

Business

NBK Money Market Report

Trade wars continue to handicap dollar; markets shrug off threat

EU snubs May's Brexit plan as Britain govt grapples with new challenges

KUWAIT: US President Trump has imposed a 10 percent tariff on \$200 billion worth of Chinese imports starting this week, adding a threat of increasing the rate to 25 percent if no deal is reached with China by 2019. The US has already imposed tariffs on \$50 billion of Chinese imports this year, with the addition of \$200 billion bringing the total amount to half of all Chinese imports. The latest move by the Trump administration has left China vowing to reply with its own retaliatory levies, representing a sharp escalation in the trade war which can have dire effects on the global economy.

China has announced its retaliation as previously threatened on \$60 billion of US goods. Ranging on items from meat to wheat to textiles, the said tariffs will take effect today. Trump continued his crusade on China on Thursday "It's time to take a stand on China," and "We have no choice. It's been a long time. They're hurting us." The Trump administration hasn't put a process in place for companies to get exemptions from the most recent tariffs it's imposing, unlike earlier rounds of the duties.

Global markets seem to have shrugged off the escalating trade war between the US and China. Equities globally rose amid a sell-off in treasuries sending the US 10-year Treasury to a 4-month high of 3.08 percent. Economists also attribute the increase in treasury yields as solid economic data. In the labor market, weekly jobless claims fell to the lowest levels in nearly 49 years totaling 201,000 claims only.

Additionally the Philadelphia Federal Reserve Manufacturing index rose to 22.9 in September from August's 11.9 reading.

On the FX front, the US dollar had a volatile week reacting to developments in the trade war rhetoric reaching a 2-month low of 93.960. Nevertheless, the market is pricing in a 100 percent chance of an interest rate hike at this week's Fed meeting.

Eurozone PMI slows down

Eurozone business activity grew in September at the second-weakest rate since late-2016, according to preliminary PMI survey data, as manufacturing growth was subdued by export orders stagnating for the first time in over five years. The IHS Markit Eurozone PMI fell from 54.5 in August to 54.2 in September, according to the flash reading. The slowdown was driven by weaker growth in the manufacturing sector, where production increased at the slowest rate since May 2016. New orders received by factories showed the joint-weakest rise since February 2015 as new export orders failed to grow for the first time since June 2013.

On the FX side, the euro started the week at 1.1623 and kept gaining ground on the subdued dollar amid tensions with the US's trade partners. The single currency gained as much as 1.55 percent hitting a 3-month high of 1.1803.

Unexpected inflation

UK inflation unexpectedly rose to a six month high from 2.5 percent to 2.7 percent,

foregoing expectations of a downward trend. Last month, the central bank increased the interest rate in an effort to tame price pressures, which led to expectations of a drop in inflation to 2.4 percent. The largest contributors to the upward movement were higher prices of transport services and clothing. Wages grew by 2.9 percent in the three months to July, illustrating that wages are still rising more than inflation.

British Prime Minister Theresa May warned EU leaders that their plan to create a customs border between Britain and Northern Ireland was "not credible", claiming she would reject the offer from EU's chief negotiator Michel Barnier. The future of the Irish border once Britain leaves the EU remains unclear, as it is estimated that at least 30,000 people cross the border every day for work, and around 2.4 billion pounds worth of Northern Ireland goods cross the border yearly.

After the EU summit in Salzburg, Theresa May promised to achieve breakthroughs in the Brexit negotiations with the EU after the leaders of the union bluntly rejected her blueprint. In 10 days she will face down her Conservative party at its annual conference in Birmingham where she will need to hold her grounds and have her party continue supporting her Brexit strategy.

The sterling continued its bullish momentum this week and climbed to a 2-month high of 1.3298 against the US dollar. The recent developments in the Brexit have



created a volatile cable movement, as a result of the EU leaders rejecting the proposed Brexit deal the cable fell below 1.32 levels on Friday. The currency closed the week at 1.3076.

BOJ maintains status quo

The Bank of Japan announced it is keeping its monetary policy unchanged and reaffirmed its commitment to reaching 2 percent inflation during Wednesday's meeting. Japan's central bank promised to keep extremely low rates for an "extended period", maintaining shorter term interest rates at -0.1 percent, and an annual goal for gov-

ernment purchases at 80 trillion yen per year. Some members of the BOJ's policy board have voiced concern in regards to commercial banks, whose lending margins have been tightened by low interest rates. Central bank Gov. Haruhiko Kuroda said that the banking industry was sound and would not resort to unwise lending, claiming there are no signs of overheating asset prices.

Kuwait

Kuwaiti Dinar at 0.30250
The USDKWD opened at 0.30250 yesterday morning.

Bayt.com weekly report

How your body language will make or break your interview

Do you know that your body language is an important part of any job interview? There are many people who fear job interviews and aren't aware of their body language or know how to control their gestures. Body language can give the interviewer a first impression, a favorable or an unfavorable one. The nervousness and anxiety in your body language can deliver a negative message to the person in front of you. "Fake it till you make it", that's what they say, keep practicing your body language and be aware of your gestures and moves during the interview. Bayt.com has gathered all the tips you need to ease the job interview process in terms of body language:

1. Maintain eye contact

A rule of thumb is to make sure you maintain eye contact with the interviewer during the interview, and specifically when they are talking to you. However, avoid staring at the person in front of you; rather a soft glance is enough to deliver the body language message through the eyes. Keep the interviewer comfortable. You can think

of it as you are meeting a potential friend for the first time, you want to keep it friendly but also give them your full attention.

An important note, in case you are interviewing a panel, keep in mind that you must balance the eye contact with all members. While a panel member takes their turn to speak, shift your focus with what they are saying. In every panel interview, you will always find one person who will make you feel more comfortable during the interview, so whenever you feel nervous, look at that person to make you feel calmer.

Eye contact goes along with your facial expressions, make sure your face is relaxed and avoid glaring and staring. Check that you have neutral facial expressions when listening to others, and pay attention that you look interested, rather than confused.

2. A firm handshake with a greeting

As soon as you enter the room and face the interviewer, make sure you greet them in a friendly way, and never forget the others in case it is a panel interview. Thank them all for their time and shake hands as you greet them. This will boost your self-confidence and give you more power to engage in the interview. Also, this way will make you seem more friendly and approachable to the interviewer. Healthy posture and a firm hand shake is your key to show self-confidence.

3. Smile, smile, and keep smiling

Everyone hates a grumpy face, specifically in a tensed environment. Start your interview with a

smile, you will feel more comfortable and give the chance to the interviewer or the panel to feel more at ease during the interview. Remember, negotiating and explaining yourself doesn't mean you have to frown and be grumpy, that can be done with a smile too!

4. Nod your head while listening to the interviewer/panel

Nodding your head can be understood differently in other countries and cultures, however, in Arab countries it is known as accepting and understanding what you are hearing and will follow what the interviewer or other person has to say in terms of questions and information. This will indicate to the interviewer that you are attentive, focused and interested in what they are saying.

5. Hand gestures while speaking

Some people don't really know what to do with their hands during an interview. The best place for your hands is on top of the table in front of you. If it happens and there isn't a table, then place them on the arm rests of your chair. Moving your hands as you are explaining and saying something makes you look more expressive, however, be careful of overreacting as it can distract the interviewer. Make it unplanned! Avoid over-acting and focusing only on the body language. Keep it spontaneous as you want to seem as natural as possible. However, practice in front of a mirror ahead of time to make sure you got the basics mastered.

Swiss voters reject more aid for farmers

ZURICH: Swiss voters decisively rejected more help for farmers in two referendums yesterday, heeding the government's warnings that the measures would send food prices rocketing and hurt the economy, projections for broadcaster SRF showed. Opinion polls had shown early widespread support for more farm aid was fading as the vote neared and more details about likely costs emerged.

Economy Minister Johann Schneider-Ammann had called the proposals "dangerous" and said they could trigger tariff increases and other reprisals from trading partners.

One proposal, called the Fair Food initiative, called for all food in Switzerland to come from sustainable sources and for labelling to be more exact. It aimed to improve animal welfare by banning imports of factory-farmed products and ensuring food imports met higher Swiss standards.

Voters were set to reject the measure by a 63-37 percent margin, projections by polling outfit gfs.bern showed. The margin of error was two percentage points.

Supporters such as the Green Party and Social Democrats argued that consumers, animals, the environment and farmers would all benefit. The other proposal wanted to increase state aid to Swiss farmers, whose numbers have halved since 1985 in a country where three farming businesses close every day.

That was set to fail by a 70-30 percent margin, the projections showed. Agriculture's contribution to the Swiss economy has fallen from 2 percent in 1985 to under 1 percent. The referendums were held after farming groups and environmentalists gathered the more than 100,000 signatures needed to trigger a vote under Switzerland's system of direct democracy. —Reuters

EXCHANGE RATES

BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL
Europe		
British Pound	0.390274	0.404174
Czech Koruna	0.006001	0.015301
Danish Krone	0.043899	0.048899
Euro	0.349522	0.363222
Georgian Lari	0.134511	0.134511
Hungarian O.001143	0.001333	0.001333
Norwegian Krone	0.033281	0.038481
Romanian Leu	0.064947	0.081797
Russian ruble	0.004568	0.004568
Slovakia	0.009051	0.019051
Swedish Krona	0.030578	0.035578
Swiss Franc	0.310414	0.321414
Australasia		
Australian Dollar	0.213388	0.225388
New Zealand Dollar	0.197078	0.206578
America		
Canadian Dollar	0.229794	0.238794
US Dollars	0.299250	0.304550
US Dollars Mint	0.299750	0.304550
Asia		
Bangladesh Taka	0.002964	0.003765
Chinese Yuan	0.042779	0.046279
Hong Kong Dollar	0.036901	0.039651
Indian Rupee	0.003645	0.004417
Indonesian Rupiah	0.000016	0.000022
Japanese Yen	0.002613	0.002793
Korean Won	0.000261	0.000276
Malaysian Ringgit	0.070179	0.076179
Nepalese Rupee	0.002622	0.002962
Pakistan Rupee	0.001878	0.002648
Philippine Peso	0.005505	0.005805
Singapore Dollar	0.217422	0.227422
Sri Lankan Rupee	0.001518	0.002086
Taiwan	0.010409	0.010589
Thai Baht	0.009012	0.009562
Arab		
Bahraini Dinar	0.789966	0.806466
Egyptian Pound	0.014319	0.020037
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000204	0.000264
Jordanian Dinar	0.423552	0.432552
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000156	0.000256
Moroccan Dirhams	0.022392	0.046392
Omani Riyal	0.781604	0.787284
Qatar Riyal	0.079033	0.083973
Saudi Riyal	0.079807	0.081107
Syrian Pound	0.001286	0.001506
Tunisian Dinar	0.105456	0.113456
Turkish Lira	0.042372	0.053872
UAE Dirhams	0.081166	0.082866
Yemeni Riyal	0.000986	0.001066

Dollarco Exchange Co. Ltd

Rate for Transfer	Selling Rate
US Dollar	302.990
Canadian Dollar	235.389
Sterling Pound	403.286
Euro	358.634
Swiss Frank	293.072
Bahraini Dinar	805.761
UAE Dirhams	82.984
Qatar Riyals	84.129
Saudi Riyals	81.695
Jordanian Dinar	428.633
Egyptian Pound	16.943
Sri Lankan Rupees	1.802
Indian Rupees	4.192
Sri Lankan Rupees	2.438
Bangladesh Taka	3.624
Philippines Peso	5.612
Cyprus pound	18.027
Japanese Yen	3.683
Syrian Pound	1.590
Nepalese Rupees	2.611
Malaysian Ringgit	74.268
Chinese Yuan Renminbi	44.738
Thai Bhat	10.345
Turkish Lira	48.916
Singapore dollars	220.869

As US raises interest rates, Fed may turn more hawkish

WASHINGTON: Under the cloud of an escalating trade war, the US Federal Reserve this week will raise the benchmark lending rate for the third time this year, moving to prevent inflation from mounting too quickly as the world's largest economy continues brisk growth.

The Fed's two-day policy meeting will begin Tuesday-barely 24 hours after President Donald Trump is due to target another \$200 billion in Chinese imports with punitive tariffs, bringing the total to over \$250 billion. That will deliver a blow to trade relations between the world's top two economies and cast a pall of uncertainty over the global economic outlook.

But analysts say, so far at least, that the trade war has yet to make much of a dent in the US economic data that central bankers watch so closely.

Since the Fed's last meeting, job creation and GDP numbers have shown robust health, wages have risen and inflation has firmed, while measures of industrial activity and the housing market are among the few that have softened. Among those sounding a warning, the International Monetary Fund has warned the escalating trade war could come at "significant economic cost," hitting US and China's growth.

But with the US economy robust, the Fed has repeatedly signaled it expects to continue "gradual" increases in the rate used to set everything from car loans to mortgages. By year end, the central bank is likely to have raised the key interest rate a total of four times and three more increases are expected in 2019.

This will mean the target rate will reach a range of 3.0-3.25 percent by December 2019 — a notch above what policymakers currently view as "neutral," meaning it neither stimulates nor restrains the economy, which is the goal. But will the Fed stop there?

Moving to stay neutral - If there are signs inflation is accelerating, the Fed would certainly move to tighten policy to dampen prices. But even staying at neutral may be a moving target.

Fed Governor Lael Brainard, an intellectual center of gravity at the central bank who had long called for the Fed to proceed slowly with rate hikes, described an important change in her thinking in a speech earlier this month.

"With government stimulus in the pipeline providing tailwinds to demand over the next two years, it appears reasonable to expect the shorter-run neutral rate to rise somewhat," Brainard said.

This suggests she may not want the Fed to stop at 3.0-3.25 percent, but continue nudging the rate higher.

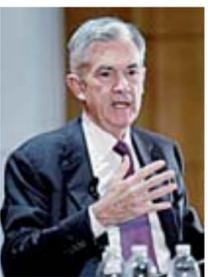
"It was a very important shift," Diane Swonk, chief economist at Grant Thornton, told AFP. But Swonk said it remains unclear whether the Fed will move more aggressively next year, raising rates faster, or continue the gradual increases for longer.

"We don't yet know. I know it won't be resolved at this meeting," she said.

New hawks

Meanwhile, some policymakers who in January will take a turn as voting members of the rate-setting Federal Open Market Committee also have begun to send more hawkish signals.

Boston Fed President Eric Rosengren, who favored the Fed's near-zero rate policy of in the years after the financial crisis, like Brainard has said in recent interviews FOMC estimates of neutral could go up. He also noted that very low unemployment rates of the kind the United States is currently experiencing are historical harbingers of recession. And even the Chicago Fed's Charles Evans, a longtime dove who will rotate onto the FOMC in 2019, has suggested monetary policy may need to become "restrictive." —AFP



Jerome Powell, Federal Reserve Board Governor