

Business

# 2018 XTS arrives in Kuwait featuring Cadillac's new design and technology

## Advanced driver assistance systems for safer experience



**KUWAIT:** Cadillac Alghanim has announced the Kuwait arrival of the redesigned 2018 XTS, the brand's spacious and comfortable sedan with confident handling and performance. For 2018, the XTS receives technical, chassis and appearance changes to heighten the appeal of this elegant sedan.

With the enhanced next-generation Cadillac user experience, the XTS now offers a dynamic platform that can be adjusted over time to meet a customer's evolving connectivity needs.

The updated chassis has revised tire designs for 19-inch tires-improving ride comfort while reducing outside noise for a quieter and more comfortable cabin. Drivers will find front-seat luxury much more comfortable thanks to changes to seat foam geometry, wire frame structure and heat pad redesign. An increased use of engineered sound insulators (to reduce exterior noise) lessens cabin sound to create an even more serene environment.

Mohamed Eltalkhawi, General Manager, Cadillac Alghanim, said, "the newly redesigned sedan's arrival in



### Freshened exterior appearances

Kuwait sets high standards of luxury and innovation, and sets the stage for customers in Kuwait who dare to own

without compromise". New exterior styling features freshened front and rear fascias, updated interior color and trim choices and new alloy wheel options highlight the updates to the XTS. The appearance change includes new fenders, front and rear fascias, grille, and the addition of LED headlights and taillamp in keeping with today's portfolio. It also brings the overall length of the car to 5,103 mm

Like the exterior, the XTS's cabin features authentic cut-and-sewn materials and an artistic integration of technology. The XTS also feature a leather-wrapped interior with microfiber suede headliner, as well as premium wood trim on the steering wheel, console, center stack, and instrument panel and door panels.

The XTS's standard 3.6L V-6 is rated at 304 horsepower (227 kW) and 355 Nm of torque (264 lb-ft). Lightweight features help reduce overall weight for greater efficiency and a more favorable front-to-rear weight balance. The engines are matched with six-speed automatic transmissions with tap-shift control.

Standard and available features across the lineup include:

- Updated chassis with improved ride comfort
- Standard Brembo front brakes
- Standard advanced all-wheel-drive system with electronically controlled limited-slip differential
- Standard 19-inch wheels with a new wheel design
- Updated next-generation Cadillac user experience infotainment system with the fastest response time ever, updated graphics, personalized profiles and smartphone-like navigation (navigation is available on Luxury and Standard Platinum V-Sport models)
- Adaptive remote start
- Four USB ports
- Standard eight-speaker Bose audio system

When it comes to trunk space, the XTS is in a league of its own, with 509 L (18 cubic feet), exceeding both midsize and full-size competitors, the cargo advantage means room for five or more suitcases.

## NBK money markets report

### US dollar rally continues as markets return to fundamentals

**KUWAIT:** The US dollar rally continued last week on expectations the US Federal Reserve and other central banks would continue to diverge on monetary policy. Markets see the Fed raising interest rates at least two more times this year while expectations of policy tightening from the European Central Bank and the Bank of England have receded further, strengthening the dollar. That view was reinforced as the recent flow of economic data from Europe and the UK in particular suggested moderating growth in the competing economies.

While the other major economies are struggling to get a proper footing on inflation, the US has essentially met its 2 percent target. The Fed's preferred inflation reading the Core PCE index was last measured at 1.9 percent year on year. In the FOMC meeting last week, policy makers acknowledged that both headline and core inflation have moved close to their 2 percent goal while dropping the reference that they are monitoring inflation developments closely. The Fed's confidence in inflation was bolstered further as they changed the description of their inflation target to "symmetric." The Fed's emphasis on the symmetrical nature of their inflation goal signals that they will tolerate a modest inflation overshoot beyond 2 percent. As a result, it should help moderate building expectations for the Fed to announce plans for an even faster pace of the rate hikes in the year ahead.

Looking at the Fed's other main concern when hiking rates, the US labor market released mixed numbers last week. Non-farm employment increased by 164,000 jobs last month, according to the Bureau of Labor Statistics, recovering from an upwardly revised 135,000 in March. However, this fell below economists' expectations for a gain of 192,000. At the same time, the unemployment rate fell to 3.9 percent, from 4.1 percent in March, partly due to a decrease in the labor participation force. Finally, the closely watched average hourly earnings number rose by 4 cents, equating to a 2.6 percent annualized gain, 0.1 percent lower than the previous month and a slightly less than expected. While the data may indicate that the US labor market may still have room to improve after years of gains, markets were unfazed. The US dollar index jumped to a 2018 high of 92.90 after the release.

#### Slowing growth in Europe

In the eurozone, the euro remained pressured by the US dollar rally while recent developments were dampening ECB tightening expectations. The release of the latest eurozone GDP report for Q1 confirmed that the economy slowed at the start of this year. At the same time core inflation in the euro-zone fell to just 0.7 percent in April driven down in part by the timing of Easter. The European Central Bank however, is unlikely to pay much attention to the inflation report for April because all the readings were distorted by the timing of Easter. Instead, the Governing Council is likely to focus on signs of increased wage growth for price pressure indications. Finally, the combination of a relatively muted response from the ECB's last meeting on monetary tightening and the move higher

Rates - 06 May, 2018

Currencies	Previous Week Levels				This Week's Expected Range		3-Month Forward
	Open	High	Low	Close	Minimum	Maximum	
EUR	1.2123	1.2139	1.1909	1.1958	1.1815	1.2085	1.2042
GBP	1.3785	1.3792	1.3485	1.3530	1.3345	1.3665	1.3595
JPY	109.00	110.02	108.62	109.11	108.15	110.50	108.43
CHF	0.9873	1.0022	0.9869	0.9997	0.9870	1.0100	0.9920



in US yields versus Euro zone yields is also weighing on the EUR/USD.

#### Disappointing data

In a similar fashion, the British pound has also been falling against the rallying US dollar. Increased Brexit uncertainties, weak figures and a sharp pull back in Bank of England rate expectations have all aided in the downturn in sterling. A May rate hike is now seen as largely dead in the water after the recent economic data flow has heightened concern that the UK economy could now be experiencing a more material slowdown. Indeed, the latest PMI surveys show growth in the manufacturing and services sectors slowing to 17 months lows. UK PMI manufacturing dropped to 53.9 in April from 55.1 with the trend in manufacturing production likely to remain subdued in Q2. The services sector showed a similar picture subdued new business growth which contributed to a further slowdown in the rate of job creation. Meanwhile, survey respondents also noted that higher payroll costs continued to drive up operating expenses and place a squeeze on margins. The disappointing data makes a near term hike in interest rates by the Bank of England look increasingly more remote.

#### China economy stable

In China, factory growth slowed slightly in April showing activity in the world's second largest economy holding up despite worries over trade tensions with the US. The official purchasing managers' index came in at 51.4 for April, easing from 51.5 in the previous month but still above the 50-point mark that separates expansion from contraction on the index's 100-point scale.

The China Federation of Logistics & Purchasing's survey found that factory output was stable but new orders and new export orders weakened for the month, indicating slowing demand. The release came amid simmering trade tensions between Beijing and Washington, with potential implications for China's sprawling export-oriented manufacturing sector. This trade conflict will be in the spotlight again this week as US Treasury Secretary Steve Mnuchin

leads a delegation to Beijing for talks aimed at defusing the threat to economic relations between the world's two largest economies.

Activity in the rest of China's economy also held up fairly well, with further growth in the services sector, which is playing an increasingly important role as communist leaders in Beijing pivot the country away from its agricultural and industrial roots. The group's non-manufacturing purchasing managers' index rose to 54.8 from 54.6 in March.

The latest numbers eased fears about a slowdown in China's economy, which grew at an unchanged 6.8 percent pace in the first quarter. Forecasters are expecting growth to cool this year as Beijing tries to rein in rising debt levels.

#### Australia

The Reserve Bank of Australia held its rates unchanged for the 21st straight month in their last meeting while signaling a continuation of easy policy for some time yet. The RBA left growth forecasts unchanged from its February outlook, while estimates for inflation and unemployment this year were nudged up a little. The jobless rate is seen remaining at 5.5 percent this year before easing to 5.25 percent by mid-2019 and staying there to 2020. Underlying inflation is now seen at the lower end of its 2-3 percent target by mid-2018 and is still not expected to reach 2.25 percent until June 2020. Governor Philip Lowe pointed to subdued wages growth, at 2 percent, as a major factor weighing on inflation, but held out hope for a pick as the economy revives and the labor market tightens.

The Reserve Bank of Australia expects growth in the economy to accelerate to 3.25 percent by the end of this year before peaking at 3.5 percent by June 2019. "Overall, the Australian economy is progressing broadly on the track the Bank has been expecting for a while. The current accommodative stance of monetary policy has assisted this outcome," Lowe said.

#### Kuwait

Kuwaiti dinar at 0.30130  
The USDKWD opened at 0.30130 yesterday.

## Russian business eyes reform in Putin's 4th term

**MOSCOW:** Russian businesses are expecting wide-ranging reforms and are full of suggestions for a new government as Vladimir Putin begins a fourth Kremlin term with promises to revitalize the country's economy. While Moscow's relations with the West remain tense with US sanctions hurting the Russian economy like never before, the new government will be tasked to fulfil the ambitious goals Putin presented to parliament in March.

In his last major speech before winning the presidential election by a landslide, Putin set a goal of halving Russia's "unacceptable" poverty rate in six years by investing in infrastructure, housing and health services.

He also promised a growth rate of four percent against forecasts of one to 2 percent, as the Russian economy continues to stabilize following a recession that ran until 2016. But the 65 year-old Russian leader did not explain how he aimed to achieve these goals and solve the predominantly structural problems holding back the country's growth. Oleg Kouzmin, an analyst at the Renaissance Capital investment bank, said business circles hope that "concrete reforms and development plans with real steps" would be outlined after Putin's inauguration today.

#### 'Small steps'

In recent years, the government mainly

focused its efforts on fiscal and monetary discipline to avoid dramatic changes to the deficit or debt in a country still traumatized by the 1998 financial crisis. But favorable conditions for reforms are finally coming together for Putin, who has led Russia for 18 years, in his fourth term. Kouzmin said it was hoped the new government will adopt measures to "address the weakness of the labor market and adverse demographic dynamic" as well as weaknesses in education and health provision.

Investor support and financial development of the Russian regions would also be welcome, he added. Thanks to control of inflation, a long term bete-noire of the Russian economy, these objectives could be "more achievable than in the past," according to Renaissance Capital.

Chris Weafer, founder of the consulting firm Macro Advisory, said that a public debate on infrastructure financing, taxes and public spending in the education and health sectors could take place at the start of Putin's new term. But Weafer said it "is not realistic" to hope for in-depth reforms. "Vladimir Putin received a mandate from a people who were more or less satisfied with the way the country is run," he said. "The reforms in Russia are moving forward and will continue to progress in small steps so as not to risk unexpected consequences or instability," he added.

Alexei Kudrin-a liberal former finance minister who is respected by the business community in Russia and foreign investors-is expected to return to the Kremlin in a reshuffle. The 57-year-old has said he is ready to help "provided that we do not stop at half-measures." Weafer said Kudrin could call for "an ambitious program of reforms, the only option he sees to avoid a long period of stagnation." —AFP

## Oncost Cash & Carry in buy-out bid for Gulfmart

**KUWAIT:** Oncost Cash & Carry, Kuwait's first membership-based wholesale store in a retail format, is reported to be looking to take over the Gulfmart chain of supermarkets in the country.

Retail analysts believe that the buy-out could help Oncost, belonging to Jassim Al-Bahar's IFA Group, increase its synergy through economies of scale. Given Gulfmart's existing large retail footprint in the country, combining the strengths of both operations could lead Oncost to realize greater market share and cost reductions.

Though a spokesman for Oncost declined to confirm or comment on the reported bid for Gulfmart, reliable sources knowledgeable about the ongoing negotiations revealed that Oncost is on the threshold of signing the deal. The multi-million dollar deal would see full ownership of Gulfmart being transferred to Oncost from its present owners, the UAE-based BMA International.

Gulfmart, which began its operations in Kuwait in 1999, currently has over 16 full-fledged supermarkets spread across Kuwait, including prime locations in Shuwaikih, Salmiya, Fahaaheel, Abbasiya, Hawally, Farwaniya, Khaitan, Jahra, Salwa

and Abu Halifa. Meanwhile, Oncost Cash & Carry, which began its operations in 2011, has four centrally-located outlets in Kuwait offering customers the benefits of wholesale shopping in a modern retail environment.

Oncost is believed to be on an acquisition spree, as part of its assertive new expansion plans to rapidly increase its retail footprint across the country. Meanwhile, BMA International appears to be on a dis-acquisition drive with its food business properties. Last year, they sold their Middle-East franchise for Geant, owned by French grocery retailer Casino Guichard-Perrachon, to UAE-based multi-national conglomerate Majid Al-Futtaim.

Though Oncost Cash & Carry is a slightly different shopping format to Gulfmart's supermarket style of operations, the combined operations could see customers benefiting from added convenience and top-notch services. Oncost's pricing policy has also been constructed to focus on competitive pricing by the unit and wholesale prices by the pack or carton, to pass on substantial savings to its loyal customer base.