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BASRA: An Iraqi worker operates valves at the Rumaila oil refinery, near the city of Basra, 550 kilometers southeast of Baghdad, Iraq. Iraq's prime minister says his country will agree to cut production to boost oil prices. OPEC members will try to complete a production-cut deal when they meet today in Vienna. — AP

IRAN, IRAQ AT LOGGERHEADS WITH SAUDIS ALGERIA, VENEZUELA SEEKING RUSSIAN OPEC ACCORD

VIENNA: Iran and Iraq are resisting pressure from Saudi Arabia to curtail oil production, making it hard for the Organization of the Petroleum Exporting Countries to reach a global output-limiting deal when it meets today. OPEC sources told Reuters a meeting of experts in Vienna on Monday failed to bridge differences between OPEC's de facto leader, Saudi Arabia, and the group's second- and third-largest producers over the mechanics of output cuts.

"The revival of Iran's lost share in the oil market is the national will and demand of Iranian people," Iranian news agency Shana quoted the country's oil minister Bijan Zanganeh, who was due to arrive in Vienna later, as saying. OPEC, which accounts for a third of global oil production, agreed in September to cap output at around 32.5-33.0 million barrels per day versus the current 33.64 million bpd to

prop up oil prices, which have halved since mid-2014.

Iran has argued it wants to raise production to regain market share lost under Western sanctions, when its political arch-rival Saudi Arabia increased output. In recent weeks, Riyadh offered to cut its own output by 0.5 million bpd, according to OPEC sources, and suggested Iran limit production at below 4 million bpd. Tehran has sent mixed signals including that it wanted to produce 4.2 million bpd. Iraq has also been pressing for higher output limits, saying it needs more money to fight the militant group Islamic State.

The argument between Iraq and Saudi Arabia mainly focuses on whether Baghdad should use its own output estimates to limit production or rely on lower figures from OPEC's experts. As tensions within OPEC mounted, Saudi Energy Minister Khalid Al-Falih said at the weekend that oil markets

would rebalance even without an output-limiting pact. He had previously said Riyadh was keen for a deal. Falih was not expected to land in Vienna before evening, leaving little time for traditional pre-meeting discussions with other ministers. "The feeling today is mixed," Indonesian Energy Minister Ignasius Jonan told reporters yesterday when asked about the prospects of a deal. "I don't know. Let's see."

Goldman sees deficit

Brent crude was down more than 2 percent, near \$47 a barrel, after the Indonesian comments. Some analysts including Morgan Stanley and Macquarie have said oil prices will correct sharply if OPEC fails to reach a deal, potentially going as low as \$35 per barrel. Goldman Sachs, one of the most active banks in oil trading, said yesterday it saw prices averag-

ing \$45 a barrel until mid-2017 even without any OPEC deal and added the market was likely to move into a deficit in the second half of 2017.

A year ago, Goldman was saying a global glut would push oil prices to around \$20. Prices fell to multi-year lows of \$27 per barrel in January 2016. Besides disagreements with Iran and Iraq, Saudi Arabia has also signaled it was unhappy with Russia's position. Oil ministers from OPEC members Algeria and Venezuela travelled to Moscow yesterday to try to persuade non-OPEC Russia to take part in cuts instead of merely freezing output, which has reached new highs in the past year. They made no comment as they emerged from their meeting. Russian Energy Minister Alexander Novak said he had no plan to travel to Vienna but could meet OPEC once it reaches a deal. — Reuters

SAUDI PULLS BACK WITH OIL RETREAT

MIDEAST STOCK MARKETS

DUBAI: Saudi Arabia's stock market gave up early gains by the close yesterday as oil prices pulled back, while other Gulf bourses were mixed. Profit-taking pulled Egypt's market lower after big gains this month. The Saudi index has soared over 25 percent - almost entirely erasing its losses this year - since the government's \$17.5 billion international bond issue in late October eased fears about its ability to cope with an era of cheap oil, and helped it begin making delayed payments to settle its debts to private companies.

In early trade yesterday the index rose as much as 0.7 percent. But Brent crude oil fell around 2 percent to below \$47.50 a barrel yesterday afternoon on signs that oil exporters were struggling to agree a deal to cut production. This pulled the stock index down 0.1 percent in active trade to 6,897 points at the close. It failed to confirm a clear break of major technical resistance on the April peak of 6,876 points. The banking and petrochemical sectors, which led the market up during most of its rebound this month, underperformed yesterday; banks dropped 0.3 percent and petrochemicals lost 0.6 percent.

Much activity focused on smaller stocks with retailer Jarir Marketing, beaten down earlier this year by economic slowdown due to low oil prices, jumping 6.1 percent. Central bank data showed cash withdrawals from

automated teller machines edged up in October, suggesting cuts to public employees' financial allowances might not be hurting consumption as much as some analysts had feared.

Insurance stocks favored by local retail speculators also surged yesterday, with Al Rajhi Takaful up 3.9 percent. Speculative activity in small caps also supported markets in the United Arab Emirates. Dubai's index rose 0.7 percent as Dubai Investments surged 3.2 percent. Loss-making construction firm Arabtec climbed 2.3 percent after it appointed Hamish Tyrwhitt as new chief executive; Tyrwhitt was CEO of Australian contractor Leighton Holdings, since rebranded CIMIC Group, between 2011 and 2014.

Abu Dhabi's index edged up 0.1 percent, buoyed by banks, with Abu Dhabi Commercial Bank adding 1.8 percent. Qatar's index fell 0.5 percent, as Qatar National Bank slipped 3.7 percent. Egypt's index fell 0.9 percent as profit-taking resumed after its 37 percent jump in the weeks after the Nov 3 float of the Egyptian pound. But Arabia Investments jumped 7.1 percent after its nine-month consolidated net loss shrank to 10.3 million Egyptian pounds (\$572,000) from a year-earlier loss of 11 million pounds, while operating revenues rose. Exchange data showed foreign investors remained net buyers of Egyptian stocks yesterday, by a modest margin of about \$2 million. — Reuters



MUNICH: Airplanes of German airline Lufthansa are parked in front of the Lufthansa terminal at the Franz-Josef-Strauss airport in Munich, southern Germany yesterday. — AFP

STRIKE SLASHES 800 LUFTHANSA FLIGHTS

FRANKFURT AM MAIN: German airline Lufthansa said it had slashed 800 flights yesterday as pilots walked out for a 48-hour strike following a four-day stoppage last week in a long-running pay dispute. Around 82,000 passengers are affected by the latest industrial action, the 15th by the carrier's flight crew since April 2014. While yesterday's walkout affects short-haul flights, today will see a further 890 flights cancelled including some long-haul services. Lufthansa failed to obtain an injunction to halt the strike from a Munich court the second time in a week its attempts to block industrial action by legal means have fallen through after a similar judgment in Frankfurt.

A spokesman told AFP the group had withdrawn an appeal against the Bavarian court's judgment. There is little sign of an end to the drawn-out dispute between pilots and managers at Lufthansa, with union Vereinigung Cockpit warning of further strikes if the airline does not soften its

position. "Strikes can continue as long as we don't have an offer we can negotiate over," union leader Joerg Handweg told the Sueddeutsche Zeitung daily. Pilots complain that they have had no pay rise in five years, while the airline has continued to book healthy profits.

They demand a pay increase of an average of 3.66 percent per year, retroactive for the past five years. But managers have rejected such a settlement, with their last offer a one-off bonus of just under two months' salary and a 4.4 percent pay increase spread over two years-a deal refused by Cockpit at the weekend. The pay deal was "only a part of an overall package" that included cuts to pensions, Handweg said. Lufthansa says it pays pilots significantly more than its competitors. According to managers, a co-pilot earns a starting salary of 6,500 euros (\$6,890) gross per month, while a late-career captain can be paid as much as 22,000 euros. — AFP