

### Key Market Events

- Euro rises on positive news about European bank's funding abilities.
- Dollar remains under pressure on worse than expected U.S data.

### Currency Markets

At the start of the week, the euro declined on concerns about European banks' funding abilities before the euro zone refinancing program expires later in the week. European bank were supposed to repay 442 billion euros borrowed a year ago at rock-bottom rates as part of the European Central Bank's efforts to boost liquidity.

Meanwhile, the G20 meeting had little impact on the financial markets, given the gathering yielded no surprises. World leaders agreed in G20



# Treasury Weekly Update

meeting to take different paths for cutting budget deficits and making their banking systems safer.

As the week progressed, the euro rebounded across the board on news that euro zone banks borrowed less than expected from the ECB, soothing concerns over European bank's funding issues.

On the other hand, the dollar fell after worse than expected data heightened worries that the U.S. economic recovery is stalling, thereby giving further support to EUR and GBP. U.S. Reports showed a record fall in pending home sales and slower than forecast manufacturing growth. Other reports also illustrated a larger than expected drop in the U.S

June non farm payrolls to 125,000 due to layoffs of temporary government workers, and the unemployment rate unexpectedly fell to 9.5%.

### Regional Markets

- Nakheel said it has started making cash payments to trade creditors, in second phase of a repayment schedule, and restarting several projects put on hold during the downturn.
- The UAE may follow Malaysia, Bahrain and Indonesia in selling Islamic securities with maturities of less than 12 months.

### Major Currencies (New York weekly closing rates)

EUR/USD	1.2554	0.0172↑
GBP/USD	1.5195	0.0132↑
USD/JPY	87.78	1.54↓
USD/CHF	1.0632	0.0305↓

### Profit Rate (Weekly closing)

	US LIBOR	EBOR
1-month	0.34750	1.80750
3-month	0.53363	2.34375
6-month	0.75006	2.48250
1-year	1.17188	2.71625

### International Indices (Weekly closing)

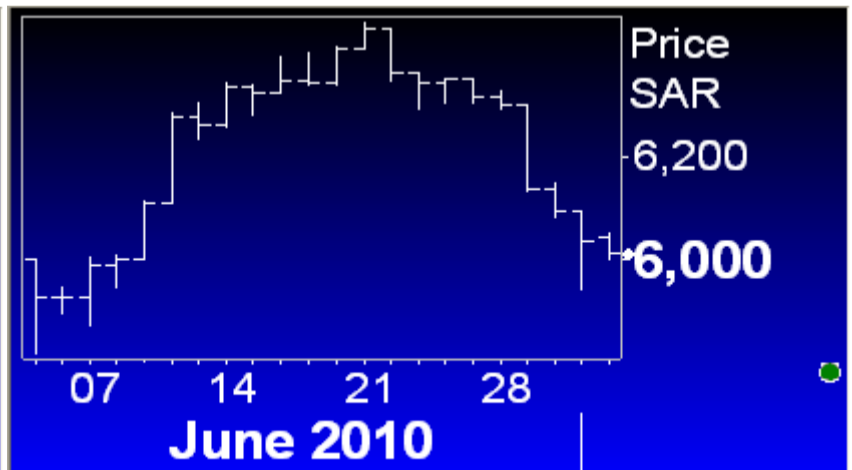
DJ Ind avg	9,686.48	456↓
Nasdaq	2101.36	122↓
FTSE 100	4838.09	208↓
Nikkei 225	9203.71	534↓

### GCC Market (Weekly closing)

Abu Dhabi	2509.56	44↓
Dubai	1469.98	69↓
Saudi Arabia	6033.91	319↓
Qatar	6845.81	237↓



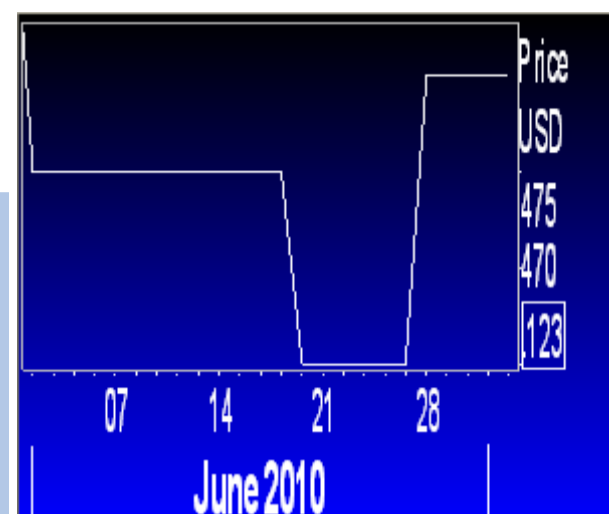
USD/CHF chart



Saudi Arabia Market Index chart

## Credit Market Update

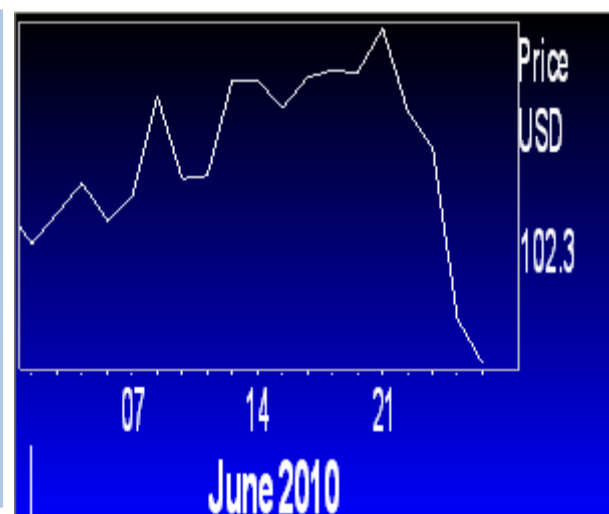
	2 July 2010	25 June 2010	Change (Mid)
Dubai 5Y	495 / 505	480 / 490	15.0
Abu Dhabi 5Y	100 / 104	100 / 104	Unchanged
Qatar 5Y	91 / 95	87 / 90	4.5
Saudi Arabia 5Y	70 / 75	70 / 75	Unchanged
Bahrain 5Y	170 / 180	160 / 170	10.0



Dubai 5-year CDS chart

## Major UAE Sukuk

	2 July 2010	25 June 2010	Change (Mid)
Nakheel 11	105.00 / 108.00	105.00 / 108.00	0.8
DUGB 14	95.375 / 96.25	95.375 / 96.25	-0.7
EMIRAT 12	92.00 / 93.50	92.00 / 93.50	Unchanged
Aldar 11	96.00 / 97.25	96.00 / 97.25	-0.9
JAFZ 12	82.00 / 84.00	82.00 / 84.00	Unchanged
DP World 17	86.00 / 88.00	86.00 / 88.00	0.5
TDICUH 14	95.50 / 98.50	95.50 / 98.50	4.9



TDICUH 14 sukuk chart

## Key Economic data due to release this week

- EZ Retail Sales, expected 0.4%, last reading -1.2%
- EZ GDP revised yy Q1, expected 0.1%, last reading 0.00%
- JP Bank lending yy, expected 0.0%, last reading -2.0%
- GB BoE rate decision, expected 0.50%, last reading 0.50%
- EZ ECB rate decision, expected 1.00%, last reading 1.00%

Monday 5 July 2010

Wednesday 7 July 2010

Wednesday 7 July 2010

Thursday 8 July 2010

Thursday 8 July 2010



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***Data Source: Reuters / Bloomberg***

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