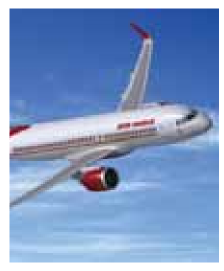
MONERO LEAD | Page 3

Bitcoin loses its lustre with criminals



OPENING UP | Page 4

India eases FDI rules in growth push

Thursday, January 11, 2018
Rabia II 24, 1439 AH

GULF TIMES
BUSINESS

APICORP REPORT : Page 12

Qatar has 750MW connected to the GCC grid system

Qatar Re gets nod to open branch in London

Qatar Re, the reinsurance arm of the Qatar Insurance Company group, has received approvals from the regulators to open a branch in London.

Bermuda-based Qatar Re has been authorised by the Qatar Central Bank and the UK regulator, Prudential Regulation Authority to carry out certain regulated activities in the UK from its branch office in London, a company spokesman said.

This is a strategically important addition of the QIC Group's global platform. QIC through Qatar Re has existing branches in Zurich, Singapore and Dubai. QIC's global presence also includes another UK-based insurance vehicle, Antares, which operates on the London Lloyds Market and QIC Europe (QEL) based in Malta.

"This development is an important step in the QIC Group growth strategy that was approved by the Board in 2012. The UK branch office, therefore, positions Qatar Re with an opportunity to grow its UK based portfolio in an essential reinsurance market," according to Khalifa al-Subaey, QIC Group president and chief executive.

Highlighting that London is the leading global hub for speciality and wholesale insurance, Qatar Re chief executive Gunther Saacke said, therefore, a local underwriting presence is almost imperative for any aspiring global reinsurer.

"This is particularly true for Qatar Re as proximity to our clients and brokers is one of our proven value drivers," he added.

Terming that for Qatar Re, Britain is a major market of growing importance; Saacke said only a few days ago, it announced the acquisition, subject to regulatory approvals, of Markerstudy Group's Gibraltar-based insurance companies, which underwrite more than 5% of the UK motor insurance market, generating annual premiums of about £750mn.

The proposed companies to be acquired are Markerstudy Insurance Company, Zenith Insurance, St Julians Insurance Company and Ultimate Insurance Company.

Qatar Re, licensed as a Class 4 Insurer by the Bermuda Monetary Authority, is a global multi-line reinsurer writing all major property, casualty and speciality lines of business.

Al-Subaey: Opportunity to grow UK-based portfolio.

Qatar-Turkey trade volume jumps to hit $1bn in 2017

Qatar's public and private sector investments in Turkey total $19bn in 2017

By Peter Alagos
Business Reporter

Turkish exports jumped 46% in 2017 to boost Qatar-Turkey trade volume from $750mn to $1bn, ambassador Fikret Ozer said yesterday.

Since Qatar's energy exports to Turkey "improved" last year, Ozer said he hopes that trade volume between the two countries would reach $2bn in 2018 by intensifying mutual cooperation.

Speaking to reporters on the sidelines of a networking event in Doha, Ozer said Qatari public and private sector investments in Turkey stood at $19bn in 2017, "and are still increasing." Qatari investments in Turkey are spread in the real estate, telecommunication, banking and finance, and IT sectors, the ambassador said.

The networking event, which included B2B sessions, was attended by 21 Turkish companies in the furniture industry, including a number of Qatari businessmen and representatives of several Qatari companies.

Ozer noted that many Turkish companies in various sectors, specifically in building materials and construction, "are keen on visiting Qatar" to explore investment opportunities in the country.

Next week, Ozer said, the embassy will open the second edition of Expo Turkey at the Doha Exhibition and Convention Centre in which more than 160 Turkish companies are expected to participate. Turkey's ministers of economy and environment are expected to attend the event, he noted.

Addressing the event, Qatar Chamber vice chairman Mohamed bin Towar al-Kuwari said the chamber "is keen to activate reciprocal visits" between Qatari and Turkish businessmen to discuss possible partnerships and joint ventures between both sides.

"More than 200 companies in a number of industries are operating in Qatar. In addition, the projects carried out by Turkish contracting companies in the state of Qatar increased to $11.6bn, most of which are part of the 2022 World Cup projects. Qatari investments in Turkey are valued at $20mn," al-Kuwari said.

Bursa Metropolitan Municipality mayor Alinur Aktas told reporters that businessmen in Bursa "are keen on exploring the investment opportunities in Qatar and to expand cooperation with the Qatari business community."

Aside from the furniture sector, Aktas said, Bursa is known for its the textile, agriculture, tourism, and automation industries. He noted that it is possible for furniture companies in Bursa to open showroom and manufacturing facilities in Qatar "once the opportunity presents itself."

He also stressed that the maritime route between the Hamad Port and the Port of Izmir, which was opened last year "is a very important advantage," and would serve as "a major instrument to improve international trade."

Citing Bursa's 3mn population, Aktas said, "Qatar is a strategic country because it is constantly developing. If we can establish close ties between Qatar and Bursa City, both sides will benefit."

Mobiliyum Furniture Mall chairman Talha Timur Han said the company is open to opportunities to establish Turkish furniture manufacturing facilities in Qatar.

"But for now Mobiliyum, which is the largest furniture mall in Turkey's European side, wants to tap the investment potential of the Qatari market. We would also like to invite Qatari investors to visit our mall in Turkey so they could see the quality and craftsmanship of our furniture," said Han, who added that the mall is targeting the high-end segment of the Qatari market.

Al-Kuwari (left) and Ozer: Expanding trade cooperation.

Wakrah, Rayyan, Doha in lead for 701 building permits issued in December

By Santhosh V Perumal
Business Reporter

Qatar saw 701 building permits being issued in December with Al Wakrah, Al Rayyan and Doha together accounting for more than 71% of the total, according to the Ministry of Development Planning and Statistics (MDPS).

Although the total number of permits issued in December saw a 16% decline, there was a 17% increase in the permits issued in Al Wakrah, according to figures released by the MDPS.

On a geographical basis, the MDPS found that Al Wakrah came at the top of the municipalities where the number of building permits issued stood at 209, or 30% of the total issued, followed by Al Rayyan 195 permits (23%), Doha 131 permits (19%), Al Daayen 88 (13%), Umm Slal 51 (7%), Al Khor 28 (4%), Al Shahaniya 26 (4%) and Al Shamal 7 (1%).

On a month-on-month basis, Al Shamal noticed a 46% plunge in building permits issued in December 2017, Al Shahaniya (40%), Al Daayen (35%), Doha (28%), Al Khor (26%) and Al Rayyan (17%); while Umm Slal saw a flat path.

The building permits data is of particular importance as it is considered an indicator for the performance of the construction sector which in turn occupies a significant position in the national economy.

In terms of type of permits issued, data indicates that the new building permits (residential and non-residential) constituted 64% (446 permits) of the total building permits issued in December this year, while additions constituted 34% (238 permits), and fencing 2% (17 permits).

Of the new residential buildings permits, the MDPS found that villas' topped the list, accounting for 49% (143 permits) of all new residential buildings permits, dwellings of housing loans 40% (118 permits) and apartments 7% (19 permits).

Al Daayen, Umm Slal and Doha saw permits for villas outnumber other units such as apartments and dwelling of housing loans; while in the case of Al Wakrah and Al Rayyan saw permits for dwelling of housing loans more than those of villas. Commercial buildings were found to be in the forefront of non-residential buildings permits with 47% (73 permits).

Ooredoo showcases how IoT, AI can support Qatar firms

Ooredoo has recently showcased how emerging technologies such as the Internet of Things (IoT) and artificial intelligence (AI) can transform Qatar's businesses with its third technology master class 'Exploring New Technologies'.

Ooredoo Qatar COO Yousuf Abdulla al-Kubaisi said, "We hope this master class opened the eyes of Qatar's entrepreneurs to the technology already available to take their business or idea to the next-level.

"In the growing digital economy, Qatar's startups must harness innovations such as the Internet of Things and artificial intelligence to unlock new digital revenue streams, free up staff to focus on more creative problem solving, and to more quickly identify and predict customer trends."

The 'Exploring New Technologies' session was the latest in a series of master classes held in collaboration with Digital and Beyond, a digital incubator led by Ooredoo and the Qatar Business Incubation Centre (QBIC).

Previous master classes included topics on 'Getting Started as a Tech Start-Up CEO' and 'Identifying and Attracting Partners'. The classes aim to support Qatar's innovation ecosystem and community and foster entrepreneurship and intrapreneurship.

QBIC CEO Aysha al-Mudahka said, "Adopting emerging technologies should not be done in isolation – startups and organisations should examine how emerging technologies can solve business problems, and fit into a wider digital transformation programme. Companies will also need to train and upskill their employees, in order to optimise how emerging technologies can augment their tasks."

A subject expert in a discussion during Ooredoo's latest master class. The 'Exploring New Technologies' session is the latest in a series of master classes held in collaboration with Digital and Beyond, a digital incubator led by Ooredoo and the Qatar Business Incubation Centre (QBIC).

BUSINESS

Turkey's Halkbank looks to get loans, issue bonds when conditions are right

Reuters
Istanbul

Turkey's Halkbank is looking to secure syndicated loans and issue foreign currency bonds when the conditions are right, it said yesterday, in what would be its first such foreign funding in more than a year.

The majority state-owned bank did not roll over its last syndicated loan in July 2017, which was secured a year earlier.

Its last eurobond issuance, for $500mn, was in June 2016.

"According to our bank's 2018 growth strategy and funding plans, debt instruments such as foreign currency bonds and syndication loans may come onto our agenda when appropriate conditions are achieved," the bank said in a written response to questions from Reuters. It did not say what the conditions were.

A US jury on last week found Halkbank executive Mehmet Hakan Atilla guilty of helping Iran evade US sanctions, convicting him on five counts, including bank fraud and conspiracy.

Halkbank, the fifth largest Turkish bank by assets, has said all its transactions were in line with local and international laws.

Turkish President Tayyip Erdogan on Tuesday called the US case against Atilla a "political coup attempt" to undermine Ankara.

Analysts have voiced concern that the US could impose fines on Turkish banks.

Turkey has said it will take any necessary measures to protect its banks from the potential impact of the case.

While Halkbank's shares rose by 17% last year, they sharply underperformed a 32% surge in Istanbul's index of bank stocks.

Yields on its US dollar-denominated senior notes maturing in 2021 spiked to their highest in 11 months at the end of the year, as the trial was going on, although they have since come off.

Halkbank reduced its foreign funding and cut back its foreign currency position by some $2.2bn in the year to September, as funding costs rose, according to one banking analyst, who declined to be identified because of the sensitivity of the topic.

Halkbank declined to comment on that figure.

Halkbank said it would continue to focus on lira funding resources and would also continue to provide loans to small- and medium-sized enterprises, in line with its growth strategy.

"Our bank will continue to use current financing opportunities from correspondent banks with bilateral agreements and international investment and development banks effectively, as well as new capital market instruments," it said.

It also said it had allocated some $7.6bn in project financing loans for 63 projects as of this month and allocated loans as guaranteed in Turkey's planned North Marmara Highway Project.

While Halkbank's shares rose by 17% last year, they underperformed a 32% surge in Istanbul's index of bank stocks.

Opec cheer over '18 oil rally tinged by shale concerns

Reuters
Dubai/London

Oil's price rally this year to its highest since May 2015 may seem a source of glee for Opec, but some in the producer group fear the gains could prompt shale companies to crank open their spigots and flood the market.

Benchmark Brent crude rose further above $68 a barrel on Tuesday, supported by oil output cuts led by the Organisation of the Petroleum Exporting Countries and allies including Russia that are due to run until the end of 2018.

The surge comes as a welcome boost for the revenues of oil-producing nations, many still reeling from a price collapse that started in mid-2014 when crude began to fall steeply from above $100 per barrel due to oversupply.

Some in Opec are worried a prolonged rally could stimulate more US shale oil output, however, creating more oversupply that could weigh on prices and market share.

"We all are excited about the rally and want to see if it will be sustainable during the year, as it will certainly whet the appetite of shale producers," an official from an Opec country said.

The oil minister of Iran, Opec's third-largest producer, said on Tuesday that the organisation's members were not keen on increased prices as such gains would encourage more shale production.

Opec has no formal target for oil prices.

However, Saudi Arabia, Opec's top producer, wants to see crude above $60 to boost the valuation of its national oil company Aramco before an initial public offering of shares this year and to reduce the gap in its state budget, Saudi sources have said.

Opec sources say Saudi Arabia has become a strong advocate of higher prices, a shift from a more moderate stance in the past, and Saudi officials have downplayed the threat of a boost in shale production.

Even so, US production is expected soon to rise above 10mn bpd, close to Saudi levels, due largely to soaring output from shale drillers, government data shows.


The Opec logo is seen at its headquarters in Vienna. Some in Opec are worried a prolonged rally in oil prices could stimulate more US shale oil output that could weigh on prices and market share.

Opec officials also think the 2018 rally has been mainly driven by unrest in Iran, rather than a tighter balance between supply and demand, giving rise to concern it may not last.

"Oil prices rose because of the political situation in Iran," an Opec source said. "There is a worry now that this would be followed by a sharp decline in prices."

A third Opec source said market fundamentals did not justify the price rally.

While Opec sources say oil market fundamentals remain strong on the back of the supply cuts, others are worried that economic growth in consuming countries could slow and higher prices might encourage some producers to pump above their output target.

Oman inks oil and gas deal with Lebanese company

AFP
Muscat

Oman has signed a deal for oil and gas exploration with a Lebanese company, one month after Lebanon approved its first offshore energy exploration, state media said yesterday.

Beirut-based Petroleb would drill exploratory wells to assess oil reserves in the Al-Afif concession area of southern Oman, inland from the Yemeni and Saudi Arabian borders, said the official ONA news agency.

Oman aims to "increase oil reserves and raise production rates in the sultanate" and discover new fields, the oil and gas ministry's director of planning and research Saleh bin Ali Anbouri said in a statement carried by ONA.

Like other energy-rich Gulf states, Oman was hit hard by the slump in oil prices since mid-2014 and joined an agreement by oil producers to cut output in a bid to shore up prices.

Revenues are up 3% from last year at an estimated at $24.7bn.

Spending, however, is projected at $32.5bn, 7% higher than last year, according to the finance ministry.

The deal with Petroleb is small by regional standards, with an estimated investment value of $20mn for Oman in the first three-year phase and between $20mn and $40mn in the second phase.

Lebanon last month approved a bid for offshore oil and gas exploration off its own Mediterranean coast — a vision for years hampered by political instability and domestic wrangling.

That deal was awarded to the only bidder, an international consortium including France's Total and Russia's Novatek.

Shell sells stake in Iraq oilfield to Japan's Itochu

Reuters
Basra/Baghdad

Iraq has approved the sale by Royal Dutch Shell of the company's 20% stake in Iraq's West Qurna 1 oilfield to Japan's Itochu Corp, a senior Iraqi oil official said yesterday.

The deal comes as the Anglo-Dutch company agreed to exit the Majnoon oil venture, one of the largest fields in Opec-member Iraq, and hand over its operation to the state-run Basra Oil Co (BOC) by the end of June 2018.

"Shell sold its stake in West Qurna 1 to Itochu and the oil ministry approved it. We met with Itochu and discussed the required financial investments and operations at the field," Ihsan Abdul Jabbar, the head of state-run BOC, told Reuters in an interview.

The West Qurna 1 oilfield, operated by Exxon Mobil, currently produces around 405,000 bpd.

Shell and Itochu were not immediately available for comment.

Abdul Jabbar also said BOC had reached an agreement with KBR Inc, a US engineering and construction firm, to help manage projects to develop production capacity at the Majnoon field.

Iraq is still in talks with another foreign engineering firm to operate the energy facilities at Majnoon and a deal is expected before June, said Abdul Jabbar, without naming the company.

"We are targeting to cut the cost of the projects' development by 30% this year," said Abdul Jabbar, adding the development cost for Majnoon set by Shell in 2017 was $1bn.

Shell has said it is still committed to producing gas in Iraq, focusing on developing and expanding the Basra Gas Company, which processes gas from the Rumaila, West Qurna 1 and Zubair fields. It has a 44% stake in the joint venture.

Shell is now is giving advice to the Majnoon managing teams on the tendering process and how to maintain normal operations at the field, said Abdul Jabbar.

Separately, Iraq will ask foreign oil companies operating in the country to build housing for Iraqis employed on their projects, the oil ministry in Baghdad said in a statement yesterday.

Oil Minister Jabar al-Luaibi "issued a general notice which commits contracted companies to build modern housing compounds and provide essential services to employees," the statement said.

ExxonMobil, Lukoil, Gazprom, ENI, Royal Dutch Shell, Total, BP, PetroChina and Petronas are among the companies operating in Iraq, and the latest decision could significantly increase their costs.

Aramco is working to raise cheap loans amid IPO doubts

Reuters
Dubai

Saudi Aramco is working to secure billions of dollars in cheap loans from banks seeking to strengthen their ties with the oil producer before its stock listing, banking and export credit agency (ECA) sources said.

Citigroup (Citi), Standard Chartered and Sumitomo Mitsui Banking Corp were advising on the transactions, which two sources said could raise at least $5bn to $6bn, all with ECA-backing. The bid to raise funds is the latest indication of Saudi Arabia's push to ensure what could be the world's biggest initial public offering (IPO) goes ahead in 2018, despite market speculation that sale plans might be delayed or even shelved.

The loans will offer slim returns — probably less than 1% a year — but the sources said the banks hoped to position themselves for more work as the kingdom proceeds with selling up to 5% of Aramco in an IPO that could value the firm at $2tn.


A gas flame is seen in the desert near the Khurais oilfield, Saudi Arabia (file). Aramco wants to leverage its balance sheet before the IPO, after which it could face higher costs.

For its part, Aramco wants to leverage its balance sheet before the IPO, after which it could face higher costs because, once listed, it would cease to be a solely state-owned entity benefiting from cheap funds available to sovereign borrowers.

ECAs offer loan guarantees and sometimes financing to help remove political and other risks facing exporters, encouraging trade and lowering the costs of international business.

"There's momentum for Aramco to tap this form of financing. If they did it after the IPO, they'd have to pay more," one banker said.

Citi was advising Aramco for loans backed by British and US ECAs, Standard Chartered was advising on ECA funding from continental Europe and Sumitomo Mitsui Banking Corp was advising on transactions backed by Asian ECAs, the sources said. The bank mandates expire in 2018, one of the sources said.

Citi and Standard Chartered declined to comment.

Aramco and Sumitomo Mitsui did not immediately respond to requests for comment.

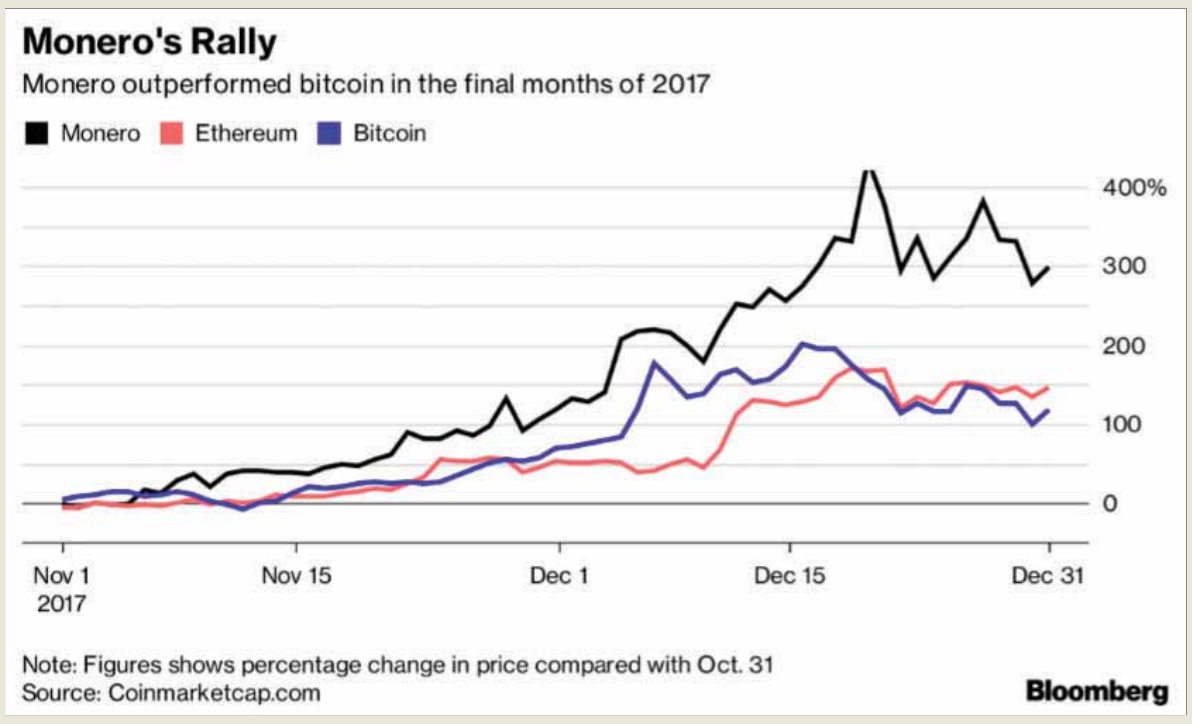
The sources said it was difficult to establish Aramco's precise needs due to its extensive spending plans and because the loans would finance both new and existing contracts.

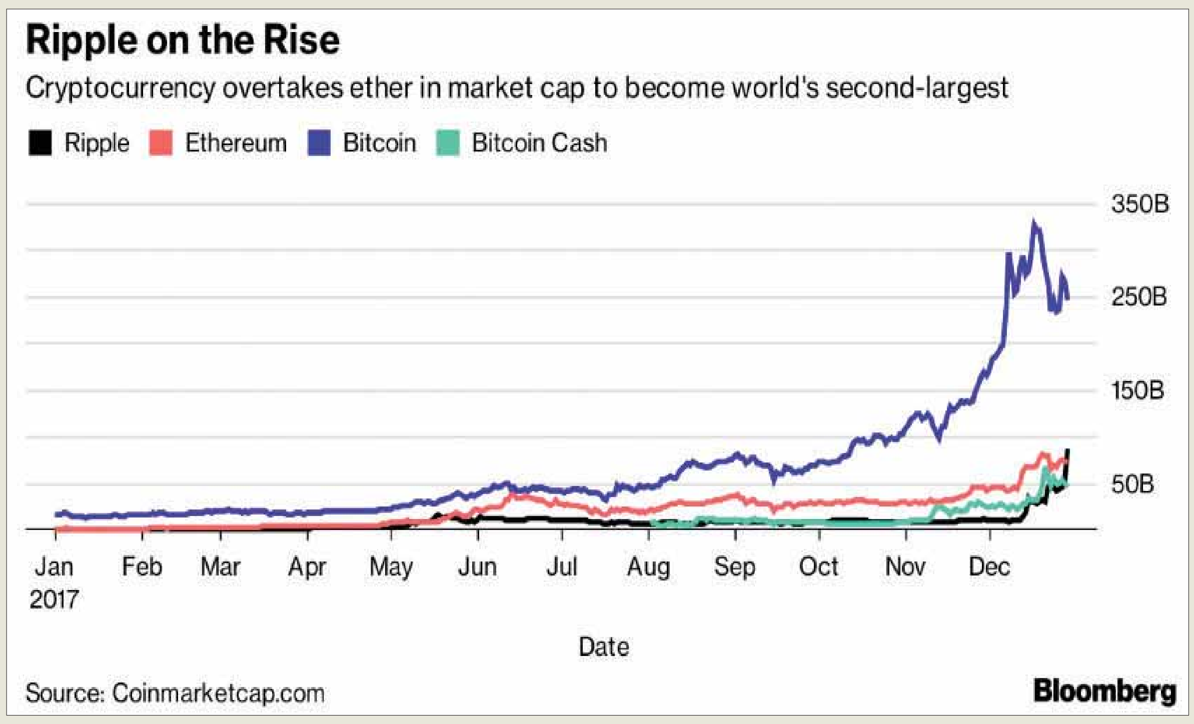
Aramco has already obtained a $2bn loan guaranteed by the UK Export Finance agency (UKEF). Citi had a lead role on that transaction.

It was now looking at deals which could involve the South Korean and Japanese ECAs, and at least one more deal that could involve a European ECA, the sources said.

Each of these new loans was likely to be in the range of $2bn, the sources added.

The ECA-backed loans would typically come with tenors of up to 10 years at interest rates generally below 1% a year, two banking sources said.





Criminal underworld is dropping bitcoin for another cryptocurrency

Monero and others lure criminals as bitcoin's privacy weakens; some coins post fake blockchain entries to hamper surveillance

Bloomberg
Portland

Bitcoin is losing its lustre with some of its earliest and most avid fans – criminals – giving rise to a new breed of virtual currency.

Privacy coins such as monero, designed to avoid tracking, have climbed faster over the past two months as law enforcers adopt software tools to monitor people using bitcoin. A slew of analytic firms such as Chainalysis are getting better at flagging digital hoards linked to crime or money laundering, alerting exchanges and preventing conversion into traditional cash.

The European Union's law-enforcement agency, Europol, raised alarms three months ago, writing in a report that "other cryptocurrencies such as monero, ethereum and Zcash are gaining popularity within the digital underground." Online extortionists, who use ransomware to lock victims' computers until they fork over a payment, have begun demanding those currencies instead. On December 18 hackers attacked up to 190,000 WordPress sites per hour to get them to produce monero, according to security company Wordfence.

For ransomware attacks, monero is now "one of the favourites, if not the favourite," Matt Suiche, founder of Dubai-based security firm Comae Technologies, said in a phone interview.

Monero quadrupled in value to $349 in the final two months of 2017, according to coinmarketcap.com, placing it among a number of upstart coins that rose faster than bitcoin, the world's most valuable digital currency. Bitcoin roughly doubled in the same period, data compiled by Bloomberg show.

In monero's case, criminals are snapping it up because bitcoin's underlying technology can work against them. Called blockchain, the digital ledger meticulously records which addresses send and receive transactions, including the exact time and amount – great data to use as evidence. Match an address to a crime and then watch the bitcoin universe carefully, and you can see the funds disappear and reappear in other locations.

Sleuths have developed databases and techniques for digesting that information to eventually nab wrongdoers. Say, for example, a coffee shop in Berkeley is known to have a certain bitcoin address, and a wallet used by an extortionist transfers the same amount there every morning at 9am. Police can stop by and make an arrest.

Started in 2014, monero is very different. It encrypts the recipient's address on its blockchain and generates fake addresses to obscure the real sender. It also obscures the amount of the transaction.

The techniques are so potent that software that flags coins suspected of being obtained through crime now tags just about anything converted into or out of monero as high risk, according to Pawel Kuskowski, chief executive officer of Coinfirm, which helps exchanges and other companies avoid tainted money. That compares with only about 10% of bitcoin, he said.

"What we treat 'high risk' is something that's anonymising funds," he said in a phone interview. "How are you going to prove that these funds are not coming from illegal sources?"

Monero is one of many privacy-focused coins, each offering different security features. Its main competitor, Zcash – which isn't known to have a significant criminal following – can offer even better privacy protection. Instead of creating fake addresses to hide senders, it encrypts their true address. That makes it impossible to identify senders by looking for correlations in addresses used in multiple transactions to pinpoint the real one – a vulnerability for monero.

Still, Princeton University researchers recently developed a tool that helps them analyse Zcash transactions at least to some extent – but they haven't been able to crack monero. And Zcash high-security features can't be used on disposable burner phones, a favourite of criminals eager to stay anonymous.

Developers behind monero say they simply created a coin that protects privacy. Most people use it legitimately – they just don't want others to know whether they're buying a coffee or a car, Riccardo Spagni, core developer at monero, said in a phone interview.

"As a community, we certainly don't advocate for monero's use by criminals," Spagni said. "At the same time if you have a decentralised currency, it's not like you can prevent someone from using it. I imagine that monero provides massive advantages for criminals over bitcoin, so they would use monero."

Yet criminals are probably only a fraction of monero's users, according to Lucas Nuzzi, a senior analyst at Digital Asset Research, which provides research to institutional investors.

"As with any disruptive technology, many of the initial use cases revolve around illicit activities," he wrote in an e-mail. But as everyday people grow concerned about privacy and surveillance, "there is utility in these currencies that go beyond just a means of exchange for illicit goods."

Privacy coins such as monero, designed to avoid tracking, have climbed faster over the past two months as law enforcers adopt software tools to monitor people using bitcoin

North Korean hackers prefer Monero

North Korean hackers are hijacking computers to mine cryptocurrencies as the regime in Pyongyang widens its hunt for cash under tougher international sanctions.

A hacking unit called Andariel seized a server at a South Korean company in the summer of 2017 and used it to mine about 70 Monero coins – worth about $25,000 as of December 29 – according to Kwak Kyoung-ju, who leads a hacking analysis team at the South Korean government-backed Financial Security Institute, says Bloomberg.

The case underscores the increasing appetite from cyber-attackers for digital currencies that are becoming a source of income for the Kim Jong-un regime. North Korea is accelerating its pursuit of cash abroad as the world tightens its stranglehold on its conventional sources of money with sanctions cutting oil supplies and other trade bans.

"Andariel is going after anything that generates cash these days," said Kwak. "Dust gathered over time builds a mountain."

The hackers may have seized other computers to mine cryptocurrencies and appear to prefer Monero because the currency is more focused on privacy and easier to hide and launder than bitcoin, Kwak said, citing the analysis of the server. Andariel was able to take control of the server undetected by its operator, he said.

A cryptocurrency can be earned if a complex mathematical problem is solved, but it requires high-powered computers that often only corporations can afford. Not every company spends as much on protecting their computers from hackers. Yapian, the owner of bitcoin exchange Youbit, said in December it would close after getting breached.

Like bitcoin, Monero uses a network of miners to verify its trades. But it mixes multiple transactions to make it harder to trace the origin of funds, and adopts "dual-key stealth" addresses that make it difficult to pinpoint recipients. South Korean investigators are looking at North Korea among their suspects.

Bloomberg QuickTake

Bitcoin and blockchain

By Olga Kharif and Matthew Leising

When bitcoin broke into public consciousness in 2013, it couldn't have been better: a digital currency being used to buy everything from drugs to cupcakes. Then the excitement shifted to an aspect of bitcoin that is a bit less luring: public online ledgers. Blockchain — the technology used for verifying and recording transactions that's at the heart of bitcoin — is seen as having the potential to reshape the global financial system and possibly other industries. Both bitcoin and its blockchain are gaining imitators as well as adherents, along with plenty of critics, including Jamie Dimon, the chief executive officer of JPMorgan Chase & Co. Last year's wild price surge has given ammunition to both.

The Situation

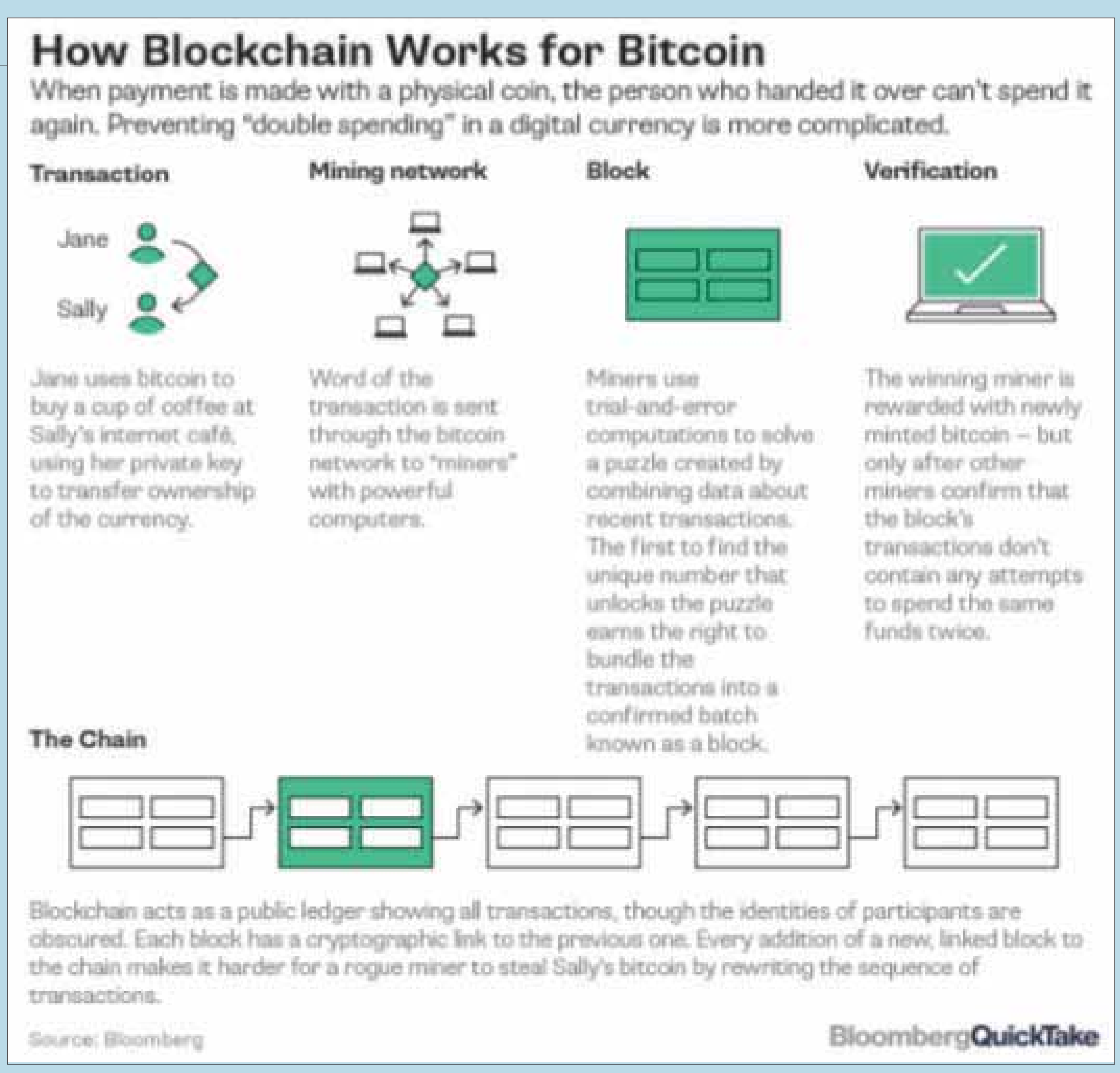
The price of bitcoin rocketed in 2017 as the debate raged on whether the cryptocurrency — whose total value neared $300bn in early December — should be considered a legitimate financial asset. It got a huge boost when Cboe Global Markets Inc, started futures trading tied to the digital currency and CME Group Inc and Nasdaq Inc, said they would follow suit. Futures trading will push bitcoin closer to the mainstream by making it easier to trade without the hassles of owning bitcoin directly. Bitcoin began to look almost traditional compared with the new cryptocurrencies whose explosive growth has drawn warnings from regulators around the globe. More than $3.5bn was raised through initial coin offerings through mid-November. The bitcoin community came together (mostly) in November to reject a proposed software change that had threatened a split. Meanwhile, more than 100 banks are working within the R3 consortium, created to find ways to use blockchain as a decentralised ledger to track money transfers and other transactions. Australia's stock exchange plans to start using blockchain to process equity transactions. Blockchain is also being tested by retailers like Wal-Mart Stores Inc for ensuring food safety, as industries explore what advantages the technology might hold over traditional databases.

The Background

Virtual currencies aren't new — online fantasy games have long used them — but the development of a secure digital currency without a central issuer rightly turned heads. Mysterious spikes and drops in the price of bitcoin since its birth helped build an early reputation for the currency as a tool for selling drugs and laundering money. Its history also featured arrests for Ponzi schemes. The person or people who created the bitcoin system under the pseudonym Satoshi Nakamoto solved a problem central to any currency — preventing counterfeiting — and did it without relying on a government's authority. The software also solved one specific hurdle for digital money — how to stop users from spending the same unit of currency twice. The breakthrough idea was blockchain, a publicly visible, anonymous online ledger that records every single bitcoin transaction. It's maintained by a network of bitcoin "miners" whose computers perform the calculations that validate each transaction, preventing double-spending. The miners earn a reward of newly issued bitcoin. The pace of creation is limited, and no more than 21mn will ever be issued.

The Argument

Since bitcoin first boomed, there's been no shortage of critics to call its rise a bubble and to argue that the currency has no intrinsic value. In September, Dimon called bitcoin a "fraud." But a month later his chief financial officer followed rivals at Goldman Sachs Group Inc and Citigroup Inc in expressing openness to working with cryptocurrencies. Entrepreneurs in the field say that focusing on the price of bitcoin is missing the point — its value is as proof of concept for a new kind of payment system not reliant on third parties like governments, big banks or credit-card companies. Others say blockchain advocates are hyping what amounts to no more than a new kind of database. Proponents of ether, the second most commonly used digital currency, respond that the etherium blockchain does far more than let bitcoin users send value from one person to another. Its advocates think it could be a universally accessible machine for running businesses, as the technology allows people to do more complex actions in a shared and decentralised manner.



India opens up Air India for foreign investors, allows 100% FDI in retail

IANS
New Delhi

Ahead of the World Economic Forum in Davos which Indian Prime Minister Narendra Modi will attend this month, the Union Cabinet yesterday opened up Air India for foreign investors and brought in changes in key sectors by allowing 100% foreign investment in single brand retail and construction development through the automatic route.

The decisions, taken at a meeting of the Union Cabinet chaired by Modi and intended to liberalise and simplify the FDI policy to provide ease of doing business, drew sharp criticism from both the opposition and trade bodies.

However, the government contended that the move would "lead to larger FDI inflows contributing to growth of investment, income and employment".

Yesterday's decision marked a key change in the aviation industry where the government had already allowed up to 49% FDI in private carriers. There was a restriction that foreign airlines could not invest in the loss-making Air India.

"It has now been decided to do away with this restriction and allow foreign airlines to invest up to 49% under approval route in Air India subject to the conditions that foreign investments in Air India including that of foreign airlines shall not exceed 49% either directly or indirectly," an official statement said.

It added that substantial ownership and effective control of the national carrier shall continue to be with "vested in Indian national".

The Cabinet also approved 100% FDI in single brand retail trading, tweaking its present policy of allowing only 49% foreign investment in the sector through automatic route and the rest through government approval.

It also gave five-year holiday for foreign investors from the mandatory 30% of local purchases. But after that, they will be required to meet 30% of sourcing norms directly towards its India operations on an annual basis.

The Cabinet also decided to allow 100% FDI in construction development relating to building townships, housing, infrastructure and real estate broking services.

"It has been decided to clarify that real estate broking service does not amount to real estate business and is therefore eligible for 100% FDI under automatic route."

Making changes in the sector relating to power exchanges, the government removed the restrictions on investment by foreign institute investors and portfolio investors to invest in power exchanges through primary market as well. Under the present policy, FII and FPI purchases were restricted to secondary market only.

The Congress and the CPI-M slammed the government move on Air India, saying it would only lead to the national carrier going into the hands of a foreign airline.

Former union minister Anand Sharma said the government should come clean on the Air India deal as to whether its assets "worth billions of rupees" and its route rights would also go to the investor.

He said the UPA government had consciously kept Air India out of the purview of FDI though it had allowed 49% FDI in the civil aviation sector.

The Communist Party of India-Marxist (CPI-M) said the Modi government was now moving towards handing over Air India to a foreign airline.

"The government should heed the recommendation of the Parliamentary Standing Committee on Transport, Tourism and Culture which has asked the government to review its decision on privatisation of Air India and provide five years to revive the airline with its debt written off."

There was support to the Air India move. Pervez Damania, a former director of the now defunct Kingfisher Airlines, welcomed it saying the "government has no business to be in flying".

PN Vijay, a market analyst, said the decision was "not good enough". "It should be 100% FDI in Air India."

On allowing 100% FDI through the automatic route in single brand retail, the CPI-M said the move portends the Modi government's intentions of "moving towards allowing FDI in multi-brand retail trade". It warned of grave consequences for the domestic retail trade.

However, Ananda Sharma termed the FDI in retail "a cosmetic change" and "minor tweak".

"I don't think it's going to make much change because almost all the major brands of the world are already here as 100% FDI was already allowed. This is done perhaps for the Prime Minister to make a statement at Davos."

Both Congress and the CPI-M reminded the BJP that it had opposed the entry of foreign companies into retail trade earlier and it has now "hypocritically reversed its position".

Calling it a "serious matter" for small businesses, the Confederation of All India Traders (CAIT) strongly opposed the FDI in single brand retail.

Condemning the Modi government's "love for MNCs", CAIT secretary general Praveen Khandelwal said the move would facilitate easy entry of multi-national companies in retail trade and leave a large number of people jobless.

"It's a serious matter for small businesses. It is a pity that instead of formulating policies for the welfare, upgradation and modernisation of existing retail trade, the government is more interested in paving the way for the MNCs to control and dominate the retail trade of India."

Modi will be the first Prime Minister after 20 years to participate in the annual World Economic Forum show in Davos where world leaders and top industrialists and businessmen meet. The four-day event begins on January 23.

India's Union Cabinet yesterday decided to allow foreign airlines to invest up to 49% under approval route in Air India subject to the conditions that foreign investments in Air India including that of foreign airlines shall not exceed 49% either directly or indirectly, an official statement said.

Macron presses EU for united front on foreign takeovers

Reuters
Beijing

Europe should be more united in protecting strategic assets from foreign takeovers if it wants Beijing's respect, French President Emmanuel Macron said yesterday as he wrapped up a visit to China that brought no eye-catching trade deals.

The 40-year-old has deployed a mix of charm and threats on his first state visit since taking office in May.

Accompanied by 50 business leaders, he has sought to recalibrate bilateral relations and narrow a gaping trade deficit.

As president, Macron has pushed for the EU to screen foreign investments in its strategic sectors and, signalling French annoyance at China's reluctance to open some of its domestic markets, that issue has been a focal point of the three-day visit.

Yesterday, he sounded a warning to less wealthy EU states that have taken a softer line due to their perceived reliance on Chinese investment.

"Europe has often shown itself divided about China," Macron told representatives of the French community in Beijing. "And China won't respect a continent, a power, when some member states let their doors freely open."

Foreign direct investment in the European Union traced back to mainland China has surged in recent years, to a record €35bn ($42bn) in 2016 from €1.6bn in 2010, according to the Mercator Institute for China Studies.

France, like Germany, has generally welcomed Chinese investment as a boost to its economy and an opportunity to expand into fast-growing Asian markets.

But the eurozone's top two economies have been reluctant to cede control of strategic assets, notably in transport, defence, telecoms, tech and engineering – sectors in which China's footprint is expanding fast.

The EU hopes negotiations on an investment pact with China will reach a "decisive stage" this year, the bloc's ambassador to China said separately, calling on Beijing to honour a pledge to open its economy to the world.

Macron did not say which EU countries he thought should needed to shield their assets more vigorously but, after struggling under strict austerity rules imposed by its European partners, Greece for one has embraced China's cash. It sold a majority stake in Piraeus port, the country's largest, to China's COSCO Shipping in 2016.

The port has been referred to as the "dragon head" of China's new Silk Road into Europe, a network of rail and shipping links designed to whisk commodities and goods between China and Europe.

"China, which is a great power, does not respect a country that sells its essential infrastructures to the lowest bidder," Macron said.

In Xian, an eastern departure point for the ancient Silk Road, Macron said on Monday that China's equivalent modern-day "Belt and Road" trade initiative could not be one way – a clear suggestion that Europe expected to be able to sell into China just as smoothly.

Yet two days later he concluded his trip without securing any major deals.

Airbus, he announced, would soon finalise a contract for 184 narrow-body jets, while nuclear group Areva failed to finalise a decade of negotiations with a contract to build a fuel reprocessing plant, securing only another protocol agreement.

French officials said they were not disappointed, pointing to a sales contract for CFM jet engines by France's Safran and General Electric, and the lifting of a Chinese embargo on French beef, among other deals.

Macron, who travelled with senior executives from Airbus, BNP Paribas, AccorHotels, EDF and LVMH, played down the absence of blockbuster deals.

He said other countries had trumpeted big figures in the past that masked more modest realities.

"I don't want to give the impression that we made this trip to obtain as many contracts as possible," Macron told reporters.

"We have secured unprecedented openings... which are the result of much hard work."

Jean Pierre Cabestan, professor of political science at Hong Kong Baptist University, said while France would like a larger share of the market, Macron was playing a longer game.

"Macron's visit was to set new rules," Cabestan said. "The idea wasn't we should expect results, because we're laying the ground to make our relationship more sound, more balanced."


Macron: Giving warning to less wealthy EU states that have taken a softer line due to their perceived reliance on Chinese investment.

Toyota, Mazda to build $1.6bn plant in Alabama

Reuters
Tokyo

Alabama will be the site of a new $1.6bn Toyota Motor Corp and Mazda Motor Corp auto plant, a victory for President Donald Trump who had prodded manufacturers to build new US facilities and threatened tariffs on foreign production, sources said on Tuesday.

The plant, which will employ up to 4,000 people and produce about 300,000 vehicles a year, will be located in Huntsville, Alabama, and is a boon for the state, where Toyota has a large engine plant and an existing network of automotive suppliers.

A formal announcement by company and state officials is expected late yesterday in Montgomery, sources briefed on the matter said.

The new plant – in a state Trump won by 28 points in 2016 – could be a political boost to the Republican president, who has urged automakers to build plants in the United States and add jobs.

The companies said they expect the plant to open in 2021.

Trump tweeted in March he wanted "new plants to be built here for cars sold here." The White House did not immediately comment on Tuesday.

The announcement also comes at a time of declining US auto industry sales, so it could exacerbate overcapacity and add pressure to cut prices.

US new vehicle sales fell 2% in 2017, after hitting an all-time record high in 2016, and are expected to fall further in 2018. Details of an anticipated tax and incentive package for the investment were not yet known.

It has been reported the companies sought at least $1bn in incentives.

A Toyota spokesman declined to comment, except to say an announcement was expected soon. A Mazda spokeswoman also declined to comment.

In recent months, the companies had narrowed their choices down to sites in Alabama and North Carolina.

Local media last month said the leading site under consideration was in northern Alabama's Limestone County, near Toyota's large engine plant in Huntsville.

In September Toyota announced a $106mn technology upgrade for the Huntsville plant.

A Chamber of Commerce of Huntsville website for the "Huntsville Mega Site" touts the fact it has been "certified as development-ready." The commerce chamber, local and state officials declined to comment on Tuesday on plans for the plant. A year ago, President-elect Trump criticized Toyota and threatened hefty tariffs against the Japanese automaker if it built its Corolla sedan for the US market in Mexico.

"Toyota Motor said will build a new plant in Baja, Mexico, to build Corolla cars for US NO WAY! Build plant in US or pay big border tax," Trump posted on Twitter in early 2017.

China orders 184 Airbus A320 planes, say French officials

AFP
Beijing

China has ordered 184 Airbus A320 planes to be delivered to 13 airlines, French officials said yesterday as President Emmanuel Macron wrapped up a state visit to the country.

The value of the deal was not immediately disclosed but under the company's list prices for the single-aisle planes, it could total at least $18bn.

The airliners would be delivered in 2019 and 2020.

The announcement came a day after Macron held talks with Chinese leader Xi Jinping and oversaw the signing of several business deals whose total amount was not disclosed.

Macron said Xi had confirmed during their meeting that the Airbus order would be made. "It's something that will be completely finalised shortly, but it was confirmed to me by the president," Macron said at a news conference yesterday.

"President Xi confirmed to me that China will maintain the volume of orders in the coming years and preserve parity with the market shares of Airbus and (US rival) Boeing," Macron said.

Airbus had already announced on Tuesday an agreement to increase production of the A320 in China.

China is the world's second biggest aviation market, making it ripe for competition between Airbus and Boeing.

When US President Donald Trump visited Beijing in November, China agreed to buy 300 Boeing aircraft worth some $37bn.

The US aerospace giant estimates that China will need 7,240 commercial planes over the next 20 years.

China factory inflation slows to 13-month low

AFP
Beijing

China's factory inflation slowed to a 13-month low in December, official data showed yesterday, a sign of continued fragility in the world's second-largest economy.

The producer price index (PPI) – an important barometer of the industrial sector which measures the cost of goods at the factory gate – rose 4.9% year-on-year in December, its lowest rate since November 2016, according to China's National Bureau of Statistics (NBS).

This marked a sharp slowdown from the 5.8% year-on-year rise in November and 6.9% rise in October, but was slightly higher than the 4.8% increase forecast by a Bloomberg News survey of economists.

NBS analyst Sheng Guoqing said the drop was due to declines in five major industries: oil and natural gas mining, ferrous metal smelting, oil processing, non-ferrous metal smelting, and coal mining.

A further decline in the PPI – highly correlated with earnings growth among indebted industrial firms – would "push the People's (central) Bank to ease monetary policy over the course of this year," said Julian Evans-Pritchard, analyst at Capital Economics, in a note.

But David Qu of ANZ Research said he expected producer prices to hold up, since "China's capacity reduction programme for steel and coal will likely be completed in 2018 and extended to other sectors."

Meanwhile, the consumer price index (CPI) – a main gauge of retail inflation – rose 1.8% year-on-year, up from 1.7% in November and just below the Bloomberg forecast of 1.9%.

Month-on-month, the CPI rose 0.3%, which the NBS's Sheng attributed to the rising prices of fresh foods like fruit and eggs and energy such as gas and diesel during a period of cold weather.

"We expect food prices to continue to push up consumer price inflation during the coming months," said Evans-Pritchard. Moderate inflation can be a boon to consumption as it pushes buyers to act before prices go up, while falling prices encourage shoppers to delay purchases and companies to put off investment, both of which can hurt growth.

Raymond Yeung, chief greater China economist at Australia & New Zealand Banking Group, told Bloomberg News that he expected the PPI to rise by 4.8% in 2018, and for the CPI to pick up in January.

"Given the cold weather in the recent weeks, energy prices are supportive... China's inflation outlook will pick up gradually," he said.

Full-year data from the NBS showed a 6.3 % rise in the PPI, ending a five-year decline, and a 1.6% rise in the CPI for 2017.

The latter figure falls well within government targets, as Chinese policymakers said in March that they hoped to keep retail inflation for the year at around 3%.

Food prices marked their first decline since 2003 in 2017, falling 1.4%.

Troubled Noble Group says goodbye to global oil trading

Reuters
London

Noble Group is closing down its London oil desk and winding down its Asia oil operations, sources familiar with the matter said, as heavy losses and high debt force what was once Asia's biggest commodities trader to restructure.

The closures follow the sale of its larger US oil trading business to Vitol, announced in October, and a nine-month loss of some $3bn reported in November.

Since then, Noble has been winding down its remaining oil trading operations in London and Singapore, with many key traders leaving to join competitors.

"That (US oil business) comprised the material share of Noble's oil business. The rest... has either closed or is in the final process of sale," a source familiar with the matter said.

A spokeswoman for Noble Group declined to comment.

The company, which had a market capitalisation of $6bn in early February 2015, was plunged into crisis after a report by blogger Iceberg Research later that month questioning its accounting.

Noble stood by its accounts and rejected the report's allegations but coupled with a major commodities downturn, the firm was unable to recover investor confidence.

Its market value has shrunk to around $215mn. The closure of its London and Singapore desks marks an effective exit from the oil trading business.

In 2016, the number of employees at NCFL (Noble Clean Fuels Ltd) in London was 25, down from 35 the year before. The Singapore-listed company, founded in 1986 by Richard Elman, is returning to its roots as a hard commodities business in Asia, mainly involved in coal marketing, a business that is partly financed by Mercuria Group.

Traders said that they have not seen activity from the company in several months and its head of crude, Chris McAleese, left late last year. He was hired about a year ago to rebuild the business during a brief upswing in the company's finances.

Noble Group is closing down its London oil desk and winding down its Asia oil operations, sources familiar with the matter said, as heavy losses and high debt force what was once Asia's biggest commodities trader to restructure.

Noble's star gasoline trader in the United States, Dimitri Sinenko, was poached by Gunvor at the end of last year.

Two distillate traders recently moved from the London office to Unipec and a crude trader went to Trafigura.

From Noble's Singapore oil desk, a senior crude trader just moved to Statoil and Morten Buur-Jensen became Singapore managing director of Africa-focused oil trader Mocoh in November.

A source in Asia said that the firm was winding down some old contracts with only a handful of employees left.

In November, the company said that it would keep LNG and some Asia-focused distillates businesses, which complement its hard commodities.

In an effort to stay afloat, the firm has been forced to sell key parts of its global business across commodities but the company continued to post major losses and some asset sales have fetched less than expected.

An agreement to sell its North American gas and power business to competitor Mercuria Group concluded at $168mn, down from an original price of $250mn. Paul Brough, a restructuring specialist who oversaw part of the liquidation of Lehman Brothers, was appointed chairman last year.

Brough said in December that he would take steps to avoid insolvency and was in the process of negotiating a debt restructuring programme.

Noble had bank debt of about $1.2bn and bonds aggregating to about $2.3bn as of mid-December.

Noble has sought alternative financing.

Indian equity indices close in the red

IANS
Mumbai

After five consecutive sessions of trading with gains, the key Indian equity indices yesterday provisionally closed in the red on the back of broadly negative global cues and heavy selling pressure in consumer durables, auto and banking stocks.

The wider Nifty50 of the National Stock Exchange (NSE) edged lower by 4.80 points or 0.05% to provisionally close trade (at 3.30pm) at 10,632.20 points.

The Sensex provisionally closed at 34,433.07 points - down 10.12 points or 0.03% - from its previous session's close

The barometer 30-scrip Sensitive Index (Sensex) of the Bombay Stock Exchange (BSE), which opened at a record high level of 34,538.78 points, touched a fresh high of 34,565.63 points on an intra-day basis.

The Sensex provisionally closed at 34,433.07 points – down 10.12 points or 0.03% – from its previous session's close.

The BSE market breadth was bearish as 1,607 stocks declined as compared to 1,319 advances.

On Tuesday, the key indices closed at fresh highs with subtle gains on the back of positive global cues and optimism over the upcoming quarterly earnings result season, as well the Union Budget.

The Nifty50 rose by 13.40 points or 0.13% to close at a new high of 10,637 points, while the Sensex closed at 34,443.19 points – up 90.40 points or 0.26%.

Most Asia markets down after new year rally

AFP
Hong Kong

The rally across Asia that welcomed in 2018 looked to have run out of steam yesterday with most markets slipping into the red on profit-taking, but Hong Kong rose for a 12th day as energy shares climbed.

Strong economic fundamentals and corporate earnings as well as optimism about the impact of Donald Trump's massive US tax cuts have helped fuel a global advance to record or multi-year highs.

However, some analysts say the surge has also been propelled by a fear of missing out, and with the next round of company reports about to kick off traders are taking a breather before making their next moves.

"You have to ask yourself what has changed really in these first six trading days of 2018, which has so materially driven prices higher?" said Greg McKenna, chief market strategist at AxiTrader.

"For me, the rally is starting to feed on itself, or people's fear of not participating in the upside, despite the fact that I also believe the global growth outlook and the impact of US tax cuts is a positive."

Tokyo ended 0.3% down at 23,788.20, Sydney shed 0.6%, while Singapore gave up 0.2% and Seoul lost 0.4%.

Wellington and Taipei each sank 0.8%.

However, Hong Kong continued its outstanding run by rising 0.2% at 31,073.72 – a 12th successive gain that puts it less than 900 points off its record high of 31,958.41 hit in October 2007.


Pedestrians walk past an electronics stock indicator of the Tokyo Stock Exchange. Japanese shares ended 0.3% down at 23,788.20 points yesterday.

Shanghai finished up 0.2%, a ninth straight advance.

Jonathan Slone, chief executive officer of CLSA, told Bloomberg TV that traders were in for some nail-biting months. "Markets will be higher at the end of next year than they are right now, in my opinion, but it's going to be a little volatile getting there," he said.

Despite the losses on broader markets, energy firms stood out as oil pushed higher.

Crude has more than doubled from its lows below $30 back in early 2016, supported by an output freeze deal between Opec and Russia and, recently, tensions in the oil-rich Middle East.

Market-watchers say unrest in key producer Iran could dent the country's capacity, while others point out that any suppression of protests by Tehran could also lead Trump to reimpose export sanctions.

Both main oil contracts jumped more than 1% on Tuesday, also helped by data showing a huge drop in US stockpiles as a big freeze in the northeast fans demand for heating fuel.

That has helped petroleum-linked firms.

In Hong Kong CNOOC, PetroChina and Sinopec were up between 0.7% and 1.3% yesterday while Inpex in Japan rose more than 2%.

The dollar weakened against the yen a day after the Bank of Japan said it would cut back on its purchasing of bonds as part of its huge stimulus programme.

While not massive, the move brings Japan into line with other central banks.

The greenback has struggled in recent months on expectations central banks are beginning to tighten monetary policy, closing the gap with the Federal Reserve.

The dollar held up against the Chinese yuan after the central People's Bank of China made a technical tweak to its exchange mechanism that reduces some of its control over the unit.

The dollar bought 6.5278 yuan, compared with a low of 6.4975 on Tuesday, though it is still well down from the levels near 7 yuan seen around the beginning of last year.

The move raised fears the PBoC would depreciate the currency as it did in 2015, spurring a global market panic, though analysts pointed out the move was more technical.

"This policy shift is far from a repeat of the iron-fisted PBoC moves from yesteryear. But it does appear the central bank's not-so-invisible hand was at work curbing the rapid appreciation of the yuan," said Stephen Innes, head of Asia-pacific trading at OANDA.

Emerging markets drop on rising bond yields

Reuters
London

Rising global bond yields knocked emerging markets lower yesterday, with stocks down for the second straight day and local bond markets broadly following the lead of their developed peers.

US Treasury yields are at 10-month highs while German yields are the highest since end-October, causing some wobbles on world equity markets.

MSCI's emerging equity index slipped 0.4%, edging further off 6-1/2-year highs.

Losses also stemmed from a 1.4% fall in emerging tech shares, led by a 3% slump in Samsung Electronics following disappointing earnings guidance.

Chinese mainland shares were the exception, up for a ninth day running to hit seven-week highs.

"We are positive on emerging markets but we were not expecting such a performance (since the start of 2018). So we would not be surprised to see some respite. We remain constructive but we could see a temporary pause in the short term," said Guillaume Tresca, a strategist at Credit Agricole.

Emerging European shares also fell, with Turkish stocks losing more than 1% while bond yields edged higher across the region. Polish 10-year yields hit two-week highs as investors waited to see what clues the central bank could provide on the interest rate trajectory.

The bank is seen leaving rates at 1.5%, but Romania recently became the second country in the region to raise rates, indicating that policy tightening momentum is building.

Czech and Hungarian yields rose around 1-2 basis points.

JPMorgan's GBI-EM index of local debt showed yields closing near one-week highs on Thursday though dollar bonds shrugged off higher US yields, with average premia over Treasuries hitting new 3-1/2-year lows.

Bond yields hit 10-month high on report China may slow US bond buying

Reuters
London

Major government bond yields hit multi-month highs yesterday, extending earlier gains on a report that Chinese officials have recommended slowing or halting purchases of US government bonds.

The yield on 10-year US Treasury hit a 10-month high of 2.59% in European trade and was up 4 basis points on the day, pushing the dollar to a six-week low against the Japanese yen.

"The latest rise (in yields) is caused by the news that Chinese officials are recommending lower purchases of US Treasuries for their FX reserves," said Mizuho strategist Antoine Bouvet, referring to a Bloomberg report. "The market is pricing in this possibility, but we still don't have much have detail on this."

Germany's 10-year bond yield hit its highest level since the October European Central Bank meeting when policymakers first announced the extension of its bond-buying scheme, with one trader citing heavy supply as the latest trigger for the move.

A combination of factors has pushed global bond yields higher in recent weeks, with global growth and higher oil prices leading investors to speculate that the world's major central banks might withdraw from their stimulus programmes sooner rather than later.

Some investors saw a reduction of bond purchases by the Bank of Japan this week as a potential indication of this.

Analysts also said the rise in yields across the board is fuelling speculation among investors as to whether this is the start of a sustained bear market for bonds.

Rabobank analysts on Tuesday sent out a research note asking the question: "Have we finally entered a bond bear market?"

A global recovery and potential central bank action are possible drivers of a sustained sell-off in bonds, they wrote, although they stopped short of saying that this trend had begun.

Analysts also said rising oil prices could have sparked the rise in long-term yields this week, as it could fan inflation further down the road and force central banks to quicken the pace of interest rate rises.

"If you look at what markets are pricing in (from the Fed), maybe they're being a little too conservative when it comes to the path of future interest rate rises, particularly when you look at what inflation could potentially start to do, given the sharp rises in commodity prices we've seen since the middle of the summer," said Michael Hewson, chief markets analyst at CMC Markets in London.

Oil prices extended gains, with US crude futures hitting a three-year high on a tight supply balance due to Opec-led production cuts and a sharper fall in US crude inventories. US West Texas Intermediate (WTI) crude traded at $63.53 a barrel, up nearly 1% on the day, after having risen as high as $63.59 earlier.

Brent crude rose 0.4% to $69.25 per barrel, staying near its highest level since mid 2015.

BUSINESS

QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	78.00	0.00	-
Widam Food Co	66.00	0.79	26,170
Vodafone Qatar	8.15	0.49	982,676
United Development Co	16.20	5.19	2,002,420
Salam International Investme	6.94	-0.86	73,041
Qatar & Oman Investment Co	8.03	-0.86	9,948
Qatar Navigation	59.50	-2.65	278,118
Qatar National Cement Co	64.48	-0.03	14,534
Qatar National Bank	131.00	0.19	294,018
Qatar Islamic Insurance	57.03	0.02	2,800
Qatar Industrial Manufactur	44.39	0.68	24,425
Qatar International Islamic	58.90	-0.12	115,670
Qatari Investors Group	40.05	2.67	335,423
Qatar Islamic Bank	97.81	-1.69	102,499
Qatar Gas Transport(Nakilat)	18.00	0.00	390,700
Qatar General Insurance & Re	48.48	3.15	1,800
Qatar German Co For Medical	6.39	1.91	79,869
Qatar Fuel Qsc	104.90	0.40	19,636
Qatar First Bank	6.56	2.02	1,337,945
Qatar Electricity & Water Co	183.00	0.99	45,530
Qatar Cinema & Film Distrib	26.00	4.00	31
Qatar Insurance Co	59.97	0.37	79,139
Ooredoo Qpsc	96.00	0.52	35,615
National Leasing	11.39	-1.73	171,213
Mazaya Qatar Real Estate Dev	8.89	-1.00	533,899
Mesaieed Petrochemical Holdi	13.85	-0.29	418,491
Al Meera Consumer Goods Co	146.61	-0.37	42,591
Medicare Group	75.40	1.62	146,468
Mannai Corporation Qsc	61.99	0.80	5,620
Masraf Al Rayan	42.20	0.96	789,874
Al Khalij Commercial Bank	13.47	-0.22	715,512
Industries Qatar	104.01	1.97	91,213
Islamic Holding Group	38.00	0.00	89,547
Investment Holding Group	6.20	-0.16	1,279,225
Gulf Warehousing Company	48.00	0.48	18,225
Gulf International Services	18.70	0.59	334,443
Ezdan Holding Group	12.67	-0.63	360,645
Doha Insurance Co	15.38	2.53	241
Doha Bank Qpsc	30.37	1.23	299,081
Dlala Holding	14.50	-1.63	552,498
Commercial Bank Pqsc	28.90	-2.30	179,986
Barwa Real Estate Co	34.80	0.87	450,155
Al Khaleej Takaful Group	13.90	1.83	16,848
Aamal Co	9.14	3.75	2,839,048

SAUDI ARABIA

Company Name	Lt Price	% Chg	Volume
United Wire Factories Compan	16.04	0.00	98,836
Etihad Etisalat Co	15.75	-1.56	2,448,439
Dar Al Arkan Real Estate Dev	9.98	-3.57	63,564,609
Saudi Hollandi Bank	0.00	0.00	-
Rabigh Refining And Petroche	18.62	5.44	6,767,407
Banque Saudi Fransi	29.59	-1.04	157,951
Saudi Enaya Cooperative Insu	18.06	0.56	347,390
Mediterranean & Gulf Insuran	26.89	-0.33	54,599
Saudi British Bank	27.76	0.58	26,757
Mohammad Al Mojil Group Co	0.00	0.00	-
Red Sea International Co	19.06	0.32	49,391
Takween Advanced Industries	10.13	-0.78	408,266
Sabb Takaful	23.81	-0.54	108,394
Saudi Arabian Fertilizer Co	70.06	3.06	636,385
National Gypsum	12.30	-0.40	145,750
Saudi Ceramic Co	26.86	1.13	52,196
National Gas & Industrializa	30.56	0.10	52,631
Saudi Pharmaceutical Industr	30.85	0.16	79,894
Thimar	29.58	-0.40	48,906
National Industrialization C	16.39	1.86	2,032,241
Saudi Transport And Investme	0.00	0.00	-
Saudi Electricity Co	20.53	-0.34	948,712
Saudi Arabia Refineries Co	31.16	0.23	267,921
Arriyadh Development Company	18.52	0.27	39,322
Al-Baha Development & Invest	22.87	-0.22	107,209
Saudi Research And Marketing	59.41	-0.57	57,825
Aldrees Petroleum And Transp	26.01	-0.65	155,217
Saudi Vitrified Clay Pipe Co	58.02	0.99	39,729
Jarir Marketing Co	153.89	-0.06	30,127
Arab National Bank	25.79	1.46	158,882
Yanbu National Petrochemical	60.48	0.58	234,270
Arabian Cement	35.13	0.77	60,867
Middle East Specialized Cabl	8.60	0.47	235,558
Al Khaleej Training And Educ	19.47	0.31	49,509
Al Sagr Co-Operative Insuran	24.47	0.41	122,066
Trade Union Cooperative Insu	19.76	-0.05	101,226
Arabia Insurance Cooperative	17.24	-0.35	53,238
Saudi Chemical Company	32.98	0.30	85,115
Fawaz Abdulaziz Alhokair & C	29.64	-1.53	328,039
Bupa Arabia For Cooperative	89.87	-2.13	181,332
Wafa Insurance	20.65	-0.91	440,549
Jabal Omar Development Co	58.36	-0.58	353,028
Saudi Basic Industries Corp	101.68	0.39	4,013,879
Saudi Kayan Petrochemical Co	11.09	1.74	13,263,215
Etihad Atheeb Telecommunicat	6.96	4.66	1,365,935
Co For Cooperative Insurance	92.64	-1.76	78,039
National Petrochemical Co	18.86	2.17	350,858
Gulf Union Cooperative Insur	16.97	1.31	214,918
Gulf General Cooperative Ins	17.08	-0.70	172,187
Basic Chemical Industries	21.70	0.56	267,545
Saudi Steel Pipe Co	16.19	-0.06	20,202
Buruj Cooperative Insurance	34.00	-0.09	550,082
Mouwasat Medical Services Co	153.75	-0.03	2,497
Southern Province Cement Co	49.83	1.40	46,341
Maadaniyah	19.56	0.31	101,756
Yamama Cement Co	17.36	0.23	41,762
Jazan Energy And Development	16.96	-0.41	105,523
Zamil Industrial Investment	26.84	0.30	25,037
Alujain Corporation (Alco)	22.35	0.54	239,693
Tabuk Agricultural Developme	12.43	-0.48	182,059
United Co-Operative Assuranc	12.73	0.08	83,873
Qassim Cement/The	45.15	-0.57	8,020
Saudi Advanced Industries	13.48	0.30	164,810
Kingdom Holding Co	8.67	0.70	187,551
Saudi Arabian Amiantit Co	8.08	-0.62	724,479
Al Jouf Agriculture Developm	31.42	1.26	139,859
Saudi Industrial Development	9.69	-1.62	290,975
Bishah Agriculture	0.00	0.00	-
Riyad Bank	12.84	0.16	180,069
The National Agriculture Dev	32.75	-0.64	94,131
Halwani Bros Co	51.40	0.14	1,884
Arabian Pipes Co	11.95	0.00	230,960
Eastern Province Cement Co	27.31	0.77	16,056
Al Gassim Investment Holding	0.00	0.00	-
Filing & Packing Materials M	32.07	0.19	32,752
Saudi Cable Co	10.81	0.00	-
Tihama Advertising & Public	47.00	-0.80	104,986
Saudi Investment Bank/The	15.27	0.26	19,536
Astra Industrial Group	15.92	-0.50	50,331
Saudi Public Transport Co	15.96	-0.06	206,907
Taiba Holding Co	34.12	0.47	79,892
Saudi Industrial Export Co	143.24	-1.39	15,217
Saudi Real Estate Co	22.93	3.24	373,451
Saudia Dairy & Foodstuff Co	129.00	-0.76	12,472
National Shipping Co Of/The	30.89	-1.50	392,526
Methanol Chemicals Co	9.89	0.92	1,709,307
Ace Arabia Cooperative Insur	23.21	-0.39	143,911
Mobile Telecommunications Co	7.12	-1.11	2,366,859
Saudi Arabian Coop Ins Co	18.11	-2.27	523,352
Axa Cooperative Insurance	21.74	-1.54	541,097
Alsorayai Group	12.15	1.42	238,775
Weqaya For Takaful Insurance	0.00	0.00	-
Bank Albilad	21.84	-0.64	379,686
Al-Hassan G.I. Shaker Co	11.30	-0.88	167,003
Wataniya Insurance Co	27.62	-0.50	187,340
Abdullah Al Othaim Markets	125.80	-0.16	5,555
Hail Cement	9.53	-1.04	246,478

SAUDI ARABIA

Company Name	Lt Price	% Chg	Volume
Saudi Re For Cooperative Rei	8.56	0.23	641,062
Solidarity Saudi Takaful Co	20.75	-0.14	125,711
Amana Cooperative Insurance	22.10	1.05	709,491
Alabdullatif Industrial Inv	13.17	0.15	85,774
Saudi Printing & Packaging C	20.06	-0.55	284,440
Sanad Cooperative Insurance	0.00	0.00	-
Saudi Paper Manufacturing Co	7.99	-0.25	414,359
Alinma Bank	19.52	0.72	16,223,721
Almarai Co	52.67	-0.42	695,271
Falcom Saudi Equity Etf	28.40	0.00	61,770
United International Transpo	29.48	1.62	464,503
Hsbc Amanah Saudi 20 Etf	28.45	0.00	200
Saudi International Petroche	17.96	0.28	1,389,237
Falcom Petrochemical Etf	26.00	0.00	-
Walaa Cooperative Insurance	32.48	-0.18	156,315
Bank Al-Jazira	12.67	0.24	1,848,566
Al Rajhi Bank	68.29	0.93	2,425,228
Samba Financial Group	24.74	0.69	95,998
United Electronics Co	47.85	-0.58	188,517
Allied Cooperative Insurance	19.50	-0.71	96,027
Malath Insurance	15.77	-1.38	637,435
Alinma Tokio Marine	22.03	0.50	339,965
Arabian Shield Cooperative	41.01	-0.68	48,122
Savola	39.01	0.70	204,448
Wafrah For Industry And Deve	20.00	-0.45	87,320
Fitaihi Holding Group	12.35	0.24	177,422
Tourism Enterprise Co/ Shams	27.00	0.07	99,327
Sahara Petrochemical Co	16.62	0.48	1,393,170
Herfy Food Services Co	46.83	-0.34	345,505

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	230.00	0.88	20,300
Kuwait Financial Centre Sak	110.00	0.00	95,242
Ajial Real Estate Entmt	166.00	-5.68	35,577
Gulf Glass Manuf Co -Kscc	0.00	0.00	-
Kuwait Finance & Investment	44.90	0.00	55,750
National Industries Co Ksc	195.00	0.00	3,012
Kuwait Real Estate Holding C	32.00	0.00	113,050
Securities House/The	54.80	-0.90	1,711,974
Boubyan Petrochemicals Co	725.00	0.97	100,593
Al Ahli Bank Of Kuwait	305.00	2.01	96,677
Ahli United Bank (Almutahed)	352.00	0.57	124,575
National Bank Of Kuwait	760.00	1.20	1,981,708
Commercial Bank Of Kuwait	400.00	0.00	15,775
Kuwait International Bank	237.00	0.85	327,368
Gulf Bank	239.00	-0.42	982,042
Al-Massaleh Real Estate Co	37.80	-0.53	20,200
Al Arabiya Real Estate Co	31.60	1.28	866,470
Kuwait Remal Real Estate Co	38.30	-0.78	1,156,570
Alkout Industrial Projects C	630.00	0.00	11,000
A'ayan Real Estate Co Sak	73.90	0.00	500
Investors Holding Group Co.K	17.80	-1.66	5,666,753
Al-Mazaya Holding Co	113.00	0.00	521,191
Al-Madar Finance & Invt Co	24.70	2.49	156,918
Gulf Petroleum Investment	31.50	-0.32	466,300
Mabanee Co Sakc	722.00	1.55	251,017
City Group	0.00	0.00	-
Inovest Co Bsc	78.30	-2.00	397,500
Kuwait Gypsum Manufacturing	95.00	0.00	50,000
Al-Deera Holding Co	27.70	2.59	47,753
Alshamel International Hold	0.00	0.00	-
Mena Real Estate Co	18.10	0.56	6,234,356
National Slaughter House	0.00	0.00	-
Amar Finance & Leasing Co	43.00	-12.24	412,450
United Projects For Aviation	612.00	4.62	206
National Consumer Holding Co	0.00	0.00	-
Amwal International Investme	38.10	17.59	7,071,494
Jeeran Holdings	0.00	0.00	-
Equipment Holding Co K.S.C.C	36.90	0.00	133,822
Nafais Holding	880.00	0.00	3
Safwan Trading & Contracting	0.00	0.00	-
Arkan Al Kuwait Real Estate	82.70	0.36	145,000
Gfh Financial Group Bsc	126.00	-1.56	149,581
Energy House Holding Co Kscp	31.90	0.00	40,600
Kuwait Slaughter House Co	0.00	0.00	-
Kuwait Co For Process Plant	140.00	0.00	14,355
Al Maidan Dental Clinic Co K	1,220.00	0.00	65,575
National Shooting Company	0.00	0.00	-
Al-Themar Real International	0.00	0.00	-
Al-Ahleia Insurance Co Sakp	440.00	-2.22	20
Wethaq Takaful Insurance Co	41.50	-17.00	65,500
Salbookh Trading Co Kscp	54.00	4.25	43,980
Aqar Real Estate Investments	67.00	0.00	11
Hayat Communications	70.00	0.14	5,350
Kuwait Packing Materials Mfg	0.00	0.00	-
Soor Fuel Marketing Co Ksc	113.00	0.00	11,327
Alargan International Real	161.00	0.63	3,000
Burgan Co For Well Drilling	70.00	0.00	133,029
Kuwait Resorts Co Kscc	71.90	0.28	57
Oula Fuel Marketing Co	115.00	0.00	15,875
Palms Agro Production Co	84.00	0.00	914
Ikarus Petroleum Industries	0.00	0.00	-
Mubarrad Holding Co Ksc	68.80	-0.15	35,000
Al Mowasat Health Care Co	0.00	0.00	-
Shuaiba Industrial Co	250.00	0.00	20,504
Aan Digital Services Co	0.00	0.00	-
First Takaful Insurance Co	64.00	0.00	500
Kuwaiti Syrian Holding Co	29.60	-1.33	328,669
National Cleaning Company	52.90	0.00	52,530
Eyas For High & Technical Ed	0.00	0.00	-
United Real Estate Company	77.00	0.00	27,822
Agility	880.00	3.04	1,072,665
Kuwait & Middle East Fin Inv	22.00	-7.95	100
Fujairah Cement Industries	77.00	0.00	160,000
Livestock Transport & Tradng	242.00	-1.22	12,380
International Resorts Co	30.90	5.10	432,761
National Industries Grp Hold	164.00	0.61	1,592,574
Marine Services Co Ksc	0.00	0.00	-
Warba Insurance Co	60.00	6.95	1,619
Kuwait United Poultry Co	0.00	0.00	-
First Dubai Real Estate Deve	44.00	-0.68	715,224
Al Arabi Group Holding Co	68.30	-14.63	1,456,782
Kuwait Hotels Sak	246.00	0.00	275,920
Mobile Telecommunications Co	474.00	0.00	589,985
Al Safat Real Estate Co	0.00	0.00	-
Tamdeen Real Estate Co Ksc	400.00	0.00	30,421
Al Mudon Intl Real Estate Co	34.90	-0.29	58,001
Kuwait Cement Co Ksc	472.00	0.00	4,698
Sharjah Cement & Indus Devel	89.90	-0.11	55,000
Kuwait Portland Cement Co	978.00	0.20	45,000
Educational Holding Group	303.00	-1.94	15,005
Bahrain Kuwait Insurance	0.00	0.00	-
Asiya Capital Investments Co	42.50	-1.16	4,400
Kuwait Investment Co	118.00	0.00	168,000
Burgan Bank	319.00	0.95	189,485
Kuwait Projects Co Holdings	329.00	-0.30	7,992
Al Madina For Finance And In	37.20	0.54	22,701
Kuwait Insurance Co	275.00	1.85	17,600
Al Masaken Intl Real Estate	79.00	0.00	40
Intl Financial Advisors	30.60	0.66	713,749
First Investment Co Kscc	43.00	-0.23	370,500
Al Mal Investment Company	26.00	0.39	283,694
Bayan Investment Co Kscc	47.00	-2.08	391,529
Egypt Kuwait Holding Co Sae	261.00	0.00	88,300
Coast Investment Development	35.70	-0.83	2,331,090
Privatization Holding Compan	54.50	0.93	249,000
Kuwait Medical Services Co	0.00	0.00	-
Injazzat Real State Company	82.40	0.00	260,000
Kuwait Cable Vision Sak	19.20	0.00	58
Sanam Real Estate Co Kscc	35.00	0.00	298
Ithmaar Holding Bsc	50.20	5.02	24,872,277
Aviation Lease And Finance C	375.00	0.00	499,458
Arzan Financial Group For Fi	30.80	-0.32	386,500
Ajwan Gulf Real Estate Co	27.30	1.49	11,374,885
Kuwait Business Town Real Es	46.40	-0.22	181,242
Future Kid Entertainment And	111.00	0.00	24,375
Specialities Group Holding C	70.00	-2.78	84,100
Abyaar Real Eastate Developm	22.60	-1.74	3,606,792
Dar Al Thuraya Real Estate C	0.00	0.00	-
Al-Dar National Real Estate	0.00	0.00	-
Kgl Logistics Company Kscc	46.40	-0.22	107,450
Combined Group Contracting	474.00	3.27	3,950
Jiyad Holding Co Ksc	0.00	0.00	-
Qurain Holding Co	0.00	0.00	-

KUWAIT

Company Name	Lt Price	% Chg	Volume
Boubyan Intl Industries Hold	36.60	-0.81	46,300
Gulf Investment House Ksc	0.00	0.00	-
Boubyan Bank K.S.C	460.00	1.32	320,044
Ahli United Bank B.S.C	209.00	0.48	2,511,771
Osos Holding Group Co	93.30	3.67	50
Al-Eid Food Ksc	0.00	0.00	-
Qurain Petrochemical Industr	343.00	3.00	578,089
Advanced Technology Co	0.00	0.00	-
Ekttitab Holding Co Sak	33.60	3.38	160,334
Kout Food Group Ksc	0.00	0.00	-
Real Estate Trade Centers Co	31.50	8.25	46,880
Acico Industries Co Kscc	265.00	3.52	36,994
Kipco Asset Management Co	77.40	0.00	1,000
National Petroleum Services	797.00	-0.38	4,793
Alimtiaz Investment Co Kscc	164.00	0.61	4,451,091
Ras Al Khaimah White Cement	72.10	0.00	1,001
Kuwait Reinsurance Co Ksc	192.00	0.00	5,000
Kuwait & Gulf Link Transport	62.90	0.00	10,040
Human Soft Holding Co Ksc	3,750.00	0.05	248,594
Automated Systems Co Kscc	152.00	0.00	74
Metal & Recycling Co	74.90	7.00	280
Gulf Franchising Holding Co	71.00	0.00	20,010
Al-Enma'a Real Estate Co	36.00	5.88	945,702
National Mobile Telecommuni	1,080.00	-0.83	7,595
Al Bareeq Holding Co Kscc	0.00	0.00	-
Housing Finance Co Sak	0.00	0.00	-
Al Salam Group Holding Co	41.70	-0.48	350,100
United Foodstuff Industries	0.00	0.00	-
Al Aman Investment Company	54.30	0.00	140,000
Mashaer Holding Co Ksc	70.00	0.00	100
Manazel Holding	32.00	-2.44	207,700
Mushrif Trading & Contractin	0.00	0.00	-
Tijara And Real Estate Inves	55.00	-3.51	215,809
Kuwait Building Materials	0.00	0.00	-
Jazeera Airways Co Ksc	664.00	-0.90	44,510
Commercial Real Estate Co	93.50	0.00	119,560
Future Communications Co	0.00	0.00	-
National International Co	60.00	-1.64	5,000
Taameer Real Estate Invest C	33.00	4.43	1,988,392
Gulf Cement Co	83.50	0.60	213,000
Heavy Engineering And Ship B	212.00	-0.47	60,000
Refrigeration Industries & S	0.00	0.00	-
National Real Estate Co	128.00	2.40	649,606
Al Safat Energy Holding Comp	34.50	-1.43	124,217
Kuwait National Cinema Co	1,129.00	-1.74	3
Danah Alsafat Foodstuff Co	69.40	0.00	10,136
Independent Petroleum Group	400.00	0.00	60,757
Kuwait Real Estate Co Ksc	59.00	1.20	5,826,184
Salhia Real Estate Co Ksc	345.00	-2.82	75,100
Gulf Cable & Electrical Ind	451.00	-0.88	106,067
Al Nawadi Holding Co Ksc	0.00	0.00	-
Kuwait Finance House	600.00	-0.17	1,706,077
Gulf North Africa Holding Co	35.90	-1.10	885,000
Hilal Cement Co	156.00	0.00	6,010
Osoul Investment Kscc	55.00	0.00	6,739
Gulf Insurance Group Ksc	640.00	0.00	3,724
Kuwait Food Co (Americana)	1,055.00	0.00	1,000
Umm Al Qaiwain Cement Indust	0.00	0.00	-
Aayan Leasing & Investment	37.30	0.00	4,778,772
Alrai Media Group Co Ksc	117.00	-0.85	39,778
National Investments Co	105.00	-0.94	1,004,119
Commercial Facilities Co	179.00	-0.56	238
Taiba Kuwaiti Holding Co Ksc	0.00	0.00	-
Afaq Educational Services Co	90.00	0.00	266,900
Kuwait Pillars For Financial	0.00	0.00	-
Yiaco Medical Co. K.S.C.C	0.00	0.00	-
Dulaqan Real Estate Co	0.00	0.00	-

OMAN

Company Name	Lt Price	% Chg	Volume
Voltamp Energy Saog	0.54	0.00	-
United Power/Energy Co- Pref	1.00	0.00	-
United Power Co Saog	3.90	0.00	-
United Finance Co	0.14	0.00	-
Ubar Hotels & Resorts	0.13	0.00	-
Takaful Oman	0.17	0.00	-
Tageer Finance	0.12	-1.59	20,200
Sweets Of Oman	1.34	0.00	-
Sohar Power Co	0.15	0.00	-
Sohar Poultry	0.21	0.00	-
Smn Power Holding Saog	0.66	0.00	-
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	1.78	0.00	-
Sharqiyah Desalination Co Sa	3.96	0.00	-
Sembcorp Salalah Power & Wat	0.23	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	0.31	-1.91	91,912
Raysut Cement Co	0.80	-0.50	11,957
Port Service Corporation	0.18	0.00	-
Phoenix Power Co Saoc	0.14	0.75	115,910
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.52	-0.77	12,287
Ominvest	0.46	0.00	7,500
Oman United Insurance Co	0.38	0.00	-
Oman Textile Holding Co Saog	0.00	0.00	-
Oman Telecommunications Co	1.16	0.00	24,000
Oman Refreshment Co	2.05	0.00	-
Oman Packaging	0.28	0.00	-
Oman Orix Leasing Co.	0.18	0.00	-
Oman Oil Marketing Company	1.46	0.00	-
Oman National Engineering An	0.20	0.00	-
Oman Investment & Finance	0.14	0.00	61,000
Oman Intl Marketing	0.52	0.00	-
Oman Hotels & Tourism Co	0.44	0.00	-
Oman Foods International	0.00	0.00	-
Oman Flour Mills	0.93	0.00	-
Oman Fisheries Co	0.15	-0.65	831,561
Oman Fiber Optics	0.00	0.00	-
Oman Europe Foods Industries	1.00	0.00	-
Oman Education & Training In	0.15	0.00	-
Oman Chromite	3.64	0.00	-
Oman Chlorine	0.44	0.00	-
Oman Ceramic Company	0.42	0.00	-
Oman Cement Co	0.41	0.00	34,932
Oman Cables Industry	1.14	0.00	8,289
Oman Agricultural Dev	0.00	0.00	-
Oman & Emirates Inv(Om)50%	0.09	0.00	30,520
Natl Aluminium Products	0.17	0.00	-
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	1.69	30,000
National Finance Co	0.14	0.00	-
National Detergent Co Saog	0.65	0.00	-
National Biscuit Industries	3.75	0.00	-
National Bank Of Oman Saog	0.20	-0.99	41,952
Muscat Thread Mills Co	0.08	0.00	-
Muscat National Holding	0.00	0.00	-
Muscat Gases Company Saog	0.56	0.00	-
Muscat Finance	0.11	0.00	-
Majan Glass Company	0.18	0.00	-
Majan College	0.44	0.00	-
Hsbc Bank Oman	0.13	0.00	500,000
Hotels Management Co Interna	1.25	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	15,850
Gulf Invest. Serv. Pref-Shar	0.11	0.00	-
Gulf International Chemicals	0.25	0.00	2,000
Gulf Hotels (Oman) Co Ltd	10.50	0.00	-
Global Fin Investment	0.16	0.00	-
Galfar Engineering&Contract	0.08	0.00	230,740
Galfar Engineering -Prefer	0.39	0.00	-
Financial Services Co.	0.18	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	0.32	0.00	-
Dhofar Insurance	0.20	0.00	-
Dhofar Fisheries & Food Indu	1.28	0.00	-
Dhofar Cattlefeed	0.19	0.00	-

OMAN

Company Name	Lt Price	% Chg	Volume
Dhofar Beverages Co	0.26	0.00	-
Construction Materials Ind	0.03	0.00	-
Computer Stationery Inds	0.26	0.00	-
Bankmuscat Saog	0.40	-0.50	606,917
Bank Sohar	0.16	0.00	-
Bank Nizwa	0.09	0.00	225,435
Bank Dhofar Saog	0.22	0.00	2,479
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	0.04	0.00	-
Al-Fajar Al-Alamia Co	0.75	0.00	-
Al-Anwar Ceramic Tiles Co	0.12	0.00	133,000
Al Suwadi Power	0.15	2.82	169,000
Al Shurooq Inv Ser	0.00	0.00	-
Al Sharqiya Invest Holding	0.12	0.00	2,156,240
Al Maha Petroleum Products M	1.00	0.00	220
Al Maha Ceramics Co Saoc	0.29	0.00	1,600
Al Madina Takaful Co Saoc	0.11	0.93	381,413
Al Madina Investment Co	0.06	0.00	53,677
Al Kamil Power Co	0.31	0.00	-
Al Jazerah Services -Pfd	0.55	0.00	-
Al Jazeera Steel Products Co	0.28	0.00	17,620
Al Jazeera Services	0.15	0.00	10,000
Al Izz Islamic Bank	0.07	0.00	2,059
Al Buraimi Hotel	0.88	0.00	-
Al Batinah Power	0.14	1.45	18,700
Al Batinah Hotels	1.13	0.00	-
Al Batinah Dev & Inv	0.08	0.00	3,000
Al Anwar Holdings Saog	0.16	1.96	932,212
Ahli Bank	0.17	0.00	-
Acwa Power Barka Saog	0.76	0.00	3,000
Abrasives Manufacturing Co S	0.05	0.00	-
A'saffa Foods Saog	0.58	0.00	-
OMan Oil Marketing Co-Pref	0.25	0.00	-

UAE

Company Name	Lt Price	% Chg	Volume
Waha Capital Pjsc	1.92	0.00	2,007,000
United Insurance Company	2.00	0.00	-
United Arab Bank Pjsc	1.77	-8.76	2,318,277
Union National Bank/Abu Dhab	3.90	1.30	3,430,864
Union Insurance Co	1.79	0.00	-
Union Cement Co	1.42	0.00	-
Umm Al Qaiwain Cement Indust	1.04	0.00	-
Sharjah Islamic Bank	1.42	-6.58	139,000
Sharjah Insurance Company	3.49	0.00	-
Sharjah Group	1.15	0.00	-
Sharjah Cement & Indus Devel	1.10	0.92	20,650
Ras Al-Khaimah National Insu	3.69	0.00	-
Ras Al Khaimah White Cement	1.10	0.00	-
Ras Al Khaimah Ceramics	2.80	0.00	5,365
Ras Al Khaimah Cement Co Psc	0.79	6.76	1,968,468
Ras Al Khaima Poultry	3.40	0.00	-
Rak Properties	0.80	-1.23	14,402,345
Ooredoo Qpsc	90.10	1.81	10,000
Oman & Emirates Inv(Emir)50%	0.53	0.00	-
Nbad Oneshare Msci Uae Ucits	6.20	0.00	-
National Takaful Company	0.46	0.00	-
National Marine Dredging Co	3.50	0.00	-
National Investor Co/The	0.45	0.00	-
National Corp Tourism & Hote	2.08	0.00	-
National Bank Of Umm Al Qaiw	3.00	0.00	-
National Bank Of Ras Al-Khai	4.70	0.00	-
National Bank Of Fujairah	5.00	0.00	-
First Abu Dhabi Bank Pjsc	0.00	0.00	-
Methaq Takaful Insurance	0.79	0.00	800,276
Manazel Real Estate Pjsc	0.61	0.00	16,387,000
Invest Bank	2.51	-0.79	2,688
Intl Fish Farming Co Pjsc	1.45	-3.33	1,049,989
Insurance House	0.85	0.00	-
Gulf Pharmaceutical Ind Psc	2.35	0.00	3,542
Gulf Medical Projects	2.00	0.00	-
Gulf Cement Co	1.02	-4.67	13,600
Fujairah Cement Industries	0.95	0.00	-
Fujairah Building Industries	1.56	0.00	-
Foodco Holding Pjsc	4.94	0.00	-
First Gulf Bank	0.00	0.00	-
Finance House	1.72	0.00	-
Eshraq Properties Co Pjsc	0.78	-2.50	5,723,188
Emirates Telecom Group Co	17.90	-0.56	666,587
Emirates Insurance Co. (Psc)	6.90	0.00	-
Emirates Driving Company	8.00	0.00	-
Dana Gas	0.79	0.00	9,180,391
Commercial Bank Internationa	1.05	0.00	-
Bank Of Sharjah	1.20	-3.23	300,000
Axa Green Crescent Insurance	0.89	0.00	-
Arkan Building Materials Co	0.79	-1.25	240,272
Alkhaleej Investment	2.40	0.00	-
Aldar Properties Pjsc	2.26	-0.88	6,070,871
Al Wathba National Insurance	12.75	0.00	-
Al Khazna Insurance Co	0.30	0.00	-
Al Fujairah National Insuran	300.00	0.00	-
Al Dhafra Insurance Co. P.S.	3.80	0.00	-
Al Buhaira National Insuranc	2.20	0.00	-
Al Ain Ahlia Ins. Co.	38.00	0.00	-
Agthia Group Pjsc	4.62	-1.28	75,682
Abu Dhabi Ship Building Co	2.12	11.58	5,000
Abu Dhabi Natl Co For Buildi	0.44	2.33	389,404
Abu Dhabi National Takaful C	5.15	0.00	-
Abu Dhabi National Insurance	3.75	0.00	100,000
Abu Dhabi National Hotels	2.85	0.00	-
Abu Dhabi National Energy Co	0.56	0.00	1,352,909
Abu Dhabi Islamic Bank	3.90	0.26	152,220

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	0.30	0.00	5,000
Takaful International Co	0.00	0.00	-
Taib Bank -$Us	0.00	0.00	-
Seef Properties	0.21	-1.89	329,000
Securities & Investment Co	0.00	0.00	-
National Hotels Co	0.00	0.00	-
National Bank Of Bahrain Bsc	0.63	0.00	12,500
Nass Corp Bsc	0.12	3.33	78,039
Khaleeji Commercial Bank	0.12	0.88	200,000
Ithmaar Holding Bsc	0.17	6.45	3,689,000
Investcorp Bank -$Us	8.30	0.00	4,000
Inovest Co Bsc	0.00	0.00	-
Gulf Monetary Group	0.00	0.00	-
Gulf Hotel Group B.S.C	0.53	0.00	5,000
Gfh Financial Group Bsc	0.41	-2.38	60,000
Esterad Investment Co B.S.C.	0.12	0.00	35,286
Delmon Poultry Co	0.00	0.00	-
Bmmi Bsc	0.72	4.35	200,000
Bmb Investment Bank	0.00	0.00	-
Bbk Bsc	0.41	0.00	19,844
Bankmuscat Saog	0.00	0.00	-
Banader Hotels Co	0.05	0.00	30,000
Bahrain Tourism Co	`	0.00	-
Bahrain Telecom Co	0.20	0.00	71,826
Bahrain Ship Repair & Engin	1.50	0.00	5,000
Bahrain National Holding	0.00	0.00	-
Bahrain Kuwait Insurance	0.49	0.00	42,014
Bahrain Islamic Bank	0.14	1.41	27,500
Bahrain Flour Mills Co	0.00	0.00	-
Bahrain Family Leisure Co	0.00	0.00	-
Bahrain Duty Free Complex	0.78	0.00	25,000
Bahrain Commercial Facilitie	0.69	0.00	25,000
Bahrain Cinema Co	1.19	0.00	-
Bahrain Car Park Co	0.00	0.00	-
Arab Insurance Group(Bsc)-$	0.50	0.00	1,000
Arab Banking Corp Bsc-$Us	0.28	0.00	145,000
Aluminium Bahrain Bsc	0.62	0.00	4,401
Albaraka Banking Group	0.38	0.00	22,384
Al-Salam Bank	0.12	-0.86	30,000
Solidarity Bahrain Bsc	0.24	0.00	52,069
Ahli United Bank B.S.C	0.69	0.74	940,000

LATEST MARKET CLOSING FIGURES

Unregulated British 'education business' firm draws Asian investors

Reuters
London, Abu Dhabi

Financial.org, a UK company that describes itself as an education business and sponsors a Formula One team, is managing hundreds of thousands of dollars for Asian investors even though it is not licensed to engage in financial transactions, according to 17 people who say they have invested through the firm.

The 17 people, from China, Indonesia, Malaysia, Singapore, Thailand, Vietnam and the UAE, told Reuters they had each given between $3,000 and $400,000 to Financial.org to invest.

"I have doubled my investments," said Azmi Tumpang, a former construction worker from Malaysia outside a gala dinner organised by Financial.org on the sidelines of the Abu Dhabi Grand Prix in late November.

Most of the people said their money had been invested in US blue-chip stocks and that they had made a profit. Reuters was unable to verify whether the share transactions took place.

Financial.org is not on a publicly available list of companies authorised and regulated by Britain's financial regulator, the Financial Conduct Authority (FCA), to buy and sell stocks or bonds for clients.

Offering investment services without regulatory permission is a criminal offence in Britain.

Financial.org, which has an office in London's Canary Wharf, declined to comment on whether it acted as an investment firm.

The company signed up two years ago with the UK's official company register as a real estate business, according to filings.

The UK registrar of companies, Companies House, said it was preparing to strike off the firm on January 23 because it had never filed accounts.

If a company is struck off, it cannot continue to trade legally and its assets pass to the state.

UK-registered companies must by law be authorised and regulated by the FCA if they deal in securities such as shares and bonds for clients, even if the investors are outside Britain.

Under FCA rules, this applies both to principals — parties investing on behalf of clients, and agents — firms including brokers that arrange for investments to take place.

The FCA declined to comment about whether Financial.org was operating illegally.

The regulator has previously warned of the dangers of investing through firms it has not authorised, as no independent checks have been made on their businesses.

It said it had received reports of more than 8,000 cases of unauthorised businesses in the last financial year.

On the home page of its website, Financial.org says it is an education platform, providing "financial knowledge and skills". "We do not deal with securities and receive any financial benefits from financial products and service providers," it says.

However, elsewhere on its site, it also says it "helps members to manage and oversee their investments" and "provides self-directed investors with brokerage services".

The Monetary Authority of Singapore last March placed Financial.org on an investor alert list of "unregulated persons who, based on information received by MAS, may have been wrongly perceived as being licensed or authorised by MAS", its website says.

The authority said investors should "exercise caution" when dealing with companies on the list.

Malaysia's Securities Commission also placed Financial.org on a list of "unauthorised websites/investment products/companies/individuals" last year, according to its website.

The MAS and Malaysian commission both declined to comment on Financial.org and why they had placed it on alert lists.

Financial.org declined to comment on the two regulators' warnings.

The company has been a sponsor of British Formula One team Williams since May 2016, and its logo appears on the Williams Mercedes FW38 cars and team strips.

Williams declined to comment.

Most of the 17 people who spoke to Reuters said they had come into contact with Financial.org through referrals from acquaintances, often via social media.

Six said they had received commissions from Financial.org for referring others.

Five of the people detailed how they made investments.

They said they deposited money into the bank account of a third party, usually the person who referred them, who then transferred the funds to a Financial.org investment account.

The investors said they accessed their Financial.org account with a members-only area in Financial.org's website.

Thirteen said they had withdrawn money regularly.

Tumpang said he had invested $30,000 through Financial.org over the last two years. Mohamad Mohamed Nordin, another Malaysian investor, said he had invested $400,000.

Vietnamese investor Albert Anthony, a fashion business manager, provided a screenshot of his account page which showed he had invested $100,000.

Shella Vinarevi, from Indonesia, said the minimum investment for Financial.org was $3,000, which she had made.

Industry gives Brexit-bound UK economy a shot in the arm

Industrial output growth beats forecasts in November; manufacturing posts seventh gain in a row; data puts UK on track for solid, if unspectacular, end to 2017; year 2018 likely to prove more difficult, say economists

Reuters
London

The painted bodywork of an Aston Martin DB11 luxury automobile is moved by a robot through the Aston Martin Lagonda Ltd's manufacturing and assembly plant in Gaydon, UK. The latest official data signalled that manufacturers in the UK recorded their fastest annual growth since March 2011 in the three months to the end of November, expanding by 3.9% year-on-year.

British industry enjoyed solid growth in November, benefiting from a global upturn that has allowed the economy to outperform gloomy forecasts made after 2016's Brexit vote, although it still lags behind its international rivals.

The British economy grew more slowly than all other Group of Seven members in the first nine months of 2017 as consumer-facing sectors suffered from a surge in inflation caused by sterling's post-Brexit vote plunge.

With departure from the European Union set for March 2019, few economists think growth will improve this year.

But the latest official data signalled that industry remains a bright spot: Manufacturers recorded their fastest annual growth since March 2011 in the three months to the end of November, expanding by 3.9% year-on-year.

The sector, which accounts for around a tenth of British economic output, also posted its seventh consecutive monthly expansion — the longest unbroken run in more than 20 years.

The National Institute of Economic and Social Research (NIESR) said the figures pointed to GDP growth of 0.6% in the last quarter of 2017, which would be the strongest of the year and would lift full-year growth to 1.8%. The Bank of England said in November it expected growth to stick at 0.4% in the last three months of the year, after it raised its key interest rate for the first time since 2007.

If growth turns out faster, it might boost the chance of the BoE raising rates again in May rather than later in 2018 as most economists expect.

Financial markets were unmoved by the data, however. "The UK will need more than just strong industrial production figures though if it is to fare well," said Christian Jaccarini, economist at the Centre for Economics and Business Research consultancy.

Construction output in the three months to November contracted 2.0% compared with the previous three months, the biggest dip since August 2012, the Office for National Statistics said.

Earlier yesterday, the British Chambers of Commerce said the economy looked set for an "underwhelming" 2018, with business subdued ahead of Brexit and reluctant to invest, according to its quarterly survey — the largest of its type.

The ONS said industrial output rose by a monthly 0.4% in November, compared with 0.2% in October, the ONS said, spurring an annual rise of 2.5%. Economists taking part in a Reuters poll had expected to see output rise 0.3% on the month and 1.8% on the year.

"There was strong and widespread growth across (British) manufacturing with notable increases from renewable energy projects, boats, planes and cars for export," ONS statistician Ole Black said.

Goods export volumes in the three months to November were 9.1% higher than the same period in 2016, though the goods trade deficit exceeded all forecasts in a Reuters poll.

Other countries are doing better.

German industrial output rose by 3.4% in November alone, its biggest gain since 2009 and one which puts the economy there on track for growth of at least 2.2% last year.

Figures for Britain's services sector — which is around eight times the size of manufacturing and has been growing slowly — are due out on January 26.

Yesterday's data showed Britain's total trade deficit, which includes goods and services, hit a five-month high of £2.8bn in November.

UK watchdog expresses concern over spread-betting retail market

Reuters
London

There are "areas of serious concern" in Britain's contracts for differences (CFDs) market, the country's financial watchdog said yesterday following a review.

The Financial Conduct Authority (FCA) said it had sent a letter to all providers and distributors of these products to retail customers to ensure they "pay due regard to the interests of customers and treat them fairly".

"We believe there is a high risk that firms across the sector are not meeting our rules and expectations when providing and distributing CFDs. As a result, consumers may be at serious risk of harm from poor practices in this sector," the FCA said.

CFDs let investors bet on both the direction a share price, currency or other financial product will move, and the extent of the change in price, and there is no stamp duty. The industry is regulated by European Union rules which have no caps on leverage.

That means investors can take out bets that are far larger than their initial outlay, offering greater potential returns but also running the risk of huge losses.

The European Securities and Markets Authority last month said it was considering restricting the marketing, distribution or sale to retail clients of CFD products.

The British regulator expressed concerns over the way the products were marketed to retail customers and identified flawed due diligence processes, conflicts of interest and poor remuneration practices.

The majority of retail customers who bought CFD products on either an advisory or discretionary basis lost money, the FCA said after it reviewed 34 firms over a 12 month period.

Shares in leading British spread-betting firms fell last year after the FCA warned it had serious concerns about retail buying of CFD products.

The watchdog on Wednesday said it identified one CFD provider whose arrangements were so poor that it intends to take further action. It also said several providers had said they intend to stop providing CFDs to firms that distribute this product on an advisory or discretionary basis.

Others have already stopped distributing CFDs on these bases to retail consumers.

The FCA said firms should define their target market precisely and not rely on broad investor descriptions such as 'experienced', 'sophisticated' and 'financially literate'. Firms should also look at how they communicate with clients and due diligence around taking on new distributors, among other measures.

The regulator said many firms failed to provide satisfactory evidence that they complied with the FCA's remuneration code with some paying staff on a 100% variable basis. It also said companies were not properly managing conflicts of interest.

"At some firms, senior staff held several roles; for example, at one firm the CEO was also head of compliance. This amounts to a conflict and so should require the firm to put in place relevant controls," it said.

Ryanair keeps big investors onside after rocky 2017

Several institutional investors back airline to bounce back; confidence hit by staff holiday mess-up, union recognition; big investors say cost advantage won't disappear; upcoming union negotiations will be crucial

Reuters
London

Ryanair shares are up 150% over four years as it has tackled a reputation for shoddy services and wooed higher-paying business passengers.

Several institutional investors are backing Ryanair to bounce back from a pilot rostering mess-up and a decision to recognise unions that jolted confidence in Europe's most profitable airline.

The mishandling of staff holidays caused thousands of flight cancellations, angered passengers and helped pilots to secure union recognition for the first time in Ryanair's 32-year history, sending the share price down 9% in one day in December.

The holiday rota errors were a rare serious slip-up by chief executive Michael O'Leary, whose formula of dirt cheap, no-frills travel has transformed the continent's airline sector and handed his shareholders big returns.

O'Leary had said hell would freeze over before he would welcome unions into Ryanair.

The company now says dialogue with organised labour will help the business. Analysts say it will inflate its costs and could reduce the flexibility that helped it steal chunks of business from traditional airlines such as Lufthansa and Air France-KLM.

Top shareholder HSBC Global Asset Managers has cut a quarter of its Ryanair stake, according to a filing last month.

HSBC declined to comment on the decision.

But other big Ryanair shareholders are maintaining or adding to their holdings.

"Because the share price has fallen, it has become, in our opinion, compellingly attractive," said Rory Powe, who manages European growth stocks at Man GLG and added to his Ryanair holdings in December. "I don't see Ryanair's cost advantage being eroded by anything more than an immaterial amount."

Ryanair's longer-term record as an investment may help explain why top shareholders appear reluctant to drop it.

The shares are up 150% over four years as it tackled a reputation for shoddy services and wooed higher-paying business passengers.

Shares in its most successful rival, Easyjet, have barely moved in that time.

Analysts agree upcoming union negotiations will be crucial, amid questions over whether O'Leary's pugnacious management style is still appropriate for a company that was once an upstart challenger but now dominates European short-haul air travel.

"A unionised Ryanair will still be profitable, cash generative and value-creating in our view but will be a markedly different company," HSBC analysts said last week, rating the shares "reduce".

HSBC believes Ryanair unit costs could rise by 20% by 2020, with unionisation and the localisation of contracts, and that Ryanair's talks with continental unions could be tough, "...and airline strikes in these markets are commonplace".

Bernstein sees a short-term rebound in the stock but believes Ryanair is "cornered" — profitability per passenger will fall if it continues to expand at the current pace but a slowdown in expansion will cause earnings to decline. Other big Ryanair institutional investors acknowledge the challenges but believe that, with its cost base still below rivals, it can still make bumper profits as the eurozone economy picks up steam, industry capacity growth eases and prices recover.

Ryanair has said it does not expect its costs to increase significantly.

Jonathan Fearon, who runs the Aberdeen Standard European Growth fund, said the market seemed to be pricing in the idea that Ryanair's cost advantage will disappear.

But he said staff costs were only one of many advantages in Ryanair's broad "ultra-low-cost" business model.

Fearon indicated Ryanair was still a favourite: it was a "category killer" in short-haul that stood to gain from Alitalia's troubles and as industry capacity growth slows, boosting fares.

Tony Gibb, investment director at another Ryanair shareholder, Fidelity, said the company's significant cost advantage, even over EasyJet, was "sustainable" and last month's share slump was "probably overplayed".

"There is negative press and the share price has come off quite meaningfully but that is probably more of an opportunity than anything else," said Gibb.

Inbound M&A in Middle East hits 10-year high of $9.8bn in 2017

The inbound mergers and acquisition (M&A) in the Middle East more than doubled year-on-year (y-o-y) to hit a 10-year high of $9.8bn in 2017, Thomson Reuters data said.
The value of announced M&A transactions with any Middle Eastern involvement fell 14% y-o-y to $43.8bn in 2017. Driven by Tronox's $2.2bn acquisition of Natl Titanium Dioxide business and Chinese stake acquisitions in Abu Dhabi's giant onshore oil concession, inbound M&A stands at a 10-year high, it said.
Domestic and inter-Middle Eastern M&A plummeted 63% y-o-y to $8.7bn, while outbound M&A shrank 35% to $10.8bn, it said, adding energy and power deals accounted for 41.9% of Middle Eastern involvement M&A by value, while the financial sector dominated in deals.
With Qatar Investment Authority's involvement, China CEFC Energy Company's acquisition of Rosneft Oil was the biggest deal with Middle Eastern involvement in 2017, with the Chinese company acquiring a 14.2% stake of the Russian crude petroleum and natural gas producer.
The Middle Eastern equity and equity-related issuance declined 36% y-o-y to $3.5bn in 2017, the second lowest year since 2009 for issuance in the region. Some 12 initial public offerings (IPOs) raised $2.8bn, accounting for 80% of ECM (equity capital market) deals in the region. Emaar Development IPO raised $1.3bn and stands out as the biggest deal for 2017.
Bank of America, Merrill Lynch, First Abu Dhabi Bank and Goldman Sachs share the first place in the 2017 Middle Eastern ECM ranking with a 20.5% market share.
"Bolstered by Saudi Arabia's $12.4bn international Islamic bond in September, Middle Eastern debt issuance reached $103.7bn during 2017, 33% more than the proceeds raised during last year and by far the best year in the region since records began in 1980," according to Nadim Najjar, Managing Director, Middle East and North Africa, Thomson Reuters.
ECM fees more than doubled to $91.3mn, while fees generated from completed M&A deals shrank 21% y-o-y to $181.9mn, the lowest full year total since 2012. Syndicated lending fees fell 25% to $389.9mn.
Debt capital markets (DCM) fees accounted for 28% of the overall Middle Eastern investment banking fee pool, the highest full year share since 2001. Syndicated lending fees accounted for 42%, while completed M&A advisory fees and ECM underwriting fees accounted for 20% and 10%, respectively.
HSBC earned the most investment banking fees in the Middle East during 2017, a total of $84.7mn for a 9.2% share of the total fee pool. Credit Suisse topped the completed M&A fee rankings with 13.7% of advisory fees, while JP Morgan was first for DCM underwriting.
The ECM underwriting was led by EFG Hermes with $12.91mn in ECM fees, or a 14.1% share. Industrial and Commercial Bank of China took the top spot in the Middle Eastern syndicated loans fee ranking.

Qatar has 750MW connected to the GCC grid system: Apicorp

By Pratap John
Chief Business Reporter

Qatar has about 750MW connected to the Gulf Cooperation Council Interconnection Authority (GCCIA) system, which fosters cooperation and interconnect GCC grids, Arab Petroleum Investments Corporation (Apicorp) has said in a report.

The objective of the established authority, Apicorp said, was to use the interconnector to facilitate spot market trading.

Electricity trading in the GCC, however, remains negligible — despite a surge in commercial trading in 2016. The main intra-regional transfers have occurred on an emergency basis, only covering unscheduled outages.

Electricity trading falls under two categories: scheduled and unscheduled exchanges. Scheduled exchanges occur rarely and are based on bilateral agreements between members, after which members make transmission arrangements with GCCIA. More prevalent, however, are the unscheduled exchanges, whereby member countries require urgent power imports from other countries through the system to cover unexpected contingencies and ensure system reliability.

Electricity trading in the GCC remains negligible, despite a surge in commercial trading in 2016. The main intra-regional transfers have occurred on an emergency basis, only covering unscheduled outages.

Unscheduled transfers from one country to another are returned in kind — i.e. unscheduled import during peak demand will be returned as exports during peak demand.

For many years, there have been ambitious plans to expand the GCC grid to non-GCC countries, including Egypt, Jordan, and Yemen, which have all been struggling with inadequate capacity and financial constraints. Connecting the grid to non-GCC countries will solve one of the main challenges hindering electricity trading in the GCC: the fact that peak demand in the GCC is uniform. By contrast, North Africa and the Levant have different demand patterns. To increase supply of electricity, governments have been investing heavily in power-generating capacities. Absent, however, has been a coherent strategy to improve regional cooperation and stimulate intra-regional trade despite the many obvious potential benefits for the region.

Apicorp report also showed electricity demand continues to grow rapidly in the Arab world, where consumption has increased 10-fold since 1980. This surge can be attributed to several factors, including population growth, urbanisation, industrialisation and electricity prices made artificially low through government subsidies.

Although growth rates have slowed in the last few years owing to weaker economic activity and increases in electricity prices as those subsidies are reduced, Apicorp still estimates that the Mena region will need to add capacity at 7.4% annually until 2021, which corresponds to additions of more than 130GW, and investments of approximately $180bn.

Governments continue to meet this challenge by expediting new projects and upgrading their infrastructure, while also encouraging the private sector to join as partners and financiers.

Most Arab countries are struggling to meet increasing electricity demand and thus experience frequent blackouts. Looking forward, governments will continue to invest heavily and increase the role of the private sector in power generation. But another option is also available to them — they can cooperate with their neighbours and explore further the potential of electricity trade as a supplement to their capacity additions.

The region has several interconnections, yet trade remains minimal and often only takes place in response to emergencies and outages.

The GCC countries are connected via the Gulf Cooperation Council Interconnection Authority (GCCIA) since 2011, while Egypt is connected to the Levant, albeit through small transmission lines.

North Africa is also connected with lines linking Algeria, Morocco, and Tunisia. The benefits of regional electricity trading include enhanced energy security, economic benefits due to higher efficiencies and reduced investments in new capacities, as well as more institutional cooperation.

According to the World Bank, electricity trade could save the Arab world $17-$25bn and reduce required capacity by 33GW through better mutual utilisation of existing capacity while the GCCIA estimates that GCC trade could achieve savings of up to $24bn by 2038.

Mideast to N America freight loads increase substantially: IATA

Freight loads have increased substantially on the market segment to and from the Middle East to North America in recent months, reflecting a fall in capacity flown on the route, IATA has said in its latest report.

The report also noted Middle Eastern carriers' year-on-year freight volumes increased 6.6% in November and capacity increased 3.1%. During the same period carriers in the region posted 6.6% growth in international freight volumes — the slowest regional year-on-year growth for the second time in three months.

However, seasonally-adjusted international freight volumes have continued to trend upwards at a rate of 8-10% over the past six months. Notably, freight load factors have increased substantially on routes to and from the Middle East to North America, indicating a fall in capacity flown on the route.

Data for global air freight markets showed that demand, measured in freight tonne kilometres (FTKs), climbed 8.8% in November last year compared to the year-earlier period. This was an increase from the 5.8% annual growth recorded in October. Despite indicators pointing to air cargo having passed a cyclical growth peak, demand remains strong.

Freight capacity, measured in available freight tonne kilometres (AFTKs), rose by 4% year-on-year in November. This was the 16th consecutive month in which demand growth outstripped capacity growth, which is positive for industry load factors, yields, and financial performance.

The uptick in freight growth coincides with the traditional period of strong demand seen in the fourth quarter. November's robust performance puts the air cargo industry on track to achieve its strongest operational and financial performance since the post-global financial crisis rebound in 2010.

The Purchasing Managers Index (PMI) for manufacturing and export orders, which has tracked sideways for much of 2017, reached a seven-year high in the fourth quarter, signifying that growth is carrying momentum into 2018.

"Air freight demand remains robust. November showed 8.8% year-on-year growth, keeping up the momentum that will make 2017 the strongest year for air cargo since 2010. And there are several indicators that 2018 will be a good year as well. In particular, buoyant consumer confidence, the growth of international e-commerce and the broad-based global economic upturn are cause for optimism as we head into the New Year," said Alexandre de Juniac, IATA's Director General and CEO.

Equities to continue outperforming bonds in 2018: Barclays

Equity markets continue to show robust growth potential in the US, Europe (ex-UK), and emerging markets, particularly the Asian markets, a Barclays report has shown.
Barclays' Q1 2018 "Compass" Report, which examines major asset classes globally outlined how investors are being best served by leaning portfolios towards developed and emerging market equities, in addition to high yield and emerging markets bonds, while taking into consideration the importance of maintaining a well-diversified long-term core investment portfolio.
The report, prepared by Barclays Private Bank, shares the latest views on the long term Strategic Asset Allocation (SAA) and highlights short term tactical adjustments recognising investment opportunities emerging from shorter-term cyclical views from across asset classes and markets across the world.

Grosoli: Robust growth potential.

On the report, Francesco Grosoli, Barclays' head (Private Bank for Europe, the Middle East and Africa — EMEA) said, "The first compass report for 2018 outlines the main themes dominating investment portfolios as we look to the year ahead, where we expect stocks and equities to continue outperforming bonds in the economic cycle. Currently, no key indicators signal a major change to this outlook."
"Equity markets continue to show robust growth potential in the US, Europe (ex-UK), and emerging markets, particularly the Asian markets. The report also emphasised that investments are best served in diversified long-term core portfolios with a strategic mix of assets, using professional investors providing active management on top of this allocation to achieve strong long-term returns."
The report kept an overweight position in Developed Markets Equities. Leading indicators related to this asset class currently indicate brighter times ahead. These firming prospects for global growth and inflation are what matter for trends in corporate earnings and therefore prospective equity market returns.
Emerging Markets Equities are also maintained as an overweight allocation in the moderate risk portfolio as the business cycle continues to firm up, as evidenced by business confidence surveys and trade data. Asian markets remain as the preferred region, with Korea, Taiwan and China (offshore) showing the highest conviction country bets on a strategic basis. High Yield & Emerging Markets Bonds has also maintained an overweight benchmark.
Allocation to cash and short-maturity bonds, developed government bonds, alternative trading strategies and investment grade bonds remained underweight in the latest Compass report. The report also kept a neutral view to investments into commodities and real estate.

Gulf stock markets mostly mixed

Reuters
Dubai

Gulf stock markets were mostly mixed in narrow ranges yesterday. Saudi Arabia's index edged up 0.1% to 7,300 points on the back of petrochemical shares, which were boosted by Brent crude oil hitting a 2 1/2-year high of $69.29 a barrel overnight. Thirteen of the sector's 14 stocks rose.
Dubai's index edged down 0.1% to 3,499 points. Second-tier real estate firm Deyaar, the most heavily traded stock, surged 3.5%. But Union Properties fell 1.0% in active trade after saying it was in the final stage of selling its entire stake in Emicool, a district cooling service provider.
The Abu Dhabi index fell 0.3% to 4,580 points.
In Bahrain, Ithmaar Holding surged 6.5% after saying it had obtained approval from Bahrain's central bank to list its shares in Dubai. The Bahrain index rose 0.2% to 1,318 points.
Elsewhere in the Gulf, The Kuwait index edged up 0.1% to 6,525 points and the Oman index edged down 0.1% to 5,100 points.
Egypt's index gained 0.2% to 15,193 points as GB Auto surged 5.5% after saying Al Olayan Saudi Investment Company had bought 1.19mn shares of the company, bringing its stake to 5.05%.

QSE continues to make gains on buying interests

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday continued to make gains and remain above 9,000 levels on the back of buying interests, especially in industrials, insurance and telecom stocks.

Both foreign and Gulf funds continued to be bullish but with lesser vigour as the 20-stock Qatar Index added 0.51% to 9,048.17 points.

The non-Qatari individuals' bullish outlook and the weakened net selling by local retail investors and domestic institutions helped the market, whose capitalisation grew 0.32% to QR497.47bn.

Trade turnover and volumes were on the increase on the bourse, where industrials, banking and real estate sectors together accounted for about 86% of the total volume.

The Total Return Index gained 0.51% to 15,173.24 points, Al Rayan Islamic Index by 1.06% to 3,653.43 points and All Share Index by 0.42% to 2,595.8 points.

The industrials index soared 1.64%, insurance (0.94%), telecom (0.51%), consumer goods (0.49%) and realty (0.33%); whereas transport declined 0.82% and banks and financial services 0.07%.

More than 59% of the stocks extended gains with major movers being Industries Qatar, Aamal Company, Doha Bank, Masraf Al Rayan, Qatar First Bank, United Development Company, Barwa, Ooredoo, Vodafone Qatar and Qatari German Company for Medical Devices.

Nevertheless, Milaha, Commercial Bank, Qatar Islamic Bank, Ahli Bank, Alijarah Holding, Dlala, Mesaieed Petrochemical Holding, Mazaya Qatar were among the losers.

Non-Qatari institutions' net buying fell significantly to QR36.3mn compared to QR64.42mn on January 9.

The Gulf institutions' net buying also declined considerably to QR2.15mn against QR9.32mn the previous day.

Non-Qatari retail investors turned net buyers to the tune of QR3.56mn compared with net sellers of QR3.39mn on Tuesday.

The Gulf retail investors were also net buyers to the extent of QR0.6mn against net sellers of QR1.05mn on January 9.

Domestic funds' net profit booking weakened perceptibly to QR19.91mn against QR25.84mn the previous day.

Local individuals' net selling weakened substantially to QR22.66mn compared to QR43.43mn on Tuesday.

Total trade volume rose 41% to 15.59mn shares and value by 19% to QR335.77mn, while deals fell 5% to 4,840.

The industrials sector reported 97% surge in trade volume to 5.38mn equities, 46% in value to QR79.37mn and 23% in transactions to 1,386.

The telecom sector's trade volume soared 85% to 1.02mn stocks, value by 57% to QR11.4mn and deals by less than 1% to 254.

The banks and financial services sector saw 62% expansion in trade volume to 4.66mn shares and 32% in value to QR135.16mn but on 9% fall in transactions to 1,523.

The insurance sector's trade volume shot up 11% to 0.1mn equities, value by 32% to QR5.18mn and deals by 41% to 124.

However, there was 23% plunge in the transport sector's trade volume to 0.69mn stocks, 21% in value to QR24.94mn and 31% in transactions to 303.

The consumer goods sector's trade volume declined 5% to 0.39mn shares, while value rose 1% to QR22.58mn and deals by 9% to 389.

The market witnessed 3% fall in the real estate sector's trade volume to 3.35mn equities, 7% in value to QR57.15mn and 27% in transactions to 861.

In the debt market, there was no trading of treasury bills, even as a total of 25,000 sovereign bonds valued at QR248.88mn changed hands across two deals.

QFMA approves Morison Menon as external auditors and financial evaluators for QSE-listed entities

The Qatar Financial Market Authority (QFMA) has approved Morison Menon Chartered Accountants and Partners Qatar as external auditors and financial evaluators for the entities listed on the Qatar Stock Exchange (QSE).
"Our superior service both in audit and consulting will be available to the listed companies in Qatar at competitive price," said Kurian Kuriakose, managing partner, Morison Menon Chartered Accountants and Partners Qatar.
Incorporated in Qatar Financial Centre, Morison Menon Chartered Accountants has been licensed to provide professional services including Audit, Accounting, QFC compliance services and other consultancy services in the country.
The Qatar office is part of Morison KSi, which has member firms worldwide comprising chartered accountants, lawyers and business consultants. Morison KSi is present in 88 countries with 375 offices, 1,201 partners and 8,990 professionals.
The other external auditors for the QSE-listed companies by QFMA are Rodl and Partner, Talal Abu-Ghazleh and Company, KPMG, Ernst and Young, PricewaterhouseCoopers, Deloitte and Touché and Saoud Abdullah Al-Hernzab Certified ACC.
The other approved financial evaluators are Rodl and Partner, Deloitte and Touché, KPMG (registered in the Qatar Financial Center), Ernst and Young, PricewaterhouseCoopers, Access Moore Stephens, Saoud Abdullah Al-Henzab Certified ACC and PKF.