Oman Oil in talks with banks on $1bn loan

DUBAI/MUSCAT: State-owned Oman Oil Co, the national petroleum investment company, is seeking a $1 billion loan from banks for a subsidiary, chief executive Issam al-Zadjali told Reuters yesterday.

Banks in Oman have also been active in the loan market in the past few months, potentially a sign that liquidity is becoming tighter due to low oil prices. The oil industry contributes around 44 percent to Oman's economy, according to government estimates. Oman Oil would use the funds mainly to finance one of its subsidiaries, Oman Oil Company Exploration and Production, including for the development of the country's Khazzan natural gas field, he said. The company last month signed an agreement with Britain's BP to develop the second phase of Khazzan, taking the estimated investment in the project to $16 billion.

Oman Oil was talking to both local and international banks about the loan, Al-Zadjali said. He said the term of the loan was not yet decided.

Sources familiar with the matter said the loan talks were at an early stage. Oman Oil was last in the market for a $1.85 billion two-part loan, signed in September 2014. Last month, the CEO said the company would restructure to support expansion and improve efficiency. Reuters reported earlier this week that Bank Muscat was speaking to a small group of banks about raising a loan, expected to be in the range of $250 million and $300 million. In January, Oman's Bank Dhofar raised a $250 million three-year loan to be used for general funding. — Reuters

News In Brief

Kuwait February inflation falls to 3.1%

KUWAIT: Kuwait's statistics office reported the following February consumer price data yesterday with the inflation falling to 3.1 percent. Prices of food and beverages, which account for more than 18 percent of the basket, rose 4.8 percent from a year earlier. Housing costs, which account for nearly 29 percent of consumer expenses, climbed 6.0 percent.

US dollar firm against Kuwait dinar

KUWAIT: The US dollar steadied against the Kuwaiti dinar yesterday trading at KD 0.301 as well as the euro, KD 0.337, compared to Wednesday's rates. The Central Bank of Kuwait said the sterling pound dropped to KD 0.425, the Swiss franc firmed at KD 0.309 as well as the Japanese yen, at KD 0.002.

ACICO earns more than KD8 million

KUWAIT: ACICO Industries (Holding Company) earned KD 8.38 million in net profit (30.6 fils per share) in the 2015 fiscal year, against KD 8.33 million earnings (30.5 fps) in 2014, it said in a statement yesterday. The board recommended distribution of cash dividends at 15 percent or five percent as granted stakes to the shareholders for the 2015 fiscal year. Shareholders' equity reached KD 104.1 million in end of 2015, compared to KD 90.7 million in end of 2014. Overall assets reached approximately KD 371.1 million and liabilities KD 260.3 million in 2015. ACICO was established in 1990. It was enlisted in the Kuwait bourse, with a KD 27.4 million, in 1997. It specializes in production of construction materials.

CBQ shareholders OK bond programs

DUBAI: Shareholders of Commercial Bank of Qatar have approved the issuance of up to $1.5 billion in bonds under a euro medium-term note program, the country's third-largest bank by assets said yesterday. The bonds, which are to be listed in global markets and have a maximum maturity of 30 years, could be issued in currencies including the dollar, yen and Swiss franc, the bourse statement said. Shareholders at the bank's annual general meeting also approved the launch of a global medium-term notes program to allow for the issuance of bonds to US investors worth up to $2 billion or its equivalent in Qatari riyals, with a maximum maturity of 30 years. The shareholders also agreed to the bank issuing up to 2 billion riyals of bonds to boost the bank's core, Tier 1 capital. The bank this month raised 2 billion riyals ($549.3 million) in additional Tier 1 perpetual capital notes.

Kuwait Industries Co earns KD 25.4 million

KUWAIT: Kuwait Industries Company Holding earned KD 25.4 million in net profits (19.2 fils per share) in the 2015 fiscal year, compared to KD 28.2 million (21.3 fps) in 2014, the company said in a statement published yesterday. The board recommended distribution of cash dividends at a 10 percent rate to the shareholders for the 2015 fiscal year. Shareholders' equity amounted to KD 384 million in end of 2015, compared to KD 440.3 million in end of 2014. Assets amounted to approximately KD 1.299 billion, liabilities KD 786.4 million, in 2015.

SINGAPORE: People walk out for their lunch break at the Raffles Place financial district in Singapore yesterday. Singapore's finance minister Heng Swee Keat delivered his first Budget statement in Parliament yesterday. — AFP

Russia's rising oil exports expose holes in output deal

Energy minister says deal covers output, not exports

MOSCOW: Russia will export more oil to Europe in April than it has in any month since 2013 - despite Moscow's plan to sign a global agreement on freezing production in a bid to lift the price of crude.

The fact Russian exports are rising illustrates how hard it will be to enforce the deal, due to be finalised on April 17 in Qatar, and shows the potential for countries to use loopholes to keep exporting crude, blunting the intended impact on prices. Russia can raise exports while keeping production flat by re-routing some oil away from refineries and into exports.

Moscow says the freeze covers production, not sales abroad. The International Energy Agency said on Wednesday the deal may be meaningless. Iran and Libya have said they will not participate, at least for now, and they plan to raise production.

Nigeria, the top oil producer in Africa, has said it expects oil exporters to agree a supply freeze in Doha next month but that it plans to boost its own output.

The increase in Russian exports is mainly because of planned maintenance at refineries that reduced their capacity to process crude. It also reflects Russia's economic slump, which has reduced domestic demand for refined products.

But another factor, according to one trader, is a desire by Russian producers to protect their share of the crude oil market in Europe, where Russia's traditional dominance is under threat from newly arriving Saudi supplies. "Of course, no one said those markets belong to Mother Russia. This is purely commercial trade," said the trader, who spoke on condition of anonymity because he is not authorised to talk to the media. "But a marketplace is a marketplace, no one is going to give it up."

EXPORTS NOT INCLUDED

Reports that members of the Organization of the Petroleum Exporting Countries as well as non-OPEC producers were discussing an output freeze have helped lift world oil prices from glut-induced 12-year lows hit in January. Asked what would be covered by the agreement, Russian Energy Minister Alexander Novak told reporters: "The discussion is only about freezing production. And not exports."

The high level of Russian oil exports next month was confirmed to Reuters on Wednesday by export pipeline monopoly Transneft. According to the company, Russia is set to export 7 million tons from Baltic Sea ports in April, the largest volume since October 2013. That marks a 9 percent increase on the 6.41 million tons planned for export in March.

IDLE REFINERIES

According to Reuters calculations based on Energy Ministry data, Russia will have as much as 4.3 million tons of idle refining capacity next month, more than twice the 1.9 million tons unused in March. Russian refineries traditionally have the largest offline capacity in April, as companies scramble to finish maintenance before consumption of oil products peaks in summer. This forces producers to divert crude towards exports, because there is nowhere to store the oil that otherwise would have gone to refineries.

When refineries come back on line, the glut in exports could end. However, not all of the offline capacity is down to maintenance. Some is simply idle because the economics of the oil industry make it more lucrative to export instead. Oil traders' profit from selling at home and abroad varies depending on demand. According to Reuters calculations, a trader would last month have sold crude with a premium of around 500 roubles ($7.3) per ton for export compared to a domestic sale.

Russia could, in theory, export even more crude, but that would be limited by infrastructure constraints. There is almost no spare capacity at the Black Sea port of Novorossiisk, while the Druzhba pipeline, which connects Russia to the northeast corner of the European Union, may take an additional 200,000-400,000 tons only, traders say. — Reuters