

# AFRICA'S BIGGEST ECONOMY OFFICIALLY ENTERS RECESSION

## NIGERIA RECORDS 'RECORD' LOW FOREIGN INVESTMENT

**ABUJA:** Nigeria's economy nosedived into a recession, official data showed yesterday, with oil production hammered by militant attacks on pipelines and foreign investment at a "record" low.

Output in the three months to the end of June was -2.1 percent with the oil sector reporting a double-digit decline following a wave of attacks by rebels in the oil-producing south. The slowdown was recorded across many sectors in a sign that Africa's economic giant is wrestling with deeper structural issues than just the low price of crude.

During the oil boom, sales of oil at high prices had made Nigeria the biggest economy in Africa.

But when the price of crude crashed from more than \$100 a barrel in June 2014 to below \$50 today, Nigeria's economy collapsed. The crisis was compounded by President Muhammadu Buhari's unorthodox decision to prop up the naira at 197-199 to the dollar causing foreign currency reserves to tank.

International investors, wary of the controversial currency peg, avoided putting money into the country, leading to a "record" decline in capital importation, reported Nigeria's National Bureau of Statistics. The \$647 million worth of capital imported into Nigeria in the second quarter represented a "fall of 76 percent" compared to 2015.

"This provisional figure would be the lowest level of capital imported into the economy on record, and would also represent the largest year on year decrease," said the statistics agency.

"There was considerable uncertainty surrounding future exchange rate policy which may have deterred investors," it added.

### 'Really, really grim'

Reacting to a spike in inflation and growing discontentment, Buhari's government finally devalued the naira in June. But Nigeria's policies have yet to inspire any real confidence at a time when inflation is hovering around 17 percent and there is still a dollar shortage. The country's oil sector, which accounts for the majority of Nigeria's government revenues, is still under siege by militants in the Niger delta, who are attacking pipelines in a bid for greater control of the resource and more political autonomy.

"It's really, really grim," John Ashbourne, Africa economist at research firm Capital Economics, told AFP. "Investors want to see some direction from Buhari, there is a sense that the policies they have implemented so far aren't working," said Ashbourne, in a telephone interview from London.

"Nigeria is very dependent on foreign investment to improve the infrastructure and get the economy back on track, we need investor confidence," he said. "People are staying away because they don't have any faith that things are turning around."

### No 'panacea'

Nigerian officials are under pressure to deliver as economists increasingly write off

what they view as Buhari's scattershot efforts to kickstart a recovery. "We are looking at a likely low point," said Razia Khan, Africa economist at Standard Chartered Bank.

One benefit of abandoning the currency curbs is that for every dollar earned from oil exports, it makes for more naira to spend in Buhari's expansionary budget. "A lot of the recovery momentum has been stored up for the second half of the year," said Khan.

Yet, even if the oil price rebounds and rebels stop sabotaging oil production, Nigeria has to revamp its decrepit infrastructure and start producing more electricity to diversify its economy and embark on a path of sustainable growth. "Though

there are advantages to the liberalization that we've seen so far, it's no panacea," Khan said, "the question now is how drawn out will the recovery be?"

The Nigerian government is optimistic. "It is likely the second half will be better than the first half of 2016," said presidential economic advisor Adeyemi Dipeolu in a statement. "As the emphasis on capital expenditure begins to yield results... the growth rate of the Nigerian economy is likely to improve further." Nigeria's gross domestic product could contract by 1.8 percent in 2016, reported the International Monetary Fund, in what would be the country's first full-year contraction since 1991, according to Bloomberg News. —AFP



**NEW DELHI:** An Indian customer looks on as he peruses goods in a shop in the old quarters of New Delhi. India's economic growth slowed sharply in the first quarter of the 2016-17 financial year, official data showed yesterday, missing expectations but raising hopes of an interest rate cut. —AFP

### News

in brief

#### OPEC basket price remains at \$45.25 pb

**VIENNA:** OPEC daily basket price stood at \$45.25 per barrel yesterday, compared with \$45.44 the previous day, said OPEC yesterday. The new OPEC Reference Basket of Crudes (ORB) is made up of the following: Saharan Blend (Algeria), Girassol (Angola), Oriente (Ecuador), Iran Heavy (Islamic Republic of Iran), Basra Light (Iraq), Kuwait Export (Kuwait), Es Sider (Libya), Bonny Light (Nigeria), Qatar Marine (Qatar), Arab Light (Saudi Arabia), Murban (UAE) and Mery (Venezuela).

#### Telecom Egypt acquires 4G mobile license

**CAIRO:** Telecom Egypt, the state-owned landline monopoly, said it acquired the country's first 4G mobile license yesterday at a cost of 7.08 billion Egyptian pounds (\$807 million). Egypt is selling four 4G licenses as part of a long-awaited plan to reform the telecoms sector. The Egyptian telecoms regulator approved revised terms for 4G mobile broadband network licenses earlier this month and offered them to Telecom Egypt and the country's three current mobile providers. Telecom Egypt was the first company to accept the terms.

#### Saudi British Bank board OKs dividend distribution

**DUBAI:** Saudi British Bank (SABB), the kingdom's fifth-largest bank by assets, said yesterday said its board of directors approved payment of cash dividends for the first half of the year. The bank's board approved a dividend of 0.35 riyals (\$0.093) per share on August 7.

#### Abu Dhabi's TAQA says CFO Gillon exits

**ABU DHABI:** Abu Dhabi National Energy Company (TAQA) yesterday said it had appointed a new acting chief financial officer to replace the outgoing financial head. Mohammed Al-Ahbab, currently the deputy CFO, has been appointed acting CFO effective from Sept 1, the energy firm said in a statement. Ahbab will be replacing Grant Gillon, the statement said without citing a reason for his departure. In June, TAQA's chief operating officer Edward LaFehr left the company for personal reasons.

#### Saudi Electricity to privatize assets

**DOHA:** Saudi Electricity Co plans to privatise its assets by the end of the year, its chairman said yesterday, part of a drive to increase efficiency in the Kingdom's utilities. "We expect to complete the planned privatization of assets this year," Saleh Al-Awaji told Saudi-owned Al-Arabiya. Saudi Arabia's utility regulator said in February that SEC would be split into several firms by the end of 2016 to increase efficiency. Awaji said demand for power in the country had declined for the first time in the company's fifteen year history after a removal of government subsidies.

## EGYPT'S GASC RECEIVES ONLY ONE WHEAT OFFER

**ABU DHABI/HAMBURG:** Egypt's state grains buyer GASC received only one offer yesterday at its first wheat purchase since reinstating a zero-tolerance policy on ergot fungus, a near complete boycott that underscores the difficulty of sourcing grains under the rule. A ban on the common grain fungus caused huge disruption to Egypt's massive wheat imports earlier this year, with global trading houses declining to take part in its tenders.

The lone offer on Wednesday was submitted by trading house Venus for 55,000 tons of Ukrainian wheat at \$179.32 a ton on a free-on-board basis, they said. Traders said that GASC may be forced to cancel the tender because of the poor response, though it is not legally required to do so.

Having lifted the previous ban in July, Egypt announced on Sunday that it would be imposed once again despite suppliers' insistence that it is virtually impossible to guarantee zero ergot content.

A document outlining wheat specifications for the tender closing on Wednesday stated that, in

accordance with an agriculture ministry decision, the tolerance for ergot fungus in imported wheat should be zero percent. Ergot can lead to hallucinations if eaten in large quantities but is considered harmless at low levels.

GASC, which has in the past used the common international standard of 0.05 percent ergot content, made no immediate comment. "My impression is that Egypt is testing to see if it is possible to undertake a purchase tender with zero ergot content," one European trader said. "Those who offer today would be fully aware of the risk if the zero content is confirmed."

A reversal to zero could mean a majority of suppliers shun GASC tenders on worries their shipments would be rejected on arrival at Egyptian ports.

GASC normally falls under Egypt's supply ministry but is being run by trade minister Tarek Kabil since the resignation of supply minister Khaled Hanafi amid a government investigation into corruption in the wheat sector. —Reuters

## OIL PRICES DIP BEFORE US INVENTORIES DATA

**LONDON:** Oil fell further yesterday as dealers awaited the latest update on crude reserves in the United States. At around 1145 GMT, US benchmark West Texas Intermediate for delivery in October declined 36 cents at \$45.99 a barrel. Brent North Sea crude for October lost 54 cents to \$47.83 a barrel compared with the close on Tuesday.

Prices also fell on the back of the stronger greenback, which makes dollar-denominated commodities more expensive for buyers using weaker currencies.

"In the short-term, oil is likely to find direction from the latest US oil stockpiles report and ... the direction of the US dollar," said analyst Fawad Razaqzada at trading firm City Index.

Later, the US Department of Energy (DoE) to publish its report on commercial oil inventories for the week ending August 26. The numbers are a major focus for oil traders because the United States is the world's top crude consuming nation. Ahead of the weekly US data, the market was roiled once again by oversupply worries after Iran's oil minister reportedly stated that his country planned to boost output.

The comments by Bijan Zangeneh, carried by Iran's official news agency on Tuesday, added to a feeling that an informal OPEC

meeting with Russia in September may not result in a deal that would boost prices.

Zangeneh said Iran needed to raise its output to regain the market share lost while it was under international sanctions, which were lifted only in January.

Iran has struggled to raise production above four million barrels per day since the sanctions were removed, according to the report, which said it is currently producing 3.8 million.

"Many speculators are now just waiting to find out whether Saudi Arabia and other members of OPEC will agree next month to a production freeze deal with some non-OPEC producers, led by Russia," added Razaqzada. "Both Iran and Iraq have come out in recent days, stating that they support the idea of an output freeze... as long as it doesn't impact their own pursuit of market share."

"If these important OPEC members go into the meeting with that sort of mentality, I would be very surprised to see any sort of agreement being achieved." Traders are now awaiting the release this coming Friday of US jobs figures, which will give a fresh handle on the US economy and could guide the Fed's decision on when to hike rates. The non-farm payrolls data release is a crucial indicator of the strength of the world's largest economy. —AFP

## ASIA'S JULY IRAN OIL IMPORTS RISE 61%

**TOKYO:** Imports of Iranian oil by four major buyers in Asia in July jumped 61.1 percent from a year earlier, marking the biggest percentage gain since April 2014, reflecting Tehran's aggressive moves to recoup market share, lost under international sanctions.

Iran is regaining market share at a faster pace than analysts had projected since sanctions were lifted in January, and Iran's senior government official said it sees its oil production at 4 million barrels per day by year-end.

The four countries, South Korea, Japan, China and India, imported 1.64 million barrels per day (bpd) in July, government and ship-tracking data showed.

Japan's trade ministry on Wednesday released official data showing its imports jumped 61.8 percent from a year earlier to 256,651 bpd last month. Imports by South Korea jumped more than fourfold last month, while India's imports more than doubled from a year ago. —Reuters

## EXCHANGE RATES

### AL-MUZAINI EXCHANGE CO.

CURRENCY	BUY	SELL
<b>ASIAN COUNTRIES</b>		
Japanese Yen	2.964	
Indian Rupees	4.513	
Pakistani Rupees	2.889	
Sri Lankan Rupees	2.081	
Nepali Rupees	2.824	
Singapore Dollar	223.120	
Hongkong Dollar	39.009	
Bangladesh Taka	3.857	
Philippine Peso	6.525	
Thai Baht	8.776	
<b>GCC COUNTRIES</b>		
Saudi Riyal	80.723	
Qatari Riyal	83.152	
ani Riyal	786.253	
Bahraini Dinar	803.910	
UAE Dirham	82.416	
<b>ARAB COUNTRIES</b>		
Egyptian Pound - Cash	29.550	
Egyptian Pound - Transfer	34.458	
Yemen Riyal/for 1000	1.215	
Tunisian Dinar	138.020	
Jordanian Dinar	427.150	
Lebanese Lira/for 1000	2.017	
Syrian Lira	2.0157	
Morocco Dirham	31.614	
<b>EUROPEAN &amp; AMERICAN COUNTRIES</b>		
US Dollar Transfer	302.550	
Euro	339.610	

Sterling Pound	397.400
Canadian dollar	233.180
Turkish lira	103.080
Swiss Franc	310.630
Australian Dollar	230.540
US Dollar Buying	301.350

	GOLD
20 Gram	265.930
10 Gram	135.880
5 Gram	68.790

### DOLLARCO EXCHANGE CO. LTD

Rate for Transfer	Selling Rate
US Dollar	302.900
Canadian Dollr	231.725
Sterling Pound	397.795
Euro	338.920
Swiss Frank	298.565
Bahrain Dinar	800.735
UAE Dirhams	82.700
Qatari Riyals	83.910
Saudi Riyals	81.495
Jordanian Dinar	426.815
Egyptian Pound	34.013
Sri Lankan Rupees	2.081
Indian Rupees	4.513
Pakistani Rupees	2.886
Bangladesh Taka	3.854
Philippines Pesso	6.502
Cyprus pound	159.645
Japanese Yen	3.955
Syrian Pound	2.405
Nepalese Rupees	3.815

Malaysian Ringgit	75.510
Chinese Yuan Renminbi	45.675
Thai Bhat	9.730
Turkish Lira	102.445

### BAHRAIN EXCHANGE COMPANY

CURRENCY	BUY	SELL
Europe		
British Pound	0.389705	0.404705
Czech Korune	0.004466	0.016466
Danish Krone	0.041251	0.046251
Euro	0.0331946	0.0340946
Norwegian Krone	0.032268	0.037468
Romanian Leu	0.075610	0.075610
Slovakia	0.009018	0.019018
Swedish Krona	0.031427	0.036427
Swiss Franc	0.301266	0.312266
Turkish Lira	0.097608	0.107908
<b>Australasia</b>		
Australian Dollar	0.219217	0.231217
New Zealand Dollar	0.212884	0.222384
<b>America</b>		
Canadian Dollar	0.225725	0.234725
Georgina Lari	0.136691	0.136691
US Dollars	0.298550	0.303250
US Dollars Mint	0.299050	0.303250
<b>Asia</b>		
Bangladesh Taka	0.003289	0.003873
Chinese Yuan	0.043702	0.047202
Hong Kong Dollar	0.036926	0.039676

Indian Rupee	0.004259	0.004648
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002852	0.003032
Kenyan Shilling	0.002978	0.002978
Korean Won	0.000261	0.000276
Malaysian Ringgit	0.071019	0.077019
Nepalese Rupee	0.002809	0.002979
Pakistan Rupee	0.002699	0.002989
Philippine Peso	0.006307	0.006607
Sierra Leone	0.000051	0.000057
Singapore Dollar	0.216485	0.226485
South African Rand	0.014836	0.023336
Sri Lankan Rupee	0.001641	0.002221
Taiwan	0.009414	0.009594
Thai Baht	0.008417	0.008967

	Arab
Bahraini Dinar	0.796216
Egyptian Pound	0.023748
Iranian Riyal	0.000084
Iraqi Dinar	0.000181
Jordanian Dinar	0.422712
Kuwaiti Dinar	1.000000
Lebanese Pound	0.000150
Moroccan Dirhams	0.019618
Nigerian Naira	0.001248
Omani Riyal	0.779684
Qatar Riyal	0.082319
Saudi Riyal	0.079620
Syrian Pound	0.001283
Tunisian Dinar	0.133987
Turkish Lira	0.097608
UAE Dirhams	0.080975
Yemeni Riyal	0.001368