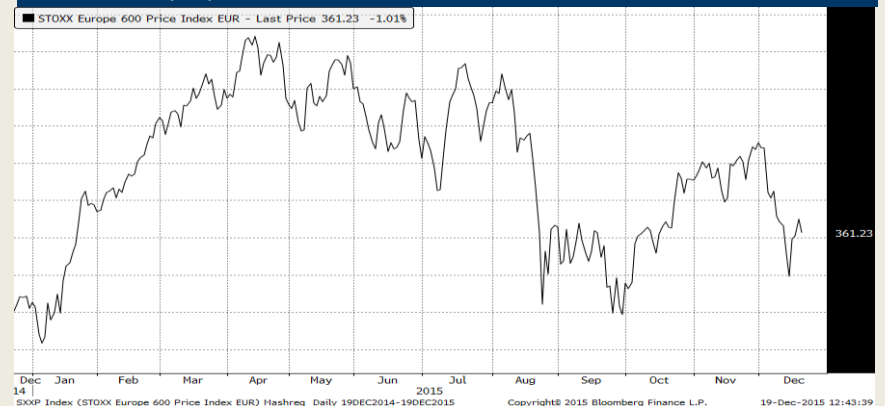
Source: Bloomberg, Mashreq Private Banking

S&P 500 – 1 year performance



Source: Bloomberg, Mashreq Private Banking

Euro Stoxx 600 – 1 year performance

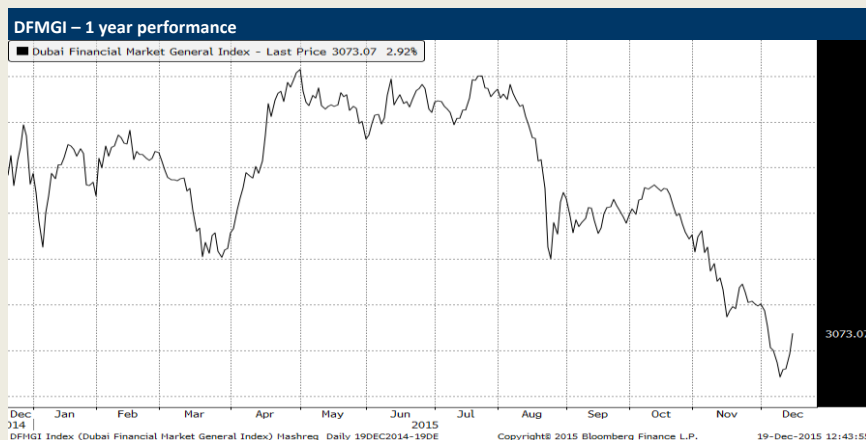


GCC EQUITIES

- S&P affirmed Aldar Properties' corporate credit rating to 'BBB-' and revised its outlook to positive
- Etisalat Group is reportedly talking to banks about raising a \$2bn loan in 1Q2016. Meanwhile, the company's African subsidiary ordered to pay €413mn in damages to minority shareholders in Telecel Benin
- Majid Al Futtaim Holding listed its \$500mn Sukuk on Nasdaq Dubai following a \$400mn listing in 2013
- National Central Cooling Co. signed an AED192.5mn long-term project finance facility with Emirates NBD
- Abu Dhabi Crown Prince tweeted that Dubai ports operator DP World will invest \$1.9bn in China
- Takaful Emarat raised AED50mn through its first tradable rights issue. The issue was 36.51% oversubscribed
- Gulf Marine Group secured a new AED2.2bn conventional and Islamic financing facility for a six year term
- Saudi Investment Bank's BoD recommended 7.5% (SAR487.5mn) dividend for 2015 and raising capital by SAR0.5bn
- Saudi Automotive Services Co. signed a SAR150mn Islamic bank facility agreement with Gulf International Bank
- Almarai Co. BoD proposed 11.5% (SAR690mn) dividend for 2015 and increasing capital from SAR6bn to SAR8bn
- Abdullah Al Othaim Markets Co. will open new stores in Egypt by investing SAR144mn over the next 3 years
- Saudi Hollandi Bank BoD recommended 2.5% (SAR142.9mn) dividend for 2015 & doubling capital to SAR11.4bn
- Kuwait's Burgan Bank has obtained approval to issue a bond of no more than KWD100mn, to be offered to public
- M/s Ritaj declared its intent to sell entire stake in National Pharmaceutical Ind. to Oman Invest. Fund Holding Co.
- Draka Holding will raise its stake in Oman Cables Industry to 51% from 34.78% for a consideration of ~€100mn
- Raysut Cement inked deal with Arabian Industries Co. for Enterprises to increase its cement production capacity
- Doha Bank signed a two-year \$575mn syndicated senior unsecured term loan for general corporate purposes
- Doha Insurance sold land owned by it at Marina Area /Lusail City for QAR145.3mn, realizing QAR78.4mn net profit
- Bahrain Telecommunications Co. signed an agreement with India's Bharti Airtel as part of its global expansion plans
- Berger Paints has launched the largest paint manufacturing facility in Oman, covering an area of 50,000 meters²

v	Last Close	5 Day %	YTD %	P/E (2015)	*Div. Yield
Dubai	3,073.07	4.36	-18.57	12.52	3.82
Abu Dhabi	4,148.29	1.52	-8.40	9.08	5.91
Saudi Tadawul	7,045.68	1.39	-15.45	13.76	3.62
Qatar Index	9,912.92	-1.02	-19.31	11.89	5.15
Kuwait Index	5,623.69	-1.10	-13.95	-	4.60
Oman MSM 30	5,359.30	-1.69	-15.51	9.73	4.88
Bahrain All Share	1,197.06	-1.37	-16.09	7.16	5.73
Egypt EGX 30	6,669.80	0.48	-25.28	7.45	2.00
Istanbul 100 Index	72,460.35	3.10	-15.47	9.81	3.43

Source: Bloomberg, Mashreq Private Banking

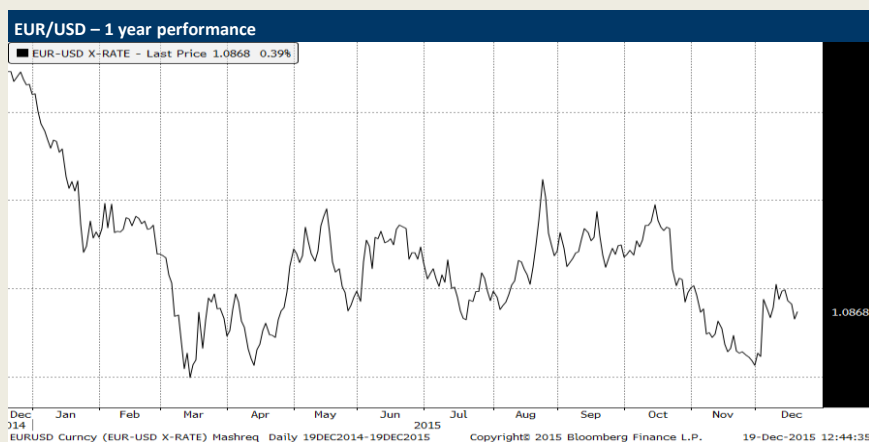


CURRENCIES

- The Bloomberg Dollar Spot Index rose 0.7% this week, the most since the period through Nov 6 as the Fed's interest-rate decision this week prompted traders to bring forward expectations since Dec 11 for the next increase
- British pound weakened ~2.1% against US dollar during the past 5 days as the US Federal Reserve's anticipated rate hike on Dec 16 overshadowed strong UK Nov retail sales data, which rose 1.7% vs. expectation of 0.6% increase
- Canadian dollar depreciated 1.46% against US dollar in the week ended Dec 18 to the lowest since 2004, weighed down by the continuous weakening of crude oil prices
- Brazil's real declined 2.85% against US dollar during the week amid speculation that President Dilma Rousseff would name Planning Minister Nelson Barbosa to replace Joaquim Levy as finance minister. The decision was announced after the market closed on Dec 18
- Ruble slipped 0.53% against US dollar this week, under pressure from continued geopolitical tensions in the Middle East, declining crude prices combined with sanctions against Russian trade
- Argentina's peso plunged 35.7% from Dec 11 to 13.263 per US dollar after the country's new government floated the currency as part of a slew of free-market reforms aimed at revitalizing the stagnant economy
- South Sudan devalued its currency by 84% as the central bank allowed the pound to trade freely by adopting the parallel market rate of 18.5 per US dollar on Dec 15, from a previous fixed rate of 2.96 per US dollar

	Last Close	5 Day %	1 Mth. %	YTD %	1 Year %
USD Index	98.7030	1.17	-0.93	9.34	10.61
EUR/USD	1.0868	-1.07	2.12	-10.17	-11.54
GBP/USD	1.4895	-2.09	-2.09	-4.38	-4.95
USD/JPY	121.1600	0.12	-1.86	1.15	1.95
USD/CHF	0.9922	0.98	-2.22	-0.21	1.26
USD/CAD	1.3957	1.46	4.77	20.10	20.57
USD/BRL	3.9831	2.85	4.44	49.88	49.58
USD/RUB	70.7529	0.53	8.60	16.49	14.82
USD/INR	66.4037	-0.73	0.56	5.33	5.21
USD/CNY	6.4811	0.40	1.61	4.44	4.27
USD/AUD	1.3937	0.19	-0.90	13.87	13.84

Source: Bloomberg, Mashreq Private Banking



Source: Bloomberg, Mashreq Private Banking

COMMODITIES

- Brent crude futures slid 2.77% while WTI crude futures fell below \$35 per barrel, losing 2.5% during the week, squeezed by a massive oversupply on one hand and a strengthening US dollar on the other
- The zero yielding yellow metal slipped 0.8% in the spot market, recording its eighth weekly decline out of the last nine as the historic rate hike by the Federal Reserve bolstered the US currency
- The Tokyo Commodity Exchange (TOCOM) rubber futures dropped 6.99% in the week as depressed oil prices and nagging concerns over softer demand in top buyer China weighed on investor sentiment
- The Intercontinental Exchange (ICE) cocoa futures weakened 2.87% during the week ended Dec 18 on heavy selling tied to a stronger dollar, which is expected to cut into demand for dollar- denominated goods
- The Baltic Exchange's main sea freight index lost 8.62% from Dec 11, hit by weak Chinese imports of coal and iron ore in recent months along with worries over the health of the global economy
- The ICE sugar futures advanced 3.57% this week as major forecasting firms issued bullish estimates for the sweetener. Traders are watching the progress of the cane crop in Brazil, the world's largest sugar producer, which has run into delays this season because of heavy rains
- The Chicago Board of Trade soybean futures gained 2.47% during the past five days as Brazil's weather outlook turned drier and export sales during the 2015-16 marketing year boosted optimism over international demand

	Last Close	5 Day %	1 Mth. %	YTD %	1 Year %
Brent – ICE	36.88	-2.77	-15.35	-35.67	-37.78
WTI – Nymex	34.73	-2.50	-14.61	-34.80	-35.82
Gold Spot	1,066.15	-0.80	-0.39	-10.02	-11.06
Silver Spot	14.11	1.36	-0.58	-10.16	-11.20
Copper - CMX	210.30	-0.24	-0.05	-25.57	-26.79
S&P GSCI Spot Index	307.39	-2.08	-8.49	-26.48	-29.03
Baltic Dry Index	477.00	-8.62	-11.17	-39.00	-41.40

Source: Bloomberg, Mashreq Private Banking



Source: Bloomberg, Mashreq Private Banking

INTEREST RATES

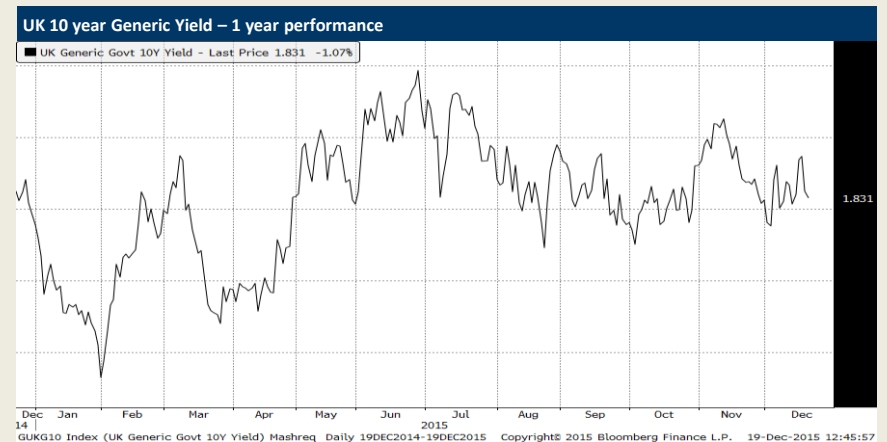
- The US Federal Reserve hiked interest rates for 1st time in nearly a decade on Dec 16, ending a debate about whether economy is strong enough to withstand higher costs. Fed raised the range of benchmark interest rate by quarter of a percentage point to between 0.25% and 0.50%
- The Bank of Japan kept its main monetary stimulus target unchanged at an annual pace of ¥80tn on Dec 18. However, it plans to lengthen the average maturities of govt. bonds it buys to 7-12 years from 7-10 years currently
- The Bank of Mexico hiked its benchmark interest rate by a quarter-point to 3.25% from a historic low of 3.0% for the first time since 2008, in what is seen as an effort to protect the weak peso
- Chile's central bank joined the US Federal Reserve, raising the benchmark rate by 25 basis points (bps) to 3.50% on Dec 17 as it seeks to tamp down above-target inflation, but indicated further rises would come at slower paces
- Hungary's central bank kept its benchmark three-month deposit rate at the record low 1.35% on Dec 15 as policy makers shifted their attention to unconventional monetary easing in a bid to limit an economic slowdown
- The Hong Kong Monetary Authority raised its base rate for the first time in nine years to 0.75% from 0.5% on Dec 17 following the US Federal Reserve's lead overnight, and flagged the risk of rising capital outflows from the city
- Mozambique's central bank raised its benchmark policy rate by 1.5 percentage points to 9.75% on Dec 14, the highest rate in three years aimed at curbing inflation

	Last Close	5 Day %	1 Mth. %	YTD %	1 Year %
USD-10yr	2.20	3.62	-2.73	1.51	-0.16
USD-2yr	0.95	8.82	11.88	43.30	50.83
Fed Funds Rate	0.37	164.29	184.62	516.67	184.62
USD-3m Libor	0.57	11.23	55.13	122.81	130.47
USD-6m Libor	0.80	6.50	32.11	119.13	131.37
German-10yr	0.55	1.48	4.58	1.29	-11.18
UK-10yr	1.83	0.99	-7.34	4.27	-2.09
Japan-10yr	0.27	-16.40	-9.86	-17.70	-25.56
AED-3m EIBOR	0.99	1.76	12.73	46.50	44.97
AED-6m EIBOR	1.13	1.67	10.22	34.26	33.14

Source: Bloomberg, Mashreq Private Banking



Source: Bloomberg, Mashreq Private Banking



EQUITY MARKETS - TOP MOST & BOTTOM MOST

WEEKLY

Ref	Country	Weekly Change	Weekly Change (USD Adj.)
1	Greece	7.74%	6.58%
2	Namibia	7.08%	12.78%
3	Colombia	6.06%	6.11%
4	Poland	5.78%	6.96%
5	Portugal	4.41%	3.29%
6	Dubai-UAE	4.36%	4.36%
7	China	4.20%	3.79%
8	Belgium	3.12%	2.01%
9	Turkey	3.10%	5.78%
10	Jamaica	3.00%	2.94%

Ref	Country	Weekly Change	Weekly Change (USD Adj.)
1	Argentina	-10.76%	-34.24%
2	Venezuela	-4.01%	-4.01%
3	Ukraine	-3.49%	-2.96%
4	Peru	-3.39%	-3.33%
5	Brazil	-2.99%	-5.67%
6	Nigeria	-2.69%	-2.66%
7	Romania	-2.05%	-2.92%
8	Estonia	-1.88%	-2.93%
9	Oman	-1.69%	-1.71%
10	Russia	-1.47%	-1.47%

YTD

Ref	Country	YTD Change	YTD Change (USD Adj.)
1	Venezuela	273.27%	273.27%
2	Jamaica	92.03%	82.97%
3	Latvia	42.74%	28.22%
4	Hungary	42.28%	28.76%
5	Denmark	32.99%	19.23%
6	Malta	32.96%	19.44%
7	Argentina	32.94%	-15.14%
8	Slovakia	32.73%	19.24%
9	Ireland	29.16%	16.03%
10	Estonia	17.04%	5.14%

Ref	Country	YTD Change	YTD Change (USD Adj.)
1	Ukraine	-35.09%	-56.62%
2	Peru	-34.60%	-42.31%
3	Egypt	-25.28%	-31.82%
4	Colombia	-24.65%	-46.22%
5	Greece	-24.58%	-32.25%
6	Namibia	-24.52%	-42.13%
7	Nigeria	-23.43%	-29.41%
8	Cyprus	-22.78%	-30.63%
9	Poland	-19.74%	-27.63%
10	Qatar	-19.31%	-19.30%

COMMODITY MARKETS - TOP MOST & BOTTOM MOST

WEEKLY

Ref	Commodity	Weekly Change
1	Steel Rebar	10.00%
2	Sugar	3.57%
3	Bean Meal	3.23%
4	Palladium	2.88%
5	Lumber	2.53%
6	Soybeans	2.47%
7	Platinum	2.26%
8	Aluminium	1.59%
9	Silver	1.36%
10	Lean Hogs	1.12%

Ref	Commodity	Weekly Change
1	Natural Gas	-11.21%
2	Rubber	-6.99%
3	Orange Juice	-4.13%
4	Ethanol	-3.85%
5	Heat Oil	-3.36%
6	Cocoa	-2.87%
7	Brent Crude	-2.77%
8	Lead	-2.72%
9	WTI Crude	-2.50%
10	Zinc	-2.32%

YTD

Ref	Commodity	YTD Pct Change
1	Cocoa	11.75%
2	Cotton	5.67%
3	Sugar	3.99%
4	Orange Juice	2.75%
5		
6		
7		
8		
9		
10		

Ref	Commodity	YTD Pct Change
1	Nickel	-42.15%
2	Heat Oil	-40.05%
3	Natural Gas	-38.84%
4	Brent Crude	-35.67%
5	WTI Crude	-34.80%
6	Gasoil	-32.94%
7	Steel Rebar	-32.49%
8	Feeder Cattle	-32.22%
9	Zinc	-30.39%
10	Lean Hogs	-30.26%

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