

Business

Global stocks mostly climb despite rising trade tensions

US oil prices rose nearly five percent

NEW YORK: World stock markets mostly climbed Friday despite rising trade tensions, with petroleum-linked shares gaining after OPEC agreed to only a modest production increase. The Dow snapped an eight-session losing streak, with oil producers Exxon Mobil and Chevron both rising more than two percent on higher oil prices. Ministers with the Organization of the Petroleum Exporting Countries agreed to ramp up oil production by around a million barrels a day from July.

However, some ministers acknowledged that the actual amount of additional produced will be lower than that amount. US oil prices rose nearly five percent following the agreement, with analysts saying the output increase would be smaller than expected. The rally in oil prices also gave a lift to French giant Total and London-listed Royal

Dutch Shell. Bourses in Paris and London both rose more than one percent, while Frankfurt rose a more modest 0.5 percent.

The gains came as the European Union slapped revenge tariffs on iconic US products including bourbon, jeans and motorcycles in its opening salvo in a trade war with President Donald Trump. Customs agents across Europe's colossal market of 500 million people will now impose the duty, hiking prices on US-made products in supermarkets and across factory floors.

Trump wasted little time in responding, threatening on Twitter to impose 20 percent tariffs on European-made cars exported to the US, pressuring European automakers including Italy's Fiat Chrysler and Germany's Daimler. "The underlying tensions between the US and China continue to escalate, and while neither wants a trade war, the US won't

accept the status quo, and China won't change its industrial policy," Rabobank senior strategist Michael Every told AFP. Many analysts have expressed skepticism that a trade war is inevitable. Still, anxiety is rising. "The hope is that the Trump administration's tough approach towards its trading partners is a negotiating tactic and the growth-killing implications of an all-out trade war will be avoided," said Bob Schwartz, senior economist at Oxford Economics. "The latest salvo by Trump on Friday, threatening to impose a 20 percent tariff on European auto imports, is clearly not encouraging."

Dow ends losing streak

Meanwhile, the Dow snapped an eight-session losing streak on Friday with petroleum giants Exxon Mobil and Chevron scoring strong gains after OPEC agreed to only a modest production increase. The Dow Jones Industrial Average rose 0.5 percent to 24,580.89. The index had fallen the last eight days amid trade war fears. The broad-based S&P 500 added 0.2 percent at 2,754.88, while the tech-rich Nasdaq Composite Index shed 0.3 percent to 7,692.82. Ministers with the Organization of the Petroleum Exporting Countries agreed to ramp up oil production by around a million barrels a day from July. However, some ministers acknowledged that the actual amount of additional produced will be lower than that amount. Oil prices rose solidly following the agreement, with analysts saying the output increase would be smaller than expected. Dow members ExxonMobil and Chevron both rose about



TOKYO: A stock indicator shows share prices on the Tokyo Stock Exchange. — AFP

two percent, while oil services giants Halliburton and Schlumberger both climbed nearly three percent. Trade issues remained a lingering concern. US President Donald Trump threatened to impose a 20 percent tariff on cars imported from the European Union after the bloc's additional tariffs on dozens of American products took effect.

Gregori Volokhine, president of Meeschaert Capital Markets, said investors

remained on guard over trade tensions between the United States and key trading partners. "Earnings season is coming," he said. "If we stay in this state of negative suspension on trade, most of the companies will be really cautious with their comments," which could lead stocks lower. Software company Red Hat sank 14.1 percent after projecting second-quarter profits and revenues that lagged analyst expectations. — AFP

National Bank of Kuwait		البنك الوطني	
Financial Markets		NBK	
Daily Report			
At 02:00 PM Yesterday			
Global Stock Indices			
Index	Previous Close	Last Price	Change
Dow Jones	24,657.80	24,461.70	-196.10
Nasdaq	7,781.52	7,712.95	-68.56
S&P 500	2,767.32	2,749.76	-17.56
Financial Times	7,556.44	7,615.23	58.79
DAX	12,511.91	12,567.84	55.93
CAC 40	5,316.01	5,358.47	42.46
Swiss	8,459.93	8,560.71	100.78
Nikkei 225	22,693.04	22,516.83	-176.21
Topix	1,750.63	1,744.83	-5.80
Hang Seng	29,296.05	29,338.70	42.65
Straits Times	3,300.00	3,287.40	-12.60
MENA Stock Indices			
Index	Previous Close	Last Price	Change
Kuwait	4,852.83	4,857.19	4.36
Saudi Arabia	8,166.30	8,206.40	40.10
Dubai	2,922.57	2,928.17	5.60
Abu Dhabi	4,550.29	4,535.26	-15.03
Bahrain	1,301.13	1,309.49	8.36
Qatar	8,881.85	8,922.52	40.67
Oman	4,593.53	4,609.87	16.34
Lebanon	1,064.33	1,064.15	-0.18
Jordan	2,094.91	2,095.86	0.95
Egypt	16,143.48	16,345.77	202.29
Morocco	9,880.72	9,868.25	-12.47
Tunisia	7,917.65	7,909.36	-8.29
Global Currencies Exchange Rate			
Currency	Kuwaiti Dinar	Saudi Riyal	US Dollar
Kuwait Dinar		12.3227	3.2857
Saudi Riyal	0.08115		0.2666
US Dollar	0.30435	3.7504	
Euro	0.35420	4.3647	1.1638
Sterling Pound	0.40463	4.9862	1.3295
Swiss Franc	0.30733	3.7871	1.0098
Japanese Yen	0.00276	0.0340	0.0091
Australian Dollar	0.22604	2.7854	0.7427
MENA Currencies Exchange Rate			
Currency	US Dollar	Kuwaiti Dinar	Saudi Riyal
US Dollar		0.30435	3.7344
Kuwaiti Dinar	3.2857		12.2701
Saudi Riyal	0.2678	0.0815	
Bahraini Dinar	2.6578	0.8089	9.9253
Qatari Riyal	0.2757	0.0839	1.0295
Omani Riyal	2.6101	0.7944	9.7473
Emirates Dirham	0.2734	0.0832	1.0211
Egyptian Pound	0.0561	0.0171	0.2094
Global Interest Rates			
Currency	1-Week	1-Month	3-Month
Kuwaiti Dinar	0.00	1.75	2.00
US Dollar	1.97	2.08	2.33
Euro	-0.42	-0.39	-0.36
Sterling Pound	0.49	0.50	0.62
Swiss Franc	-0.79	-0.78	-0.73
Australian Dollar	2.78	2.86	2.95
Japanese Yen	-0.06	-0.08	-0.04
Global Bond Yields			
Country	2-Year	5-Year	10-Year
United States	2.55	2.78	2.91
Germany	-0.67	-0.29	0.35
United Kingdom	0.75	1.06	1.31
Commodities			
Index	Previous Close	Last Price	Change
Kuwait Oil	72.36	70.82	-1.54
Brent	73.05	74.04	0.99
West Texas	65.54	66.30	0.76
Gold	1,267.19	1,269.04	1.85
Silver	16.32	16.43	0.11

Global economy: Soft patch, facade, or great decoupling?

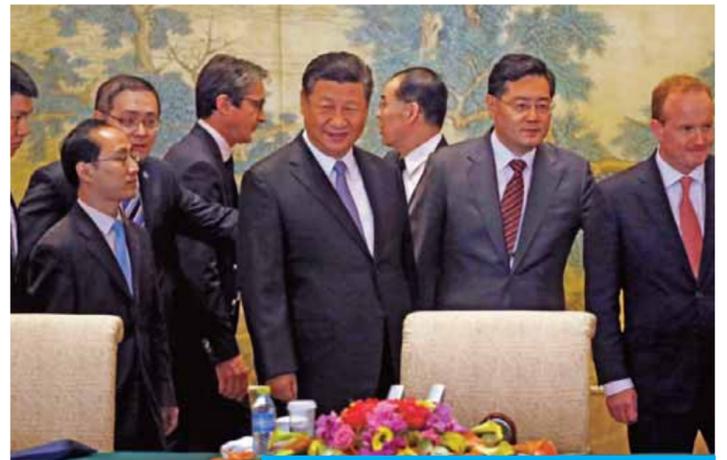
LONDON: A rare synchronized expansion among major world economies that was cheered on by markets and policymakers may be already unraveling, with only the near-term prospects for the United States looking significantly better. There is plenty of optimism around, however, and frequent use of "soft patch" to describe recent dull performance - a phrase often employed by central bankers needing to explain why they are looking past an uncomfortable set of data.

So while 2018 may still turn out to be a very good year for the global economy for overall growth, and certainly for the United States, President Donald Trump's "America First" policies on trade suggest trouble is ahead for everyone else in the second half. Euro zone growth, while decent, has slowed remarkably, posing a challenge to the European Central Bank's plans to soon stop buying bonds. Central banking sources revealed this week to Reuters a worry at the bank about "a facade of optimism in the forecasts."

A complete surprise

Growth in Britain, where the government is grappling with the rather complicated task of leaving its biggest trading partner the European Union, has stalled, forcing the Bank of England to abandon plans to raise interest rates last month. China, the powerhouse behind global growth rates in recent years and now locked in a trade spat with the United States, looks to be slowing, and may even be in need of stimulus later this year. But the global economy performing more raggedly close to half-time for 2018 should not have come as a complete surprise. Three-quarters of more than 250 economists across the globe surveyed by Reuters in April identified a tit-for-tat escalation of trade tensions between the United States and China as the number one threat to the world economy this year.

They have been consistently warning about protectionism ever since President Trump was sworn in to office. Even Federal



BEIJING: Chinese President Xi Jinping (C) chats with members of a global chief executive committee as they arrive for the round table summit at the Diaoyutai State Guesthouse. — AFP

Reserve Chair Jerome Powell this week showed concern about the shake-up in trade policy. "For the first time we are hearing (from business leaders) about decisions to postpone investment, postpone hiring, postpone making decisions," he said. But while the potential pitfalls have been laid bare and the tariffs being erected now suggest those risks are uncomfortably close to becoming reality, most traders in financial markets, as ever, would prefer for the good times to keep rolling. "It is fair to say that global financial markets outside of emerging market assets remain complacent about the risk of a full-blown trade war," wrote strategists at Societe Generale. Indeed, emerging markets have taken a beating in recent weeks. Run-of-the-mill investment strategy has scrambled to line up behind the view that for now, one should favor developed markets and bid up the US dollar.

Positive sentiment

And while Wall Street has wiped out the modest gains it made this year, analysts note that developed markets are surprisingly unscathed, especially given the United States is now caught in trade spats with natural allies like the EU and Canada. One thing seems clear, however. How long a remarkably positive stretch for the world economy will last depends much more now on positive sen-

timent than it does on stimulus, as well as on the fortunes of one country.

Ajay Rajadhyaksha, head of macro research at Barclays, notes that on the whole, little has changed in their global outlook apart from being more dependent on the United States. They still forecast close to 4 percent global growth this year and next. The current US economic expansion, already the second longest on record, has been given extra fuel in the form of major tax cuts, which will help keep the chances of a major slowdown there quite low for the rest of this year.

But the chances of a recession in the next two years are just below one-in-three, according to the latest Reuters poll. And Trump's latest tariffs, which will act as a tax on the US economy, not a boost, are already taking their toll. Barclays' Rajadhyaksha, in a note titled "Glass half full", recommends that clients not get carried away with bouts of negative sentiment. But they also concede that much depends on optimism about some of the world's biggest economies. "However, the fact that exit from the soft patch now remains a forecast for Europe, Japan and China, rather than an established feature of the data, suggests that markets may remain more susceptible to bouts of doubt about the robustness of the global expansion than they were three months ago." — Reuters

EXCHANGE RATES

BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL	America	Taiwan	0.01049	0.010599
British Pound	0.396726	0.410626	0.223728	0.232728	0.008938	0.009488
Czech Korune	0.005736	0.015036	0.299550	0.304850		
Danish Krone	0.043464	0.048464	0.300050	0.304850		
Euro	0.347149	0.360849				
Georgian Lari	0.139608	0.139608				
Hungarian 0.001144	0.001334					
Norwegian Krone	0.033576	0.038776				
Romanian Leu	0.065028	0.081878				
Russian ruble	0.004816	0.004816				
Slovakia	0.009065	0.019085				
Swedish Krona	0.030331	0.035331				
Swiss Franc	0.301563	0.312563				
Australasia						
Australian Dollar	0.218304	0.230304				
New Zealand Dollar	0.204096	0.213596				
Canada Dollar						
US Dollars						
US Dollars Mint						
Bangladesh Taka	0.003149	0.003950				
Chinese Yuan	0.045252	0.048752				
Hong Kong Dollar	0.036940	0.039690				
Indian Rupee	0.003831	0.004603				
Indonesian Rupiah	0.000017	0.000023				
Japanese Yen	0.002680	0.002860				
Korean Won	0.000263	0.000278				
Malaysian Ringgit	0.072128	0.078116				
Nepalese Rupee	0.002663	0.003003				
Pakistan Rupee	0.001956	0.002726				
Philippine Peso	0.005518	0.005818				
Singapore Dollar	0.218893	0.228893				
Sri Lankan Rupee	0.001626	0.002206				
Bahraini Dinar	0.798548	0.807048				
Egyptian Pound	0.014338	0.020056				
Iranian Riyal	0.000084	0.000085				
Iraqi Dinar	0.000197	0.000257				
Jordanian Dinar	0.423977	0.432977				
Kuwaiti Dinar	1.000000	1.000000				
Lebanese Pound	0.000156	0.000256				
Moroccan Dirhams	0.020575	0.044675				
Omani Riyal	0.782383	0.788063				
Qatar Riyal	0.079115	0.084056				
Saudi Riyal	0.079887	0.081187				
Syrian Pound	0.001287	0.001507				
Tunisian Dinar	0.112650	0.120650				
Turkish Lira	0.059316	0.069616				
UAE Dirhams	0.081248	0.082948				
Yemeni Riyal	0.000987	0.001067				

Source: National Bank of Kuwait