

Business

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18 British PM orders energy price cap, sending shares tumbling**19** Al-Sayer and Toyota unveil new 2018 Hilux TRD**21** NBK's website wins award for excellence

SWEETWATER: Job-seeker Alejandra Bastidas fills out an application at a job fair on Tuesday at Dolphin Mall in Sweetwater, Fla. US private sector job creation fell in September to its lowest level in nearly a year, the payrolls firm ADP reported yesterday. — AP

India cuts growth forecast amid slowdown

Central bank holds rates as high-profile reforms backfire

MUMBAI: India's central bank held interest rates at a seven-year-low yesterday as it downgraded growth forecasts for Asia's third largest economy amid a slowdown following recent high-profile reforms.

The Reserve Bank of India (RBI) said the benchmark repo rate—the level at which it lends to commercial banks—would remain unchanged at 6.0 percent.

The decision was in line with analysts' expectations. "The MPC has decided to keep the policy rate unchanged and decided to keep policy stance neutral and monitor incoming data closely," RBI said in a statement following a meeting of its Monetary Policy Committee in Mumbai. The decision is likely to disappoint the Indian government which had sought a cut to help boost flagging growth, according to local media reports. India was the fastest growing major economy in the world last year, clocking 7.1 percent GDP growth during the first quarter.

But since then Prime Minister Narendra Modi has rolled out two large economic reforms—the introduction of a goods and services tax (GST), and the snap withdrawal of most of India's high-value banknotes from circulation. Economic growth slumped to 5.7 percent for the first quarter of the current financial year with analysts blaming the controversial note ban and citing the transition to GST. The new tax aims to transform the nation of 1.3 billion people and its \$2 trillion economy into a single market. Experts say it is likely to spur economic growth in the long run but has posed an initial shock to the economy as businesses adjust.

"Teething problems linked to the GST... may get resolved relatively soon, allowing growth to accelerate," the RBI said as it trimmed India's expected growth for the year.

"The projection of real GVA growth for 2017-18 has been revised down to 6.7 per cent from the August 2017

projection of 7.3 per cent," the statement said. GVA is different from GDP, the measure typically used to show a country's economic growth. However, it is indicative of how the GDP could move, although not by the same amount.

The downgrade comes after global ratings agency Fitch trimmed its GDP forecast from 7.4 to 6.9 percent. The RBI said it was committed to keeping inflation close to four percent and cited a recent spike as a reason to sit tight on rates.

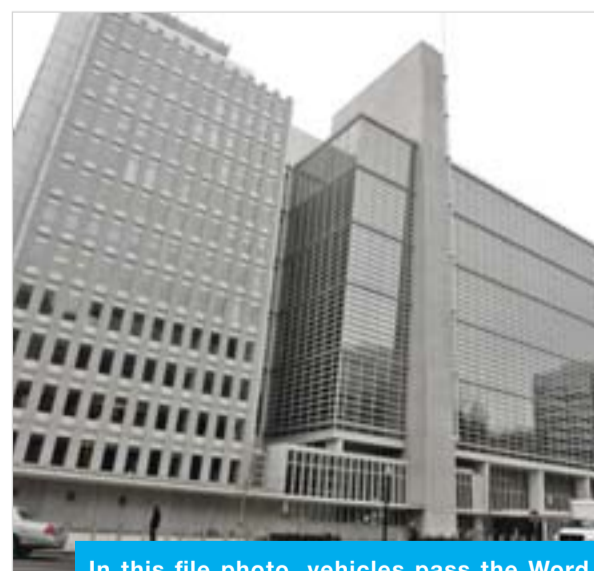
"India's inflation has gone up in recent months and the economy has slowed down, therefore narrowing room for any rate cuts," Sujun Hajra, chief economist at Anand Rathi Securities, told AFP. The RBI cut the main interest rate by 25 basis points to 6.0 per cent in August, the lowest level since September 2010. A survey by Bloomberg News this week found that economists expect the rate to remain unchanged for the rest of 2017. — AFP

World Bank raises Asia growth outlook, warns of N Korea risk

HONG KONG: The World Bank raised its growth forecast for the developing economies of East Asia and the Pacific yesterday but warned that risks included rising protectionism and escalating tensions over North Korea. In an update to its annual economic outlook, the bank forecast economic growth of 6.4 percent for the region this year, then easing to 6.2 percent in 2018.

The World Bank said it tweaked its forecasts to reflect stronger than expected growth this year in China — Asia's biggest economy — before a gradual slowdown next year. In its previous forecast in April, the Washington, D.C.-based lender projected a 6.2 percent expansion in 2017 and 6.1 percent for 2018. The report covers 15 countries including China, Thailand, Vietnam, Malaysia and the Philippines.

While the outlook is broadly positive, the bank said growing protectionism could chill world trade, citing proposals for changes to the North American Free Trade Agreement that would restrict or discourage imports and increasing uncertainty about access to the British market as Brexit talks get underway. Furthermore, "geopolitical tensions in the region are rising and could escalate into armed conflict," the report said, referring to United Nations sanctions on North Korea in response to its nuclear and missile tests. Some world powers are urging even tougher measures,



In this file photo, vehicles pass the World Bank building in Washington. — AP

including possible military action, to stop Pyongyang from developing its nuclear capabilities, it said.

"Escalation of these disputes could have serious economic consequences," the World Bank said. East Asia's crucial position in global shipping and manufacturing supply chains means flaring tensions could disrupt trade flows and economic activity, it said, adding that the tendency for global investors to pull their money during political crises could pressure exchange rates and raise world interest rates. Commodity prices could also spike because of worries about supply disruptions, the report said. — AP

Kuwait Energy sells shares in Egyptian oilfield

KUWAIT: Kuwait Energy announced yesterday the official approval on its Farm-Out Agreement (FOA) for 25 percent of its shares in the Abu Sennan concession in Egypt to GlobalConnect Ltd (GlobalConnect). Kuwait Energy CEO Sara Akbar said "We are very pleased to have the farm-out agreement finalized with GlobalConnect in our Abu Sennan concession and to welcome an esteemed peer to our group of partners."

She added that Kuwait Energy is confident this partnership with GlobalConnect will further enhance exploration activities in Egypt. Kuwait Energy now holds a 25 percent revenue interest, and remains the operator of the Abu Sennan concession.

GlobalConnect can officially now assume its duties and responsibilities as a full partner in Abu Sennan Concession holding 25 percent participating interest alongside Dover Investment Ltd, Rockhopper Exploration plc who hold 28 percent, and 22 percent respectively.

Kuwait Energy is an independent oil and gas company actively engaged in the exploration, appraisal, development and production of hydrocarbons Kuwait Energy's MENA portfolio consists of 10 oil and gas assets across Egypt, Iraq, Yemen, and Oman of which it operates seven assets. — KUNA

News in brief

KUFPEC cancels Thai deal

KUWAIT: Kuwait Foreign Petroleum Exploration Company (KUFPEC) canceled a contract to purchase a gas field in Thailand from Royal Dutch Shell, it said yesterday. KUFPEC said in a statement that the cancellation of the deal, signed last January, would not have any financial repercussions on the company. Despite the move, KUFPEC will continue to seek ventures with other global companies, it added. Established in April 1981 by its parent state-owned company Kuwait Petroleum Corporation, KUFPEC is an upstream company, engaged in worldwide oil and gas exploration and production.

Warba Bank joins \$1.2bn JV

KUWAIT: Warba Bank announced yesterday that it will be participating in a \$1.25 billion five-year joint venture with the Jeddah-based Islamic Development Bank (IDB). Warba Bank said that subscription for the deal had attracted regional and international financial institutes, adding that the amount of issued bonds have reached over 136 percent, around \$1.7 billion. The bank indicated that Warba would reap around 2.6 percent of annual income due to the deal. The IDB had issued around 53 percent of the bonds to investors from the Middle East and North Africa (MENA) region as well as Europe while 47 percent of the bonds target investors from Asia.

Saudi funds to boost crown prince

RIYADH: Saudi Arabia yesterday announced the consolidation of development funds under a unified body led by Crown Prince Mohammed bin Salman, cementing the powerful prince's position in the Gulf kingdom's affairs. The new National Development Fund joins industrial, agricultural and social development funds under a board headed by Prince Mohammed who is also defense minister, deputy premier and head of the kingdom's investment fund. The National Development Fund will also "undertake the overall supervision" of "any development fund or bank" if and as ordered by the prime minister, the state-run SPA news agency said.