

STOCKS, STERLING RALLY ON STIMULUS HOPES
ITALIAN BANKS RALLY ON HOPES OF DEAL ON BAD LOANS

LONDON: European shares were on track for a fourth straight day of gains and the yen broke below its post-Brexit low yesterday as easing political tensions in Britain, stimulus hopes and a record high close for US stocks boosted risk appetite. S&P 500 index futures, up 0.5 percent, pointed to further gains on Wall Street yesterday. Europe's STOXX 600 rose 1 percent, helped by strong gains in Daimler and Unicredit, while sterling jumped 1.3 percent against the dollar, pulling further away from a 31-year low hit last

week. In Britain, interior minister Theresa May was set to become prime minister on Wednesday, offering some relief from the political uncertainty that has dogged the market since the country voted to leave the European Union last month. Second-quarter earnings season, for which investor expectations are low, got off to a bright start in the US with aluminum producer Alcoa beating estimates overnight. In Europe, shares in Daimler jumped 5 percent after the German automaker posted encourag-

ing results and reiterated its full-year outlook, allaying some concerns about the impact of Brexit.

Italian banks, a focus of investor concerns in Europe, got a boost yesterday with Unicredit jumping nearly 7 percent after the bank took steps to strengthen its capital position by selling a stake in an online broker. Italian government borrowing costs edged lower yesterday, narrowing the gap with benchmark Germany, as Rome moved closer to a deal to safeguard the coun-

try's struggling banks. "If there is some way in which Italy's banks can offload their inventory of bad loans then that would be seen as very positive for the economy and, in turn, allow government spreads to tighten further," Mizuho strategist Peter Chatwell said.

Risk appetite returns

Earlier, Asian shares extended gains, partly on expectations of more policy stimulus, particularly in Japan. Japanese Prime Minister Shinzo Abe signaled a fresh round of fiscal stimulus after a victory for his ruling coalition in upper house elections, sending the yen lower and stocks higher. Traders in London said former US Federal Reserve chief Ben Bernanke's presence in Tokyo had boosted expectations of more monetary easing too.

The BOJ is still far from achieving its inflation target despite adopting negative rates earlier this year in addition to its asset buy-

ing program. "The market is now priced for more than 10 trillion yen (of extra stimulus), but it will be more about the fiscal-monetary coordination that is driving markets," said Hans Redeker, head of currency strategy at Morgan Stanley, suggesting that figure would rise in light of Abe's comments.

The dollar rose 1 percent to 103.92 yen, its highest level since June 24, when the British referendum result roiled global markets. The euro jumped more than 1 percent to 115 yen. In commodities, oil prices recovered from two-month lows as a brief halt in Iraqi crude loadings threatened to tighten supplies. Brent crude was at \$47.72 per barrel, up more than 3 percent from its last close. US West Texas Intermediate crude was up \$1.30 at \$46.05 a barrel. Prices of basic metals including zinc, aluminum and nickel got a boost after Goldman Sachs lifted its forecasts on expectations of tighter supplies in the second half of the year. —Reuters

Daily Kuwait Stock Exchange Report
Tuesday 12 July 2016
Index: Price Index, Weighted Index, KSEI 15
Trades: Security, High, Low, Volume, Value (KD), Trades, Last, Change
Market Summary: Total Volume, Value (KW), Number of Trades



TOKYO: A man looks at a quotation board flashing share prices and the Nikkei key index of the Tokyo Stock Exchange (TSE) in front of a securities company in Tokyo yesterday. — AFP

OIL BOUNCES BACK
HEDGE FUNDS CUT BULLISH OIL BETS

LONDON: Crude futures bounced back from two-month lows yesterday, helped by a weaker dollar, but an oil stocks overhang and a drop in bullish bets by investors weighed on prices. Brent crude was at \$47.36 per barrel at 1022 GMT, up \$1.11 or 2.3 percent. US West Texas Intermediate crude was up 87 cents at \$45.63 a barrel. Saudi Energy Minister Khalid al-Falih said yesterday the oil industry needed a price above \$50 per barrel to sustain investments but added that downward pressure would prevail because of an inventory glut.

in Iraq and conflicting reports of new attacks in Nigeria also bolstered prices. On the downside, a Reuters poll showed that China's economic growth likely cooled to a seven-year low in the second quarter as the industrial sector lost steam and a boost from financial services faded. China's top oil firm CNPC said it saw the country's oil consumption rising to 670 million tons by 2027 from 520 million in 2014, implying annual growth of just 2 percent.

Hedge funds cutting their exposure to oil prices have also contributed to bearish sentiment, resulting in a 12 percent fall in Brent prices from their June peak above \$52 per barrel. "Oil prices could rally each time macro sentiment recovers on expectations of yet another round of quantitative easing, but for now the path of least resistance seems to be lower in the near term," analyst Virendra Chauhan of Energy Aspects told the Reuters Global Oil Forum. Energy Aspects cut its third-quarter Brent forecast to \$52 from \$55 a barrel. Physical markets were weak, with Asian refiners processing less crude as they grapple with margins that plunged to five-year lows as refined products flooded the region. — Reuters

A brief suspension of tanker loading

GOLD EDGES LOWER

LONDON: Gold edged lower yesterday as global equities rallied on easing political uncertainty in Britain and hopes for more economic stimulus measures, which in turn curbed demand for assets perceived as a haven. Spot gold was down 0.2 percent at \$1,352.06 an ounce by 0940 GMT after falling nearly one percent on Monday, which was its biggest decline in almost two weeks, US gold was down 0.1 percent at \$1,355.30 an ounce.

The latest US jobs data has boosted the prospects for an interest rate increase by the US Federal Reserve. Gold came under pressure after strong US non-farm payrolls data on Friday boosted some expectations for a US rate rise.

"Tensions in Britain are easing for now, as the country will soon have a new prime minister," ActivTrades chief analyst Carlo Alberto de Casa said. "With the British pound gaining some ground, demand for gold and other safe havens is also decreasing," De Casa said, adding that the next support level for gold was around \$1,340 an ounce. Gold has gained about \$100 an ounce since the United Kingdom voted to leave the European Union, as worried investors piled their cash into safe-haven assets.

Kansas City Federal Reserve President Esther George said on Monday that US interest rates were too low and signaled she could be ready to resume her push within the Fed's rate-setting committee for rate increases. Lower rates tend to boost gold prices because they cut the opportunity cost of holding non-yielding bullion while weighing on the dollar, in which it the metal priced. "Not too long ago, gold prices would have withered on prospects of higher stock prices, but not this time around; investors are thinking that the spate of monetary easing is likely to persist for some time to come, keeping both gold and equities fairly well supported," INTL FCStone said in a note.

However, Asian stocks hit a 2-1/2-month peak yesterday and European shares were on track for a fourth straight day of gains on hopes of more stimulus from global policymakers. Japan's ruling coalition fanned expectations of more fiscal stimulus, while the Bank of England could cut rates as soon as Thursday following its monthly policy meeting. Markets were also assessing whether

The European Central Bank will not ease monetary policy any further at its meeting next week, according to an overwhelming majority of respondents in a Reuters poll of euro market traders. Silver was up 0.6 pct at \$20.41 an ounce. Platinum, which rose to a 13-month high of \$1,104.10 on Monday, fell for the first time in two weeks, down 0.1 percent at \$1,099 an ounce. Palladium was up 0.6 percent at \$623.92 per ounce. — Reuters

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