



Issue 39

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In Focus

G-20 Officials Seek Currency Policy Compromise...

Leaders of the Group of 20 nations (G-20) may ease the tension over exchange rate policies by the end of their November summit, a South Korean official said after Brazil warned of deepening divisions.

The U.S. Economy Grew 1.7% in Q2 as Recovery Slowed; Jobless Claims Decreased to 453,000...

Consumer Spending in the U.S. Rose More than Forecast in August...

The Canadian Economy Shrinks 0.1% in July to Post First Decline in 11 Months...

Canada's GDP shrank for the first time in 11 months in July, as retailers, manufacturers and builders posted declines.

Spain's Credit Rating has been Cut One Level to Aa1 by Moody's...

Spain had its top credit rating cut one level by Moody's Investors Service, which cited the nation's "weak" economic outlook.

The U.K. House Prices Decline the Most in 18 Months, Consumer Confidence Drops while Retail-Sales Index Increases to a 6-Year High ...

The European Manufacturing Cools Down, Unemployment Stays at a High

The German Jobless Rate Falls to Lowest since April 1992 on Export-led Demand...

The Japanese Factory Output Unexpectedly Falls, Deflation Eases, Unemployment Rate declines...

Unexpected Jump in Hong Kong's Exports on Chinese Demand the Most in 18 Years...

The Chinese Manufacturing Growth Accelerates, Survey Shows...

The Indian Manufacturing Growth Falls for 2nd Month...

The Saudi Banking System 'Stable' Says Moody's, Economic Cities Draw Foreign Investment...

The outlook for the Saudi banking system is stable, reflecting its resilience and strong financial fundamentals despite the continued challenging operating conditions.

Dollar declines whilst the Gold and oil prices soar...



Global Stock Markets Snapshot

Market Indices	Closing	WTD %	MTD %	YTD %	52-week Range	PE
North America						
S&P 500	1,146.24	-0.2	0.4	2.8	1,219.8 - 1010.91	15.2
Dow Jones Industrial	10,829.68	-0.3	0.4	3.9	11,258.01 - 9,430.08	14.0
Nasdaq Composite	2,370.75	-0.4	0.1	4.5	2,535.28 - 2024.27	25.5
Canada (TSX Composite)	12,363.08	1.3	0.0	5.3	12,446.85 - 10,745.25	19.4
Euro Zone						
U.K. (FTSE 100)	5,592.90	-0.1	0.8	3.3	5,833.73 - 4,790.04	18.1
Germany (DAX 30)	6,211.34	-1.4	-0.3	4.3	6,386.97 - 5,312.64	13.5
France (CAC 40)	3,692.09	-2.4	-0.6	-6.2	4,088.18 - 3,291.05	12.6
Switzerland (SMI)	6,284.17	-1.2	-0.2	-4.0	6,990.70 - 5,934.95	13.5
Developed Asia						
Japan (Nikkei 225)	9,404.23	-0.7	0.4	-10.8	11,408.17 - 8,796.45	22.9
Hong Kong (Hang Seng)	22,358.17	1.1	0.0	2.2	23,099.57 - 18,971.52	14.5
Singapore (Strait Times)	3,130.90	1.2	1.1	8.1	3,132.03 - 2,576.84	12.7
South Korea (Kospi)	1,876.73	1.6	0.2	11.5	1,884.00 - 1,519.40	12.5
BRIC Block						
China (Shanghai - C)	2,655.66	2.5	0.0	-19.0	3,361.39 - 2,319.74	19.0
India (BSE Sensex)	20,445.04	2.0	1.9	17.1	20,433.85 - 15,330.56	20.3
Brazil (Bovespa)	70,229.35	3.0	1.2	2.4	71,989.18 - 57,633.9	15.9
Russia (RTS)	1,531.91	2.9	1.6	6.0	1,685.60 - 1,052.98	9.3
Emerging Markets						
Saudi Arabia (TASI)*	6,392.39	-0.7	0.0	4.4	6,939.33 - 5,530.79	17.8
Malaysia (FTSE Bursa KLCI)	1,466.32	1.0	0.2	15.2	1,479.59 - 1,202.42	17.9
Indonesia (Jakarta CI)	3,547.11	4.4	1.3	40.0	3524.12 - 2,235.39	37.3
Taiwan (Wtd PR)	8,244.18	0.9	0.1	0.7	8,395.39 - 6,711.16	16.1
Turkey (IMKB Nat 100)	64,882.72	1.0	-1.4	22.8	65774.37 - 44,130.19	11.8
Egypt (EGX 30)**	6,634.27	-1.3	0.0	6.9	7,693.46 - 5,814.24	14.7
South Africa (JSE All Shares)	29,266.73	1.9	-0.6	5.8	29,565.10 - 24,338.64	20.8
Mexico (IPC)	33,807.48	1.6	1.4	5.3	34,223.87 - 28,063.72	18.8

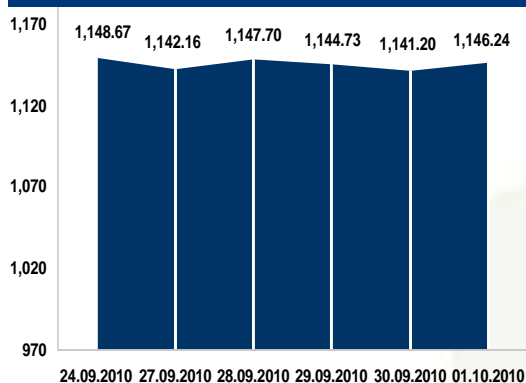
*Saudi Arabia (TASI) - As on 29th September 2010, **Egypt (EGX 30) – 30th September 2010

Source: Reuters

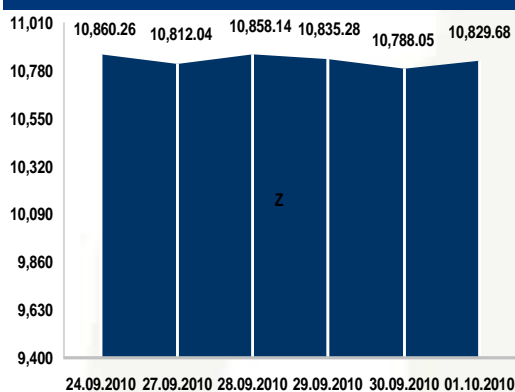


North America

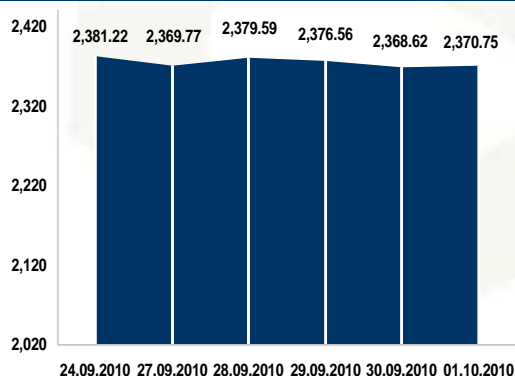
S&P 500 Weekly Movement



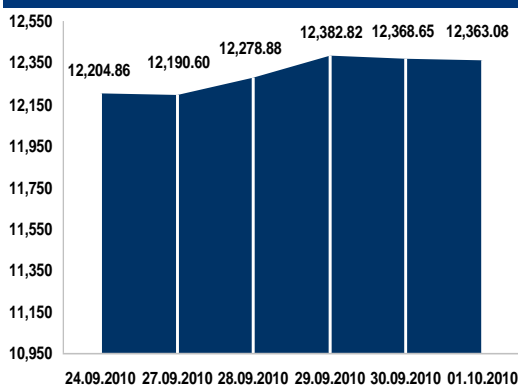
Dow Jones Industrial Weekly Movement



Nasdaq Composite Weekly Movement



Canada (TSX Composite) Weekly Movement



Market Commentary

Except Canada, all the North American markets closed down this week.

U.S.

The U.S. stocks fell, snapping a string of four weekly gains on Europe's debt concern...

The U.S. stocks started the fourth quarter on a positive note, rising modestly even as a plethora of economic reports, including key manufacturing data, yielded conflicting signals. **The DJIA rose 0.4% to 10,830 on Friday. The S&P's 500 rose 0.4% to 1,146 while the Nasdaq Composite edged up 0.1% to 2,371.** The U.S. stocks followed Asian and the European markets higher earlier after China's manufacturing data expanded at a fastest pace in four months in September. The China's Purchasing Managers' Index rose to 53.8 from 51.7 in August. But certain data points triggered alarm about the economy's health among investors. Shares bounced around through most of Friday's session as investors remained skittish about how to position themselves amid a number of economic reports. Traders were jittery after the ISM said the U.S. Manufacturing Sector expanded in September, but at a slower pace than in August.

Friday's gains were not enough to send blue chips higher for the week. Snapping a string of four-straight weekly gains for Dow and S&P 500, the U.S. stocks slipped from the week high on concerns that the Europe's government debt crisis may threaten the economic recovery. **For the week, the Dow fell 0.3%, the S&P 500 slipped 0.2% and the Nasdaq dropped 0.4%.** The S&P 500 surged 10.7% for Q3. Dow surged 7.7% last month, its best September performance since 1939, and rallied 10.4% in the Q3, its best quarterly performance in a year. The week also featured dueling voices from Fed officials, with their words monitored for clues ahead of the Central Bank's next policy-setting meeting in early November. On Friday, Fed President William Dudley called the outlook for U.S. employment growth and inflation "unacceptable," and said the Central Bank might have to take further action to stimulate the economy.

In the days ahead, reports on August factory orders and inventory, and an Index on pending-home sales in August are slated for release on Monday. A report for September job data to be realized next Friday, however, is the big event, and it's more weighty than usual because it could be a critical piece in the Fed's decision making process about further easing. Economists expect to see barely any change in September hiring, with the private sector delivering about 80,000 jobs. The non-manufacturing data for September is expected to be released Tuesday. Other data includes consumer credit Thursday and wholesale trade Friday. Concerns about upcoming economic reports and the release of Q3 earnings appear to have worried the investors. Investors are hesitant to put more money into the market at the start of October due to skepticism that the strength seen in September may continue without a pullback. **The outlook for the next week is mixed.**

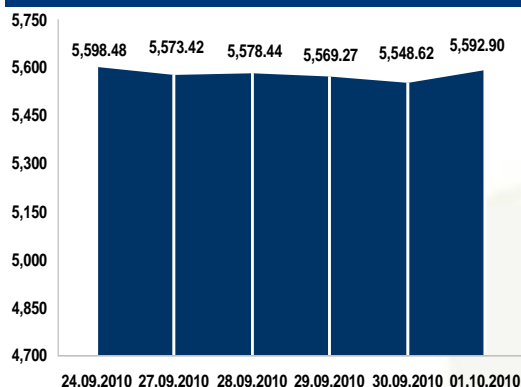
Canada

The Canadian Index fell slightly on Friday, pulled down by stocks of Canada's largest banks after the financial sector took a hit following cautionary statements from the U.S. Fed chief about the need for further action to address the U.S. economy. The TSX Composite Index Friday fell 0.1% to 12,363.1. Stocks also gave back their gains after the ISM reported that the U.S. manufacturing expanded at the slowest pace in 10 months. **On a weekly basis, the TSX index climb 1.3% completing its third-consecutive weekly gain, after the U.S. income and spending and Chinese manufacturing increased more than economists forecast.** The TSX surged 9.5% in the three months that ended Thursday, the biggest quarterly gain in a year. **The outlook for the next week is mixed as investors are concerned about the outcome of the various economic reports that are expected next week.**

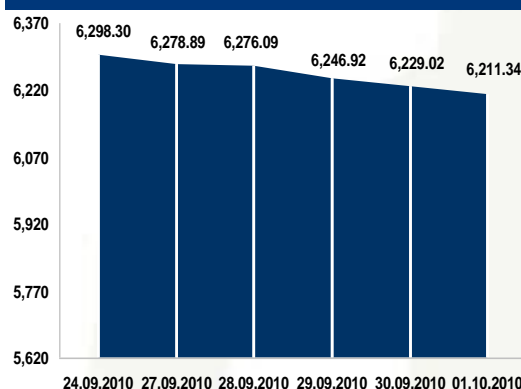


Euro Zone

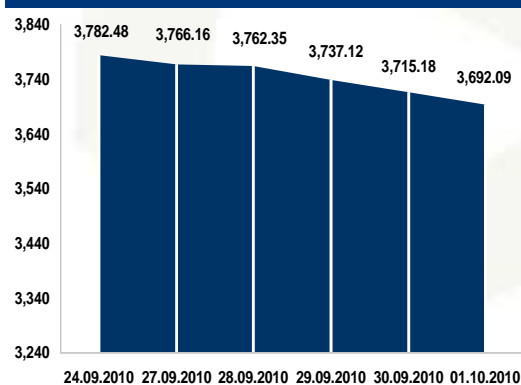
U.K. (FTSE 100) Weekly Movement



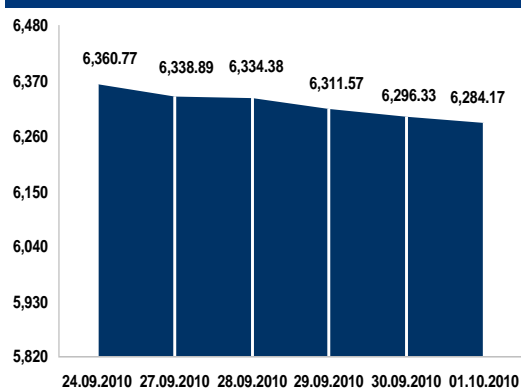
Germany (DAX 30) Weekly Movement



France (CAC 40) Weekly Movement



Switzerland (SMI) Weekly Movement



Market Commentary

The Euro Zone equity markets posted the biggest weekly drop in three months, with banks leading declines amidst concern that the region's economy is slowing as the sovereign-debt crisis curbs growth.

The Stoxx Europe 600 Index dipped 1.9% this week to 259.09, the most since July 2. The gauge is 4.8% below this year's high in April amid speculation that economic growth will slow as the European nations slash spending to rein in their budget deficits. The cost of insuring against default on Ireland's government debt surged to a record this week, signaling deterioration in the country's creditworthiness. Expansion in Europe's manufacturing industry slowed in September and export orders weakened as a cooling global recovery restrained demand. The reports overshadowed better-than-forecast data on Chinese manufacturing and U.S. growth. National Benchmark Indices slipped in 14 of the 18 western European markets this week.

The European banking stocks recorded the worst performance among 19 industry groups in the Stoxx 600 this week, sliding 4.5%. Allied Irish tanked 12% as the Government said it will take majority ownership of the company in its second bailout of the lender. National Bank of Greece sank 10%. Greece's Alpha Bank SA, EFG Eurobank Ergasias SA and Piraeus Bank SA retreated by 5.7%, 3.8% and 1.4% respectively. Moody's Investors Service said the "continued weak and deteriorating" asset quality and funding conditions for Greek banks justifies a "negative" outlook for the industry and the individual banks' ratings. Moody's Investors Service also downgraded Spanish debt this week, joining two other major credit rating agencies who have taken similar steps out of concern over the country's public finances. London-based Moody's lowered the debt rating by one notch, from Aaa to Aa1, with a stable outlook, because of concerns over Spain's weak growth prospects and what it called considerable deterioration in the government's financial strength. The downgrade came one day after massive European street protests against austerity measures renewed worries about the region's finances. A statement issued after a meeting in Brussels this week said that finance ministers and Central Bank Governors of the region had "pointed out the risks related to the sovereign debt market that could have a contagious effect on the banking sector."

U.K.

The U.K. Index FTSE 100 rose 0.8% to 5,592.10 on Friday, paring its weekly drop to 0.1%.

Germany

The German stocks shed 0.3% on Friday with the DAX Index closing the week down 1.4%, at 6,211.34.

France

The French Stock Market Index CAC 40 declined 0.6% to 3,692.09 on Friday, positing a weekly loss of 2.4%.

Switzerland

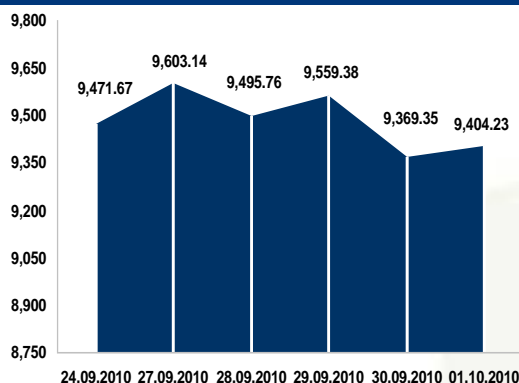
The Swiss Index SMI recorded a weekly decline of 1.2% and closed at 6,284.17.

The outlook next week is mixed.

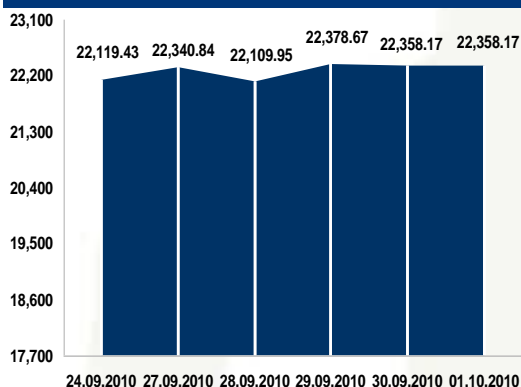


Developed Asia

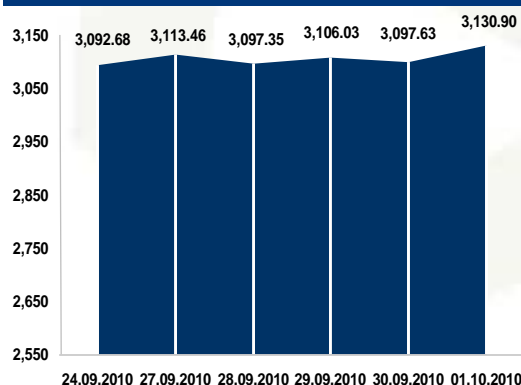
Japan (Nikkei 225) Weekly Movement



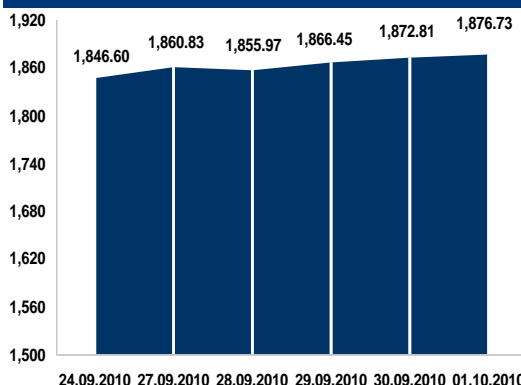
Hong Kong (Hang Seng) Weekly Movement



Singapore (Straits Times) Weekly Movement



South Korea (Kospi) Weekly Movement



Market Commentary

Developed Asian markets extended gains this week, Japan weighed down the Yen rise...

Continuing its gains, the developed Asian market ended the week on a positive note. The rise in the Chinese manufacturing, better employment and capital goods orders data from the U.S. added to signs of a stabilizing world economy. The expectation of a fresh round of quantitative easing steps to be announced by the U.S. at the end of its November 2-3 meeting and continued flow of funds into the high growth Asian regions pulled the market further up this week. However, concern over a deterioration of the European government finances, some disappointing domestic data and fear of China intensifying measures to rein in property prices weighed on the markets.

Japan

Erasing early gains on bargain buying after the sharp fall on Thursday, the Nikkei 225 Friday ended up 0.4% to 9,404.23, weighed down by banking shares and heavy selling of futures as worries about European banks and stricter regulations gripped the market. Disappointing domestic industrial production data, Q3 Tankan Survey and a rise in the Yen painted a gloomy picture of the Japanese economy moving forward. However, a moderation of the deflation rate, fall in the unemployment and improvement in manufacturer confidence for a 6th straight quarter supported the market. **The Nikkei gained 6.2% in September and lost 0.2% in this volatile week of trading. The BOJ monetary policy meeting next week and expectation of further policy tightening may drive the market. The market is not expected to go up in a hurry as Q3 results are likely to see some downward revisions.**

Hong Kong

Starting this holiday-shortened week on a positive note, the Hang Seng Index hit its highest level in more than 8 months as investor appetite for equities grew as domestic exports unexpectedly climbed the most in more than 18 years in August, along with positive Chinese manufacturing data, continuing gains for local property developers and the expiry of the futures settlement contracts. Low interest rates and expectations for further appreciation in the Yuan, which makes the Hong Kong Dollar-denominated assets cheaper for mainland investors, continued to draw funds into the local housing market. **The market closed the week up 1.1%, at 22,358.17 and is expected to remain mixed to positive next week. A profit taking may be witnessed at these levels.**

Singapore

Starting October on a positive note, the Straits Times Index Friday rose 1.1% to 3,130.90, nearing a 28-month high. The strong Chinese and U.S. data coupled with the expectation of better results, and the easing of the Fed policy led to a rise in liquidity, encouraging strong foreign buying. **On a weekly basis, the market rose 1.2%. The market is expected to remain positive next week. However, the rich valuation of the shares may invite some profit taking.**

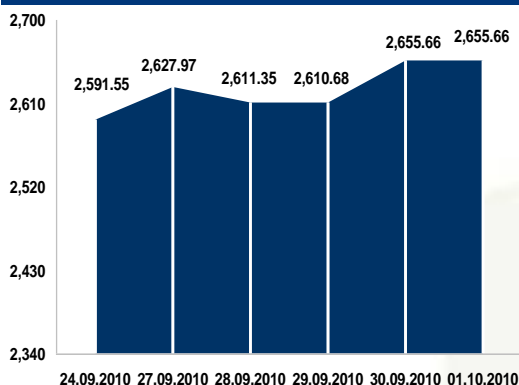
South Korea

Extending the gains, the Seoul Index edged up to another 28-month intraday high on Friday fuelled by continued foreign buying and better-than-expected export data. **The KOSPI Friday rose 0.2% to 1,876.73, its highest close since May 19, 2008.** The strength of the local currency also marginally added to the gains. The subdued domestic industrial output data, which fell for the first time in 10 months, in August, failed to dampen investor optimism. **The South Korean Index gained 1.6% this week. The market is expected to remain mixed next week driven by global cues.**

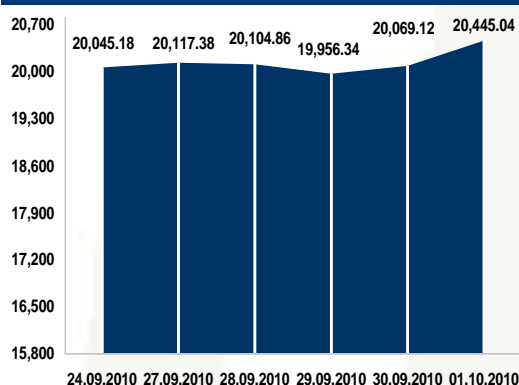


BRIC Block

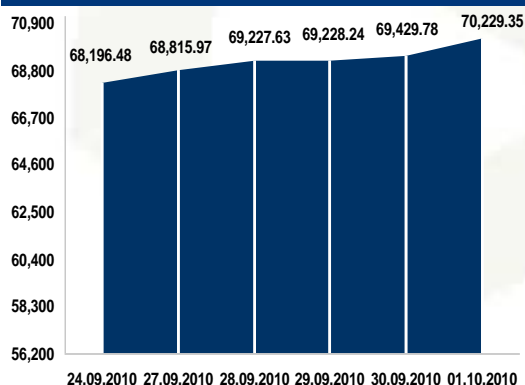
China (Shanghai Composite) Weekly Movement



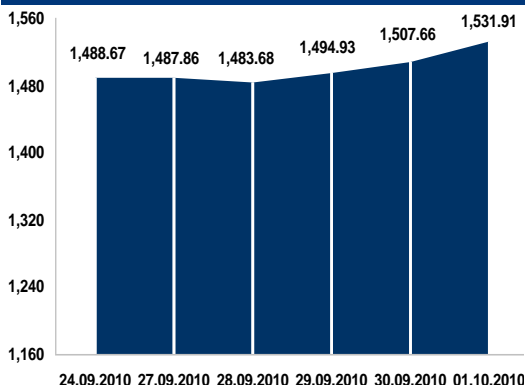
India (BSE Sensex) Weekly Movement



Brazil (Bovespa) Weekly Movement



Russia (RTS) Weekly Movement



Market Commentary

All the BRIC bourses closed higher this week.

China

The Chinese stocks Thursday rose 1.7% as better-than-expected Chinese manufacturing and U.S. economic data reduced concern that the global recovery may falter. Investor sentiment improved after China's Purchasing Managers' Index rose to 53.8 from 51.7 in August, the fastest pace in four months. Property developers gained even after the government announced more measures to curb rising real-estate prices including a tax. Copper climbed to the highest since 2008 and Crude Oil traded above \$80 a barrel. Copper futures on the London Metal Exchange added 1.7% bolstered the overall confidence in the global economy. **On the weekly basis, the Shanghai Composite Index advanced 2.5% to 2,655.66.** The Chinese market is closed from Oct. 1 to Oct. 7 for National Day holidays. Next week there will be just one trading session on Friday. **The market is expected to trade mixed.**

India

Positive global cues and persistent capital inflows drove the BSE Sensex up 1.9% on Friday, with auto stocks generating strong demand ahead of the release of September sales data. It was the biggest winning stretch in six months for the Indian Index. In addition to auto stocks, metal shares were on a roll after the U.S. Q2 GDP expanded and China manufacturing data came better-than-expected signaled that demand was unlikely to slowdown in the near-term. The U.S. weekly jobless claims beat economists' estimates further boosted the investor sentiment. Crude Oil rose for a third day to the highest in seven weeks. **On the weekly basis, the BSE index rose 2% to 20,445.04 points, only around 800 points away from its record high witnessed in Jan 2008.** FI's continue to pump in money into the Indian economy and bought shares worth \$17.59bn during Thursday's session. India's manufacturing sector continued to expand in September although at a considerably slower pace than in preceding months predominantly weighed down by a fall in new orders and output, a survey showed. **The outlook for the next week is mixed to positive as investors are waiting for the September auto sales data which is expected to release this October.**

Brazil

The Bovespa Index gained for a fifth day, capping the biggest weekly advance since July, as a drop in Brazilian manufacturing eased bets for higher borrowing costs and commodities gained. **The Bovespa Friday crossed the important 70,000 mark and rose 1.2% to close at 70,229.35** as investors looked with encouragement toward possible gains in markets abroad on fresh economic data from the U.S. and China. **The Bovespa Index surged 3% this week, its biggest weekly advance since July,** capping the biggest quarterly gain in a year. The fundamentals of Brazil's economy are strong. The end of the election process may also help, as discussions return to economic fundamentals. **The outlook for the next week is mixed to positive.**

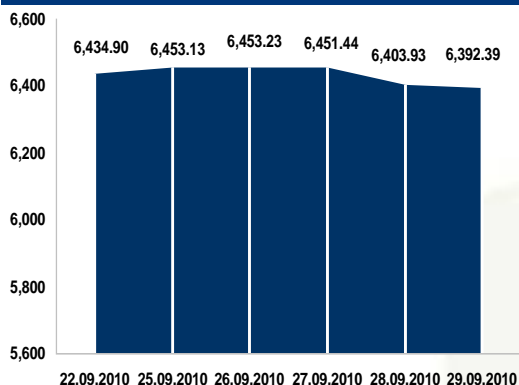
Russia

Russia's RTS Index rose to a five-month high on Friday as Oil and Metal prices rallied on the Chinese manufacturing data. **The RTS Index Friday advanced 1.6% to 1,531.91 as the price of oil rose above \$81 a barrel. On the weekly basis, the RTS Index surged 2.9% supported by extremely favorable foreign background.** The U.S. GDP data and better than expected unemployment cheered investors. **The outlook for the next week is mixed to positive as the investors are buoyant by the rising Oil price and the positive external cues.**

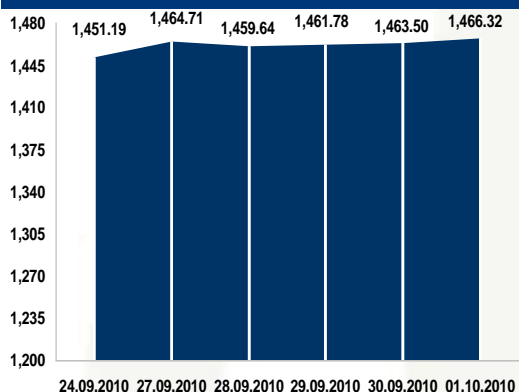


Emerging Markets

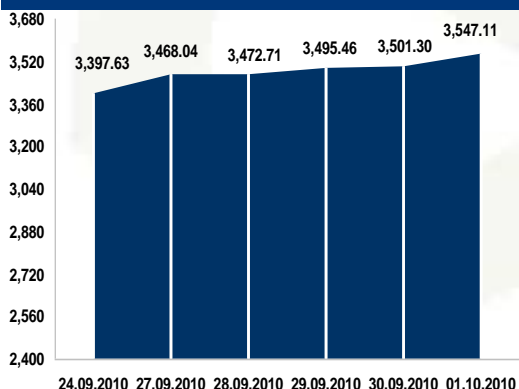
Saudi Arabia (TASI)
Weekly Movement



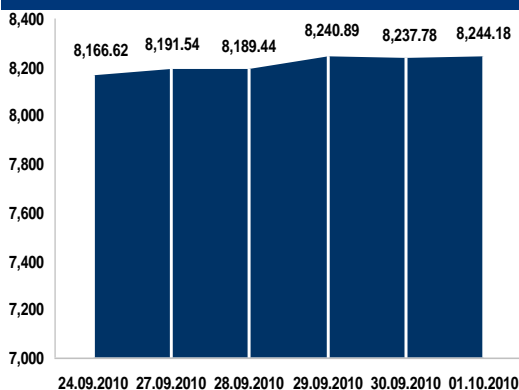
Malaysia (FTSE Bursa KLCI)
Weekly Movement



Indonesia (Jakarta Composite)
Weekly Movement



Taiwan (Wtd PR)
Weekly Movement



Market Commentary

With the exception of Saudi Arabia and Egypt, all other emerging markets covered by us advanced this week.

Saudi Arabia

The biggest Arab bourse closed the week on a negative note with the Tadawul All Shares Index closing down 0.7%, at 6,392.39. The market lacked local triggers and negative sentiment from the European markets over the governments' debt crisis and protests over austerity measures. Trading activity was also subdued with low volumes and turnover. Retail investors sold several blue chips to book profits after their recent gains on Q3 results' expectations. Tuesday, NYMEX crude snapped a four-day winning streak and fell below the \$76 a barrel mark, which induced heavy selling in the Saudi Petrochemical Sector. The bellwether SABIC dropped by 0.3% during the week to SAR89.75. Large cap banking stocks such as Al Rajhi and SAMBA also closed down. The state-owned Saudi Electricity however had a dream run and closed the week with a solid gain of 5.0%. Saudi Electricity Tuesday said that it awarded a SAR12.75bn contract to Doosan Heavy Industries and Construction Co. for the expansion of a power station. **The outlook next week is positive. Oil prices again breaching the \$80 mark will bring back investors. Positive macroeconomic news from the U.S. will also cheer investors. However, any below expected Q3 numbers may induce another wave of selling.**

Malaysia

Witnessing firm trading throughout the week, the Malaysian Benchmark Index, FTSE Bursa KLCI Friday closed up 0.2%, at 1,466.32, logging a weekly gain of 1.0%. Select heavyweights such as Axiata Group, MMC Corporation and DiGi enjoyed strong institutional buying. Plantation stocks were also heavily bought. The Malaysian market has been continuing its upward trend since Wednesday although there was some sort of correction as investors cashed in profit from recent gains. **The Kuala Lumpur market is expected to trade range-bound next week. However, strong buying from the institutional funds can keep the market momentum positive.**

Indonesia

The Indonesian market continued to gain for the 6 straight sessions, Friday hitting a new peak, with the Jakarta Composite Index rising 1.3% to 3,547.11, its first close above the 3,500 level. Encouraging data from the U.S (drop in jobless claims, stronger Q3 activities etc.) and Chinese better-than-expected manufacturing data boosted sentiment. The domestic easing of the inflation (Consumer prices climbed 5.8% from a year earlier in September, compared with an increase of 6.4% in August, the government said) and rise in the commodity prices also perk up the gains. The inflows continue to rise, with the Jakarta market racking up \$1.42bn of foreign buying in the Q3, over three times more than in the previous quarter, on optimistic outlook for the Southeast Asia's biggest economy. **On the weekly basis, the Index gained 4.4%. The market is expected to remain positive next week.**

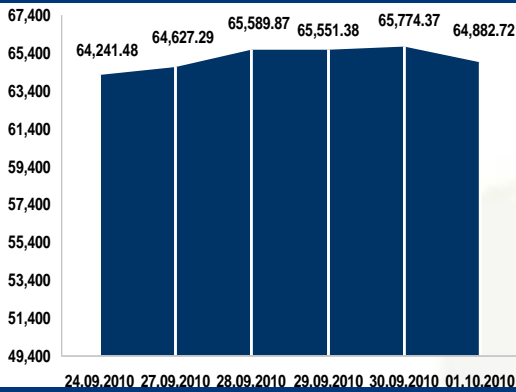
Taiwan

The Taiwan market ended its week on a flat note at the level of 8244.18, gaining 0.1% Friday. The investors' preferred to remain sidelines amid the upcoming September sales data next week. The construction sector witnessed substantial buying after the Central Bank's declaration of quarterly credit policy, which was better than expectation. On a weekly basis, the Taiwan Index gained 0.9%. **The market is expected to trade range-bound next week. The sales data can keep the investors remain under concern.**

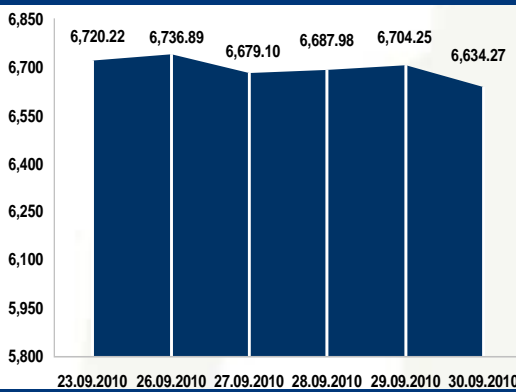


Emerging Markets

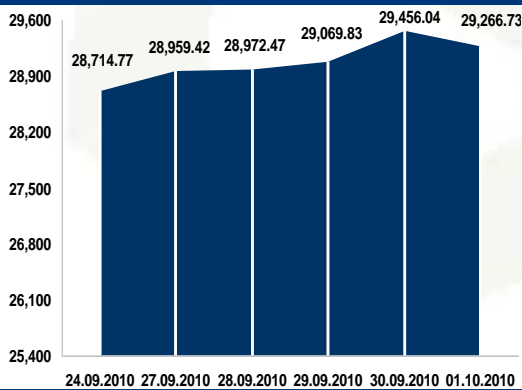
Turkey (IMKB Nat 100) Weekly Movement



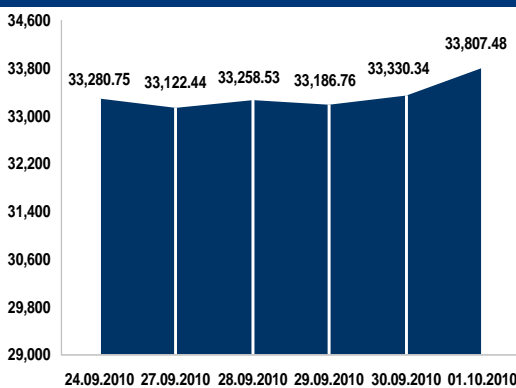
Egypt (EGX 30) Weekly Movement



South Africa (JSE All Shares) Weekly Movement



Mexico (IPC) Weekly Movement



Market Commentary

Turkey

The Istanbul Stock Exchange Benchmark (IKMB Nat 100) touched a record high of 66,065 during intra-day trading on Thursday and then closed the session at 65,774.37, which was also a record high closing. Investors are bullish on the Istanbul market due to the outcome of the public referendum and the recently concluded International Finance Summit that was held in Istanbul. Financial authorities from around the world and experts attending the meeting pointed out the significant increase in Turkey's economy and potential. Many domestic and foreign investors attached high confidence to these statements and continue to invest in the Turkish Lira and the IMKB. Positive cues from the U.S. also cheered investors. Turkey meanwhile plans to exempt stock warrants from the current 10% withholding income tax, according to a Finance Ministry document. The draft proposal, shown to reporters in Istanbul by Finance Ministry officials, has been submitted to the Cabinet for approval. **The Istanbul Index fell 1.4% on Friday on profit taking and closed the week at 64,882.72, logging a weekly gain of 1.0%. The outlook next week is positive.**

Egypt

Egypt's benchmark index EGX 30 fell below the 6,700 mark at the end of the week after rising 2.9% last week and touching a 4-week high. The EGX 30 closed Thursday, down 1.0%, at 6,634.27, recording a weekly drop of 1.3%. The heavyweight Orascom Telecom, which shed 6.3% during the week weighed heavy on the Cairo Equity Market Index. Orascom Telecom's Algerian unit, Djezzy had received a new tax request amounting to about \$230mn, a move that escalates the firm's row with Algiers. Djezzy has been at the centre of a long dispute with Algerian authorities since it was hit with previous back-tax claims amounting to over \$600mn. **The outlook next week for the Egyptian stock market is positive to mixed.**

South Africa

After a continuous rally throughout the week the JSE All Share Index Friday closed down 0.65, at 29,266.73, as investors booked profits following substantial gains on Thursday. The expectation regarding the Bank of Japan announcing monetary easing measures along with the fall of overnight Wall Street stocks pared the weekly gains of the South African market. On a weekly basis, the market gained 1.9% amid investors' focus on the South African economic fundamentals and stable financial system ignoring the Euro Zone debt worries and Moody's downgrade of Spain's government bond rating. **Next week, the Johannesburg market is expected to trade positive because the domestic economy is in better shape and the financial sector looks strong.**

Mexico

Mexico's Benchmark Index IPC witnessed a robust gain on Friday when a rally in the copper stocks drove the market to its highest level at 33,807.48 since April 23. The DJIA, which often influences the Mexican equities, rose 0.4% on Friday amid positive figures on the U.S. consumer spending and personal income along with a solid auto sales data surged the market momentum. **On a weekly basis, the IPC Index gained 1.6%, with a consecutive gain since Wednesday. Next week the Mexican Index is expected to trade positive because the market has already discounted a lot of concern regarding the negative outlook of U.S. growth.**



Oil Update

Crude Oil

Crude oil hits a seven week high on weak Dollar, strong Chinese manufacturing data...

Crude oil prices continued to rise for the third straight day on Friday; climbing to a 7-week high as weak Dollar and better-than-expected Chinese manufacturing data bolstered optimism that demand would grow. However, the U.S manufacturing data dented the gains slightly. On Thursday, the oil ended Q3 with a largest percentage gain since the last quarter of 2009. The economic growth in the U.S., decline in jobless claims, stable business activities cemented the gains. The political unrest in the OPEC member Ecuador also firmed up the prices. **The NYMEX crude for the November delivery rose to \$81.58 on Friday**, the first settlement above the \$80 mark since August 10. **Brent crude for November settled at \$83.75 a barrel. In September, Crude surged 11.2%, the best monthly rise since May 2009 and finished the Q3 up by 5.7%. For the week, oil rallied 6.6%, its biggest weekly rise since mid-February.**

According to the EIA, Crude inventories declined by 500,000 barrels for the week ended September 24. Gasoline reserves decreased 3.5 mn barrels, while stocks of distillates, which include diesel and heating oil, declined 1.3 mn.

Gains in oil prices still lacks strength, given the continued inflow of mixed data from the U.S and Europe. The prices are expected to remain firm on expectation of lower inventories. However, a slew of macroeconomic data releases would add to the volatility.

Crude soars by 6.7% this week...

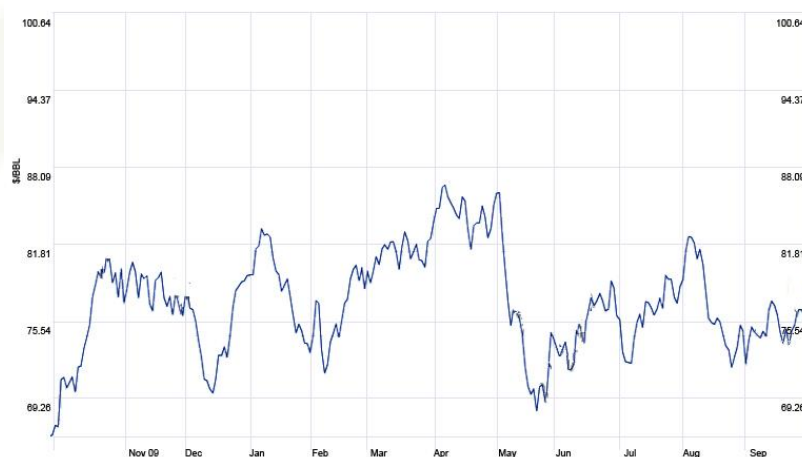
Crude prices are expected to trade firm.

Key Statistics

Oil Prices	Last Price (\$)	WTD %	MTD %	YTD %
NYMEX (WTI)	81.58	6.7	2.0	2.7
Brent Crude	83.75	6.2	1.7	7.9

Source: Reuters

NYMEX (WTI) Crude Oil Price Movement



Source: Oilnergy.com



Precious Metal Markets Update

Gold

Gold prices continued to march ahead, hits a new record high...

Gold prices rose for the 6th consecutive day on Friday, touching an all-time high of \$1,322.00 per troy ounce as the weaker Dollar continued to feed the record-breaking rally. The mixed economic data from the U.S. fuelled the speculation that the Fed may pump billions of Dollars into the economy through buying government debt leading to the weakening of the greenback. The Euro banking concern, Ireland downgrade, mixed to negative data from U.K and Germany helped Gold's rise. The IMF report on Thursday announcing it sold 18.5 metric tons of gold in August; bringing IMF's gold sales to 106.8 metric tons in a year put some pressure on the prices. The Chinese manufacturing growth, U.S jobless decline and consumer confidence and GDP upward revision also weighed on the prices.

Gold for December delivery, the most actively traded contract settled up 0.6% at \$1,318.0 a troy ounce. On the weekly front the gold gained 1.5%, biggest three-week rally since mid-May. Gold rose 6.0% in the Q3, marking its eighth consecutive quarterly gain.

The Gold prices are expected to remain mixed to positive next week. The speculation over the Fed easing and the mixed data from the U.S. may continue to provide fuel to gold rally.

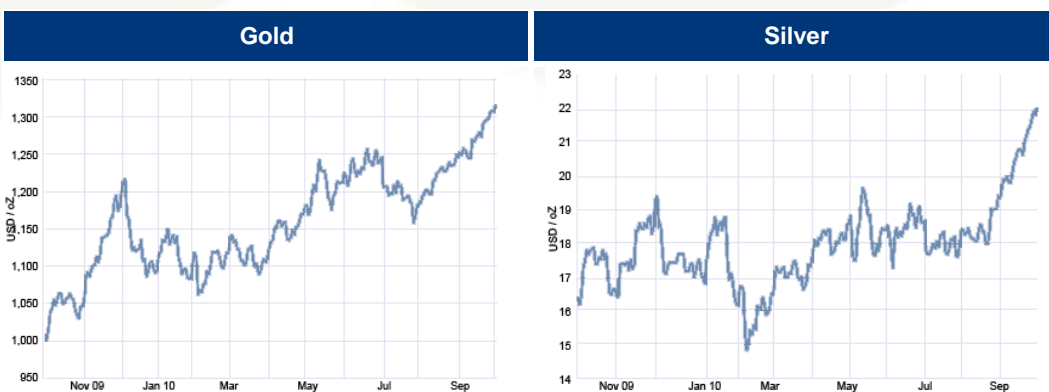
Silver

Silver prices, in line with the gold, ended the week up 3.1%, settling at a 30-year high. Silver for the December delivery Friday gained 1.1% to settle at \$22.06 an ounce. The silver prices are expected to follow the movement in the gold.

Key Statistics

Precious Metals	Last Price (\$ per oz)	WTD %	MTD %	YTD %
Gold	1,318.00	1.5	0.6	19.9
Silver	22.06	3.1	1.1	30.8

Source: Reuters



Source: goldprice.org, silverprice.org

Gold gained 1.5% this week.

Gold is expected to trade mixed to positive.



Money Market Update

The Euro and the Yen power ahead against the Dollar on Fed easing concerns....

The Dollar continued its fall for the fifth of the six trading session on Friday against the Euro, hitting a 6-month low on weak manufacturing and inflation data from the U.S. and rise in the Chinese manufacturing. The Dollar had the worst quarterly loss in more than eight years in the three months ended Thursday. **The Dollar Index lost 1.7% this week. The Euro has jumped 7.4%, the best month since December 2008 on expectation that the region had relied less on European Central Bank funding. The Euro is up 11.4% this quarter and 2.1% on weekly basis against the Dollar.** The ECB official confirmation that special liquidity measures would continue to be withdrawn added to the gains. Ignoring the data showing a slowdown in the regional pace of manufacturing growth, higher unemployment, Spain's credit rating downgrade and Ireland's increased estimated cost of bail out on expectations that Europe may gradually remove policy stimulus before the U.S. and Britain.

The Japanese Yen rose for a fourth session against the Dollar, gaining 1.1% this week although government promised to continue to take decisive steps on currency appreciation, hurting its export based economy on weak U. S data. **The British Pound advanced 0.1% against the Dollar,** little changed this week on weak home prices, consumer confidence and slow manufacturing activities.

Asian currencies advanced for the fifth consecutive weeks led by the Korean Won, the longest winning streak since March, and biggest quarterly advance since 2004 on continued inflow of funds into Asian assets, the world's fastest growing region. Yuan reached the strongest level since end of 1993.

The IMF annual meeting next week, speculation over the monetary easing by some countries will continue to add volatility in the market. The greenback is expected to trade mix to negative next week.

Key Statistics

Currency	Last Close	WTD %	MTD %	YTD %
EUR / US\$	1.378	2.1	1.1	-3.7
GBP/US\$	1.5836	0.1	0.8	-2.0
US\$/JPY	83.306	-1.1	-0.2	-10.5
CHF/US\$	1.0255	1.0	0.8	6.2
US\$/C\$	1.0202	-0.5	-0.8	-3.0

Source: Reuters

Currency Matrix

	Dollar	Euro	Pound	Sfranc	Peso	Yen	CdnDlr
U.S.	....	1.378	1.5836	1.0255	0.0798	0.012	0.9802
Euro	0.7257	....	1.1492	0.7442	0.0579	0.0087	0.7113
U.K.	0.6315	0.8702	....	0.6476	0.0504	0.0076	0.619
Switzerland	0.9751	1.3437	1.5442	....	0.0778	0.0117	0.9558
Mexico	12.538	17.277	19.855	12.857	....	0.1505	12.289
Japan	83.306	114.8	131.92	85.43	6.6445	....	81.656
Canada	1.0202	1.4058	1.6156	1.0462	0.0814	0.0122	....

Source: Reuters

The Dollar fell against the Euro and the Yen.

The Greenback is expected to trade mixed to negative.



Weekly Newsmakers

G-20 Officials Seek Currency Policy Compromise...

Leaders of the Group of 20 nations (G-20) may ease the tension over exchange rate policies by the end of their November summit, a South Korean official said after Brazil warned of deepening divisions. "Policy makers are talking over the currency issue and, thus, I expect they will be able to find a compromise at the Seoul summit," Sakong Il, Chairman of the nation's Presidential Committee for the summit, told reporters in Seoul.

The U.S. Economy Grew 1.7% in Q2 as Recovery Slowed; Jobless Claims Decreased to 453,000...

The U.S. economy grew at a 1.7% annual rate in Q2, marking the start of a slowdown in growth that has worried the Federal Reserve, against the median forecast of 1.6% by the economists. Applications for the U.S. unemployment benefits decreased last week, a sign that companies are cutting back on firings even as economic growth slows. Initial jobless claims decreased by 16,000 to 453,000 in the week ended September 25, lower than the median forecast.

Consumer Spending in the U.S. Rose More than Forecast in August...

Consumer spending in the U.S. rose more than forecasted in August as income climbed, bolstering the Federal Reserve's forecast that the world's largest economy will keep expanding at a "modest" pace. Purchases rose 0.4% for a second month, Commerce Department figures showed on Friday in Washington, exceeding the median estimate of the 0.3% increase.

The Canadian Economy Shrinks 0.1% in July to Post First Decline in 11 Months...

Canada's GDP shrank for the first time in 11 months in July, as retailers, manufacturers and builders posted declines. Canada's economic output fell 0.1% to a seasonally adjusted annual rate of C\$1.23trillion (\$1.19trillion) in July, Statistics Canada said in Ottawa, matching the median estimate.

Spain's Credit Rating Cut One Level to Aa1 by Moody's...

Spain had its top credit rating cut one level by Moody's Investors Service, which cited the nation's "weak" economic outlook. The ratings company lowered Spain to Aa1 from Aaa with a stable outlook, it said in a statement. Spain lost its top grade at Fitch Ratings in May and at Standard & Poor's in January 2009.

The U.K. House Prices Decline the Most in 18 Months, Consumer Confidence Drops while Retail-Sales Index Increases to a 6-Year High ...

The U.K. home values dropped by the most in 18 months in September as all of Britain's regions posted price declines, Hometrack Ltd. said. The average cost of a home fell 0.4% from the previous month to £157,600 (\$249,000), which was the 3rd consecutive monthly drop and the biggest since March 2009. Consumer confidence dropped by more than the economists' forecast in September as British pessimism on personal finances and the economy deepened, GfK NOP said. The index of sentiment declined to minus 20 after an increase to minus 18 in August. The U.K. retail-sales index rose to its highest in more than six years in September and stores forecast further growth next month, the Confederation of British Industry said.



Weekly Newsmakers

The European Manufacturing Cools Down, Unemployment Stays at a High

Growth in Europe's manufacturing industry slowed and unemployment held on at a 12-year high as a cooling global recovery restrained demand. The manufacturing gauge in the 16-nation Euro region declined to 53.7 in September from 55.1 the previous month, London-based Market Economics said. A separate report showed that the region's jobless rate stayed at 10.1% in August, the highest since June 1998.

The German Jobless Rate Falls to Lowest since April 1992 on Export-led Demand...

The German unemployment declined for 15 months, till September, as car makers and other manufacturers boosted hiring to meet export-led demand. The number of people out of work declined by a seasonally adjusted 40,000 to 3.15mn, the Nuremberg-based Federal Labor Agency said against the Economists' forecast of a decrease of 20,000.

The Japanese Factory Output Unexpectedly Falls, Deflation Eases, Unemployment Rate declines...

Japan's industrial production unexpectedly fell in August, adding to the concern that the nation's export-led recovery is slowing. Factory output decreased 0.3% from July, the 3rd monthly decline, the Trade Ministry said in Tokyo. Consumer prices excluding fresh food slid 1.0% in August from a year earlier after falling 1.1% in July, the Statistics Bureau said. The jobless rate dropped to 5.1% from 5.2%, while the number of people no longer in the labor force increased.

Unexpected Jump in Hong Kong's Exports on Chinese Demand the Most in 18 Years...

Hong Kong's exports unexpectedly climbed the most in more than 18 years in August, buoyed by Chinese demand and the comparison with a decline a year earlier. Overseas sales increased 36.0% to HK\$290.1bn (\$37.4bn) after a 23.3% gain in July, the government said.

The Chinese Manufacturing Growth Accelerates, Survey Shows...

China's manufacturing expanded at its fastest pace in 4 months, in September, adding to signs that economic growth is stabilizing even as the government curbs energy use and tries to cool the property market. The Purchasing Managers' Index rose to 53.8 from 51.7 in August, China's Logistics Federation and Statistics Bureau said against the median forecast of 52.5.

The Indian Manufacturing Growth Falls for 2nd Month...

India's manufacturing sector continued to expand although at a considerably slower pace than in preceding months, predominantly weighed down by a fall in new orders and output. The HSBC Market Purchasing Managers' Index, based on a survey of 500 companies, slid to 55.1 in September, which marks the lowest reading since November last year, from 57.2 in the August survey.

The Saudi Banking System 'Stable' Says Moody's, Economic Cities Draw Foreign Investment...

The outlook for the Saudi banking system is stable, reflecting its resilience and strong financial fundamentals despite the continued challenging operating conditions, said Moody's Investors Service. The Governor of Saudi Arabian General Investment Authority (SAGIA) highlighted the role of mega economic cities in Rabigh, Medina, Hail and Jazan in attracting foreign direct investment.



Global Blue Chip Tracker

Company	Country	Industry	Close*	WTD %	MTD %	YTD %	52-week Range	P/E	Dividend Yield (%)
Bank of America	U.S.	Banks	13.30	-2.2	6.7	-11.7	19.86 - 12.18	26.7	0.3
Samsung Electronics	South Korea	Semiconductors	777,000.00	2.0	2.8	-2.8	875,000.000 - 701,000.00	11.9	1.6
J.P. Morgan Chase	U.S.	Banks	38.81	-2.4	7.7	-6.9	48.20 - 35.16	11.4	0.5
PepsiCo	U.S.	Soft Drinks	67.00	1.3	5.2	10.2	67.61-58.75	17.7	2.8
Mitsubishi UFJ Finl Gr	Japan	Banks	392.00	-3.9	-5.0	-13.3	523.00-382.00	13.1	3.1
Banco Santander S.A.	Spain	Banks	9.10	-4.6	-1.6	-21.2	12.135-7.215	8.7	6.6
HSBC Hldgs	U.K.	Banks	653.00	-2.0	2.0	-7.9	766.80 - 595.200	20.5	3.7
Chevron	U.S.	Integrated Oil & Gas	81.95	2.3	10.8	6.4	83.41 - 66.83	9.6	3.4
BHP Billiton	Australia	General Mining	39.46	0.2	3.8	-8.5	44.93 - 35.580	16.8	3.5
ENI S.p.A.	Italy	Integrated Oil & Gas	15.97	1.5	2.0	-10.3	18.77 - 14.300	10.2	6.3
General Electric	U.S.	Diversified Indstrls	16.36	-1.8	12.1	8.1	19.70-13.75	15.0	2.6
Royal Dutch Shell A	U.K.	Oil Companies, Major	1,944.00	1.9	11.3	3.3	2,068.50 - 1621.000	12.5	5.4
BP PLC	U.K.	Integrated Oil & Gas	440.50	8.8	14.8	-26.6	658.200 - 296.000	-	4.3
Hewlett-Packard	U.S.	Computer Hardware	40.77	-0.5	4.7	-20.9	54.75 - 37.32	10.0	0.8
Merck	U.S.	Pharmaceuticals	36.66	-1.8	5.0	0.3	41.56 - 30.29	10.9	4.2
Exxon Mobil	U.S.	Oil Companies, Major	62.54	1.3	5.4	-8.3	76.54 - 55.94	12.0	2.8
Schlumberger	U.S.	Oil Equipment & Svcs	62.43	-6.3	14.6	-4.1	73.99 - 51.67	23.8	1.3
Verizon Commun	U.S.	Fixed Line Telecomm	32.89	0.8	163.3	-0.7	33.09- 24.75	14.4	5.8
Allianz SE	Germany	Full Line Insurance	83.40	-1.5	2.4	-4.3	95.99 - 75.150	7.5	4.9
ConocoPhillips	U.S.	Integrated Oil & Gas	57.86	2.7	9.5	13.3	60.53 - 45.00	10.9	3.6
Apple	U.S.	Computer Hardware	282.52	-3.4	15.8	34.1	294.73 - 181.35	21.3	-
Microsoft	U.S.	Software	24.38	-1.6	2.6	-20.0	31.58 - 22.73	11.6	2.1
Procter & Gamble	U.S.	NonDurable Hld Prod	60.16	-2.4	1.2	-0.8	64.58 - 39.37	16.4	3.1
Total S.A.	France	Integrated Oil & Gas	38.08	0.1	3.6	-15.4	46.735-35.655	8.8	6.0
Intel	U.S.	Semiconductors	19.32	-0.6	6.9	-5.3	24.37 - 17.60	10.6	3.2
E.ON AG	Germany	MultiUtilities	21.65	-0.7	-3.9	-25.9	29.750-21.260	5.2	6.9
Oracle	U.S.	Software	27.24	1.0	23.3	11.0	27.62-20.10	19.6	0.9
Siemens	Germany	Diversified Indstrls	76.8	-3.0	7.4	19.6	80.500 - 59.510	19.7	2.1
Telefonica S.A.	Spain	Fixed Line Telecomm	18.19	-1.2	4.4	-6.8	19.85 - 14.670	10.4	6.3
BNP Paribas S.A.	France	Banks	51.56	-6.8	4.2	-7.8	60.38 - 40.810	8.8	2.9
France Telecom	France	Fixed Line Telecomm	15.86	-2.1	-0.8	-9.0	18.700-14.010	13.9	8.8
Google	U.S.	Internet	525.62	-0.3	15.4	-15.2	629.51 - 433.63	22.8	-
Cisco Systems	U.S.	Communications Tch	21.91	-0.8	7.2	-8.5	27.74 - 19.82	16.5	-
AT & T	U.S.	Fixed Line Telecomm	28.81	0.8	8.0	2.8	29.15 - 23.78	12.8	5.8
Nokia	Finland	Telecommun Equip	7.45	-0.2	7.6	-16.5	11.82 - 6.58	28.6	5.4
Vodafone Grp	U.K.	Mobile Telecomm	158.85	837.2	2.9	10.5	164.950-126.500	9.7	5.8
Abbott Laboratories	U.S.	Pharmaceuticals	52.58	1.2	6.0	-2.6	56.79 - 44.59	13.3	3.2
Petroleo Brasileiro S/A (P)	Brazil	Integrated Oil & Gas	27.50	4.6	7.0	-25.0	40.09 - 25.450	7.7	3.1
Philip Morris International	U.S.	Tobacco	55.55	-1.0	7.4	15.3	57.11-42.94	15.0	4.3
Wal-Mart Stores	U.S.	Broadline Retailers	53.36	-1.3	5.3	-0.2	56.27 - 47.77	13.8	2.2
Johnson & Johnson	U.S.	Pharmaceuticals	61.75	-0.6	7.3	-4.1	66.20 - 56.86	13.1	3.3
Coca-Cola	U.S.	Soft Drinks	59.12	0.9	6.2	3.7	59.45-49.47	17.7	2.9
IBM	U.S.	Computer Services	135.64	1.1	9.6	3.6	136.28 - 116.00	12.9	1.8
Toyota Motor	Japan	Automobiles	2,983.00	-2.5	1.2	-23.1	4,250.00 - 2,806.00	44.7	0.8
Pfizer	U.S.	Pharmaceuticals	17.18	-1.3	8.0	-5.6	20.36 - 14.00	7.6	4.1
Sanofi-Aventis S.A.	France	Pharmaceuticals	48.29	-4.6	5.5	-12.3	58.90 - 44.010	11.0	5.0
Roche Holding	Switzerland	Pharmaceuticals	135.60	1.3	-2.6	-22.9	187.40 - 128.900	11.9	4.4
Novartis	Switzerland	Pharmaceuticals	55.95	-1.1	3.9	-1.0	60.40 - 49.780	13.4	3.8
Nestle S.A.	Switzerland	Food Products	52.30	-0.8	-0.7	4.2	54.65 - 42.860	20.4	3.1
GlaxoSmithKline	U.K.	Pharmaceuticals	1,252.50	-0.9	1.8	-5.1	1,347.000 - 1,088.000	15.9	5.6

* Daily Local Currency, Source: Bloomberg, Al Rajhi Research



Economic Calendar

Date	Country	Event	Date for Period
1/10/2010	JPN	Vehicle Sales (YoY)	Sep
1/10/2010	UK	Vehicle Sales (YoY)	Sep
1/10/2010	US	Personal Income (MoM)	Aug
1/10/2010	US	Core Personal Consumption Expenditure - Prices Index (MoM)	Aug
1/10/2010	US	Personal Consumption Expenditure Deflator	Aug
1/10/2010	US	Personal Consumption Expenditures (MoM)	Aug
1/10/2010	US	Reuters/Michigan Consumer Sentiment Index	sep
1/10/2010	US	Construction Spending (MoM)	Aug
1/10/2010	US	ISM Manufacturing	Sep
1/10/2010	US	ISM Prices Paid	Sep
1/10/2010	US	Total Vehicle Sales	Sep
3/10/2010	JPN	Monetary Base (YoY)	-
4/10/2010	JPN	Labor Cash Earnings (YoY)	Aug
4/10/2010	JPN	BoJ Monetary Policy Meeting	-
4/10/2010	UK	PMI Construction	Sep
4/10/2010	UK	Factory Orders	Aug
4/10/2010	US	Pending Home Sales (MoM)	Aug
5/10/2010	JPN	BoJ Interest Rate Decision	-
5/10/2010	UK	Purchasing Manager Index Services	Sep
5/10/2010	US	ISM Non-Manufacturing	Sep
5/10/2010	US	ABC/Washington Post Consumer Confidence	Oct
5/10/2010	UK	BRC Shop Price Index (MoM)	Oct
5/10/2010	UK	BRC Shop Price Index (YoY)	-
6/10/2010	US	MBA Mortgage Applications	Oct
6/10/2010	US	Challenger Job Cut YoY	Sep
6/10/2010	US	ADP Employment Change	Sep
6/10/2010	US	EIA Crude Oil Stocks change	Oct
7/10/2010	JPN	Coincident Index	Aug
7/10/2010	JPN	Leading Economic Index	Aug
7/10/2010	JPN	Official Reserve Assets	Sep
7/10/2010	UK	Industrial Production (MoM)	Aug
7/10/2010	UK	Industrial Production (YoY)	Aug
7/10/2010	UK	Manufacturing Production (MoM)	-
7/10/2010	UK	Manufacturing Production (YoY)	Aug
7/10/2010	UK	BoE Interest Rate Decision	UK
7/10/2010	US	Continuing Jobless Claims	Sep
7/10/2010	US	Initial Jobless Claims	Oct
7/10/2010	US	Consumer Credit	Aug
8/10/2010	JPN	Eco Watchers Survey: Current	Sep
8/10/2010	JPN	Eco Watchers Survey: Outlook	Sep
8/10/2010	UK	Producer Price Index - Input (MoM) n.s.a	Sep
8/10/2010	UK	Producer Price Index - Input (YoY) n.s.a	Sep
8/10/2010	UK	Producer Price Index - Output (MoM) n.s.a	Sep
8/10/2010	UK	Producer Price Index - Output (YoY) n.s.a	Sep
8/10/2010	US	Average Hourly Earnings (MoM)	Sep
8/10/2010	US	Average Hourly Earnings (YoY)	Sep
8/10/2010	US	Nonfarm Payrolls	Sep
8/10/2010	US	Unemployment Rate	Sep
8/10/2010	US	Wholesale Inventories	-

JN: Japan, US: USA, UK: United Kingdom

Source: Bloomberg



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