

OIL, SHIPPING MARKETS ON EDGE AFTER SOUTH CHINA SEA RULING

BRENT CRUDE OIL PRICES JUMP 2 PERCENT

SINGAPORE: Global oil and shipping markets reacted nervously yesterday after an international arbitration court ruled against Beijing's claims across large swathes of the South China Sea, fuelling geopolitical tensions in the vital waterway. A tribunal in The Hague, Netherlands, found China had breached the sovereign rights of the Philippines and had no legal basis to its historic claims in the South China Sea, a major shipping lane between Europe, the Middle East and Africa.

The ruling will be seen as a victory by other regional claimants such as the Philippines and Vietnam, but with China rejecting the ruling and saying its military would defend its sovereign rights, nerves were on edge. Although shippers and oil traders said they did not expect an immediate impact on shipping as a result of the ruling, oil prices jumped following the findings. Brent crude futures

were up over \$1, or more than 2 percent, to \$47.60 per barrel at 1110 GMT.

"It is vital that merchant ships are allowed to go about their lawful business on the world's oceans without diversion or delay. We will of course be monitoring for any interference in the coming weeks," said Peter Hinchliffe, Secretary General of the International Chamber of Shipping in London. The deep waters of the South China Basin between the Spratly and also-disputed Parcel Islands are the most direct shipping lane between northeast Asia's industrial hubs of China, Japan and South Korea and Europe and the Middle East. The geography of the region offers few economically viable alternative routes for large oil tankers or dry-bulk ships and container ships.

Esbén Poulsen, president of the Singapore Shipping Association, said

any actions that restricted the right of innocent passage and freedom of safe navigation for merchant shipping would potentially drive up shipping costs, resulting in a detrimental impact on maritime trade. Reuters shipping data shows that, counting just Very Large Crude Carrier (VLCC) super-tankers, some 25 VLCCs are passing between the disputed Spratly and Parcel islands at any time, with enough capacity to carry the equivalent of about 11 days' worth of Japanese demand.

Some industry participants were more relaxed, however. "It's just pure politics," Ralph Leszczynski, head of research at ship broker Banchemo Costa said. "China will simply ignore it, and it will not change in any way the reality on the ground. All there is at stake is access to offshore oil and gas deposits and perhaps fishing grounds," he said. Insurers

said costs were unlikely to rise in the short term. "We don't currently foresee any increase in insurance costs as a result of the ruling and would be surprised to see operators being penalized by the insurance market for trading in this area," said Andrew Brooker, founding partner, at Hong Kong marine insurance broker's Latitude Brokers.

Neil Roberts, manager of marine underwriting at the Lloyd's Market Association, said the South China Sea is not listed by the LMA's joint war committee which highlights insurance hotspots. "Unless it is there would be no prospect of premiums rising," Roberts told Reuters. "The shallow waters and numerous reefs in the Spratly island region means that commercial shipping is unlikely to be sailing within the territorial waters of any of the islands." —Reuters

KUWAIT INFLATION EASES 2.8 PERCENT

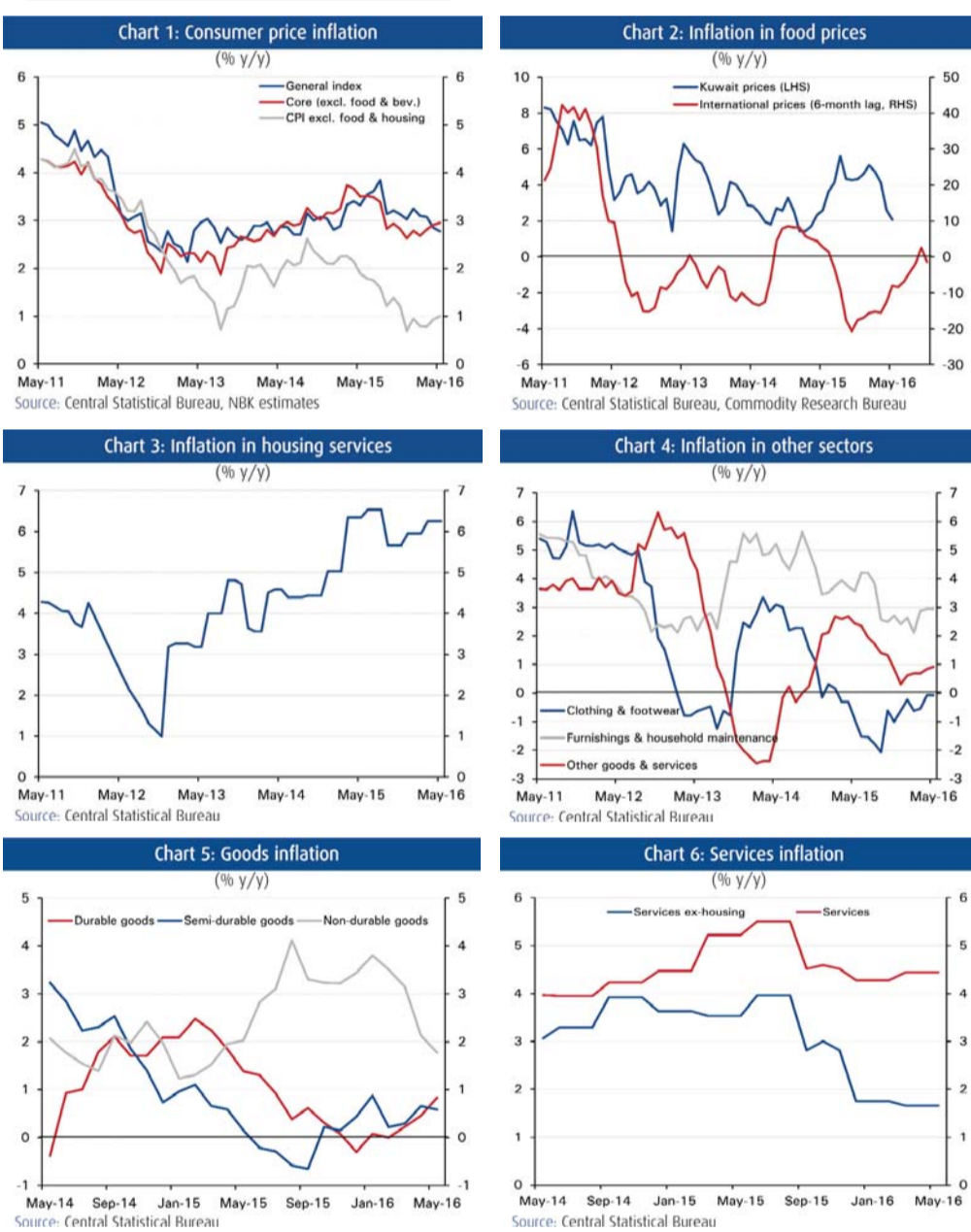
NBK Economic Update

KUWAIT: Inflation in consumer prices eased to 2.8% year-on-year (y/y) in May, mainly due to softer food inflation. Core inflation (which excludes food prices) came in marginally higher at 3.0% y/y during the same period. We expect annual average inflation in 2016 to moderate to 3.0% compared to 3.3% in 2015, on the back of low commodity prices and a stronger local currency. Inflation in local food prices maintained its downward trend in May. Local food inflation slowed to an over one-year low of 2.1% y/y in May.

We expect growth in food prices to remain soft on the back of falling international food prices. According to the Commodity Research Bureau, inflation in international food prices slipped back into negative territory in May, with prices falling by 1.3% y/y. This has also led to softening inflation in non-durable goods, which slowed from 2.1% y/y in April to 1.8% y/y in May. Inflation stabilized in furnishings & household maintenance and clothing & footwear. Inflation in furnishings steadied at an eight-month high of 3% y/y in May.

Clothing & footwear prices continued to fall, albeit at a modest rate of 0.1% y/y. The stronger dinar and more frequent and longer seasonal promotions have driven costs lower in this segment. Inflation in durable and semi-durable goods as a whole remain slow. Inflation in durable goods and semi-durable goods came in at a mere 0.8% y/y and 0.6% y/y, respectively. The inflationary trends in the 'furnishings' and 'clothing' segments are good gauges of the inflationary trends in durable goods and semi-durable goods. They have almost been moving in tandem with each other.

Inflation in the 'other goods & services' segment rose in May, but still remained relatively subdued. This component, which is mostly comprised of imported goods such as personal care products and jewelry, has been seeing lower imported inflation on the back of a stronger local currency. Inflation in overall services, especially in services ex-housing, has largely stabilized recently, but continues to face downward pressures. Inflation in services, which is predominantly driven by housing rent inflation, remains firm at 4.4% y/y. However, excluding the cost of housing, inflation in services is currently hovering at around 1.7% y/y.



FLYDUBAI PARTNERS WITH BOOKING.COM

KUWAIT: Dubai-based flydubai is partnering with Booking.com, the global leader in connecting travelers with the widest choice of incredible places to stay, adding a wide range of hotels and other accommodation options to its website flydubai.com. Hotels.flydubai.com is powered by Booking.com and is designed to help passengers find the perfect stay that suits their preference and budget from over 954,000 accommodations world-wide. Passengers are able to browse other guests' reviews and book flexibly with a range of payment options.

Commenting on this partnership, Ramesh Venkat, Chief Information Officer (CIO) at flydubai, said: "With this website, we are able to offer our passengers even more options when travelling with flydubai, making it easier for them to organize their holidays or business trips. With Booking.com, we will offer one of the largest accommodation databases

in the world and we are pleased to be able to extend these numerous opportunities to our customers."

"Our aim at Booking.com is to connect travelers from all over the world with their ideal stay in the most seamless and enjoyable way possible," said Bryan Batista, Head of Global Partnerships at Booking.com. "Partnering with flydubai is a great opportunity for us to engage with even more customers flying in and out of Dubai, enabling them to quickly find the perfect accommodation that meets their unique needs, whether they're travelling for business or pleasure."

flydubai's website (flydubai.com) offers a personalized online experience by receiving customized content based on a customer's location and previous interaction with the site. The website has a layout that automatically adjusts depending on the device being used and is ideal for mobile

devices and tablets. In addition, destination guides and travel tips provide inspiration for planning the perfect trip, holiday or last-minute getaway to one of flydubai's hidden gems such as Salalah, Sarajevo or Sofia. The airline's website is available in Arabic, English and Russian.

Passengers can purchase tickets from flydubai's website (flydubai.com), flydubai travel shops or through travel partners. Further information and details of the carrier's car rental and travel insurance services can also be found on flydubai.com. flydubai continues to invest in technology to offer an easy and friendly experience throughout a passenger's journey. The airline has recently enhanced its offering by adding WiFi and live television onboard. The airline features an advance touch-screen In-Flight Entertainment system hosting over 2,000 hours of non-stop entertainment.



Index	Previous Close	Last Price	Change	Daily Performance %	Yearly Performance %
Dow Jones	18,146.74	18,226.93	80.19	▲	0.44
NASDAQ	4,956.76	4,988.64	31.88	▲	0.64
S&P 500	2,129.90	2,137.16	7.26	▲	0.34
Financial Times	6,682.86	6,682.26	-0.60	▼	-0.01
DAX	9,833.41	9,982.12	148.71	▲	1.51
CAC 40	4,264.53	4,328.11	63.58	▲	1.49
Swiss	8,117.11	8,121.61	4.50	▲	0.06
Nikkei 225	15,708.82	16,095.65	386.83	▲	2.46
Topix	1,255.79	1,285.73	29.94	▲	2.38
Hang Seng	20,880.50	21,224.74	344.24	▲	1.65
Straits Times	2,876.14	2,901.82	25.68	▲	0.89

Index	Previous Close	Last Price	Change	Daily Performance %	Yearly Performance %
Kuwait	5,365.47	5,377.75	12.28	▲	0.23
Saudi Arabia	6,570.34	6,612.14	41.80	▲	0.64
Dubai	3,392.90	3,437.51	44.61	▲	1.31
Abu Dhabi	4,540.27	4,542.74	2.47	▲	0.05
Bahrain	1,156.45	1,166.72	10.27	▲	0.89
Qatar	10,105.52	10,140.79	35.27	▲	0.35
Oman	5,820.34	5,848.89	28.55	▲	0.49
Lebanon	1,152.49	1,157.15	4.66	▲	0.40
Jordan	2,098.01	2,098.41	0.40	▲	0.02
Egypt	7,506.18	7,411.69	-94.49	▼	-1.26
Morocco	9,584.16	9,596.96	12.80	▲	0.13
Tunisia	5,390.34	5,398.88	8.54	▲	0.16

Currency	Kuwaiti Dinar	Saudi Riyal	US Dollar	Euro	Sterling Pound	Swiss Franc	Japanese Yen	Australian Dollar
Kuwaiti Dinar		12.3047	3.2944	2.9719	2.5075	3.2390	341.79	4.3199
Saudi Riyal	0.08127		0.2677	0.2415	0.2038	0.2632	27.78	0.3511
US Dollar	0.30355	3.7351		0.9021	0.7612	0.9832	103.75	1.3113
Euro	0.33649	4.1404	1.1085		0.8439	1.0906	115.03	1.4547
Sterling Pound	0.39880	4.9072	1.3138	1.1850		1.2926	136.35	1.7239
Swiss Franc	0.30874	3.7989	1.0171	0.9169	0.7736		105.52	1.3337
Japanese Yen	0.00293	0.0360	0.0096	0.0087	0.0073	0.0095		0.0126
Australian Dollar	0.23149	2.8484	0.7626	0.6874	0.5801	0.7498	79.12	

Currency	US Dollar	Kuwaiti Dinar	Saudi Riyal	Bahraini Dinar	Qatari Riyal	Omani Riyal	Emirates Dirham	Egyptian Pound
US Dollar		0.30355	3.7351	0.3744	3.6265	0.3832	3.6572	8.6800
Kuwaiti Dinar	3.2944		12.3047	1.2334	11.9470	1.2624	12.0481	28.5950
Saudi Riyal	0.2677	0.08127		0.1002	0.9709	0.1026	0.9791	2.3239
Bahraini Dinar	2.6709	0.81076	9.9762		9.6862	1.0235	9.7682	23.1838
Qatari Riyal	0.2757	0.08370	1.0299	0.1032		0.1057	1.0085	2.3935
Omani Riyal	2.6096	0.79215	9.7471	0.9770	9.4637		9.5438	22.6514
Emirates Dirham	0.2734	0.08300	1.0213	0.1024	0.9916	0.1048		2.3734
Egyptian Pound	0.1152	0.03497	0.4303	0.0431	0.4178	0.0441	0.4213	

Currency	1-Week	1-Month	3-Month	6-Month	1-Year
Kuwaiti Dinar	0.00	1.19	1.44	1.63	1.94
US Dollar	0.43	0.47	0.67	0.96	1.28
Euro	-0.38	-0.36	-0.30	-0.19	-0.07
Sterling Pound	0.44	0.45	0.50	0.59	0.82
Swiss Franc	-0.82	-0.81	-0.77	-0.70	-0.58
Australian Dollar	1.83	1.89	1.78	1.73	1.66
Canadian Dollar	0.00	0.87	0.87	1.00	1.08

Country	2-Year	5-Year	10-Year	30-Year
United States	0.66	1.05	1.47	2.20
Europe	-0.69	-0.60	-0.13	0.42
United Kingdom	0.14	0.37	0.77	1.62

Index	Previous Close	Last Price	Change	Daily Performance %	Yearly Performance %
Kuwait Oil	42.74	42.59	-0.15	▼	-0.35
Brent	43.40	44.64	1.24	▲	2.86
West Texas	44.78	44.68	-0.10	▼	-0.22
Gold	1354.85	1347.96	-6.89	▼	-0.51
Silver	20.26	20.25	-0.01	▼	-0.05

EXCHANGE RATES

CURRENCY	BUY	SELL
ASIAN COUNTRIES		
Japanese Yen	2.968	
Indian Rupees	4.507	
Pakistani Rupees	2.890	
Sri Lankan Rupees	2.091	
Nepali Rupees	2.824	
Singapore Dollar	225.220	
Hongkong Dollar	39.020	
Bangladesh Taka	3.859	
Philippine Peso	6.440	
Thai Baht	8.655	
GCC COUNTRIES		
Saudi Riyal	80.763	
Qatari Riyal	83.194	
ani Riyal	786.642	
Bahraini Dinar	804.300	
UAE Dirham	82.457	
ARAB COUNTRIES		
Egyptian Pound - Cash	31.750	
Egyptian Pound - Transfer	34.479	
Yemen Riyal/for 1000	1.216	
Tunisian Dinar	138.280	
Jordanian Dinar	427.330	
Lebanese Lira/for 1000	2.018	
Syrian Lira	2.0158	
Morocco Dirham	31.531	
EUROPEAN & AMERICAN COUNTRIES		
US Dollar Transfer	302.700	
Euro	335.390	

Sterling Pound	393.510
Canadian dollar	232.490
Turkish lira	105.100
Swiss Franc	309.190
Australian Dollar	229.750
US Dollar Buying	301.500
GOLD	
20 Gram	274.680
10 Gram	140.260
5 Gram	70.970
DOLLARCO EXCHANGE CO. LTD	
Rate for Transfer	Selling Rate
US Dollar	302.900
Canadian Dollar	232.445
Sterling Pound	393.145
Euro	335.450
Swiss Frank	298.925
Bahrain Dinar	801.276
UAE Dirhams	82.700
Qatari Riyals	83.910
Saudi Riyals	81.495
Jordanian Dinar	427.030
Egyptian Pound	34.013
Sri Lankan Rupees	2.088
Indian Rupees	4.508
Pakistani Rupees	2.888
Bangladesh Taka	3.857
Philippines Peso	6.431
Cyprus pound	159.630
Japanese Yen	3.980
Syrian Pound	2.395
Nepalese Rupees	3.805

Malaysian Ringgit	76.475	
Chinese Yuan Renminbi	45.630	
Thai Bhat	9.585	
Turkish Lira	104.965	
BAHRAIN EXCHANGE COMPANY		
CURRENCY	BUY	SELL
British Pound	0.385478	0.400478
Czech Korune	0.004343	0.016343
Danish Krone	0.040831	0.045831
Euro	0.0328594	0.0337594
Norwegian Krone	0.031472	0.036672
Romanian Leu	0.073969	0.0736969
Slovakia	0.009018	0.019018
Slovenian Euro	0.031200	0.036200
Swedish Krona	0.301078	0.312078
Swiss Franc	0.099777	0.110077
Australasia		
Australian Dollar	0.220455	0.232455
New Zealand Dollar	0.2213608	0.223108
America		
Canadian Dollar	0.226592	0.235592
Georgina Lari	0.136691	0.136691
US Dollars	0.303550	0.303550
US Dollars Mint	0.299050	0.303550
Asia		
Bangladesh Taka	0.003388	0.003972
Chinese Yuan	0.044043	0.047543
Hong Kong Dollar	0.036923	0.039673

Indian Rupee	0.004320	0.004730
Indonesian Rupiah	0.000019	0.000025
Japanese Yen	0.002899	0.003079
Kenyan Shilling	0.002984	0.002984
Korean Won	0.000253	0.000268
Malaysian Ringgit	0.072250	0.078250
Nepalese Rupee	0.002854	0.003024
Pakistani Rupee	0.002744	0.003034
Philippine Peso	0.006398	0.006698
Sierra Leone	0.000052	0.000058
Singapore Dollar	0.219231	0.229231
South African Rand	0.014732	0.023232
Sri Lankan Rupee	0.001672	0.002252
Taiwan	0.009270	0.009450
Thai Baht	0.008281	0.008831
Arab		
Bahraini Dinar	0.796216	0.804716
Egyptian Pound	0.027069	0.032187
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000181	0.000241
Jordanian Dinar	0.423014	0.432014
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000150	0.000250
Moroccan Dirhams	0.019290	0.043290
Nigerian Naira	0.001248	0.001883