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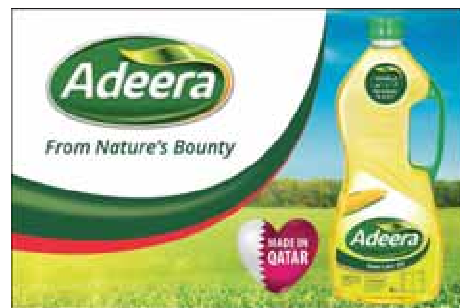

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COLLATERAL DAMAGE: Page 8

Trump's trade war advantage slips amid Apple's China fears

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Qatar's dollar peg expected to hold firm, says report

By Pratap John
Chief Business Reporter

The Qatari riyal's peg to the dollar is expected to hold firm as the country's central bank has large foreign exchange (FX) reserves to support the currency, researcher Euler Hermes has said in a report.

"Exchange rate peg should hold although inflation is set to rise," Euler Hermes said.

Qatar's public finances are to "remain solid", although after 16 years of continued large surpluses, persistent low oil and gas prices (since mid-2014) pushed the fiscal account into a deficit in 2016, estimated at -4.5% of GDP.

The deficit would have reduced to -2.5% in 2018, the report noted.

Public debt rose from 32% of GDP in 2014 to 48% in 2016 (around $75bn) and is forecast to increase to about 52% at end-2018.

However, Qatar will remain a large net external creditor thanks to the huge foreign-asset position in the Qatar Investment Authority (QIA).

Noting that Qatar's debt service to export earnings ratio stands at a "moderate" level, Euler Hermes said the country's repayment obligations are "unlikely to present liquidity problems." Incurred by oil and gas investments since the 2000s, external debt is "relatively high."

Qatar's financial resources will remain strong, the report said and noted the combined forex reserves of the Qatar Central Bank (QCB) and the QIA represent well over 200% of annual GDP and cover more many months of imports.

Meanwhile, the QCB's FX reserves topped $47.4bn in October, a 2% increase month-on-month, QNB said in a recent report. This, QNB said, equates to 8.5 months of import cover.

The country's oil production rose to 609,000 bpd in October from 570,000 bpd in September, QNB said in its latest "Qatar Monthly Monitor."

Brent crude prices, however, dropped to average $65.9 for a barrel in November, it said.

QNB data showed Qatar's trade balance surplus grew 129.1% year-on-year (y-o-y) and stood at $5.2bn in October.

The fiscal account surplus widened to 3.5% of GDP in the second quarter due to higher oil prices.

The current account surplus widened while net capital and financial flows were positive in Q2.

The Qatari riyal's peg to the dollar is expected to hold firm as the QCB has large foreign exchange reserves to support the currency, researcher Euler Hermes has said in a report

Opec's output falls most in 2 years amid demand worries

Bloomberg
London

Before its agreement to cut oil supplies even started, Opec's production plunged by the most in almost two years last month.

In a sign of the urgency felt by the group amid tumbling crude prices, Opec's leading member throttled back production, according to a Bloomberg survey of officials, analysts and ship-tracking data. The group's pact to curb output only formally started this week.

The cutbacks were compounded by unplanned losses in Iran, which is being targeted by US sanctions, and in Libya, where protests halted the biggest oil field. As a result, oil output from the Organisation of Petroleum Exporting Countries fell 530,000 bpd to 32.6mn a day last month. It's the sharpest pullback since January 2017, when the group first embarked on its strategy to clear the glut created by rising supplies of US shale oil.

A global coalition of oil producers known as Opec+, which comprises both members of the group and other exporters including Russia, agreed on December 7 to reduce output during the first six months of 2019. Crude prices failed to rally however, and instead slumped to the lowest in more than a year.

Brent crude futures climbed as much as 5.1% on Wednesday. It traded at $55.74 a barrel at 5.52pm in London. That's about 35% below the four-year peak reached in early October.

Investors remain concerned that Opec+ isn't cutting enough to make way for another surge of supply anticipated from shale oil drillers in America. They're also increasingly worried that a slowing global economy, coupled with the US-China trade dispute, will hit fuel demand and swell the pile-up of unwanted crude.

"Slowdown fears" are "putting more pressure on Opec to stabilise the petroleum markets," said Phil Flynn, a markets analyst at Price Futures Group Inc. "So let the cuts begin."

As is often the case with Opec, not all of the supply restraint seen last month was deliberate.

Libya's production fell by 110,000 bpd to 1mn a day. Sharara, the country's biggest oil field, has been offline since it was stormed in mid-December by an armed group and demonstrators demanding better government services.

The situation in the North African nation, plagued by clashes and unrest, worsened on Wednesday when bad weather at the Es Sider port forced a separate output reduction of 100,000 bpd.

Turkish inflation falls for second month in December

AFP
Ankara

Turkish inflation dropped for the second month in a row, to an annual rate of 20.3% after hitting a 15-year high in October, official statistics showed yesterday.

The government launched an "all-out fight against inflation" as the lira fell by more than 28% in value against the dollar in 2018.

In October, consumer prices were 25.24% higher than in the same month a year earlier, the highest level since 2003, the Turkish statistics office (TUIK) said.

That figure eased to 21.62% in November and the level in December was below a Bloomberg forecast of 20.5% though still far above the central bank target of 5%.

On a monthly basis, consumer prices eased in December by 0.4%, TUIK said.

But compared with a year earlier, furnishing and household goods were 31.36% more expensive, while food and non-alcoholic drinks were up by 25.11%, its data showed.

The lira stood at 5.47 against the US dollar after 1300 GMT, gaining nearly 2% in value on the day.

Finance Minister Berat Albayrak welcomed the drop in inflation, telling state TRT news channel it meant, "We have almost completely kept our year-end targets". He referred to forecasts given in September for growth and inflation.

Albayrak said then that inflation would decline to 20.8% by end December, before falling further to 15.9% in 2019.

He said this week the fight against inflation would continue into 2019, and include cuts on a special consumption tax and value added tax.

Nomura economist Inan Demir said that lower inflation was a result of the lira's strength along with "favourable energy prices and, to a lesser extent, domestic demand".

During a diplomatic spat with Washington in August over the detention of a US pastor, the lira reached seven to the dollar before falling after a Turkish court released the man in October.

The economic focus now shifts to the central bank and whether it will cut interest rates when its monetary policy committee meets on January 16.

In September, the central bank raised its main interest rate, the one-week repo rate, by 6.25 percentage points to 24%.

Demir forecast that a rate cut in January was "unlikely" but suggested there could be one ahead of local elections on March 31.

Jason Tuvey, an economist at London-based Capital Economics, felt that a cut of 50 basis points (0.5 percentage points) might be announced at this month's meeting.

Turkish Finance Minister Berat Albayrak speaks during a presentation in Istanbul on August 10, 2018. Albayrak welcomed the drop in inflation, telling state TRT news channel it meant, "We have almost completely kept our year-end targets."

Turkey's central bank moves early to boost Treasury buffer

Turkey's central bank scheduled an extraordinary board meeting for earlier than usual to share its profit, a move likely designed to shore up the Treasury's cash reserves.

The nation's fiscal authority – which holds a majority stake in the central bank and collects profits in the form of taxes and dividends – raised about 10% less than targeted in lira funding last year as it sought to keep a lid on borrowing costs before local elections in March, according to Bloomberg.

While the central bank's board typically convenes each April, this year's first meeting is planned for January 18 and will discuss an advance payment from its 2018 profit, according to the agenda. The Treasury faces its biggest monthly financing needs since 2011 in February, and an earlier-than-expected cash injection would allow it to continue to curb bond supply and shore up the market.

Income from the regulator has boosted Turkey's budget in the last few years and provided crucial revenue for authorities as they tried to maintain fiscal discipline.

China to cut RRR as fund demand to hit $625bn this month

Bloomberg
Beijing

China will cut the reserve requirement ratio and improve funding conditions this month, as liquidity tightens towards the Spring Festival holidays, the country's largest securities firm says.

Fresh demand for funds will amount to nearly 4.3tn yuan ($625bn) in January, according to Citic Securities Co and Bloomberg calculations.

Mainland residents will withdraw 1tn yuan of cash in preparation for the holiday, when money is gifted in red envelopes.

Corporate tax payments and maturities of lenders' interbank debt will also mop up liquidity, prompting authorities to step up cash injections.

"The People's Bank of China will inject a significant amount of cheap funds to plug the liquidity hole," said Ming Ming, Citic's head of fixed-income research.

Authorities will reduce the reserve requirement ratio and provide funding for lenders that make loans to private companies in January, he said.

China cut the amount of cash banks need to set aside as reserves four times last year as the nation struggled with slower economic growth, record corporate bond defaults and a trade war with the US. The latest easing sign came Wednesday evening, when the PBoC adjusted a rule to boost the impact of previous RRR cuts.

China International Capital Corp said that may release as much as 400bn yuan of liquidity.

China's interbank liquidity loosened this week after a seasonal squeeze at the end of the year, with the benchmark seven-day repurchase rate tumbling to the lowest level since August yesterday.

That helped fuel a rally in bonds: futures on sovereign notes due in a decade surged to the highest in more than two years.

This month, mainland lenders will pay back 822bn yuan of short-term debt borrowed from each other, and another 390bn yuan to the PBoC for its medium-term lending facility, according to Bloomberg calculations.

Factors such as corporate tax payments will drain 1.2tn yuan, Citic said.

The PBoC will probably inject cash by conducting "sizeable" reserve repurchase agreements with banks and lower the RRR in January, according to a note from Huachuang Securities Co.

Some 4.5tn to 5tn yuan of liquidity will be withdrawn before the Spring Festival, analysts led by Ji Linghao wrote.

A pedestrian walks past the People's Bank of China building in Beijing. "The People's Bank of China will inject a significant amount of cheap funds to plug the liquidity hole," said Ming Ming, Citic's head of fixed-income research.

Taiwan investor plans to deepen bet on tech sector

Bloomberg
Taipei

The top-performing Taiwanese fund manager for the past year is pushing deeper into technology in 2019 as the island looks set to benefit from trade tensions.

Makers of chips, lenses and other components of smartphones are likely to offer high growth opportunities this year, Corrina Xiao of Allianz Global Investors Taiwan said in an interview.

Her biggest investment as of the end of November was Taiwan Semiconductor Manufacturing Co, the exclusive maker of iPhone processors.

Tensions between President Donald Trump and his Chinese counterpart Xi Jinping has hit confidence in Taiwan's technology sector as its companies weigh the future of manufacturing bases on the mainland.

Xiao said the US pressure will work to level the playing field with China and open up opportunities for local businesses as they relocate.

"Taiwan companies are relatively small, and they are nimble and flexible and they can move their facilities back to Taiwan or to Southeast Asia very fast," she said. "After the adjustments, Taiwan will be a market with good potential."

Xiao's is one of two Allianz Global Investors Taiwan funds that were the only ones to deliver a positive return for 2018 out of 44 Taiwan-domiciled asset pools surpassing NT$1bn ($33mn), and that invest at least half their assets locally, according to data compiled by Bloomberg.

Xiao's fund gained more than 3% – the best of all 44 – compared with a decline of about 9% for the benchmark Taiex index. "I really like what Trump is doing. What he is pushing for is fair and just, especially for Taiwan," Xiao said in the December 21 interview at Bloomberg's Taipei office. "Taiwanese companies have been hurt because their Chinese rivals have been receiving a lot of subsidies from the Chinese government.

The playground has been very unfair in the context of free trade."

Xiao has NT$3.73bn of assets under management, with NT$3.31bn in the Allianz Global Investors Taiwan Fund and the rest in the Allianz Global Investors Taiwan Intelligence Trends Fund.

While she didn't name the specific companies she is looking at, Xiao did say she wanted to increase her stake in Taiwan's semiconductor sector by the end of June. According to Allianz Global Investors Taiwan's website, she had 8.76% of her fund in TSMC at the end of November, making the contract chipmaker her biggest investment.

Xiao's next four largest holdings were Formosa Plastics Corp, Taiwan Cement Corp, Faraday Technology Corp and Largan Precision Co as of the end of November, according to Allianz data.

"I am optimistic about Taiwan's semiconductor and tech stocks because human beings are constantly chasing faster speed and better power efficiency, and these can only be achieved with advanced semiconductor process technology," she said. Xiao's performance in 2018 was underpinned by a decision to quit stakes in Taiwanese parts suppliers for traditional carmakers at the end of the third quarter, as her team predicted they would be among the first hit by the trade war.

Other winning moves included a stake in Yageo Corp, a maker of resistors that rose 8.3% last year, as well as Walsin Technology Corp, a maker of ceramic electronic components that surged 47%, according to data compiled by Bloomberg.

Xiao: Makers of chips, lenses and other components of smartphones are likely to offer high growth opportunities this year.

1,130 new firms enrolled in Pakistan last month

Internews
Islamabad

The Securities and Exchange Commission of Pakistan (SECP) enrolled 1,130 new firms in December 2018 taking the total number of registered companies to 94,205.

Of the latest enrolments, some 74% companies were registered as private limited, while around 24% were registered as single-member companies.

Two per cent companies were registered as public unlisted, non-profit associations, foreign companies and limited liability partnerships.

The trading sector took the lead with the incorporation of 201 companies, including 138 in the IT, services sector 136, construction 116, tourism 67, education 37, food and beverages 35, real estate development 33 and 32 each for engineering and the marketing and advertisement sector.

Around 27 companies have been registered in corporate agricultural farming, pharmaceutical 24, transport 23, textile 21, chemical, fuel and energy, healthcare, and mining and quarrying 16 companies each, paper and board with 15, communication with 14, auto and allied with 12 and 103 companies were registered in other sectors.

China's Jangho makes $1.2bn bid for Australian medical centre owner Healius

Reuters
Beijing

Chinese construction company Jangho Group Co Ltd has proposed to acquire medical centre operator Healius Ltd for A$1.7bn ($1.2bn), marking what would be one of the mainland's biggest healthcare plays in Australia.

The proposal to buy Australia's No 2 medical centre operator highlights the interest Chinese investors have in health-related companies seen as high-quality assets with possible use back home, where an ageing population is straining existing services.

It also reflects pressure on Australian health stocks that have been hit by concerns about tightening government subsidies and soft consumer spending.

Hospital operator Healthscope is also fielding foreign takeover approaches following a decline in its share price.

Jangho Group, already Healius' biggest shareholder with a 16% stake, has offered to buy the remaining 84% at one-third premium to Healius' most recent trading close, separate filings from the companies showed yesterday.

The Australian company, known as Primary Health Care until recently, said it was reviewing the A$3.25-per-share approach and had not yet formed a view about whether it would accept it.

It added that any deal would need approval from the cross-border M&A regulators of both countries. Healius stock was up about 7% by 0357 GMT, but at A$2.62 it was still below Jangho's indicative offer price amid doubts the approach would result in a deal. The broader Australian market was up 1.58%. "It's an opportunistic bid," said Mathan Somasundaram, a portfolio manager at Blue Ocean Equities.

"Management very rarely want to sell a business because that means their pay cheque disappears (and) I can't imagine any kind of independent report is going to say this is a very good bid."

The offer, though higher than Healius' Wednesday close, is 6% below its year-ago level. The shares have dropped on worries about its ability to hire and keep doctors. Most general practitioners in Australia work independently or in small shared practices, keeping most of the government subsidies or paying a small amount to their shared practice.

Oil sales plunge 32% in Pakistan in six months

Internews
Karachi

Pakistan's overall oil sales plunged by 32% to 9.179mn tonnes in first half of FY19, led by a 67% decline in furnace oil sales to 1.454mn tonnes.

High speed diesel (HSD) recorded the second largest fall of 22% to 3.170mn tonnes due to availability of smuggled Iranian diesel and slowdown in economy.

Petrol sales during H1FY19 edged lower by 2% to 3.661mn tonnes after posting growth for nine consecutive years.

Shankar Talreja of Topline Securities attributed this decrease to the rise in petrol prices by around 24%.

Company wise, Pakistan State Oil remained the worst performer with a drop of around 50% in sales volume to 7.400mn tonnes during 1HFY19, followed by Hascol's 1.429mn tonnes (down 25%).

Meanwhile, sales of Attock Petroleum grew 9% year-on-year to 1.065mn tonnes while those of Shell Pakistan shrank by 12% to 843,000 tonnes.

According to Shajar Capital, sales of oil marketing companies during 2018 came down by 21% to 20.4mn tonnes, from 25.75mn tonnes in 2017 due to a 50% plunge in furnace oil sales to 4.33mn tonnes, from 8.70mn tonnes. In 2018, petrol sales inched up 2.6% to 7.28mn tonnes while diesel sales declined 10% to 7.98mn tonnes.

Hong Kong has $64bn plan to build islands for new homes

Bloomberg
Hong Kong

Hong Kong, the world's least affordable property market, has a plan to tackle its housing crisis: build four artificial islands equal to about a fifth the size of Manhattan that could house more than a million people.

The government-backed plan to create a gleaming property and commercial hub has been tried before – Palm Jumeirah, the palm-shaped archipelago in Dubai filled with luxury developments; Forest City, a housing project for 700,000 people in Malaysia; and Jurong Island in Singapore, which houses chemical and energy facilities.

Yet building artificial islands in Hong Kong has a number of vexing complications, starting with the price tag.

It'll cost at least an eye-popping $500bn in Hong Kong dollars ($63.8bn), the *South China Morning Post* reported, and the tab could double.

There are also technical and political challenges – a November public opinion poll showed 49% of the public opposes the plan – as well as massive environmental costs, though the government says it has chosen a less ecologically sensitive area for development.

Hong Kong's plan to create islands in open waters shows the length governments will go to add housing in expensive, space-starved cities.

The rising threat from climate change is also giving governments reason to create "smart and low-carbon" cities, which Hong Kong's government is planning to achieve for the new islands with renewable energy, green transport and a higher greening ratio.

Yet with unpredictable weather events, as highlighted in the National Climate Assessment report in November, there's a debate over whether potential energy efficiencies are enough to compensate for the massive environmental disruption caused.

"The entire environment would be disrupted," said Patrick Yeung, ocean conservation manager for the Hong Kong chapter of the World Wildlife Fund, citing potential damage to the marine food chain when microorganisms and other fishes are uprooted as a result of reclamation. "Is there really no other option than to reclaim land? That should be our first consideration."

Hong Kong chief executive Carrie Lam pitched the plan – called the Lantau Tomorrow Vision – as part of her annual policy address last year and it's core to her efforts to increase the city's land supply. The plan for 1,700 hectare (4,201 acres) islands in the city's central waters, between Lantau Island and Hong Kong Island, would be slated to add up to 400,000 housing units for an estimated 1.1mn people starting in 2032.

The plan is running into some early public opposition. Nearly 6,000 people took to the streets in protest three days after Lam announced the proposal, and it also became one of the key themes of an annual New Year's Day protest.

The concept has clear benefits for China's government, which controls Hong Kong under the "one country, two systems" doctrine. Lam envisions Lantau, the city's biggest outlying island, becoming the third core business district and an "aerotropolis," given its proximity to the international airport and the recently opened Hong Kong-Zhuhai-Macau Bridge serving as a key link to the Greater Bay Area. That's part of a plan by Chinese President Xi Jinping to transform the region into a trillion-dollar economy rivalling Silicon Valley.

"It may be going in the right direction for China, but that's not going in the right direction for Hong Kong," Steve Tsang, director of SOAS China Institute at the University of London, said of the plan. "Simply getting Hong Kong into an integral part of a wider PRC development project diminishes Hong Kong in terms of its special character and special contributions to China, and does not enhance it."

As the public continues to be disenchanted by out-of-reach home prices, the supply of public housing has lagged behind targets and has driven up the average waiting time for housing to 5.5 years, the most since 2000.

A steady inflow of Mainland migrants is increasing the demand, and the islands are the "most efficient and fastest way" to accommodate them, said Sonny Lo, a politics professor at the University of Hong Kong. Nearly one-fifth of public housing applications in the first quarter of 2018 came from new arrivals from the Mainland, and this remains a contentious topic in local politics.

The government argues that one possible solution mentioned for development, so-called brownfield sites – barren farmland, open-air parking lots and cargo terminals in the northern part of Hong Kong that can be converted for residential use – are insufficient to relieve the land shortage in the long term.

Financial Secretary Paul Chan suggested that the government may issue bonds to finance the project, amid concerns that the city could run small fiscal deficits in the coming years.

Tommy Wu, a Hong Kong-based senior economist at Oxford Economics Ltd., said the government could set up a project-specific company to manage more profitable projects upon the islands' completion to attract funding from banks, insurers or pension funds.

Chan Ka-keung, former secretary for financial services and the treasury, said the project is fiscally defensible because the government could eventually recover costs as the created land would have significant commercial value.

Asia stocks mostly lower as tech firms soured by Apple

AFP
Hong Kong

Most Asian markets extended the previous day's sharp losses yesterday with technology firms tumbling after Apple slashed its revenue forecasts blaming slowing China sales.

The yen soared against a number of other currencies including the dollar, euro, Australian dollar and Turkish lira in a flash crash fuelled by the Apple announcement.

In early trade bargain-buyers capitalised on Wednesday's hammering across Asia but were unable to sustain momentum with sentiment weak owing to uncertainty over a number of issues including the China-US trade war, China's economic woes, the US government shutdown and Brexit.

Wall Street and European markets mostly recovered from early losses to end slightly higher but Apple's announcement that it expected to earn less than expected in the key December quarter sent shudders through markets.

The firm, which was already under pressure over signs that sales of its new iPhone were coming up short, blamed sluggish demand in China for the cut and cited the US trade war as a factor.

"While we anticipated some challenges in key emerging markets, we did not foresee the magnitude of the economic deceleration, particularly in Greater China," chief executive Tim Cook told investors.

He told CNBC the tariffs row had put "additional pressure" on an already slowing Chinese economy, resulting in lower store and online traffic.

The firm's shares – already down about a third from their record high in March – dived 7% in after-hours trading.

Asian tech firms took a hit from the news, with Hong Kong-listed Sunny Optical and AAC Technologies down 6.8% and 5.4%, while Apple supplier TSMC shed 1.8% in Taipei, with Foxconn 0.2% off.

But on broader markets Hong Kong fell 0.3% at 25,064.36 after tanking almost 3% Wednesday, while Shanghai was marginally lower following a more than 1% drop after more weak Chinese economic data.

Seoul retreated 0.8%, Singapore was 1% down while Wellington gave up 0.9%, with Taipei and Mumbai also in negative territory.

Sydney jumped more than 1% while Manila surged 2.2%.

Tokyo was closed for a holiday.

Oil tumbled on lingering concerns about whether Opec-led production cuts would be enough to turn around prices as supplies remain high and demand weakens.

Prices last year suffered their first annual decline since 2015 and are 40% down from their four-year peaks reached in early October.

A view of the Shanghai Stock Exchange. The index was marginally lower yesterday following more than 1% drop after more weak Chinese economic data.

Australian dollar tanks to 10-year low against greenback

AFP
Sydney

The Australian dollar briefly hit a 10-year low against the greenback yesterday, as twitchy investors ditched more volatile assets and traders saw evidence of a computer-aided "flash crash."

The Australian currency sank to below 68 US cents in morning trading – the lowest level since 2009 – before recovering slightly. Analysts pointed to growing concern about the Chinese economy, after worse-than-expected Chinese manufacturing data.

The Australian currency sank to below 68 US cents in morning trading - the lowest level since 2009 - before recovering slightly

That concern sent mineral prices lower and with them the resource-sensitive Australian dollar. "Aluminium and copper were both off by more than two percent" said analysts at NAB Markets Research, which also saw the hand of algorithms – automated computer trades – as the reason for the severity of the fall.

At one point the Aussie dollar was off 4% against its US counterpart.

"The fact that over half the move down... has since been retraced is testimony to today's moves being first and foremost a 'liquidity event'," said NAB.

But the wild swing will do little to ease concerns that import and export dependent Australia could be in for rougher times ahead. The weaker Australian dollar makes imports more expensive.

Indian equities plunge 1.1%; rupee drops

Bloomberg
Mumbai

India's benchmark equity index fluctuated as investors positioned themselves for the earning season amid a rising concern on global growth.

The S&P BSE Sensex fell 1.1% to 35,513.71 at the close in Mumbai after moving between gains and losses.

The broader NSE Nifty 50 Index also dropped 1.1%.

Large Indian companies like Tata Consultancy Services Ltd and Infosys Ltd will announce their October-December profits next week.

Markets across Asia traded mixed after a weak reading on Chinese manufacturing and a cut in the sales outlook by Apple Inc for the first time in almost two decades cast a shadow on global growth.

Seventeen of 19 sub-indexes compiled by BSE Ltd declined, paced by a measure of metal companies.

Housing Development Finance Corp and Reliance Industries Ltd were the biggest drags on the benchmark index.

Mahindra & Mahindra Ltd and Oil & Natural Gas Corp Ltd were the worst performers on the Sensex.

Dena Bank Ltd plunged 20%, Vijaya Bank was down 7.3% after lenders approved share swap ratio for merger with state-run Bank of Baroda, which ended little changed.

Meanwhile, the Indian rupee weakened by 2 paise yesterday to end at 70.19 per dollar, against the previous close of 70.17 per dollar. The currency was one of the worst performers in Asia during 2018, losing over 9%.

Morgan Stanley taps cash spigot for IPO dominance

Bloomberg
New York

Morgan Stanley just beat JPMorgan Chase & Co and Goldman Sachs Group Inc for a second straight year in one of Wall Street's most competitive businesses – and it's poised to win again in 2019.

Its secret: Quirky dealmakers wielding a spigot of private money.

The bank is the world's top stock underwriter, a title that in recent years has shifted between JPMorgan, Goldman and Bank of America Corp until Morgan Stanley narrowly claimed it in 2017, according to data compiled by Bloomberg.

In coming weeks, Morgan Stanley is set to handle one of this year's marquee deals, the initial public offering for Uber Technologies Inc, making it even harder for competitors to catch up.

While the firm's success in 2018 was fuelled in part by stock sales for companies abroad, including in Asia, the rainmaker to watch this year is Michael Grimes, who's based in Silicon Valley as co-head of the bank's technology franchise. He and colleagues have been tending relationships with a slew of big tech firms heading to market, such as Palantir Technologies Inc, by helping the ventures tap into the bank's wealthy clientele and sovereign wealth funds for funding, giving their businesses more time to mature before going public.

"As many of the unicorns are staying private longer, they've got more rounds of private financing," said Jay Ritter, a professor at University of Florida's Warrington College of Business.

That gives an advantage to Morgan Stanley, which has arranged much of that funding, he said. Grimes is a colorful personality on Wall Street.

A computer science and electrical engineering major, he has a renowned penchant for the gadgets and apps produced by companies he's in charge of wooing.

On the road, he relies on Airbnb Inc to book accommodations and rent out his house, according to people familiar with his technique. Before leading Zynga Inc's IPO in 2011, he mastered its "CityVille" game on his phone. While pitching Ancestry.com, he showed the company an elaborate family tree he and his mother created together. For Uber, he moonlighted as a driver.

That helped Morgan Stanley rank No 1 last year as lead underwriter by volume of global tech IPOs, according to data compiled by Bloomberg.

And it positions the bank well for the coming year, when more so-called tech unicorns are expected to go public.

Yet Grimes's strategy doesn't always lead to landing the deal.

Grimes became an avid reviewer on Yelp Inc before its IPO in 2012, a person familiar with the situation said.

Yet Goldman Sachs ultimately won the mandate.

One person who's worked closely with his team, discussing strategy on condition of anonymity, described such engagement as the group's secret sauce: Grimes and other bankers obsess over how startups and their services operate, then use that knowledge to impress the venture's executives.

"He works hard to ensure he can see and understand the world through the lens of his customers," said Mary Meeker, the famed venture capitalist, who previously worked as an analyst at Morgan Stanley and has known Grimes for more than two decades.

All bankers aspire to do that – though not always by going to such lengths.

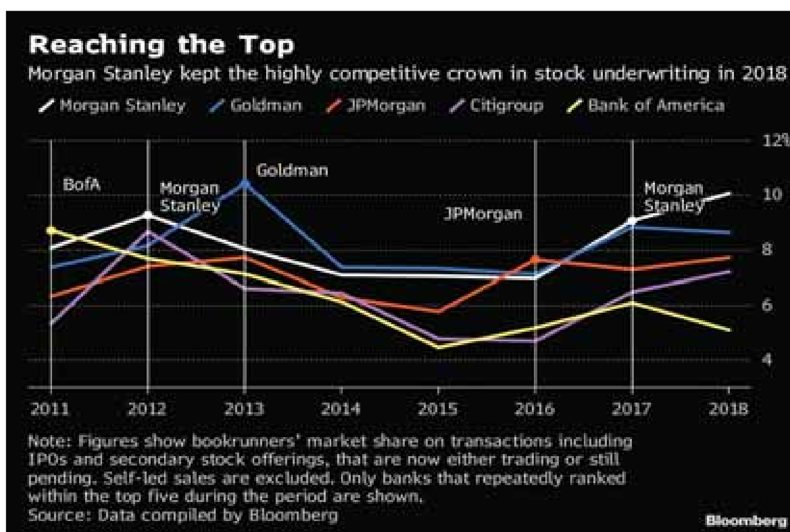
Yet Grimes and his colleagues, many of whom have worked as bankers for 20 to 30 years, have another asset that's even harder to mimic: The firm helps raise money for young companies in private markets, often tapping high-net-worth clients in its $2.5 tn wealth management unit.

Goldman's comparable franchise is a fraction of that size.

Other rainmakers at Morgan Stanley include Paul Kwan, who runs West Coast technology banking and helped lead private financing for Uber and Airbnb, which has said it aims to go public by late 2020.

He also led financing for Domo Inc, a company that warned investors that without an IPO or new sources of funding, it would have to slash costs.

The shares have slipped 6.5% since their debut in June. David Chen, the global head of software banking, was the lead placement agent for ForeScout Technologies Inc and DocuSign Inc, the electronic signature company whose shares have climbed 38% since its April public offering.



The 20%-a-year stock picker who wishes his edge would disappear

Bloomberg
Hong Kong

Most great stock pickers do all they can to preserve their competitive edge.

David Webb is trying to make his disappear.

The former Barclays Plc banker isn't opposed to making money per se.

After earning about 20% a year from his personal investments in Hong Kong shares since 1995 – more than double gains in the city's benchmark index – he seems happy to have amassed a fortune of at least $170mn.

But Webb finds the source of his outperformance troubling.

In his view, beating Hong Kong's stock market by such a wide margin has only been possible because of the city's weak corporate governance and lax regulatory oversight.

While Hong Kong ranks favourably in international surveys of corruption and the ease of doing business, a spate of corporate scandals and wild small-cap stock swings have rocked the city's equity market in recent years.

The benchmark Hang Seng Index is valued at less than 10 times its companies' reported earnings, one of the lowest levels worldwide.

"Think of me as an expert mechanic, walking around a second-hand car lot in which there are no warranties, and all of them are discounted for the risk of being lemons," Webb explained in a recent speech at The University of Hong Kong.

By avoiding most of the lemons most of the time "and getting a substantial discount on good companies, I have been able to outperform."

Webb wants to help the investing public steer clear of Hong Kong's lemons, too.

Over the past 20 months, he has advised readers of his widely followed website to avoid more than 75 of the city's publicly traded companies – several of which subsequently became targets of the largest-ever raid by Hong Kong's securities regulator.

Stocks on his "not to own" lists have lost $16bn of their value since he warned against buying them.

Webb said he doesn't profit from any of this work, which takes up about half his time. Now 53 and comfortably rich, he's OK with giving away his research – even if doing so ends his run as one of the world's best stock pickers.

"I don't want to reach the end of my life and say, I was a really good investor, that was fun, but I didn't advance the human condition," he said in an interview at his home office in Hong Kong's Mid-Levels district, where he works until 2am most nights poring through financial statements and other corporate disclosures.

His attempts to clean up Hong Kong's stock market trace back to 1998, when he decided to quit working life at age 33 to manage his own money.

Most of his reform efforts since then have revolved around Webb-site.com, a forum for his views on regulation, corporate developments, and other market news.

The ad-free site is required reading in Hong Kong investing circles, despite a layout that hasn't changed since the dial-up age (Webb's kids have lobbied for an update, to no avail).

Webb, who was sent by Barclays to Hong Kong from London in 1991, has also pushed for change behind the scenes.

By his own tally, he has sent more than 1,000 letters to Hong Kong Exchanges & Clearing Ltd and the Securities and Futures Commission on topics ranging from company disclosure lapses to trading rules.

When he served as an independent director of Hong Kong's stock exchange operator from 2003 to 2008, board meetings lasted at least an hour longer than usual, said Oscar Wong, a former director who sat next to Webb at the monthly gatherings.

"He would pry into every aspect of the exchange," Wong said, adding that he generally supported Webb's positions. "He raised a lot of topics of public interest."

Spokesmen for the SFC and HKEX declined to comment on Webb.

Webb has his fair share of detractors.

He has often been too quick to dismiss the viewpoints of Hong Kong's local brokerage community, said Choi Chen Po-sum, a vice chairman of the Hong Kong stock exchange in the 1990s who's now chairman of National Resources Securities Ltd. An ultimately successful campaign to end stock trading-fee minimums in the mid 2000s spurred some in the local press to label him an agent of foreign hedge funds, an allegation he laughs off.

Yet even his critics admit that Webb's an unusually astute investor.

His publicly disclosed stock holdings – which likely understate his total wealth – have swelled to about $170mn from $30mn in 2003, when Hong Kong's exchange started publishing the data.

Webb estimates his annualised gains since 1995 at about 20%, versus an 8.4% total return for the Hang Seng Index.

While he declined a Bloomberg News request to view his trading records, Hong Kong market veterans including CMB International Securities Ltd strategist Daniel So and Accudo Capital Ltd chief executive officer Manuel Schlabbers have said that his stated returns are plausible.

Here's how Webb describes the basics of his investment strategy:

Owns about 35 stocks at a time, with an average holding period of "five-plus" years.

Long only, never short. Prefers large stakes in small companies and isn't afraid to take an activist role:

"If you are going to be a minority shareholder, it's better to be a big one". Doesn't use leverage. Looks for businesses that are well-governed and undervalued.

BUSINESS

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QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	105.50	-0.94	1,090
Widam Food Co	69.12	-1.93	6,758
Vodafone Qatar	7.89	0.90	526,396
United Development Co	15.14	0.93	578,692
Salam International Investme	4.34	-0.23	8,256
Qatar & Oman Investment Co	5.26	1.94	7,219
Qatar Navigation	66.70	2.00	9,776
Qatar National Cement Co	60.13	0.22	5,529
Qatar National Bank	193.35	0.29	231,145
Qatar Islamic Insurance	53.72	-3.19	2
Qatar Industrial Manufactur	42.40	-0.70	33,211
Qatar International Islamic	66.60	0.18	14,830
Qatari Investors Group	27.98	1.19	104,356
Qatar Islamic Bank	153.90	0.92	83,188
Qatar Gas Transport(Nakilat)	17.90	0.56	117,559
Qatar General Insurance & Re	50.50	9.78	1,126
Qatar German Co For Medical	5.33	-5.83	72,436
Qatar Fuel Qsc	165.89	0.54	10,351
Qatar First Bank	4.06	0.50	398,869
Qatar Electricity & Water Co	185.40	2.01	27,871
Qatar Exchange Index Etf	102.10	0.20	500
Qatar Cinema & Film Distrib	19.02	0.00	-
Al Rayan Qatar Etf	23.95	0.00	-
Qatar Insurance Co	37.14	1.01	135,561
Ooredoo Qpsc	77.00	2.04	107,771
National Leasing	8.91	0.11	51,240
Mazaya Qatar Real Estate Dev	7.70	0.00	165,985
Mesaieed Petrochemical Holdi	15.32	-7.32	559,771
Al Meera Consumer Goods Co	148.40	0.93	5,453
Medicare Group	62.55	-0.93	42,650
Mannai Corporation Qsc	56.99	-1.44	290
Masraf Al Rayan	41.95	0.12	290,193
Al Khalij Commercial Bank	11.45	1.24	23,018
Industries Qatar	133.86	1.79	81,905
Islamic Holding Group	23.10	5.00	20,667
Investment Holding Group	4.78	-1.24	113,852
Gulf Warehousing Company	39.40	1.03	4,458
Gulf International Services	16.99	0.53	120,946
Ezdan Holding Group	13.20	2.80	359,178
Doha Insurance Co	12.13	-4.11	2,096
Doha Bank Qpsc	21.99	1.10	99,814
Dlala Holding	9.98	0.81	265
Commercial Bank Pqsc	39.88	1.48	215,480
Barwa Real Estate Co	39.90	0.03	164,719
Al Khaleej Takaful Group	8.60	0.12	10,901
Aamal Co	9.11	2.94	271,529

SAUDI ARABIA

Company Name	Lt Price	% Chg	Volume
United Wire Factories Compan	14.36	0.14	98,850
Etihad Etisalat Co	16.48	-0.36	625,412
Dar Al Arkan Real Estate Dev	8.98	-0.44	4,905,150
Alawwal Bank	15.00	0.67	131,447
Rabigh Refining And Petroche	18.90	-0.53	313,353
Banque Saudi Fransi	31.30	0.97	227,560
Saudi Enaya Cooperative Insu	21.40	-1.83	681,436
Mediterranean & Gulf Insuran	16.24	-0.25	110,394
Saudi British Bank	32.90	-0.30	101,829
Red Sea International Co	15.88	0.00	157,580
Takween Advanced Industries	9.50	0.00	61,146
Sabb Takaful	17.12	-1.04	137,301
Saudi Arabian Fertilizer Co	76.40	0.00	133,810
National Gypsum	11.80	-0.34	60,541
Saudi Ceramic Co	19.52	-0.61	63,870
National Gas & Industrializa	28.15	0.00	38,489
Saudi Pharmaceutical Industr	30.00	2.56	89,926
Thimar	27.20	-1.09	227,027
National Industrialization C	15.08	0.00	1,069,869
Batic Investments And Logist	37.55	-0.53	16,882
Saudi Electricity Co	15.24	0.53	605,210
Saudi Arabia Refineries Co	41.95	0.12	158,029
Arriyadh Development Company	17.46	0.23	128,368
Al-Baha Development & Invest	22.66	-0.61	290,485
Saudi Research And Marketing	83.30	1.09	93,425
Aldrees Petroleum And Transp	36.85	-0.94	85,513
Saudi Vitrified Clay Pipe Co	51.60	0.00	1,025
Jarir Marketing Co	152.00	0.00	223,024
Arab National Bank	31.95	0.16	425,689
Yanbu National Petrochemical	63.40	1.44	350,430
Arabian Cement	22.10	-1.78	72,174
Middle East Specialized Cabl	12.26	-0.16	115,524
Al Khaleej Training And Educ	13.50	2.90	543,833
Al Sagr Co-Operative Insuran	12.46	0.48	113,260
Trade Union Cooperative Insu	0.00	0.00	-
Arabia Insurance Cooperative	16.22	-0.98	31,987
Saudi Chemical Company	30.35	-2.10	99,888
Fawaz Abdulaziz Alhokair & C	21.90	0.27	22,952
Bupa Arabia For Cooperative	80.60	0.62	148,055
Wafa Insurance	9.50	0.00	-
Jabal Omar Development Co	33.40	-1.18	616,451
Saudi Basic Industries Corp	117.20	1.03	1,671,231
Saudi Kayan Petrochemical Co	13.34	1.37	2,599,149
Etihad Atheeb Telecommunicat	5.35	0.00	-
Co For Cooperative Insurance	60.80	0.00	32,386
National Petrochemical Co	23.96	-0.33	242,521
Gulf Union Cooperative Insur	14.62	2.52	1,238,535
Gulf General Cooperative Ins	13.56	1.80	114,349
Basic Chemical Industries	22.00	0.27	25,746
Saudi Steel Pipe Co	17.80	0.00	40,927
Buruj Cooperative Insurance	26.50	0.95	57,560
Mouwasat Medical Services Co	79.90	-0.87	40,061
Southern Province Cement Co	37.00	-0.94	9,733
Maadaniyah	17.22	-0.46	27,877
Yamama Cement Co	12.94	1.09	110,905
Jazan Energy And Development	14.60	-0.68	152,129
Zamil Industrial Investment	17.62	-1.01	88,919
Alujain Corporation (Alco)	19.64	-0.81	451,619
Tabuk Agricultural Developme	9.95	0.51	40,503
United Co-Operative Assuranc	11.96	0.00	171,988
Qassim Cement/The	31.80	-1.85	149,413
Saudi Advanced Industries	13.20	4.10	1,473,549
Kingdom Holding Co	7.74	0.13	54,286
Saudi Arabian Amiantit Co	5.81	0.17	351,226
Al Jouf Agriculture Developm	21.22	0.09	10,430
Saudi Industrial Development	8.19	0.12	119,324
Riyad Bank	19.54	-0.51	734,006
The National Agriculture Dev	28.80	0.88	74,826
Halwani Bros Co	44.95	0.22	82,157
Arabian Pipes Co	9.21	0.00	156,098
Eastern Province Cement Co	20.34	0.99	109,952
Al Gassim Investment Holding	10.58	-0.75	176,655
Filing & Packing Materials M	34.25	-0.29	14,257
Saudi Cable Co	38.20	-0.52	335,829
Tihama Advertising & Public	43.80	0.23	185,122
Saudi Investment Bank/The	17.20	0.35	66,704
Astra Industrial Group	16.06	0.38	23,895
Saudi Public Transport Co	14.04	0.14	287,064
Taiba Holding Co	30.05	0.00	84,195
Saudi Industrial Export Co	88.80	-0.34	377,147
Saudi Real Estate Co	12.16	0.16	188,800
Saudia Dairy & Foodstuff Co	106.00	1.92	205,296
National Shipping Co Of/The	33.15	1.53	351,679
Methanol Chemicals Co	9.22	0.33	423,230
Chubb Arabia Cooperative Ins	18.30	0.00	39,220
Mobile Telecommunications Co	8.24	0.49	6,294,838
Saudi Arabian Coop Ins Co	11.64	0.69	230,699
Axa Cooperative Insurance	22.66	0.27	19,055
Alsorayai Group	15.12	0.53	960,520
Bank Albilad	28.20	2.17	833,826
Al-Hassan G.I. Shaker Co	8.50	0.00	173,736
Wataniya Insurance Co	23.70	-0.17	54,087
Abdullah Al Othaim Markets	69.80	0.14	36,101
Hail Cement	7.91	-0.50	48,714
Saudi Re For Cooperative Rei	7.97	1.14	225,638

SAUDI ARABIA

Company Name	Lt Price	% Chg	Volume
Solidarity Saudi Takaful Co	16.38	0.99	121,844
Amana Cooperative Insurance	23.58	-2.80	1,181,508
Alabdullatif Industrial Inv	11.02	0.18	14,491
Saudi Printing & Packaging C	16.26	0.74	243,781
Saudi Paper Manufacturing Co	13.78	-0.58	764,517
Alinma Bank	23.38	1.56	6,502,890
Almarai Co	48.50	0.62	126,672
Falcom Saudi Equity Etf	30.10	-0.66	159,678
United International Transpo	27.10	1.50	621,533
Hsbc Amanah Saudi 20 Etf	30.60	0.00	-
Saudi International Petroche	19.20	-1.34	581,414
Falcom Petrochemical Etf	30.40	-0.33	20,000
Walaa Cooperative Insurance	21.66	0.46	16,599
Bank Al-Jazira	14.40	1.12	1,770,540
Al Rajhi Bank	87.50	0.81	2,151,092
Samba Financial Group	31.45	0.80	833,353
United Electronics Co	64.10	0.16	50,587
Allied Cooperative Insurance	18.44	-1.18	90,508
Malath Insurance	12.30	-0.32	176,003
Alinma Tokio Marine	16.36	0.00	53,584
Arabian Shield Cooperative	18.50	0.00	292,574
Savola	26.85	0.75	105,277
Wafrah For Industry And Deve	16.60	-0.12	58,050
Fitaihi Holding Group	10.70	-1.29	35,225
Tourism Enterprise Co/ Shams	31.90	-0.31	48,252
Sahara Petrochemical Co	15.06	0.40	1,224,445
Herfy Food Services Co	45.00	0.00	114,062
Saudi Ind Investment Group	21.54	-0.65	641,437
Salama Cooperative Insurance	15.84	-0.25	105,035
Emaar Economic City	7.90	0.13	522,059
Alahli Takaful Co	29.20	1.04	117,980
Anaam International Holding	14.12	0.43	320,022
Saudi Telecom Co	95.00	2.15	517,292
Al Alamiya Cooperative Insur	32.90	1.23	91,159
Saudi Industrial Services Co	10.72	-0.56	371,912
Al-Ahsa Development Co.	9.92	0.30	133,964
National Co For Glass In/The	18.00	0.33	19,482
Dur Hospitality Co	18.50	0.00	51,764
Tabuk Cement Co	11.28	2.17	644,249
Sasco	16.42	-1.44	66,317
Saudi Cement	47.50	0.00	149,856
Aseer Trading Tourism & Manu	9.26	0.43	76,688
Nama Chemicals Co	27.10	0.00	126,829
Saudi Arabian Mining Co	49.30	1.44	127,930
Yanbu Cement Co	24.50	1.49	159,745
Saudi Fisheries	72.80	0.83	1,833,596
Ash-Sharqiyah Development Co	51.50	-0.19	124,418
Makkah Construction & Develpl	78.70	-0.25	10,480
Al Jouf Cement	7.76	0.39	162,746
Abdullah A.M. Al-Khodari Son	6.65	-0.75	1,231,965
Knowledge Economic City	9.16	0.44	148,618
Al-Ahlia Cooperative Insuran	12.38	7.65	2,633,967
Al Rajhi Co For Co-Operative	67.90	0.74	90,367
Advanced Petrochemicals Co	51.20	2.50	167,048
Al Babtain Power & Telecommu	19.48	-0.31	118,886
Allianz Saudi Fransi Coopera	30.45	-0.65	66,491
Najran Cement Co	8.30	0.00	631,502
Al Tayyar Travel Group	19.96	0.81	331,423
National Commercial Bank	47.70	-0.63	781,235

KUWAIT

Company Name	Lt Price	% Chg	Volume
Sultan Center Food Products	54.50	0.00	1,509
Kuwait Foundry Co Sak	209.00	4.50	514,150
Kuwait Financial Centre Sak	100.00	0.00	16,200
Ajial Real Estate Entmt	144.00	0.00	7,000
Kuwait Finance & Investment	34.50	2.99	48,000
National Investments Co Ksc	200.00	0.00	10,000
Kuwait Real Estate Holding C	24.00	0.00	120,000
Securities House/The	55.00	2.80	6,505,998
Boubyan Petrochemicals Co	988.00	-0.20	421,592
Al Ahli Bank Of Kuwait	297.00	0.68	170,527
Ahli United Bank (Almutahed)	297.00	0.00	285,290
National Bank Of Kuwait	841.00	0.60	3,209,688
Commercial Bank Of Kuwait	520.00	1.96	1,200
Kuwait International Bank	270.00	1.12	6,701,142
Gulf Bank	254.00	-0.39	6,781,441
Al-Massaleh Real Estate Co	38.50	2.67	22,730
Al Arabiya Real Estate Co	30.30	3.41	498,973
Kuwait Remal Real Estate Co	41.50	-0.95	40,950
A'ayan Real Estate Co Sak	60.00	0.00	85,000
Investors Holding Group Co.K	12.90	3.20	16,406,273
Al-Mazaya Holding Co	73.00	0.27	787,259
Al-Madar Finance & Invt Co	152.00	-8.98	2,875,400
Gulf Petroleum Investment	30.80	3.01	9,429,649
Mabanee Co Sakc	617.00	-0.16	142,081
Invest Co Bsc	85.00	1.31	221,000
Al-Deera Holding Co	20.50	8.47	362,012
Mena Real Estate Co	40.80	3.29	7,802,438
Amar Finance & Leasing Co	41.00	0.00	500
United Projects For Aviation	635.00	0.00	10
National Consumer Holding Co	0.00	0.00	-
Amwal International Investme	62.00	0.00	2,000
Equipment Holding Co K.S.C.C	30.00	10.29	3,592,013
Arkan Al Kuwait Real Estate	83.50	0.00	27,000
Gfh Financial Group Bsc	74.40	0.54	2,764,835
Energy House Holding Co Kscp	36.20	0.00	106,200
Kuwait Co For Process Plant	239.00	0.00	6,771
Al Maidan Dental Clinic Co K	1,200.00	0.00	199,505
National Shooting Company	16.10	0.63	183,001
Al-Ahleia Insurance Co Sakp	425.00	-0.47	15,001
Wethaq Takaful Insurance Co	29.90	7.17	216,400
Salbookh Trading Co Kscp	39.00	1.30	167,268
Aqar Real Estate Investments	61.20	0.00	176,000
Hayat Communications	69.00	0.00	14,750
Soor Fuel Marketing Co Ksc	115.00	-0.86	21,727
Tamkeen Holding Co	9.20	-7.07	85,200
Burgan Co For Well Drilling	95.00	0.00	4,640
Kuwait Resorts Co Kscc	56.80	0.18	1,844,200
Oula Fuel Marketing Co	118.00	1.72	76,963
Palms Agro Production Co	60.00	0.00	4,713
Mubarrad Holding Co Ksc	71.00	0.00	5,883,837
Shuaiba Industrial Co	188.00	0.00	50
Aan Digital Services Co	18.60	4.49	1,629,914
First Takaful Insurance Co	48.40	-0.21	21,000
Kuwaiti Syrian Holding Co	39.80	3.92	150
National Cleaning Company	57.50	0.88	3,987
United Real Estate Company	59.00	-1.67	23,599
Agility	801.00	-0.50	1,309,152
Kuwait & Middle East Fin Inv	32.50	-1.22	317,200
Fujairah Cement Industries	61.70	0.00	10,095
Livestock Transport & Tradng	187.00	-0.53	805
International Resorts Co	22.80	1.79	220,300
National Industries Grp Hold	162.00	2.53	5,008,316
Warba Insurance Co	72.60	10.00	50,969
First Dubai Real Estate Deve	40.00	0.76	210,026
Al Arabi Group Holding Co	67.00	-2.90	55,500
Mobile Telecommunications Co	464.00	2.20	4,026,130
Effect Real Estate Co	18.90	0.00	40
Tamdeen Real Estate Co Ksc	350.00	0.00	14,900
Al Mudon Intl Real Estate Co	28.50	-1.38	76,010
Kuwait Cement Co Ksc	374.00	-1.06	27,982
Sharjah Cement & Indus Devel	86.90	0.00	921,000
Kuwait Portland Cement Co	1,120.00	-2.27	2,950
Educational Holding Group	320.00	3.23	34,040
Asiya Capital Investments Co	32.50	1.56	39,092
Kuwait Investment Co	131.00	0.00	133,750
Burgan Bank	284.00	1.43	2,225,433
Kuwait Projects Co Holdings	210.00	0.48	145,000
Al Madina For Finance And In	22.20	3.74	521,410
Kuwait Insurance Co	350.00	-2.78	10,000
Al Masaken Intl Real Estate	68.70	0.00	102,114
Intl Financial Advisors	28.50	0.00	2,161,509
First Investment Co Kscc	39.70	1.79	3,653,568
Al Mal Investment Company	20.10	1.01	1,644,611
Bayan Investment Co Kscc	48.30	0.00	45,787
Egypt Kuwait Holding Co Sae	325.00	0.00	5,000
Coast Investment Development	33.00	-0.30	462,651
Privatization Holding Compan	52.00	0.00	116,910
Injazzat Real State Company	86.00	0.00	100
Kuwait Cable Vision Sak	20.00	0.00	9,500
Sanam Real Estate Co Kscc	38.00	9.51	20,000
Ithmaar Holding Bsc	27.30	5.41	13,655,717
Aviation Lease And Finance C	350.00	0.00	14,300
Arzan Financial Group For Fi	30.00	0.33	213,061
Ajwan Gulf Real Estate Co	18.80	0.53	3,265,266
Kuwait Business Town Real Es	46.00	-1.08	72,222
Future Kid Entertainment And	95.00	0.00	12,000

KUWAIT

Company Name	Lt Price	% Chg	Volume
Specialities Group Holding C	71.00	0.00	39,200
Abyaar Real Estate Developm	17.60	6.02	47,654,512
Kgl Logistics Company Kscc	40.90	0.49	1,047,458
Combined Group Contracting	310.00	-1.27	65,968
Jiyad Holding Co Ksc	70.60	-0.42	1,445,053
Boubyan Intl Industries Hold	35.70	2.59	1,401,923
Gulf Investment House Ksc	17.50	2.34	243,216
Boubyan Bank K.S.C	574.00	1.06	660,609
Ahli United Bank B.S.C	208.00	-0.48	3,131,362
Osos Holding Group Co	102.00	0.00	63,660
Al-Eid Food Ksc	66.00	0.00	11
Qurain Petrochemical Industr	366.00	2.23	349,518
Ekttitab Holding Co Sak	20.90	-0.48	435,520
Real Estate Trade Centers Co	21.20	-9.79	104,815
Acico Industries Co Kscc	158.00	4.64	884,227
Kipco Asset Management Co	69.00	0.00	842
National Petroleum Services	920.00	0.00	2,000
Alimtiaz Investment Group	135.00	0.75	1,027,744
Ras Al Khaimah White Cement	71.60	-4.41	100
Kuwait Reinsurance Co Ksc	0.00	0.00	-
Kuwait & Gulf Link Transport	93.60	0.11	101,811
Humansoft Holding Co Ksc	3,284.00	0.80	503,702
Automated Systems Co Kscc	108.00	0.00	145
Metal & Recycling Co	62.00	0.00	25
Gulf Franchising Holding Co	70.00	0.00	2,845
Al-Enma'a Real Estate Co	33.20	3.11	516,708
National Mobile Telecommuni	717.00	-0.28	5,261
Unicap Investment And Financ	82.00	1.23	859,601
Al Salam Group Holding Co	32.90	2.81	480,105
Al Aman Investment Company	48.80	0.21	11,262
Mashaer Holding Co Ksc	84.00	-4.00	12,859,738
Manazel Holding	27.00	3.45	358,100
Tijara And Real Estate Inves	51.00	4.08	200
Jazeera Airways Co Ksc	747.00	0.95	300,753
Commercial Real Estate Co	92.00	-0.86	653,154
National International Co	62.00	0.00	164,651
Taameer Real Estate Invest C	28.70	2.50	1,915,025
Gulf Cement Co	67.90	2.88	138,878
Heavy Engineering And Ship B	432.00	-1.37	248,562
National Real Estate Co	91.40	0.44	273,056
Al Safat Energy Holding Comp	31.00	7.64	90,160
Kuwait National Cinema Co	1,040.00	0.00	1,000
Danah Alsafat Foodstuff Co	39.70	1.79	134,511
Independent Petroleum Group	405.00	0.00	10,010
Kuwait Real Estate Co Ksc	55.00	0.00	740,750
Salhia Real Estate Co Ksc	330.00	0.00	144,200
Gulf Cable & Electrical Ind	352.00	-0.85	100,407
Kuwait Finance House	0.00	0.00	-
Gulf North Africa Holding Co	50.50	2.02	874,343
Hilal Cement Co	0.00	0.00	-
Osoul Investment Kscc	59.00	0.00	19,753
Gulf Insurance Group Ksc	660.00	0.76	600
Umm Al Qaiwain General Inves	66.50	0.00	34,114
Aayan Leasing & Investment	39.00	0.26	27,306,585
Alrai Media Group Co Ksc	58.00	-3.33	322,510
National Investments Co	84.90	1.43	311,127
Commercial Facilities Co	175.00	0.00	2,994
Yiaco Medical Co. K.S.C.C	107.00	0.00	100
Munshaat Real Estate Project	99.90	4.06	5,000
Noor Financial Investment Co	76.50	-0.65	1,690,815
Al Tamdeen Investment Co	0.00	0.00	-
Credit Rating & Collection	22.40	0.00	5,200
Ifa Hotels & Resorts Co. K.S	70.00	-20.54	356,896
Sokouk Holding Co Ksc	39.60	-1.00	2,112,636
Warba Bank Kscp	212.00	0.47	2,575,635
Viva Kuwait Telecom Co	802.00	0.50	25,001
Mezzan Holding Co Kscc	500.00	0.00	71,592

OMAN

Company Name	Lt Price	% Chg	Volume
Voltamp Energy Saog	0.24	0.00	741
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	0.12	0.00	2,110
Smn Power Holding Saog	0.37	0.00	-
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	1.49	0.00	-
Sharqiyah Desalination Co Sa	0.31	0.00	-
Sembcorp Salalah Power & Wat	0.17	-1.69	200,000
Salalah Port Services	0.60	0.00	-
Salalah Mills Co	0.75	0.00	-
Salalah Beach Resort Saog	1.38	0.00	-
Sahara Hospitality	3.09	0.00	-
Renaissance Services Saog	0.37	0.00	-
Raysut Cement Co	0.38	0.00	-
Phoenix Power Co Saoc	0.10	-1.94	269,256
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.57	0.00	-
Ominvest	0.36	0.00	-
Oman United Insurance Co	0.30	0.00	-
Oman Telecommunications Co	0.78	0.00	7,500
Oman Refreshment Co	1.70	0.00	7,194
Oman Qatar Insurance Co	0.12	0.00	-
Oman Packaging	0.27	0.00	-
Oman Oil Marketing Company	0.90	0.00	-
Oman National Engineering An	0.16	0.00	-
Oman Investment & Finance	0.08	-1.28	80,424
Oman Intl Marketing	0.52	0.00	-
Oman Flour Mills	0.67	-1.18	39,750
Oman Fisheries Co	0.06	-3.23	278,180
Oman Europe Foods Industries	1.00	0.00	-
Oman Education & Training In	0.24	0.00	-
Oman Chromite	3.64	0.00	-
Oman Chlorine	0.39	0.00	-
Oman Ceramic Company	0.42	0.00	-
Oman Cement Co	0.30	0.00	1,950
Oman Cables Industry	0.98	0.00	-
Oman & Emirates Inv(Om)50%	0.12	0.00	-
Natl Aluminium Products	0.35	0.00	-
National Real Estate Develop	5.00	0.00	-
National Pharmaceutical	0.19	0.00	-
National Mineral Water	0.10	0.00	-
National Life & General Insu	0.32	0.00	-
National Gas Co	0.26	0.00	-
National Finance Co	0.13	0.00	-
National Detergent Co Saog	0.70	0.00	-
National Biscuit Industries	3.92	0.00	-
National Bank Of Oman Saog	0.18	0.00	-
Muscat Thread Mills Co	0.08	0.00	-
Muscat Insurance Co Saog	0.20	0.00	-
Muscat Gases Company Saog	0.21	0.00	400
Muscat Finance	0.08	0.00	-
Muscat City Desalination Co	0.13	0.00	-
Majan Glass Company	0.18	0.00	-
Majan College	0.20	0.00	-
Hsbc Bank Oman	0.12	-0.84	30,000
Hotels Management Co Interna	1.25	0.00	-
Gulf Stone	0.12	0.00	-
Gulf Mushroom Company	0.31	0.00	-
Gulf Investments Services	0.07	-2.70	14,000
Gulf Invest. Serv. Pref-Shar	0.11	0.00	-
Gulf International Chemicals	0.18	0.00	-
Gulf Hotels (Oman) Co Ltd	0.18	0.00	-
Global Fin Investment	0.08	0.00	-
Galfar Engineering&Contract	0.08	-2.47	222,178
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	12,033
Dhofar Insurance	0.17	0.00	-
Dhofar Generating Co Saoc	0.22	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	0.40	0.00	658,450
Bank Sohar	0.11	0.00	101,000
Bank Nizwa	0.09	-2.22	206,000
Bank Dhofar Saog-Rts	0.02	0.00	-
Bank Dhofar Saog	0.16	-3.01	20,100

OMAN

Company Name	Lt Price	% Chg	Volume
Arabia Falcon Insurance Co	0.12	0.00	-
Aloula Co	0.53	0.00	-
Al-Omaniya Financial Service	0.20	0.00	-
Al-Hassan Engineering Co	0.02	0.00	-
Al-Fajar Al-Alamia Co	0.75	0.00	-
Al-Anwar Ceramic Tiles Co	0.07	-4.05	1,188,084
Al Suwadi Power	0.10	0.00	3,000
Al Sharqiya Invest Holding	0.09	0.00	-
Al Maha Petroleum Products M	0.93	0.00	600
Al Maha Ceramics Co Saoc	0.21	0.00	-
Al Madina Takaful Co Saoc	0.10	-1.02	541,377
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	0.00	-
Al Jazeera Services	0.11	0.00	714
Al Izz Islamic Bank	0.09	0.00	-
Al Buraimi Hotel	0.88	0.00	-
Al Batinah Power	0.10	0.00	3,000
Al Batinah Hotels	1.13	0.00	-
Al Batinah Dev & Inv	0.09	0.00	-
Al Anwar Holdings Saog	0.10	-1.01	15,000
Al Ahlia Insurance Co Saoc	0.35	0.00	-
Ahli Bank	0.15	0.00	-
Acwa Power Barka Saog	0.72	0.00	-
Abrasives Manufacturing Co S	0.05	0.00	-
A'saffa Foods Saog	0.60	0.00	-
OMan Oil Marketing Co-Pref	0.25	0.00	-

UAE

Company Name	Lt Price	% Chg	Volume
Waha Capital Pjsc	1.85	2.78	370,858
United Insurance Company	2.00	0.00	-
United Arab Bank Pjsc	1.20	0.00	-
Union National Bank/Abu Dhab	4.75	1.50	841,947
Union Insurance Co	0.90	0.00	-
Union Cement Co	0.00	0.00	-
Umm Al Qaiwain General Inves	0.97	0.00	-
Sudan Telecommunications Gro	0.40	-1.00	155,050
Sharjah Islamic Bank	1.16	0.00	-
Sharjah Insurance Company	2.84	0.00	-
Sharjah Group	1.00	-7.41	235
Sharjah Cement & Indus Devel	0.93	0.00	-
Ras Al-Khaimah National Insu	2.90	0.00	-
Ras Al Khaimah White Cement	1.08	0.00	-
Ras Al Khaimah Ceramics	1.82	1.11	68,084
Ras Al Khaimah Cement Co Psc	0.65	0.00	-
Ras Al Khaima Poultry	1.90	0.00	-
Rak Properties	0.50	1.01	1,502,755
Ooredoo Qpsc	70.00	0.00	-
Oman & Emirates Inv(Emir)50%	0.50	0.00	-
National Takaful Company	0.62	0.00	-
National Marine Dredging Co	3.45	0.00	-
National Investor Co/The	0.58	0.00	-
National Corp Tourism & Hote	1.68	0.00	-
National Bank Of Umm Al Qaiw	2.96	0.00	-
National Bank Of Ras Al-Khai	4.20	0.00	-
National Bank Of Fujairah	4.80	0.00	-
Methaq Takaful Insurance	0.76	5.56	131,875
Manazel Real Estate Pjsc	0.38	-2.06	1,384,207
Invest Bank	2.49	0.00	-
Intl Holdings Co Pjsc	0.96	0.00	-
Insurance House	0.85	0.00	-
Gulf Pharmaceutical Ind Psc	2.08	6.67	8,920
Gulf Medical Projects	1.75	0.00	-
Gulf Cement Co	0.78	0.00	-
Fujairah Cement Industries	1.25	0.00	-
Fujairah Building Industries	1.15	0.00	-
Foodco Holding Pjsc	3.71	0.00	-
First Abu Dhabi Bank Pjsc	14.00	0.72	3,983,087
Finance House	1.64	0.00	-
Eshraq Properties Co Pjsc	0.47	2.40	9,001,824
Emirates Telecom Group Co	17.00	0.00	1,253,259
Emirates Insurance Co. (Psc)	6.75	0.00	-
Emirates Driving Company	6.90	0.00	-
Dana Gas	0.95	3.26	4,827,324
Commercial Bank Internationa	0.87	0.00	-
Bank Of Sharjah	1.00	-1.96	375,280
Axa Green Crescent Insurance	0.50	0.00	-
Arkan Building Materials Co	0.49	8.89	254,255
Alkhaleej Investment	1.65	0.00	-
Aldar Properties Pjsc	1.61	1.90	3,560,501
Al Wathba National Insurance	12.76	0.00	-
Al Qudra Holding Pjsc	0.80	0.00	-
Al Khazna Insurance Co	0.25	0.00	-
Al Fujairah National Insuran	300.00	0.00	-
Al Dhafra Insurance Co. P.S.	3.60	0.00	-
Al Buhaira National Insuranc	1.99	0.00	-
Al Ain Ahlia Ins. Co.	37.00	0.00	-
Agthia Group Pjsc	4.28	-3.82	418,943
Abu Dhabi Ship Building Co	1.10	0.00	-
Abu Dhabi Natl Co For Buildi	0.44	0.00	-
Abu Dhabi National Takaful C	4.40	0.00	-
Abu Dhabi National Oil Co Fo	2.32	-0.85	906,302
Abu Dhabi National Insurance	3.90	0.00	-
Abu Dhabi National Hotels	3.15	0.00	-
Abu Dhabi National Energy Co	1.10	0.00	-

BAHRAIN

Company Name	Lt Price	% Chg	Volume
Zain Bahrain Bscc	0.08	0.00	30,000
United Paper Industries Bsc	0.00	0.00	-
United Gulf Holding Bsc	1.24	0.00	32,860,631
Solidarity Bahrain Bsc	0.00	0.00	-
Seef Properties	0.22	-0.91	19,000
National Bank Of Bahrain Bsc	0.61	0.00	14,000
Nass Corp Bsc	0.10	0.00	56,884
Khaleeji Commercial Bank	0.08	-9.52	946,242
Ithmaar Holding Bsc	0.09	0.00	200,000
Investcorp Bank -$Us	9.60	0.00	35,000
Gulf Hotel Group B.S.C	0.00	0.00	-
Gfh Financial Group Bsc	0.24	-2.04	471,904
Esterad Investment Co B.S.C.	0.11	3.70	43,457
Eskan Bank Realty Income Tr	0.19	0.00	20,000
Bmmi Bsc	0.77	0.00	45,000
Bbk Bsc	0.45	0.00	9,724
Bahrain Telecom Co	0.28	0.00	290,176
Bahrain National Holding	0.36	0.00	119,428
Bahrain Kuwait Insurance	0.00	0.00	-
Bahrain Islamic Bank	0.13	0.00	42,726
Bahrain Duty Free Complex	0.74	0.00	4,000
Bahrain Commercial Facilitie	0.77	0.00	15,000
Arab Banking Corp Bsc-$Us	0.42	0.00	705,000
Aluminium Bahrain Bsc	0.60	-0.83	11,850
Albaraka Banking Group	0.30	0.00	65,000
Al-Salam Bank	0.09	-7.22	231,500
Ahli United Bank B.S.C	0.68	0.74	27,600

LATEST MARKET CLOSING FIGURES

DJIA

Company Name	Lt Price	% Chg	Volume
Apple Inc	142.48	-9.78	37,362,887
Microsoft Corp	97.56	-3.53	11,203,580
Johnson & Johnson	125.92	-1.43	1,821,745
Jpmorgan Chase & Co	97.29	-2.03	4,699,933
Exxon Mobil Corp	68.68	-1.45	3,171,344
Walmart Inc	93.55	0.22	2,333,936
Visa Inc-Class A Shares	129.10	-2.87	3,120,837
Unitedhealth Group Inc	237.86	-2.31	1,121,214
Pfizer Inc	42.52	-1.69	6,212,833
Verizon Communications Inc	56.37	0.62	4,830,393
Chevron Corp	108.68	-1.82	1,562,679
Procter & Gamble Co/The	91.37	0.10	2,797,383
Intel Corp	45.01	-4.40	7,311,063
Cisco Systems Inc	41.41	-3.59	5,487,455
Home Depot Inc	169.80	-1.51	1,007,855
Boeing Co/The	312.68	-3.44	1,787,379
Coca-Cola Co/The	46.84	-0.20	3,178,632
Merck & Co. Inc.	74.55	-1.38	3,287,558
Walt Disney Co/The	106.89	-1.91	2,439,516
Mcdonald's Corp	174.68	-0.78	748,879
Dowdupont Inc	52.66	-3.40	2,672,436
Nike Inc -Cl B	71.97	-2.82	2,381,068
3M Co	183.82	-3.73	1,063,999
Intl Business Machines Corp	113.73	-1.28	981,942
United Technologies Corp	105.25	-2.82	1,072,432
American Express Co	94.06	-1.69	1,084,040
Goldman Sachs Group Inc	169.10	-1.70	1,227,161
Walgreens Boots Alliance Inc	66.82	-1.79	884,490
Caterpillar Inc	121.58	-3.80	1,974,547
Travelers Cos Inc/The	115.59	-1.52	368,152

FTSE 100

Company Name	Lt Price	% Chg	Volume
Wpp Plc	842.40	-0.89	1,476,691
Wood Group (John) Plc	511.40	-1.58	1,442,681
Wm Morrison Supermarkets	215.05	1.53	2,716,347
Whitbread Plc	4,599.00	-0.04	201,778
Vodafone Group Plc	155.94	0.65	59,178,217
United Utilities Group Plc	756.40	1.26	983,735
Unilever Plc	4,127.00	-0.39	1,116,096
Tui Ag-Di	1,125.00	-2.30	1,613,224
Tesco Plc	199.60	4.20	30,258,732
Taylor Wimpey Plc	138.20	0.99	7,265,702
Standard Life Aberdeen Plc	253.95	-1.99	2,180,117
Standard Chartered Plc	583.90	-3.71	2,939,965
St James's Place Plc	943.40	-1.21	540,749
Sse Plc	1,067.50	-0.14	1,457,664
Smurfit Kappa Group Plc	2,088.00	-1.42	107,219
Smiths Group Plc	1,341.50	-2.97	286,578
Smith & Nephew Plc	1,389.00	-2.80	2,769,642
Shire Plc	4,550.00	-0.55	773,659
Severn Trent Plc	1,873.50	1.33	394,335
Segro Plc	600.60	0.50	764,335
Scottish Mortgage Inv Tr Plc	441.00	-3.89	1,417,231
Schroders Plc	2,445.00	-1.13	144,439
Sainsbury (J) Plc	262.50	0.38	2,763,240
Sage Group Plc/The	578.80	-3.44	1,561,264
Rsa Insurance Group Plc	508.80	0.00	5,726,036
Royal Mail Plc	282.10	3.48	3,221,010
Royal Dutch Shell Plc-B Shs	2,359.50	-0.17	2,222,723
Royal Dutch Shell Plc-A Shs	2,341.50	0.04	4,213,283
Royal Bank Of Scotland Group	213.50	-1.43	5,462,473
Rolls-Royce Holdings Plc	795.20	-1.75	1,535,220
Rio Tinto Plc	3,637.00	-1.45	2,205,695
Rightmove Plc	438.90	-0.02	1,597,695
Rentokil Initial Plc	325.10	-1.87	1,471,992
Relx Plc	1,610.50	-0.40	1,643,894
Reckitt Benckiser Group Plc	5,966.00	-0.95	521,813
Randgold Resources Ltd	6,546.00	0.00	-
Prudential Plc	1,338.50	-2.51	6,622,510
Persimmon Plc	1,946.00	0.28	383,372
Pearson Plc	947.20	0.49	1,064,655
Paddy Power Betfair Plc	6,405.00	-2.66	73,455
Ocado Group Plc	787.00	-2.91	910,434
Nmc Health Plc	2,620.00	-3.11	237,828
Next Plc	4,375.00	4.74	849,634
National Grid Plc	777.80	0.54	5,317,899
Mondi Plc	1,606.00	-1.77	721,340
Micro Focus International	1,354.00	-1.81	739,546
Melrose Industries Plc	155.10	-3.78	5,089,862
Marks & Spencer Group Plc	251.90	1.57	6,044,753
London Stock Exchange Group	4,074.00	-1.21	816,574
Lloyds Banking Group Plc	51.23	0.45	75,875,372
Legal & General Group Plc	227.70	-1.13	4,190,256
Land Securities Group Plc	800.80	0.23	641,983
Kingfisher Plc	211.50	1.10	3,410,711
Just Eat Plc	572.00	-2.62	1,884,108
Johnson Matthey Plc	2,671.00	-1.91	285,788
Itv Plc	125.40	0.36	4,263,220
Intl Consolidated Airline-Di	583.40	-3.63	3,015,181
Intertek Group Plc	4,634.00	-3.80	242,965
Intercontinental Hotels Grou	4,096.00	-1.06	630,269
Informa Plc	605.60	-1.40	3,541,901
Imperial Brands Plc	2,415.50	1.41	2,040,112
Hsbc Holdings Plc	639.50	-1.10	9,312,381
Hargreaves Lansdown Plc	1,823.00	-1.83	226,307
Halma Plc	1,325.00	-2.07	592,261
Gvc Holdings Plc	677.00	-1.74	985,834
Glencore Plc	268.95	-4.80	35,314,564
Glaxosmithkline Plc	1,507.60	0.48	3,559,521
Fresnillo Plc	889.40	0.16	1,036,988
Ferguson Plc	4,872.00	-2.45	652,609
Experian Plc	1,854.00	-1.57	1,982,217
Evraz Plc	440.70	-8.03	1,773,616
Easyjet Plc	1,087.00	-1.36	601,110
Ds Smith Plc	294.70	-2.03	3,372,712
Direct Line Insurance Group	320.40	0.47	939,962
Diageo Plc	2,741.50	-0.71	2,723,874
Dcc Plc	5,940.00	-1.33	107,549
Croda International Plc	4,599.00	-1.37	155,569
Crh Plc	2,055.00	-1.39	892,604
Compass Group Plc	1,630.50	-0.28	1,611,927
Coca-Cola Hbc Ag-Di	2,427.00	-1.58	195,827
Centrica Plc	137.25	0.92	8,675,250
Carnival Plc	3,725.00	-3.02	483,012
Burberry Group Plc	1,627.50	-5.68	748,727
Bunzl Plc	2,318.00	-1.70	235,823
Bt Group Plc	239.10	-0.38	8,080,898
British Land Co Plc	523.40	-1.21	1,703,228
British American Tobacco Plc	2,498.00	0.77	2,205,260
Bp Plc	508.50	0.24	24,174,803
Bhp Billiton Plc	0.00	0.00	-
Berkeley Group Holdings/The	3,492.00	0.84	238,241
Barratt Developments Plc	463.10	0.19	1,315,062
Barclays Plc	150.36	-0.21	35,404,889
Bae Systems Plc	463.90	-0.22	3,909,466
Aviva Plc	366.80	-1.42	6,544,390
Astrazeneca Plc	6,028.00	2.12	1,459,259
Associated British Foods Plc	2,106.00	1.64	2,219,970
Ashtead Group Plc	1,621.50	-2.20	890,274
Antofagasta Plc	728.40	-5.45	1,534,908
Anglo American Plc	1,675.60	-2.03	2,177,325
Admiral Group Plc	2,008.00	-0.94	209,643
3I Group Plc	778.20	-0.69	759,512

TOKYO

Company Name	Lt Price	% Chg	Volume
Hitachi Ltd	2,935.50	-0.24	2,974,700
Takeda Pharmaceutical Co Ltd	3,705.00	-2.29	8,609,600
Jfe Holdings Inc	1,757.00	1.56	2,845,500
Sumitomo Corp	1,561.50	0.06	3,201,100
Canon Inc	3,001.00	-0.23	4,041,800
Nintendo Co Ltd	29,285.00	-0.09	2,044,500
Eisai Co Ltd	8,502.00	-2.62	734,900
Isuzu Motors Ltd	1,548.50	0.78	1,437,300
Unicharm Corp	3,559.00	-0.22	1,477,700
Shin-Etsu Chemical Co Ltd	8,536.00	0.45	1,073,400
Smc Corp	33,240.00	-0.18	195,700
Mitsubishi Corp	3,020.00	-0.07	3,791,600
Asahi Group Holdings Ltd	4,269.00	-0.93	992,600
Keyence Corp	55,680.00	-1.36	406,900
Nidec Corp	12,475.00	-1.58	809,800
Nomura Holdings Inc	420.80	-0.43	14,754,800
Daiichi Sankyo Co Ltd	3,511.00	-0.76	1,557,800
Subaru Corp	2,360.00	-1.36	2,527,800
Ntt Docomo Inc	2,472.50	-0.80	3,628,800

WORLD INDICES

Indices	Lt Price	Change
Dow Jones Indus. Avg	22,783.75	-562.49
S&P 500 Index	2,450.51	-59.52
Nasdaq Composite Index	6,522.03	-143.91
S&P/Tsx Composite Index	14,158.96	-188.20
Mexico Bolsa Index	41,764.15	-506.99
Brazil Bovespa Stock Idx	90,100.10	-912.21
Ftse 100 Index	6,695.08	-39.15
Cac 40 Index	4,611.27	-78.12
Dax Index	10,412.08	-168.11
Ibex 35 Tr	8,530.60	-19.40
Nikkei 225	20,014.77	-62.85
Japan Topix	1,494.09	-7.54
Hang Seng Index	25,064.36	-65.99
All Ordinaries Indx	5,694.62	+69.07
Nzx All Index	1,517.88	-13.15
Bse Sensex 30 Index	35,513.71	-377.81
Nse S&P Cnx Nifty Index	10,672.25	-120.25
Straits Times Index	3,012.88	-26.01
Karachi All Share Index	28,013.64	-385.70
Jakarta Composite Index	6,221.01	+39.84

TOKYO

Company Name	Lt Price	% Chg	Volume
Sumitomo Realty & Development	4,026.00	-0.98	1,676,000
Sumitomo Metal Mining Co Ltd	2,947.50	2.36	1,925,400
Orix Corp	1,605.50	0.19	3,812,100
Daiwa Securities Group Inc	556.60	0.22	5,212,500
Softbank Group Corp	7,305.00	0.34	9,519,100
Mizuho Financial Group Inc	170.30	-0.29	135,500,400
Central Japan Railway Co	23,165.00	-0.06	347,300
Nitori Holdings Co Ltd	13,730.00	-3.58	604,900
T&D Holdings Inc	1,279.00	-0.23	2,666,200
Toyota Motor Corp	6,406.00	-0.14	5,048,500
Hoya Corp	6,615.00	-2.56	804,000
Sumitomo Mitsui Trust Holdin	4,022.00	-0.52	807,800
Japan Tobacco Inc	2,616.50	0.40	5,618,300
Osaka Gas Co Ltd	2,009.00	-1.08	866,900
Sumitomo Electric Industries	1,462.00	1.28	1,846,600
Ono Pharmaceutical Co Ltd	2,245.00	-2.83	1,562,900
Ajinomoto Co Inc	1,957.00	0.03	1,102,400
Mitsui Fudosan Co Ltd	2,445.00	-0.99	3,622,700
Daikin Industries Ltd	11,695.00	-1.68	891,400
Toray Industries Inc	772.00	-1.48	4,935,000
Bridgestone Corp	4,236.00	0.43	1,789,900
Sony Corp	5,326.00	-1.08	5,986,100
Astellas Pharma Inc	1,401.50	-2.81	5,231,400
Jxtg Holdings Inc	576.70	-2.49	10,310,600
Nippon Steel & Sumitomo Meta	1,892.50	0.91	3,084,900
Suzuki Motor Corp	5,567.00	0.09	1,376,800
Nippon Telegraph & Telephone	4,482.00	-0.13	2,541,500
Sompo Holdings Inc	3,732.00	0.84	1,329,500
Daiwa House Industry Co Ltd	3,498.00	-0.40	1,184,400
Komatsu Ltd	2,365.50	-0.11	4,136,100
West Japan Railway Co	7,761.00	0.01	421,400
Murata Manufacturing Co Ltd	14,955.00	-0.50	735,600
Kansai Electric Power Co Inc	1,650.00	-2.54	2,208,100
Denso Corp	4,893.00	0.16	1,209,400
Dai-Ichi Life Holdings Inc	1,718.00	-0.29	4,840,800
Mazda Motor Corp	1,135.00	-0.66	3,481,500
Mitsui & Co Ltd	1,690.50	0.71	5,394,400
Kao Corp	8,154.00	-0.60	1,279,200
Sekisui House Ltd	1,619.00	0.00	2,225,400
Oriental Land Co Ltd	11,055.00	-1.03	671,200
Secom Co Ltd	9,114.00	-1.30	906,200
Tokio Marine Holdings Inc	5,236.00	0.00	1,477,600
Aeon Co Ltd	2,149.50	-3.15	4,378,200
Fanuc Corp	16,670.00	1.55	1,346,900
Daito Trust Construct Co Ltd	15,015.00	-1.61	191,400
Otsuka Holdings Co Ltd	4,493.00	-3.11	1,228,300
Resona Holdings Inc	528.70	-0.19	8,091,400
Asahi Kasei Corp	1,130.00	-0.04	2,218,900
Kirin Holdings Co Ltd	2,298.50	-1.56	1,779,700
Mitsubishi Ufj Financial Gro	537.90	-0.02	49,818,300
Marubeni Corp	772.40	-0.06	5,324,700
Mitsubishi Chemical Holdings	832.60	-0.83	5,045,200
Fast Retailing Co Ltd	56,370.00	-0.44	923,500
Ms&Ad Insurance Group Holdin	3,132.00	0.38	1,009,600
Kubota Corp	1,561.50	-0.35	2,285,700
Seven & I Holdings Co Ltd	4,783.00	-1.40	1,640,300
Inpex Corp	981.70	0.13	4,272,800
Sumitomo Mitsui Financial Gr	3,645.00	-0.84	7,308,500
Ana Holdings Inc	3,941.00	0.15	648,600
Mitsubishi Electric Corp	1,216.50	-0.65	6,721,000
Honda Motor Co Ltd	2,894.50	-0.07	4,572,500
Tokyo Gas Co Ltd	2,785.50	-0.18	1,123,100
Tokyo Electron Ltd	12,515.00	0.36	1,392,300
Panasonic Corp	990.60	0.15	8,833,200
Fujitsu Ltd	6,847.00	-0.19	817,600
East Japan Railway Co	9,711.00	-0.68	987,600
Itochu Corp	1,867.00	0.11	3,934,300
Fujifilm Holdings Corp	4,270.00	-0.58	993,500
Yamato Holdings Co Ltd	3,024.00	0.63	1,261,300
Chubu Electric Power Co Inc	1,562.50	-1.36	1,357,800
Mitsubishi Estate Co Ltd	1,729.50	-1.03	3,728,400
Mitsubishi Heavy Industries	3,956.00	-0.15	1,004,700
Shiseido Co Ltd	6,892.00	0.17	2,445,300
Shionogi & Co Ltd	6,271.00	-1.79	960,000
Recruit Holdings Co Ltd	2,662.50	-3.52	7,169,500
Japan Airlines Co Ltd	3,891.00	-0.23	882,800
Nitto Denko Corp	5,543.00	2.40	939,700
Kddi Corp	2,624.00	0.54	5,639,800
Rakuten Inc	736.00	-1.47	5,906,600
Kyocera Corp	5,508.00	1.81	1,578,700
Nissan Motor Co Ltd	880.30	-0.51	11,783,600

SENSEX

Company Name	Lt Price	% Chg	Volume
Tata Steel Ltd	461.45	-1.87	3,610,538
Tata Motors Ltd	184.10	-0.30	22,163,447
Tata Consultancy Svcs Ltd	325.50	-0.02	3,983,169
Sun Pharmaceutical Indus	187.95	-2.69	15,169,244
State Bank Of India	746.65	-1.30	1,092,669
Reliance Industries Ltd	3,900.05	-2.65	232,779
Power Grid Corp Of India Ltd	931.20	-0.10	3,424,371
Oil & Natural Gas Corp Ltd	691.25	-2.92	3,657,643
Ntpc Ltd	481.25	-2.51	14,583,358
Maruti Suzuki India Ltd	166.05	-1.48	10,058,975
Mahindra & Mahindra Ltd	1,899.95	-1.21	2,766,686
Larsen & Toubro Ltd	436.10	-0.90	10,454,879
Kotak Mahindra Bank Ltd	291.10	-0.95	19,196,591
Jsw Steel Ltd	1,092.75	-1.23	7,803,503
Itc Ltd	193.05	-1.13	4,509,658
Infosys Ltd	142.40	-3.16	31,542,507
Indusind Bank Ltd	143.40	-2.45	6,191,470
Indian Oil Corp Ltd	7,203.95	-0.88	759,981
Indiabulls Housing Finance L	718.30	-3.15	11,918,832
Icici Bank Ltd	1,395.00	-2.14	2,456,711
Housing Development Finance	1,235.25	-0.43	1,894,874
Hindustan Unilever Ltd	282.65	-2.10	10,465,616
Hindustan Petroleum Corp	278.85	-0.62	6,476,527
Hindalco Industries Ltd	669.15	0.01	7,182,432
Hero Motocorp Ltd	1,560.10	-1.05	1,008,708
Hdfc Bank Limited	132.65	-3.35	14,240,203
Hcl Technologies Ltd	816.65	-3.05	5,117,408
Grasim Industries Ltd	363.25	-0.37	13,473,977
Gail India Ltd	1,936.85	-2.21	3,824,693
Eicher Motors Ltd	1,788.40	0.21	1,238,329
Dr. Reddy's Laboratories	248.30	-3.22	7,564,052
Coal India Ltd	209.20	-2.49	9,148,702
Cipla Ltd	3,014.65	-1.05	398,650
Bharti Infratel Ltd	2,111.80	-0.78	3,302,114
Bharti Airtel Ltd	948.35	0.21	1,448,447
Bharat Petroleum Corp Ltd	799.70	-1.94	1,004,159
Bajaj Finserv Ltd	349.95	-0.10	2,549,877
Bajaj Finance Ltd	20,211.45	-4.49	484,058
Bajaj Auto Ltd	2,577.35	-0.91	565,854
Axis Bank Ltd	235.00	-0.72	5,945,081
Asian Paints Ltd	512.40	-0.42	2,145,396
Adani Ports And Special Econ	271.60	2.78	3,017,406
	313.50	0.27	5,935,209
	352.50	-1.52	5,513,687
	6,383.30	-0.01	233,765
	2,586.20	-1.07	1,361,461
	2,701.35	0.35	332,872
	607.95	-1.95	13,978,256
	1,388.30	0.36	1,769,180
	378.10	-0.84	2,060,778

People shop in an Apple retail store in Grand Central Terminal in New York City yesterday. Apple late on Wednesday cut its revenue outlook for the latest quarter, citing steeper-than-expected "economic deceleration" in China and emerging markets, factors that have contributed to sharp falls across stock markets since late last year.

Apple warning pummels markets worried about growth outlook

AFP
London

Stock markets retreated yesterday as China's slowing economy forced Apple to slash its revenue forecast, wiping more than $70bn from its value and dragging down share prices in the wider technology sector.

Across Europe, London's FTSE 100 fell 0.6% to close at 6,692.66; Frankfurt's DAX 30 fell 1.6% at 10,416.66, while Paris' CAC 40 lost 1.7% at 4,611.48.

Apple late on Wednesday cut its revenue outlook for the latest quarter, citing steeper-than-expected "economic deceleration" in China and emerging markets, factors that have contributed to sharp falls across stock markets since late last year.

The rare revenue warning from Apple suggested weaker-than-anticipated sales of iPhones and other gadgetry, in part because of trade frictions between Washington and Beijing.

Apple shares plunged by 9.5% in late morning trading.

That values the group at less than $680bn — far from the landmark $1tn level it reached in August.

US stocks indices were also hard hit, with the Dow down 2.4% in late morning trading.

"For a while now there's been an adage in the markets that as long as Apple was doing fine, everyone else would be OK. Therefore, Apple's rare profits warning is a red flag for market watchers," noted Neil Wilson, chief market analyst at Markets.com.

"A lot of this is Apple-specific… But the warning also tells a lot about what is happening on in the broader global economy, specifically China.

It tells us that China is experiencing a period of softness," he added.

Apple's announcement hit the tech sector, in particular its suppliers.

Chip-maker Broadcom saw its Nasdaq-listed shares fall 5.8%.

In European trading, shares in Franco-Italian group STMicroelectronics dived 11.7%. German semiconductor giant Infineon was down 4.7%.

Asian tech firms earlier took their own hit, with Hong Kong-listed Sunny Optical and AAC Technologies down 6.8% and 5.4%, while Apple supplier TSMC shed 1.8% in Taipei.

"A flagging Chinese economy and fewer (iPhone) upgrades are the headline reasons for Apple's stumble, but read between the lines and the tech giant is just a whisker away from suggesting it may have pushed customers too hard on price," said Nicholas Hyett, equity analyst at Hargreaves Lansdown.

HONG KONG

Company Name	Lt Price	% Chg	Volume
Aluminum Corp Of China Ltd-H	2.41	-1.63	17,128,000
Bank Of East Asia Ltd	24.35	-1.02	669,510
Bank Of China Ltd-H	3.33	0.30	176,881,167
Bank Of Communications Co-H	6.00	0.67	19,358,690
Belle International Holdings	0.00	0.00	-
Boc Hong Kong Holdings Ltd	27.95	-1.76	10,636,458
Cathay Pacific Airways	10.96	-1.44	880,305
Ck Hutchison Holdings Ltd	73.35	-1.41	6,464,132
China Coal Energy Co-H	3.03	-0.98	6,720,000
China Construction Bank-H	6.29	0.32	192,685,652
China Life Insurance Co-H	16.02	-1.11	29,430,279
China Merchants Port Holding	14.26	1.86	3,663,142
China Mobile Ltd	74.10	0.95	14,018,074
China Overseas Land & Invest	26.00	2.36	14,998,610
China Petroleum & Chemical-H	5.54	1.84	89,524,957
China Resources Beer Holding	24.70	-4.45	8,996,033
China Resources Land Ltd	29.00	2.65	13,757,451
China Resources Power Holdin	14.94	1.63	8,377,783
China Shenhua Energy Co-H	16.64	-0.24	13,210,110
China Unicom Hong Kong Ltd	8.08	0.12	30,270,484
Citic Ltd	12.14	2.53	15,704,783
Clp Holdings Ltd	87.25	0.00	1,883,244
Cnooc Ltd	11.48	1.41	61,289,951
Cosco Shipping Ports Ltd	7.54	2.31	2,465,836
Esprit Holdings Ltd	1.49	-2.61	1,845,370
Fih Mobile Ltd	0.82	0.00	1,057,331
Hang Lung Properties Ltd	14.54	-0.27	2,985,550
Hang Seng Bank Ltd	168.10	-2.83	3,376,965
Henderson Land Development	38.70	1.18	2,664,134

HONG KONG

Company Name	Lt Price	% Chg	Volume
Hong Kong & China Gas	16.18	-0.49	12,055,554
Hong Kong Exchanges & Clear	221.20	-0.36	3,193,250
Hsbc Holdings Plc	63.25	-0.08	10,324,886
Hutchison Whampoa Ltd	0.00	0.00	-
Ind & Comm Bk Of China-H	5.44	0.18	154,966,670
Li & Fung Ltd	1.24	2.48	23,677,490
Mtr Corp	40.90	0.99	1,714,593
New World Development	10.18	0.39	11,073,075
Petrochina Co Ltd-H	4.76	2.81	112,858,451
Ping An Insurance Group Co-H	67.00	-0.81	44,994,636
Power Assets Holdings Ltd	53.75	0.47	2,377,745
Sino Land Co	13.74	4.41	6,771,378
Sun Hung Kai Properties	112.00	2.94	5,198,259
Swire Pacific Ltd - Cl A	79.50	-0.44	933,269
Tencent Holdings Ltd	305.00	-0.52	16,420,034
Wharf Holdings Ltd	20.00	0.10	1,537,354

GCC INDICES

Indices	Lt Price	Change
Doha Securities Market	10,350.35	+70.01
Saudi Tadawul	7,830.47	+39.61
Kuwait Stocks Exchange	4,772.58	+17.85
Bahrain Stock Exchange	1,325.76	-3.71
Oman Stock Market	4,275.62	-26.26
Abudhabi Stock Market	4,898.20	+31.56
Dubai Financial Market	2,526.02	+5.49

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CURRENCIES

	DOLLAR	QATAR RIYAL	SAUDI RIYAL	UAE DIRHAMS	BAHRAINI DINAR	KUWAITI DINAR
US DOL	1.000000	3.641500	3.750000	3.672700	0.377000	0.303320
EURO	1.135700	4.135652	4.258875	4.171085	0.428159	0.344481
AUS DOL	0.696400	2.535941	2.611500	2.557668	0.262543	0.211232
CAN DOL	1.361900	2.673838	2.753506	2.696747	0.276819	0.222718
SING DOL	1.365900	2.666008	2.745443	2.688850	0.276008	0.222066
HKG DOL	7.832700	0.464910	0.478762	0.468893	0.048132	0.038725
STERLING PD	1.255600	4.572267	4.708500	4.611442	0.300255	0.380849
EGY.POUND	17.900000	0.203436	0.209497	0.205179	0.021061	0.016945
NEW ZEALAND DOL	0.663400	2.415771	2.487750	2.436469	0.250102	0.201222
LBP	1505.700000	0.002418	0.002491	0.002439	0.000250	0.000201
SWISS FR	0.988300	3.684610	3.794394	3.716179	0.381463	0.306911
DANISH KR	6.575500	0.553798	0.570299	0.558543	0.057334	0.046129
SWEDISH KR	9.060100	0.401927	0.413903	0.405371	0.041611	0.033479
NORWEGIAN KR	8.748000	0.416267	0.428669	0.419833	0.043096	0.034673
INDIAN RUP	70.136000	0.051921	0.053468	0.052365	0.005375	0.004325
SRILANKA	182.650000	0.019937	0.020531	0.020108	0.002064	0.001661
PAK RS	138.700000	0.026255	0.027037	0.026479	0.002718	0.002187
JORDAN DINAR	0.710100	5.128151	5.280946	5.172088	0.530911	0.427151
OMANI RIAL	0.384920	9.460407	9.742284	9.541463	0.979424	0.788008
JAP YEN	107.590000	0.033846	0.034855	0.034136	0.003504	0.002819
BANGLA TAKA	83.950000	0.043377	0.044669	0.043749	0.004491	0.003613

FX SPOT / FORWARDS / OPTIONS / FIXED INCOME (BONDS)
Contact Commercialbank Treasury: 4420 2256 /4420 2205/ 4420 2231 / 44202260

As of London close 03 January 2019

Europe's airlines face empty seats and mounting losses

Bloomberg
London

Midwinter in Iceland can be brutal, with temperatures struggling to rise much above freezing and daylight spanning barely four hours. For the North Atlantic island nation's two main airlines, Icelandair Group Hf and Wow Air Hf, times are equally bleak. With competition from larger carriers depressing fares and fluctuating oil prices making it tougher to manage costs, mounting losses and weak balance sheets are stoking concern about the airlines' future.

Iceland isn't alone in feeling the chill. Six European airlines have gone bust since June, while debt-laden Norwegian Air Shuttle has been targeted for takeover, Alitalia has been in insolvency for 18 months, and Britain's Flybe Group is seeking a buyer as it tries to preserve cash. Even once-thriving operators such as Finnair Oyj have seen their share prices plunge as investors fear profit headwinds.

That's a far cry from the record earnings achieved by US airlines since a consolidation spree handed pricing power to enlarged supercarriers American Airlines, Delta, and United Continental. Wow founder Skuli Mogensen says the difference is that the pace in Europe is still being set by discounters Ryanair, EasyJet, and Wizz Air, dragging down margins for carriers across the region.

"These are all very aggressive and still fast-growing operators, and as a result the whole [European] market becomes much more aggressive," Mogensen says.

"If you look at North America, there's been a lot of consolidation, and as a result it has become less competitive."

What Europe's poorest performers have in common is a solo status that provides little insulation from a wider earnings squeeze. The region's three big airline groups include nine former national carriers, representing formidable opposition for companies that aren't part of that club and lack the clout of bigger independents such as Ryanair Holdings Plc.

The Nordic region is especially exposed since even its leading carriers —SAS, Finnair, and Icelandair — were left out of a merger spree that began in 2004 led by British Airways, Air France, and Lufthansa. Breakneck expansion at Norwegian Air has further weighed on its Nordic brethren's profits—and resulted in a cash squeeze at the discounter that's prompted bids from Deutsche Lufthansa AG and BA parent IAG SA, keen to tap into its network of low-cost trans-Atlantic routes.

Those routes are also central to the fortunes of Icelandair and Wow. The two carriers, which use smaller single-aisle jets to help keep a lid on expenses, have developed Reykjavik into a hub linking cities in Europe and North America that generally have no direct services.

For Iceland, the crisis threatens to put a damper on a growing tourism industry that's been vital in filling a gap in the economy left by the 2008 collapse of the island's banking system.

One Nordic carrier, Primera Air, was among the six European airlines that collapsed in the second half of 2018. The Scandinavian specialist in holiday flights followed Norwegian Air into discounted trans-Atlantic services before running out of cash. Europe's patchwork of charter carriers and nonaligned operators accounted for the other five victims: Swiss carriers PrivatAir and Skywork Airlines, Small Planet and Azur Air of Germany, and Belgium's VLM.

But the biggest operators, too, are struggling to boost margins as a glut in seating capacity depresses fares in even the healthiest markets. While the International Air Transport Association forecasts global airline profits will surge 10% in 2019, to $35.5bn, European carriers will see their earnings slide. That's because of competition and a delay in the effects of cheaper fuel, due to greater use of fuel hedging contracts that locked in some higher prices.

North American earnings should be twice those for Europe, IATA estimates, even though traffic in both regions is similarly dominated by three main carriers.

Craig Kreeger, who ran Britain's Virgin Atlantic Airways Ltd until November after working more than two decades at American Airlines Group Inc, says European mergers have shown too much regard for local political sensitivities and failed to deliver the capacity cuts needed to boost profitability.

"We've had acquisitions in Europe, but I don't think we've had a lot of actual consolidation," he says. "The difference is in the rationalization of capacity. If you look at what's happened in the US, where there are no national borders, we've had both acquisitions and rationalisation."

Back in Iceland, there's a ray of light in the depths of winter. After Wow lurched toward the precipice following the failure of takeover talks with Icelandair, the discounter appears to have found a white knight in the shape of US private equity firm Indigo Partners LLC, which is negotiating to take a stake. But the price of the rescue appears to be high, with the airline announcing last month that it will slash its fleet by half, fire hundreds of workers, and close a unit that provides flights from the US to India that's been running for just a few weeks.

Mogensen says the decision to retrench has been chastening, and it was a mistake to stray from Wow's original low-cost focus into sidelines such as the Indian venture. As for the trans-Atlantic market, he predicts that the competition will grow even more fierce, while insisting that smaller players can find their niche in the market.

"We have learned the hard way," he says. "But it's still up for grabs."

A food delivery box sits on the back of a Deliveroo rider's scooter at a junction in London. The Bank of England estimates overall economic growth slowed to 0.2% in the final quarter of 2018 from 0.6% in the three months before.

UK services growth drops to two-year low in Q4 in Brexit 'stasis'

Reuters
London

Businesses in Britain's dominant services sector reported the slowest sales growth in two years during the final three months of 2018, another sign of a slowing economy ahead of Brexit, the British Chambers of Commerce said yesterday.

Many retailers had reported difficulties in the run-up to Christmas, but yesterday's findings — from Britain's largest private-sector economic survey — point to a broader slowdown among businesses that rely on consumer spending.

Manufacturers also reported weaker sales growth, and orders slowed across the board before Britain's planned departure from the European Union on March 29.

"The UK economy is in stasis," BCC director-general Adam Marshall said.

"With little clarity on the trading conditions they'll face in just two months' time, companies are understandably holding back on spending and making big decisions about their futures." The Bank of England estimates overall economic growth slowed to 0.2% in the final quarter of 2018 from 0.6% in the three months before.

Prime Minister Theresa May is struggling to overcome deep opposition to her Brexit plan in her own Conservative Party, raising the risk that no transition period will be provided to ease Britain out of its four-decade-long membership of the EU.

The BCC's survey of more than 6,000 businesses was carried out from November 5 to November 26, before a lack of parliamentary support forced May to postpone a vote on her Brexit deal.

On Wednesday, a survey of manufacturing purchasing managers showed an unexpected pick-up in growth, but it was driven primarily by businesses seeking to stockpile goods in case of border delays following a possible no-deal Brexit in March.

Despite Brexit worries, most businesses in the BCC survey said they were finding it hard to recruit staff.

Manufacturers reported the joint-greatest recruitment difficulties since the survey started in 1989, and the situation for services businesses eased only slightly from a record high in the third-quarter survey.

The BCC again urged the government to limit the scale of likely post-Brexit restrictions on immigration, after a public body advised politicians last month to bar most foreign workers earning under £30,000 ($38,000) a year.

"Companies must be able to access skills at all levels without heavy costs or bureaucracy," Marshall said.

Britain names two women to top Bank of England panel

Reuters
London

Britain's finance ministry named Colette Bowe, a former senior civil servant and regulator, and Jayne-Anne Gadhia, until recently the head of a start-up bank, to serve on the Bank of England's Financial Policy Committee.

Bowe, currently chair of the Banking Standards Board (BSB) industry group, will replace Richard Sharp on the FPC, which monitors risks in Britain's financial system, from the end of March.

Gadhia, who was chief executive of lender Virgin Money for more than 10 years until it was taken over by CYBG, will replace Martin Taylor at the end of June.

"As chair of the Banking Standards Board, Colette has led the way in developing and embedding better standards of conduct across the banking sector," BoE Governor Mark Carney said in a statement yesterday.

"Jayne-Anne brings deep and relevant experience in retail banking and her successful business career."

Since the 1990s Bowe has had several jobs at the top of consumer regulation, notably heading the Personal Investment Authority and Britain's telecoms watchdog, Ofcom.

As a senior civil servant in the 1980s, Bowe was drawn into a political scandal as former prime minister Margaret Thatcher and her ministers secretly competed to swing the sale of British helicopter maker Westland to either US or European suitors.

Under orders from the trade and industry minister Leon Brittan and with Thatcher's blessing, Bowe leaked a confidential legal memo to undermine defence minister Michael Heseltine's bid to secure a European buyer for Westland.

Bowe kept silent about who ordered the leak for nearly 30 years, citing the principle of confidentiality between ministers and civil servants.

She once said she had "nothing but contempt for people who blab".

As chair of the BSB, which was set up in a bid to improve conduct standards at banks after a string of scandals, she told lawmakers last year that bankers were still too afraid to admit mistakes to colleagues.

Lawmakers have previously criticised the finance ministry for appointing too few women to the BoE's three main monetary, financial and regulation policy committees.

Bowe and Gadhia will bring the total number of female policymakers at the BoE to six, compared with 16 men.

The finance ministry said it interviewed five women and three men for the posts.

Gadhia has long been an advocate for greater representation of women in senior roles in Britain's financial services, where the four big banks all have male chief executives and chairmen.

Bristol-Myers to buy Celgene in $74bn bet on cancer drugs

Bloomberg
Boston

Bristol-Myers Squibb agreed to acquire Celgene Corp in a $74bn cash-and-stock deal that unites two cancer-drug makers in one of the largest pharmaceutical company mergers ever.

Under the terms of the proposed deal, Celgene shareholders will receive one Bristol-Myers Squibb share and $50 in cash for each Celgene share held, according to a statement from the companies yesterday. That would value Celgene at $102.43 a share, a 54% premium to the stock's closing price on January 2.

Celgene shares soared more than 30% to $87.20 in premarket trading in New York, while Bristol shares fell more than 16% to $44.

The transaction would combine two companies that both have strong-selling cancer drugs but that have also faced investor skepticism about their growth prospects. Bristol-Myers shares declined more than 15% in 2018, while Celgene shares sank more than 41%.

The deal is Bristol's largest under chief executive officer Giovanni Caforio, and comes after the drug maker has suffered some high-profile setbacks in immuno-oncology, its biggest line of business.

Bristol has been under pressure to diversify its portfolio. It currently gets roughly a quarter of its sales from immune-harnessing cancer drug Opdivo, which faces competition from Merck & Co's rival immunotherapy drug Keytruda.

In a recent earnings call, Caforio said the company would look to deals to diversify its pipeline. At various points in recent years as Bristol has stumbled with trial failures, its name has come up as a takeout target itself.

In purchasing Celgene, Bristol will get control of one of the most successful cancer drugs of recent years, the top-selling blood-cancer therapy Revlimid, which costs more than $100,000 a year. It will also gain a promising experimental CAR-T therapy being developed by Juno Therapeutics, which Celgene acquired in a $9bn takeover deal last year.

Despite Revlimid's success, Celgene shares have been hammered over the past year and a half amid investor fear that the company lacks a potent successor to its biggest blockbuster. Revlimid is expected to face increased generic competition in coming years.

The Summit, New Jersey-based company suffered a series of high profile setbacks including the failure of a once promising therapy in a late-stage clinical trial. The US Food and Drug Administration also refused to review an experimental medicine that was expected to be a future growth driver.

Apollo global is said to aim for Arconic deal by mid-January

Bloomberg
New York

Apollo Global Management LLC is in talks to buy Arconic Inc for about $22 a share in a deal that could be reached by mid-January, according to people familiar with the matter.

The private equity firm and aerospace manufacturer are negotiating a transaction that would protect Apollo from Arconic's possible liability tied to a deadly apartment fire in London in 2017, said the people, who asked to not be identified because the matter isn't public. The final price is still being negotiated and talks could fall apart, they said.

Arconic discontinued sales of the aluminium panels used on the Grenfell Tower after the blaze amid reports they were a fire hazard. The company would spin off its cladding business — the entity that made the panels — as part of a deal with Apollo, the people said.

Elliott Management Corp would purchase a majority interest in the cladding business, which would be recapitalised and insured as part of the spinoff, the people said. Separately, the New York-based hedge fund would roll over its 10.7% stake in Arconic as part of the take-private transaction with Apollo, they said.

Obstacles to reaching an agreement could include securing financing and further stock market volatility, which has dampened prices, one of the people said.

Representatives for Elliott, Arconic and Apollo declined to comment.

Apollo emerged as the leading bidder for Arconic after trumping an offer from a rival group of private equity investors, people familiar with the matter said in December.

The privatisation would cap a brief but tumultuous period of independence for Kingston, New York-based Arconic, which makes aircraft and automotive parts.

Since splitting from Alcoa Corp in 2016, Arconic fought a proxy battle with Elliott and replaced its chief executive officer.

Foreign institutions' stronger buying interests lift QSE more than 70 points

By Santhosh V Perumal
Business Reporter

Foreign institutions' stronger buying interests yesterday lifted the Qatar Stock Exchange more than 70 points to surpass 10,350 levels and capitalisation add in excess of QR4bn.
Insurance, real estate, telecom and transport counters witnessed higher than average buying, which resulted in a 0.68% push to the 20-stock Qatar Index and settle at 10,350.35 points.
The Gulf institutions were also bullish in the market, which closed 0.5% higher year-to-date.
Market capitalisation grew 0.7% to QR591.16bn mainly owing to large and midcap segments.
Islamic equities were seen gaining slower than the other indices on the market, where local retail investors and domestic funds turned profit takers.
Trade turnover grew amidst lower volumes in the bourse, where industrials, banking and realty sectors together accounted for about 86% of the total volume.
The Total Return Index rose 0.68% to 18,236.16 points, All Share Index by 0.9% to 3,097.28 points and Al Rayan Islamic Index (Price) by 0.51% to 2,413.98 points.
The insurance index soared 2.58%, real estate (1.81%), telecom (1.63%), transport (1.14%), industrials (0.83%) and banks and financial services (0.49%); whereas consumer goods sector was down 0.01%.
About 73% of the stocks extended gains with major movers being Ezdan, Ooredoo, Milaha, Industries Qatar, Aamal Company, Qatari Investors Group, Qatar Electricity and Water, Commercial Bank, Doha Bank, Al Khaliji and Vodafone Qatar; even as Mesaieed Petrochemical Holding, Qatari German Company for Medical Devices, Woqod, Widam Food and Qatar Industrial Manufacturing were among the losers.
Non-Qatari funds turned net buyers to the tune of QR58.59mn against net sellers of QR7.5mn on January 2.
The Gulf institutions were also net buyers to the extent of QR3.28mn compared with net sellers of QR2.93mn on Wednesday.
However, local individuals turned net sellers to the tune of QR32.23mn against net buyers of QR0.84mn the previous day.
Domestic funds were also net sellers to the extent of QR28.09mn compared with net buyers of QR4.79mn on January 2. The Gulf individuals turned net profit takers to the tune of QR1.51mn against net buyers of QR1.78mn on Wednesday.
Non-Qatari individuals were net sellers to the extent of QR0.06mn compared with net buyers of QR3.03mn the previous day.
Total trade volume fell 5% to 7.56mn shares, while value grew 25% to QR198.68mn and transactions by 21% to 6,789.
The transport sector's trade volume plummeted 52% to 0.13mn equities, value by 48% to QR2.93mn and deals by 20% to 171.
The real estate sector reported 39% plunge in trade volume to 1.27mn stocks, 36% in value to QR21.27mn and 11% in transactions to 700.
The consumer goods sector's trade volume tanked 17% to 0.15mn shares, while value gained 39% to QR6.19mn and deals by 45% to 227.
There was 4% decline in the industrials sector's trade volume to 3.79mn equities but on 16% growth in value to QR66.94mn and 8% in transactions to 3,578.
However, the insurance sector's trade volume grew 15-fold to 0.15mn stocks, value soared 56% to QR5.2mn and deals by 48% to 135.
The telecom sector saw 70% increase in trade volume to 0.63mn shares but on 15% shrinkage in value to QR12.39mn despite 61% higher transactions at 427.
The banks and financial services sector's trade volume shot up 40% to 1.44mn equities to see more than double value to QR83.76mn on almost doubled deals to 1,551.
In the debt market, there was no trading of treasury bills and sovereign bonds.

Trump trade war advantage slips as Apple cites slowing China

Bloomberg
Washington

President Donald Trump's administration argues that the long-term gain from a trade war with China justifies short-term pain for consumers and investors. That case may be harder to defend now that the collateral damage includes one of America's most recognisable brands.

Apple Inc on Wednesday lowered its outlook for first-quarter revenue after a larger-than-expected slowdown in demand from China and fewer upgrades to models of the iPhone. In a letter to investors, chief executive officer Tim Cook said the company didn't expect growth in emerging markets to slow so sharply, especially in China.

Apple shares dropped in extended trading, dragging down futures on the broader S&P 500 Index.

It's the latest evidence of how tensions between the world's two biggest economies are backfiring on the US, undercutting Trump's assurances that America could continue to grow quickly despite the conflict. At the same time, Chinese growth is decelerating more rapidly than many observers expected, leaving few winners on either side.

"China's economy is seeing a much sharper slowdown than public data are reporting, which suggests there is much more pressure on Beijing to come to a trade truce than is popularly understood," said Leland Miller, CEO of China Beige Book, a data analytics firm that surveys thousands of companies across the Chinese economy.

"On the other hand, the falling US stock market seems to be playing a similar role for President Trump."

Data this week showed a worsening picture for China's manufacturing sector. The IHS Markit gauge signalled a contraction for the first time since mid-2017, confirming a trend in the official index on Monday that showed the weakest reading since early 2016.

In a report last month, retail sales posted the worst performance since May 2003, rising 8.1% in November from a year earlier.

The timing of Apple's announcement could appear to chip away at US's political leverage just days before trade talks resume with China. Mid-level officials from Washington are scheduled to travel to Beijing early next week for meetings aimed at averting an escalation on the dispute by March 1, when US tariffs on Chinese imports are set to rise if an agreement isn't reached.

Last year, Trump said "trade wars are good, and easy to win." Commerce Secretary Wilbur Ross has likened the conflict with China to the "painful" start of a diet that eventually yields "happy" results.

China Key Things to Watch in 2019 — With or Without a Trade War

Trump yesterday tried to downplay the trade war's effect on the broader economy. When his trade deals are sorted out, there will be a rebound after "a little glitch in the stock market last month." He was referring to an 8.7% drop in the Dow Jones Industrial Average, the worst monthly performance since February 2009.

With less than two months left before the trade truce expires and tariffs on $200bn worth of Chinese goods are set to hike to 25%, there are major outstanding issues that may be difficult to resolve in the short time frame the two countries have set for themselves.

US Trade Representative Robert Lighthizer said last month that Trump was determined and not afraid of using "a strategy of tariffs, and taking hard lines" but at the same time wanted his advisers to reach a deal with China.

"If that can be done, the president wants us to do it. If not, we'll have tariffs," Lighthizer told CBS's Face the Nation on December 9.

The market selloff and signs of economic weakness may force the US and China to reach a deal sooner than expected, said Mohamed El-Erian, chief economic adviser at Allianz SE and a Bloomberg Opinion columnist.

"It actually helps the process along," he said. "I've argued all along that this will not end up being a global war — this is going to be resolved."

With its economic size and relatively low reliance on trade, the US has the advantage in any trade war, El-Erian said. Once they realise America is willing to suffer economic pain to win the conflict, other countries will be under pressure to offer concessions, he said. Damage to major US companies such as Apple may hasten the process.

"Apple is in a particularly dangerous position if the US-China trade war escalates: it gets hit first on any US tariffs, it then gets hit again on any China tariff response," he said.

Apple's worries aren't confined to the economy. Cook also cited factors including supply constraints to newer models of the Apple Watch, iPad Pro and AirPods. Analysts said homegrown Chinese brands are taking market share from foreign rivals and noted a reluctance among consumers to upgrade ahead of an expected wave of new 5G technology.

"I'd suspect this is more to do with industry-specific issues than it being a sign of a major weakening in global GDP growth," said David Mann, global chief economist at Standard Chartered Plc in Singapore.

Cook is just the latest top executive to cite US policies for his company's weaker-than-expected performance.

Last month, FedEx Corp CEO Fred Smith blamed politicians including Trump for a gloomy forecast.

US tariffs, China's "mercantilism" and the UK's negotiations to leave the European Union are all weighing on trade and economic growth, FedEx's Smith said in a conference call December 18. That prompted FedEx to slash its profit forecast for fiscal 2019, implement an employee buyout and cut international delivery capacity.

"Most of the issues that we're dealing with today are induced by bad political choices," said Smith, a longtime Republican supporter who on earnings calls rarely misses an opportunity to champion free trade.

The Apple logo is displayed at one of the company's stores in Hong Kong. Apple on Wednesday lowered its outlook for first-quarter revenue after a larger-than-expected slowdown in demand from China and fewer upgrades to models of the iPhone.

Airbus bags orders for Canadian jet

Reuters
Paris

Airbus finalised orders for a total of 120 of the former Bombardier CSeries jetliner yesterday, narrowing a gap in sales against Boeing thanks to the arrival in its portfolio of the smaller jets but leaving it trailing in core orders.
Airbus, which took over the loss-making CSeries in July last year and rebranded it the A220, said it had finalised deals to sell 60 each of the planes to US-based JetBlue and to Moxy, a US start-up backed by JetBlue founder David Neeleman. They are the first formal orders for the 110-130-seat plane since Airbus took majority control of the Montreal-based programme with Bombardier and Quebec as partners.
That realignment sets the stage for a broader confrontation with Boeing, which last month closed a deal to take over 80% of the commercial unit of Bombardier's competitor Embraer, subject to Brazilian government approval.
For 2018, most attention is on the core sales battle between the transatlantic plane giants, with Boeing so far in the lead.
Airbus ended November with 35% of net sales in the main jetliner market against its US rival after 11 months overshadowed by management changes and delivery delays.
Since then it has picked up speed with formal deals for 220 aircraft, including a 100-plane order from Irish lessor Avolon, leaving it 90 short of Boeing's end-November total of 690 jets.
On a like-for-like basis, excluding the former CSeries model, Airbus has reached a total of 480 net sales for the year against Boeing's most recent tally of 690, while reaching a market share of 41%, based on reported orders.
Airbus plans to give full-year figures on January 11.
Both companies often pull in last-minute deals to lift annual totals, with announcements delayed until early the following year.
Airbus is meanwhile preparing a keenly awaited delivery tally, amid growing doubts over whether it has been able to achieve a 2018 target of 800 deliveries, or 782 without counting any of the Canadian A220 jets, industry sources said.
One said it was "more than likely" Airbus had missed the target by a handful of jets, marking the first time it has done so since it was reshaped through European mergers in 2000.

Tesla cuts US prices on all vehicles; shares drop

Reuters
New York

Tesla Inc on Wednesday cut US prices for all its vehicles to offset lower green tax credits, and fell short on quarterly deliveries of its mass-market Model 3 sedan, sending shares of the electric vehicle maker down nearly 7% on worries of future profitability.

Analysts questioned whether the $2,000 price cut on all models signalled lower demand in the United States, and ultimately whether the move would undermine nascent profitability at the Silicon Valley automaker, which has never posted an annual profit.

"In our view, this move could suggest that what many bulls assume to be a substantial backlog… for Tesla may be less robust," wrote Bank of America analyst John Murphy in a client note.

Chief executive Elon Musk, who has often set goals and deadlines that Tesla has failed to meet, surprised investors by delivering on his pledge to make Tesla profitable in the third quarter, for only the third time in its 15-year existence.

But the company is unprofitable for the first nine months of 2018, and cash flow remains a concern for investors.

Musk has been under intense pressure to deliver on his promise of stabilising production for the Model 3, which is deemed crucial for easing a cash crunch and achieving long-term profitability. It said it was churning out almost 1,000 Model 3s daily, broadly in line with Musk's promises but slightly short of Wall Street expectations.

The company said it would begin delivering Model 3s to Europe and China in February.

The Tesla Model 3 is displayed ahead of the Los Angeles Auto Show on November 29 last year. Tesla said it would begin delivering Model 3s to Europe and China in February.

The price cut of $2,000 beginning on Wednesday on the Model 3 — as well as on its higher-priced Model S and Model X — took the market by surprise and weighed on the stock, pushing it down 6.8% to close at $310.12, after falling as much as 10% during the session.

The lower price comes as automakers expect US new vehicle sales to weaken in 2019, and amid increased competition from new electric vehicle entrants.

Tesla sales benefited from a $7,500 federal tax credit on electric vehicles throughout 2018, but that full credit expired at the end of 2018, and new buyers will now receive only half that amount.

Under a major tax overhaul passed by the Republican-controlled US Congress in 2017, tax credits that lower the cost of electric vehicles are available for the first 200,000 such vehicles sold by an automaker.

The tax credit is then reduced by 50% every six months until it phases out.

"The price cut is what's driving the stock lower, as it openly acknowledges the sunset of subsidy dollars is a material headwind," said Craig Irwin, an analyst with Roth Capital Partners.

But some said fears of eroded demand were overblown.

Gene Munster of Loup Ventures calculated that the lowered tax credit equaled, on average, a 3% discount on a Tesla. If Tesla had a demand issue, therefore, the company would have cut its prices by more than 3%, he wrote in a note.

General Motors sold its 200,000th electric vehicle in the United States in 2018, similarly triggering a phase-out of the federal tax credit, a source said on Wednesday.

GM declined to comment.

Hargreaves Lansdown analyst Nicholas Hyett estimated in a client note that if Tesla continues to deliver cars at the current rate, the price cut will mean $700mn in lost revenue in 2019.

Wedbush analyst Daniel Ives, meanwhile, said the price cut was "a potential positive" for demand, "but not what the bulls wanted to hear on the impact to profitability and ultimately the bottom line." Tesla delivered 63,150 Model 3s in its fourth quarter, falling short of FactSet estimates of 64,900.

Tesla said that based on its own compilation of analysts' forecasts, its delivery numbers were in line with market expectations.

Bank of America analyst John Murphy wrote that the numbers were in line with market consensus, though below the bank's estimate of 71,500 Model 3s.

Total deliveries rose from the third quarter to 90,700 cars, but missed forecasts, which had been influenced by analysts' expectations of a surge in buyers looking to cash in on the tax credit before year-end.

Reuters calculated that Tesla's third-quarter pretax profit was around $3,200 per vehicle delivered. That would mean a $2,000 price cut could eliminate more than half of that gain.

For the first nine months of 2018, the company suffered a third-quarter loss per vehicle delivered of $8,019.

Overall, total production rose 8% to 86,555 vehicles.