



## AL-SAYER PARTNERS FOR EFFORTS TO ADDRESS AIR POLLUTION

### SCIENTIFIC WORKSHOP AND CONFERENCE TO RAISE ENVIRONMENT AWARENESS

**KUWAIT:** Al-Sayer Group Holding Company Corporate Excellence Occupational Health Safety and Environment (OHSE) in cooperation with Rental Cars Division, Group Marketing & Sales have sponsored the Indoor Air Quality Workshop & Conference at KISR (Kuwait Institute of Scientific Research).

The event was attended by Director General of KISR Dr Samira Omar, Eng Ibrahim Al-Fouzan Business Director Group Service Division Mohamed Naser Al-Sayer & Sons with the presence of a delegation of researchers and scientists from several countries who presented 35 scientific papers related to latest scientific research on indoor air quality.

The main objective of the workshop was to support and enhance cooperation and exchange of experience among scientific institutions in all parts of the world and to show the results of scientific research on indoor air pollution. On this occasion Dr. Samira Omar said "Any imbalance in the standards of internal air clarity and humidity will cause unhealthy conditions leading to permanent or temporary

diseases that will affect also the human productivity."

The workshop benefitted the participants to gather in-depth knowledge about different kinds of pollutants such as SO<sub>2</sub>, NO<sub>x</sub>, O<sub>3</sub>, CO, CO<sub>2</sub>, all particulate matters such as PM<sub>1</sub>, PM<sub>2.5</sub>, PM<sub>10</sub> and TSP) and their characteristics and effects on the indoor air quality.

Al-Sayer Group exhibited an exclusive Prius display stand along with a test drive session to-and-from KISR location offering visitors a spectacular opportunity to experience the revolutionary technology of Prius - world's first mass-produced hybrid.

According to Eng. Ibrahim Al-Fouzan "We highly appreciate the initiative of KISR in conducting this event to raise awareness about air pollution on the environment. Toyota, the pioneers of hybrid revolution in its Environmental Challenge 2050 also has adopted a long term strategic approach in this regard setting challenges that it will undertake to help reduce the negative impacts of automobiles on the global environment to as close to zero as possible, and to contribute to the creation of a

sustainable society." As of January 31, 2017, Toyota estimates that the use of Toyota's HVs in lieu of conventional gasoline-powered vehicles of similar size and driving per-

formance has resulted in approximately 77 million fewer tons of CO<sub>2</sub> emissions and has saved approximately 29 million kiloliters of gasoline.



## MARKETS DIGEST ANOTHER TRUMP VOLTE-FACE

### NBK MONEY MARKETS REPORT

**KUWAIT:** If markets learnt anything new this week, it is that US President Trump does not favor a strong dollar, high interest rates, and may actually offer Janet Yellen a second term. He also recognized that China wasn't a currency manipulator, and last but not least has been struggling to enact policies that will boost US growth.

The failure of the healthcare bill along the mixed economic data and the latest geopolitical rising risks have done most of the damage since Trump's inauguration despite global equity markets continuing their march into new record highs. Another key change this week came after the meeting with Chinese President Xi Jinping on Wednesday. In addition to all the praises for the Chinese President, Trump went on saying they had "very good chemistry" and that China was sincere in helping defuse the US showdown with North Korea.

As US yields have continued to slide since the peak achieved in the beginning of 2017, investors have received ample support to shift to higher-yielding currencies and to seek more risk despite global political risks on the rise. Add on this market expectations of a third Fed hike this year fading significantly this week, investors had sufficient reasons to push the US dollar down in search of higher yielding assets.

There are signs however that the deflation trade that was attributed to Trump have started to fade. As expectations had lifted major assets classes higher, the biggest beneficiaries have been emerging markets, commodities, and mainly banks assets prices. The biggest losers from the deflation trade have been US bond yields which have seen some of the sharpest increases in percentage terms in history. Historically, when yields have risen in percentage terms as fast as they have this time, that rise was typically followed by a recession.

In summary, markets were dominated this week by geopolitical risks on the rise as well as new contradictions from President Trump relative to his own campaign rhetoric.

The US dollar started the week at the highs after last week's FOMC minutes revealed the Fed's plan to reduce its balance sheet. After numerous campaign promises to remove Janet Yellen from the helm of the Fed, Trump mentioned this week that the dollar was too strong and that he would like to see interest rates remain low to support the economy. He even went on and said he was open to re-nominating Yellen for another term as Chair of the Federal Reserve.

These changes in rhetoric, combined with the recent failure in health care and the internal struggles within his administration, have led markets to question whether Trump would still be able to deliver on many of his promises.

On another incendiary front, and less than two weeks to the first round of the French elections, the dovish ECB rhetoric and the increased anxiety around the election remain the two drivers of European economics this week.

As it is universally agreed, a Marine Le Pen win would be bad for the euro, and is likely to

drag EUR/USD below parity very quickly. Any other result is likely to support the currency. As we mentioned in the past, the ECB seems to be in a wait and see mode following the French elections results.

The Sterling Pound continues to defy gravity on the back of resilient economic data, even as Brexit negotiations get under way. So far, the Bank of England seems to be concerned about the soft wage growth, however upbeat over the resilience of consumer spending and further employment gains. In summary, the Pound rallied this week on the back of the US dollar's weakness. The positive inflation and labor figures, while marginal, also aided on the rise. The GBP/USD managed to rally over 1.25% starting the week at 1.2379 and closing at 1.2523.

The Japanese yen was one of the biggest movers this week in currency markets as investors fled to the safe haven as geopolitical tensions were on the rise. Furthermore, speaking to parliament, Bank of Japan Governor Haruhiko Kuroda offered reassurance as to what the bank will do with the government debt on its balance sheet when it has to exit its ultra-easy policy. "We have a lot of measures at our disposal" Kuroda said, and the BOJ would be able to manage its exit smoothly, including reducing the size of its holdings of bonds purchased in recent years to stimulate economic growth. The USD/JPY opened the week at 111.09 and closed at a five-month low of 108.64.

In the commodity markets, oil's longest rally this year stalled after government data Wednesday showed US output expanded to the highest level in more than a year, countering a decline in stockpiles from last week. While last week's drop in stockpiles was the biggest this year, and there's increasing confidence that global producers are likely to extend their output-cut deal beyond June, the increase in US production rapidly replacing those cuts.

Moreover, OPEC surprised markets earlier in the week as it revealed producers cut production in March more than pledged under their supply curb agreement. Brent and West Texas both gained around 1.25 percent to close the week at \$55.89 and \$53.18 respectively. Gold prices on the other hand, surged 2.64 percent on the back of heightened geopolitical tensions to close the week at \$1,285.

#### Yellen view

According to the Fed Chair Yellen, the plans to raise US interest rates gradually are aimed at sustaining full employment and near 2 percent inflation without letting the economy overheat. Unemployment, at 4.5 percent, is little bit below the rate that most Fed officials think signals full employment, and inflation is "reasonably close" to the Fed's 2 percent goal, she said.

With the economy expected to continue to grow at a moderate pace, she said, the Fed is now shifting its focus to allow the economy to "kind of coast to give it some gas but not so

much that we are pressing down hard on the accelerator". Yellen's comments did not offer details on the timing of the rate hikes, or of the Fed's eventual reduction of its \$4.5 trillion balance sheet. "We think a gradual path of increases in short-term interest rates can get us to where we need to be, but we don't want to wait too long to have that happen", she said.

#### Wages need to rise

The unemployment rate continues to drift lower, however wage pressures remain low, mainly a function of weak productivity growth. For wages to rise more meaningfully, the labor market needs to tighten further, and productivity growth needs to pick up. Without these two factors, wage growth is unlikely to expand at a significantly faster pace. Over the last five years, nonfarm business productivity has expanded at just a 0.7 percent annualized rate, the slowest pace of growth since the five years ending in 1982, a period which coincided with near double-digit annualized inflation gains.



On the consumer front, US sentiment advanced to a three-month high in April as Americans' optimism about their current financial situation and the economy reached the strongest point since 2000. 52 percent of respondents to the University of Michigan survey reported that their finances had recently improved and 82 percent showed favorable home buying attitudes. Perceptions of favorable conditions for purchases of durable goods and homes are signs of an improving labor market.

#### Retail sales fall again

Last but not least, sales at US retailers declined in March for a second month with sales declining in six of 13 major retail categories. The decline was led by softening automobile sales which fell 1.2 percent. Excluding automobiles, gasoline, building materials and food services, retail sales rebounded 0.5 percent after falling 0.2 percent in February. Total sales from January 2017 through March 2017

however, were up 5.4 percent from the same period a year ago.

Consumer Prices also took a dive this month and unexpectedly dropped 0.3 percent in March after months of progress. The biggest driver for the headline plunge was energy, which declined 3.2 percent, with the gasoline index falling 6.2 percent, and other major energy component indexes decreasing as well. Excluding food and energy, the Core index was expected to increase 0.2 percent however, that too saw a drop of 0.1 percent.

#### It is all about the French election

Less than two weeks to the first round of the French elections, the dovish ECB rhetoric and increased anxiety around the election are the two main drivers of European price action this week.

Although a market friendly outcome for the election could result in the currency moving back higher, the medium term will depend largely on the ECB. For now, the elections polls

#### BoE in a dilemma

UK labor market continue to demonstrate a strong employment picture, however a weak pay growth. Although the unemployment rate was unchanged at 4.7 percent, yet total and regular pay only just matched inflation in February rising 2.3 percent on a quarterly basis and 2.2 percent on a yearly basis against inflation of 2.3 percent in February.

As unemployment was unchanged at 4.7 percent, employment growth remained strong at 1.0 percent year on year, although this rate of growth has slowed from its peak in 2014.

According to the latest report from the BoE, equilibrium unemployment now stands at 4.5 percent. Although the current rate is almost at full employment, there seems little sign of that translating into stronger pay growth. In order to move to a more neutral stance over the monetary policy, the BoE has stated it would need to see pay growth picking up further.

As inflation increased to 2.3 percent in March on food prices rising at the fastest pace during the past three years, rising food and clothing prices are likely to start putting household budgets under pressure.

#### Australia employment

Employment in Australia greatly exceeded estimates in March increasing by 60,900. Economists expected a 20,000 increase only. The lift in employment was the largest since September 2015, and the sixth consecutive increase. From a year earlier, employment grew by 146,000, or 1.22 percent. Despite the increase in employment, the unemployment rate held steady at 5.9 percent due to a rise in the participation rate. Total employment now stands at 12.06 million, the highest level on record.

#### China trade surplus

China's March trade data came above expectations and reversed last month's deficit, as exports rose 16.4 percent y/y and imports were up 20.3 percent y/y, both in USD terms. China recorded a trade surplus of \$65.6 billion.

In details, Chinese trade surplus with the US rose in March to \$17.7bn and almost reached \$50 billion for the first quarter as a whole. President Trump has backtracked recently over his criticism of China's trade issues and said this week the US would not be labelling China as a currency manipulator. On a different front, Chinese consumer prices weakened in March, although little changed compared to a year ago, rising by 0.9 percent year on year while producer prices rose at a steady pace. Producer prices on the other hand had their biggest expansion since the financial crisis surging 7.8 percent. Producer prices have risen last seven months, overcoming more than four years of deflation.

Kuwait  
Kuwaiti dinar at 0.30485  
The USDKWD opened at 0.30485 yesterday morning.