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Monday, August 7, 2017
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GULF TIMES

BUSINESS

OVERALL ASSETS GROW BY 2.8%: Page 12

QIIC posts QR36mn shareholders profit for H1 2017

The high-ranking delegation from the Sultanate of Oman representing ports, maritime transport, logistics and free zones sectors at the Hamad Port.

High-ranking Omani official delegation visits Hamad Port

A high-ranking delegation from the Sultanate of Oman representing ports, maritime transport, logistics and free zones sectors recently visited the Hamad Port.

This comes as part of a visit by the delegation to Qatar, which also included the Ruwais Port. The two sides discussed ways of enhancing joint cooperation, trade and economic relations between the two countries.

The delegation comprised representatives of the Asayad Group, National Ferries Company, Duqm Port, Sohar Port and Free Zone, Salalah Free Zone Company, Salalah Port Services Company and Oman International Container Terminal.

The delegation was received by Captain Abdulla al-Khanji, CEO, Qatar Ports Management Company (Mwani Qatar) besides a number of other senior officials.

A presentation was made on Hamad Port highlighting its stages of construction, progress of the remaining phases and future plans set by the Ministry of Transport and Communications to strengthen the world scale facility as well as Qatar's drive to becoming a major regional trade hub. The delegation then toured Hamad Port. They were briefed on port facilities, services, piers, container stations and other capabilities that characterise the port which is Qatar's main gateway to world trade.

Captain al-Khanji stressed on the importance of the Omani delegation's visit, which will solidify the joint cooperation between Qatar and Oman, especially in the fields of ports, maritime transport, logistics and free zones.

Mwani Qatar continues its efforts to build strong and sustainable partnerships with ports, shipping and logistics operators to support domestic market stability and contribute to achieve Qatar National Vision 2030 goals, he noted.

The Omani delegation also toured Al Ruwais port and got an insight into the port's facilities.

Al-Ruwais Port is located at the northern tip of Qatar. It is dedicated to commercial sailboats and supply vessels. The port receives various types of commercial goods and serves as an additional outlet for the promotion of regional trade and the revival of the economy of the northern part of Qatar.

Captain Abdulla al-Khanji (right) presenting souvenir to a senior Omani official.

MPHC posts H1 net profit of QR468.6mn

Financial performance significantly exceeded the group's budget expectations, the QP subsidiary said

Mesaieed Petrochemical Holding Company (MPHC) has posted a net profit of QR468.6mn in six months up to June, the Qatar Petroleum subsidiary said yesterday.

The earnings per share stood at QR0.37, the petrochemical conglomerate with interests in the production of olefins, polyolefins, alpha olefins and chlor-alkali products said and noted that the net profit was marginally down by 4% on the first half of 2016.

Reduced sales volumes on periodic turnaround in some of the group companies' plants are offset by the increase in selling prices, the company said.

"The financial performance significantly exceeded the group's budget expectations," MPHC said. The group's profit for the period was also aided by recognition of a tax refund of approximately QR42.8mn for the period.

The group continued to benefit from the supply of competitively priced ethane feedstock and fuel gas under long-term supply agreements. This contracting arrangement is an important value driver for the group's profitability in a challenging market condition.

The closing cash position after the first six months of operations and after distribution of previous years' dividends of QR716.5mn was a robust QR876.3mn as on June 30.

The total assets in June stood at QR14.1bn compared with QR14.4bn in December 2016.

The MPHC group said it is "closely monitoring the effect of the blockade and is amending the flow of operations and activities when deemed necessary."

Kuwait fund had $150bn net since 2010 despite Areva loss

Bloomberg
Kuwait

Kuwait Investment Authority, the world's fourth-largest sovereign wealth fund, said it earned a net income of 45.2bn dinars ($150bn) in the last six fiscal years ending March 31 despite losses resulting from its investment in French energy company Areva.

That the fund profited while invested in Areva reflects "how keen KIA is on diversifying its investments to make profits without being affected by losing in one investment," state-run KUNA news agency reported, citing a statement from KIA.

Concurrently, it announced the sale of its 4.8% stake in Areva, purchased in December 2010 for €600mn. The size of the loss was not disclosed.

KIA said it had been trying to sell the shares since 2014, after the nuclear disaster in Fukushima, Japan, led to a decline in investments in the industry.

QSE approves IHG listing on August 14

Qatar Stock Exchange has approved the listing of Investment Holding Group (IHG's) shares on August 14, which would increase the number of firms listed on the exchange to 45.

IHG had offered 49.8mn shares, or 60% of its share capital, at a price of QR10.1 per share in its initial public offer during January, making the value of the IPO about $138mn, a Reuters' dispatch said.

Meanwhile, IHG chairman Ghanim bin Sultan al-Hodaifi al-Kuwari thanked "the regulatory and official authorities for the approval on listing Investment Holding Group, and trading its shares as a Qatari public shareholding company on the Qatar Stock Exchange."

In a statement al-Kuwari said, "We succeeded, during the last year, in the reduction of the Group's expenses in line with returns, which led to an increase of the total profit margin by 33.2% in 2016, compared to 31.9% in 2015, equivalent to 1.3%, and the net profit amounted to 10.2% in 2016, compared to 9.3% in 2015, or an increase equivalent to 0.9%.

The Group's revenues for the financial year that ended in December 2016 amounted to QR447.7mn compared to QR561.6mn for the financial year that ended in December 2015, or a decline by QR113.9mn (20.3%), with a similar decline in the direct costs equivalent to 21.8%.

"This decline in the revenues was due to the economic situation of the region, which was negatively affected by the global financial crisis, and the decrease in oil prices, which had the biggest impact on the economy of oil exporting countries," IHG said.

As for the group's financial position, it witnessed an increase in the total assets to QR1.05bn in 2016, compared to QR982mn in 2015, or an increase of QR72mn, equivalent to 7.3%.

QNB receives approval to provide UK home finance to individuals

QNB has announced that its London branch received the approvals of the Prudential Regulation Authority and the Financial Conduct Authority for its regulated home finance licence designed to assist affluent individual customers with buying property in the UK.

This marks a significant step in ensuring that QNB customers who enjoy premium banking services can now benefit from the QNB London branch's increased lending range and capabilities with advisory services and solutions offered by its dedicated relationship managers.

The bank's UK Home Finance services can be provided through various structures designed to meet the individual needs of its customers.

Starting at just £150,000 and with loan periods of up to 20 years, QNB can also assist customers in almost any situation, whether it is buying an apartment for their children studying in the UK, a home for when the family is visiting the UK or building up a property investment portfolio.

The London branch has embarked on a rigorous development programme with its home finance advisers obtaining certification in mortgage advice and practice.

QNB's home finance advisers will assist customers from the beginning of the process through to the day when they walk through their new UK home in a fair, knowledgeable and professional manner.

Over the past few years, QNB has extended its personal banking services at its London branch to include a full range of accounts, consumer loans, as well as home finance facilities and the issuing of domestic debit and credit cards in local currency.

It also provides customers with a global account view, through its online banking services, plans are in progress to provide mobile banking soon.

This new product launch adds to QNB London's extensive offering in the areas of personal banking, treasury, trade and corporate banking.

Customers interested in this new range of home finance services can visit QNB London branch or apply via their local relationship manager to connect them to one of QNB's UK home finance advisers.

QNB Group's presence through its subsidiaries and associate companies extends to some 31 countries across three continents providing a comprehensive range of advanced products and services.

The London branch of QNB has embarked on a rigorous development programme with its home finance advisers obtaining certification in mortgage advice and practice

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Big Oil's dream of $65bn hidden off Norway is fading away

Bloomberg
Oslo

Norway's oil industry has been salivating for years over the Arctic Lofoten islands, which could hold billions of barrels of crude. It will likely have to keep dreaming.

The general election next month is unlikely to lift a deadlock that's keeping a ban on drilling off the environmentally sensitive archipelago as more and more Norwegians are turning their backs on the industry that helped make the country one of the world's richest.

"It's a dead issue," said Frank Aarebrot, a professor of political science at the University of Bergen.

Backed by unions and business, Norway's two biggest parties, Labor and the Conservatives, have long favoured steps that could open up the area for exploration. But so far they have had to compromise with smaller parties that are determined to keep Lofoten oil-free.

That's because the area is a natural wonder. The waters off the rugged archipelago are home to the world's biggest cold-water coral reef and a breeding area for 70% of all fish caught in the Norwegian and Barents seas, according to WWF. The islands also host mainland Europe's biggest seabird colony. Opponents of oil exploration argue a spill could cause catastrophic harm and that Norway will run afoul of the Paris climate agreement if it expands exploration more.

Oil companies led by state-controlled Statoil, the biggest Norwegian producer, say gaining access is key if the country wants to maintain production of oil and gas, which is forecast to fall again from 2025 after already dropping 12% since a 2004 peak. While the government estimates Lofoten could hold about 1.3bn barrels of oil equivalent, industry group Konkraft has said resources could top 3bn barrels. If it's all crude rather than gas, that would represent at least $65bn in sales value at current prices.

"We're dependent on making new discoveries to have new projects in that time-frame," Statoil spokesman Bard Glad Pedersen said by phone. "That also underlines the urgency in an impact assessment for Lofoten and Vesteraalen."

The debate over Lofoten frames a wider discussion in Norway over what role western Europe's biggest oil and gas producer, which started pumping crude in the 1970s, should take in the fight against climate change. Some 44% of Norwegians would be willing to leave some oil in the ground if it helps cut emissions, according to an Ipsos poll done this month for Dagbladet.

The question is also whether there will actually be a need for the area's untapped crude. As prices for renewable energy drop and oil producers from Exxon Mobil Corp to Opec hike their forecasts for electric car sales, Big Oil has started talking about crude demand peaking as early as next decade.

While both Prime Minister Erna Solberg and her rival from Labor, Jonas Gahr Store, say Norway needs to become less reliant on oil, they also maintain that petroleum production will continue to play a big part for many years ahead. Production alone still accounts for about 12% of the economy, down from more than 20% before oil prices crashed in 2014, and the entire industry employs almost 200,000 workers.

Ascendant opponents such as the Green Party, which looks set to gain more seats in parliament next month, and environmental groups say Norway needs to start to phase out its oil industry, arguing that more production would be a breach to its commitments under the Paris climate accord. Greenpeace is suing the country to get it to stop exploring in the Barents Sea off Norway's northern tip.

In a sign that opponents of drilling are gaining traction, Labor in a "compromise" earlier this year said it would only seek to start an impact study in one of the three areas designated as potential oil blocks off Lofoten. But even such as small move is opposed by the Center Party and the Socialist Left Party, its potential ruling partners after the September 11 vote. Polls show such a coalition would win a clear majority.

Even industry friendly politicians such Ola Borten Moe, deputy leader of the Center Party, says there's no need to push into Lofoten. "There's more than enough good acreage available," he said in an interview.

But the former oil minister, who was well-liked in the industry, stopped short of presenting Labor with an ultimatum, contrary to the Socialist Left which says it won't lend its support to any government that allows oil activity off Lofoten.

"We will spend political capital on this," Kari Elisabeth Kaski, a member of the party's governing body, said in an interview. "It's an important symbolic issue."

The parliamentary situation is fluid and Labor could potentially seek support to form a coalition from the Christian Democrats and the Liberal Party, two centrist groups that currently support the Conservative-led government. But they also oppose an impact study.

Any government run by Labor or the Conservatives would maintain stable terms for the oil industry, including taxes and acreage awards, even if several smaller parties are pushing for an overhaul of Norway's energy policy.

The price for that may well be that Lofoten is left alone forever.

Activist Ackman looks for board seats, better returns at payroll firm ADP

Reuters
New York

Billionaire investor William Ackman said his hedge fund had taken an 8% stake in Automatic Data Processing and plans to ask for board seats so he can push the US human resources outsourcing company to cut costs and improve its returns.

Ackman's move on ADP, which has a market value of about $50bn, comes as the leader of Pershing Square Capital Management looks for a big win following money-losing investments in debt-laden drug maker Valeant Pharmaceuticals International Inc and norovirus-stricken restaurant chain Chipotle Mexican Grill.

The 51-year-old activist investor said he would seek minority representation on ADP's 10-member board.

ADP said earlier on Friday that Ackman wanted five board directors, including a seat for himself.

ADP also said Ackman wanted to oust Carlos Rodriguez, ADP's chief executive since 2011.

Pershing Square said in a statement later in the day that it was willing to work with existing management at ADP or a new external CEO.

Ackman said he had asked ADP to extend its August 10 deadline for board nominations to facilitate negotiations with the company.

ADP said it declined this request, which would have pushed back the nomination deadline by as much as 45 days.

Ackman did not disclose his board nominees in his conversations with ADP, people familiar with the discussions told Reuters on condition of anonymity.

He could disclose them as early as next week, in a filing with the US Securities and Exchange Commission, which will have details on his position in ADP, one of the people added.

Ackman believes ADP can improve its operating performance by accelerating growth, improving the quality of its software and service offerings, slashing operating costs and increasing efficiency, Pershing Square said in its statement.

The stakes are high for Ackman.

His fund lost 10.2% last year after losing 16.6% in 2015.

William Ackman, founder and CEO of Pershing Square Capital Management (centre), listens during a conference in New York. The 51-year-old activist investor said he would seek minority representation on Automatic Data Processing's 10-member board. ADP said earlier that Ackman wanted five board directors, including a seat for himself.

It had posted a 37.2% gain in 2014. If Ackman misses the nomination deadline, ADP's bylaws dictate that he would have to muster the support of 33% of the company's shareholders to call for a special shareholder meeting, if he does not want to wait for next year's annual meeting.

While Ackman is betting ADP's stock, which he previously owned between 2009 and 2011, has room to rise, others are betting it will fall.

ADP is the third-most shorted company in the data processing and outsourced services sector behind Visa and PayPal Holdings, according to data analytics firm S3 Partners, amid concerns that new business bookings are slowing down.

ADP said that during Rodriguez' six-year tenure, ADP has yielded a total shareholder return, which includes dividends, of 202%. That is well ahead of the Standard & Poor's 500 Index, which has returned 128% on that basis over the same period, and Pershing Square itself, which has achieved only 29%.

Ackman may find it hard to challenge Rodriguez, given his track record as CEO, some analysts said.

"Rodriguez has very broad-based investor support and has factually delivered very compelling returns for shareholders so Pershing Square faces an uphill battle in this case," said Bernstein Research analyst Lisa Ellis.

Ackman built his 8% stake in the company largely through derivatives, rather than common stock, according to ADP.

Accumulating a position in such a way allows activist investors to build large stakes more cheaply, because the stock does not run up once other company shareholders find out about their bet.

However, reports of Ackman accumulating a stake in the company surfaced last week, and ADP's stock has risen 8% since then.

Pushing for new CEO has been a hallmark among activists recently.

This week, hedge fund Barington Capital notched a victory as Avon Products Inc CEO Sheri McCoy announced she would step down.

Carl Icahn won an even bigger prize by calling for the ouster of American International Group Inc CEO Peter Hancock, who left the company earlier this year.

Ackman himself has forced out CEOs at companies including Air Products & Chemicals Inc and Canadian Pacific Railway, where he earned large gains on his investments.

German state premier on defensive over close ties with VW

Reuters
Berlin

The government of Germany's Lower Saxony yesterday denied a newspaper report that its premier softened speeches critical of Volkswagen in the diesel emissions scandal at the company's request.

Stephan Weil, already facing an unexpected election after the defection of a member of his ruling coalition to Chancellor Angela Merkel's conservatives, is under fire for what some see as a too-cozy relationship with VW.

The mass circulation newspaper *Bild am Sonntag* quoted a VW employee as saying that the company "rewrote and watered down" an October 2015 speech by Weil to the state legislature about the diesel scandal after Weil shared a draft with the company. "This was no fact check," the paper quoted the employee as saying.

Weil called VW "a pearl of German industry" in the speech, but other passages were removed, the newspaper reported, including one in which he called for company officials to be held accountable "regardless of their place in the hierarchy."

Weil's office issued a two-page statement yesterday denying the charges and calling the report "distorting and misleading." It acknowledged that it had in fact asked the company to fact-check the speech given the sensitivity of "difficult" discussions with US authorities about the rigging of US emissions tests.

It said only very few changes suggested by VW were actually adopted, adding: "There were definitely no substantial changes between the first draft and the speech as ultimately delivered." Weil, who is a member of VW's supervisory board, also sharply criticised VW leadership in the speech for not disclosing its emissions rigging until a year after it first began discussions with US officials, his office said. It said there had been no consultation about speeches or remarks with VW for several months, since the "situation between VW and the US authorities has now been cleared up."

VW executive Oliver Schmidt pleaded guilty last week in a US court in connection with the emissions scandal that has cost the German automaker as much as $25bn.

The controversy about Weil's speech erupted amid renewed questions about close ties between German politicians and German car makers, and whether they prevented the German government from acting sooner to address the widening emissions scandal.

Critics have also blasted the outcome of last week's diesel summit, saying that the German government should have insisted on harsher steps to rein in diesel emissions, but was swayed by industry to adopt less onerous measures.

Bild am Sonntag published thumbnail portraits of six German politicians, including Foreign Minister Sigmar Gabriel, who have or have had in the past consulting agreements or other jobs with VW, Daimler or other bodies associated with the car industry.

They included Daimler's chief lobbyist Eckart von Klaeden, a conservative politician who worked under Chancellor Angela Merkel in the chancellery until 2013.

His abrupt switch to the Mercedes manufacturer prompted an investigation by Berlin prosecutors and new rules on "cooling off" periods.

Thomas Steg, now VW's top lobbyist, served as spokesman for the government of Lower Saxony for seven years until 2009. Matthias Wissmann, who served as German transport minister from 1993 to 1998, has served as president of the VDA auto industry lobby since 2007.

Cem Ozdemir, leader of the pro-environment Greens party, said the "conflation of politics and automotive industry" was damaging to Germany's reputation and posed a "threat to the foundation of our market economy."

Corporate profits to take more hits from Ukraine cyber attack

Reuters
Toronto/Frankfurt

The cyber attack that crippled Ukraine businesses and spread worldwide to shut down shipping ports, factories and corporate offices has taken a costly toll on the results of major US and European companies in the latest quarter, with more to come.

While individual companies have been laid low by hacking attacks in the past, this financial reporting season marks the first time that major players across a range of industries have blamed them for significant financial damage to their results.

On Thursday, German consumer products maker Beiersdorf blamed the attack for a shortfall in its half-year financial results, which caused 5 to 10 days of shipping and production delays after its computer and communications froze.

Six more major international companies, four based in Europe and two in Russia, which acknowledged they suffered disruption, are due to report quarterly results later in August.

The June 27 attack, dubbed NotPetya, first targeted Ukraine, taking down many government agencies and businesses there, before spreading rapidly through corporate networks of multinationals with operations or suppliers in eastern Europe.

Beiersdorf, the maker of Nivea cosmetics, said €35mn ($41mn) worth of second-quarter sales were delayed to the third quarter and it was totting up the costs of the attack for items such as calling in outside experts, promotions and using other production sites to make up for shortfalls.

"It is very important to stress there is a cost and there will be a cost associated with this," chief financial officer Jesper Andersen said. "We are still working our way through it. Our focus so far has been on recovery."

Beiersdorf said the costs would not have a material impact on its profit outlook for the full year. Cadbury chocolate maker Mondelez and freight logistics company FedEx Corp are among five multinational firms, three from the United States and two in Europe, which have previously reported material financial damage from the cyber "worm" that hit on June 27, in the closing days of the quarter.

Mondelez, formerly known as Kraft and the world's second-largest confectionary company, reported a 5% drop in quarterly sales on Wednesday, blaming shipping and invoicing delays caused by the June attack.

Investors should get used to hearing about cyber attacks during earnings calls, said Ian Winer, equity co-head at Wedbush Securities.

"The trend is accelerating," he said. "As hackers get more sophisticated they are taking shots at major companies."

More hackers are becoming adept at developing or finding malware to wipe data on computers, making them inoperable.

Danish shipping company AP Moller-Maersk, which handles one out of seven containers shipped globally, said on July 20 that operations worldwide had been significantly affected, but that it lost no corporate data to outside parties.

Maersk declined to comment and said it would address the impact on August 16, when it reports second-quarter results.

"We anticipate a limited impact from the cyber attack (estimates range from $50-$450mn) as it started towards the end of (the second quarter)," Jefferies analyst David Kerstens said in a note to clients.

Analysts, on average, estimate the hit to Maersk results in a range of $100-$200mn.

German mail and logistics firm Deutsche Post DHL Group and retailer Metro also said their Ukrainian operations were infected, but have provided no further details.

Deutsche Post reports results on August 8 and Metro Group is expected to report results later in August. Other NotPetya victims include Merck & Co, which last week warned the attack had halted production of some drugs, saying it had yet to understand the full costs associated with it.

The attack slowed deliveries at FedEx and halted production lines at British consumer goods maker Reckitt Benckiser, according to accounts by those companies.

FedEx said the attack would have a "material" effect on its full-year results.

Jake Dollarhide, head of Longbow Asset Management in Tulsa, Oklahoma, which manages $85mn in assets, said he expects cyber attacks to become as common as reports that a storm or oil prices hurt results.

Cyence, a firm that helps insurers measure cyber risk, estimated that economic costs from NotPetya would total $850mn.

Major global cyber attacks have the potential to cause economic losses on par with catastrophic natural disasters such as US Superstorm Sandy in 2012, Cyence and Lloyd's of London said in a joint report in July.

Average economic losses caused by such disruptions could range from $4.6bn to $121bn, the report said.

One mysterious group known as The Shadow Brokers in April dumped a trove of powerful hacking tools on the Internet, which security experts said were developed by the US National Security Agency.

Code the group released was used for spreading NotPetya and in the "WannaCry" attack in May on hospitals, businesses and governments worldwide.

"As stock market investors we have to accept this brand new reality in this new digital age," Longbow's Dollarhide said.

Most businesses are inadequately protected from cyber attacks, said Tom Kellermann, chief executive of investment firm Strategic Cyber Ventures.

"The day of reckoning has come for shareholders," Kellermann said.

China hedge fund is 'more positive' on outlook for bonds

Bloomberg
Singapore

Shanghai Chongyang Investment Management Co, whose oldest China hedge fund has returned almost three times as much as equity benchmarks, said the nation's stock and bond markets are poised to rally as the "worst" part of a deleveraging process appears over.

"As far as market impact is concerned, the most violent phase of this campaign-style deleveraging is over," Chongyang president Wang Qing said in an interview with Bloomberg TV in his office atop a skyscraper overlooking Shanghai's financial district. He is "more positive" on the outlook for bonds and "especially the stock market."

China has embarked on a drive to reduce leverage in financial markets and snuff out systemic risks ahead of a Communist Party reshuffle later this year. Some of the nation's most aggressive dealmakers, including Anbang Insurance Group Co and HNA Group, have come under scrutiny.

Mainland shares have been dragged down by the campaign, with the Shanghai Composite Index trailing global indexes and Hong Kong stocks this year.

The index has rebounded from a low in May, and is up about 5.5% this year. Yields on top-rated five-year onshore corporate bonds have spiked, peaking at more than 5% in May before easing to 4.6% as of Wednesday.

Chongyang manages about 20bn yuan ($2.9bn) in assets in mostly long-only A-share funds. One of its oldest funds, opened in September 2008, generated an annualised return of 18% from its inception through the end of June, compared with a roughly 6.5% annual return for the Shanghai Composite Index.

Alongside a broad and long-running effort to tame debt levels, a report this year for the Communist Party leadership on avoiding Japan's past economic mistakes recommended clamping down on overseas purchases by some of China's biggest private companies, according to a person who saw the document.

As the deleveraging campaign goes on, officials are unlikely to loosen their grips on financial institutions, according to Wang, who cited pledges to strengthen financial stability highlighted by a key work conference chaired by President Xi Jinping last month.

"In the last few years, the Chinese financial system and financial markets were characterized by deregulation and financial innovation.

With the benefit of hindsight, some of the changes may have gone too far and too quick," he said. "Chinese financial institutions will continue to be under pressure from the regulators to deleverage, cutting back exposure to shadow banking activities" and wealth-management products, Wang said.

Wang said he's more positive about A-shares than six months ago and expects market liquidity to improve gradually as concerns about the threat of a financial crisis in China dissipate and short-term borrowing rates decline. Economic growth will remain strong in the second half.

China could be ready to stomach swings in yuan that barely moves

Bloomberg
Beijing

After overseeing months' worth of gradual appreciation in the yuan, China is now hinting it's ready to sit back and see how things fly.

Well, perhaps. A front-page commentary in the official *China Securities Journal* suggested the time was right for more flexibility in the people's currency, as the market has "stabilised." The piece appeared weeks after another paper, the central bank's own *Financial News*, cited an expert saying China should widen the yuan's trading band.

The call for more flexibility is a tad ironic given that how authorities have exerted greater control recently with a new daily fixing formula along with intervention in the market. That's left the yuan as the least volatile of all emerging-market currencies apart from Hong Kong's dollar - which has an outright peg to the dollar.

While at the moment this is just rhetoric, Li Liuyang, an analyst at China Merchants Bank Co in Shanghai says officials may need to stomach more volatility against the dollar going forward to maintain stability against other currencies. This could eventually lead to a widening of the currency's trading band from the current 2%, he said.

A man cycles past the Tokyo Stock Exchange. After handily beating the rest of Asia for much of the past five years, Japanese stocks are lagging behind in 2017.

Japanese equities lag behind in Asia with Abe risk casting cloud

Bloomberg
Tokyo

After handily beating the rest of Asia for much of the past five years, Japanese stocks are lagging behind in 2017, with strategists now worrying about the outside chance of the author of Abenomics stepping down.

"If Abe quits, investors will be really done with Japanese equities," said Naoki Iizuka at Citigroup Inc, representing the bearish extreme when it comes to concerns about Prime Minister Shinzo Abe's deteriorating political position. "Abenomics was about fighting back pessimism over deflationary Japan. It'll be dangerous without it."

For now, Iizuka is keeping his "overweight" call for Japan's stocks given valuation levels relative to earnings that compare favourably with other markets, and still-solid earnings growth.

But a number of strategists, including at Goldman Sachs Group Inc, have tempered their enthusiasm in recent weeks as key drivers for gains have faded: The record amounts of stock buybacks and dividend increases, propelled by Abe's corporate-governance reforms, have now subsided.

While the Bank of Japan is unlikely to tighten monetary policy before Abe's handpicked governor, Haruhiko Kuroda, departs in April, no new stimulus is projected by economists.

Corporate profits slipped from record levels this year, with gains in the yen this year weighing on earnings. The latest quarterly results are now being released, with the schedule kicking into high gear this week.

Abe's position poses the biggest danger for the market, after his election victory on a platform of massive monetary stimulus and structural reforms for Japan's long-stagnant economy started juicing Japan's stock market from late 2012.

Foreign investors have been disappointed with reforms and are now more sceptical about Abe's ability to push economic policies that lift corporate profitability, Daniel Morris, a senior investment strategist at BNP Paribas Asset Management, said in an interview in Singapore. He said Japan has always been a "very low profitability market" in his view, and is keeping an underweight stance on the country.

A series of scandals has hit Abe's cabinet this year, and his push to loosen the constitution's restrictions on Japan's armed forces has proved divisive, contributing to a slump in his poll ratings. The shift has raised questions whether Abe could stay on as head of the ruling party, after a long period when most anticipated him winning a third term starting September 2018.

"The scenario had been for Abe to be reelected next September but that's been shaken up – whether his policies will be sustained will be in question, and the market can't help but reflect those risks," said Makoto Yamaguchi, general manager for Bayview Asset Management Co in Tokyo, who himself is still positive on Japanese equities. "Everything has been under the premise of Abenomics."

Even so, some analysts see little fundamental change in Japan's policies even if Abe were to leave the scene, with few signs that potential successors are keen advocates of reining in the Bank of Japan's mega-stimulus programme. Some have also speculated that Abe could embrace greater fiscal spending to shore up his position, something that could boost economic growth.

The Topix's relative valuation could also be a lure. Japan's stocks have other hurdles, however. The market has a relatively small proportion of technology stocks, reducing its attraction relative to others amid a global boom in the sector. Citigroup estimates information-technology stocks held a 12% weighting in the Japanese market as of mid-July, compared with 23% for the US and 25% for the rest of Asia.

Goldman Sachs Group Inc recently cut its near-term forecast for the Topix, citing a number of risks including political uncertainty – a dynamic that hasn't been present in Japan since a series of short-lived prime ministerships ended in 2012 with Abe's win.

"Where do we have strong government today?" said Bryan Goh, Singapore-based chief investment officer for Bordier & Cie. "We have India and we have Japan. And you can see that it has paid off for these countries. But then if that gets threatens then, you might have to worry a little bit."

Among top Thailand stocks, one thrives on deep-discount bad debt

Bloomberg
Bangkok

A surge in nonperforming loans in Thailand is proving to be a rewarding business for JMT Network Services, the nation's biggest bad-debt collector, which is also buying the debt at a deep discount for its own book.

JMT Network, which started out in 1997 as a commission agent for lenders and retailers at the onset of Asian financial crisis, intends to purchase a record 31bn baht ($930mn) face value of distressed debt this year, chief executive officer Piya Pong-Acha said in an interview in Bangkok. If successful, it will add to some 9bn baht the firm has already bought in 2017, he said.

Delinquent loans have climbed amid lacklustre growth in Southeast Asia's second-largest economy. Commercial lenders' total bad loans surged to 413bn baht as of June 30, or 2.95% of the total, central bank data shows. That's the highest ratio since 2011. Nonperforming debt will continue to climb given the structural challenges facing some troubled Thai businesses, according to a Credit Suisse Group note.

"The further rise in bad loans has boosted optimism for the company's earnings growth outlook," Piya, 47, said. "Banks and other lenders have indicated their plans to put a lot more distressed loans up for sale to clean up their balance sheet and reduce the operating cost of recovering them on their own."

Piya: Eyeing expansion in other Southeast Asian countries.

JMT Network holds distressed debt with a face value of about 120bn baht, which it bought from third parties at about a 95% discount, said Piya. Lenders sold the delinquent credit-card and personal loans at that price because they aren't backed by collateral and have been in arrears for at least five years.

JMT Network stock has more than doubled over the past 12 months in Bangkok, reaching a record 30.25 baht on July 17. That ranks it among the top 20 best performers in the 572-member SET Index.

Krungsri Securities Co, Bualuang Securities and other brokerages have initiated coverage with buy or outperform calls since June.

The consensus 12-month price target implies 12% upside to the July 27 closing price, according to data compiled by Bloomberg.

The company's efforts at rehabilitating defaulted debt have generated, on average, a more than 12% return on investment over the past decade, Piya said. The firm's annual target is to buy at least 30bn baht of distressed loans to achieve a base of 200bn baht by the end of 2019, he said. The purchases will be financed by operating cash flow and a 1.5bn baht budget, Piya said.

The company has the option to fund the programme with debt if needed, Suwat Bumrungchatudom, an analyst at Bualuang Securities, said by e-mail on July 27. Its debt-to-equity ratio of 1.2 times provides ample room for growth, without getting near the 4 times limit in its local-currency debt covenant, he said.

In its traditional business, JMT Network is assigned to track and collect 25bn baht of bad loans on behalf of lenders and retailers, said Piya, who co-founded the company with five others. Payment on collection is typically 10% to 15% for every dollar collected for clients, which include HSBC Holdings Plc, Bangkok Bank and Kasikornbank.

In the next three years, JMT Network plans to build out its business in other Southeast Asian countries including Cambodia, Malaysia and Vietnam, Piya said.

"The growth driver will be in neighbouring countries where external debt collection services are still rare and untapped," said Piya. "Our existing clients have expanded their lending businesses in those countries and they are requesting our help for bad debt collection."

Iron ore investors zero in on '18 as China futures roll over

Bloomberg
Singapore

Iron ore futures in China held near the highest level since March, with investors on the Dalian Commodity Exchange shuffling positions amid a contract rollover as the commodity's most-active price shifts forward by four months to January.

The raw material for September delivery ended 0.7% lower at 566.5 yuan a metric ton after earlier gaining to 582 yuan, a four-month high on an intraday basis.

Meanwhile, the January contract was little changed at 546.5 yuan.

Last Friday, the September contract was busiest by open interest and volume; on Monday it ceded the lead in open interest; and on Tuesday it was behind on both measures, according to data compiled by Bloomberg.

Iron ore has stormed higher in recent weeks as mills in the top steel producer benefit from rising product prices and strong profit margins, aiding miners including Rio Tinto Group, BHP Billiton and Vale.

The price on the Dalian exchange, which trades the benchmark yuan-denominated contract, surged 7.6% on Monday after the steel industry's purchasing managers' index hit a 15-month high in July, adding to signs of buoyant demand. Last week, the Dalian exchange halved intraday trading fees for iron ore.

"The price surge is mainly due to a large-scale closing out of short positions as contracts are being rolled over to January," Dang Man, a steel analyst at Maike Futures Co in Xi'an, said via text message, referring to gains on Monday and in the initial part of Tuesday's session.

"The reduction in trading fees played a small role in boosting prices."

At present, futures in Dalian are backwardated, with prompt prices higher than longer-term contracts in a pattern that typically signals near-term tightness in supply.

That means when the contract with the bulk of the trading interest rolls from September to January, the most-active price will drop to reflect the gap.

At the close on Tuesday, the difference was 20 yuan.

Futures on SGX AsiaClear in Singapore also weaken as they go further out, although unlike in Dalian the trading interest is spread more evenly over the months, rather than being concentrated in every fourth month.

The August price was at $72.29, while the contract for January was below $70.

Spot ore with 62% content delivered to Qingdao advanced 7.2% to $73.70 a dry ton on Monday, and was at $73.56 on Tuesday, according to Metal Bulletin.

The commodity advanced 13% in July, after a 14% increase in June.

In Sydney, shares in Rio Tinto, Fortescue Metals Group and BHP Billiton all gained.

BUSINESS

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QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	74.50	0.00	1,346
Widam Food Co	66.00	0.15	32,004
Vodafone Qatar	9.01	-0.99	1,472,903
United Development Co	16.89	-0.65	369,472
Salam International Investme	9.30	-0.53	4,050
Qatar & Oman Investment Co	8.70	0.81	2,689
Qatar Navigation	64.90	-1.22	65,229
Qatar National Cement Co	74.00	0.14	56,411
Qatar National Bank	137.50	0.00	130,038
Qatar Islamic Insurance	59.00	0.00	1,741
Qatar Industrial Manufactur	42.50	2.07	7,985
Qatar International Islamic	57.40	-0.17	48,886
Qatari Investors Group	48.00	1.27	6,063
Qatar Islamic Bank	96.80	-0.41	2,326
Qatar Gas Transport(Nakilat)	17.98	-0.44	33,219
Qatar General Insurance & Re	29.70	0.00	-
Qatar German Co For Medical	8.35	2.45	31,748
Qatar Fuel Qsc	109.00	-0.46	15,578
Qatar First Bank	7.59	0.00	120,495
Qatar Electricity & Water Co	199.00	-0.45	1,242
Qatar Cinema & Film Distrib	26.25	0.00	-
Qatar Insurance Co	69.80	-0.29	5,792
Ooredoo Qsc	95.00	-2.96	20,381
National Leasing	14.22	0.85	222,294
Mazaya Qatar Real Estate Dev	11.10	-1.16	346,422
Mesaieed Petrochemical Holdi	13.02	-0.99	48,486
Al Meera Consumer Goods Co	155.00	-2.15	16,312
Medicare Group	82.10	-2.03	117,846
Mannai Corporation Qsc	77.30	0.26	202
Masraf Al Rayan	41.15	-0.24	61,873
Al Khalij Commercial Bank	13.02	-0.61	51,798
Industries Qatar	94.40	-1.67	98,017
Islamic Holding Group	52.60	0.38	8,748
Gulf Warehousing Company	47.35	-1.35	40,844
Gulf International Services	20.45	-0.78	74,892
Ezdan Holding Group	12.90	-1.45	25,593
Doha Insurance Co	13.90	-1.35	7,711
Doha Bank Qsc	31.85	0.16	214,485
Dlala Holding	18.24	0.50	61,449
Commercial Bank Qsc	31.00	-1.59	100,079
Barwa Real Estate Co	34.70	1.17	777,613
Al Khaleej Takaful Group	17.00	0.00	10,666
Aamal Co	11.15	-0.36	9,113
Al Ahli Bank	32.40	2.05	5,390

SAUDI ARABIA

Company Name	Lt Price	% Chg	Volume
United Wire Factories Compan	17.55	-0.28	124,073
Etihad Etisalat Co	18.19	-0.44	340,792
Dar Al Arkan Real Estate Dev	6.03	0.33	5,987,230
Saudi Hollandi Bank	0.00	0.00	-
Rabigh Refining And Petroche	11.88	-0.08	570,382
Banque Saudi Fransi	30.10	0.23	715
Saudi Enaya Cooperative Insu	16.91	-1.86	580,591
Mediterranean & Gulf Insuran	16.55	0.00	-
Saudi British Bank	25.15	-2.78	48,723
Mohammad Al Mojil Group Co	0.00	0.00	-
Red Sea International Co	18.54	-0.11	71,667
Takween Advanced Industries	11.16	0.63	497,002
Sabb Takaful	26.44	0.49	58,745
Saudi Arabian Fertilizer Co	62.80	1.45	61,759
National Gypsum	12.13	-0.66	43,636
Saudi Ceramic Co	27.84	1.24	60,361
National Gas & Industrializa	33.28	0.24	42,116
Saudi Pharmaceutical Industr	34.82	2.26	82,969
Thimar	36.25	2.14	915,707
National Industrialization C	14.56	0.00	701,942
Saudi Transport And Investme	0.00	0.00	-
Saudi Electricity Co	24.07	0.59	896,517
Saudi Arabia Refineries Co	34.74	1.91	630,070
Arriyadh Development Company	19.70	0.10	81,134
Al-Baha Development & Invest	25.80	9.93	2,647,013
Saudi Research And Marketing	81.11	1.90	1,889,414
Aldrees Petroleum And Transp	26.40	1.07	355,699
Saudi Vitrified Clay Pipe Co	46.07	-1.90	82,089
Jarir Marketing Co	157.00	2.03	51,277
Arab National Bank	22.80	0.44	28,637
Yanbu National Petrochemical	54.40	0.00	106,581
Arabian Cement	33.15	0.27	29,328
Middle East Specialized Cabl	6.44	0.78	1,310,152
Al Khaleej Training And Educ	17.73	-0.45	154,726
Al Sagr Co-Operative Insuran	29.01	0.66	174,868
Trade Union Cooperative Insu	18.74	2.40	303,934
Arabia Insurance Cooperative	15.59	-2.07	829,124
Saudi Chemical Company	36.03	-1.96	81,284
Fawaz Abdulaziz Alhokair & C	44.69	0.22	209,084
Bupa Arabia For Cooperative	119.00	1.29	40,728
Wafa Insurance	22.33	-0.58	222,320
Jabal Omar Development Co	67.19	-0.59	168,977
Saudi Basic Industries Corp	97.46	0.26	3,040,858
Saudi Kayan Petrochemical Co	8.51	-2.07	4,000,258
Etihad Atheeb Telecommunicat	8.04	-2.07	621,060
Co For Cooperative Insurance	93.90	1.29	15,274
National Petrochemical Co	16.56	0.06	300,741
Gulf Union Cooperative Insur	17.20	1.53	81,846
Gulf General Cooperative Ins	16.85	5.64	1,229,512
Basic Chemical Industries	20.45	1.19	115,198
Saudi Steel Pipe Co	16.54	-0.30	70,291
Buruj Cooperative Insurance	32.66	3.98	1,206,206
Mouwasat Medical Services Co	151.20	0.13	2,305
Southern Province Cement Co	50.38	0.76	24,425
Maadaniyah	21.92	-0.68	99,668
Yamama Cement Co	15.89	-0.31	105,841
Jazan Development Co	15.92	0.82	135,472
Zamil Industrial Investment	28.14	0.43	289,244
Alujain Corporation (Alco)	22.00	0.00	701,699
Tabuk Agricultural Developme	13.04	0.31	330,898
United Co-Operative Assuranc	14.51	2.33	427,343
Qassim Cement/The	46.50	-1.17	37,034
Saudi Advanced Industries	12.48	-0.08	140,804
Kingdom Holding Co	10.29	0.98	448,396
Saudi Arabian Amiantit Co	5.72	7.32	7,723,044
Al Jouf Agriculture Developm	27.94	-0.36	50,481
Saudi Industrial Development	11.05	0.00	291,708
Bishah Agriculture	0.00	0.00	-
Riyad Bank	10.64	-0.47	156,179
The National Agriculture Dev	28.16	-0.64	191,742
Halwani Bros Co	48.72	-0.57	6,342
Arabian Pipes Co	13.84	-0.14	255,997
Eastern Province Cement Co	23.52	0.00	13,120
Al Gassim Investment Holding	0.00	0.00	-
Filing & Packing Materials M	34.25	1.36	70,808
Saudi Cable Co	10.81	0.00	-
Tihama Advertising & Public	44.55	9.95	1,557,556
Saudi Investment Bank/The	14.00	0.36	44,771
Astra Industrial Group	15.69	0.19	95,817
Saudi Public Transport Co	14.02	0.00	237,930
Taiba Holding Co	43.15	0.91	14,008
Saudi Industrial Export Co	31.84	0.76	436,532
Saudi Real Estate Co	21.54	-0.55	91,985
Saudia Dairy & Foodstuff Co	119.80	-0.23	12,844
National Shipping Co Of/The	31.79	-1.27	1,214,420
Methanol Chemicals Co	6.50	1.56	1,692,947
Ace Arabia Cooperative Insur	47.17	0.32	22,194
Mobile Telecommunications Co	8.69	-1.59	2,330,089
Saudi Arabian Coop Ins Co	21.46	1.23	112,775
Axa Cooperative Insurance	21.16	-0.47	424,315
Alsorayai Group	7.78	0.26	576,345
Weqaya For Takaful Insurance	0.00	0.00	-
Bank Albilad	18.65	0.21	428,125
Al-Hassan G.I. Shaker Co	12.67	-0.31	193,720
Wataniya Insurance Co	29.62	-1.56	314,496
Abdullah Al Othaim Markets	124.02	1.05	108,804
Hail Cement	9.29	0.11	63,726
Saudi Re For Cooperative Rei	6.74	0.00	835,543
Solidarity Saudi Takaful Co	17.82	2.18	369,641
Amana Cooperative Insurance	18.04	0.28	231,193
Alabdullatif Industrial Inv	13.00	-0.61	93,839
Saudi Printing & Packaging C	18.29	-0.65	2,020,706
Sanad Cooperative Insurance	0.00	0.00	-
Saudi Paper Manufacturing Co	7.44	1.78	1,233,468
Alinma Bank	16.11	-0.06	24,115,804
Almarai Co	78.29	0.04	43,538
Falcom Saudi Equity Etf	28.05	0.18	183,064
United International Transpo	22.54	-0.97	581,084
Hsbc Amanah Saudi 20 Etf	29.55	0.00	-
Saudi International Petroche	14.06	-0.35	448,968
Falcom Petrochemical Etf	26.70	0.00	-
Walaa Cooperative Insurance	28.76	-0.10	411,604
Bank Al-Jazira	12.46	-0.16	970,133
Al Rajhi Bank	61.91	0.06	2,104,830
Samba Financial Group	25.60	3.85	781,992
United Electronics Co	43.66	-0.23	580,449
Allied Cooperative Insurance	14.44	0.49	315,188
Malath Insurance	22.96	3.19	494,927
Alinma Tokio Marine	23.91	0.67	28,922
Arabian Shield Cooperative	47.50	-0.17	34,039
Savola	43.76	-0.27	60,962
Wafrah For Industry And Deve	21.84	-0.36	224,389
Fitaihi Holding Group	13.11	-0.23	380,757
Tourism Enterprise Co/ Shams	29.94	1.46	250,270
Sahara Petrochemical Co	13.14	0.84	557,181
Herfy Food Services Co	51.51	-3.79	272,444

KUWAIT

Company Name	Lt Price	% Chg	Volume
Securities Group Co	0.00	0.00	-
Sultan Center Food Products	0.00	0.00	-
Kuwait Foundry Co Sak	270.00	0.00	1,200
Kuwait Financial Centre Sak	90.00	-17.43	1,207
Ajial Real Estate Entmt	139.00	0.00	200
Gulf Glass Manuf Co -Kscc	0.00	0.00	-
Kuwait Finance & Investment	40.20	-0.74	15,000
National Industries Co Ksc	165.00	0.00	109,563
Kuwait Real Estate Holding C	40.00	0.00	50,000
Securities House/The	44.30	0.00	436,170
Boubyan Petrochemicals Co	570.00	0.00	6,096
Al Ahli Bank Of Kuwait	318.00	-0.31	11,896
Ahli United Bank (Almutahed)	417.00	0.48	2,200
National Bank Of Kuwait	701.00	0.14	459,032
Commercial Bank Of Kuwait	350.00	1.45	104,226
Kuwait International Bank	244.00	0.41	579,000
Gulf Bank	243.00	-0.41	568,380
Al-Massaleh Real Estate Co	43.00	0.00	100,000
Al Arabiya Real Estate Co	34.20	0.00	34,889
Kuwait Remal Real Estate Co	70.00	0.00	228,600
Alkout Industrial Projects C	600.00	0.00	100,000
A'ayan Real Estate Co Sak	85.00	0.00	295,000
Investors Holding Group Co.K	24.20	0.00	120,991
Al-Mazaya Holding Co	114.00	0.00	129,000
Al-Madar Finance & Invt Co	19.00	0.00	554,439
Gulf Petroleum Investment	39.80	0.51	3,241,931
Mabanee Co Sakc	780.00	-1.02	89,879
City Group	0.00	0.00	-
Invest Co Bsc	123.00	0.82	280,741
Kuwait Gypsum Manufacturing	0.00	0.00	-
Al-Deera Holding Co	33.50	0.00	71,000
Alshamel International Hold	0.00	0.00	-
Mena Real Estate Co	22.70	0.44	724,450
National Slaughter House	0.00	0.00	-
Amar Finance & Leasing Co	39.50	0.00	1,500
United Projects For Aviation	770.00	10.32	50
National Consumer Holding Co	80.00	0.00	11
Amwal International Investme	44.00	-2.00	1,000
Jeeran Holdings	0.00	0.00	-
Equipment Holding Co K.S.C.C	48.00	1.48	55,000
Nafais Holding	195.00	0.00	200
Safwan Trading & Contracting	0.00	0.00	-
Arkan Al Kuwait Real Estate	85.50	3.01	300
Gfh Financial Group Bsc	171.00	0.00	42,142
Energy House Holding Co Kscp	35.10	-0.28	71,239
Kuwait Slaughter House Co	0.00	0.00	-
Kuwait Co For Process Plant	150.00	0.00	30,000
Al Maidan Dental Clinic Co K	0.00	0.00	-
National Ranges Company	28.50	0.00	52,110
Al-Themar Real International	0.00	0.00	-
Al-Ahleia Insurance Co Sakp	450.00	0.00	50,000
Wethaq Takaful Insurance Co	51.00	0.00	102,400
Salbookh Trading Co Kscp	60.30	0.00	75,331
Aqar Real Estate Investments	71.00	0.00	19,000
Hayat Communications	89.80	0.00	29,055
Kuwait Packing Materials Mfg	0.00	0.00	-
Soor Fuel Marketing Co Ksc	122.00	-0.81	101,755
Alargan International Real	160.00	0.00	30,000
Burgan Co For Well Drilling	89.00	-1.11	111,000
Kuwait Resorts Co Kscc	78.90	2.07	24
Oula Fuel Marketing Co	119.00	-2.46	463,340
Palms Agro Production Co	89.90	0.00	100
Mubarrad Transport Co	70.00	-2.78	40,307
Al Mowasat Health Care Co	480.00	0.00	526
Shuaiba Industrial Co	290.00	0.00	11,500
Hits Telecom Holding	41.00	-0.24	1,798,174
First Takaful Insurance Co	59.50	0.17	98,000
Kuwaiti Syrian Holding Co	35.90	0.56	10,501
National Cleaning Company	47.00	-6.00	30,000
Eyas For High & Technical Ed	845.00	-2.87	3,942
United Real Estate Company	87.90	0.00	20
Agility	820.00	-1.20	80,771
Kuwait & Middle East Fin Inv	28.90	0.00	32,820
Fujairah Cement Industries	79.00	0.00	672
Livestock Transport & Tradng	227.00	-0.44	500
International Resorts Co	31.20	-2.50	60,000
National Industries Grp Hold	137.00	0.00	971,170
Marine Services Co Ksc	66.00	0.00	195,639
Warba Insurance Co	92.40	2.78	35,692
Kuwait United Poultry Co	0.00	0.00	-
First Dubai Real Estate Deve	50.70	-0.20	424
Al Arabi Group Holding Co	86.00	4.88	79,000
Kuwait Hotels Sak	0.00	0.00	-
Mobile Telecommunications Co	443.00	0.91	1,409,353
Al Safat Real Estate Co	0.00	0.00	-
Tamdeen Real Estate Co Ksc	400.00	0.00	8,533
Al Mudon Intl Real Estate Co	38.90	-0.26	20
Kuwait Cement Co Ksc	425.00	0.00	44,000
Sharjah Cement & Indus Devel	83.50	0.00	116,509
Kuwait Portland Cement Co	950.00	0.00	2,900
Educational Holding Group	353.00	0.00	10,550
Bahrain Kuwait Insurance	0.00	0.00	-
Asiya Capital Investments Co	41.00	1.99	8,567
Kuwait Investment Co	100.50	0.50	76,400
Burgan Bank	355.00	0.57	10,050
Kuwait Projects Co Holdings	369.00	0.00	20,000
Al Madina For Finance And In	47.70	-2.05	110,200
Kuwait Insurance Co	230.00	-8.00	45,998
Al Masaken Intl Real Estate	75.00	0.00	18,528
Intl Financial Advisors	36.00	-3.74	117,850
First Investment Co Kscc	45.20	-1.31	221,300
Al Mal Investment Company	16.70	-0.60	539,444
Bayan Investment Co Kscc	49.10	-3.54	779,400
Egypt Kuwait Holding Co Sae	174.00	0.00	73,000
Coast Investment Development	41.50	-0.95	137,100
Privatization Holding Compan	50.50	-2.32	901,374
Kuwait Medical Services Co	0.00	0.00	-
Injazzat Real State Company	90.50	0.00	9,000
Kuwait Cable Vision Sak	27.90	0.00	22,252
Sanam Real Estate Co Kscc	43.00	0.00	1
Ithmaar Holding Bsc	41.00	-6.61	5,581,380
Aviation Lease And Finance C	355.00	2.90	951,825
Arzan Financial Group For Fi	36.00	0.00	9,600
Ajwan Gulf Real Estate Co	68.00	0.00	250
Kuwait Business Town Real Es	48.00	-0.83	361,000
Future Kid Entertainment And	106.00	0.00	42,239
Specialities Group Holding C	95.00	0.00	97,500
Abyaar Real Estate Developme	25.00	-0.40	4,626,069
Dar Al Thuraya Real Estate C	0.00	0.00	-
Al-Dar National Real Estate	0.00	0.00	-
Kgl Logistics Company Kscc	0.00	0.00	-
Combined Group Contracting	565.00	0.00	2,250
Zima Holding Co Ksc	52.00	0.00	244,910
Qurain Holding Co	0.00	0.00	-
Boubyan Intl Industries Hold	48.00	0.00	145,100
Gulf Investment House Ksc	34.40	0.29	5,000
Boubyan Bank K.S.C	413.00	0.49	57,722
Ahli United Bank B.S.C	215.00	0.00	2,103,366
Osos Holding Group Co	125.00	1.63	4,111,500
Al-Eid Food Ksc	0.00	0.00	-
Qurain Petrochemical Industr	342.00	-1.16	158,211
Advanced Technology Co	0.00	0.00	-
Ekttitab Holding Co Sak	36.50	-0.27	152,500
Kout Food Group Ksc	0.00	0.00	-
Real Estate Trade Centers Co	43.50	0.00	8,500
Acico Industries Co Kscc	264.00	0.00	6,150
Kipco Asset Management Co	75.00	0.81	50,500
National Petroleum Services	915.00	0.00	1,950
Alimtiaz Investment Co Kscc	164.00	1.23	2,182,135
Ras Al Khaimah White Cement	82.00	-7.87	90,000
Kuwait Reinsurance Co Ksc	187.00	0.00	960
Kuwait & Gulf Link Transport	0.00	0.00	-
Human Soft Holding Co Ksc	4,300.00	0.00	66,500
Automated Systems Co Kscc	170.00	0.00	14,716
Metal & Recycling Co	94.00	0.00	4,510
Gulf Franchising Holding Co	75.00	0.00	3,145,011
Al-Enma'a Real Estate Co	39.80	-0.50	145,000
National Mobile Telecommuni	1,123.00	0.18	1,154
Al Bareeq Holding Co Kscc	0.00	0.00	-
Housing Finance Co Sak	0.00	0.00	-
Al Salam Group Holding Co	55.50	2.78	1,013,601
Kuwait Foodstuff Industries	0.00	0.00	-
Al Aman Investment Company	45.50	-1.94	97,650
Mashaer Holdings Co Ksc	0.00	0.00	-
Manazel Holding	44.00	-0.90	362,300
Mushrif Trading & Contractin	0.00	0.00	-
Tijara And Real Estate Inves	58.90	0.00	20,111
Kuwait Building Materials	0.00	0.00	-
Jazeera Airways Co Ksc	565.00	6.60	498,628
Commercial Real Estate Co	82.00	-0.61	896,000
Future Communications Co	0.00	0.00	-
National International Co	69.00	0.00	20,600
Taameer Real Estate Invest C	35.20	-1.40	12,545
Gulf Cement Co	76.50	-3.77	315,473
Heavy Engineering And Ship B	205.00	0.49	26,000
Refrigeration Industries & S	0.00	0.00	-
National Real Estate Co	120.00	0.00	510,016
Al Safat Energy Holding Comp	40.00	-2.44	48,000
Kuwait National Cinema Co	1,399.00	0.00	10
Danah Alsafat Foodstuff Co	73.00	1.39	6,284
Independent Petroleum Group	396.00	0.00	100
Kuwait Real Estate Co Ksc	60.50	1.17	1,437,226
Salhia Real Estate Co Ksc	355.00	-3.53	1,383,000
Gulf Cable & Electrical Ind	430.00	0.23	1,999
Al Nawadi Holding Co Ksc	0.00	0.00	-
Kuwait Finance House	542.00	0.93	1,986,748
Gulf North Africa Holding Co	35.60	4.09	156,000
Hilal Cement Co	0.00	0.00	-
Osoul Investment Kscc	58.80	0.00	4,892
Gulf Insurance Group Ksc	614.00	2.16	3,058
Kuwait Food Co (Americana)	2,100.00	0.00	1
Umm Al Qaiwain Cement Indust	0.00	0.00	-
Aayan Leasing & Investment	44.70	1.59	604,900

OMAN

Company Name	Lt Price	% Chg	Volume
Voltamp Energy Saog	0.48	0.00	2,385
United Power/Energy Co- Pref	1.00	0.00	-
United Power Co Saog	3.55	0.00	88
United Finance Co	0.12	3.33	19,784
Ubar Hotels & Resorts	0.13	0.00	-
Takaful Oman	0.18	0.00	-
Tageer Finance	0.11	0.00	-
Sweets Of Oman	1.34	0.00	-
Sohar Power Co	0.16	0.00	-
Sohar Poultry	0.21	0.00	-
Smn Power Holding Saog	0.69	0.00	-
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	1.88	0.00	-
Sharqiyah Desalination Co Sa	4.35	0.00	-
Sembcorp Salalah Power & Wat	0.22	0.00	-
Salalah Port Services	0.60	0.00	-
Salalah Mills Co	1.33	0.00	-
Salalah Beach Resort Saog	1.38	0.00	-
Sahara Hospitality	2.50	0.00	-
Renaissance Services Saog	0.18	-7.69	26,200
Raysut Cement Co	0.90	0.00	22,000
Port Service Corporation	0.18	-5.21	42,110
Phoenix Power Co Saoc	0.12	-1.69	7,103
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.44	-0.46	25,000
Ominvest	0.49	-0.41	30,000
Oman United Insurance Co	0.34	0.00	-
Oman Textile Holding Co Saog	0.00	0.00	-
Oman Telecommunications Co	1.14	-0.44	119,381
Oman Refreshment Co	1.91	0.00	1,000
Oman Packaging	0.28	0.00	-
Oman Orix Leasing Co.	0.17	0.00	-
Oman Oil Marketing Company	1.66	0.00	-
Oman National Engineering An	0.15	-0.65	10,566
Oman Investment & Finance	0.16	0.00	81,359
Oman Intl Marketing	0.52	0.00	-
Oman Hotels & Tourism Co	0.40	0.00	-
Oman Foods International	0.00	0.00	-
Oman Flour Mills	0.85	0.00	-
Oman Fisheries Co	0.12	-4.07	1,325,530
Oman Fiber Optics	0.00	0.00	-
Oman Europe Foods Industries	1.00	0.00	-
Oman Education & Training In	0.16	0.00	-
Oman Chromite	3.64	0.00	-
Oman Chlorine	0.49	0.00	-
Oman Ceramic Company	0.42	0.00	-
Oman Cement Co	0.44	0.00	-
Oman Cables Industry	1.57	0.00	-
Oman Agricultural Dev	0.00	0.00	-
Oman & Emirates Inv(Om)50%	0.10	0.00	-
Natl Aluminium Products	0.14	5.38	26,000
National Securities	0.04	0.00	-
National Real Estate Develop	5.00	0.00	-
National Pharmaceutical	0.11	0.00	-
National Mineral Water	0.05	0.00	-
National Hospitality Institu	0.00	0.00	-
National Gas Co	0.30	2.76	461,013
National Finance Co	0.15	0.00	-
National Detergent Co Saog	0.69	0.00	-
National Biscuit Industries	3.75	0.00	-
National Bank Of Oman Saog	0.21	0.00	-
Muscat Thread Mills Co	0.08	0.00	-
Muscat National Holding	0.86	0.00	-
Muscat Gases Company Saog	0.56	0.00	-
Muscat Finance	0.12	0.00	-
Majan Glass Company	0.19	0.00	-
Majan College	0.49	0.00	-
Hsbc Bank Oman	0.12	0.00	-
Hotels Management Co Interna	0.15	0.00	-
Gulf Stone	0.12	0.00	-
Gulf Plastic Industries Co	0.00	0.00	-
Gulf Mushroom Company	0.31	0.00	-
Gulf Investments Services	0.08	0.00	-
Gulf Invest. Serv. Pref-Shar	0.11	0.00	-
Gulf International Chemicals	0.22	0.00	-
Gulf Hotels (Oman) Co Ltd	10.50	0.00	-
Global Fin Investment	0.16	0.00	-
Galfar Engineering&Contract	0.08	-1.30	409,530
Galfar Engineering -Prefer	0.39	0.00	-
Financial Services Co.	0.11	0.00	-
Financial Corp/The	0.10	0.00	-
Dhofar University	0.00	0.00	-
Dhofar Tourism	0.49	0.00	-
Dhofar Poultry	0.18	0.00	-
Dhofar Intl Development	0.31	0.00	-
Dhofar Insurance	0.20	0.00	-
Dhofar Fisheries & Food Indu	1.28	0.00	-
Dhofar Cattlefeed	0.19	0.00	-
Dhofar Beverages Co	0.26	0.00	-
Construction Materials Ind	0.03	0.00	-
Computer Stationery Inds	0.26	0.00	-
Bankmuscat Saog	0.38	-1.56	1,790,524
Bank Sohar	0.15	-2.67	35,274
Bank Nizwa	0.09	-2.11	888,356
Bank Dhofar Saog	0.22	0.00	-
Areej Vegetable Oils Saoc	0.00	0.00	-
Aloula Co	0.53	0.00	-
Al-Omaniya Financial Service	0.28	0.00	-
Al-Hassan Engineering Co	0.05	0.00	-
Al-Fajar Al-Alamia Co	0.75	0.00	-
Al-Anwar Ceramic Tiles Co	0.13	0.76	234,624
Al Suwadi Power	0.16	0.00	-
Al Shurooq Inv Ser	0.00	0.00	-
Al Sharqiya Invest Holding	0.10	-1.94	36,311
Al Maha Petroleum Products M	1.40	0.00	-
Al Maha Ceramics Co Saoc	0.30	0.00	-
Al Madina Takaful Co Saoc	0.11	-1.80	2,161,534
Al Madina Investment Co	0.07	0.00	359,936
Al Kamil Power Co	0.31	0.00	-
Al Jazerah Services -Pfd	0.55	0.00	-
Al Jazeera Steel Products Co	0.25	1.21	56,500
Al Jazeera Services	0.15	-1.99	71,000
Al Izz Islamic Bank	0.08	-2.56	713,100
Al Buraimi Hotel	0.88	0.00	-
Al Batinah Power	0.14	0.00	-
Al Batinah Hotels	1.13	0.00	-
Al Batinah Dev & Inv	0.09	0.00	575
Al Anwar Holdings Saog	0.15	-0.68	58,134
Ahli Bank	0.17	0.00	98,679
Acwa Power Barka Saog	0.79	0.00	-
Abrasives Manufacturing Co S	0.05	0.00	-
A'saffa Foods Saog	0.59	0.00	-
Oman Oil Marketing Co-Pref	0.25	0.00	-

UAE

Company Name	Lt Price	% Chg	Volume
Waha Capital Pjsc	1.84	0.00	261,506
United Insurance Company	2.00	0.00	-
United Arab Bank Pjsc	1.61	0.00	-
Union National Bank/Abu Dhab	4.46	-2.62	1,516
Union Insurance Co	1.86	0.00	-
Union Cement Co	1.25	0.00	-
Umm Al Qaiwain Cement Indust	1.61	0.00	-
Sharjah Islamic Bank	1.38	0.00	-
Sharjah Insurance Company	3.85	0.00	-
Sharjah Group	1.50	0.00	-
Sharjah Cement & Indus Devel	0.99	0.00	-
Ras Al-Khaimah National Insu	4.10	0.00	-
Ras Al Khaimah White Cement	1.06	0.00	-
Ras Al Khaimah Ceramics	2.44	1.67	36,500
Ras Al Khaimah Cement Co Psc	0.77	0.00	-
Ras Al Khaima Poultry	3.70	0.00	-
Rak Properties	0.71	1.43	7,467,436
Ooredoo Qsc	76.50	0.00	-
Oman & Emirates Inv(Emir)50%	0.58	0.00	-
Nbad Oneshare Msci Uae Ucits	6.20	0.00	-
National Takaful Company	0.70	0.00	-
National Marine Dredging Co	4.60	0.00	-
National Investor Co/The	0.54	0.00	-
National Corp Tourism & Hote	2.60	0.00	-
National Bank Of Umm Al Qaiw	3.00	0.00	-
National Bank Of Ras Al-Khai	4.51	0.00	-
National Bank Of Fujairah	3.01	0.33	1,241
First Abu Dhabi Bank Pjsc	0.00	0.00	-
Methaq Takaful Insurance	0.90	0.00	786,216
Manazel Real Estate Pjsc	0.54	3.85	4,413,255
Invest Bank	2.66	0.00	-
Intl Fish Farming Co Pjsc	1.55	-1.27	271,600
Insurance House	0.83	0.00	-
Gulf Pharmaceutical Ind Psc	2.40	0.00	515,358
Gulf Medical Projects	2.43	0.00	73,897
Gulf Cement Co	0.97	0.00	-
Fujairah Cement Industries	1.10	0.00	-
Fujairah Building Industries	1.56	0.00	-
Foodco Holding Pjsc	6.00	0.00	-
First Gulf Bank	0.00	0.00	-
Finance House	1.61	0.00	-
Eshraq Properties Co Pjsc	0.93	1.09	8,285,657
Emirates Telecom Group Co	18.25	-0.82	639,592
Emirates Insurance Co. (Psc)	6.00	0.00	-
Emirates Driving Company	8.00	0.00	-
Dana Gas	0.64	-1.54	106,248,191
Commercial Bank Internationa	1.06	0.00	-
Bank Of Sharjah	1.20	0.00	-
Axa Green Crescent Insurance	0.68	0.00	-
Arkan Building Materials Co	0.68	-1.45	116,749
Alkhaleej Investment	1.31	0.77	10,500
Aldar Properties Pjsc	2.38	0.42	3,987,701
Al Wathba National Insurance	12.75	0.00	-
Al Khazna Insurance Co	0.33	0.00	10,000
Al Fujairah National Insuran	300.00	0.00	-
Al Dhafra Insurance Co. P.S.	3.84	0.00	-
Al Buhaira National Insuranc	2.20	0.00	-
Al Ain Ahlia Ins. Co.	47.00	1.08	38,516
Agthia Group Pjsc	5.43	0.18	158,804
Abu Dhabi Ship Building Co	2.25	0.00	64,780
Abu Dhabi Natl Co For Buildi	0.50	0.00	-
Abu Dhabi National Takaful C	5.00	0.00	-
Abu Dhabi National Insurance	3.22	0.00	-
Abu Dhabi National Hotels	3.17	-1.86	437,410
Abu Dhabi National Energy Co	0.50	0.00	1,560,625
Abu Dhabi Islamic Bank	3.66	-0.27	249,189

BAHRAIN

Company Name	Lt Price	% Chg	Volume
Zain Bahrain Bscc	0.00	0.00	-
United Paper Industries Bsc	0.00	0.00	-
United Gulf Investment Corp	0.00	0.00	-
United Gulf Bank	0.00	0.00	-
Trafco Group Bsc	0.27	0.74	20,000
Takaful International Co	0.00	0.00	-
Taib Bank -$Us	0.00	0.00	-
Seef Properties	0.25	0.00	1,014,000
Securities & Investment Co	0.00	0.00	-
National Hotels Co	0.00	0.00	-
National Bank Of Bahrain Bsc	0.65	-1.52	30,000
Nass Corp Bsc	0.12	0.00	180,000
Khaleeji Commercial Bank	0.11	0.00	100,000
Ithmaar Holding Bsc	0.14	0.00	650,000
Investcorp Bank -$Us	8.65	0.00	62,300
Inovest Co Bsc	0.44	0.00	9,654
Gulf Monetary Group	0.00	0.00	-
Gulf Hotel Group B.S.C	0.52	0.00	10,000
Gfh Financial Group Bsc	0.58	0.00	96,304
Esterad Investment Co B.S.C.	0.00	0.00	-
Delmon Poultry Co	0.00	0.00	-
Bmmi Bsc	0.79	0.00	105,000
Bmb Investment Bank	0.00	0.00	-
Bbk Bsc	0.39	1.03	30,000
Bankmuscat Saog	0.00	0.00	-
Banader Hotels Co	0.06	0.00	644,068
Bahrain Tourism Co	0.00	0.00	-
Bahrain Telecom Co	0.21	-0.93	298,000
Bahrain Ship Repair & Engin	0.00	0.00	-
Bahrain National Holding	0.00	0.00	-
Bahrain Kuwait Insurance	0.00	0.00	-
Bahrain Islamic Bank	0.14	0.71	289,000
Bahrain Flour Mills Co	0.00	0.00	-
Bahrain Family Leisure Co	0.08	0.00	90,000
Bahrain Duty Free Complex	0.77	0.00	35,000
Bahrain Commercial Facilitie	0.73	0.00	15,000
Bahrain Cinema Co	1.31	-2.96	40,000
Bahrain Car Park Co	0.00	0.00	-
Arab Insurance Group(Bsc)-$	0.46	0.00	11,000
Arab Banking Corp Bsc-$Us	0.30	0.00	24,513
Aluminium Bahrain Bsc	0.50	0.00	116,000
Albaraka Banking Group	0.42	-1.19	25,000
Al-Salam Bank	0.10	0.00	101,162
Al-Ahlia Insurance Co	0.00	0.00	-
Ahli United Bank B.S.C	0.71	0.00	220,000

LATEST MARKET CLOSING FIGURES

US firms pick Amsterdam over London as Brexit, MiFID bite

Bloomberg
London

Two US algorithmic-trading firms are picking Amsterdam over London as the location for their first European office, reinforcing the Dutch city's standing as a financial hub post Brexit.
Radix Trading LLC and Hard Eight Trading LLC, both Chicago-based prop trading firms, have chosen to base their European operations out of Amsterdam.
The moves come as Tradeweb LLC, a New York electronic-trading platform, said on Thursday it, too, decided on Amsterdam for its European base.
London's status as the region's financial centre has dwindled since the Brexit vote because companies fear that leaving the EU might harm their ability to do business in any of the other 27 member states. US firms are also rushing to comply with the overhaul of financial regulation known as MiFID II, which requires firms that make markets in European securities and derivatives to have a physical location in an EU member state. MiFID kicks in on January 3.
"We considered several possible locations for our European office and chose Amsterdam because of the combination of experienced regulators, high-quality talent and good infrastructure," Benjamin Blander, a managing member of Radix Trading, said in an email.
While Frankfurt is rapidly becoming the location of choice for banks like Morgan Stanley and Citigroup Inc, the city of bicycles and the home of the world's oldest stock exchange sees itself as better positioned than other continental European cities to attract proprietary or high-frequency traders.
The UK vote to leave the EU and the presence of Amsterdam's three major algorithmic traders – Optiver BV, IMC BV and Flow Traders NV – have added to the city's allure as a financial centre.
The Netherlands' financial markets authority is more used to dealing with computerised traders than its continental European counterparts, said Katten Muchin Rosenman LLP's Neil Robson.
"If a prop-trading firm is established in the Netherlands as a local, the Netherlands has a relatively comfortable capital treatment," said Robson, a London-based partner at the firm. "They already have a prop-trading community there and you're not teaching the regulator what to regulate."
Tradeweb also praised Amsterdam's favourable regulatory set- up while expressing worries about market access once the UK leaves the European Union. Hard Eight Trading chose the Dutch city because "it was just a lot cheaper," said Francis Wisniewski, one of the trading house's co-founders.
Bloomberg LP, the parent of Bloomberg News, competes with Tradeweb in operating trading platforms.
Brexit is a big concern for firms wanting access to EU markets, said Michael Thomas, a partner at Hogan Lovells. "We do not know what the cross-border regime between the EU and the U.K. will be going forward," Thomas said. "It puts them on a more stable footing if they have a local regulated presence in the EU."
Still, some US algorithmic traders have opted for a London office to comply with the MiFID rules, according to Robson.
"A good number still came to the UK notwithstanding Brexit, saying 'We'll let the other firms take a view on getting established elsewhere in the EU. We'll set up in the UK. It's easy and relatively quick,'" Robson added. "They'll take a view on getting established elsewhere in the EU once they know what Brexit means."

Apple's China problem highlights conundrum for tech sector in US

AFP
San Francisco

Apple's decision to bow to Chinese officials by removing apps to sidestep online censorship underscores the dilemma faced by US tech companies seeking to uphold principles while expanding their business.

The iPhone maker is the latest from Silicon Valley to face a conundrum in balancing their value for human rights and free expression against a government intent on controlling online content.

Apple this week acknowledged it had removed applications for so-called VPNs or virtual private networks, despite objections.

"We would rather not remove the apps, but like in other countries, we obey the laws where we do business," Apple chief Tim Cook said during an earnings call.

"We are hopeful that over time, the restrictions we are seeing are loosened, because innovation really requires freedom to collaborate and communicate, and I know that is a major focus there."

The prospect of Apple scoring a hit with a 10th-anniversary iPhone model in the months ahead appeared to outweigh backlash from online rights activists who criticised the world's most valuable technology company for not standing up for online freedom.

"There is a belief that millennials really want companies to be more active in protecting people's rights and free speech," Silicon Valley analyst Rob Enderle of Enderle Group told AFP.

"There is obviously no connection between the rhetoric and buying behaviour at this point."

Chinese Internet users have for years sought to get around the so-called "Great Firewall" restrictions, including blocks on Facebook and Twitter, by using foreign VPN services.

"If other companies follow Apple's lead, it could soon be much harder for people in China to access information freely online," Amnesty International said in a blog post.

"Businesses have a responsibility to respect international human rights law… We would have expected a more robust stance from Apple, a company that prides itself on being a privacy champion."

Cook maintained that the App Store in China remained stocked with VPN apps, including creations from developers outside that country. A commercial VPN securely relays Internet communications through a private channel, hiding it from locals networks and, potentially, censors.

"This wasn't a choice they really wanted to make, and I'm not sure what they could have done about it," analyst Enderle said of Apple.

"They are not doing well in China, and ticking off the leaders would certainly not help."

Apple and Chinese censors will ultimately "face a barrage of pressures" from each other and from technology users in China, US-based Internet rights group Electronic Frontier Foundation (EFF) said in an online post.

"If Apple makes too great a stand against China's laws, it could be thrown out of the country," Eva Galperin and Amul Kalia of the EFF said in post. "But if China pushes its censorship system too hard, it will have to face the growing frustrations of its own elite."

They reasoned that there was hope the crackdown on VPNs in China would recede when the political climate there improves.

There is a history of US Internet stars being humbled in China.

Yahoo a decade ago wound up having to make amends after going along with Chinese officials demanding help some identifying pro-democracy advocates who used Yahoo online message boards.

Microsoft has been doing business in China for some 20 years, staying within guidelines set by the government. Seven years ago, Google pulled its search engine out of mainland China in a rare stand against censors and for Internet privacy.

"Google stood up and left, and now they aren't a power in China," Enderle said of the cost of the move.

However, the removal of VPN applications in China by Apple could ramp up the popularity of iPhone rivals powered by Google-backed Android software that lets people get apps from unofficial marketplaces.

Apple's business model which requires users to install only approved applications, ironically, makes it easier for a regime like China to exert control, analysts point out.

People walking past an Apple store in Beijing. Apple's decision to bow to Chinese officials by removing apps to sidestep online censorship underscores the dilemma faced by US tech companies seeking to uphold principles while expanding their business.

Intesa starts to absorb 2 failed Italian banks

Bloomberg
Milan

Intesa Sanpaolo is starting the process of absorbing two failed Italian banks as it sticks to its dividend commitment in the face of lower profit.

Net income fell 7% to €837mn ($989mn), excluding the €3.5bn the bank received from the Italian state to take on the performing assets of Banca Popolare di Vicenza and Veneto Banca, Milan-based Intesa said in a statement. That compares with the €670mn average estimate of four analysts surveyed by Bloomberg.

"We still don't know the company guidance for the profit potential of the Veneto assets going forward and we hope this can be addressed on the call," Hugo Cruz, an analyst at Keefe, Bruyette & Woods, said in a note. "Intesa is well owned, so these results are probably not enough to change consensus estimates."

Chief executive officer Carlo Messina is focusing on integrating the two acquired lenders into the parent company while expanding in insurance and in private and investment banking. The CEO plans to complete a new business plan this year. Intesa is targeting a wider operating margin this year, driven by revenue growth and cost management and said earnings are in line with its commitment to pay out €3.4bn in 2017.

The shares declined as much as 1.4% in Milan trading and were down 1.2% at €2.88, giving the bank a market value of €48.1bn. The lender has gained 18% this year, compared with an 11% increase in the 46-member STOXX 600 Banks Index.

Revenue fell 3% to €4.35bn, while analysts predicted €4.32bn as higher fees and commissions were offset by lower income from lending. Trading revenue declined less than expected to €365mn. Provisions for soured loans declined to €737mn from €923mn.

The bank's profit is well above estimates and shows a "solid operating performance and a strong improvement in asset quality," Fabrizio Bernardi, an analyst at Fidentiis equities wrote in a note. "The top line beat is mostly related to a better performance in trading profits and fees."

The bank's common equity Tier 1 ratio, a measure of financial strength, stood at 13%, a rise from 12.5% at the end of March as the state's contribution compensated for the negative impact of taking on the two failing banks.

Intesa's core operating trends look solid while coverage and capital ratios are up, Benjie Creelan-Sandford an equity analyst at Jeffries, said in a note. "More aggressive provisioning would help address persistent questions around Intesa's current coverage levels relative to peers and allow the market to refocus on Intesa's strengths."

Swiss Re CEO urges patience as shareholders await buyback

Bloomberg
Zurich

Swiss Re, which announced plans earlier this year to return as much as 1bn Swiss francs ($1.03bn) to shareholders, would consider other uses for its cash surplus, chief executive officer Christian Mumenthaler said.

"My overall pitch to investors is: Be patient," Mumenthaler said in an interview on Friday in Zurich. "At this point in time I say let's keep it here and we might be able to deploy it – if not, I guess I have to pay it back."

The world's second-biggest reinsurer is sitting on $4.4bn of readily accessible capital held centrally with which it can pay dividends and buy back stock, analysts at RBC led by Kamran Hossain said in a note to investors. The company repurchased 1bn francs of its own shares last year and in 2015.

Swiss Re won't make a decision on returning capital to shareholders this year until after the US hurricane season, chief financial officer David Cole said on Friday after the company reported a decline in profit. He reaffirmed the company's financial targets.

Cash has piled up at Swiss Re because of fewer catastrophe claims and a dearth of investment and acquisition possibilities deemed suitable.

The company sells coverage to insurers that need help to shoulder claims from disasters like hurricanes and earthquakes.

SNB's 2-pillar policy raises doubt with former board member

Bloomberg
Zurich

An official who helped design the Swiss National Bank's policy to combat the strong franc raised questions about the long-term sustainability of the approach.

The institution's strategy of using currency-market interventions to avoid more-negative interest rates can't be viewed as a viable policy over the long haul, former SNB vice president Jean-Pierre Danthine wrote in a working paper published by the Paris School of Economics, where he heads the board of directors.

"The SNB is already the central bank with the largest balance sheet in relation to gross domestic product," he said. "One can hardly imagine that it will continue to grow at the same pace over the next 10 years." He didn't elaborate further.

Interest rates, on the other hand, can be cut further as long as the SNB takes steps to prevent banks from hoarding cash, Danthine argued, reflecting on a suggestion put forward by the International Monetary Fund. The Washington-based lender proposed last year that the Swiss stop intermittent interventions and cut rates by a "moderate" amount.

The SNB has spent years – and hundreds of billions – countering an appreciation of the franc against the euro, using a cap on its value between 2011 and 2015. Since then, it has sought to maintain an interest-rate differential with the 19- nation bloc via a 0.75% charge on sight deposits and occasional interventions.

SNB president Thomas Jordan affirmed that two-pillar policy in June and has said the central bank has sufficient room to manoeuvre on the balance sheet and cut interest rates further below zero if needed.

"In order to go more deeply negative, the temptation to hoard paper currency at the wholesale level must be deterred," wrote Danthine, who retired from the SNB just months after the new strategy was put in place.

He confirmed authorship of the paper via e-mail. A spokesman for the SNB declined to comment.

To prevent hoarding, the SNB could levy a fee on cash withdrawals from the central bank, taking into account the depth of the negative rates and potentially also the duration of the policy. If designed as a sufficient deterrent, "in practice it would never be levied," he wrote.

As a second element, the SNB could increase its exemptions from the deposit charge – currently 20 times banks' minimum reserves.

That would keep the burden on financial institutions "approximately unchanged" and ensure that the general public continues to be spared from the fee, Danthine said.

The paper is dated April 2017, when the franc was stronger than 1.09 per euro. It has weakened since then amid improving economic prospects for the euro area and broke through 1.15 per euro this week, according to data compiled by Bloomberg. A weaker currency should spur Swiss inflation, lessening the need for any further easing of SNB monetary policy. Some, notably Harvard Professor Kenneth Rogoff, have suggested societies could go cashless, which would make it much harder for people to avoid negative interest rates.

Danthine said the experience of Switzerland suggested such an approach would be "democratically unfeasible."

"Negative nominal rates are so unpopular that a democratic majority in favour of any legal measure permitting the direct exposure of the person in the street to negative interest rates is unreachable," he said, referring to Switzerland's system of direct democracy.

The fact that other countries could take such a step without a popular vote "should not be a source of comfort," he added.

"It would be very unadvisable for a technocratic institution such as a central bank to adopt radical monetary-policy measures in the face of such widespread popular disapproval," he said. "Doing so would generate significant risks to its independent status."

Danthine: Against radical policy measures.

World's top market is really just a handful of top stocks

- Tencent, HSBC, AIA dominate Hang Seng Index gains this year
- Volatility in popular shares rises as Chinese investors buy

Bloomberg
Hong Kong

Among the world's biggest stock markets, there haven't been any better investments this year than Hong Kong's Hang Seng Index.

But under the surface of that 25% surge, gains are getting more concentrated – and that means for some shares, volatility is on the rise. Take one of the Hang Seng's heaviest weighted stocks, Tencent Holdings. It's the second-best performer this year with a 64% surge, accounting for almost a quarter of the index's gain, according to data compiled by Bloomberg. And its 30-day volatility has jumped 51%, as price swings across the index grow ever more muted.

Market watchers say mainland Chinese investors are causing the phenomenon, favouring Hong Kong's biggest shares as they funnel cash into the city through exchange links. While that creates opportunities – and pitfalls – for stock pickers, some strategists see the lack of breadth as a risk for passive money too, in that it's a sign of a fragile rally.

"There are certain funds coming down from China and they are buying into well-known stocks from their point of view, like Tencent or Ping An. The Hang Seng Index has moved quite considerably upwards but then the second or third liners haven't been able to follow," said Victor Au, chief operating officer at Delta Asia Securities. The rally's reliance on just a few stocks means "an external shock would give the market a good excuse to have a big correction," he said. "Investors are too complacent to the current situation."

The Hang Seng Index's ascent in 2017 marks a departure from years of underperformance versus global equities, with the Hong Kong measure delivering more than twice the S&P 500 Index's gain amid signs of a stabilising Chinese economy and brighter earnings prospects.

The advance has been narrow – just seven of the index's 49 stocks, including Tencent, Ping An Insurance (Group) Co and AIA Group have accounted for almost 70% of the advance. Their 30-day price swings have jumped 25% on average this year, while the HSI Volatility Index holds near a decade low.

A similar pattern is happening in the US, where rallies in giant technology companies like Apple Inc and Facebook Inc are dominating indexes, and whether this is something to worry about has been hotly contested.

Cliff Asness at AQR Capital Management has argued that four or five stocks always shoulder a disproportionate amount of upside – nothing to get excited about. Howard Marks, the co-chairman of Oaktree Capital Group LLC, has listed addiction to FAANG-fomented gains among a handful of vulnerabilities that could spell the end of what is now the second-longest bull market ever.

"It's usually not a good sign for there to be a narrowing of the market in a bull market," said Richard Harris, Hong Kong-based chief executive officer of Port Shelter Investment Management. "It very often means that eventually people are going to run out of things to buy."

Harris says that as well as the Hang Seng Index being swept up in a global trend for narrower rallies, the buying habits of Chinese mainland investors are having an impact.

Mainland investors have purchased a net 246bn yuan ($37bn) of Hong Kong stocks through Shanghai and Shenzhen trading links this year. Among the most actively traded in recent months include Tencent, Ping An, China Life Insurance Co and HSBC Holdings Plc.

Crowd-following quants are also part of the story, according to Eric Liu, head of research at Vanda Securities Ltd Systematic investors are targeting Tencent and some Chinese bank stocks and they tend to raise volatility on a subindex or a company level, while suppressing it on an overall index level, he said.

"It would not be unusual for there to be narrow market leadership, increasing volatility in those stocks as a forerunner that maybe the markets are getting a bit high and needs to come back to some sort of reality," Port Shelter Investment Management's Harris said. "I would expect some sort of pullback in the third quarter. Maybe sell in August, buy back in November."

Bull statues are displayed outside the Hong Kong Stock Exchange. The Hang Seng Index's ascent in 2017 marks a departure from years of underperformance versus global equities, with the Hong Kong measure delivering more than twice the S&P 500 Index's gain amid signs of a stabilising Chinese economy and brighter earnings prospects.

BoE chief paves way for gilt-buying as SocGen sees falling yields

Bloomberg
London

UK bonds, which concluded a five-week rally, are set to build on their gains after the Bank of England (BoE) quelled speculation of a rate increase, according to Societe Generale SA and RBC Europe.

The two-year gilt yield fell to a six-week low on Thursday as BoE policy makers voted 6-2 to keep the benchmark interest rate unchanged at a record-low 0.25%.

Governor Mark Carney said Brexit is casting the biggest shadow over Britain's outlook as he highlighted risks surrounding the assumption of a smooth divorce from the European Union.

Money markets are now betting that the central bank won't raise borrowing costs before January 2019, pushing back earlier expectations for an increase in November 2018, after policy makers pencilled in lower growth forecasts for this year and next.

"The market will be watching economic data closely, but with thinner summer markets now in play it looks likely that front end yields will gradually grind lower," SocGen strategist Jason Simpson wrote in a note to clients.

The BoE's decision to re-invest £10.1bn ($13.3bn) of expiring bond proceeds beginning September 4 could also provide support for gilts, particularly in the swap market, Simpson said.

The yield on two-year gilt fell almost 1 basis point to 0.25% last week and has declined 11 basis points since the start of the third quarter.

RBC Europe shares SocGen's optimism on bonds. Although neutral on short-end gilts, RBC has retained its "buy on dips" strategy. Gilts are likely to outperform US Treasuries as as Federal Reserve policy diverges with the UK, strategist Vatsala Datta and economist Sam Hill said in a note to clients.

"We see it quite unlikely for the BoE to commence a tightening cycle any time soon," they said.

UK industrial production, manufacturing and construction data for June due to be published on Thursday will shed more light on how the economy ended the second quarter. Figures for May showed all three sectors contracting on the month, with any further weakness potentially supporting policy makers arguing that any rate hike this year would be premature.

Others remain wary of gilts. Investors may be overestimating the probability that the UK central bank will hold off until after the Brexit negotiations are over before tightening policy and Thursday's sell-off may have been overdone, according to Richard Kelly, head of global strategy at Toronto-Dominion Bank.

"The market had built up too much anticipation for an imminent BoE hike," he said. "The moves we have seen may actually open better opportunities to position for higher rates rather than push the last day's direction further."

EMs see lowflation for first time in Fed rate cycle

Bloomberg
Hong Kong

The curse of the developed world central banks – low inflation – is turning out to be the boon for emerging markets, and their bonds.

That's making things very different for the asset class compared with past cycles of Federal Reserve interest-rate increases. Perhaps since the Fed's monetary tightening in the 1980s helped kick off the Latin American debt crisis, prospects of US rate hikes have stoked fears of emerging-market selloffs; the 2013 taper tantrum only reinforced the idea.

Yet this time, the same dynamic that's making Fed policy "normalisation" a drawn out and gradual affair – stubbornly low increases in consumer prices – is also affecting emerging markets, which more typically find themselves battling to keep inflation low. Part of that is subdued prices of commodities, which are often priced in dollars and can stoke prices in poorer countries when their currencies slide, as has happened during past Fed tightening.

Consider: India's consumer prices are rising at the slowest pace since 1999. Brazil's inflation rate has also tumbled to the lowest since 1999. South Korea's inflation has trended so much lower in recent years the central bank cut its inflation target.

Peru, which had hyperinflation in excess of 1,000% at one point in the 1980s, saw prices rise just 2.9% last month.

The pattern has widened the gap between real central bank policy rates in emerging markets – which are adjusted for inflation – and those in the biggest developed nations to almost 4 percentage points as of June, according to the Oxford Economics research group. That's up from less than 1.5 percentage point when the taper tantrum began in May 2013.

"Portfolio flows into emerging-market local currency assets have been surging, staying remarkably resilient to the slightly hawkish tilt of major central banks last month," analysts Nafez Zouk and Gaurav Saroliya of Oxford Economics said in a report last week. "Real interest rates remain high in the major emerging markets as inflation has declined."

A model for capital flows into emerging-market debt constructed by Goldman Sachs Group Inc analysts signals that the trend of inflows is set to continue. Inflows amounted to about 0.6% of gross domestic product in the first quarter of 2017, and are poised to keep rising to 1%, the bank's model showed last month.

"There's a noticeable gap between real yields in developed and emerging markets, and it highlights that EM local government debt is attractive," said Andre de Silva, head of emerging-markets rates research at HSBC Holdings Plc in Hong Kong.

India, which has been so hot a bond market for foreign investors that they've exhausted the caps the government places on overseas purchases, exemplifies the current trend.

Low inflation spurred the Reserve Bank of India to cut its benchmark repurchase rate by 25 basis points to 6% on Wednesday.

Expectations for a move had seen yields on 10-year government bonds drop more than 50 basis points from a May high.

That high came ahead of a Fed rate hike in June that was the fourth so far since the cycle began in 2015.

By contrast, during the Fed's 2004-06 rate-hike period, Indian yields climbed more than 200 basis points amid accelerating inflation. The current pricing pattern in India can also be seen in other markets such as Russia and Brazil.

Tuan Huynh, chief investment officer for Asia Pacific at the wealth management division of Deutsche Bank AG, recommends emerging-market debt as one of the firm's few overweights in fixed income.

"When I look at the emerging-market fundamentals, they have clearly improved over the last four or five years," Huynh said in a phone interview from Singapore. "The market is much better prepared" than ahead of the taper tantrum, he said.

Huynh recommends holding shorter-duration emerging-market debt, keeping an eye on any potential impact of the Fed's plans to scale down its $4.5tn balance sheet over the next few years.

Great corn clash is coming as US, Brazil farmers face off

Bloomberg
São Paulo

The world's biggest corn exporters are preparing for a showdown.

Brazilian farmers are in the midst of collecting their biggest corn harvest ever and American supplies are also plentiful – setting the stage for a stiff battle to win world buyers in the second half of the year.

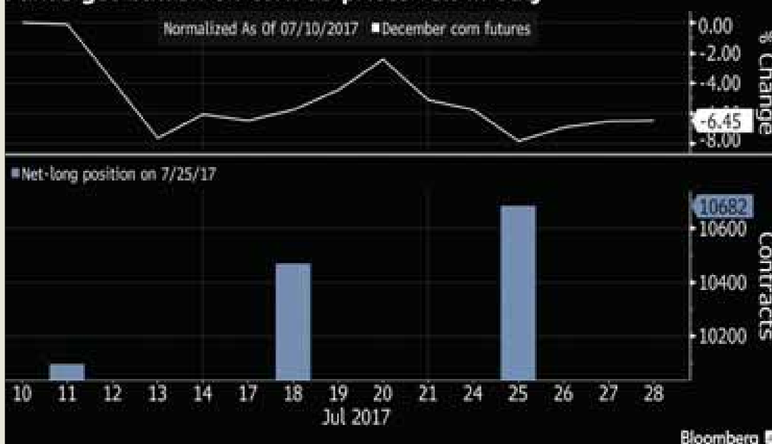
It's a turnaround from just a year ago when US exporters were seeing sales boom as a drought plagued Brazil's fields. This year, the South American growers enjoyed much better weather and crop supplies have gotten so big that farmers are already short on storage after collecting a massive soybean harvest just a few months earlier. That's giving exporters incentive to push corn shipments out quickly and could mean a squeeze for hedge funds that are betting on a price rally.

"Buyers rule in the global corn market this season," Pedro Dejneka, a partner at Chicago-based MD Commodities, said in telephone interview. "Competition between the two major exporters will be tough."

December corn futures on the Chicago Board of Trade have dropped 2.4% in July to $3.82 3/4 a bushel in London on Friday. While the ample supplies and shifting US weather patterns dragged prices lower, the declines were a surprise to hedge funds, who were positioned for gains.

Money managers increased their net-long position, or the difference between bets on a price increase and wagers on a decline, by 2% to 106,815 futures and options contracts in the week ended July 25, according to US Commodity Futures Trading Commission data. The next day, futures fell to the lowest in almost a month.

Brazil's corn production in the 2016-17 season is forecast to surge 45% from a year ago to a record 97mn metric tonnes, according to the US Department of Agriculture. The agency estimates that the 2016 US harvest reached an all-time high and that the crop gathered this fall will be the second-bigger ever. The USDA will make its first survey-based estimates of US production in August.



Competition has ramped up for farmers in the US, the world's biggest grower and exporter. Brazil, which barely shipped any corn just two decades ago, has since emerged as a significant competitor. Sales are also on the rise from Argentina, which reaped a record harvest this season.

Brazil's shipments normally climb at this time of year, the heart of the country's winter harvest, and its expected exports are the highest ever, according to vessel line-up figures through 2013.

US growers will collect their next crop between September and November.

A storage crunch is adding pressure on the market to move grain quickly as the corn harvest advances.

The bumper corn harvest has driven domestic prices to the lowest in two years, making supplies attractive to importers.

Meanwhile, US corn shippers are seeing slow bookings for the coming marketing year, which starts in September. The 4mn tons of new-crop outstanding sales as of July 20 were 44% below last year and the lowest for the date since 2010, USDA data show.

"US exports probably will continue to flag lower, while South America's continue push higher," Don Roose, president of US Commodities in West Des Moines, Iowa, said in a telephone interview. "It's going to be a real fight."

Still, even as Brazil's shipments surge, the US is expected to remain the world's top supplier.

The South American country's success in stealing market share partly depends on moves for the Brazilian real and how many farmers are willing to sell crops at low local prices, said Paulo Molinari, an analyst at Safras & Mercado consulting firm.

The size of the 2017 US corn harvest also remains a key factor to determine the room Brazil can occupy in global trade. Fields are in the midst of the critical pollination phase and won't be harvested for several more months.

"When we get into the fall and beyond, when 2017-18 corn supply is fully discounted, we'll be looking more intently and trading more decisively off of the demand side of the equation," said Richard Feltes, head of market insights at Chicago-based RJ O'Brien & Associates.

Synergistic opportunities prevail between Qatar, Australia in food security: Seetharaman

Qatar's economy has opened up huge opportunities for Australian companies to play in various development initiatives, especially in the field of food security, Doha Bank CEO Dr R Seetharaman said.
"Qatar's economy is opening up on account of current scenario, which will give enormous opportunities for Australian companies to participate in Qatar's development, particularly in food security. On the whole, synergistic opportunities prevail between Qatar and Australia in food security," said Seetharaman.
He was speaking on the topic 'Qatar – A Sustainable Performer', held recently during a Doha Bank-hosted event at the Shangri-La Hotel in Sydney, which gathered leading corporates and bankers in Australia.
Citing initiatives to boost food security, Seetharaman said Qatar now has many local companies that are supporting the country, "and it can develop these businesses further and boost its food production to provide both locally and internationally."
On Qatar-Australia bilateral relationship, Seetharaman said trade between both countries exceeded A$1.6bn in 2016. He noted that the Australian economy is expected to grow by more than 3% in 2017, and the Australian dollar has strengthened by more than 10% against the US dollar.
"There are growing relationships between both countries in aviation, education, trade, and defence. The major Australian export to Qatar was livestock. Australian company Leighton was instrumental in constructing the equestrian complex in Qatar.
"Qatar plans to airlift 4,000 cows; it would take as many as 60 flights to deliver the cattle, which were bought in Australia and the US. Hassad Australia, a subsidiary of Hassad Foods, a company owned by the Qatar government, had owned land spread across Victoria, New South Wales, South Australia, and Western Australia," he said.
Seetharaman said Hassad Australia, through its partnership with Widam Food, will provide the local market with more than 340,000 heads of Australian sheep over the course of three months from June.
On key reforms in Qatar, Seetharaman noted that the country ranked 18th in 'the Global Competitiveness Report 2016-17' and stands second in the region.
"A new law for public-private partnership (PPP) businesses in Qatar should provide an additional level of comfort to the private sector and foreign investors." he said.

Seetharaman: Enormous opportunities.

QIIC posts QR36mn shareholders profit for H1

Qatar Islamic Insurance Company's (QIIC) shareholders profit grew by 1% to reach QR36.06mn compared to the QR35.73mn it recorded in the same period last year.

Overall assets grew by 2.8% to QR845.8mn compared to QR822.7mn last year, while earnings per share increased to QR2.4 this year compared to QR2.38 during the same period last year.

QIIC booked gross contributions (premium) of QR161.04mn compared to QR161.02mn during the same period last year.

The policyholders' surplus from insurance operations posted a 15% growth to reach QR18.87mn compared to QR16.41mn last year, whereas overall surplus stood at QR13.09mn compared to QR12.65mn last year.

QIIC chairman Sheikh Abdullah bin Thani al-Thani, "expressed satisfaction" over the company's performance "during these testing times."

QIIC CEO Ali Ibrahim al-Abdulghani said despite the growing challenges in domestic and regional economy, "QIIC did not only manage to increase the size of its portfolio but also managed to increase its underwriting efficiency that helped support the overall results and allowed us to consistently declare surplus for our policyholders that has now reached a level of 20% for the last eight years."

Sheikh Abdullah: Maintaining efficiency.

Al-Abdulghani: Consistently declaring surplus.

QInvest earns H1 net profit of QR34.6mn

QInvest has posted a net profit of QR34.6mn and earned revenues of QR209mn in the first half of this year, Qatar's leading Shariah-based private investment group said.

The prominent Islamic financial institution registered an operating profit of QR113mn in June.

The bank's global assets stood at QR4.7bn in June.

With diversified investment activity across sectors and geographies, QInvest's "prudent strategic approach, stringent provisioning policy and underleveraged balance sheet has provided stability amid regional uncertainties."

The bank maintains a "healthy capital adequacy ratio with strong liquidity" to invest in promising investment opportunities.

QInvest chief executive officer Tamim Hamad al-Kawari said, "While the second quarter of 2017 has been notable for adverse market conditions in the region, QInvest has again delivered profitable performance, demonstrating the sustainability and resilience of our business strategy. We remain prudent in our management of risk and have built up a strong liquidity position and an underleveraged balance sheet while also continuing to invest in key global markets on an opportunistic basis. Our primary focus is to ensure that our business lines continue to deliver value for clients and shareholders at a time when they are counting on us the most."

The bank maintains a "healthy capital adequacy ratio with strong liquidity" to invest in promising investment opportunities

QInvest has a number of updates across its three key business lines — investment banking, asset management, and principal investments, which focus on real estate, credit and equity investment.

QInvest completed a number of transactions and advisory mandates during the first half of 2017. The bank acted as a sole adviser to a Qatari entity on its $220mn investment into a leading Turkish retail group, and as sole adviser to a consortium of investors on the acquisition of a $1.12bn stake in Arab Bank.

In the debt markets, QInvest acted as joint lead manager and bookrunner on a number of sukuk issuances.

A man walks past the main interior entrance to the Saudi Stock Exchange, also known as the Tadawul in Riyadh. The Riyadh index added 0.1% to 7,094 points yesterday.

Iraq secures $195mn Japanese loan for electricity sector

Reuters
Baghdad

Japan has agreed to lend Iraq up to $195mn for a project to help repair a thermal power station in the southern province of Basra, an Iraqi government statement said.
Though Iraq is a major Opec oil producer, the country faces chronic electricity shortages, with its fragile grid struggling to meet demand after years of war, sanctions and neglect. The loan was signed during a visit to Iraq by Japan's State Minister for Foreign Affairs, Kentaro Sonoura, who met Prime Minister Haider al-Abadi on Saturday, the prime minister office said in a statement.
Iraq needs external financing to plug a budget deficit of approximately 25tn Iraqi dinars ($21.44bn) for this year as it grapples with lower global oil prices and costs associated with the fight against Islamic State.

Saudi stock market edges up on back of modest gains in banking sector

Samba up on higher interim dividend recommendation; two insurers rise after Q2 earnings; property-related shares fall after earnings; Qalaa up sharply since Kenya rail concession ended

Reuters
Dubai

Saudi Arabia's stock market edged up on the back of modest gains in the banking sector yesterday while Egypt imitated world markets' strong finish at the end of last week.

Most other Middle Eastern bourses fell.

The Riyadh index added 0.1% to 7,094 points, remaining near a six-week low, as Samba Financial Group jumped 3.4% after its board recommended a cash dividend of 0.75 riyal for the first half of the year.

The proposed cash outlay is two-thirds more than Samba's interim payout in 2016.

Gulf General Cooperative Insurance jumped 4.6% after reporting a slight dip in second-quarter earnings, while Allianz Saudi Fransi Cooperative Insurance rose 0.7% after announcing a 24% jump in net income.

Emaar the Economic City dropped 3.1% after it reported an 85.4% drop in second-quarter net profit, citing lower residential sales and higher financial charges.

Al Andalus Property fell 1.2%.

It reported second-quarter net profit of 27.6mn riyals, up 11% from the same period last year.

Qatar's index dropped 0.6% to 9,345 points with 15 of the 20 largest companies falling.

Telecommunications operator Ooredoo was the biggest loser, falling 3.0%.

In the United Arab Emirates, Dana Gas lost 1.5%, helping drag Abu Dhabi's index 0.2% lower to 4,586 points.

Dubai's index fell 0.3% to 3,666 points, snapping five straight sessions of modest gains.

Union Properties, the most heavily traded stock, lost 1.3% and Emaar Malls Group fell 0.4% ahead of the release of its quarterly earnings.

In Egypt, private equity firm Qalaa Holdings added 2.7%; the stock has risen 10.7% in the past four days after a Kenyan court ended the company's troubled Rift Valley Railways' concession and ordered that assets and employees be handed over to Kenya Railways.

The company said its investment have been amortised so the transfer wouldn't affect its consolidated earnings.

Some investors believe terminating the investment could reduce a financial drain on Qalaa and help it focus management attention on more profitable areas.

Most other Egyptian shares were also strong, taking their cue from the positive mood in global equities.

Elsewhere in the Gulf, the Kuwait index declined 0.2% to 6,812 points, the Bahrain index fell 0.2% to 1,320 points and the Oman index lost 0.7% 5,022 points.

Samba Q2 profit down 3.3%, in line with forecasts

Reuters
Dubai

Samba Financial Group, Saudi Arabia's third-largest bank by assets, reported a 3.3% drop in second-quarter net profit yesterday, in line with analysts' forecasts, as operating expenses rose.

It is the last major Saudi bank to report earnings during what has been a generally subdued quarter. The bank made a profit of 1.27bn riyals ($338.7mn) in the three months to June 30, down from 1.31bn riyals in the same period a year earlier, it said in a bourse statement.

Four analysts polled by Reuters had on average forecast the bank would make a quarterly net profit of 1.22bn riyals.

The bank attributed the fall in net profit to a 6.5% rise in operating expenses.

Operating expenses rose as a result of higher credit costs and other general and administrative expenses, it said.

The kingdom's banks are feeling the fallout from weaker oil prices as the government cuts spending in a bid to fill a budget shortfall, dragging down economic growth and pushing up loan defaults.

Still, total operating income rose due to an increase in trading income, net special commission income and trading and other operating income.

Operating income was flat at 1.99bn riyals, while profits from special commissions increased 3.5% over the same time frame to 1.39bn riyals.