IMF raises global growth forecasts, calls for reforms

Advanced economies to grow at 2.2%

WASHINGTON: The International Monetary Fund yesterday bumped up its global growth forecasts, saying an upswing in the world economy would likely gather pace into next year. But the global crisis lender called on governments to strike while the iron was hot, saying dangers for the current recovery lurked on the horizon and ambitious reforms were necessary for continued poverty reduction.

Global economic output should increase by 3.6 percent this year and by 3.7 percent in 2018, up marginally from forecasts published three months ago but well above growth seen in 2016, the IMF said in the latest update to a semi-annual report on the world economy.

The new projections come as the IMF stages annual meetings this week with the World Bank.

"The picture is very different from early last year, when the world economy faced faltering growth and financial market turbulence," IMF Research Director Maurice Obstfeld said yesterday in prepared remarks. But Obstfeld said the current moment presented a fleeting opportunity to act, pointing to recent IMF warnings about sluggish growth in advanced economies, sharpening divides between rich and poor and bloated sovereign debt levels.

Meanwhile, weak oil prices along with violence and strife in the Middle East and Latin America threatened to undermine progress while-despite the mainly rosy forecasts-nearly one in five countries in the world was still expected to see negative per capita income growth this year.

"The recovery is still incomplete in important respects and the window for action the current cyclical upswing offers will not be open forever," Obstfeld said.

In the latest version of its World Economic Outlook, the IMF now predicts advanced economies will grow by 2.2 percent this year — 0.2 percentage points faster than a July estimate-before slowing to two percent growth next year.

Global lender asks govts to strike while the iron is hot

Action 'while times are good'

Emerging and developing countries are forecast to grow at a more robust 4.6 percent, unchanged from July's prediction. Rising global trade and exports should life the Eurozone as a whole, pushing regional growth to 2.1 percent this year, up from the 1.8 percent recorded last year.

In Britain, however, the weakening pound has shrunk household incomes and future relations with Europe remain in considerable doubt following voters' decision last year to exit the European Union. The IMF now believes GDP growth will slow this year and next, sliding three tenths to 1.5 percent by 2018. Economic activity is strengthening in the US, with the 2017 forecast moving up a tenth of a percentage point since July's estimate to 2.2 percent, slowing to two percent next year. But the Trump administration's policy proposals for tax cuts and stimulus appear mired in uncertainty.

The IMF moved Russia's forecast for the year up by a sharp four tenths to 1.8 percent, marking a turnaround after two years of recession as oil prices stabilize and market confidence improves.

To meet their stated goal of doubling real GDP growth between 2010 and 2020, Chinese officials are expected to maintain high levels of public investment and pro-growth policies, with growth due to rise by 6.8 percent this year and 6.5 percent the next.


SEOUL: International Monetary Fund Managing Director Christine Lagarde answers a reporter's question during a news conference in Seoul. —AP

But economic shocks and slow-burning dangers from different directions could make all of this short-lived, according to the IMF. Faster-than-expected interest rate hikes in the United States or Europe, commercial credit troubles in China, persistently low inflation in the developed world, a whole-sale rollback of post-crisis financial industry rules, a sudden shift toward protectionism and geopolitical tensions could all weigh on growth-making reforms much harder.

Obstfeld said all of this called for action "that should take place now, while times are good."

Countries that are near full employment should pay down public debts. Those with budget surpluses should spend on education and infrastructure. Central banks should raise interest rates smoothly and governments should invest in job training to bring down youth unemployment, Obstfeld said. —AFP

Catalan economy rattled by independence push

BARCELONA: The political uncertainty caused by Catalonia's independence push is hitting small businesses and people's savings accounts after pushing several big firms and banks to relocate elsewhere in Spain. The prospect of an independent Catalonia has already prompted two major banks-Sabadell and CaixaBank-and other listed firms to move their registered headquarters to other parts of Spain. The exodus continued on Monday as real estate business Colonial and toll-road company Abertis became the latest big names to move their base from the wealthy northeastern region. The transfers come ahead of a Tuesday speech by Catalan leader Carles Puigdemont that separatists hope will include a unilateral declaration of independence.

Catalonia, a region of 7.5 million people about the size of Belgium, generates about 20 percent of Spain's economic output and 25 percent of its exports. It is home to 40 percent of Spain's companies which employ over 200 people, experts say. As a separate country its gross domestic product would be about as big as Portugal's or Finland's. Signs have popped up that the uncertainty over Catalonia's future has started to have an impact on small firms as well. "We got a call from a customer who was interested in our services but when we said we were based in Barcelona, that was a problem," Maria Hinojosa, an employee of a financial consultancy told AFP. Pedro Gomez, who works at a Barcelona real estate firm, said the independence push had "dampened interest" in buying property. —AFP

China says will have no problem meeting 2017 growth target


A Chinese employee making stuffed dinosaur toys as they are prepared to export for the upcoming Christmas festive season, at a toy factory in Lianyungang in China's eastern Jiangsu province. —AFP

BEIJING: China will have no problem meeting its economic growth target of around 6.5 percent this year, and may even beat it, the head of the Statistics Bureau said yesterday, confirming widespread market expectations. Steps taken by the government to rein in the overheated property market have also been effective and will remain in place, Ning Jizhe told reporters in a briefing in Beijing.

Analysts have expected that full-year growth would meet or exceed the government's target after the world's second-largest economy expanded by a stronger-than-expected 6.9 percent in the first half, fueled by heavy government infrastructure spending and a property boom.

If growth does beat last year's 6.7 percent - the lowest in 26 years - it would mark the first acceleration in the growth rate in seven years. As fears of the economy suffering a hardlanding have faded, policymakers have become readier to tackle mounting debt and push forward difficult structural reforms. Ning's comments came just a week before a five-yearly Communist Party Congress which will be closely watched for any leadership reshuffle and cues on broad policy directions.—Reuters

Egypt's inflation dips in September

CAIRO: Egypt's key inflation indicators eased in September as the local market absorbed the impact of government fuel and energy price hikes earlier in the year, and analysts expect consumer prices to dip further in the coming months. Annual urban consumer price inflation fell to 31.6 percent year-on-year in September from 31.9 percent in August, the official CAPMAS statistics agency said yesterday. Core inflation, which strips out volatile items like food, decreased to 33.26 percent from 34.86 percent, the central bank said.

Inflation soared in July to its highest since 1986 after the government cut fuel and energy subsidies. The cuts were a condition of a $12 billion, three-year loan program agreed last November with the IMF, which included subsidy cuts, tax increases and looser capital controls. "The decline in core inflation ... confirms our expectation that the inflationary impact of energy and utilities price hikes is tapering off and demand-driven inflation is declining," said Reham El-Dessouki, an economist at Arqam Capital. The central bank raised its key interest rates by 200 basis points in a surprise move in July, seeking to ease the inflationary pressure, but has kept them steady since.

Analysts are watching inflation and other signals the central bank may soon move to cut benchmark interest rates. Egypt has raised banks' reserve requirements, tightening monetary policy in what economists said may signal a cut soon.

"Egyptian inflation edged down further in September and we expect it to fall sharply in the coming months, prompting the central bank to start cutting interest rates," London-based Capital Economics said in a statement yesterday. —Reuters

EXCHANGE RATES

Al-Muzaini Exchange Co.

ASIAN COUNTRIES	
Japanese Yen	2.691
Indian Rupees	4.636
Pakistani Rupees	2.872
Srilankan Rupees	1.972
Nepali Rupees	2.906
Singapore Dollar	223.620
Hongkong Dollar	38.824
Bangladesh Taka	3.701
Philippine Peso	5.896
Thai Baht	9.085
GCC COUNTRIES	
Saudi Riyal	80.854
Qatari Riyal	83.276
Omani Riyal	787.422
Bahraini Dinar	805.100
UAE Dirham	82.550
ARAB COUNTRIES	
Egyptian Pound - Cash	19.850
Egyptian Pound - Transfer	17.135
Yemen Riyal/for 1000	1.217
Tunisian Dinar	123.670
Jordanian Dinar	427.660
Lebanese Lira/for 1000	2.020
Syrian Lira	0.000
Morocco Dirham	32.476
EUROPEAN & AMERICAN COUNTRIES	
US Dollar Transfer	303.000
Euro	358.150
Sterling Pound	400.410
Canadian dollar	242.790
Turkish lira	82.560
Swiss Franc	311.090
Australian Dollar	237.250
US Dollar Buying	301.800
GOLD	
20 Gram	249.070
10 Gram	127.450
5 Gram	64.570

Dollarco Exchange Co. Ltd

Rate for Transfer	Selling Rate
US Dollar	302.650
Canadian Dollar	242.400
Sterling Pound	399.995
Euro	357.765
Swiss Frank	297.720
Bahrain Dinar	803.260
UAE Dirhams	82.790
Qatari Riyals	83.615
Saudi Riyals	81.565
Jordanian Dinar	428.150
Egyptian Pound	17.188
Sri Lankan Rupees	1.974
Indian Rupees	4.641
Pakistani Rupees	2.872
Bangladesh Taka	3.718
Philippines Pesso	5.900
Cyprus pound	18.010
Japanese Yen	3.685
Syrian Pound	1.590
Nepalese Rupees	2.904
Malaysian Ringgit	72.456
Chinese Yuan Renminbi	46.295
Thai Bhat	10.070
Turkish Lira	82.415

BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL
	Europe	
British Pound	0.392023	0.402023
Czech Korune	0.005752	0.017752
Danish Krone	0.043819	0.048819
Euro	0. 350928	0.359928
Georgian Lari	0.121846	0.121846
Norwegian Krone	0.0.33985	0.039165
Romanian Leu	0.077868	0.077868
Russian ruble	0.005187	0.005187
Slovakia	0.009034	0.019034
Swedish Krona	0.033304	0.038304
Swiss Franc	0.303005	0.3144005
	Australasia	
Australian Dollar	0.227431	0.239431
New Zealand Dollar	0.207756	0.217256
	America	
Canadian Dollar	0.236415	0.245415
US Dollars	0.298900	0.303320
US Dollars Mint	0.299400	0.303320
	Asia	
Bangladesh Taka	0.003249	0.003833
Chinese Yuan	0.044234	0.047734
Hong Kong Dollar	0.036733	0.039483
Indian Rupee	0.004202	0.004890
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002604	0.002784
Korean Won	0.000256	0.000271
Malaysian Ringgit	0.067976	0.073976
Nepalese Rupee	0.003023	0.003193
Pakistan Rupee	0.002733	0.003023
Philippine Peso	0.005836	0.006138
Singapore Dollar	0.217435	0.227435
Sri Lankan Rupee	0.001607	0.002187
Taiwan	0.009866	0.010046
Thai Baht	0.008745	0.009295
	Arab	
Bahraini Dinar	0.796613	0.805113
Egyptian Pound	0.014222	0.020130
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000195	0.000255
Jordanian Dinar	0.422755	0.431755
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000150	0.000250
Moroccan Dirhams	0.021220	0.045220
Omani Riyal	0.780593	0.786273
Qatar Riyal	0.078937	0.083877
Saudi Riyal	0.079713	0.081013
Syrian Pound	0.001284	0.001504
Tunisian Dinar	0.118767	0.126767
Turkish Lira	0.077478	0.087778
UAE Dirhams	0.081026	0.082726
Yemeni Riyal	0.000985	0.001065