

GLOBAL MARKETS REMAIN UPBEAT, GCC FLAT

KUWAIT: May was a green month for most of the world, not including the GCC. Global equities ended the month on a positive note, up 1.9 percent. The MSCI Emerging Market Index also continued to perform well, up 2.8 percent. The FTSE 100 was the best performing, rallying to 4.4 percent. The British market reached an all-time high of 7,547.63 during the month. Other major markets ended the month with gains, whereas the GCC region was down 1.3 percent. Commodities had a relatively mixed performance for the month, with Gold unchanged at 0 percent and Brent down 2.8 percent.

US Manufacturing shrank slightly although remained above 50, with the ISM Manufacturing PMI for May coming in at 54.9, slightly higher than April's 54.8. The labor market continues to be healthy with Initial Jobless Claims at 248,000, higher than market expectations of 239,000. Durable Goods Orders fell 0.7 percent in April, its first decline in 2017. Housing Starts along with Building Permits also fell in April, down 2.6 percent and 2.5 percent, respectively. Retail Sales gained 0.4 percent in April, missing market expectations of a 0.6 percent gain. Existing Home Sales was

NBK CAPITAL MONTHLY GLOBAL MARKETS REVIEW

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down in April, coming in at 5.57m compared to March's 10-year high reading of 5.7m. Consumer Sentiment was at 97.1, slightly higher than April's 97.

US equities were up, closing the month with a gain of 1.2 percent, as measured by the S&P 500. The UK Manufacturing Purchasing Managers Index (PMI) was 56.7 for the month of May. The Consumer Price Index for April, YoY, was 2.7 percent compared to 2.3 percent in March. Retail sales increased 2.3 percent month-over-month in April, its biggest gain since January 2016. Consumer confidence fell to -5 in May from -7 in the previous month. The Eurozone Markit Manufacturing PMI for the month of May was 57, unchanged from last month. This is the highest reading since April 2011, as exports rose the most in over six years. The Markit Services PMI preliminary

reading fell to 56.2 in May from 56.4 in April. Consumer confidence increased to -3.3, its highest level in nearly a decade, after the election victory of pro-European centrist Macron. European equities rose in May by 0.8 percent, as measured by the Stoxx Europe 600.

Japan exports

Exports from Japan increased by 7.5 percent from a year earlier to JPY 6,329.2 billion in April 2017, compared to 12.0 percent last month. Imports for the same time-period were up 15.1 percent. The Nikkei Manufacturing PMI came in at 53.1 in May, slightly above the prior month's reading of 52.7; indicating manufacturing activity continues to expand. Housing starts were down year on year for the month of April at -1.9 percent compared to 0.2 percent for the month of April. Japanese equities were up in May, as measured by the Nikkei 225,

increasing 2.4 percent. Exports and Imports from China both rose in May, however not as much as a month earlier. Exports rose 8.0 percent from a year earlier, slowing from a 16.4 percent rise in March. Imports increased by 11.9 percent year-on-year to \$141.9 billion in April, after a 20.3 percent increase in the previous month. Overall, the country recorded a trade surplus in April of RMB 262.3b compared to RMB 164.3b in March. The Caixin Manufacturing PMI for the month of May was 49.6 compared to 50.3 in the previous month while the Non-Manufacturing PMI was slightly higher at 54.5 from 54.0 in April.

Chinese equities, as measured by the Shanghai Stock Exchange Composite Index, reported a loss of -1.2 percent in May. The GCC equity markets were all red for the month of May, with MSCI GCC Index posting a loss of -1.3 percent. Dubai, Abu Dhabi, and Saudi Arabia posted the largest losses, closing at -2.2 percent, -2.1 percent and 2.0 percent, respectively. Oman and Qatar both closed at -1.6 percent, while Kuwait had the least losses, shedding -0.9 percent. Within the MENA region, Egypt's equity market, as measured by the EGX 30 posted a gain of 7.3 percent.

WARBA BANK PICKS BENTALL KENNEDY AS REAL ESTATE INVESTMENT ADVISOR IN US BANK ACQUIRES MANPOWERGROUP HQ IN WISCONSIN

KUWAIT: In line with its development strategy to position the bank as the Islamic Corporate and Investment Banking champion in Kuwait while reinforcing its international real-estate investment's program, Warba Bank is proud to announce that it has recently signed a partnership agreement with Bentall Kennedy, one of the largest global real estate investment advisors in the USA. By the terms of the agreement, Bentall Kennedy is to represent Warba Bank, as its real estate investment's advisor with a new US focused real estate investment mandate, and as co-investor. As part of this initiative, Warba bank has acquired the ManpowerGroup Headquarters, a 280,000-square foot office building in Milwaukee, Wisconsin. This investment is the first real estate transaction that Bentall Kennedy and Warba Bank have done in partnership.



Shaheen Hamed Al-Ghanem, Warba Bank's CEO

The purchase price of the property is \$66,500,000 which is 99 percent owned by Warba and 1 percent by Bentall Kennedy. Warba Bank's investment in this property is approximately \$29 million which is equivalent to KDB.8 million. This is expected to generate over 8 percent cash increase and IRR for Warba Bank after all expenses and taxes. About the bank's new partnership with Bentall Kennedy, Shaheen Hamed Al-Ghanem, Warba Bank's CEO said: "our partnership with Bentall Kennedy comes in-line with the bank's vigorous international real estate investment program and fulfils our

strategy which aims to diversify the income and grow the bank's investment's portfolio." Al-Ghanem further elaborated that Warba bank aims to expand its real-estate portfolio in USA vertical markets and is currently studying a number of opportunities guaranteed to provide rewarding incomes and complies with the bank's prime policy for investment and risk criteria.

He said: "the bank's Investment Banking Group is fully committed to make risk mitigated investments strictly following the investment policies and procedures with the target of generating secured long term returns for the bank and its investors."

The ManpowerGroup Headquarters is an institutionally maintained, Class A asset situated directly on the Milwaukee River in the Downtown West submarket of the city. The property is located one half mile north of the new Milwaukee Bucks arena, and adjacent to the broader \$1 billion

Wisconsin Entertainment District development. Boasting a modern design with elegant glass and masonry exterior, the office building was certified LEED Gold for its energy efficiency in 2007, and was awarded the Best New Development Office by the Business Journal Real Estate Awards in 2008. The company recently extended their headquarters lease through 2031.

Warba bank has recently acquired a newly constructed sole UK KIA vehicle imports/exports facility strategically located on Kiln Lane Industrial Estate, just one and a half miles from the docks at nearby Immingham, which receives imported vehicles from Korea to UK, and also from other manufacturing plants in Europe. The Ports of Immingham and Grimsby combined are the UK's largest ports by tonnage, handling up to 60 million tons, including nearly 20 million tons of oil and 10 million tons of coal per annum.

UK NEW CAR SALES FALL 8.5% IN MAY AHEAD OF ELECTION

LONDON: British new car registrations fell 8.5 percent last month, an industry body said yesterday, blaming the decline on the run-up to this week's national election and the effect of an April tax hike which boosted demand earlier in the year.

Car sales dropped to 186,265 vehicles in May, with a 14 percent slump in demand to consumers and a 5.3 percent drop in fleet business registrations, according to data from the Society of Motor Manufacturers and Traders (SMMT).

"We expected demand in the new car market to remain negative in May due to the pull-forward to March," SMMT Chief Executive Mike Hawes said, referring to a rise in vehicle excise duty which boosted demand before it came into effect in April.

"Added to this, the general election was always likely to give many pause for thought and affect purchasing patterns in the short term," he said. Demand for diesel continued to fall last month with demand down 20 percent, as a series of tax hikes in London and possible levies in other cities continued to dampen demand. —Reuters

WB SAYS TRADE, MANUFACTURING TO BOOST 2017 GLOBAL GROWTH

WASHINGTON: The World Bank on Sunday maintained its forecast that global growth will improve to 2.7 percent this year, citing a pickup in manufacturing and trade, improved market confidence and a recovery in commodity prices. The update of the multilateral development lender's Global Economic Prospects report marked the first time in several years that its June forecasts were not reduced from those published in January due to rising growth risks.

The World Bank's 2017 global growth forecast of 2.7 percent compares to its 2.4 percent estimate for 2016, a figure that was increased by a tenth of a percentage point since January.

The World Bank said advanced economies were showing signs of improvement, especially Japan and Europe, while the seven largest emerging markets - China, Brazil, Mexico, India, Indonesia, Turkey and Russia - were again helping to drive global growth.

"With a fragile but real recovery now under way, countries should seize this moment to undertake institutional and market reforms that can attract private investment to help sustain growth in the long term," World Bank President Jim Yong Kim said in a statement. The bank boosted its 2017 growth forecast for Japan by 0.6 percentage point since January to 1.5 percent, while the eurozone's forecast was increased by 0.2 percentage point to 1.7 percent. In both cases, a pickup

in exports and unconventional monetary easing are helping to support growth.

The World Bank said US growth also is improving but it shaved 0.1 percentage point off its forecast for 2017 to 2.1 percent after weak growth early in the year caused by a pullback in consumer spending it viewed as temporary. It slightly lifted its 2018 US growth forecast to 2.2 percent.

It left unchanged its forecast that China's growth would slow to 6.5 percent from 6.7 percent last year and predicted that commodity exporters Argentina, Brazil, Nigeria and Russia will see recessions end and positive growth resume this year.

But the World Bank warned that new trade restrictions could derail the recovery in trade that is benefiting many advanced and developing economies, citing actions being contemplated by the Trump administration. Such restrictions could fall disproportionately on China and other Asian economies, the bank said. "Significant disruption to China's exports would undermine its growth with large spillovers on the region," the bank said in the report. "Furthermore, trade-restricting measures in the United States could trigger retaliatory measures."

It said exports and investment in Mexico also could be negatively affected by the looming renegotiation of the North American Free Trade Agreement, causing spillovers to Central America as well. —Reuters



PYONGYANG: In a photo taken on Sunday, shoppers browse products on display at the Kwangbok, or 'liberation', department store in Pyongyang. —AFP

SOUTH KOREA UNVEILS \$10BN STIMULUS TO BOOST JOBS, WELFARE

SEOUL: South Korea launched yesterday a \$10 billion stimulus package to create jobs and bolster welfare programs in the country faced with slow growth and ageing population. The 11.2-trillion won plan is the first since Moon Jae-In was elected president of Asia's fourth-largest economy last month and the finance ministry said it will be mostly funded by tax revenue rather than issuing state bonds.

Under the proposals, Seoul will spend 4.2 trillion won to help create 110,000 jobs-including 71,000 in the public sector-while 7 trillion won will be set aside for welfare for the elderly, working mothers and low-income households.

Among the new jobs being targeted are firefighters, police, assistant teachers and social workers,

while young job seekers, small businesses and tech startups will also be helped. Financial assistance will be increased for women on maternity leave, more daycare centres and nursing homes for the elderly are to be opened, while businesses hiring more full-time workers are to be given extra funding.

"We launched this extra budget as the high unemployment rate among young South Koreans will not be solved without drastic measures," Park Chun-Sup, the ministry's chief of budget, told reporters. "There is a concern over a potential mass unemployment... we have nearly 1.2 million young, jobless people," he said. Decades of rapid growth saw the South rise from the ashes of the Korean War to become a member of the OECD group of leading economies, but expansion

has slowed more recently. Economic frustrations were among the factors that fuelled the mass anti-corruption protests that saw former president Park Geun-Hye impeached and arrested over corruption. Moon has described creating jobs, especially for the young, as a top policy priority. Unemployment among under-30s hit 11.2 percent in April, more than double the rate for the entire working population. South Korea's economic growth, which hit 2.8 percent in both 2015 and 2016, is expected to further slow to 2.6 percent this year, according to the central Bank of Korea. The country's birthrate is one of the world's lowest and has led to concerns about the burden of welfare funding for the ageing population. —AFP

EXCHANGE RATES

AL-MUZAINI EXCHANGE CO.

ASIAN COUNTRIES	
Japanese Yen	2.745
Indian Rupees	4.713
Pakistani Rupees	2.901
Sri Lankan Rupees	1.987
Nepali Rupees	2.958
Singapore Dollar	220.740
Hongkong Dollar	39.033
Bangladesh Taka	3.766
Philippine Peso	6.112
Thai Baht	8.947
GCC COUNTRIES	
Saudi Riyal	81.227
Qatari Riyal	83.661
Omani Riyal	791.060
Bahraini Dinar	808.820
UAE Dirham	82.931
ARAB COUNTRIES	
Egyptian Pound - Cash	19.300
Egyptian Pound - Transfer	16.754
Yemen Riyal/for 1000	1.223
Tunisian Dinar	126.310
Jordanian Dinar	429.340
Lebanese Lira/for 1000	2.029
Syrian Lira	2.170
Morocco Dirham	31.708
EUROPEAN & AMERICAN COUNTRIES	
US Dollar Transfer	304.400
Euro	342.150
Sterling Pound	391.610
Canadian dollar	226.990
Turkish lira	86.480

Swiss Franc	313.810
Australian Dollar	228.300
US Dollar Buying	303.200
GOLD	
20 Gram	257.510
10 Gram	131.680
5 Gram	66.680

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Rate for Transfr	Selling Rate
US Dollar	303.900
Canadian Dolla	225.785
Sterling Pound	392.035
Euro	343.070
Swiss Frank	296.080
Bahrain Dinar	806.040
UAE Dirhams	83.135
Qatari Riyals	84.355
Saudi Riyals	81.935
Jordanian Dinar	428.454
Egyptian Pound	16.923
Sri Lankan Rupees	1.987
Indian Rupees	4.718
Pakistani Rupees	2.898
Bangladesh Taka	3.772
Philippines Peso	6.109
Cyprus pound	167.712
Japanese Yen	3.735
Syrian Pound	2.420
Nepalese Rupees	3.945
Malaysian Ringgit	71.750

Chinese Yuan Renminbi	45.135
Thai Bhat	9.880
Turkish Lira	86.480

BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL
Europe		
British Pound	0.385779	0.395779
Czech Korune	0.004998	0.016998
Danish Krone	0.041975	0.046975
Euro	0.337845	0.346845
Norwegian Krone	0.032067	0.037267
Romanian Leu	0.084167	0.084167
Slovakia	0.009067	0.019067
Swedish Krona	0.031179	0.036179
Swiss Franc	0.309625	0.320625
Turkish Lira	0.080771	0.091071
Australasia		
Australian Dollar	0.218341	0.230341
New Zealand Dollar	0.211100	0.220600
America		
Canadian Dollar	0.220028	0.22928
Georgina Lari	0.137166	0.137166
US Dollars	0.299600	0.304000
US Dollars Mint	0.300100	0.304000
Asia		
Bangladesh Taka	0.003378	0.003962
Chinese Yuan	0.043223	0.046723
Hong Kong Dollar	0.037046	0.039796

Indian Rupee	0.004160	0.004848
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002667	0.002847
Kenyan Shilling	0.003027	0.003027
Korean Won	0.000260	0.000275
Malaysian Ringgit	0.066877	0.072877
Nepalese Rupee	0.002985	0.003155
Pakistan Rupee	0.002709	0.002999
Philippine Peso	0.005989	0.006289
Sierra Leone	0.000067	0.000073
Singapore Dollar	0.214597	0.224597
South African Rand	0.017755	0.026255
Sri Lankan Rupee	0.001604	0.002184
Taiwan	0.009722	0.009902
Thai Baht	0.008576	0.009126
Arab		
Bahraini Dinar	0.799000	0.807500
Egyptian Pound	0.013962	0.019870
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000189	0.000249
Jordanian Dinar	0.422888	0.431988
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000156	0.00256
Moroccan Dirhams	0.019728	0.043728
Nigerian Naira	0.001254	0.001889
Omani Riyal	0.782411	0.788091
Qatar Riyal	0.082607	0.084057
Saudi Riyal	0.079900	0.081200
Syrian Pound	0.001287	0.001507
Tunisian Dinar	0.121778	0.129778
Turkish Lira	0.080771	0.091071
UAE Dirhams	0.081261	0.082961
Yemeni Riyal	0.000987	0.001067