

STERLING, STOCKS SLIDE ON BREXIT ALARM

LONDON: Britain battled to stop worldwide Brexit alarm Monday but failed to prevent the pound crumbling to a three-decade low against the dollar as European shares took a fresh plunge. Asian markets had steadied a little after Britain's June 23 vote to abandon

the European Union wiped \$2.1 trillion off international equity values Friday. But investors started a new wave of selling in European trade and Wall Street followed suit as they grappled with the financial consequences of the Brexit referendum.

"Today I want to reassure the British people, and the global community, that Britain is ready to confront what the future holds for us from a position of strength," Britain's finance minister, George Osborne, declared before European financial markets

opened. Britain's economy is "as strong as could be", the minister said. Hours later, the pound had skidded to \$1.3194 in London trade, its lowest level against the dollar since Sept 1985. London's FTSE 100 index, which boasts many international companies, fell around 1.9 percent in mid-afternoon trading, masking steeper falls in key sectors likely to be affected by Brexit.

leaders are considering moving operations abroad after the referendum, according to a survey from leading business lobby group, the Institute of Directors. "Any sense of calm is very fragile and the situation could change rapidly," said Joe Rundle, head of trading at ETX Capital.

In eurozone equity trading, Frankfurt's DAX 30 index slid 1.9 percent as the country's biggest lender Deutsche Bank lost 5.5 percent. The CAC 40 in Paris extended its earlier weakness to stand more than three percent lower in mid-afternoon. In Madrid, shares fell 1.2 percent, frittering away early gains after the ruling conservative Popular Party emerged on top in elections Sunday and vowed to try to form a government.

Pound 'Vulnerable'

Traders said the FTSE was being supported by a weaker pound, which could well slip further. Stephen Innes, senior trader at OANDA Asia Pacific, warned sterling "is extremely vulnerable". He also said there was "a huge concern that London's status as the global financial capital will crumble" if it loses its "passporting" rights, which permit banks to locate themselves in Britain while

offering products and services in the wider EU.

There are fears the British vote will usher in another global market rout just months after a China-fuelled sell-off at the start of the year. But Capital Economics economist Julian Jessop said it would be wrong to think another global financial crisis could be just around the corner. "Even now, the FTSE 100 is still above its mid-June lows," he said in a note to investors. "On a trade-weighted basis, the pound is only back to where it was during most of the period from 2009 to 2015," he added.

In Asian trade, Tokyo, Shanghai and Sydney markets advanced. Hong Kong slipped, however. Morgan Stanley economist Chetan Ahya tipped a new round of monetary easing in Asia to limit the fallout. "We think near-term focus of policymakers will be to mitigate adverse impacts on financial conditions. Specifically, we expect policymakers to introduce liquidity injections measures," he said. Chinese Premier Li Keqiang said Britain's departure from the EU created new uncertainties in the world economy at a time when downward pressures on China's economy are mounting. —AFP



LONDON: Traders from ETX Capital work in central London yesterday. —AFP

INDIA CUTS SHORTLIST FOR NEW RBI CHIEF TO FOUR

PATEL, MOHAN, GOKARN, BHATTACHARYA STILL IN RUNNING

NEW DELHI: The Indian government has narrowed its list of candidates to become the next governor of the Reserve Bank of India to four, a senior official told Reuters, as it set in motion the process of naming a new Monetary Policy Committee (MPC). The moves seek to ensure policy continuity and reassure domestic and global investors after RBI chief Raghuram Rajan shocked markets 10 days ago by announcing he would not seek reappointment in September.

Rajan, 53, had been accorded rockstar status by markets for defusing a currency crisis, lowering inflation and winning parliament's approval to set up the MPC which will set interest rates. Yet the former IMF chief economist had come under attack from right wingers in Prime Minister Narendra Modi's ruling party,

with friends and colleagues saying this contributed to his decision to make an early exit. Modi put down detractors who had cast doubt on Rajan's loyalty: "Raghuram Rajan's patriotism is no less than any of ours," he told Times Now news TV in an interview, saying his experience of working with Rajan had been good. The list of candidates to replace Rajan has been whittled down to four, the official said: current Deputy Governor Urjit Patel, former deputy governors Rakesh Mohan and Subir Gokarn and State Bank of India Chair Arundhati Bhattacharya.

None has commented, though media have reported Bhattacharya may get a one-year extension in her current job. Analysts said a lack of transparency over the selection process was a worry, and it would be important to ensure Rajan's

successor is strong enough to uphold the RBI's autonomy. "For the continued credibility of a strong and autonomous institution like the RBI, I hope the next governor is someone independent like Rajan, and not more pliable to the government," said Shumita Sharma Deveshwar, co-head of India research at Trusted Sources, a macro advisory firm.

Search Operation

The official, and another from Modi's office, said Rajan should join the search panel to appoint three external members of the new six-member MPC. This process was kicked off on Monday by the notification of changes to the act governing the RBI that were recently passed by parliament. The objective was to ensure that the MPC is constituted as

soon as possible, before the appointment of Rajan's successor, both officials said, speaking on condition of anonymity due to the sensitivity of the matter. "We are very hopeful the present governor will be a member of this search committee," the first official said, adding that if all goes well the new panel would be formed by Aug 1.

If that timetable holds, it would mean the MPC will be in place for the last policy meeting chaired by Rajan in August. It would be desirable if Rajan is on the selection committee "given his international experience and the fact that the new monetary policy framework became operational under his intellectual leadership", said Rupa Rega Nitsure, group chief economist at L&T Financial Services in Mumbai.

Rajan's decision to stand down followed weeks of attacks from the far right of Modi's Bharatiya Janata Party (BJP), led by maverick politician and Harvard-educated economist Subramanian Swamy. Swamy memorably described Rajan as "mentally not fully Indian" in an open letter to Modi, demanding the governor's immediate termination. He was venting views widely held in the Hindu-nationalist umbrella group, the Rashtriya Swayamsevak Sangh, to which Modi's party is affiliated.

A senior RSS source expressed support for the slate of candidates, however, indicating the group would prefer a more low-profile, Indian-educated governor than the outspoken Rajan but was not bent on forcing a more radical policy shift. Under the finance bill passed this year, three members of the MPC would be RBI insiders, headed by the governor who would have the casting vote in the event of a 3-3 split. Three external members would be chosen by a search committee comprising Modi's cabinet secretary, the RBI governor, a top finance ministry bureaucrat and three outside experts chosen by the government. The RBI said it was not in a position to comment. —Reuters

BANKS HOLD BACK SAUDI AS NEARBY MARKETS TICK HIGHER

MIDEAST MARKET REPORT

DUBAI: Banks were the main drag on Saudi Arabia's stock market on Monday as investors grew wary before second-quarter financial results, while most other Middle East bourses recovered some of the losses from the sell-off after Britain's Brexit vote. Riyadh's benchmark fell by 0.2 percent as banking shares were sold in the final hour of trade. Al Rajhi, the sector's largest Islamic bank, lost 2.2 percent to 56.50 riyals and the sector's sub-index dropped 0.8 percent.

A note from Riyadh Capital said that tight liquidity and pressure on deposits are among the biggest challenges facing the banking sector this year. "In the absence of an inflow of fresh money into the interbank system, these trends will continue," it said. Analysts at Riyad Capital still have "buy" ratings on Saudi Hollandi Bank, Banque Saudi Fransi, Saudi British Bank and Samba Financial Group but a "neutral" rating on Al Rajhi, saying it is relatively close to a fair-value price of 64 riyals per share. Qatar's index edged 0.3 percent lower in thin volume. Stocks within MSCI's emerging market index led losses, with Industries Qatar down 1 percent.

Egypt, Dubai

Egypt's main index, which had plunged 5.5 percent on Sunday, bounced 0.8 percent with gainers outpacing losers 16 to 11. Orascom Telecom, the most heavily traded stock and one favoured by local day traders, gained 3.8 percent. Commercial International Bank (CIB), the largest listed lender, fell back 0.5 percent, having risen by 2.2 percent in early trading after the central bank said it would not impose nine-year term limits on bank chief executives. Dubai's index, which slid by 3.3 percent on Sunday, rose 0.9 percent with more than three fifths of traded shares advancing.

Small and mid-sized stocks favoured by local retail investors were the most active, with

Islamic insurer Dar Al Takaful hitting its 15 percent daily gain limit. Union Properties, a developer with a residential rental unit, gained 1.8 percent. Real estate consultancy JLL said that Dubai's expatriate population is likely to continue renting their homes rather than switching to ownership, but that real estate markets in other major Gulf cities will feel little impact from a British exit from the European Union because their property markets are more focused on local citizens.

The Abu Dhabi index added 0.4 percent, after dropping 1.9 percent on Sunday. Gainers outnumbered losers 14 to four. Finance House rose 2.9 percent in very thin trade after the company said it had received regulatory approval for a share buyback. It gave no further details.

Yesterday's highlights SAUDI ARABIA

* The index edged down 0.2 percent to 6,465 points.

EGYPT

* The index climbed 0.8 percent to 6,904 points.

ABU DHABI

* The index added 0.4 percent to 4,434 points.

DUBAI

* The index rose 0.9 percent to 3,286 points.

QATAR

* The index fell 0.3 percent to 9,817 points.

KUWAIT

* The index edged up 0.3 percent to 5,366 points.

OMAN

* The index added 0.03 percent to 5,764 points.

BAHRAIN

* The index edged up 0.1 percent to 1,113 points.

OIL BOUNCES BACK FROM LOWS AFTER BREXIT LOSSES

SINGAPORE: Oil prices saw a modest rebound on bargain hunting in Asia yesterday, despite uncertainty gripping the markets following last week's decision by Britain to leave the European Union. Global markets took a beating on Friday, with some \$2.1 trillion wiped

off valuations and the British pound plunging to 31-year lows against the dollar, while oil prices slumped more than five percent. After sliding further yesterday morning, crude rebounded in early afternoon trade in Asia as traders piled back in. —AFP



MUMBAI: An onlooker watches share prices on a digital broadcast on the facade of the Bombay Stock Exchange (BSE) during a downpour yesterday. —AFP

EXCHANGE RATES

AL-MUZAINI EXCHANGE CO.			DOLLARCO EXCHANGE CO. LTD		BAHRAIN EXCHANGE COMPANY			
CURRENCY	BUY	SELL	Rate for Transfer	Selling Rate	CURRENCY	BUY	SELL	
ASIAN COUNTRIES			US Dollar	302.000	British Pound	0.398637	0.408637	
Japanese Yen	2.980		Canadian Dollar	234.464	Czech Koruna	0.004297	0.016297	
Indian Rupees	4.457		Sterling Pound	434.202	Danish Krone	0.040808	0.045808	
Pakistani Rupees	2.887		Euro	341.445	Euro	0.0328177	0.0328177	
Sri Lankan Rupees	2.057		Saudi Riyals	290.851	Norwegian Krone	0.031280	0.036480	
Nepali Rupees	2.793		Bahrain Dinar	799.169	Romanian Leu	0.073645	0.073645	
Singapore Dollar	223.850		UAE Dirhams	82.449	Slovakia	0.009016	0.019016	
Hongkong Dollar	39.008		Qatar Riyals	83.689	Slovenia	0.031398	0.036398	
Bangladesh Taka	3.858		Saudi Riyals	81.250	Swiss Krona	0.304054	0.315054	
Philippine Peso	6.467		Jordanian Dinar	426.263	Swiss Franc	0.983003	0.108603	
Thai Baht	8.587		Egyptian Pound	33.912	Turkish Lira	0.098305	0.108603	
GCC COUNTRIES			Sri Lankan Rupees	2.082	Australasia			
Saudi Riyal	80.750		Indian Rupees	4.476	Australian Dollar	0.215889	0.227889	
Qatari Riyal	83.180		Pakistani Rupees	2.880	New Zealand Dollar	0.207443	0.216943	
UAE Dirham	82.443		Bangladesh Taka	3.844	America			
ARAB COUNTRIES			Philippines Peso	6.520	Canadian Dollar	0.236447	0.235447	
Egyptian Pound - Cash	30.550		Cyprus pound	580.953	Georgina Lari	0.136668	0.136668	
Egyptian Pound - Transfer	34.473		Japanese Yen	3.892	US Dollars	0.298500	0.303200	
Yemen Riyal/for 1000	1.216		Syrian Pound	2.390	US Dollars Mint	0.299000	0.303200	
Tunisian Dinar	139.340		Nepalese Rupees	3.806	Asia			
Jordanian Dinar	427.170		Malaysian Ringgit	74.623	Bangladesh Taka	0.003377	0.003961	
Lebanese Lira/for 1000	2.018					Chinese Yuan	0.044407	0.047907
Syrian Lira	2.158					Hong Kong Dollar	0.036819	0.039569
Morocco Dirham	31.363							
EUROPEAN & AMERICAN COUNTRIES								
US Dollar Transfer	302.650							
Euro	335.790							
Sterling Pound	408.430							
						Indian Rupee	0.004202	0.004612
						Indonesian Rupiah	0.000018	0.000024
						Japanese Yen	0.002800	0.002980
						Kenyan Shilling	0.002977	0.002977
						Korean Won	0.000251	0.000266
						Malaysian Ringgit	0.070634	0.076634
						Nepalese Rupee	0.002846	0.003016
						Pakistan Rupee	0.002736	0.003026
						Philippine Peso	0.006395	0.006695
						Sierra Leone	0.000073	0.000079
						Singapore Dollar	0.219471	0.229471
						South African Rand	0.014484	0.022984
						Sri Lankan Rupee	0.001576	0.002156
						Taiwan	0.009264	0.009444
						Thai Baht	0.008228	0.008778
						Arab		
						Bahraini Dinar	0.794095	0.802595
						Egyptian Pound	0.027289	0.032407
						Iranian Riyal	0.000084	0.000085
						Iraqi Dinar	0.000180	0.000240
						Jordanian Dinar	0.421730	0.430730
						Kuwaiti Dinar	1.000000	1.000000
						Lebanese Pound	0.000150	0.000250
						Moroccan Dirhams	0.020037	0.044037
						Nigerian Naira	0.000455	0.001090
						Omani Riyal	0.777606	0.783286
						Qatar Riyal	0.082099	0.083549
						Saudi Riyal	0.079407	0.080707
						Syrian Pound	0.001279	0.001499
						Tunisian Dinar	0.137556	0.145556
						Turkish Lira	0.098766	0.109066
						UAE Dirhams	0.080757	0.082457
						Yemeni Riyal	0.001364	0.001444