

Global Overview: US markets were off to a poor start during the first week of 2016 as equities traded substantially lower with the Dow, the S&P and the Nasdaq ending the week at -6.2%, -6.0% and -7.3% respectively, while the VIX rose to a four-month high to 27.0. China, likely the culprit, saw its equity markets trip two -7% circuit breakers, following disappointing manufacturing, successive Yuan devaluation and heavy-handed/poorly communicated market interventionism, which had opposing intended effects and aggravated negative investor sentiment. China reversed measures by removing circuit breakers and firming up the Yuan, while likely driving state-owned funds to buy as investors pared back holdings. US equities were also weighed by disappointing ISM manufacturing at 48.2 vs. consensus of 49.0 (while ISM non-manufacturing was at 55.3) and lower oil prices despite Friday's better than expected payrolls (292K vs. consensus of 200K and +50K upward revisions for prior two months, despite flat wages MoM). US and German 10-years and gold prices rose as global turmoil caused a flight from risky assets, which also included HY credit, EM/FX and other commodities. European equities also traded lower with the Stoxx 600 at -6.7% and the FTSE at -5.3%. Crude oil ended the week -10%, falling for five straight days despite worsening relations between KSA and Iran, as oversupply concerns, weak demand outlook and US gasoline build-up further weighed. Important US macro data this week include labor market conditions index, Redbook index, JOLTS job openings, EIA crude oil change, retail sales, PPI, industrial production and Reuters/Michigan consumer sentiment index. Other macro data include EU industrial production, UK industrial production, UK manufacturing production, UK NIESR GDP estimate and UK BoE interest rate decision. Earnings season to begin with continued expected profit recession with consensus at -4% EPS decline for Q4/15, with reports to come from Alcoa, CSX Corp, Intel, JP Morgan, Taiwan Semiconductor Manufacturing, Blackrock, Citigroup, US Bancorp and Wells Fargo among many others.

Previous Week Macro Data

	Actual	Cons.
CNY Caixin manufacturing PMI (Dec)	48.2	49.0
US ISM manufacturing PMI (Dec)	48.2	49.0
EU Core CPI (YoY) (Dec)	0.8%	0.9%
US ADP employment Δ (Dec)	257K	192K
US ISM non-manufacturing PMI (Dec)	55.3	56.0
US EIA crude oil Δ (Jan 1)	-5.08M	-0.5M
EU Unemployment rate (Nov)	10.5%	10.7%
EU Consumer confidence (Dec)	-5.7	-5.7
EU Retail sales (YoY) (Nov)	1.4%	2.0%
US Initial jobless claims (Jan 1)	277K	275K
US Unemployment rate (Dec)	5.0%	5.0%
US Nonfarm payrolls (Dec)	292K	200K

Upcoming Week Macro Data

	Cons.	Prior
M US Labor market conditions index (Dec)	0.0	0.5
T UK Industrial production (YoY) (Dec)	1.7%	1.7%
T UK Manufacturing production (YoY) (Dec)	-0.8%	-0.1%
T US Redbook index (YoY) (Jan 8)	-	2.9%
T US JOLTS job openings (Nov)	5.42M	5.38M
T UK NIESR GDP est. (3M) (Dec)	-	0.6%
W EU Industrial production (YoY) (Nov)	-	1.9%
W US EIA crude oil Δ (Jan 8)	-	-5.08M
Th UK BoE interest rate decision (Jan 14)	0.5%	0.5%
Th US Initial jobless claims (Jan 8)	275K	277K
F US Retail sales (MoM) (Dec)	-0.1%	0.2%
F US PPI (YoY) (Dec)	-1.0%	-1.1%
F US Industrial production (MoM) (Dec)	-0.2%	-0.6%
F US Reuters/Mich. cons. sent. index (Jan)	92.6	92.6

Upcoming Week Key Earnings

M Alcoa
T CSX Corp
Th Intel, JP Morgan, Taiwan Semiconductor Manufacturing
F Blackrock, Citigroup, US Bancorp, Wells Fargo

Upcoming Week Policy & Related Events

M US Fed Lockhart and Kaplan speeches
T US Fed Lacker speech
W EU non-monetary policy ECB meeting, US Fed Rosengren and Evans speeches, US Fed Beige Book
Th EU Eurogroup meeting, UK BoE monetary policy, EU ECB monetary policy meeting accounts, US Fed Bullard speech
F US Fed Dudley speech

Equities	Value	1 Week %	YTD %	EPS %	P/E	Div. Yld. %
S&P 500	1,922.0	-6.0	-6.0	10.8	16.9	2.4
Dow Jones	16,346.5	-6.2	-6.2	1.3	14.4	2.8
NASDAQ	4,643.6	-7.3	-7.3	17.3	19.8	1.3
Russell 2000	1,046.2	-7.9	-7.9	13.2	17.5	1.6
STOXX 600	341.4	-6.7	-6.7	19.0	17.0	3.9
FTSE 100	5,912.4	-5.3	-5.3	18.1	17.0	4.5
NIKKEI 225	17,698.0	-7.0	-7.0	4.7	17.6	1.8
Shanghai Index	3,016.7	-14.8	-14.8	19.4	13.9	2.4
S&P Pan Arab	604.7	-8.2	-8.2	7.8	10.5	4.6
MSCI ACWI	1,610.8	-6.1	-6.1	5.6	14.9	3.6
MSCI EM	740.1	-6.8	-6.8	-4.9	10.1	3.2

Fixed Income	Value	Yield %	YTD %
Barclays Global Aggregate	445.5	1.7	0.8
Barclays Global Agg. – Corporate	228.8	3.0	0.5
Barclays Global High Yield	1,035.6	8.3	-0.2
Markit CDX N.A. Investment Grade	98.7	NA	NA
Markit CDX N.A. High Yield	99.1	NA	NA
Markit iTraxx Europe	70.2	NA	NA
Markit iTraxx ITX Crossover	358.6	NA	NA

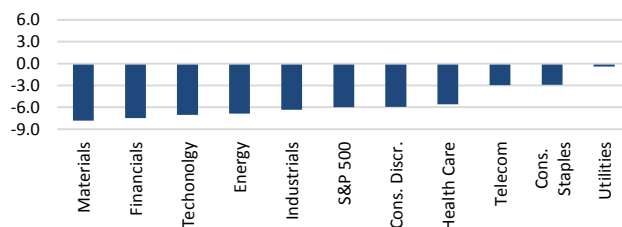
Rates	Value	Yield %
Treasuries 2-Yr	100.1	0.94
Treasuries 10-Yr	101.0	2.14
Treasuries 30-Yr	101.3	2.94
Gilts 10-Yr	102.0	1.77
Bunds 10-Yr	104.4	0.52
French 10-Yr	101.0	0.90
Italian 10-Yr	104.1	1.56
Spanish 10-Yr	103.7	1.73
Greek 10-Yr	67.2	8.54
JGBs 10-Yr	100.8	0.22

Commodities	Value	YTD %
Oil-Brent	32.5	-12.8
Oil-WTI	32.3	-12.8
Natural Gas	2.4	4.6
Gold	1,104.4	4.1
Silver	14.0	0.8
Copper	197.0	-7.7
S&P GSCI	295.6	-5.2

Currencies	Value	YTD %
EUR-USD	1.0899	0.3
GBP-USD	1.4534	-1.4
USD-JPY	117.3500	2.4
USD-CHF	0.9952	-0.7
AUD-USD	0.6981	-4.2
USD-CAD	1.4165	2.3
USD-SEK	8.5093	0.8
Dollar Index	98.4290	-0.2

Volatility	Value	YTD %
S&P 500 VIX	27.0	48.3
Euro Stoxx 50 VIX	30.4	37.1
Crude Oil VIX	56.4	22.0
Interest Rate VIX	81.7	-0.1

S&P 500 Sector YTD (%)



Investment Style YTD (%)

	Value	Blend	Growth
Large	-5.9	-6.0	-6.0
Mid	-6.7	-6.4	-6.2
Small	-7.3	-7.2	-7.1

FFA Equity Ideas

- ARM Holdings plc (ARM)
- Airbus (AIR)
- Suncor (SU)
- Siemens (SIE)
- Commercial International Bank (COMI)

FFA Fixed Income Ideas

For fixed income ideas or price quotes, please contact our fixed income desk

Source: Reuters, Bloomberg, Barclays, Morningstar, WSJ, CNBC, Briefing, FXStreet.

Contacts

Head of Research: Nadim Kabbara, CFA

n.kabbara@ffaprivatebank.com

+961 1 985195

Analyst: Racha Saadeh Chehab

r.chehab@ffaprivatebank.com

+961 1 985195

Sales and Trading, FFA Private Bank (Beirut)

+961 1 985225

Sales and Trading, FFA Dubai Ltd (DIFC)

+971 4 3230300

Disclaimer

This document has been issued by FFA Private Bank ("FFA") for informational purposes only. It does not constitute an offer or a solicitation to buy or sell the securities mentioned or to participate in any particular trading or investment strategy. Although the information herein is believed to be reliable and has been obtained from sources believed to be reliable, FFA makes no guarantee or warranty to the accuracy and thoroughness of the information mentioned and accepts no responsibility or liability for damages incurred as a result of opinions formed and decisions made based on information or opinions presented in this document. FFA makes reasonable efforts to provide accurate information and projections. However, certain statements in this document may constitute forward-looking statements or statements which may be deemed or construed to be forward-looking statements. These forward-looking statements involve, and are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance (financial or operating) or achievements to differ from the future results, performance (financial or operating) or achievements expressed or implied by such forward-looking statements. Therefore, FFA accepts no responsibility or liability for damages incurred as a result of opinions formed and decisions made based on these forward-looking statements, estimates and projections. The financial instruments discussed in this document may not be suitable for all investors and this document does not take into account particular investment objectives, financial situation or specific needs. Therefore, investors must make their own informed investment decisions. Investment transactions can lead to losses as a result of price fluctuations and other factors. One should therefore consider the appropriateness of the information provided herein in light of his own objectives, financial situation or needs before acting on the information. Opinions, estimates and projections expressed herein constitute the current judgment of the author as of the date of this document. They are subject to change without prior notice. FFA has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof if any opinion, forecast, projection or estimate contained herein changes or subsequently becomes inaccurate.



FFA Private Bank s.a.l.

One FFA Gate - Marfaa 128 - Foch Street
Beirut Central District
PO Box 90-1283 - Beirut - Lebanon
Tel: +961.1.985 195
Fax: +961.1.985 193
<http://www.ffaprivatebank.com>

FFA Dubai Ltd

Building No 7 - Level 1
Gate Village
Dubai International Financial Centre (DIFC)
PO Box 506567 - Dubai - UAE
Tel: +971.4.363 74 70
Fax: +971.4.363 74 71
<http://www.ffadubai.com>