

GLOBAL MARKETS DROP AFTER LONDON ATTACKS

LONDON: World stock markets were mostly lower yesterday as traders reacted to the latest terror attacks in London that have come ahead of a British general election later this week. Markets reacted also to Friday's poorly-received US jobs data and an escalating diplomatic crisis involving Qatar and Gulf neighbors.

After opening slightly higher, London's benchmark FTSE 100 index was down around 0.4 percent by mid-afternoon, compared with the close on Friday—"as investors digest last week's soft US jobs report, another terror attack in London in the run up to the UK election and a (brief) jump in oil prices after a breakdown in Middle East diplomacy," said Jasper Lawler, senior

market analyst at London Capital Group. "Global equities are flat to negative as investors take risk off the table ahead of a busy week for politics and macroeconomics," said Accendo Markets analyst, Henry Croft.

Forex.com analyst Fawad Razaqada agreed. "It is going to be a big week for the markets this one, especially towards the end of it," he said, pointing to the British general election, the European Central Bank's policy meeting and testimony by former FBI Director James Comey in the United States. In the eurozone yesterday, the Paris CAC 40 was more than half a percent lower, while Frankfurt's DAX 30 index was shut for a German public holiday. Polity carried out more

raids and arrested "a number of people" yesterday after the Islamic State group claimed an attack by knife-wielding men who mowed down and stabbed revellers in London, killing seven people before being shot dead by police.

It comes as Prime Minister Theresa May seeks to keep her Conservative party in government and steer Britain through the Brexit process following the general election on Thursday.

Elsewhere yesterday, Asian stock markets began the week mostly lower as investors mulled the impact of the weekend terror attack that saw the pound lose ground.

"The pound is expected to remain volatile this week against the backdrop of the tragic

weekend events in London and the flakiness of the polls in predicting what the outcome of Thursday's general election vote is likely to be," said Michael Hewson, chief market analyst at CMC Markets UK.

'Ugly' jobs report

Occupying investors' minds was also a US employment report that showed wages growth and hiring coming in below expectations and testing confidence in the global economic outlook. "Ugly" best describes Friday's US employment report, said Stephen Innes, senior trader at Oanda. On commodity markets, oil prices were flat after a short rally, while gold hit a five-week high at \$1,282.16 an ounce thanks to its status as a haven investment. Daniel Hynes, an analyst in Sydney at Australia & New Zealand Banking Group, said the decision by Saudi Arabia, Bahrain, the United Arab Emirates and Egypt to sever ties with Qatar, citing its support for terrorism, would have minimal impact on crude prices.

"On the face of it, it could present a risk, but I don't think there is too much in the Qatar situation," he told Bloomberg News. "Geopolitical risks haven't really been that influential in recent times and I don't think that will change too much."

Dollar edges up

The dollar edged up yesterday, but remained not far from the seven-month low it plummeted against a currency basket after disappointing US employment data prompted investors to pare back expectations of US Federal Reserve rate hikes.

The dollar index, which tracks the greenback against a basket of six major currencies, edged up 0.1 percent to 96.798, not far from Friday's nadir of 96.654, its lowest since Nov. 9. Sterling slipped, under pressure after the third terrorist attack in Britain in less than three months killed at least seven people on Saturday. The attack came days ahead of Thursday's UK election, in which polls show British Prime Minister Theresa May's lead over the opposition

Labour Party has narrowed but is still intact. US nonfarm payrolls rose by 138,000 in May, Labor Department data showed on Friday, suggesting the labor market was losing momentum despite the unemployment rate falling to a 16-year low of 4.3 percent. Economists polled by Reuters had predicted an increase of 185,000. While market participants still expect the US central bank to raise interest rates this month, many expect a more dovish course for the second half of this year.

"The pessimistic story of the jobs data should weigh on the dollar as the Fed is still expected to hike rates in June, but most market participants believe it won't hike for a long time after that, and maybe not in September or December," said Masashi Murata, currency strategist for Brown Brothers Harriman in Tokyo.

The dollar added 0.2 percent against the yen to 110.57 after brushing a two-week low of 110.25 earlier in the session, while the euro fell 0.2 percent to \$1.1265 after rising to a seven-month high of \$1.1285.

Slumping Treasury yields also weighed on the US dollar, with the yield on the benchmark 10-year note at 2.169 percent in Asian trading, not far from their Friday low of 2.144 percent, which was their lowest since Nov 10. Net long positions on the US dollar fell sharply in the latest week through May 30 to their lowest since September, according to calculations by Reuters and Commodity Futures Trading Commission data released on Friday.

At the same time, euro net long positions have risen to a more than six-year high, the CFTC data showed, in line with the improving eurozone economy. Sterling shed 0.2 percent to \$1.2868. "We're seeing some position-squaring ahead of the election now," said Kumiko Ishikawa, FX market analyst at Sony Financial Holdings in Tokyo. "The broader backdrop is that Brexit is going to have many minuses for the UK economy going forward, and these concerns will remain no matter what the short-term impact is," she said. —Agencies

Daily Kuwait Stock Exchange Report					Global		
Monday 05 June 2017					Volume		
Index	Change	Closing	Last Closing		48,626,322		
Price Index	▼ -26.82	6,803.20	6,803.02		Value (KWD)		
Weighted Index	▼ -3.22	401.94	405.16		8,823,868		
KSX 15	▼ -0.55	906.79	916.34		Number of Trades		
					1,963		
Trades		Trades		Trades		Trades	
Security	High	Low	Volume	Value (KDI)	Trades	Last	Change
MARIN	76	70	252,600	182,240	32	76	▲ 5.0
IPG	0.0	0.0	0	0	0	350	▲ 0.0
NAFESCO	1,513	1,500	18,228	27,354	17	1,513	▼ -17.8
ENERGIYH	41.4	41.4	500	21	1	41.4	▲ 0.5
GPI	37.5	36.7	604,850	22,355	27	37.0	▼ -0.6
ASAR	0.0	0.0	0	0	0	87	▲ 0.0
Oil & Gas			3,148,578	231,969	77	1034.42	▼ -2.80
KFOUC	290	290	20,000	5,800	1	290	▼ -4.0
BPCO	580	574	7,000	4,030	2	580	▲ 2.0
ALKOUT	0.0	0.0	0	0	0	690	▲ 0.0
ALQURAIN	337	336	42,841	14,417	6	337	▼ -3.0
Basic Materials			69,841	24,247	9	1298.52	▼ -6.60
KCEM	0.0	0.0	0	0	0	450	▲ 0.0
CABLE	420	415	15,350	6,446	4	420	▼ -5.0
SHP	218	208	115,832	24,285	9	210	▲ 0.0
PCFM	953	950	7,050	6,899	4	950	▼ -10.0
PAPER	0.0	0.0	0	0	0	300	▲ 0.0
MRC	100	85	3,430	310	23	99	▼ -1.0
ACICO	276	276	1,323	365	1	276	▼ -4.0
HCC	0.0	0.0	0	0	0	208	▲ 0.0
KBMMC	0.0	0.0	0	0	0	136	▲ 0.0
NICBM	224	224	250	56	1	224	▲ 22.0
EQUIPMENT	50	47.0	51,106	2,428	5	50	▲ 0.0
NGCI	0.0	0.0	0	0	0	125	▲ 0.0
GYPSSUM	0.0	0.0	0	0	0	95	▲ 0.0
SALBOOKH	0.0	0.0	0	0	0	60	▲ 0.0
AQLT	742	725	1,367,660	1,001,419	132	725	▼ -18.0
EDU	390	360	582,560	213,663	78	364	▼ -2.0
CLEANING	0.0	0.0	0	0	0	46.0	▲ 0.0
KGL	67	61	12,790	779	2	67	▲ 5.0
KPCP	0.0	0.0	0	0	0	190	▲ 0.0
HUMANSOFT	3,980	3,960	75,683	301,154	8	3,960	▼ -80.0
NAFAS	0.0	0.0	0	0	0	150	▲ 0.0
GFC	0.0	0.0	0	0	0	82	▲ 0.0
MAYADEEN	28.0	27.4	300,710	8,317	13	28.0	▼ -1.0
GGC	0.0	0.0	0	0	0	595	▲ 0.0
MTCC	0.0	0.0	0	0	0	56	▲ 0.0
UPAC	0.0	0.0	0	0	0	850	▲ 0.0
ALAFCO	305	300	24,300	7,312	6	304	▼ -1.0
MUBARRAD	0.0	0.0	0	0	0	78	▲ 0.0
LOGISTICS	55	51	347,800	18,115	17	51	▼ -3.3
SCFM	83	78	23,406	1,859	7	78	▼ -4.8
GCEM	0.0	0.0	0	0	0	75	▲ 0.0
QIC	78	78	1,387	107	1	78	▲ 0.0
FCEM	0.0	0.0	0	0	0	84	▲ 0.0
RKWC	0.0	0.0	0	0	0	103	▲ 0.0
SPEC	90	84	2,408	204	3	90	▲ 0.0
Industrials			2,933,845	1,593,517	314	1833.75	▼ -16.20
PAPCO	0.0	0.0	0	0	0	110	▲ 0.0
CATT	225	225	108	24	1	225	▼ 7.0
DANAH	77	73	40,101	2,950	6	76	▼ -0.9
FOOD	0.0	0.0	0	0	0	2,700	▲ 0.0
Consumer Goods			40,209	2,974	7	1138.25	▼ -15.20
MHC	0.0	0.0	0	0	0	378	▲ 0.0
ATC	0.0	0.0	0	0	0	1,100	▲ 0.0
YIACO	0.0	0.0	0	0	0	340	▲ 0.0
Health Care			0	0	0	1528.57	▲ 0.00
KCIN	0.0	0.0	0	0	0	1,290	▲ 0.0
KHOT	0.0	0.0	0	0	0	250	▲ 0.0
SULTAN	0.0	0.0	0	0	0	67	▲ 0.0
CABLETV	0.0	0.0	0	0	0	22.5	▲ 0.0
EVAS	1,200	850	59,925	70,486	37	1,190	▲ 190
IFHR	0.0	0.0	0	0	0	192	▲ 0.0
OULAFUEL	119	119	15,426	1,836	5	119	▲ 0.0
MUNTAAHAT	82	77	80,040	6,165	6	82	▲ 0.0
HAZEERA	475	474	6,047	2,868	4	474	▲ 1.0
SOOR	118	118	14,371	1,596	6	118	▲ 0.0
FUTUREXO	0.0	0.0	0	0	0	112	▲ 0.0
ALRAI	0.0	0.0	0	0	0	120	▲ 0.0
ZMAH	53	52	56,800	3,000	10	53	▼ -3.0
Mazzan	932	930	479,271	446,622	20	932	▼ -18.0
Consumer Services			711,880	532,672	88	1136.12	▲ 63.00
ZAIN	425	420	991,863	419,709	95	421	▼ -5.0
QOOREDOO	0.0	0.0	0	0	0	1,200	▲ 0.0
HITSTELEC	42.0	39.7	3,966,110	160,936	75	41.0	▼ -9.0
VIVA	836	821	125,368	104,362	24	821	▼ -14.0
Telecommunications			6,083,341	665,007	154	602.01	▼ -4.10
NBK	690	673	1,588,848	1,074,762	86	675	▼ -2.0
GBK	239	238	183,328	43,752	11	238	▼ -8.0
CBK	335	330	106,820	35,441	10	330	▼ -15.0
ABK	0.0	0.0	0	0	0	310	▲ 0.0
ALMUTAHED	0.0	0.0	0	0	0	440	▲ 0.0
KIB	244	244	20,000	4,880	1	244	▲ 2.0
BURG	325	322	85,562	27,651	10	322	▼ -3.0
KFIN	480	480	2,197,761	1,000,818	99	480	▼ -4.0
BOUBAYAN	414	406	125,854	51,589	45	411	▼ -3.0
AUB	218	211	6,633,479	1,430,144	121	216	▲ 1.0
ITHARI	45.0	43.5	1,044,282	45,720	40	45.0	▲ 0.0
WARISABANK	247	242	214,530	52,511	41	243	▼ -4.0
Banks			12,200,469	3,827,264	464	916.99	▼ -5.20
KINS	262	262	6,500	1,703	2	262	▲ 0.0
GINS	0.0	0.0	0	0	0	550	▲ 0.0
AINS	0.0	0.0	0	0	0	495	▲ 0.0
WINS	0.0	0.0	0	0	0	86	▲ 0.0
KUWAITRE	0.0	0.0	0	0	0	196	▲ 0.0
FTI	0.0	0.0	0	0	0	60	▲ 0.0
WETHAQ	0.0	0.0	0	0	0	54	▲ 0.0
BKSWT	0.0	0.0	0	0	0	355	▲ 0.0
Insurance			6,500	1,703	2	1067.40	▲ 0.00



SEOUL: Currency traders work at the foreign exchange dealing room of the KEB Hana Bank headquarters in Seoul yesterday. — AP

ANGER SIMMERS ACROSS MEXICAN SUGARCANE FIELDS OVER NAFTA RISKS

ZACATEPEC, Mexico: Anger is simmering across a lush swathe of Mexico among poor sugar cane farmers who face a major blow from trade talks in Washington on Monday, in an ominous preview of the high-stakes re-negotiation of the NAFTA agreement set to begin in August.

The United States and Mexico have until Monday to modify a 2014 agreement that set quotas and a price floor on Mexican sugar. US sugar refiners say Mexico's exports are subsidized, undercutting their business and that the agreement failed to stop dumping.

A new deal could significantly reduce access to the lucrative US market for some 190,000 Mexican farmers, a fifth of whose sugar last year was sold to US buyers, and risks triggering tit-for-tat tariffs that could hurt US corn.

With 2.4 million people estimated to earn livelihoods from sugar across 15 states in Mexico, the spat may also serve as an example of the political minefield the government will face in a broader trade talks later this year that could affect jobs in the thriving manufacturing sector.

US President Donald Trump triggered the 90-day start to NAFTA re-negotiations last month, following up on his long-standing criticism of the 23-year-old free trade pact between the United States, Mexico and Canada, arguing it is unfair to American workers and must be reworked.

Feeling used by the government, Mexican cane farmers are fuming, further eroding already flagging support for Mexico's ruling Institutional Revolutionary Party, or PRI, ahead of a 2018 presidential vote, just as a leftist nationalist is making inroads into its traditional bastions. Cane growers have been strong supporters of the PRI and its forefathers since revolutionary hero Emiliano Zapata helped sweep away the hacienda system in the early 20th century, replacing it with small holdings and land collectives. But the farmers now accuse the government of bowing to US pressure. On Friday the cane growers' association, traditionally a staunch PRI ally, published a rare open letter in national newspapers accusing the government of using sugar as a "bargaining chip" in the wider trade negotiations.

"We don't believe anything the PRI says anymore. We just don't," said Narciso Hernandez, a 74-year-old farmer standing beside a field of swaying cane in

Zacatepec, a village about 80 miles (130 km) south of the Mexican capital. Corruption scandals, lackluster economic growth and surging violence have also cratered the popularity of President Enrique Pena Nieto and the once-dominant PRI ahead of elections in four states on Sunday. The marquee contest is a governor's race in the country's most populous state that has always been governed by the PRI but could be captured by the hand-picked candidate of leftist Andres Manuel Lopez Obrador, the early presidential front-runner who has a strong following among poor Mexicans.

Deep cuts

Cane farmers fear loss of income if an impasse leads to tariffs as high as 80 percent on some sugar exports, or a deal leads to a deep cut in the amount of high value refined sugar exported to the United States. Mills pay for cane according to a formula based on the market value of sugar.

Under NAFTA, Mexico and the United States gradually liberalized sugar trade and by 2008 it was tariff-free. However, since late 2014 the trade has been governed by a so-called suspension agreement that sets minimum prices and export quotas on Mexican producers, after the US threatened to impose stiff anti-dumping and anti-subsidy duties.

US negotiators are seeking to reduce volumes of refined Mexican sugar from 53 percent to as low as 15 percent of the annual export quota, Mexican industry sources say, which would push Mexican producers toward lower-value raw sugar sales. In the same vein, US industry is also seeking to lower Mexican sugar's polarity, a measure of quality, from 99.5 percent to 99.2 percent.

"All companies want to reach the final consumer because that's where you get the best price. So it's only fair that (Mexican) companies also sell their sugar to final consumers," said Pedro Ocampo, head of the Zacatepec cane farmer union. US demand reached some 12 million tons of refined sugar last year, and prices for raw sugar average about 6 cents per pound, the highest price anywhere in the world.

Last year, Mexico exported 1.13 million tons to the United States, 93 percent of Mexico's sugar exports, according to the economy ministry. — Reuters