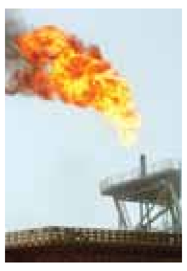


IRAN OIL | Page 2

US sanctions hit harder than seen

GROWTH FEARS | Page 4

IMF chief warns against trade war

Friday, October 12, 2018
Safar 3, 1440 AH

GULF TIMES
BUSINESS

SEPTEMBER MEETING: Page 12

ECB is divided over protectionist risks to eurozone

HE al-Sada among other dignitaries during the official opening of Mitsubishi Hitachi Power Systems office in Doha.

Mitsubishi Hitachi is set to supply Qatar with cutting-edge tech

Mitsubishi Hitachi Power Systems (MHPS), a leading supplier of equipment and services to the power generation market, marked the official opening of its office in Qatar.

The guest of honour was HE the Minister of Energy and Industry Dr Mohamed bin Saleh al-Sada.

Japanese ambassador Seiichi Otsuka, QEWC general manager and managing director Fahad Hamad al-Mohannadi, senior government officials, diplomats, and prominent businessmen representing the energy sector also attended the event.

The new office was registered and is operated under the administration of Qatar Financial Centre (QFC).

The opening of MHPS's office in Doha marks a new chapter in the firm's long-term commitment to supporting Qatar's 2030 National Vision and the country's sustainable development.

As a manufacturer and supplier of power plants, boilers, generators, and gas and steam turbines, MHPS will supply Qatar with cutting-edge technology that supports the nation's economic diversification and provides industry with efficient and reliable energy with high environmental standards.

"The Doha office will provide an operational hub for MHPS in the country to distribute and showcase the latest power generation and associated technologies," MHPS said in a statement.

Akimasa Muyama, MHPS chief technical officer and senior executive vice president said, "MHPS is proud to mark our commitment to working in partnership with Qatar with the opening of this office. The launch of our office today is a sign of our long-term commitment to helping enhance Qatar's economy and industry through MHPS innovations and state-of-the-art technology.

"Qatar is going through transformational developments plans, and we are adapting to these changes by diversifying our products and operations to remain an active partner. Sustainable energy, sustainable talent and sustainable solutions are our priorities across the globe and nowhere more so than here in Qatar. MHPS has a long, proud history of bringing powerful ideas, and powerful products to the world and we are happy to add a new chapter to that history today in Doha" he added.

Vodafone move to halve nominal value of shares to QR5 seen benefiting the investors

Vodafone Qatar has halved its capital base to QR4.23bn by way of reducing the nominal value of shares to QR5 from QR10, a move that would greatly attract new investors.

"Vodafone Qatar is currently completing the necessary procedures to ratify the proposed amendments to the company's Articles of Association, which were previously approved by Vodafone Qatar's shareholders at the company's extraordinary general meeting held on March 19, 2018 to reflect the capital reduction and related amendments in its commercial register," said a regulatory filing with the Qatar Stock Exchange.

The capital reduction, which is in accordance with the relevant provisions of Articles 201 to 204 of the Commercial Companies Law No11 of 2015, has received approval from the Qatar Financial Market Authority and the Ministry of Economy and Commerce.

The company's board had in February this year suggested halving the face value of its shares to QR5 in order to address the QR4.27bn accumulated losses, largely on account of the amortisation costs of the licence. However, this will have no cash impact on the Qatar Stock Exchange-listed company.

Apart from extinguishing the historical losses, the move also seeks to deliver long-term growth potential, attract new investors and enable future payment of dividends.

"These changes will also have a positive impact on the operational and financial health of the company and as a result, deliver strong long-term shareholder value," Vodafone Qatar chairman Abdullah bin Nasser al-Misnad had earlier said.

In February, British telecom major Vodafone offloaded its 51% stake in Qatar operations to the existing partner Qatar Foundation; even as it agreed to extend the technical support for another five years.

Vodafone Qatar's licence, originally granted by the Communications Regulatory Authority for 20 years, has been extended for an additional 40 years until 2068, which will greatly help reduce annual amortisation costs from QR403mn to about QR100mn.

The other shareholders of Vodafone Qatar include General Retirement and Social Insurance Authority with a 6.69% stake, followed by Military Pension Fund (General Retirement Authority) 5.23% and Qatar Foundation for Education, Science and Community Development 5%.

Lira sends Turkish current account into surplus

An employee holds a wad of 200 Turkish lira banknotes in a currency exchange in Turkey. The lira's slump two months ago wasn't all bad news. Turkey's current-account balance posted its biggest monthly surplus on record in August, the first time there was no deficit since September 2015, according to central bank data published yesterday. The current-account surplus was $2.6bn, slightly higher than what economists in a Bloomberg survey were expecting and a reversal from a $1bn deficit a year earlier. The monthly figure brought Turkey's 12-month trailing deficit to $51.1bn, or more than 5% of the country's gross domestic product. While that would make Turkey's foreign imbalance one of the highest as a ratio of output among the Group of 20 countries, the deficit is clearly narrowing. The annual gap will equal just over 4% of GDP by the end of next year as Turkish trade and tourism get a boost from a weak currency, according to Halk Yatirim economist Banu Kivci Tokali in Istanbul. "The current foreign-exchange rate, the level of oil prices and signs of a slowdown in the economy in line with our expectations indicate that the improvement in Turkey's current account will continue," Tokali said by e-mail.

Opec expects weaker demand for its crude next year as rivals surge

Bloomberg
London

Opec is under intense pressure right now from consumers to ease prices by pumping more crude, but for 2019 it sees a more doubtful picture.

The group cut its estimate for global demand for its crude next year due to weakening economic growth and higher output from rivals, notably US shale drillers. The world will need almost 900,000 fewer barrels from the group each day in 2019 – equivalent to Libya's average output this year.

The weaker outlook comes as pressure is increasing on the Organization of Petroleum Exporting Countries and its allies to pump more to offset the impact of looming US sanctions on Iran and Venezuela's collapsing oil industry. In addition to tweets from President Donald Trump demanding action, Opec secretary-general Mohammad Barkindo said yesterday that India has written to the group expressing its discomfort with the current market. "There is no cause for alarm," Barkindo said at the Oil and Money conference in London. Opec and its allies "are ready and willing to continue to make sure that the market remains well supplied."

Opec cut its estimate for global demand for its crude next year due to weakening economic growth and higher output from rivals, notably US shale drillers

The group's daily production rose by 132,000 barrels in September to 32.76mn. While Iran's output fell by 150,000 bpd and Venezuela lost 42,000 bpd, Saudi Arabia and Libya more than offset the decline.

Still, Opec's monthly oil market report provided some reasons to question the sustainability of the rally in crude futures to four-year highs last week.

The group reduced its estimates for the expansion in global consumption in 2018 and 2019, citing slowing economic activity in emerging markets. Demand growth of 1.54mn bpd this year will slow to 1.36mn next year. At the same time, it added 200,000 bpd to its estimate for non-Opec supply this year as the US, Canada, Kazakhstan and Brazil grow faster than expected.

Stockpiles of crude and refined products in industrialised countries rose by 14.2mn barrels in August, a second consecutive monthly increase. The outlook for supply and demand in 2019 indicates that inventories could continue to rise, Barkindo said.

Oil prices could fall next year as the "fear factor" that's currently gripping the market subsides, Ian Taylor, chairman of the world's largest independent oil trader Vitol Group, said in an interview with Bloomberg television on Wednesday. Page 3

'Etihad, Abu Dhabi likely to reject bondholder complaints'

A file picture taken on October 14, 2012 shows the Etihad Airways headquarters in the Emirati capital Abu Dhabi. Etihad Airways and Abu Dhabi's Department of Finance are likely to reject calls for a meeting with disgruntled bond investors in the belief that their complaints have no legal merit, sources close to the matter told Reuters. In 2015 and 2016 Etihad issued $1.2bn in bonds in a partnership with airlines it partly owned at the time, including Alitalia and Air Berlin. The bonds are now in default because the European airlines, which are now insolvent, have not honoured their part of the obligations. The sources said that a group of international institutional creditors have complained to Etihad and the Abu Dhabi Department of Finance that, when the bonds were marketed, Etihad had promised to support the other airlines to make them profitable. "By definition, that means it would have supported the airlines to cover their debt obligations," one of the sources said. The group of creditors is mostly composed of hedge funds and is being advised by law firm Dechert, which declined to comment. Etihad declined to comment, while Abu Dhabi's Department of Finance did not respond to a request for comment.

New York regulator fines Dubai-based Mashreqbank over lax money laundering safeguards

AFP
New York

New York state financial regulators on Wednesday fined the Dubai-based Mashreqbank $40mn, saying it cleared millions of high-risk transactions with scant safeguards against money laundering and terrorism finance. The bank's New York branch kept shoddy records and had internal controls that were not sufficient to prevent violations of US sanctions, according to the New York Department of Financial Services.

"Mashreqbank failed to fully comply with critical New York and federal banking laws aimed at combating international money laundering, terrorist financing and other related threats," DFS Superintendent Maria Vullo said in a statement.

Mashreqbank is the UAE's oldest lender, with branches across the Middle East and Asia.

Between 2016 and 2017, the bank's New York branch processed millions of transactions with an aggregate value of $717bn for foreign customers in high-risk jurisdictions, the statement said.

Reviews by DFS and New York Federal Reserve Bank examiners in 2016 and 2017 found deficiencies in bank policies, including failing to show how bank staff determined certain transactions were acceptable, the statement said.

Mashreqbank will hire an outside consultant to improve how it complies with the law, according to DFS.

Top oil traders say Iran sanctions hit harder than expected

Bloomberg
London

Sanctions on Iranian oil exports are hitting much harder than most people predicted as the administration of US President Donald Trump takes a tough line on enforcement, said executives from the world's largest energy traders.

Perhaps 2mn bpd of Iranian crude could eventually be lost to the global market, said Jeremy Weir, chief executive officer of Trafigura Group Pte. While other traders including Vitol Group of Cos and Gunvor Group saw the impact closer to 1mn, that's still twice as much as most people initially predicted.

"Iranian exports of crude oil will be much reduced," Vitol chairman Ian Taylor said in a Bloomberg television interview. That's largely the cause of the severe "fear factor" in the crude market that's driven prices up to $85 a barrel, he said.

The traders speaking at the Oil and Money conference in London on Wednesday, which included Gunvor CEO Torbjorn Tornqvist and Glencore Plc's head of oil and gas Alex Beard, weren't universal in their predictions for prices. Crude futures at $100 or higher were possible by year-end, said Tornqvist, while Taylor saw the market drifting $5 or $10 lower by January.

"We don't have a supply squeeze, there's plenty of oil around" right now despite the sanctions, said Taylor. With current prices, demand could start to weaken, he said.

Efforts by the European Union to preserve the international nuclear deal with Iran by setting up a payment mechanism to circumvent US sanctions won't help oil buyers, the trading-house executives said.

"I don't see any chance that the European payments mechanism on Iran could work," said Beard. When asked if there was anything that would tempt oil traders to skirt US sanctions, such as the oil market tightening significantly or Tehran offering discounts, Taylor was emphatic: "No, no, and no."

A gas flare on an oil production platform in the Soroush oil fields is seen alongside an Iranian flag (file). Efforts by the European Union to preserve the international nuclear deal with Iran by setting up a payment mechanism to circumvent US sanctions won't help oil buyers, say trading-house executives.

Commercial vehicles segment may grow strongly in GCC at 6.6%: Fitch Solutions

By Pratap John
Chief Business Reporter

The Commercial vehicles (CV) segment is expected to grow strongly in the GCC region this year at 6.6%, driven mainly by preparations for FIFA World Cup 2022 in Qatar, World Expo 2020 in Dubai as well tourism industry demand for buses, Fitch Solutions has said in a report.

This performance, Fitch Solutions said, will continue into 2019 as businesses will have the better ability to afford new vehicles. Fitch Solutions forecast total vehicle sales in the Middle East and North Africa (Mena) region to grow 3% in 2018, which is down from its previous forecast of 7%.

This is a result of revisions to forecasts for markets such as Saudi Arabia, where the impact of VAT has been more pronounced than expected, and also Egypt, where rising fuel prices will add to pressure on consumers and dampen demand for new vehicles.

Mena is now tied with Sub-Saharan Africa (SSA) where its forecasts 3% growth.

According to Fitch Solutions, the introduction of 5% Value Added Tax (VAT) in some GCC states is reportedly weighing heavily on sales and to a greater extent than it first expected. Following reports of a 24% decline in Q1, 2018 sales in Saudi Arabia, Fitch Solutions has revised down its total vehicle sales forecast to a contraction of 10%, which prolongs the time it will take for the GCC's larges t market to recover.

"Despite the addition of female drivers to the market from June, we maintain our view that the positive impact of this on the sales market will be much longer term," Fitch Solutions said.

Sales conditions remained tough in the UAE across H1, 2018, with customers continuing to be deterred from making a new car purchase by a high domestic interest rate environment and the introduction of VAT.

Although a series of Ramadan sales promotions reportedly went some way towards arresting the year-to-date sales declines in the market, new car sales were reportedly down by some 19% y-o-y across H1, 2018.

"We have now revised down our 2018 new vehicle sales forecasts for UAE to a 12% fall, with CV sales (+3.5% to outperform passenger car sales (-15%).

"This means that 2018 will represent the third consecutive year of double-digit sales declines in the UAE market," Fitch Solutions said.

Fitch Solutions believe that the successful implementation of a government job-creation drive in Oman will support the demand for vehicles as the country looks to introduce the new VAT in 2019.

Fitch Solutions forecast Oman's vehicle sales, unlike in some of its neighbouring countries, will continue to expand in 2018, with 3.2% growth, while the GCC region's vehicle s ales will contract on average by 2.6% over the same period. Furthermore, it expects Oman's vehicle sales to continue to average annual growth of 4% over the 2018-2027 forecast period.

GE wins $700mn order for first Egypt nuclear plant

General Electric Co secured a $700mn contract to supply turbine and generator units for Egypt's first nuclear power project, the company said, Bloomberg reported.

GE will supply four turbine units for the country's planned 4,800 megawatt El Dabaa nuclear facility, it said in a statement. The company will deliver one turbine each year from 2023 until 2026, and the units will begin operating at the rate of one per year from 2026 until 2029, Michael Keroulle, chief commercial officer for GE's Steam Power business, said in a phone interview.

The contract was awarded by AAEM, a joint venture between GE and Russia-based Atomenergomash that will design and supply the turbine system for the reactor, GE said in an emailed response to questions.

Egypt, with an expanding population of more than 95mn and vast energy needs, wants to diversify its energy sources. In addition to building a nuclear plant, the country has said it wants to boost capacity to generate solar and wind power.

The North African nation, which currently relies on oil and natural gas for more than 90% of its power, targets producing 20% of its electricity from renewables by 2022.

"Egypt has tremendous energy needs, and growth comes with higher energy consumption," Keroulle said. "It's starting projects in coal, nuclear and renewable energy, in addition to the existing gas and fuel projects, which adds security, sustainability and predictability in its energy sources."

Transport, industrials drag QSE down

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday displayed strong bearish sentiments and its key index retreated below 9,900 levels mainly dragged down by transport and industrials equities.

Foreign funds' net buying weakened amidst 1.03% plunge in the 20-stock Qatar Index to 9,861.53 points, which is however up 15.7% year-to-date.

However, local and Gulf retail investors turned bullish and there was a weakened net selling from domestic funds in the market, which also saw Islamic equities decline slower than the other indices.

Doha Bank- and Masraf Al Rayan-sponsored exchange traded funds QETF and QATR reported 0.51% and 0.89% declines respectively.

Trade turnover and volumes were on the decline in the bourse, where the banking and real estate sectors together accounted for about 48% of the total volume.

The Total Return Index shed 1.03% to 17,374.91 points, the All Share Index by 0.77% to 2,910 points and the Al Rayan Islamic Index (Price) by 0.9% to 2,346.91 points.

The transport index shrank 2.03%, industrials (1.43%), insurance (0.94%), consumer goods (0.77%), banks and financial services (0.63%) and telecom (0.19%); while realty gained 0.13%.

More than 85% of the traded stocks were in the red with major losers Gulf International Services, Nakilat, Milaha, Industries Qatar, Mesaieed Petrochemical Holding, Qatari Investors Group, Commercial Bank, Qatar Islamic Bank, Qatar First Bank, Salam International Investment, Widam Food and Qatar Islamic Insurance.

Non-Qatari institutions' net buying weakened significantly to QR4.74mn compared to QR54.23mn the previous day.

However, local individual investors turned net buyers to the tune of QR4.09mn against net sellers of QR36.3mn on Wednesday.

The Gulf individual investors were also net buyers to the extent of QR0.49mn compared with net sellers of QR0.47mn on October 10.

Domestic institutions' net profit booking declined influentially to QR11.92mn against QR16.67mn the previous day.

Foreign funds' net buying weakened amidst a 1.03% plunge in the 20-stock Qatar Index to 9,861.53 points, which is however up 15.7% year-to-date

Non-Qatari retail investors' net selling declined perceptibly to QR4.31mn compared to QR7.48mn on Wednesday.

The Gulf institutions' net buying increased marginally to QR67.89mn compared to QR6.67mn on October 10.

Total trade volume fell 10% to 5.64mn shares, value by 25% to QR195.77mn and transactions by 18% to 3,189.

The transport sector's trade volume plummeted 33% to 0.83mn equities, value by 40% to QR16.18mn and deals by 8% to 328.

The industrials sector reported 19% plunge in trade volume to 0.72mn stocks, 33% in value to QR39.34mn and 34% in transactions to 583.

The real estate sector's trade volume tanked 18% to 1.24mn shares, value by 33% to QR25.69mn and deals by 28% to 610.

The consumer goods sector saw 13% shrinkage in trade volume to 0.26mn equities, 36% in value to QR25.57mn and 23% in transactions to 303.

However, the insurance sector more than tripled trade volume to 0.18mn stocks and value also more than tripled to QR5.9mn on 13% jump in deals to 96.

The telecom sector's trade volume more than doubled to 0.96mn shares, value soared 76% to QR13.04mn and transactions by 27% to 304.

The banks and financial services sector's trade volume was up 1% to 1.46mn equities, whereas value shrank 22% to QR70.05mn and deals by 11% to 965.

In the debt market, there was no trading of treasury bills but as many as 90,603 sovereign bonds valued at QR906.03mn traded across two transactions.

China swoops in on Canadian oil that's $50 below US crude

Bloomberg
Singapore

Chinese oil buyers are making a beeline for a bargain across the Pacific.
With Canadian oil over 60% cheaper than US benchmark West Texas Intermediate and global marker Brent, China's refiners are being lured to the heavy, sludgy crude. That's because – apart from being a source of fuel – it's rich in bitumen, a black residue used to build everything from roads to runways and roofs.
China's demand for the material is expected to increase as President Xi Jinping's government focuses on infrastructure construction in a bid to reform the world's second-biggest economy.
With the availability of other bitumen-yielding oil varieties such as Venezuela's Merey shrinking, the Asian nation's refiners are turning to alternative supplies to feed the building boom at home.
One of their options is Canadian crude, prices for which are tumbling as rising production runs into pipeline bottlenecks and maintenance work cuts refinery capacity at regular buyers in the US Midwest. In the rest of the world, oil is surging as impending American sanctions squeeze Iranian exports and an economic crisis hits Venezuelan shipments. Fears are rising that Opec will struggle to ease a looming supply crunch.
"The policy of boosting infrastructure investment has been bullish for bitumen," said Li Haining, an analyst with industry consultant SCI99 in China's Shandong province. "The supply of the Merey grade has been disrupted since May, pushing refiners to look elsewhere. As late-September and October is traditionally the peak season for construction projects in China, demand will be further supported."
China bought 1.58mn barrels of Canadian crude for loading in September, almost 50% higher than the 1.05mn barrels in April, data from cargo-tracking and intelligence company Kpler show. State-run refiner Cnooc Ltd has chartered a tanker, Nordtulip, to load oil from Vancouver in October, according to shipping fixtures.
With Chinese infrastructure spending in the second half of 2018 seen accelerating at five times the pace in the first six months of the year, expectations that bitumen demand will increase have boosted prices of the material to a record in the nation. That means refiners producing the residue from relatively cheap Canadian oil would enjoy better profit margins. The heavy Western Canadian Select crude grade's discount to US WTI was said to have expanded to $50 on Wednesday. The absolute price of WCS was near $26 a barrel. On Thursday, Brent crude – the benchmark for more than half the world's oil – was trading at $81.48 a barrel at 11.29am in London.
Apart from Canada, China has also turned to producers such as Brazil for alternatives, said WengInn Chin, a senior oil market analyst at industry consultant FGE in Singapore. Demand for heavy crude is particularly high among the Asian nation's independent refiners, known as teapots. The Kpler data shows that the Canadian shipments to China are being delivered to northeast ports including Qingdao and Yantai, which serve these processors.
As the teapots face competition from new mega refineries and increased regulatory scrutiny, they are exploring strategies to stay profitable.
Given that the companies have historically been adept at processing heavy crude or residual fuel oil, they could be well-positioned to capitalize on the demand for bitumen and cheaper Canadian oil, according a Bloomberg survey of three traders who participate in the market.
"On the demand side, there are expectations for bitumen growth in China due to a boost in infrastructure spending," said Sophie Shi, a Beijing-based analyst with industry consultant IHS Markit. "With traditional heavy oil shipments shrinking globally, trade flows are being reshaped and alternative heavy oil supplies from countries such as Canada are becoming sought after."

BP slams oil stock divestment in call for 'collaborative path'

Bloomberg
London

BP boss Bob Dudley launched a wide-ranging attack on the divestment movement that's calling on institutional investors to sell down their oil stocks, rejecting warnings from the likes of the Bank of England that hydrocarbons present a risk to the financial system.

There are "people who want to drive a wedge between the energy industry and investors – between oil and money," Dudley said on Wednesday at the Oil & Money conference in London. "They push for potentially confusing disclosures, raise the spectre of a systemic risk to the financial system from stranded assets, and campaign for divestment."

The criticism puts the British oil major at odds with the country's central bank. Governor Mark Carney has suggested that the fight against climate change could leave some oil reserves stranded – effectively worthless – and that the exposure of UK investors is "potentially huge." Now asset managers are increasingly prodding the world's biggest polluters to come up with stronger green strategies.

Proponents of the divestment movement "are driven by good intentions, but my concern is that their suggested recommendations could lead to bad outcomes," Dudley said. "We could take a different, more innovative and collaborative path. One that recognizes many fuels must play a part in meeting the dual challenge - albeit made much cleaner."

Since activist group 350.org started the climate divestment movement in 2012, multiple institutional investors have signed up to the six Principles for Responsible Investment, a UN-backed framework for incorporating environmental, social and governance issues into investment practices.

Carney himself is leading a group called the Task Force on Climate-Related Financial Disclosures, prodding companies to make transparent the risks they face from environmental rules. Dudley cautioned that such disclosures can open companies up to potential litigation. "I know what will happen: we'll get sued by a certain industry because we're off the path after a year," he said. "So we need some sort of safe-harbour statements" from the regulator before that can work.

Bob Dudley, chief executive officer of BP, pauses during the opening day of the 7th Organisation Of Petroleum Exporting Countries international seminar in Vienna on June 20, 2018. Proponents of the divestment movement "are driven by good intentions, but my concern is that their suggested recommendations could lead to bad outcomes," Dudley said in London on Wednesday.

Trump policy is rerouting the world's oil tankers

Bloomberg
London

US President Donald Trump is redirecting global oil flows.

West African and Latin American producers are sending ever-growing volumes of crude to China. America's exports to the Asian country have slumped in favour of its neighbours. There's an urgent global need to find replacement barrels for Iran's, whose exports might just collapse next month.

The thing that connects the shifting flows is Trump's foreign policy. China's slumping purchases of American crude – and its extra buying from elsewhere – have coincided with a trade war between the US and the Asian country. Likewise, reimposed sanctions on Iran, which start November 4, have increased the need for the type of heavy, sour crude that the Arabian Gulf state sells.

"If you combine the impact of US sanctions on Iran and the US trade war with China, it is Trump's foreign policy which is reshaping oil flows," said Olivier Jakob, managing director of consultancy Petromatrix GmbH. "The US is becoming a great energy power and they will use that, we are starting to see the implementation of that in different parts of the energy scene, part of that is being seen today in the oil flows."

Oil markets are also grappling with record US output, fuelled by shale production, and America's removal in late 2015 of longstanding crude-export limits. Those shipments – just a few hundred thousand barrels a day a few years ago – now consistently top an average of 2mn barrels a day each month. American crude increasingly flows to markets in Asia, Europe and Latin America, data from the US Energy Information Administration show.

Next UK fracker shrugs off shutdown risk seeing need for gas

The head of the company set to drill Britain's first fracking well in a decade shrugs off the risk that protesters and government's main opposition will shut down his project before it can start, according to Bloomberg.
Francis Egan, the chief executive officer of Cuadrilla Resources Ltd, is poised to begin hydraulic fracturing within days at a well in northwest England. No matter what's decided by courts or politicians weighing the issues, Egan said the UK's growing needs for natural gas will remain a prominent factor in the debate.
While the ruling Conservative Party has backed fracking, the Labour opposition said it will ban it if it takes power. And Labour's ascent is increasingly possible given the fragile majority the government is maintaining ahead of knife-edge votes planned on Britain's plan to leave the European Union.
"Brexit or no Brexit, having reasonable home-grown production of your energy is a good thing," Egan said. "Governments come and governments go. But energy demand isn't going anywhere and gas supply is continuing to decrease. Fundamentally it will be a political choice whether you want to source your gas from Lancashire or Russia."
The UK shale industry was stopped in its tracks in 2011 after fracking by Cuadrilla caused minor earthquakes at its northwest England site. The drilling is a magnet for angry protests amid claims that it will irreparably harm the environment and keep the nation wedded to polluting fossil fuels. Proponents say that Britain's untapped shale gas reserves could make the country's domestic energy supply secure for years to come.
"What's often either forgotten or deliberately sidelined is that we will be using gas," Egan said.

Opec moves to calm oil supply fears as India protests high prices

Bloomberg
London

Opec again sought to reassure markets after one of its biggest customers complained about the pain of high prices.

"There is no cause for alarm," Opec secretary-general Mohammad Barkindo said yesterday, adding that India had sent a letter bemoaning the state of the oil market. While insisting supplies are sufficient, he neglected to specify how much extra production Opec intends – or is able – to pump, an omission that's undermining its effort to calm prices.

Opec nations and its allies with spare capacity have given their assurance that "they are ready and willing to continue to make sure that the market remains well supplied," Barkindo said at the Oil & Money conference in London. The group is keen to assuage any fears among its customers, and will hold talks with India on October 17, he said.

Crude surged to a four-year high earlier this month on concern US sanctions on Iran, along with chronic supply losses in Venezuela, could lead to a shortage. Emerging economies, most notably India, are bearing the brunt of the rally, which comes when they're already contending with currency depreciation and the fallout from trade disputes.

Saudi Arabia, the Organization of Petroleum Exporting Countries' top producer, and ally Russia have signalled they're doing their bit to mitigate losses – pumping an extra 1mn bpd following their June deal to boost production. But traders are worried the Saudis aren't acting quickly enough – or may lack the capacity – to fill a shortfall.

The market balance may be "fragile" but that's not a result of fundamentals, Barkindo said. Opec sees a possible rebuild of oil stockpiles next year, he said, conceding that it remains "very concerned" about the level of spare production capacity following years of under-investment.

The oil-market balance is continually being tested, but prices have reacted to perceptions of scant supply, not real shortages, he said.

The 25 countries in the coalition of Opec and non-members – known as Opec+ – are still working on turning their ad-hoc alliance into something more permanent. Opec representatives, known as governors, will discuss the framework when they meet on October 23 in Vienna, while officials from non-Opec will visit the Austrian capital for follow-up talks on November 7. The coalition aims to have a more detailed plan by the time ministers meet in December.

"We are now gradually but steadily seeing the brighter path ahead," Barkindo said. That's "despite some of the bumps, despite some of the occasional clouds that have gathered."

The Opec logo is seen at its headquarters in Vienna. Opec nations and its allies with spare capacity have given their assurance that "they are ready and willing to continue to make sure that the market remains well supplied," secretary-general Mohammad Barkindo said at the Oil & Money conference in London.

IMF chief warns against trade and currency wars

Reuters
Nusa Dua, Indonesia

IMF managing director Christine Lagarde (3rd from right) attending a meeting with Pakistan Finance Minister Asad Umar (3rd from left) at the Bali Convention Centre during the 2018 IMF-World Bank annual meetings in Nusa Dua on the Indonesian resort island of Bali. Lagarde yesterday warned countries against engaging in trade and currency wars that hurt global growth and imperil "innocent bystanders.

International Monetary Fund managing director Christine Lagarde yesterday warned countries against engaging in trade and currency wars that hurt global growth and imperil "innocent bystanders."

Formally launching the IMF and World Bank annual meetings on the Indonesian resort island of Bali, Lagarde urged countries to "de-escalate" trade conflicts and fix global trading rules instead of abandoning them.

The United States and China have slapped tit-for-tat tariffs on hundreds of billions of dollars of each other's goods over the past few months, rattling financial markets as investors worry that the escalating trade conflict could knock global trade and investment.

The tariffs stem from the Trump administration's demands that China make sweeping changes to its intellectual property practices, rein in high-technology industrial subsidies, open its markets to more foreign competition and take steps to cut a $375bn US goods trade surplus.

Share markets in Asia plunged to a 19-month low yesterday after Wall Street's worst losses in eight months led to broader risk aversion, partly due to the heated global trade tensions as well as rapidly rising dollar yields.

"We certainly hope we don't move in either direction of a trade war or a currency war.

It will be detrimental on both accounts for all participants," Lagarde told a news conference. "And there would also be lots of innocent bystanders," including countries that supply commodities and components to China, such as Indonesia.

Finance ministers for developing nations in the Group of 24 whose economies have been battered by stormy markets urged major economies to reform the global trading system, rather than discard it.

The G24 statement, issued on the sidelines of the meetings, said all emerging markets were "adversely affected" by excessive capital flow volatility.

In recent weeks, US Treasury officials have expressed concerns about China's weakened yuan as the department prepares its semi-annual report on currency manipulation.

US President Donald Trump has accused China of deliberately manipulating its currency to gain a trade advantage, claims Beijing has consistently rejected. Treasury Secretary Steven Mnuchin met with People's Bank of China Governor Yi Gang yesterday on the sidelines of the IMF-World Bank meeting.

"We discussed important economic issues," Mnuchin said of their meeting on Twitter. Yi, in a closed door meeting on Thursday with investment officials, explained that China's monetary policy was on an opposite rate cycle to that of the United States, which is tightening monetary policy due to a strong economy, two people who attended the meeting said.

Over the weekend, the PBoC cut bank reserve requirement ratios for a fourth time this year to ease credit conditions and support businesses, including exporters hit by the US trade war. The PBoC did not immediately respond to Reuters' request for comment on Yi's remarks. Yi also said China would continue to open up its financial markets, including to foreign ratings agencies and bond investors, the attendees said.

Lagarde weighed into the currency debate on Thursday and appeared to side with China, saying that yuan weakness against the dollar was driven by the greenback's strength as the US Federal Reserve hikes interest rates.

Against a basket of currencies, the yuan has depreciated less.

"We have supported the move of China towards (currency) flexibility and we want to encourage the authorities to continue on this path," she said. The yuan currency lost over 8% between March and August at the height of market worries, though it has since pared losses as authorities stepped up support measures. Lagarde said later that she believed Chinese authorities were taking steps to maintain growth, stability and investor confidence amid the trade conflict, but faced a "complicated" balancing act to keep its fiscal situation under control.

World Bank President Jim Yong Kim also warned against an escalation of the trade row, saying that if all countries maxed out their trade threats, "We'd see a clear slowdown in the economy and the impact on developing countries would be great. We're working with every single one of our countries to prepare them in case it gets worse." The IMF and Pakistan yesterday launched talks on a new bailout programme aimed at easing a mounting balance of payments crisis in the South Asian country.

It would be Pakistan's 13th IMF financing programme since 1988.

The IMF and World Bank meetings, attended by more than 19,000 delegates, showed no sign of disruption from an offshore earthquake early yesterday morning between Bali and Java island that killed three people.

Kim pledged World Bank support for Indonesia in the wake of a series of earthquakes, including financing support for rebuilding schools, hospitals, roads, housing and other critical assets.

Battered by stormy markets, G24 urges big economies to stop trade war

Reuters
Nusa Dua, Indonesia

Finance ministers for developing nations in the Group of 24 whose economies have been battered by stormy markets urged major economies yesterday to reform the global trading system, rather than discard it. Emerging markets have suffered capital outflows, pressuring their currencies and pushing borrowing costs up as investors avoid risky assets due to intensifying US-China trade tensions and rising US interest rates.

The G24 statement issued on the sidelines of the International Monetary Fund and World Bank meetings, said all emerging markets were "adversely affected" by excessive capital flow volatility.

"Trade uncertainties and financial and monetary conditions compound rising debt vulnerabilities. Improving debt sustainability depends on a supportive external trade and financial environment, timely contingency financing and the adequate flow of concessional financing for low income countries," the G24 ministers said in a statement.

"We urge major powers to reform and reinforce rather than discard the rules-based global trading system."

US President Donald Trump's pursuit of a fairer deal for US companies and farmers, and his dislike of multilateral trade agreements, has stoked a tariff war with China that has sent shivers through all their trading partners.

The G24 also called for action from the IMF and the World Bank to help build capacity for fiscal and debt management in low income countries, where debt as a percentage of GDP has risen to 47% from 33% in the last 5 years.

The group stressed the importance of a strong Global Financial Safety Net with "an adequately resourced, quota-based IMF" at its centre.

IMF managing director Christine Lagarde will meet a delegation from Pakistan, a G24 member, late yesterday to discuss a potential loan for the South Asian country, though she said the fund had not received a formal request. Pakistan has said it will hold talks with the IMF and friendly countries during the annual meetings for financial help to avert a looming balance of payments crisis.

Last month, the IMF and Argentina agreed on a $57bn IMF standby financing deal, upgraded from an original $50bn, to help the Latin American country deal with its financial crisis.

Powell praised as Trump calls Fed 'crazy'

Bank of England governor Mark Carney, Indonesia Finance Minister Sri Mulyani Indrawati, World Bank president Jim Yong Kim, Indonesia President Joko Widodo, IMF managing director Christine Lagarde, and governor of Bank Indonesia Perry Warjiyo attend Balifintech Seminar at IMF-World Bank annual meeting in Nusa Dua, Indonesia. "Of the many qualities of Federal Reserve chairman Jerome Powell is he's an individual who really understands the plumbing of the US and the global financial system," Carney said.

Reuters
Nusa Dua, Indonesia

The Bank of England governor and the head of the International Monetary Fund praised the abilities of Federal Reserve chairman Jerome Powell yesterday, after US President Donald Trump said the Fed had "gone crazy" by raising interest rates.

Speaking on a panel at this week's International Monetary Fund and the World Bank meetings in Bali, governor Mark Carney was asked about Trump's remarks.

"Of the many qualities of Jerome Powell is he's an individual who really understands the plumbing of the US and the global financial system," Carney said.

"And that's an incredible advantage for the system at a time that the system is changing to have someone in his position who has that level of technocratic expertise," said Carney.

As Wall Street suffered its worst one-day fall since February on Wednesday, Trump accused the Fed of moving too fast in raising interest rates when inflation is minimal and government data points to a strong economy.

"I think… the Fed is making a mistake. They're so tight. I think the Fed has gone crazy," Trump said in Pennsylvania before a political rally.

The Fed last raised rates in September and left intact its plans to steadily tighten monetary policy, as it forecast that the US economy would enjoy at least three more years of economic growth.

At the meetings in Bali, IMF managing director Christine Lagarde said she "would not associate" Jerome Powell "with craziness." "No, no, he comes across, and members of his board, as extremely serious, solid and certainly keen to base their decisions on actual information, and decide to communicate that properly," she told CNBC.

US presidents have rarely criticised the Fed in recent decades because its independence has been seen as important for economic stability. Trump has departed from that practice and has said he would not shy from future criticism should the Fed keep lifting rates.

Rising US yields are a major factor behind capital outflows putting pressure on emerging markets currencies.

Yet, Lesetja Kganyago, governor of the South African Reserve Bank who was alongside Carney on the panel, said regulators need to be "given the space to act independently without political interference" in order to advance many agendas.

The Bank of England governor cited Powell's support for reform of Libor (London interbank offered rate), after a rate rigging scandal, as an example of the Fed chief's grasp of issues affecting world markets.

The annual meetings of the International Monetary Fund and World Bank are being held this week in Bali and attended by more than 19,000 delegates and other guests, including ministers, central bank heads and some leaders. Page 10

IMF to seek 'absolute transparency' of Pakistan's debts in bailout talks

Reuters
Nusa Dua, Indonesia

The International Monetary Fund launched formal bailout talks with Pakistan yesterday, and IMF managing director Christine Lagarde said she would require "absolute transparency" of Pakistan's debts, including those owed to China.

She said such disclosures were necessary to determine the debt sustainability of countries seeking IMF loans.

The requirements are likely to shine a spotlight on the extent, composition and terms of Pakistan's debts to China for infrastructure projects as part of Beijing's massive Belt and Road building programme. China has pledged some $60bn in financing to Pakistan for ports, railways and roads, but rising debt levels have caused Islamabad to cut the size of the biggest Belt and Road project by some $2bn.

"In whatever work we do, we need to have a complete understanding and absolute transparency about the nature, size, and terms of the debt that is bearing on a particular country," Lagarde told a news conference when asked about Pakistan's debts to China.

The United States has criticised China's infrastructure lending, warning that it has saddled some developing countries with debts that they cannot afford to repay.

US Secretary of State Mike Pompeo has said there would be "no rationale" for an IMF bailout of Pakistan that pays off Chinese loans.

The United States has become increasingly impatient with what it sees as a lack of support from nuclear-armed Pakistan in quelling a Taliban insurgency that US-led forces are fighting in neighbouring Afghanistan.

Lagarde said that the IMF would need to know the extent and composition of the a country's debt, including sovereign debt and state-owned enterprise debt, "so that we can actually really appreciate and determine the debt sustainability of that country, if and when we consider a program," she added.

Lagarde said in a statement that Pakistan requested IMF assistance during a meeting with Pakistani Finance Minister Asad Umar and central bank governor Tarik Bajwa on the sidelines of the IMF and World Bank annual meetings in Bali.

"An IMF team will visit Islamabad in the coming weeks to initiate discussions for a possible IMF-supported economic programme," Lagarde said. "We look forward to our continuing partnership."

The formal request follows an apparent 7% devaluation of the Pakistani rupee by the central bank on Tuesday, after Pakistani President Imran Khan announced it would seek financial assistance to ease a mounting balance of payments crisis.

If a package is agreed, it would be Pakistan's 13th IMF bailout since 1988.

The Fund lent Islamabad $6.7bn in 2013.

A Pakistani minister told Reuters in Islamabad on Wednesday that the government was considering options, including the possible restructuring of some foreign loans.

"It's in very initial stages, the negotiations haven't started or matured yet, but this is something that we may look towards," Muhammad Hammad Azhar, State Minister for Revenue, said.

Donors have warned Pakistan that its budget deficit, which hit 6.6% of the GDP in the year to end of June, was unsustainable.

"We do have extremely high deficits," Azhar said. "Unless we restructure the debt the burden will mount."

In the past year, Pakistan has borrowed billions of dollars from China to boost its foreign currency reserves, with the money spent defending an overvalued local currency.

This is on top of money pledged for Belt and Road projects.

Azhar said Chinese projects should proceed as planned as the government views the infrastructure was vital to stimulating growth.

Most of the Chinese money loaned so far has been through private power projects and not to the government, but Islamabad has given sovereign guarantees for the projects' annual profits.

Critics have raised concern about opaque nature of some of the deals, saying they have left Pakistan with liabilities that could saddle it with de facto off-books debt.

BMW to buy China JV control in 'new era' for foreign carmakers

BMW to raise stake in Brilliance Auto to 75%; China is set to relax foreign auto ownership rules; BMW first major carmaker to take control of a China JV; deal will close in 2022 when restrictions eased; JV will spend €3bn expanding Shenyang facility

Reuters
Shenyang, China

Harald Krueger, BMW chief executive, and Chen Qiufa, Communist Party secretary of Liaoning province attend a signing and a ground-breaking ceremony for a new assembly plant, inside the BMW Brilliance Plant Tiexi, in Shenyang. BMW said yesterday it would increase its stake in its venture with Brilliance China Automotive Holdings to 75% from 50%, with the deal closing in 2022 when rules capping foreign ownership for all auto ventures are lifted.

Germany's BMW will pay €3.6bn ($4.2bn) to take control of its main joint venture in China, the first such move by a global carmaker as Beijing starts to relax ownership rules for the world's biggest auto market.

The luxury carmaker said yesterday it would increase its stake in its venture with Brilliance China Automotive Holdings Ltd to 75% from 50%, with the deal closing in 2022 when rules capping foreign ownership for all auto ventures are lifted.

The move will likely spur BMW to shift more production to China, helping to protect profits amid a whipsawing trade war between Washington and Beijing that has raised the cost of BMW importing cars manufactured at its US plant in South Carolina.

The deal also marks a milestone for foreign carmakers which have been capped at owning 50% of any Chinese venture and have had to share profits with their local partner, and could encourage rivals such as Mercedes maker Daimler.

"We are now embarking on a new era," BMW chief executive Harald Krueger said in a speech in Shenyang, northeast China, where the joint venture is based. He thanked Chinese Premier Li Keqiang, whom he said "personally supported" the plan.

Evercore ISI analyst Arndt Ellinghorst called the deal a major breakthrough. "In the future, BMW will have the full control over the biggest regional profit pool of its business," he wrote.

Beijing has been keen for global carmakers to invest more in China and has also eased restrictions that cap foreign ownership of electric vehicle businesses at 50%.

The joint venture plans to add a new plant, spending over €3bn on a large-scale expansion of the existing production facility, Krueger said.

Yale Zhang, head of Shanghai-based consultancy Automotive Foresight, said: "Others will follow over time, but the divorce schedule depends on how strong or capable the local partner is."

Daimler's chief executive Dieter Zetsche told Reuters last week that recent signals from the Chinese authorities were encouraging, but the German carmaker did not yet have legal permission to make a move.

"If we do, we need to see what opportunities there are," Zetsche said at the Paris Motor Show, adding any steps depended on talks with BAIC Motor Corp, Daimler's partner in joint venture Beijing Benz.

As trade tensions have escalated, China's government has pledged to open up its markets more widely, including cutting taxes on imported vehicles, cancer medicines and a range of consumer goods.

The country's leaders have also played up other milestone deals such as German chemical maker BASF winning approval in July to build China's first wholly foreign-owned chemicals complex.

The rule changes have already helped Tesla Inc gain Beijing's approval for a wholly-owned manufacturing and sales company in Shanghai, the first time a foreign carmaker will be able to establish a full presence in China without a partner.

BMW is one of the biggest exporters of vehicles from the United States to China, putting it firmly in the crosshairs of the trade war.

"Given the trade dispute between the US and China, there is a powerful incentive for automakers to produce vehicles in the market where they sell them," said independent auto industry analyst James Chao.

He said control of the joint venture could spur BMW to bring production of models like the BMW X4, X5 and X6 sport utility vehicles, which are currently built in the United States, to China.

But if the move is a big win for BMW, it spells a diminished role for its Hong Kong-listed partner.

Brilliance, which makes the vast majority of its revenue from BMW-branded cars, has seen its shares tumble nearly 50% this year on talk that such a deal was in the offing.

Its shares were suspended yesterday.

Brilliance chairman Qi Yumin lauded the venture's past success and said the future offered further opportunities, in comments posted on the firm's WeChat account.

He added that while the situation was complex, the partners would need to "stick together through thick and thin".

A number of carmakers said earlier this year they had no immediate plans to change their Chinese joint venture structures despite the planned rule changes.

But Chinese demand for mass-market passenger cars has fallen, increasing the dependence of some local players such as BAIC on income from ventures with premium brands like Daimler.

Industry insiders and analysts fear sales could fall this year for the first time in decades.

China auto sales dropped in July and August.

BMW finance chief Nicolas Peter, however, said the firm remained bullish about its top market.

"Number one reason why we invest in China is because we are absolutely convinced the market has a further growth potential," Peter said in an interview at the Shenyang event.

He said the firm was also investing in extra capacity in the United States.

The term of the joint venture will also be extended to 2040 from 2028.

Fast Retailing books record profit on Asia growth and US recovery

Reuters
Tokyo

Fast Retailing, owner of Japan's popular clothing chain Uniqlo, booked a record annual profit and forecast even stronger results in the current year, helped by growth in Asia and a recovery at its US stores.

Uniqlo, known for its simple and affordable clothes such as lightweight down jackets, has grown through decades of weak consumption in Japan.

It is also proving popular abroad, with overseas sales exceeding domestic revenue for the first time ever in the year ended August.

Its annual operating profit rose 34% to a record ¥236.2bn ($2.11bn), the company said yesterday.

That was in line with analysts' median forecast for ¥237.5bn, according to Refinitiv data.

It forecast an operating profit of ¥270bn for the current financial year, above a market consensus for around ¥263bn, on continued strength in China and Southeast Asia.

Fast Retailing also said it saw an improvement in the United States, where it has been shutting down poorly performing stores, saying it was able to halve its operating losses there in the year just ended.

The company has struggled to expand in North America, where it has struggled to establish brand recognition and consumers have at times complained about its smaller sizing.

It also faces tough competition from fast-fashion rivals H&M and Zara in that market.

Founder and chief executive Tadashi Yanai, one of Japan's richest entrepreneurs, has said he wants Uniqlo to overtake H&M and Zara parent Inditex as the world's top apparel retailer.

The retailer flagged its global ambitions earlier this year when tennis star Roger Federer strode onto the court at Wimbledon in Uniqlo-branded whites, in a major sponsorship deal that is reportedly worth around $30mn annually. Uniqlo's online sales in Japan, long a weak point for the brand, expanded 29% in the year just ended and now accounts for 7% of Uniqlo's revenue in the country.

'Trade protectionism could hurt Japan economic growth'

Reuters
Tokyo

Bank of Japan board member Makoto Sakurai warned yesterday the spread of protectionist trade measures was creating uncertainty in the global economy and could result in Japan's economic growth performing below BoJ projections.

Sakurai, who is seen as representing the central bank's mainstream view on monetary policy, said the BoJ should continue its strong monetary easing for the time being, while also monitoring the side-effects of prolonged stimulus.

Sakurai made the comments in a speech to business leaders in Akita, northeastern Japan, as the International Monetary Fund cut Japan's economic growth forecast for 2018, warning the country faced increased risks from global trade uncertainty.

The BoJ's policy board forecast Japan's economy would grow 1.5% in the year to March 2019, and 0.8% in each of the following two years – a pace that the BoJ also considers to be its growth potential.

However, "there's a risk that growth could fall short of such main projections depending on the extent of protectionist moves and capital outflow from emerging economies," Sakurai said.

He later told a news conference that given Japan's solid economic growth, there was at present no need for further easing in the face of uncertainty.

The Nikkei share average fell to a one-month low yesterday as markets sold off globally, in part owing to investor concerns about rising market interest rates in the United States.

"Sakurai was clearly putting focus on downside risks. In addition, today's tumbling share prices should show the need to watch instability in the global financial markets as well," said Izuru Kato, chief economist at Totan Research.

"Raising interest rates in such an uncertain environment would be a gamble for the BoJ's policy board.

As such, the bank will take a wait-and-see stance for the time being."

Japan's inflation is struggling to achieve the BoJ's 2% target even though economic demand is stronger than economic output and so growth has exceeded potential, Sakurai said.

"It's hard to think lack of demand is the cause of sluggish price growth," he said.

He said a stubborn deflationary mindset among the public and enhanced corporate productivity to cope with labour shortages were holding back inflationary momentum.

"It is appropriate to take time to continue monetary easing under the current forward guidance framework, while paying heed to side-effects," he said.

Under its yield curve control policy adopted in 2016, the BoJ has pledged to guide short-term interest rates to minus 0.1% and to cap the 10-year government bond yield around 0%.

Mindful of the rising cost of prolonged easing – such as damage to the banking system – the BoJ took steps in July to make its policy framework more sustainable, notably letting bond yields move more flexibly around its 0% target.

The BoJ's policy board holds its next review on October 30-31, when it will also update quarterly economic and price forecasts.

Pakistan trade deficit narrows to $8.87bn

Internews
Karachi

Trade deficit of Pakistan narrowed 1.61% to $8.87bn in the first quarter of the current fiscal year of 2018-19 as regulatory duties snipped non-essential imports into country, analysts said yesterday.

Pakistan Bureau of Statistics (PBS) data showed that trade deficit was registered at $9.014bn in the corresponding quarter a year earlier.

Merchandise exports rose 4.56% to $5.39bn, while imports inched up 0.63% to $14.26bn during the three-month period.

In September, imports amounted to $4.43bn, almost same as in the corresponding month last year, but noticeably down 11.25% over the previous month.

Brokerage Topline Securities said the decline in imports on monthly basis was likely due to lower import of furnace oil "as few power plants were closed amid liquidity constraints due to energy sector's circular debt".

Zeeshan Afzal, an executive director at Insight Securities said the monthly number suggested the lowest import of goods since February last year when imports stood at $4.419bn.

"Rupee depreciation and regulatory duties caused slowdown in imports," Afzal said.

In 2017, the Federal Board of Revenue issued a list of 731 items, including cars as well as mobile phones on which 5% to 80% regulatory duties were imposed to discourage imports.

Growing imports built up pressure on the current account deficit that widened to $18bn or 5.7% of gross domestic product in FY2018, up a hefty 43% over the previous fiscal year.

Rupee has lost a cumulative 26% against the US dollar since December 2017, which is said to give incentives to export industries.

In September, exports increased 3.55% year-on-year to $1.728bn, while they decreased 11.25% over August.

Topline Securities, in a flash note, said the decline over August was likely due to lower exports of agriculture commodities "that may pick up pace going forward as government has recently allowed sugar export of 1mn tonnes".

PBS data showed that trade deficit narrowed 2.43% year-on-year and 9.16% month-on-month to $2.703bn in September. Analysts said rupee depreciation would likely to increase cost of doing business.

"But, it can also improve margins of local industries that go for manufacturing import substitutes," Afzal said.

Analysts said impact of rupee depreciation on export competitiveness depends on in which direction currencies of regional competitors are moving.

If their currencies also lose values, rupee deprecation might not be as much beneficial in incentivising exporters as envisaged.

China constricts capital outflows with eye on yuan stability

Reuters
Shanghai

China's latest attempts at restricting outward investment by its residents show just how nervous policymakers in the world's second largest economy are about possible capital flight spurred by a broadening Sino-US trade war.

Beijing has been gradually easing monetary and fiscal policy this year, as it seeks to steer the economy through a period of slowing domestic growth and declining stock markets against the backdrop of escalating trade tensions with Washington.

While the Chinese central bank has tightened its grip on the currency, which is down about 10% since the first salvos in the trade war were fired in March, it has refrained from direct intervention on a large scale to support the yuan, also known as the renminbi.

Unobtrusively, though, China has been moving to rein in currency outflows via the handful of overseas investment channels available to mainland investors.

"The last thing the government wants to see is capital stampeding out of China," said Tang Xiangbin, a foreign exchange analyst at China Minsheng Banking Corp

Sources say approvals have been put on hold for a niche overseas investment product in Shanghai known as the Qualified Domestic Limited Partnership, or QDLP, scheme.

The foreign exchange regulator has also not issued fresh quotas in the past three months under another overseas investment scheme, the Qualified Domestic Institutional Investor, or QDII, data shows.

So far the informal instructions, known as "window guidance", appear to be a precautionary move. There is hardly any sign of the heavy flight of capital seen previously during the 2015-16 market turmoil.

Yet analysts point to a host of factors that explain China's conservatism.

While there are still heavy restrictions on how much of money Chinese businesses and retail investors can move overseas, Shanghai's bond and stock markets are more accessible to foreigners since 2015, thanks to Connect schemes that allow two-way flows between mainland exchanges and Hong Kong.

Portfolio flows into China have grown and China's level of external debt is higher.

Meanwhile, the famed trade surplus the export powerhouse ran with the rest of the world has been shrinking.

Victor Shih, an associate professor of political economy at the University of California, San Diego, says currency devaluation could be an attractive option for China to offset the impact of the trade war.

But he warned the tactic had limits, as it "could create a panic on the renminbi which becomes difficult to control".

While the yuan has weakened this year, it has fared better than currencies of other large emerging markets, such as Brazil and Indonesia, that have been hurt by rising US yields and outflows of risk-seeking portfolio flows.

But Alan Ruskin, Deutsche Bank's global head of G10 FX strategy, said in a note this week that continued weakness "could exacerbate concerns of a self-fulfilling flight of capital, and a loss of control, unless the pace of decline were slowed".

US President Donald Trump has announced tariffs on about half of China's roughly $500bn of annual exports to the United States in a tit-for-tat trade war, and has threatened to broaden those penalties.

Analysts say the trade spat could lead to heavier pressure on the yuan if China's trade surplus shrinks and gloomy economic prospects deter multinational investments in the country.

Shih estimates that even a modest 20% reduction in exports to the United States could cause the monthly trade surplus to drop by $8bn to $10bn, nearly a third of the average.

In addition, a reduction in foreign direct investment, which brought $136bn into China last year, would also reduce forex inflows substantially, he added.

In China's stock and bond markets, where sentiment is far more fragile, foreign inflows could easily reverse.

For example, during the first three trading days this week, foreign investors sold a net $14bn of mainland stocks under the cross-border Connect scheme, reversing weeks of net purchases.

Asian stocks plunge to 19-month low

Reuters
Sydney/Shanghai

Share markets in Asia plunged to a 19-month low yesterday after Wall Street's worst losses in eight months led to broader risk aversion, a rise in market volatility gauges and concerns over overvalued stock markets in an environment of rapidly rising dollar yields.

MSCI's broadest index of Asia-Pacific shares outside Japan was off 3.8% around 0500 GMT, and earlier touched its lowest level since March 2017.

The sell-off, which came as the head of the International Monetary Fund, Christine Lagarde, said stock market valuations have been "extremely high", erased hundreds of billions of dollars of wealth around the region.

"Equity markets are locked in a sharp sell-off, with concern around how far yields will rise, warnings from the IMF about financial stability risks and continued trade tension all driving uncertainty," summed up analysts at ANZ.

Japan's Nikkei ended down 3.9% at 22,590.86, its steepest daily drop since March, while the broader TOPIX lost around $207bn in market value, falling 3.5%. Shanghai shares dropped 4.9%, on track for their worst day since February 2016, to their lowest level since late 2014, while China blue chips slid 4.4%.

Shares in Taiwan were among the region's worst-hit, with the broader index losing 6.3%. Seoul's Kospi index was down 3.8%.

"We can't see where the bottom point will be," said Chien Bor-yi, an analyst at Taipei-based Cathay Futures Consultant. "Further short-term equity pain may well be unavoidable in South Korea as foreigners are selling, but bond market is holding up," said Peter Park, head of securities management at South Korea's IBK Insurance. Sinking global shares have raised the stakes for US inflation figures due later yesterday as a high outcome would only stoke speculation of more aggressive rate hikes from the Federal Reserve. "We're all just watching the Fed. We're all watching the US economy, we're worrying about an inflation spike or a wages spike that will come through," said Rob Carnell, chief economist and head of research at ING in Singapore.

But he said that he expected the data to show inflation peaking rather than moving sharply higher, which "could restore a little bit of calm."

The shift in yields is also sucking funds out of emerging markets, putting particular pressure on the Chinese yuan as Beijing fights a protracted trade battle with the United States. Meanwhile, the president of the World Bank said he is very concerned about trade tensions and warned of a "clear" global economic slowdown if tariff threats escalate.

China has suspended approvals for an overseas investment product in Shanghai and has asked license holders such as JPMorgan Asset Management and Aberdeen Standard Investments to be "low profile" in marketing it, as concerns rise in Beijing over possible outflow pressures. China's central bank has been allowing the yuan to gradually decline, breaking the psychological 6.9000 barrier and leading speculators to push the dollar up to 6.9377 at 0602 GMT.

The onshore yuan was trading at 6.9305 per dollar at 0606 GMT, 65 pips weaker than the onshore close of 6.9240 Wednesday. China's move has forced other emerging market currencies to weaken to stay competitive, and drawn the ire of the United States which sees it as an unfair devaluation.

A man looks at an electronic board showing the Japan's Nikkei average outside a brokerage in Tokyo. The Nikkei ended down 3.9% at 22,590.86, its steepest daily drop since March.

India equities erase yearly gain amid global rout

Bloomberg
Mumbai

India's benchmark index erased its 2018 advance as the biggest stock sell-off since February rolled from the US through Asia yesterday, with benchmarks from Tokyo to Hong Kong seeing declines in excess of 3%.

The benchmark S&P BSE Sensex fell 2.2% to 34,001.15 at close in Mumbai, erasing its year-to-date advance.

All but two of 19 sector sub-indexes compiled by BSE Ltd dropped, the declines led by a gauge of metal-makers and software exporters shares.

Indian software exporters start the quarterly earnings season with Tata Consultancy Services Ltd, the nation's biggest IT company, reporting results for the July-to-September period after markets close yesterday.

"The global stock rout is putting Indian markets under pressure again," Rajendra Wadher, director at PRB Securities Ltd said by phone. "Investors will be keenly watching quarterly earnings and outlook commentary for cues on India's market direction." The Sensex's relative strength index dropped back below a threshold indicating potential overselling, with the stock gauge having fallen into a so-called correction last week after sliding 10% from a peak in August.

Shares of Indian non-bank finance companies including mortgage lenders fell amid concerns of tighter liquidity.

The pause in oil's rally may help the rupee recover in an economy that imports 70% of its fuel requirements.

Technical analysis suggests Brent crude and the dollar-rupee are running into resistance simultaneously.

Energy companies advanced after crude oil headed for the biggest two-day drop since July.

Indian equities, Asia's top performers until recently, have retreated amid a flurry of bad news, from surging oil prices and a slumping rupee to a rout in non-bank lenders following defaults at an infrastructure financier.

Further erosion may affect flows to mutual funds, which have repeatedly buffered the nation's $2tn market against the risk-off mood.

Traders monitor share prices at the Bombay Stock Exchange. The Sensex fell 2.2% to 34,001.15 at close yesterday in Mumbai, erasing its year-to-date advance.

Stock market's 67,000% superstar is now the biggest falling knife

Bloomberg
Hong Kong

Is it time to catch the global stock market's biggest falling knife?

For watchers of Tencent Holdings Ltd, it's an increasingly pressing question.

The Chinese internet giant's record-breaking sell-off is getting worse, with yesterday's 6.8% rout bringing losses since late January to $252bn – by far the biggest wipeout of shareholder wealth worldwide.

The stock, one of the most widely held in emerging markets, has tumbled for an unprecedented 10 straight sessions.

As investors around the world debate whether the best days are over for the tech-led boom in global equities, Tencent has emerged as a key market bellwether.

The company's more than 67,000% return from its 2004 initial public offering through January trounced that of every other large-cap stock worldwide, and its slide this year presaged a steep drop in tech shares from Tokyo to New York.

Some money managers say it's too soon to call a bottom. "While it's a good company and we obviously still like it, at the moment it's the proxy of all the things investors want to avoid," said Virginie Robert, the founder and president of Paris-based Constance Associes, whose global tech fund beat 99% of peers tracked by Bloomberg this year.

Robert, who has an underweight position in Tencent, said she'll refrain from adding to holdings until the company provides more clarity on its business outlook.

Jane Yip, a spokeswoman for Tencent, didn't respond to requests for comment.

Founded by billionaire Pony Ma in 1998, Tencent had until recently captivated investors with its massively popular online gaming business, payments system and WeChat social networking platform.

The Shenzhen-based company's integral role in the lives of hundreds of millions of Chinese helped propel average annual earnings growth of about 48% over the past decade, faster than Apple Inc's 35%.

Now questions are mounting over whether Tencent's growth is sustainable. That's partly because of macroeconomic concerns, including a slowing Chinese economy and a weakening yuan.

But the biggest worry for many observers is regulatory meddling from Beijing.

The company's cash cow – online gaming – has become a liability for the stock after an industrywide government crackdown left the business, which accounts for about 40% of Tencent's revenue, clouded in uncertainty.

The country halted approvals for new games in March and authorities have given little indication of when the ban will end.

Policy makers are also tightening restrictions on Tencent's fast-growing internet finance business as they try to reduce systemic risks in an economy saddled with record levels of debt.

The regulatory squeeze has contributed to a 20% drop in analysts' 2018 earnings estimates since February, according to data compiled by Bloomberg.

Tencent is taking steps to diversify.

The company announced a reorganisation this month, elevating its cloud computing business to a level on par with gaming and WeChat. It has also invested billions in startups doing everything from ride hailing to e-commerce.

Tencent has been buying back small amounts of stock, though its leadership hasn't commented on the recent losses or reported adding to holdings in their personal accounts.

The company repurchased the equivalent of about $103mn of shares from September 12 through Wednesday, regulatory filings compiled by Bloomberg show.

Bulls argue that this year's challenges have done nothing to threaten Tencent's dominance in its key lines of business and that the stock will rally once regulatory and economic headwinds fade.

Despite falling earnings forecasts, analyst share-price targets tracked by Bloomberg imply a more than 60% gain over the next 12 months.

"We feel Tencent is as important as ever," said Denis Barrier, San Francisco-based co-founder and chief executive officer at Cathay Innovation, which manages $1bn.

The stock rout "is not going to change the position of its market share," Barrier said. Still, even some long-term bulls are wary of piling in.

Tencent's 12-month forward price-to-earnings multiple has dropped from about 42 to 23, but it's still higher than when shares bottomed after major declines over the past decade.

Facebook Inc's multiple is 16, while Alibaba Group Holding Ltd's is 21.

"They are cheap," said Mitchell Green, the Santa Barbara- based founding partner of Lead Edge Capital, which manages $1.5 bn. "But what is cheap can get cheaper."

Wall Street sell-off hits emerging market shares

Reuters
London

Emerging market stocks joined a slide in global equities yesterday, falling to 17-months lows as worries about growth and the future of a long-running US market rally undermined investors' appetite for risk.

Equities in China, whose economic and trade prospects have been at the heart of worries this year over the outlook for global growth sank to near-four year lows.

MSCI's index of emerging market stocks fell about 3%, with the fall in Chinese stocks accompanied by sharp losses in Taiwan and South Korea.

"What we're looking at is a knee-jerk reaction to an unexplained large fall in US equities," said Koon Chow, EM Macro and FX strategist, at UBP.

Volatility in US stocks spiked to six-month highs, but Chow said he still believed the sell-off, as on several previous occasions over the past 18 months, would be short lived and would make for a better buying opportunity in emerging markets.

"The US economy is in a strong shape, so the source of the contagion does not look worrisome," he said.

Central European stock indices also dipped, with Budapest and Bucharest trading more than 1% lower.

However, MSCI's index of emerging market currencies were steady against a weaker dollar, with Turkey's lira firming.

Data showing Turkey's current account deficit in August reversed to a surplus of $2.592bn, from a $1.778bn current account deficit in July, offered some sign that this year's nearly 37% slide in the currency may be setting the economy straight.

India's rupee weakened 0.2% to resume its slide, after snapping a five session losing run on Wednesday.

It is down about 14% this year, with rises in the global prices of oil, India's biggest import, exacting a heavy toll.

Mnuchin, Fed officials downplay market rout as sell-off widens

Bloomberg
Washington

Global finance chiefs played down the economic risks posed by the biggest US stock sell-off since February, with many describing the decline as a long-awaited correction.

"The fundamentals of the US economy continue to be extremely strong, I think that's why the stock market has performed as well as it has," US Treasury Secretary Steven Mnuchin told Bloomberg News at the IMF's annual meeting in Bali, Indonesia. "The fact that there's somewhat of a correction given how much the market has gone up is not particularly surprising."

Mnuchin's calm was echoed by Federal Reserve officials and other international policymakers as the fall in US equities extended to Asia yesterday.

Even so, the market tumble may capture the tone of the Bali talks, where policy makers are increasingly focused on the risks to global growth amid escalating trade tensions and the Fed's embrace of higher interest rates.

The fund this week cut its global forecast for the first time in two years and said growth may have plateaued, citing escalating trade tensions and growing stress in emerging markets, which have been struggling with higher borrowing costs and capital outflows as US rates rise.

IMF managing director Christine Lagarde also cautioned against reading too much into the sell-off. "There are ups and downs, and I think it's fair to observe that the US equity markets and stock markets in general have been extremely high," she said yesterday.

"We are facing a bit of an unprecedented situation," said Lagarde, pointing to growing protectionism and tightening monetary policy in the US. "It's the combination of the two that's probably showing in some of the tensions" in markets.

The IMF isn't seeing evidence of "contagion" from emerging markets whose currencies have fallen sharply to other countries, she added.

The stock sell-off rolled through Asia yesterday, with benchmarks from Tokyo to Hong Kong seeing declines above 3%. The dollar weakened and some emerging-market currencies came under pressure.

Mnuchin said the correction doesn't reflect a wider systemic problem. "Markets are not efficient and markets move in both directions and at times they overshoot in both directions," he said.

Federal Reserve officials also sounded relaxed with Atlanta Fed President Raphael Bostic and Charles Evans, the Chicago Fed president, on Wednesday down playing the economic effects of the market decline.

"I won't let a stock market move on its own reshape my view of the economy," Bostic said. Evans said he wasn't aware of "anything happening in the last couple of weeks that alter my basic take that financial stability conditions are reasonably moderate, and that we're in reasonable shape at the moment."

As markets tumble, President Donald Trump laid the blame at the feet of the Fed, which raised rates again last month. Trump on Wednesday called the tightening a mistake and accused the Fed of "going loCo."

But it's "inevitable" to expect central banks to be tightening monetary policy at a time when their economies are doing well, said Lagarde. "It's clearly a necessary development for markets that are now showing much improved growth, inflation that is picking up and reaching its threshold, and unemployment that is extremely low."

Concerns about higher rates have roiled the US Treasury market, where yields have risen to multi-year highs. Ten-year yields reached 3.26% Tuesday, a level last seen since 2011. Money markets are cutting back predictions for how much the Fed will raise interest rates over the next year, fully pricing in only two rate increases by the end of next year and around 80% of a third, after having priced in more than three hikes on Tuesday. Investors should expect more episodes of volatility such as the recent surge in yield on the 10-year Treasury, Tobias Adrian, head of the IMF's monetary and capital-markets department, said in an interview in Bali.

"That's something we could see again, and such a rise in rates could accelerate," he said. The Fed's effort to shrink its balance sheet is creating added uncertainty, since it's unclear how the central bank's reduction in its bond portfolio will affect markets, he said. "It's never been done."

The challenge for US policymakers will be to "engineer a soft landing," said Adrian. "Inflation will come up eventually, so monetary policy will tighten and hopefully it can be engineered that there's a little bit of slowdown," he said. "The problem is that in the postwar period in the US, that has never been achieved."

BUSINESS

QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	101.00	-3.37	4,160
Widam Food Co	75.02	1.35	24,016
Vodafone Qatar	8.66	0.12	881,217
United Development Co	14.07	0.07	170,748
Salam International Investme	4.85	0.00	58,630
Qatar & Oman Investment Co	5.89	1.52	6,124
Qatar Navigation	67.99	-0.16	31,477
Qatar National Cement Co	54.63	0.02	13,267
Qatar National Bank	180.00	-0.51	190,656
Qatar Islamic Insurance	51.58	0.00	2,872
Qatar Industrial Manufactur	42.99	0.00	350
Qatar International Islamic	58.35	1.41	85,655
Qatari Investors Group	29.74	1.24	38,287
Qatar Islamic Bank	139.01	0.57	61,823
Qatar Gas Transport(Nakilat)	17.45	0.28	791,226
Qatar General Insurance & Re	48.00	0.00	-
Qatar German Co For Medical	4.82	-1.62	11,949
Qatar Fuel Qsc	168.45	0.31	117,215
Qatar First Bank	4.75	0.63	371,813
Qatar Electricity & Water Co	190.01	0.03	22,848
Qatar Exchange Index Etf	98.25	0.00	150
Qatar Cinema & Film Distrib	15.03	0.00	-
Al Rayan Qatar Etf	23.50	0.00	1,384
Qatar Insurance Co	37.12	0.91	146,622
Ooredoo Qpsc	67.66	0.78	80,865
National Leasing	8.70	-0.23	103,252
Mazaya Qatar Real Estate Dev	6.69	-0.15	188,577
Mesaieed Petrochemical Holdi	16.68	-0.70	207,875
Al Meera Consumer Goods Co	153.48	0.66	7,670
Medicare Group	63.30	-0.89	22,140
Mannai Corporation Qsc	57.00	-0.02	11,116
Masraf Al Rayan	37.27	0.32	298,274
Al Khalij Commercial Bank	11.00	0.45	37,478
Industries Qatar	130.00	0.44	195,797
Islamic Holding Group	25.75	3.53	8,815
Investment Holding Group	5.21	-1.13	45,995
Gulf Warehousing Company	40.74	0.00	3,894
Gulf International Services	20.03	0.05	183,194
Ezdan Holding Group	10.33	-0.10	384,805
Doha Insurance Co	12.60	-1.64	-
Doha Bank Qpsc	21.20	0.09	167,263
Dlala Holding	11.83	2.22	26,770
Commercial Bank Pqsc	38.02	-1.00	99,610
Barwa Real Estate Co	36.46	0.99	495,035
Al Khaleej Takaful Group	9.27	0.00	29,510
Aamal Co	9.62	0.10	9,243

SAUDI ARABIA

Company Name	Lt Price	% Chg	Volume
United Wire Factories Compan	14.60	-5.19	123,262
Etihad Etisalat Co	17.12	-4.14	3,010,355
Dar Al Arkan Real Estate Dev	9.60	-3.52	26,898,075
Alawwal Bank	14.00	-2.64	1,158,615
Rabigh Refining And Petroche	22.08	-4.83	1,571,572
Banque Saudi Fransi	29.95	-4.92	680,430
Saudi Enaya Cooperative Insu	18.00	-5.46	152,795
Mediterranean & Gulf Insuran	15.36	1.72	974,782
Saudi British Bank	30.00	-5.21	320,321
Red Sea International Co	14.50	-3.85	41,012
Takween Advanced Industries	10.00	-2.91	642,076
Sabb Takaful	18.00	-3.33	229,505
Saudi Arabian Fertilizer Co	76.50	-2.05	412,422
National Gypsum	12.06	-2.58	124,992
Saudi Ceramic Co	17.20	-4.02	349,254
National Gas & Industrializa	27.25	-1.62	71,423
Saudi Pharmaceutical Industr	30.75	-0.97	62,001
Thimar	25.10	-4.20	273,939
National Industrialization C	17.86	-4.49	4,959,653
Batic Investments And Logist	36.40	-1.09	108,162
Saudi Electricity Co	15.64	-2.49	1,909,981
Saudi Arabia Refineries Co	38.00	-3.80	168,602
Arriyadh Development Company	15.26	-2.18	736,874
Al-Baha Development & Invest	17.00	-0.58	1,939,681
Saudi Research And Marketing	94.50	-3.57	97,401
Aldrees Petroleum And Transp	30.00	-1.80	609,626
Saudi Vitrified Clay Pipe Co	44.65	-1.87	12,624
Jarir Marketing Co	186.00	0.87	213,430
Arab National Bank	30.00	-6.69	201,748
Yanbu National Petrochemical	64.00	-3.90	965,745
Arabian Cement	19.06	-1.55	208,936
Middle East Specialized Cabl	6.74	-3.30	354,328
Al Khaleej Training And Educ	11.18	-4.61	292,421
Al Sagr Co-Operative Insuran	11.62	-4.13	275,126
Trade Union Cooperative Insu	22.00	-1.87	112,750
Arabia Insurance Cooperative	20.08	0.30	159,111
Saudi Chemical Company	31.90	-2.89	278,474
Fawaz Abdulaziz Alhokair & C	21.00	-4.11	589,029
Bupa Arabia For Cooperative	104.20	1.17	233,569
Wafa Insurance	11.18	-2.27	535,674
Jabal Omar Development Co	36.70	-2.00	772,541
Saudi Basic Industries Corp	116.20	-5.07	4,261,610
Saudi Kayan Petrochemical Co	15.76	-4.02	19,136,544
Etihad Atheeb Telecommunicat	5.35	0.00	-
Co For Cooperative Insurance	53.30	-4.65	220,104
National Petrochemical Co	24.00	-3.23	532,684
Gulf Union Cooperative Insur	12.22	-3.78	95,218
Gulf General Cooperative Ins	13.12	-2.38	130,864
Basic Chemical Industries	22.38	-1.67	115,852
Saudi Steel Pipe Co	19.92	-4.78	330,826
Buruj Cooperative Insurance	21.78	-4.47	127,460
Mouwasat Medical Services Co	76.00	-2.81	29,224
Southern Province Cement Co	33.45	-1.62	182,095
Maadaniyah	17.58	-2.12	82,480
Yamama Cement Co	13.20	-1.79	322,910
Jazan Energy And Development	14.74	-1.73	94,081
Zamil Industrial Investment	17.40	-3.87	564,878
Alujain Corporation (Alco)	23.80	-3.64	1,779,038
Tabuk Agricultural Developme	9.90	-1.59	125,653
United Co-Operative Assuranc	11.98	-3.07	279,083
Qassim Cement/The	32.65	-0.91	31,222
Saudi Advanced Industries	11.88	-2.94	219,722
Kingdom Holding Co	8.20	-1.80	149,177
Saudi Arabian Amiantit Co	5.55	-2.29	655,209
Al Jouf Agriculture Developm	22.20	-1.33	29,685
Saudi Industrial Development	8.30	-1.66	139,138
Riyad Bank	16.22	-4.25	2,198,868
The National Agriculture Dev	29.20	-4.26	122,690
Halwani Bros Co	45.00	1.12	26,471
Arabian Pipes Co	9.78	-3.36	887,996
Eastern Province Cement Co	19.88	-0.50	87,564
Al Gassim Investment Holding	10.10	-2.13	78,891
Filing & Packing Materials M	33.85	-5.71	135,328
Saudi Cable Co	33.35	4.55	2,087,055
Tihama Advertising & Public	37.80	-5.50	200,266
Saudi Investment Bank/The	17.24	-3.15	171,795
Astra Industrial Group	16.64	-2.69	155,535
Saudi Public Transport Co	13.40	-4.29	683,162
Taiba Holding Co	28.50	-1.72	49,130
Saudi Industrial Export Co	57.30	9.98	1,854
Saudi Real Estate Co	13.70	-2.42	609,075
Saudia Dairy & Foodstuff Co	83.30	-2.57	49,829
National Shipping Co Of/The	32.85	-5.06	3,797,501
Methanol Chemicals Co	11.54	-4.15	4,491,403
Chubb Arabia Cooperative Ins	17.40	-4.81	116,371
Mobile Telecommunications Co	6.10	-2.24	2,252,321
Saudi Arabian Coop Ins Co	11.50	-3.36	240,203
Axa Cooperative Insurance	19.98	-2.54	112,931
Alsorayai Group	11.34	-4.71	729,181
Bank Albilad	24.48	-3.62	625,097
Al-Hassan G.I. Shaker Co	8.36	-3.35	424,694
Wataniya Insurance Co	22.56	-4.81	61,584
Abdullah Al Othaim Markets	65.10	-5.24	150,620
Hail Cement	7.71	-1.91	196,447
Saudi Re For Cooperative Rei	6.79	-4.10	594,609

SAUDI ARABIA

Company Name	Lt Price	% Chg	Volume
Solidarity Saudi Takaful Co	15.50	-4.67	266,435
Amana Cooperative Insurance	14.94	-3.86	239,454
Alabdullatif Industrial Inv	10.94	-1.97	83,533
Saudi Printing & Packaging C	15.90	-3.17	331,828
Saudi Paper Manufacturing Co	12.48	5.05	2,682,563
Alinma Bank	20.62	-3.28	21,329,527
Almarai Co	45.00	-1.10	476,877
Falcom Saudi Equity Etf	29.90	-4.17	200,674
United International Transpo	27.00	-1.46	295,289
Hsbc Amanah Saudi 20 Etf	32.45	0.00	130
Saudi International Petroche	20.38	-3.78	1,007,699
Falcom Petrochemical Etf	34.10	0.00	-
Walaa Cooperative Insurance	20.08	-5.46	487,227
Bank Al-Jazira	13.76	-3.64	3,486,442
Al Rajhi Bank	82.90	-4.38	4,944,365
Samba Financial Group	30.00	-5.36	3,000,480
United Electronics Co	54.70	-3.70	272,532
Allied Cooperative Insurance	16.10	0.25	129,120
Malath Insurance	10.90	-4.22	750,549
Alinma Tokio Marine	17.00	-4.28	201,649
Arabian Shield Cooperative	16.90	-5.59	412,557
Savola	27.70	-4.48	922,592
Wafrah For Industry And Deve	14.52	-3.97	595,084
Fitaihi Holding Group	11.00	-3.17	194,933
Tourism Enterprise Co/ Shams	30.50	-2.87	112,751
Sahara Petrochemical Co	16.54	-4.72	2,878,560
Herfy Food Services Co	41.75	-0.12	125,227
Saudi Ind Investment Group	23.94	-4.81	1,085,259
Salama Cooperative Insurance	15.08	-4.68	377,096
Emaar Economic City	9.06	-2.48	1,792,311
Alahli Takaful Co	24.62	-4.94	56,232
Anaam International Holding	10.40	-3.17	471,309
Saudi Telecom Co	81.00	-1.82	969,170
Al Alamiya Cooperative Insur	32.90	-8.61	291,892
Saudi Industrial Services Co	12.84	-3.46	302,662
Al-Ahsa Development Co.	9.86	-1.40	150,670
National Co For Glass In/The	17.98	-1.64	62,933
Dur Hospitality Co	20.62	-1.81	115,908
Tabuk Cement Co	11.68	-2.34	204,840
Sasco	15.72	-1.26	846,797
Saudi Cement	41.00	-4.87	89,484
Aseer Trading Tourism & Manu	9.75	-2.40	179,140
Nama Chemicals Co	27.90	-3.13	466,062
Saudi Arabian Mining Co	47.30	-7.25	1,316,843
Yanbu Cement Co	21.48	-2.36	81,869
Saudi Fisheries	16.74	-4.34	744,091
Ash-Sharqiyah Development Co	45.00	-5.26	127,489
Makkah Construction & Develp	81.60	0.87	82,693
Al Jouf Cement	8.06	-3.82	308,725
Abdullah A.M. Al-Khodari Son	7.24	0.00	-
Knowledge Economic City	10.54	-3.66	324,237
Al-Ahlia Cooperative Insuran	10.02	-2.72	217,600
Al Rajhi Co For Co-Operative	53.70	-2.89	375,384
Alkhodar Ab Equity	48.15	-2.83	728,592
Kec Ab Equity	19.96	-4.77	210,847
Alahlia Ab Equity	23.00	-4.17	40,694
Arcci Ab Equity	7.78	-1.77	552,731
Appc Ab Equity	21.20	-3.64	1,165,567
Albabtai Ab Equity	42.85	-5.51	1,292,519

KUWAIT

Company Name	Lt Price	% Chg	Volume
Sultan Center Food Products	57.00	0.00	500
Kuwait Foundry Co Sak	186.00	0.00	22,000
Kuwait Financial Centre Sak	92.00	-0.97	452,050
Ajial Real Estate Entmt	147.00	2.08	20,010
Kuwait Finance & Investment	47.90	0.00	32,500
National Industries Co Ksc	172.00	-3.37	50,000
Kuwait Real Estate Holding C	30.00	0.00	70,328
Securities House/The	49.00	1.03	504,251
Boubyan Petrochemicals Co	1,040.00	0.10	39,648
Al Ahli Bank Of Kuwait	290.00	-0.34	101,759
Ahli United Bank (Almutahed)	290.00	-0.34	289,859
National Bank Of Kuwait	822.00	-0.84	5,329,266
Commercial Bank Of Kuwait	510.00	0.00	27,900
Kuwait International Bank	232.00	-0.43	1,210,481
Gulf Bank	253.00	0.00	2,654,001
Al-Massaleh Real Estate Co	40.00	-6.98	181,300
Al Arabiya Real Estate Co	28.70	-0.69	27,172
Kuwait Remal Real Estate Co	32.60	1.88	100
A'ayan Real Estate Co Sak	59.10	-4.98	20,050
Investors Holding Group Co.K	12.80	0.00	3,148,207
Al-Mazaya Holding Co	76.30	-0.52	261,488
Al-Madar Finance & Invt Co	148.00	-0.67	667,140
Gulf Petroleum Investment	25.60	0.00	604,523
Mabanee Co Sakc	615.00	-0.81	241,995
Invest Co Bsc	84.00	1.20	13
Al-Deera Holding Co	16.90	2.42	50,010
Mena Real Estate Co	25.50	-5.56	50,505
Amar Finance & Leasing Co	32.40	-1.22	273,000
United Projects For Aviation	650.00	9.98	10
National Consumer Holding Co	0.00	0.00	-
Amwal International Investme	64.30	0.00	338,526
Equipment Holding Co K.S.C.C	28.00	-2.10	187,057
Arkan Al Kuwait Real Estate	80.00	1.91	7,000
Gfh Financial Group Bsc	98.70	-0.90	657,343
Energy House Holding Co Kscp	37.60	2.17	906,840
Kuwait Co For Process Plant	238.00	0.00	1
Al Maidan Dental Clinic Co K	1,220.00	0.00	500
National Shooting Company	16.40	0.61	62,397
Al-Ahleia Insurance Co Sakp	427.00	0.00	9,200
Wethaq Takaful Insurance Co	27.10	-2.52	17,700
Salbookh Trading Co Kscp	44.00	5.77	500
Aqar Real Estate Investments	61.70	0.00	36,000
Hayat Communications	77.00	0.00	150
Soor Fuel Marketing Co Ksc	117.00	-3.31	278,725
Tamkeen Holding Co	11.00	0.00	28,000
Burgan Co For Well Drilling	105.00	0.00	5,000
Kuwait Resorts Co Kscc	55.60	-1.42	399,142
Oula Fuel Marketing Co	115.00	-1.71	5,322
Palms Agro Production Co	80.00	0.00	10,380
Mubarrad Holding Co Ksc	57.20	-3.87	40,065
Shuaiba Industrial Co	198.00	0.00	2,663
Aan Digital Services Co	18.70	-2.60	3,446,567
First Takaful Insurance Co	53.00	19.10	133,500
Kuwaiti Syrian Holding Co	34.00	-0.58	114,995
National Cleaning Company	57.90	0.00	11,802
United Real Estate Company	62.00	0.00	9,369
Agility	832.00	-0.36	758,330
Kuwait & Middle East Fin Inv	28.50	-1.72	33,606
Fujairah Cement Industries	61.00	0.00	6,529
Livestock Transport & Tradng	200.00	0.00	36,039
International Resorts Co	19.50	-4.41	1,404,045
National Industries Grp Hold	156.00	-0.64	4,248,160
Warba Insurance Co	84.50	8.75	49,621
First Dubai Real Estate Deve	37.00	-5.13	150,000
Al Arabi Group Holding Co	65.00	-0.76	1,661
Mobile Telecommunications Co	464.00	-0.85	3,337,894
Effect Real Estate Co	15.30	0.00	97,828
Tamdeen Real Estate Co Ksc	380.00	0.00	5,000
Al Mudon Intl Real Estate Co	27.00	0.00	50,010
Kuwait Cement Co Ksc	370.00	0.00	25,822
Sharjah Cement & Indus Devel	72.10	0.00	54,856
Kuwait Portland Cement Co	1,059.00	-0.09	2,500
Educational Holding Group	310.00	-0.64	19,500
Asiya Capital Investments Co	34.20	-0.87	37,931
Kuwait Investment Co	119.00	0.00	667,150
Burgan Bank	267.00	1.14	6,806,827
Kuwait Projects Co Holdings	210.00	-0.94	979,260
Al Madina For Finance And In	25.00	-1.96	436,304
Kuwait Insurance Co	310.00	0.00	50,000
Al Masaken Intl Real Estate	37.70	0.00	1,500
Intl Financial Advisors	21.20	-8.62	494,361
First Investment Co Kscc	38.30	-3.04	1,956,957
Al Mal Investment Company	19.40	-3.00	2,241,433
Bayan Investment Co Kscc	47.50	0.00	12,804
Egypt Kuwait Holding Co Sae	341.00	-0.29	20,000
Coast Investment Development	30.10	-2.90	1,302,999
Privatization Holding Compan	52.50	0.00	2,500
Injazzat Real Estate Company	83.00	0.00	23,035
Kuwait Cable Vision Sak	15.00	36.36	2,000
Sanam Real Estate Co Kscc	48.00	0.00	1
Ithmaar Holding Bsc	29.40	-1.34	2,179,287
Aviation Lease And Finance C	320.00	-1.54	136,622
Arzan Financial Group For Fi	27.80	4.51	168,400
Ajwan Gulf Real Estate Co	21.60	-0.46	687,219
Kuwait Business Town Real Es	48.40	0.83	134,816
Future Kid Entertainment And	88.00	0.00	100

KUWAIT

Company Name	Lt Price	% Chg	Volume
Specialities Group Holding C	70.50	0.00	60,875
Abyaar Real Estate Developm	17.50	-1.69	3,337,032
Kgl Logistics Company Kscc	43.10	-1.60	699,113
Combined Group Contracting	359.00	-0.28	100
Jiyad Holding Co Ksc	77.70	-3.00	210,113
Boubyan Intl Industries Hold	29.00	3.57	462,359
Gulf Investment House Ksc	14.50	1.40	90,550
Boubyan Bank K.S.C	545.00	-0.18	657,130
Ahli United Bank B.S.C	202.00	-1.46	7,476,204
Osos Holding Group Co	93.00	0.00	5,048
Al-Eid Food Ksc	65.00	0.00	10,000
Qurain Petrochemical Industr	390.00	0.78	1,183,445
Ekttitab Holding Co Sak	23.10	0.00	1
Real Estate Trade Centers Co	24.00	6.67	3,500
Acico Industries Co Kscc	205.00	0.49	11,025
Kipco Asset Management Co	73.00	0.00	166,895
National Petroleum Services	830.00	0.00	300
Alimtiaz Investment Group	128.00	-0.78	598,479
Ras Al Khaimah White Cement	109.00	0.00	16,519
Kuwait Reinsurance Co Ksc	0.00	0.00	-
Kuwait & Gulf Link Transport	100.00	0.00	12,053
Humansoft Holding Co Ksc	3,100.00	-3.09	102,165
Automated Systems Co Kscc	117.00	0.00	28
Metal & Recycling Co	68.00	0.00	37
Gulf Franchising Holding Co	90.00	0.00	1,771
Al-Enma'a Real Estate Co	30.50	0.66	20,000
National Mobile Telecommuni	769.00	-0.13	15,065
Unicap Investment And Financ	59.40	-1.00	1,157,500
Al Salam Group Holding Co	31.10	-3.72	478,370
Al Aman Investment Company	51.20	-1.16	20,000
Mashaer Holding Co Ksc	44.30	4.73	59,690
Manazel Holding	31.00	6.90	28,160
Tijara And Real Estate Inves	52.00	0.00	22,172
Jazeera Airways Co Ksc	745.00	-0.40	198,477
Commercial Real Estate Co	79.30	-0.13	1,812,362
National International Co	70.00	0.00	10,000
Taameer Real Estate Invest C	27.90	-2.11	1,156,354
Gulf Cement Co	77.00	-0.65	85,061
Heavy Engineering And Ship B	483.00	-0.21	76,330
National Real Estate Co	94.70	-1.04	569,514
Al Safat Energy Holding Comp	27.00	-6.25	40,000
Kuwait National Cinema Co	999.00	0.00	906
Danah Alsafat Foodstuff Co	39.20	0.00	179,214
Independent Petroleum Group	421.00	0.00	58,212
Kuwait Real Estate Co Ksc	45.00	-0.66	704,868
Salhia Real Estate Co Ksc	329.00	-0.30	50,000
Gulf Cable & Electrical Ind	385.00	-0.26	39,740
Kuwait Finance House	0.00	0.00	-
Gulf North Africa Holding Co	48.60	-0.41	2,000
Hilal Cement Co	0.00	0.00	-
Osoul Investment Kscc	57.60	0.00	72
Gulf Insurance Group Ksc	630.00	0.00	2,030
Umm Al Qaiwain General Inves	59.10	0.00	58,406
Aayan Leasing & Investment	34.80	0.29	1,189,977
Alrai Media Group Co Ksc	50.30	1.62	255,307
National Investments Co	76.00	-4.04	1,154,607
Commercial Facilities Co	172.00	0.00	40,242
Yiaco Medical Co. K.S.C.C	130.00	0.00	21,188
Munshaat Real Estate Project	110.00	0.00	300,800
Noor Financial Investment Co	51.00	-3.41	1,110,351
Al Tamdeen Investment Co	280.00	0.00	11,500
Credit Rating & Collection	21.30	0.00	10
Ifa Hotels & Resorts Co. K.S	95.00	-0.52	2,788
Sokouk Holding Co Sak	46.40	0.00	350,715
Warba Bank Kscp	227.00	-1.30	1,337,792
Viva Kuwait Telecom Co	718.00	-0.69	19,710
Mezzan Holding Co Kscc	648.00	-1.07	434,359

OMAN

Company Name	Lt Price	% Chg	Volume
Voltamp Energy Saog	0.29	0.00	5,000
Vision Insurance Saoc	0.14	0.00	-
United Power/Energy Co- Pref	1.00	0.00	-
United Power Co Saog	3.44	0.00	-
United Finance Co	0.09	0.00	-
Ubar Hotels & Resorts	0.13	0.00	-
Takaful Oman	0.13	0.00	-
Taageer Finance	0.10	0.00	-
Sweets Of Oman	0.55	0.00	-
Sohar Power Co	0.11	0.00	76
Sohar Poultry	0.21	0.00	-
Smn Power Holding Saog	0.54	0.00	-
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	1.49	0.00	-
Sharqiyah Desalination Co Sa	3.10	0.00	-
Sembcorp Salalah Power & Wat	0.21	0.00	-
Salalah Port Services	0.60	0.00	-
Salalah Mills Co	0.77	0.00	1,513
Salalah Beach Resort Saog	1.38	0.00	-
Sahara Hospitality	2.38	0.00	-
Renaissance Services Saog	0.41	0.00	-
Raysut Cement Co	0.40	0.00	300
Phoenix Power Co Saoc	0.11	0.00	117,137
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.54	0.00	-
Ominvest	0.36	0.00	5,000
Oman United Insurance Co	0.31	0.00	-
Oman Telecommunications Co	0.84	0.00	-
Oman Refreshment Co	1.75	0.00	-
Oman Qatar Insurance Co	0.12	0.00	10,700
Oman Packaging	0.28	0.00	-
Oman Oil Marketing Company	1.13	0.00	500
Oman National Engineering An	0.18	0.00	-
Oman Investment & Finance	0.10	-3.06	80,200
Oman Intl Marketing	0.52	0.00	-
Oman Flour Mills	0.72	-0.56	10,000
Oman Fisheries Co	0.08	-1.19	189,098
Oman Europe Foods Industries	1.00	0.00	-
Oman Education & Training In	0.22	0.00	-
Oman Chromite	3.64	0.00	-
Oman Chlorine	0.30	0.00	-
Oman Ceramic Company	0.42	0.00	-
Oman Cement Co	0.34	0.00	15,000
Oman Cables Industry	1.03	0.00	-
Oman & Emirates Inv(Om)50%	0.13	0.00	4,261
Natl Aluminium Products	0.38	0.00	-
Celebrity National Financial	0.04	0.00	-
National Real Estate Develop	5.00	0.00	-
National Pharmaceutical	0.12	0.00	-
National Mineral Water	0.10	0.00	-
National Life & General Insu	0.34	0.00	-
National Gas Co	0.33	0.00	-
National Finance Co	0.13	0.00	-
National Detergent Co Saog	0.70	0.00	-
National Biscuit Industries	3.75	0.00	2,780
National Bank Of Oman Saog	0.18	-2.17	36,200
Muscat Thread Mills Co	0.08	0.00	-
Muscat Insurance Co Saog	0.80	0.00	-
Muscat Gases Company Saog	0.28	0.00	2,500
Muscat Finance	0.09	0.00	212,900
Muscat City Desalination Co	0.13	0.00	27,864
Majan Glass Company	0.18	0.00	-
Majan College	0.45	0.00	-
Hsbc Bank Oman	0.12	-0.85	155,000
Hotels Management Co Interna	1.25	0.00	-
Gulf Stone	0.12	0.00	-
Gulf Mushroom Company	0.31	0.00	-
Gulf Investments Services	0.09	-1.10	587,600
Gulf Invest. Serv. Pref-Shar	0.11	0.00	-
Gulf International Chemicals	0.20	0.00	-
Gulf Hotels (Oman) Co Ltd	9.50	0.00	-
Global Fin Investment	0.09	0.00	-
Galfar Engineering&Contract	0.10	-0.97	368,228
Galfar Engineering -Prefer	0.39	0.00	-
Financial Services Co.	0.18	0.00	-
Financial Corp/The	0.10	0.00	-
Dhofar Tourism	0.49	0.00	-
Dhofar Poultry	0.18	0.00	-
Dhofar Intl Development	0.28	0.00	-
Dhofar Insurance	0.14	0.00	-
Dhofar Fisheries & Food Indu	1.28	0.00	-
Dhofar Cattlefeed	0.17	0.00	-
Dhofar Beverages Co	0.26	0.00	-
Construction Materials Ind	0.03	0.00	-
Computer Stationery Inds	0.26	0.00	-
Bankmuscat Saog	0.42	-0.48	68,983
Bank Sohar	0.13	0.00	-
Bank Nizwa	0.09	-1.15	811,359
Bank Dhofar Saog	0.16	-0.62	76,000

OMAN

Company Name	Lt Price	% Chg	Volume
Aloula Co	0.53	0.00	-
Al-Omaniya Financial Service	0.28	0.00	-
Al-Hassan Engineering Co	0.03	0.00	-
Al-Fajar Al-Alamia Co	0.75	0.00	-
Al-Anwar Ceramic Tiles Co	0.09	-4.49	207,760
Al Suwadi Power	0.12	0.00	120,100
Al Sharqiya Invest Holding	0.10	-2.06	161,270
Al Maha Petroleum Products M	0.91	0.00	5,000
Al Maha Ceramics Co Saoc	0.21	0.00	-
Al Madina Takaful Co Saoc	0.09	-1.09	412,482
Al Madina Investment Co	0.04	0.00	-
Al Kamil Power Co	0.38	0.00	-
Al Jazerah Services -Pfd	0.55	0.00	-
Al Jazeera Steel Products Co	0.28	-0.36	60,790
Al Jazeera Services	0.11	0.00	-
Al Izz Islamic Bank	0.09	0.00	903,946
Al Buraimi Hotel	0.88	0.00	-
Al Batinah Power	0.12	0.00	-
Al Batinah Hotels	1.13	0.00	-
Al Batinah Dev & Inv	0.09	0.00	-
Al Anwar Holdings Saog	0.11	-1.82	60,000
Al Ahlia Insurance Co Saoc	0.35	0.00	-
Ahli Bank	0.16	0.00	-
Acwa Power Barka Saog	0.72	0.00	-
Abrasives Manufacturing Co S	0.05	0.00	-
A'saffa Foods Saog	0.60	-2.29	60,000
OMan Oil Marketing Co-Pref	0.25	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-

UAE

Company Name	Lt Price	% Chg	Volume
Waha Capital Pjsc	1.86	-0.53	287,311
United Insurance Company	2.00	0.00	-
United Arab Bank Pjsc	1.20	0.00	-
Union National Bank/Abu Dhab	4.80	-2.44	3,337,572
Union Insurance Co	1.33	0.00	-
Union Cement Co	0.00	0.00	-
Umm Al Qaiwain General Inves	1.00	0.00	-
Sudan Telecommunications Gro	0.46	0.00	-
Sharjah Islamic Bank	1.18	-0.84	253,486
Sharjah Insurance Company	2.84	0.00	-
Sharjah Group	1.30	0.00	-
Sharjah Cement & Indus Devel	0.93	0.00	-
Ras Al-Khaimah National Insu	3.20	0.00	-
Ras Al Khaimah White Cement	0.88	0.00	-
Ras Al Khaimah Ceramics	2.22	-0.89	1,100,083
Ras Al Khaimah Cement Co Psc	0.68	-5.56	75,652
Ras Al Khaima Poultry	1.89	0.00	-
Rak Properties	0.62	0.00	6,251,869
Ooredoo Qpsc	68.30	0.00	-
Oman & Emirates Inv(Emir)50%	0.50	0.00	-
National Takaful Company	0.53	0.00	-
National Marine Dredging Co	2.85	0.00	-
National Investor Co/The	0.58	0.00	-
National Corp Tourism & Hote	1.98	0.00	-
National Bank Of Umm Al Qaiw	2.59	0.00	-
National Bank Of Ras Al-Khai	4.05	0.00	-
National Bank Of Fujairah	3.40	0.00	-
Methaq Takaful Insurance	0.78	0.26	508,000
Manazel Real Estate Pjsc	0.43	-2.93	1,836,750
Invest Bank	2.50	0.00	-
Intl Holdings Co Pjsc	1.16	-1.69	630,375
Insurance House	0.85	0.00	-
Gulf Pharmaceutical Ind Psc	2.02	1.00	103,135
Gulf Medical Projects	1.98	0.00	-
Gulf Cement Co	0.90	0.00	84,245
Fujairah Cement Industries	1.20	0.00	-
Fujairah Building Industries	1.56	0.00	-
Foodco Holding Pjsc	3.35	0.00	-
First Abu Dhabi Bank Pjsc	14.64	-1.08	6,431,086
Finance House	1.68	0.00	31,351
Eshraq Properties Co Pjsc	0.57	0.53	3,933,166
Emirates Telecom Group Co	16.54	-0.96	1,328,001
Emirates Insurance Co. (Psc)	6.50	0.00	-
Emirates Driving Company	5.92	0.00	-
Dana Gas	1.15	0.00	6,644,376
Commercial Bank Internationa	0.57	0.00	-
Bank Of Sharjah	1.09	-0.91	220,000
Axa Green Crescent Insurance	0.50	0.00	-
Arkan Building Materials Co	0.53	0.00	15,000
Alkhaleej Investment	2.10	0.00	-
Aldar Properties Pjsc	1.70	-1.16	6,735,847
Al Wathba National Insurance	12.76	0.00	-
Al Qudra Holding Pjsc	0.90	0.00	-
Al Khazna Insurance Co	0.25	0.00	-
Al Fujairah National Insuran	300.00	0.00	-
Al Dhafra Insurance Co. P.S.	3.85	0.00	-
Al Buhaira National Insuranc	2.21	0.00	-
Al Ain Ahlia Ins. Co.	38.00	0.00	-
Agthia Group Pjsc	3.85	-3.75	453,376
Abu Dhabi Ship Building Co	1.02	0.00	-
Abu Dhabi Natl Co For Buildi	0.49	0.00	-
Abu Dhabi National Takaful C	4.40	0.00	-
Abu Dhabi National Oil Co Fo	2.30	-1.29	300,527
Abu Dhabi National Insurance	3.75	0.00	200,000
Abu Dhabi National Hotels	3.19	0.00	86,034
Abu Dhabi National Energy Co	1.13	-0.88	274,954

BAHRAIN

Company Name	Lt Price	% Chg	Volume
Zain Bahrain Bscc	0.09	0.00	88,830
United Paper Industries Bsc	0.00	0.00	-
United Gulf Holding Bsc	1.02	0.00	1,500
Trafco Group Bsc	0.32	0.00	100,250
Takaful International Co	0.09	0.00	166,491
Seef Properties	0.22	0.93	55,000
National Bank Of Bahrain Bsc	0.60	0.00	200,000
Nass Corp Bsc	0.10	2.11	19,500
Khaleeji Commercial Bank	0.08	-4.71	23,669
Ithmaar Holding Bsc	0.10	0.00	399,000
Investcorp Bank -$Us	0.00	0.00	-
Inovest Co Bsc	0.00	0.00	-
Gulf Hotel Group B.S.C	0.00	0.00	-
Gfh Financial Group Bsc	0.36	-2.74	1,190,000
Esterad Investment Co B.S.C.	0.11	-1.82	46,279
Eskan Bank Realty Income Tr	0.10	0.00	67,000
Delmon Poultry Co	0.00	0.00	-
Bmmi Bsc	0.69	0.00	500,000
Bbk Bsc	0.44	2.79	62,918
Bahrain Telecom Co	0.24	0.83	300,752
Bahrain National Holding	0.00	0.00	-
Bahrain Kuwait Insurance	0.00	0.00	-
Bahrain Islamic Bank	0.13	0.00	50,348
Bahrain Flour Mills Co	0.00	0.00	-
Bahrain Duty Free Complex	0.72	0.70	10,000
Bahrain Commercial Facilitie	0.76	0.66	20,000
Bahrain Cinema Co	`	0.00	1,700
Arab Banking Corp Bsc-$Us	0.40	0.00	64,868
Aluminium Bahrain Bsc	0.60	0.00	101,000
Albaraka Banking Group	0.29	0.00	160,000
Al-Salam Bank	0.10	0.00	100,000
Ahli United Bank B.S.C	0.66	-1.49	438,000
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-

LATEST MARKET CLOSING FIGURES

BUSINESS

DJIA

Company Name	Lt Price	% Chg	Volume
Apple Inc	217.58	0.56	24,146,904
Microsoft Corp	108.38	2.09	26,174,938
Exxon Mobil Corp	82.92	-1.90	6,996,499
Johnson & Johnson	135.54	-1.59	3,640,605
General Electric Co	12.98	-2.30	52,089,621
Jpmorgan Chase & Co	109.69	-1.60	12,161,509
Procter & Gamble Co/The	80.19	-1.53	4,131,198
Walmart Inc	95.29	-0.50	3,532,925
Verizon Communications Inc	53.92	-0.75	11,034,365
Pfizer Inc	43.28	-2.77	17,060,440
Visa Inc-Class A Shares	135.19	-0.24	6,942,637
Chevron Corp	120.12	-2.02	2,745,019
Coca-Cola Co/The	45.24	-0.96	5,824,370
Intel Corp	44.85	0.11	16,118,536
Merck & Co. Inc.	69.40	-1.50	4,375,553
Cisco Systems Inc	45.27	-0.79	14,045,037
Home Depot Inc	194.37	0.35	2,171,931
Intl Business Machines Corp	142.08	-0.43	3,048,099
Walt Disney Co/The	112.42	-0.39	3,912,022
Unitedhealth Group Inc	262.32	-0.29	1,405,555
3M Co	200.54	-0.80	1,181,578
Mcdonald's Corp	164.65	-2.21	2,238,863
Nike Inc -Cl B	75.78	1.12	5,184,187
United Technologies Corp	130.38	-0.56	2,658,615
Boeing Co/The	365.62	-0.50	2,452,163
Goldman Sachs Group Inc	214.37	-0.24	2,562,878
American Express Co	103.51	-0.06	1,700,485
Caterpillar Inc	143.75	0.02	3,044,731
Travelers Cos Inc/The	125.63	-1.98	704,166

FTSE 100

Company Name	Lt Price	% Chg	Volume
Wpp Plc	1,065.00	-1.02	3,839,868
Worldpay Group Plc	0.00	0.00	-
Wolseley Plc	0.00	0.00	-
Wm Morrison Supermarkets	248.30	0.67	16,662,453
Whitbread Plc	4,555.00	-1.66	2,823,218
Vodafone Group Plc	150.98	-1.32	102,061,915
United Utilities Group Plc	704.40	-2.36	2,728,267
Unilever Plc	3,944.50	-2.27	3,519,874
Tui Ag-Di	1,348.00	-1.25	1,803,077
Travis Perkins Plc	1,004.00	0.90	1,819,926
Tesco Plc	218.30	0.97	75,832,433
Taylor Wimpey Plc	157.85	-4.36	12,279,140
Standard Life Plc	0.00	0.00	-
Standard Chartered Plc	570.20	-2.06	9,997,933
St James's Place Plc	1,057.00	-2.49	2,278,327
Sse Plc	1,124.00	-1.14	3,819,222
Smith & Nephew Plc	1,292.50	-1.07	2,010,144
Sky Plc	1,726.00	0.00	16,077,303
Shire Plc	4,252.50	-2.33	2,978,431
Severn Trent Plc	1,850.00	-1.49	1,082,045
Schroders Plc	2,882.00	-4.09	647,039
Sainsbury (J) Plc	306.40	-1.64	10,066,295
Sage Group Plc/The	556.00	-0.04	5,040,675
Abi Sab Group Holding Ltd	0.00	0.00	-
Rsa Insurance Group Plc	551.00	-1.99	4,416,127
Royal Mail Plc	341.20	-1.19	5,491,708
Royal Dutch Shell Plc-B Shs	2,520.00	-3.04	6,389,985
Royal Dutch Shell Plc-A Shs	2,485.00	-3.01	9,194,575
Royal Bank Of Scotland Group	244.20	-1.89	18,819,057
Rolls-Royce Holdings Plc	871.60	-1.65	5,891,701
Rio Tinto Plc	3,629.00	-0.47	5,833,329
Rexam Ltd	0.00	0.00	-
Relx Plc	1,494.00	0.17	7,774,631
Reckitt Benckiser Group Plc	6,449.00	-2.15	1,430,665
Randgold Resources Ltd	5,706.00	8.36	1,142,859
Prudential Plc	1,582.00	-3.89	8,853,081
Provident Financial Plc	541.40	-2.97	572,441
Persimmon Plc	2,178.00	-3.67	1,180,182
Pearson Plc	780.00	-0.94	4,981,703
Paddy Power Betfair Plc	6,010.00	-1.48	209,596
Old Mutual Plc	0.00	0.00	-
Next Plc	5,254.00	-4.51	672,128
National Grid Plc	799.00	-1.09	10,588,590
Mondi Plc	1,775.00	-0.03	4,617,083
Merlin Entertainment	374.90	-1.00	2,145,801
Mediclinic International Plc	447.40	0.34	1,613,985
Marks & Spencer Group Plc	291.60	-1.42	7,018,446
London Stock Exchange Group	4,077.00	-2.00	1,635,947
Lloyds Banking Group Plc	57.90	-2.05	193,902,562
Legal & General Group Plc	245.90	-3.38	24,981,695
Land Securities Group Plc	832.40	-1.33	2,780,674
Kingfisher Plc	253.40	-2.95	17,984,510
Johnson Matthey Plc	3,089.00	-2.89	816,127
Itv Plc	155.90	-2.53	17,571,192
Intu Properties Plc	182.80	-1.11	6,439,380
Intl Consolidated Airline-Di	581.80	-1.62	5,841,226
Intertek Group Plc	4,435.00	0.57	572,141
Intercontinental Hotels Grou	4,215.00	-2.27	614,755
Inmarsat Plc	485.50	-1.84	1,385,883
Informa Plc	716.60	-0.61	2,814,128
Imperial Brands Plc	2,678.00	-0.13	2,644,527
Hsbc Holdings Plc	630.10	-3.58	35,410,963
Hargreaves Lansdown Plc	1,850.50	-5.01	2,641,097
Hammerson Plc	434.00	-1.61	3,152,043
Glencore Plc	311.25	-0.19	56,093,447
Glaxosmithkline Plc	1,451.60	-2.16	11,631,698
Gkn Ltd	0.00	0.00	-
Fresnillo Plc	839.00	8.65	3,279,000
Experian Plc	1,728.50	-2.07	3,265,303
Easyjet Plc	1,178.00	-1.63	1,913,520
Dixons Carphone Plc	157.15	-1.32	2,107,903
Direct Line Insurance Group	322.10	-2.25	4,687,911
Diageo Plc	2,523.50	-2.94	7,270,114
Dcc Plc	6,235.00	-2.04	528,843
Crh Plc	2,305.00	-2.70	3,347,358
Compass Group Plc	1,555.00	0.78	4,094,001
Coca-Cola Hbc Ag-Di	2,317.00	1.00	1,499,603
Centrica Plc	147.10	-3.64	35,266,246
Carnival Plc	4,315.00	-2.44	865,597
Capita Plc	124.30	-1.07	8,277,176
Burberry Group Plc	1,740.50	0.72	3,362,621
Bunzl Plc	2,193.00	-0.05	1,443,751
Bt Group Plc	237.00	0.00	39,769,339
British Land Co Plc	575.00	-1.44	3,378,913
British American Tobacco Plc	3,405.00	-1.30	5,677,206
Bp Plc	554.40	-2.60	39,969,436
Bhp Billiton Plc	1,564.00	-0.60	11,727,832
Berkeley Group Holdings/The	3,310.00	-3.78	806,563
Barratt Developments Plc	487.80	-12.14	10,072,927
Barclays Plc	168.00	-2.12	62,225,564
Bae Systems Plc	582.20	-1.39	12,104,248
Babcock Intl Group Plc	648.00	-3.05	2,220,854
Aviva Plc	438.80	-2.47	13,166,970
Astrazeneca Plc	5,616.00	-1.51	2,970,705
Associated British Foods Plc	2,306.00	-0.60	1,334,754
Ashtead Group Plc	1,979.00	-3.65	4,395,080
Arm Holdings Plc	0.00	0.00	-
Antofagasta Plc	768.00	-1.49	4,780,271
Anglo American Plc	1,620.00	-0.89	5,562,514
Admiral Group Plc	1,932.50	-3.52	828,039
3I Group Plc	849.40	-4.84	3,814,923
#N/A	0.00	0.00	-

TOKYO

Company Name	Lt Price	% Chg	Volume
Hitachi Ltd	3,505.00	-3.95	4,258,000
Takeda Pharmaceutical Co Ltd	4,429.00	-2.42	6,967,700
Jfe Holdings Inc	2,483.00	-2.86	3,852,800
Sumitomo Corp	1,831.50	-4.06	6,108,500
Canon Inc	3,453.00	-2.49	6,013,100
Nintendo Co Ltd	38,650.00	-3.13	2,027,700
Eisai Co Ltd	10,285.00	-4.37	1,039,300
Isuzu Motors Ltd	1,600.00	-4.85	4,402,100
Unicharm Corp	3,306.00	-2.79	2,277,900
Shin-Etsu Chemical Co Ltd	8,971.00	-4.31	2,758,800
Smc Corp	31,890.00	-6.73	470,300
Mitsubishi Corp	3,475.00	-3.69	6,055,400
Asahi Group Holdings Ltd	4,673.00	-4.06	2,103,600
Keyence Corp	57,910.00	-4.99	698,500
Nidec Corp	14,510.00	-4.79	1,403,400
Nomura Holdings Inc	538.60	-3.84	31,408,000
Daiichi Sankyo Co Ltd	4,510.00	-4.99	2,038,200
Subaru Corp	3,240.00	-2.94	5,228,500
Ntt Docomo Inc	2,944.50	-1.51	5,956,100

WORLD INDICES

Indices	Lt Price	Change
Dow Jones Indus. Avg	25,456.78	-141.96
S&P 500 Index	2,767.38	-18.30
Nasdaq Composite Index	7,416.82	-5.23
S&P/Tsx Composite Index	15,404.50	-112.90
Mexico Bolsa Index	47,521.09	-615.09
Brazil Bovespa Stock Idx	83,340.50	-338.61
Ftse 100 Index	7,006.93	-138.81
Cac 40 Index	5,106.37	-99.85
Dax Index	11,539.35	-173.15
Ibex 35 Tr	9,007.90	-155.00
Nikkei 225	22,590.86	-915.18
Japan Topix	1,701.86	-62.00
Hang Seng Index	25,266.37	-926.70
All Ordinaries Indx	5,993.48	-170.30
Nzx All Index	1,526.85	-56.98
Bse Sensex 30 Index	34,001.15	-759.74
Nse S&P Cnx Nifty Index	10,234.65	-225.45
Straits Times Index	3,047.39	-84.09
Karachi All Share Index	28,218.02	-166.72
Jakarta Composite Index	5,702.82	-117.85

TOKYO

Company Name	Lt Price	% Chg	Volume
Sumitomo Realty & Developmen	3,913.00	-2.54	2,272,000
Sumitomo Metal Mining Co Ltd	3,651.00	-5.41	2,586,600
Orix Corp	1,823.50	-2.28	8,034,600
Daiwa Securities Group Inc	666.30	-3.70	7,906,300
Softbank Group Corp	9,535.00	-5.83	19,324,300
Mizuho Financial Group Inc	194.20	-2.46	190,611,000
Central Japan Railway Co	22,790.00	-3.60	370,500
Nitori Holdings Co Ltd	15,085.00	-1.57	679,500
T&D Holdings Inc	1,918.50	-3.42	3,499,200
Toyota Motor Corp	6,597.00	-2.41	9,658,000
Hoya Corp	6,235.00	-4.72	1,962,800
Sumitomo Mitsui Trust Holdin	4,546.00	-3.97	1,830,400
Japan Tobacco Inc	2,890.00	-2.10	11,148,300
Osaka Gas Co Ltd	2,140.50	-2.81	1,481,200
Sumitomo Electric Industries	1,629.00	-3.75	2,803,300
Ono Pharmaceutical Co Ltd	3,044.00	-2.28	2,442,400
Ajinomoto Co Inc	1,866.50	-1.09	2,432,000
Mitsui Fudosan Co Ltd	2,534.00	-3.32	4,120,500
Daikin Industries Ltd	13,920.00	-4.59	1,257,100
Toray Industries Inc	814.60	-2.78	8,242,000
Bridgestone Corp	4,216.00	-2.52	3,963,400
Sony Corp	6,288.00	-4.28	14,323,300
Astellas Pharma Inc	1,869.00	-3.46	7,154,800
Jxtg Holdings Inc	802.00	-6.52	18,493,400
Nippon Steel & Sumitomo Meta	2,252.50	-3.31	4,578,400
Suzuki Motor Corp	5,881.00	-1.61	3,574,200
Nippon Telegraph & Telephone	4,911.00	-1.66	3,482,900
Sompo Holdings Inc	4,793.00	-2.02	1,669,400
Daiwa House Industry Co Ltd	3,363.00	0.21	3,542,500
Komatsu Ltd	3,209.00	-5.12	8,831,800
West Japan Railway Co	7,744.00	-0.97	949,600
Murata Manufacturing Co Ltd	16,020.00	-4.44	1,700,100
Kansai Electric Power Co Inc	1,697.50	-2.44	2,502,100
Denso Corp	5,266.00	-3.06	2,722,400
Dai-Ichi Life Holdings Inc	2,352.50	-3.39	5,621,900
Mazda Motor Corp	1,286.00	-1.53	7,319,600
Mitsui & Co Ltd	2,002.00	-4.16	8,087,600
Kao Corp	8,508.00	-3.40	1,853,000
Sekisui House Ltd	1,660.00	-1.31	4,923,000
Oriental Land Co Ltd	10,970.00	-2.49	899,100
Secom Co Ltd	9,295.00	-2.77	962,200
Tokio Marine Holdings Inc	5,486.00	-2.44	2,836,900
Aeon Co Ltd	2,672.50	-0.93	4,518,500
Fanuc Corp	19,005.00	-6.84	3,241,600
Daito Trust Construct Co Ltd	14,540.00	-1.56	561,200
Otsuka Holdings Co Ltd	5,470.00	-4.69	1,856,500
Resona Holdings Inc	618.20	-4.69	21,714,000
Asahi Kasei Corp	1,545.50	-4.04	8,318,300
Kirin Holdings Co Ltd	2,687.50	-5.20	2,893,200
Mitsubishi Ufj Financial Gro	694.10	-4.60	107,355,000
Marubeni Corp	986.00	-6.14	16,458,700
Mitsubishi Chemical Holdings	980.40	-4.44	11,294,600
Fast Retailing Co Ltd	57,260.00	-4.25	1,281,300
Ms&Ad Insurance Group Holdin	3,699.00	-2.12	1,738,600
Kubota Corp	1,846.00	-5.94	6,312,800
Seven & I Holdings Co Ltd	4,940.00	-2.74	3,424,600
Inpex Corp	1,352.00	-5.29	8,570,200
Sumitomo Mitsui Financial Gr	4,495.00	-4.14	11,562,100
Ana Holdings Inc	3,678.00	-2.13	1,878,600
Mitsubishi Electric Corp	1,420.00	-5.11	10,778,100
Honda Motor Co Ltd	3,085.00	-3.80	8,620,800
Tokyo Gas Co Ltd	2,763.00	-1.06	1,452,500
Tokyo Electron Ltd	14,120.00	-3.88	2,539,500
Panasonic Corp	1,247.50	-4.22	13,599,600
Fujitsu Ltd	7,300.00	-4.16	1,506,500
East Japan Railway Co	9,967.00	-2.28	1,737,200
Itochu Corp	2,187.50	-2.67	7,538,000
Fujifilm Holdings Corp	4,821.00	-3.37	2,504,500
Yamato Holdings Co Ltd	3,327.00	-3.59	1,308,500
Chubu Electric Power Co Inc	1,686.00	-3.05	1,636,000
Mitsubishi Estate Co Ltd	1,828.50	-2.09	6,154,100
Mitsubishi Heavy Industries	4,356.00	-1.31	1,918,200
Shiseido Co Ltd	7,317.00	-6.65	5,242,900
Shionogi & Co Ltd	7,267.00	-1.50	1,658,700
Recruit Holdings Co Ltd	3,440.00	-4.97	7,069,900
Japan Airlines Co Ltd	3,782.00	-1.64	2,092,300
Nitto Denko Corp	7,953.00	-5.64	1,717,900
Kddi Corp	2,935.00	-1.86	7,105,000
Rakuten Inc	806.10	-3.25	11,065,300
Kyocera Corp	6,257.00	-2.96	1,844,400
Nissan Motor Co Ltd	1,007.00	-2.14	25,827,100

SENSEX

Company Name	Lt Price	% Chg	Volume
Zee Entertainment Enterprise	463.90	0.89	11,111,205
Yes Bank Ltd	240.20	2.69	101,942,463
Wipro Ltd	313.05	-0.92	2,976,092
Vedanta Ltd	207.90	-4.70	17,688,064
Ultratech Cement Ltd	3,688.75	-2.36	258,371
Tech Mahindra Ltd	695.45	-0.55	3,680,311
Tata Steel Ltd	555.15	-4.88	11,698,298
Tata Power Co Ltd	62.25	-4.23	5,411,172
Tata Motors Ltd	182.95	-3.07	21,583,430
Tata Consultancy Svcs Ltd	1,979.95	-3.11	5,058,461
Sun Pharmaceutical Indus	586.70	-2.70	4,920,474
State Bank Of India	262.15	-5.92	48,929,265
Reliance Industries Ltd	1,087.80	-1.30	13,989,569
Punjab National Bank	64.30	-3.02	31,084,762
Power Grid Corp Of India Ltd	185.70	-0.77	5,720,644
Oil & Natural Gas Corp Ltd	152.95	2.93	16,743,113
Ntpc Ltd	163.15	-0.73	3,135,402
Maruti Suzuki India Ltd	6,875.50	-1.58	942,466
Mahindra & Mahindra Ltd	730.15	-4.44	6,374,026
Lupin Ltd	836.55	-2.51	1,840,484
Larsen & Toubro Ltd	1,225.85	-1.98	4,264,351
Kotak Mahindra Bank Ltd	1,115.55	-1.95	2,504,765
Itc Ltd	265.20	-1.81	11,397,046
Infosys Ltd	673.35	-3.87	11,666,270
Indusind Bank Ltd	1,592.55	-2.77	2,167,147
Vodafone Idea Ltd	34.55	-4.16	17,178,656
Icici Bank Ltd	311.70	-2.55	22,535,339
Housing Development Finance	1,684.55	-3.02	3,334,675
Hindustan Unilever Ltd	1,526.10	-0.10	1,956,132
Hindalco Industries Ltd	216.50	-4.58	16,521,991
Hero Motocorp Ltd	2,871.00	-1.68	663,827
Hdfc Bank Limited	1,937.55	-1.50	3,697,683
Hcl Technologies Ltd	1,009.00	-4.07	3,184,495
Grasim Industries Ltd	878.35	-3.44	1,703,942
Gail India Ltd	350.25	4.13	6,292,419
Dr. Reddy's Laboratories	2,459.00	-1.03	577,609
Coal India Ltd	266.60	-2.24	3,536,490
Cipla Ltd	616.20	-3.66	1,758,694
Cairn India Ltd	0.00	0.00	-
Bosch Ltd	18,283.65	-1.61	17,081
Bharti Airtel Ltd	285.35	-3.30	12,435,767
Bharat Petroleum Corp Ltd	278.15	4.80	23,168,084
Bharat Heavy Electricals	73.30	-1.15	6,854,512
Bank Of Baroda	93.95	-1.73	24,198,179
Bajaj Auto Ltd	2,525.80	-2.17	441,313
Axis Bank Ltd	580.85	-1.42	11,776,745
Asian Paints Ltd	1,219.05	-0.56	846,525
Ambuja Cements Ltd	207.85	-0.98	3,893,893
Adani Ports And Special Econ	313.50	-4.16	2,937,540
Acc Ltd	1,434.80	-1.97	641,360

The US Federal Reserve building in Washington, DC (file). US President Donald Trump earlier blamed "crazy" policies of the Federal Reserve for contributing to financial market turmoil, although the White House later said he was not trying to dictate Fed policy.

'Domino effect' hits stocks as Trump slams Fed

AFP
London

The global stock market downturn worsened yesterday as investors, spooked by a plethora of economic woes, dumped shares that suddenly looked dangerously overvalued.

Across Europe, London's FTSE 100 fell 1.9% to close at 7,006.93; Paris' CAC 40 was down 1.9% at 5,106.37, while Frankfurt's DAX 30 dropped 1.5% at 11,539.35.

The extent of European equity falls almost matched the previous day's tumble at the close, while the Wall Street was also in the red again, having earlier tried, and failed, to recapture positive territory.

"Global sentiment remains skittish amid the recent rise in global bond yields, led by Treasuries, as well as concerns about the Fed tightening policy too much despite rising risks," said Charles Schwab analysts.

Mounting worries over high interest rates and trade battles, although hardly new, have reached boiling point, said analysts, who were wary of predicting the markets' next moves.

"It looks like we could be in for another difficult day on Wall Street, but the acid test will be if the benchmarks close below yesterday's levels," said David Madden at CMC Markets.

Crucially, investors seemed to be finally grasping that the American economy is facing a slowdown, sparking fears that the current market downturn may just be the beginning, said Oliver Jones at Capital Economics.

"Investors are starting to factor in the prospect of the US economy slowing in response to tighter monetary policy," he said. "We think that this will start to happen in 2019, causing equities in the US and elsewhere to fall much further."

US President Donald Trump earlier blamed "crazy" policies of the Federal Reserve for contributing to financial market turmoil, although the White House later said he was not trying to dictate Fed policy.

"In the absence of a specific trigger, investors are currently voting with their feet," said Richard Hunter, head of markets at Interactive Investor.

US Treasury Secretary Steven Mnuchin, meanwhile, said that the Wall Street's rout was "somewhat of a correction".

International Monetary Fund chief Christine Lagarde defended central bank rate hikes in a veiled rebuke to Trump.

"It is clearly a necessary development for those economies that are showing much improved growth, inflation that is picking up…unemployment that is extremely low," she told a press briefing in Bali, host to annual meetings of the IMF and World Bank this week.

The IMF on Tuesday cut its global GDP growth forecast by 0.2 percentage points to 3.7% for both 2018 and 2019, citing economic uncertainties.

"All bets are off," warned Stephen Innes, head of Asia-Pacific trading at OANDA, adding that markets were "fraught with peril".

Among Asia's biggest stock market losers yesterday were Shanghai and Taipei, closing down 5.2% and 6.3% respectively.

Chinese stock markets plunged to their lowest levels in four years.

HONG KONG

Company Name	Lt Price	% Chg	Volume
Aluminum Corp Of China Ltd-H	3.14	-4.56	58,375,547
Bank Of East Asia Ltd	26.80	-3.25	1,310,081
Bank Of China Ltd-H	3.27	-2.10	595,855,447
Bank Of Communications Co-H	5.52	-3.16	33,734,593
Belle International Holdings	0.00	0.00	-
Boc Hong Kong Holdings Ltd	34.10	-2.99	16,036,104
Cathay Pacific Airways	11.02	-2.65	2,865,900
Ck Hutchison Holdings Ltd	81.90	-2.09	7,446,566
China Coal Energy Co-H	3.24	-6.09	11,603,251
China Construction Bank-H	6.09	-3.03	528,695,089
China Life Insurance Co-H	16.66	-2.80	67,701,867
China Merchants Port Holding	13.34	-4.99	6,985,922
China Mobile Ltd	78.50	-2.79	38,133,769
China Overseas Land & Invest	22.60	-4.64	25,835,797
China Petroleum & Chemical-H	6.72	-1.32	194,242,196
China Resources Beer Holding	27.30	-4.21	15,398,307
China Resources Land Ltd	24.20	-4.91	13,650,442
China Resources Power Holdin	13.28	-2.06	7,527,457
China Shenhua Energy Co-H	17.82	-2.62	36,406,567
China Unicom Hong Kong Ltd	8.81	-3.29	48,434,496
Citic Ltd	11.50	-3.52	12,244,013
Clp Holdings Ltd	88.00	-1.01	5,660,835
Cnooc Ltd	14.28	-3.77	115,263,700
Cosco Shipping Ports Ltd	8.35	-4.24	6,886,696
Esprit Holdings Ltd	1.98	-5.71	7,933,192
Fih Mobile Ltd	0.70	-6.67	14,919,230
Hang Lung Properties Ltd	14.08	-4.99	9,107,383
Hang Seng Bank Ltd	204.60	-2.76	2,475,778
Henderson Land Development	37.15	-2.75	5,321,836

HONG KONG

Company Name	Lt Price	% Chg	Volume
Hong Kong & China Gas	14.82	-1.33	26,894,730
Hong Kong Exchanges & Clear	196.70	-5.80	14,313,440
Hsbc Holdings Plc	66.05	-3.01	39,115,421
Hutchison Whampoa Ltd	0.00	0.00	-
Ind & Comm Bk Of China-H	5.16	-3.01	381,010,547
Li & Fung Ltd	1.65	-5.17	20,968,516
Mtr Corp	39.30	-1.63	5,811,484
New World Development	9.95	-2.83	21,250,484
Petrochina Co Ltd-H	5.99	-3.85	226,453,435
Ping An Insurance Group Co-H	72.10	-3.55	89,614,143
Power Assets Holdings Ltd	53.30	-1.57	6,011,178
Sino Land Co	12.20	-3.94	6,432,439
Sun Hung Kai Properties	105.40	-2.77	6,447,110
Swire Pacific Ltd - Cl A	82.45	-2.71	1,387,595
Tencent Holdings Ltd	267.00	-6.77	67,627,840
Wharf Holdings Ltd	18.98	-6.50	6,448,661

GCC INDICES

Indices	Lt Price	Change
Doha Securities Market	9,861.53	-102.84
Saudi Tadawul	7,530.80	-303.99
Kuwait Stocks Exchange	#N/A N/A	#N/A N/A
Bahrain Stock Exchage	1,316.03	-4.77
Oman Stock Market	4,489.76	-18.91
Abudhabi Stock Market	4,967.77	-46.76
Dubai Financial Market	2,755.32	-55.31

CURRENCIES

	DOLLAR	QATAR RIYAL	SAUDI RIYAL	UAE DIRHAMS	BAHRAINI DINAR	KUWAITI DINAR
US DOL	1.000000	3.641500	3.750000	3.672700	0.377000	0.303080
EURO	1.157400	4.214672	4.340250	4.250783	0.436340	0.350785
AUS DOL	0.709400	2.583280	2.660250	2.605413	0.267444	0.215005
CAN DOL	1.304700	2.791063	2.874224	2.814977	0.288955	0.232299
SING DOL	1.379800	2.639151	2.717785	2.661763	0.273228	0.219655
HKG DOL	7.837200	0.464643	0.478487	0.468624	0.048104	0.038672
STERLING PD	1.320700	4.809329	4.952625	4.850535	0.285455	0.400278
EGY.POUND	17.875000	0.203720	0.209790	0.205466	0.021091	0.016956
NEW ZEALAND DOL	0.649200	2.364062	2.434500	2.384317	0.244748	0.196760
LBP	1508.000000	0.002415	0.002487	0.002435	0.000250	0.000201
SWISS FR	0.987600	3.687222	3.797084	3.718813	0.381733	0.306885
DANISH KR	6.446300	0.564898	0.581729	0.569738	0.058483	0.047016
SWEDISH KR	8.975700	0.405707	0.417795	0.409183	0.042002	0.033767
NORWEGIAN KR	8.205300	0.443799	0.457022	0.447601	0.045946	0.036937
INDIAN RUP	74.130000	0.049123	0.050587	0.049544	0.005086	0.004088
SRILANKA	171.100000	0.021283	0.021917	0.021465	0.002203	0.001771
PAK RS	133.000000	0.027380	0.028195	0.027614	0.002835	0.002279
JORDAN DINAR	0.709000	5.136107	5.289140	5.180113	0.531735	0.427475
OMANI RIAL	0.384960	9.459424	9.741272	9.540472	0.979323	0.787303
JAP YEN	112.130000	0.032476	0.033443	0.032754	0.003362	0.002703
BANGLA TAKA	84.200000	0.043248	0.044537	0.043619	0.004477	0.003600

As of LONDON close 11 October 2018

US inflation trails estimates as used-car prices tumble

Bloomberg
Washington

A gauge of underlying US inflation was below estimates in September as used-car costs fell and housing rents cooled, signalling that price gains may remain close to where Federal Reserve policy makers want them amid an outlook for continued gradual interest-rate hikes.

Excluding volatile food and energy costs, the core consumer price index rose 2.2% in September from a year earlier, the same pace as in August and less than the 2.3% median estimate of economists surveyed by Bloomberg News, a Labour Department report showed yesterday. The broader CPI slowed to a 2.3% annual gain, the least since February, compared with forecasts for 2.4%.

The inflation figures partly reflect a 3% monthly decline in prices for used cars and trucks, the biggest drop in 15 years. While the dollar and 10-year Treasury yields initially fell after the report, Fed officials will have two more months of price figures in hand before their December meeting at which they're projected to raise interest rates for a fourth time this year amid solid economic growth and consumer spending, boosted by tax cuts.

"The Fed would like to see inflation stay around 2% but in recent months it's been easing some," said Michael Moran, an economist at Daiwa Capital Markets in New York. However, "I wouldn't change my Fed call" for a December hike based on this report, he said, as a strong economy and close-to-full employment mean inflation shouldn't cool too much.

Benchmark Treasury yields have climbed to multi-year highs this month amid investor expectations that the Fed will continue raising rates to the point of eventually restricting growth, and Wednesday's rout in stocks has put added focus on economic data. A market-based gauge of the annual US inflation rate for the next decade — the 10-year breakeven rate — remains near a four-month high of 2.17% reached last week.

The core CPI rose 0.1% in September from the prior month, compared with the median estimate of economists for a 0.2% gain. The broader index was also up 0.1%, below forecasts for a 0.2% increase.

The slowdown in inflation helped push price-adjusted wages higher in September. Inflation-adjusted pay rose 0.5% from a year earlier, following a 0.2% increase in August.

Americans' outlooks for inflation one and three years in the future were steady in September at 3%, according to the New York Fed's Survey of Consumer Expectations released on Tuesday.

Fed Chairman Jerome Powell said in a speech last week that inflation is roughly at the central bank's 2% objective and "the outlook of forecasters inside and outside the Fed is for more of the same."

Besides the drop in used-car prices, costs for new vehicles fell 0.1%, the first decline since April.

Categories showing increases included shelter, which accounts for about one-third of the CPI and rose 0.2% from August, the smallest gain in three months. Owners- equivalent rent, one of the categories designed to track rental prices, increased 0.2%.

Apparel prices increased 0.9%, the biggest gain since February, after a 1.6% monthly drop in August that was the most in almost seven decades. Airfares rose 1%.

Seasonally adjusted gasoline prices decreased 0.2% in September from the prior month, following a 3% increase.

The Fed's preferred gauge of inflation — a separate consumption-based figure from the Commerce Department — has been just above the central bank's 2% goal in recent months, and the figure tends to run slightly below the Labour Department's CPI. September numbers are due on October 29.

"It's a benign number," Constance Hunter, chief economist at KPMG LLP, said yesterday on Bloomberg Television. "The Fed has said they're going to do one more this year, more or less, and then three next year. I think that's completely on track."

A separate Labour Department report yesterday showed filings for unemployment benefits ticked up last week while remaining near the lowest level since 1969. Initial jobless claims rose 7,000 to 214,000, with North Carolina and South Carolina still reflecting the impact of Hurricane Florence, according to the report, which may also indicate volatility around the Columbus Day holiday.

The increase in the core CPI brought the three-month annualized gain to 1.8%, after 2.

Energy prices fell 0.5% from previous month; food costs were unchanged.

Prices for medical care advanced 0.2% following two months of declines; these readings often vary from results for this category within the Fed's preferred measure of inflation due to different methodologies.

yesterday's consumer-price report also indicated retired workers receiving Social Security benefits may receive a 2.8% cost-of-living adjustment in 2019; it's up to the Social Security Administration to issue the final determination.

The CPI is the broadest of three price gauges from the Labour Department because it includes all goods and services. About 60% of the index covers the prices that consumers pay for services ranging from medical visits to airline fares, movie tickets and rents.

Trump says 'crazy' Federal Reserve is 'too aggressive'

Reuters
Washington

US President Donald Trump launched a second day of criticism against the Federal Reserve yesterday, calling its interest rate increases a "ridiculous" policy that was making it more expensive for his administration to finance its escalating deficits.

"I'm paying interest at a high rate because of our Fed. And I'd like our Fed not to be so aggressive because I think they're making a big mistake," Trump said in an interview on Fox & Friends yesterday morning.

It was his second broadside against the US central bank in the last 24 hours, following a sell-off on Wall Street partly attributed to investors fully adjusting to the central bank's steady rate increases, and an uptick in particular in yields on long-term US Treasury bonds that are an important, more secure alternative to stock investments.

Past presidents have criticised their central bankers, but this was an unusual run of invective even for Trump.

Since the close of Wednesday's trading session on Wall Street he has called the Fed "crazy," "loco," "ridiculous," and "too cute," while saying its rate increases are "too aggressive," and "a big mistake." US stocks opened lower yesterday.

"The problem that I have is with the Fed. The Fed is going wild. I mean I don't know what their problem is but they are raising interest rates and it's ridiculous," Trump said late Wednesday night. "The problem in my opinion is Treasuries and the Fed.

The Fed is going loco and there is no reason for them to do it and I'm not happy about it."

A Fed official said the central bank would not comment on the president's remarks.

Global economic leaders including International Monetary Fund head Christine Lagarde came to the Fed's defence, noting that the independence of monetary policy from the influence of elected officials has become a touchstone of effective economic governance, and helps prevent politicians from using cheap money to further their own interests.

At IMF meetings in Bali, Lagarde said she "would not associate" Fed chair Jerome Powell "with craziness."

"I'm paying interest at a high rate because of our Fed. And I'd like our Fed not to be so aggressive because I think they're making a big mistake," Trump said in an interview on Fox & Friends yesterday morning.

The Fed raised interest rates last month, and is expected to do so again in December.

Fed officials including Powell, Trump's handpicked chair, have said pointedly that they will not be influenced by comments from elected officials, and will make decisions based on economic data.

That has so far been strong enough to warrant steady rate hikes, a sign from the Fed's perspective of an economy that has recovered more completely from the 2007 to 2009 financial crisis.

At just over 2%, the Fed's short-term policy rate remains low by historic standards, and most indexes of borrowing costs and credit flows still regard broader financial conditions as "loose" and conducive to economic growth.

The yield on the 10-year US Treasury note has risen to around 3.1% from around 2.1% over the past year.

The gradually rising rates, Fed officials say, are meant to guard against any quick run-up in inflation, while remaining low enough so far for the recovery and a strong run of job growth to continue.

The policy could eventually bite harder into parts of the economy that are both sensitive to interest rates and connected to politically important industries, such as autos and home construction and sales.

Lloyds, Schroders wealth talks keep big prize in suspense

Bloomberg
Rome

Lloyds Banking Group Plc and Schroders Plc said they're considering working together in managing wealth, but it remains to be seen whether that will help the investment manager win the big prize: a £109bn ($143bn) portfolio of the lender's assets.

Both companies said they are in talks "with a view to working closely together in parts of the wealth sector," after Sky News reported that the two are considering a joint venture. However, neither mentioned the competition to secure the investment mandate from Lloyds-owned Scottish Widows.

Schroders is the front-runner to win the investment contract, a deal that would increase its assets under management by almost 25%, a person with knowledge of the matter told Bloomberg News last week. However, BlackRock Inc is still in the running and it's still not certain the entire portfolio will go to one company. The person said there's was no agreement on whether Lloyds will gain a role in Schroders' Cazenove Capital wealth-management unit as part of the deal.

Lloyds has been seeking bids to run the massive investment portfolio after deciding to replace Standard Life Aberdeen Plc as manager of the assets in February.

The talks over wealth management demonstrate Lloyds's commitment to accelerate its non-banking income, Bloomberg Intelligence analysts Jonathan Tyce and Georgi Gunchev wrote. While strengthening its wealth business may be costly, "it's increasingly critical, we believe, to stem the slide in the bank's share price and prospects," they said.

Schroders' ability to win the investment mandate may depend on what kind of deal it can strike in wealth. Lloyds will add its wealth-management unit — which oversees £13.8bn of assets — into a potential joint venture with Schroders Plc, Sky News reported, citing a person it didn't identify. Any agreement regarding Cazenove would be a separate deal, it said.

At the end of the first half, Schroders' wealth unit had about £60bn under management out of a total £450bn under management and administration. Sky reported that a potential wealth joint venture would be 50.1% owned by Lloyds, with the rest belonging to Schroders. The company bought Cazenove for about £424mn in 2013.

Schroders gained as much as 2.3% and was little changed at 3,011 pence at 10:52am in London. Lloyds was down 0.8% at 58.44 pence. The stock has fallen 14% this year.

Tax break seen helping Trump isn't as sweet thanks to IRS rules

Bloomberg
Washington

The tax law gave a last-minute windfall to commercial property owners such as President Donald Trump. But regulations proposed by the Internal Revenue Service could diminish the benefit.

Under the proposals, the agency's rules would penalise real estate investors when they make like-kind exchanges – a common practice used to defer taxes by buying a building with the profits gained from the sale of another property.

If the regulations become finalised, developers could wind up surrendering tens of millions of dollars annually that they would have saved on their tax bills.

It's a setback for the real estate industry, whose members cheered when lawmakers added a provision days before the tax bill passed that effectively allowed owners of real estate businesses to tap a tax break created for pass-through businesses such as partnerships. The 20% deduction was extended to firms with large capital investments like buildings, but few employees.

Some Democrats slammed the provision as a giveaway to the wealthy and pointed out that several members of the administration, including Trump and his son-in-law Jared Kushner, whose family has extensive real estate holdings, would benefit from the change. Trump's financial disclosures show he's used an array of pass-through businesses, including in his real estate ventures, and many of his most lucrative businesses generate income from rents and leases.

The IRS is responsible for issuing regulations clarifying how some of the 2017 tax law's complex provisions should be interpreted and implemented. The agency often meets with industry members to take their views into account before coming out with its proposals. In a surprise to the real estate industry, the rules the IRS published in August were far more onerous than what had been considered a worst-case scenario for like-kind exchanges.

"I don't think anybody saw it coming," said Steven Schneider, a tax attorney at Baker McKenzie who works with commercial real estate developers.

The rules reflect how the regulation writers interpreted the text of the law, but they'll consider comments they're receiving on the issue, Treasury Department attorney-adviser Audrey Ellis said at an American Bar Association panel in Atlanta last week.

A spokesman for the IRS declined to comment.

Typically, when investors sell properties for cash, they owe capital gains taxes on the increase in the value of the property. But if they quickly reinvest the money in another property, the taxes are deferred.

When calculating how much of their taxable income qualifies for the pass-through break, real estate owners can use 25% of wages paid plus 2.5% of the cost basis, or purchase price, of their tangible, depreciable property.

But Congress didn't specify how to determine the cost basis when property owners do a like-kind exchange. The IRS rules say property owners have to use a much lower price than was expected, which effectively reduces how much they can write off.

Some in the industry hoped the IRS would hike the cost basis to the purchase price of the new property. For example, if an investor bought a property for $10mn and exchanged it for a property worth $15mn a decade later, the basis would increase to $15mn, excluding the value of the land.

More pessimistic developers figured the IRS would make them use the purchase price of the old property – so the basis would stay at $10mn.

But the IRS went even lower, saying for like-kind exchanges, developers should use the cost of the original property minus any depreciation the owner took over time. For a typical rental property held for a decade, that could mean a purchase price of $10mn is reduced to a cost basis of $6.4mn.

For a taxpayer in the top 37% tax bracket, taking the pass-through deduction for a property purchased for $10mn would result in $92,500 in annual tax savings, according to Brad Borden, who specialises in tax and real estate law at Brooklyn Law School. But if the owner did a like-kind exchange and had to use a cost basis of $6.4mn, the benefit would be reduced to $59,000 in tax savings every year.

Real estate owners often put properties into a partnership in exchange for a share of the company. The proposed regulations would also require those transactions to use the depreciated value for the property, said Baker McKenzie's Schneider.

The combination of the partnership and like-kind regulations could translate to tens of millions of dollars in extra taxes a year, Schneider said. It's especially painful since the regulations seem to pertain both to transactions going forward and to transactions that have already happened, he said.

The largest commercial real estate investors in the country include Blackstone Group LP, Prologis Inc and CBRE Global Investors, according to data from Real Capital Analytics.

Still, the tax overhaul is ultimately a boon for real estate investors. The pass-through break is overall a win, and the law offers other carve-outs for the industry, such as preserving like-kind exchanges for real estate property and avoiding limits on deductions for interest expenses.

"The proposed regulation by itself increases the tax liability on like-kind exchanges, but taking all aspects of the new tax law into consideration, these exchanges still benefit from the tax law," said Mark Zandi, chief economist with Moody's Analytics.

The industry argues that the IRS rules could dissuade real estate developers from exchanging properties, since doing so would effectively raise their tax bills. According to an industry-funded study, like-kind exchanges account for nearly a third of apartment building transactions and a fifth of office transactions, though the numbers rise and fall depending on how local real estate values change.

Borden said such a hit could tip the balance against making an exchange but that for most developers, it wouldn't be the deciding factor.

Now the industry is urging the IRS to walk back its proposed regulations. In a September letter to the agency, the National Multifamily Housing Council and National Apartment Association said if the regulations aren't changed "we are concerned that capital could sit on the sidelines and not be fully deployed."

Associations representing shopping centre owners, real estate partnerships and others sent similar letters more recently.

The proposed regulations "will discourage like-kind exchanges and, as a consequence, real estate investment activity as a whole, completely in contravention of the intent" of the pass-through rules, the International Council of Shopping Centers said in its letter to the IRS.

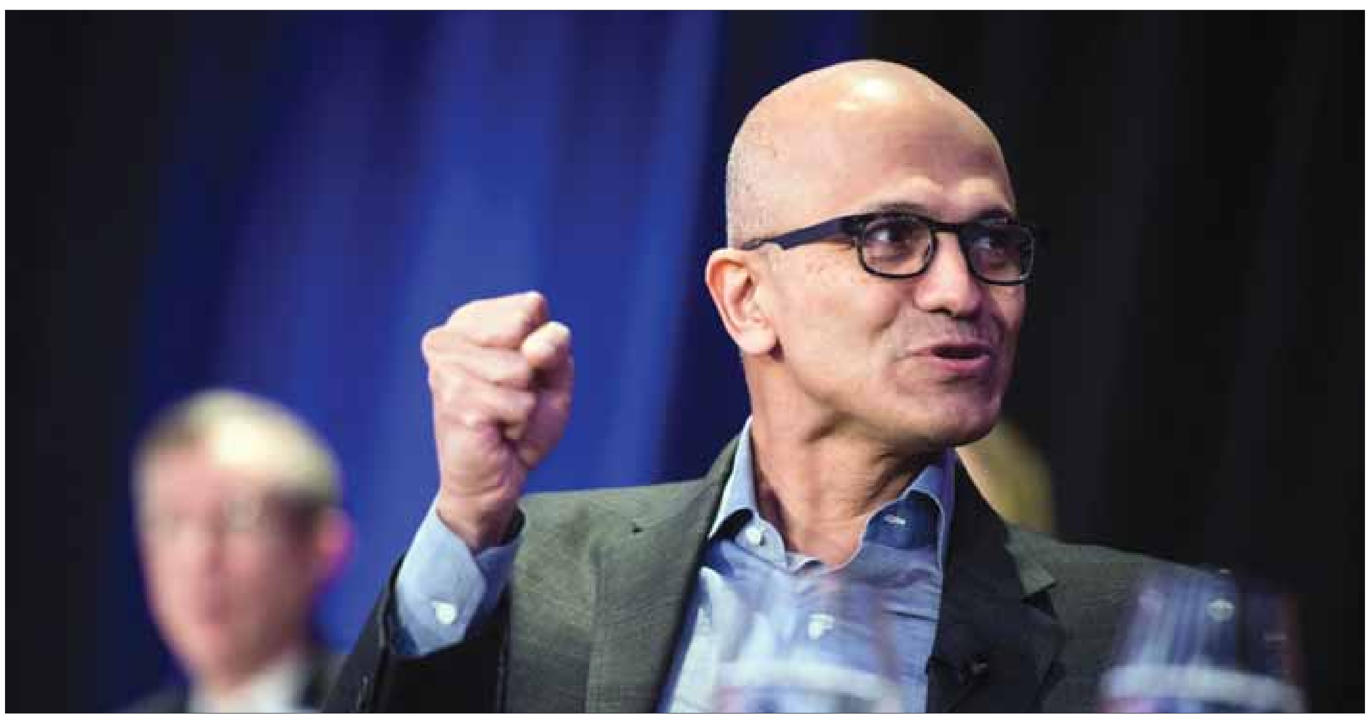
Big banks aim to show higher profit ahead as rates increase

Bloomberg
New York

As concerns from bank investors go, "peak profitability" seems an unusual one.
But as the biggest US banks report results that analysts estimate will set a new high for profitability this decade, shareholders are wondering: Is this as good as gets, or is Jamie Dimon right that banks are entering a golden age.
"The quarter will be fine," Susan Katzke, a bank analyst at Credit Suisse Group AG, said in a note to clients. "It's more about the forward look."
JPMorgan Chase & Co, Citigroup Inc and Wells Fargo & Co kick off earnings season for US banks tomorrow. Lenders are benefiting from interest rate hikes and a healthy economy, while they've tamped down expectations for loan growth and their trading businesses. Banks will try to reverse the recent trend of underperforming the broader stock market and assuage fears that they're near "peak profitability" in the late stages of the economic cycle, Bernstein's John McDonald said in a note last week. Here are some things to watch:
Loan Growth
While the US economy has taken off, banks' loan growth hasn't kept pace. Analysts are anticipating modest loan growth once again in the third quarter — Keefe Bruyette & Woods Inc's Brian Kleinhanzl expects loans will be up 2.4% from a year ago.
Rising interest rates are helping lending margins, but they're also sapping demand for borrowing in areas such as mortgages. Traditional banks are facing increased competition from nonbanks such as insurers and private equity, and the boom in corporate lending after US tax reform is taking longer to appear than some expected.
"It's taking a while for tax cuts to work their way through the system," Barclays Plc analyst Jason Goldberg said in an interview.
Trading
While Wall Street trading desks got off to a fast start in 2018, they couldn't avoid the typical summer slowdown. Analysts expect trading revenue to be roughly flat from last year's third quarter and down from the second quarter as market volatility subsided.
Earlier this month, JPMorgan chief financial officer Marianne Lake said the bank's trading revenue will probably drop by about mid-single digits from a year earlier, while Citigroup CFO John Gerspach said his firm may see a slight increase. Equities trading units will probably have a better relative performance than their fixed-income counterparts, according to Credit Suisse's Katzke.
Profitability
For all the concerns, the industry hasn't seen these heights in a long time. The biggest lenders' third-quarter profits are likely to take their returns on tangible equity to 14% over the past 12 months, the best since the financial crisis, Goldman Sachs analyst Richard Ramsden wrote in a note this month.
Banks' profitability metrics are benefiting from lower tax rates, declining legal bills and record shareholder payouts after this year's round of Federal Reserve stress tests. The firms have also kept a tight lid on costs even as they spend more on technology. Dimon, JPMorgan's chief executive officer, said in June that the banking industry is entering a "golden age" on better returns and looser regulations.
Bank stocks haven't reflected that. The KBW Bank Index is little changed in 2018, while the S&P 500 Index has climbed 7.9%. The banking index, up 1.5% this month, also trailed the broader market last year.
Investment Banking
Deals are happening — they're just not closing yet. That's the message from bankers who saw a 72% drop in completed mergers and acquisitions in the third quarter, according to data compiled by Bloomberg. The decline is expected to drive a decrease in investment-banking revenues from a year earlier.
The good news is the value of M&A deals that were announced in the period jumped 3.8%, promising a strong finish to the year. "Announced M&A is still robust and the markets are obviously doing well, so we doubt this marks the end of the cycle," Oppenheimer & Co analyst Chris Kotowski wrote in a note.
Cybersecurity
When new Goldman Sachs CEO David Solomon thinks about the things that can go wrong for his firm, cyber-attacks are high on the list.
It's "a big issue that probably doesn't get as much attention as it deserves," he said at the Bloomberg Global Business Forum last month. Investors will be listening for executive commentary on what they're seeing and how they're dealing with the evolving threat.
Banks are loathe to give many details on all the ways they protect themselves, but the issue will likely remain a topic among investors as they try to gauge the risks.
"Cybersecurity has to be at the top of every Corp's list," Cathy Bessant, chief operations and technology officer at Bank of America Corp, said in a Bloomberg Television interview last week. "It's a ubiquitous risk and it's potentially systemic, so it's real."

Microsoft's Nadella joins tech chorus for federal privacy law

Bloomberg
Annapolis, Maryland


Microsoft Corp CEO Satya Nadella speaks during an Economic Club event in New York (file). A national law is preferable to legislation forged by individual states and would reduce "transactional costs" to the benefit of companies large and small, Nadella said in an interview with Bloomberg News on Wednesday.

Microsoft Corp's chief executive officer Satya Nadella joined a swelling chorus calling for national privacy legislation, days after Google became the latest tech giant to reveal a personal data breach.
"We hope that there's more of a national privacy law," Nadella said in an interview on Wednesday with Bloomberg News at the US Naval Academy in Annapolis, Maryland, where he discussed leadership with midshipmen.
Nadella characterised privacy as "a human right."
Tech companies are already facing tough new European privacy rules that went into effect in May, while California passed a strict data privacy law in June. A national law is preferable to legislation forged by individual states and would reduce "transactional costs" to the benefit of companies large and small, Nadella said.
His comments reflect growing ferment around privacy following failures by tech companies. Senator John Thune, a South Dakota Republican and the chairman of the Senate Commerce Committee, said at a hearing earlier on Wednesday that Congress is contemplating privacy legislation.
"It is increasingly clear that industry self-regulation in this area is not sufficient," Thune said in prepared remarks.
Alphabet Inc's Google became the latest example of flawed privacy protections earlier this week. The company said it found a "software glitch" in its Google+ social network in March that could have exposed the personal data of as many as half a million users, but decided not to tell the public about it until on Monday.
At a September Senate hearing, executives of big tech companies told Congress that they favour new federal consumer safeguards. Apple Inc suggested its own privacy concepts be incorporated into legislation.
AT&T Inc and Verizon Communications Inc, the nation's biggest telephone companies, have publicly urged lawmakers to draw up one set of national consumer privacy rules. The carriers, which have operations in every state, fear that a lack of comprehensive legislation will create inconsistent rules across the country.
Nadella in the interview also addressed cybersecurity issues, and said Microsoft wasn't affected by a hack that Bloomberg Businessweek reported involved tampering in China of critical technology components bound for the US.
"We're very confident that we have no exposure," Nadella said.
Under Nadella, Microsoft is confronting issues such as whether restraints are needed on emerging artificial intelligence products, and how to stop computer-enabled election interference. At the same time, the Redmond, Washington-based software giant is trying to land a major defense contract.
Microsoft on Tuesday said it's on track to catch up with Amazon.com Inc by obtaining top federal security authorisations early next year. That could bolster the company's position in a winner-take-all competition for a multibillion-dollar cloud computing contract from the Pentagon. Amazon Web Services already holds the required security certification.
Tech companies are preparing to submit bids, due today, for the contract that could last as long as 10 years and be valued at as much as $10bn.

Ford picks BBDO as lead creative agency in blow to Britain's WPP

Reuters
London

Ford has chosen Omnicom's BBDO as its lead creative advertising agency in a symbolic blow to its partner of 75 years, WPP.
The British group, the world's largest advertising company, is in the process of rebuilding after the sudden departure of its founder Martin Sorrell earlier this year.
New boss Mark Read is planning fresh investment in the creative talent of its big agencies as the broader industry goes through a period of unprecedented change.
Clients are increasingly taking work in house and using the giant online platforms of Google and Facebook to reach consumers.
Named as 2018 Network of the Year at the annual Cannes awards, the New York-based BBDO replaces WPP on the creative front at Ford from November 1, while independent agency Wieden + Kennedy will also be a creative partner on some projects.
WPP, which has worked with Ford since 1943, has however retained much of Ford's most profitable work, such as media planning and buying and customer retention following a five-month review by the automaker.
It also frees up the group to bid more aggressively for work with other auto makers.
Liberum analyst Ian Whittaker said the financial impact on WPP would be limited, as it had lost only less profitable creative work, although the decision could spark questions as to whether it is the beginning of the end for WPP's tight relationship with Ford.
"The greater impact is more symbolic than anything else — Ford has been WPP's flagship client and, with the departure of Martin Sorrell, there will be inevitable questions over whether that was a factor," he said.
Ford, the No 2 US automaker, is looking for new ideas after struggling with slumping sales, weak demand in Europe and trade tariffs with China, forcing it to cut costs.
"Today is a big big day," BBDO Worldwide said on Twitter."We have a wonderful new brand to help build."
Like many other big ad spenders, Ford said it would also create more than 100 new in-house global marketing positions, a trend that has stripped the big advertising groups of some of their income in recent years.
WPP, which had created an entire agency to support Ford, said it would continue to handle some advertising work for the car giant in the US, the China advertising operations, advertising for Ford's luxury vehicle brand Lincoln and all Ford's public relations.
The sudden departure of Sorrell, who built WPP into an advertising giant through 33 years of dealmaking, prompted fears that without his contacts WPP could lose clients.
Major WPP clients have put a raft of work out for review this year, putting pressure on the market leader.
It has retained ties with Sky and BP but lost HSBC.
WPP owns some of the most storied names in advertising, such as JWT, Ogilvy, Grey and Y&R. It combines these with data analytics, media planning, public relations and consultancy work and had outperformed peers for several years until 2017.
Clients such as Unilever have also called for WPP to simplify its offering and provide an integrated service, rather than different strands of work via multiple agencies.

Bloomberg QuickTake Q&A

What's wrong with Greek banks and what will fix them?

By Nikos Chrysoloras and Sotiris Nikas
Brussels

Burdened by the highest ratio of bad loans in Europe, Greek banks have no shortage of challenges. And that was before Greece — the continent's most indebted state — decided to end its bailout program in August without requesting a follow-up lifeline backed by European creditors. If doubts about the state of their balance sheets aren't addressed, concerns about the fate of Greek banks could spiral out of control. That became clear this week when banking shares plunged, though news that the government is weighing plans to help lenders speed up bad-loan disposals arrested the declines.

1. Didn't the world already fix Greece?
It's tried. This summer Greece graduated from its third international rescue program and reached a landmark deal with Europe's other governments that gives it a decade or more to start repaying most of its loans (with the understanding it won't go back to the spending that brought its economy to the brink of collapse in 2009). The nation's largest banks have been recapitalised three times since the start of the debt crisis — most recently in 2015. The state, which has chipped in almost €50bn to shore up capital over the past decade, says its banks are now well-capitalised and poised to gain from a nascent economic rebound. It also says that the banks have now new tools at their disposal to resolve the bad loans issue, including easier out-of-court settlement procedures and e-auctions.

2. Then what's the problem?
Non-performing exposures constitute about 50% of Greek banks' assets — more than any other country in the European Union. And most of their regulatory capital consists of deferred tax claims against the battered Greek sovereign. The Athens Stock Exchange Banks Index has lost more than a third of its value this year, and Greece's second-biggest bank, Piraeus Bank SA, has been asked to raise more capital via subordinated sales by year's end — a task complicated by its junk rating. The bank has said that it "monitors the debt capital markets to identify the right timing," and that "such issuance remains subject to market conditions."
At the same time, lenders are being pressed by supervisors to speed up the cleaning up of their balance sheets and reduce the mountain of bad loans, with some analysts doubting that these ambitious targets can be achieved. Funds with short positions on Greek banks, such as Oceanwood Capital Management LLP, aren't convinced that the lenders can clean up their books without burning substantial capital.

3. What can be done?
The Greek government is said to be weighing a plan to help banks speed up their bad-loan disposals, possibly including a government guarantee, in a bid to restore confidence. The government could use a post-bailout cash buffer of about 24bn euros to shore up the banks. Various ideas, including the creation of an Asset Protection Scheme and Special Purpose Vehicles on which bad loans will be unloaded with state guarantees, have been floated. But use of buffer funds could be a blow to government efforts to reassure investors that the state's financing needs are fully covered for the years ahead. And it could run against European Union rules that forbid state aid to financial institutions without first a demand that private creditors, including those with deposits over 100,000 euros, take a hit.

4. How did we get here?
The downward spiral for Greek banks started a decade ago, when the country entered the longest and steepest recession in living memory. Bank clients - corporates and householders - have been defaulting on their loans en masse since 2008. During this period, the state also went bust, meaning banks had to take write-offs on the Greek bonds they held. Financing lines also dried up. And that was all before Prime Minister Alexis Tsipras was elected in 2015 on a promise to end austerity. His six-month clash with the country's European creditors sparked a run on deposits and pushed Greece to the brink of leaving the euro area. Capital controls were imposed, and the economy went into a double dip recession, putting an abrupt end to a brief spell of recovery in 2014.

5. Are the banks blameless?
No. The nation's financial struggles have exposed a series of failures in corporate governance, including loans extended to borrowers that couldn't ever possibly repay. These practices were kept under wraps, not least because of vast loans extended to political parties and media companies. In fact, one condition attached to Greece's most recent international bailout was a complete overhaul of banks' boards. The question is whether new management can change the situation, or whether banks are too deep in the red to be salvaged.

6. So now what?
In previous cases where financial stability was at stake (e.g. Italy, Cyprus), European regulators and supervisors took a liberal approach to the EU's state-aid rules, allowing public backstops to be used in order to avert disaster. But if such solutions are needed, they won't be easy or cheap: Salvaging Cyprus's Central Cooperative Bank earlier this year cost Cypriot taxpayers an amount equal to some 13% of the country's economic output. In addition to potentially depleting funds originally intended as a cushion for the Greek state, using public money also raises questions about the credibility of the bloc's banking rules, and the quality of financial supervision. After all, Greek banks are not the first ones to run into trouble after clearing a European stress test.

Apple gets critical iPhone technology in $600mn Dialog deal

Reuters
San Francisco/Frankfurt

Apple Inc is taking control over the power-management technology at the heart of its iPhones in a $600mn deal with Dialog Semiconductor that also secures the German-listed company's role as a supplier to the US tech giant.

The agreement to license technology and take on people from the Anglo-German chip designer is not only unusual, but also the largest of its kind by Apple, whose last sizeable acquisition was the $350mn purchase of Face ID creator PrimeSense in 2013.

Dialog shares surged as much as 34% yesterday, their most since 2002, as the deal bought the company time to reduce its dependence on Apple — which it expects to account for three-quarters of this year's sales.

Dialog's shares had tumbled earlier this year when it said Apple planned to use chips from another supplier.

Dialog Chief Executive Jalal Bagherli told Reuters he could now lead a "managed, smooth" transformation of the business as Dialog seeks new opportunities in areas such as the Internet of Things that includes connected devices like home speakers, fitness trackers or smart watches.

Since the first iPhones a decade ago, Apple has used Dialog power-management chips to extend their battery life.

Under the deal, Apple is buying patents, taking on a 300-strong engineering team, most of whom already worked on chips for Apple devices, and Dialog offices in Britain, Italy and Germany.

Dialog said its 2018 revenue would not be affected and it would continue shipments of existing main power management integrated circuits (PMICs) to Apple.

It expects to sell current and future generations of so-called sub-PMICs to Apple.

Bagherli said that Apple increasingly viewed main PMICs, which are central to the operation of its devices, as a strategic element that it wanted to control directly.

This was not the case for sub-PMICs that manage features such as on-board cameras, he told Reuters.

After the deal, Dialog expects Apple to account for 35-40% of its total revenues in 2022. That is down from around 75% in the current year.

Headcount will fall to 1,800.

The chipmaker also said it would begin a share buyback programme for up to 10% of its stock following its next quarterly trading update.

The $600mn windfall will add to Dialog's already-healthy net cash position of $525mn, analysts said.

Other chip designers in Europe have struggled to manage their relationship with Apple due to its sheer scale.

Britain's Imagination Technologies ended up being sold to a Chinese-backed fund last year after losing Apple as a client.

"Dialog has bought itself much more than just time," said Karsten Iltgen, an analyst at Bankhaus Lampe, which rates the stock 'buy'."Its Apple business has been clearly defined and put on a sound long-term footing."

Half of the deal's value, or about $300mn, is cash for the Dialog engineers and offices and the other $300mn is pre-payment to Dialog for supplying chips over the next three years, the companies said.

Dialog said it would continue to deliver chips to other customers, focusing on the automotive and Internet-of-Things markets, among others.

It forecast that its sub-PMIC business would achieve compound annual growth rates of 30-35% between 2018 and 2022.

Its AMS, Connectivity and Automotive & Industrial business would grow at a 10-15% rate.

The deal represents an expansion of Apple's chip design operations, which kicked into high gear in 2010 when the company released its first custom processor for the iPad and iPhone.

Apple is buying about 16% of Dialog's workforce. Apple said these employees would stay in Europe and would report to Johny Srouji, the company's senior vice president of hardware technologies who oversees Apple's chip design efforts.

"Our relationship with Dialog goes all the way back to the early iPhones, and we look forward to continuing this long-standing relationship with them," Srouji said.

Apple has added around 20,000 employees in Europe since 2000.

It already has a chip design centres in Munich, Germany, where it employs 1,000 staff, and St Albans, Britain.

The deal will give Apple four more from Dialog, in Livorno in Italy, Swindon in Britain, and Nabern and Neuaubing in Germany.

The transaction is expected to close in the first half of 2019, subject to customary closings and regulator approvals, Dialog said. It expects annual operational savings of $35mn from the deal, but declined to give more detail on its financial impact ahead of an investor presentation on November 1.

Dialog said Qatalyst Partners acted as its financial adviser and Linklaters as its legal counsel.

ECB is divided over protectionist risks to eurozone, show minutes

AFP, Reuters
Frankfurt

European Central Bank chiefs were divided at their September meeting over the danger to the eurozone economy from protectionism and other global threats, with some calling for a gloomier assessment.

"It was remarked that a case could also be made for characterising the risks to activity as now being tilted to the downside," according to a regular account of the private gathering published by the ECB yesterday.

Following the September 13 meeting, ECB president Mario Draghi told journalists that risks to the 19-nation single currency area remained "broadly balanced". The account reveals colleagues on the institution's governing council had earlier highlighted "risks relating to rising protectionism, vulnerabilities in emerging markets and financial market volatility having gained more prominence recently". In the end, policymakers decided to stick to the "broadly balanced" language.

"The underlying strength of the economy was judged to be mitigating downside risks," they agreed.

At its meeting in Bali this week, the International Monetary Fund (IMF) also expressed caution for the eurozone over growing risks, downgrading its 2018 growth forecast from 2.2 to 2.0%. A slowdown in economic activity could trip up the ECB as it winds down its "quantitative easing" (QE) mass bond-buying scheme, designed to boost economic growth and inflation by pumping cash through the financial system and into the real economy.

It is on the home stretch of its exit, slashing monthly purchases of government and corporate debt by half to €15bn ($17.4bn) in October before a planned stop in December.

But with inflation projected to hover around 1.7% between this year and 2020, the central bank remains short of its target of price growth close to, but below 2.0%. Even after the end of QE, it plans to keep interest rates at historic lows "through the summer of 2019" to help keep credit flowing to firms and households.

The ECB kept policy unchanged as expected last month, staying on track to wrap up a €2.6tn ($3tn) bond purchases scheme this year and raise interest rates next autumn, continuing its slow but steady pace of policy tightening.

Indeed, even as trade tensions weighed on growth and a stock market selloff amplified growth fears, some policymakers argued that was not enough for the bank to backtrack on policy normalisation.

An illuminated euro currency symbol is projected on to the ECB headquarters during a light festival in Frankfurt (file). Following the September 13 meeting, ECB president Mario Draghi told journalists that risks to the 19-nation single currency area remained "broadly balanced".

"A gradual pace of monetary policy normalisation is justified," Finnish central bank chief Olli Rehn said in Indonesia on yesterday. "The current strength of the euro area economy supports our confidence that inflation will converge towards… the ECB's price stability target." But some policymakers appear to be increasingly cautions, according to the minutes.

"A remark was made that some of the factors behind the (downward growth) revisions might not be entirely of a transitory nature," the minutes showed. "It was also argued that there could be larger spillovers from weaker external demand to domestic demand."

Still, while some policymakers argued that the case could be made for downgrading the risk assessment, there was agreement that the underlying strength of the economy would mitigate the downside risks to activity.

"High-frequency indicators had stabilised and remained at elevated levels, underlining the overall robustness of economic activity," chief economist Peter Praet told policymakers at the meeting, the minutes showed.

With years of unprecedented stimulus finally lifting inflation, the ECB has been dialling back support, but only by the smallest of increments, fearing that bigger moves risked unravelling its work.

While the ECB has not explicitly pledged any rate hikes, policymakers, including Praet, have argued that they were comfortable with market expectation for a small increase in the fourth quarter of 2019, followed by only small and infrequent moves.

"To be any more precise than that, to lock in a date, to tie our hands, would be rather risky," Ardo Hansson, Estonia's central bank chief said at the annual meeting of the International Monetary Fund yesterday.

"When we get closer, we can have another discussion if we need to adjust the language again, but this is not a debate we are going to have just yet," Hansson said.

Policymakers also concluded last month that domestic cost pressures continued to build and broaden, indicating that inflation would rise, moving back towards the bank's target of almost 2% after undershooting it for over five years.

US inflation slows in Sept; weekly jobless claims increase

Reuters
Washington

US consumer prices rose less than expected in September, held back by a slower increase in the cost of rent and falling energy prices, as underlying inflation pressures appeared to cool slightly.

The modest price increases come despite a US labour market that looks robust by most measures.

A separate report yesterday showed an unexpected but moderate rise in the number of Americans filing for unemployment benefits last week.

With the readings only slightly below what analysts expected, the inflation report is not likely to impact expectations the Federal Reserve will raise interest rates at its December policy meeting.

"Overall, these data support our baseline view of a gradual pickup in inflationary pressures," Oxford Economics said in a note to clients.

The Consumer Price Index increased 0.1% last month after rising 0.2% in August, the Labour Department said.

In the 12 months through September, the CPI increased 2.3%, slowing from August's 2.7% advance.

Excluding the volatile food and energy components, the CPI edged up 0.1% for the second straight month.

The so-called core index had increased 0.2% in May, June and July.

In the 12 months through September, the core CPI increased 2.2%. Economists polled by Reuters had forecast both overall and core CPI climbing 0.2% in September.

US Treasury yields extended their fall as the data added to the view that a sell-off in US and global stocks may have partly paused expectations of a more aggressive pace of Fed rate hikes.

The dollar weakened to a nearly two-week low against a basket of currencies.

The Fed tracks a different inflation measure, the personal consumption expenditures (PCE) price index excluding food and energy, for monetary policy.

The core PCE price index rose 2.0% in the 12 months through August, holding at the Fed's 2% target for the fourth straight month.

Estonia says its banks handled over $1tn transactions in 2008-2017

Reuters
Copenhagen/Tallinn

Banks doing business in Estonia, which has been at the centre of a money-laundering scandal involving Danske Bank, handled cross-border transactions of more than $1tn in and out of the country between 2008 and 2017, according to its central bank.

The European Union member country of just 1.3mn people has been rocked by revelations that banks there laundered money from Russia, Moldova and Azerbaijan via non-resident bank accounts.

The scandal has forced lenders in Estonia and neighbouring Latvia to shut down.

The data on cross-border transactions, first reported by Bloomberg, suggests that the scale of the money laundering through the small Baltic country may have been larger then previously thought.

The news sent Nordic banking shares sharply lower.

The central bank said that between 2008 and 2017, cross-border transactions totalled €1.1tn ($1.27tn). The number includes all payments, including resident and non-resident transactions, a spokesman said.

Estonia's entire economic output came to about $25bn last year — roughly the same as that of Uganda or Nepal — suggesting that much of the money flow was not directly linked to economic activity in the country.

The central bank did not say whether it considered any of the payments suspicious.

Bloomberg on Wednesday reported figures from the central bank saying that Estonia handled about 900bn euros in non-resident cross-border transactions between 2008 and 2015.

The central bank later said the figure in the Bloomberg report doesn't relate specifically to non-resident transactions but to all payments in and out of the country, including imports and exports and routine financial transactions such as securities purchases.

Estonia's imports and exports totalled €232bn between 2008 and 2017, official data showed.

The central bank said in a statement that non-resident flows "only make up one part of the sum," adding that it does not collect separate data for those transactions.

"This is a surprising figure," said Copenhagen-based expert on money laundering Jakob Dedenroth Bernhoft. "This indicates that the Danske case is not a one-off affair and that the problem related to other banks as well."

Sweden's SEB and Swedbank, which both have banking operations in Estonia, were trading 3.3% and 5.8% lower, respectively. The region's biggest bank Nordea was trading 2.9% lower, while Danske Bank, whose shares have lost one-third of their value since March, was down 1.5%. A trader says this is "clearly not good news in the light of Danske Bank, and the numbers they are talking about look to be bigger."

Another trader notes Nordic banks are "very well owned" — seen as the best of a bad bunch among European financials — and therefore vulnerable to bad news.

Swedbank's Baltic operations account for nearly one-fifth of its total operating profit, with Estonia its biggest market.

"We have worked continuously through the years together with authorities as well as correspondent banks to ensure that we have solid systems and processes concerning the fight against money laundering," a Swedbank spokesman said.

"Let me underline that we do not recognise ourselves in Bloomberg's reporting. We are a retail bank with low risk," he said.

Sweden's Swedbank is the largest bank in Estonia following its acquisition of Hansabank in 2005.

It has 800,000 private customers and around 140,000 business customers in the country, according to its website.

Its Nordic rival SEB also has major operations in the Baltics after acquisitions in the late 1990s.

It had 920,000 private and 99,000 corporate customers according to its 2017 annual report.

"We have very few if any customers that are not based in the Baltic countries," an SEB spokesman said. "We feel satisfied that our process concerning these issues works."

Figures reflecting the possible scale of money-laundering through Estonia have been emerging gradually over the last few months.

In May, data from Estonia's Financial Intelligence Unit (FIU) showed that more than $13bn had been laundered through banks in the country from 2012 to 2016, with at least 7.3bn of that going through non-resident bank accounts.

Last month, Denmark's Danske Bank said in an internal report that payments totalling €200bn, many of which it described as "suspicious", had been moved through its Estonian branch between 2007 and 2015.

That compares to outgoing payments of $500bn from Estonia between 2008 and 2015, according to central bank data.

That scandal led to Danske's chief executive stepping down and prompted regulators across the European Union to question the oversight of the bloc's financial sector.