

Business

NBK Money Markets Report

US-China trade war drags into 2020, CBs cut interest rates

Brexit uncertainties to continue

KUWAIT: This year is best illustrated by major central banks cutting their interest rates to deal with the slowdown driven by a trade war and a subsequent decline in manufacturing. The Federal Reserve started rate hikes before 2019, allowing room to loosen amid the weakest year growth-wise since the 2008 financial crisis. Others, such as the European Central Bank, found themselves in a more difficult position and were forced to cut benchmark rates further below zero. Looking ahead, 2020 seems like a quieter year in terms of monetary policy. Fiscal policies will take time to take effect, and growth prospects are looking brighter since two of the biggest hurdles constraining the world economy have somewhat been cleared: the US-China trade war, and the UK's exit from the EU.

Hammering business confidence for most of 2019, the US-China trade deal finally seems to provide some clarity. Most economists have factored in some kind of phase-one agreement, followed by stability as markets and companies regain confidence. At the very least, an agreement would calm down predictions of dire scenarios which were contemplated just months ago. Still, the phase one deal leaves some complicated issues unresolved. This leaves an open door for further clashes between the world's two largest economies as Trump approaches reelection season in November.

US Federal Reserve Chairman Jerome Powell has left no doubt that interest rates are on a prolonged hold, saying the current stance "likely will remain appropriate" unless the Fed's favorable outlook for the economy sees a need for reassessment. Policy makers kept interest rates steady at 1.5%-1.75% in their last meeting following three consecutive cuts.

FX markets and equities

On the FX front, the dollar index traded in a narrow range this week as thin trading was the main theme in FX markets. Nevertheless, as the holiday's ended on Friday, the dollar index dipped to one week low of 97.264 as the euro surged to 2-week high of 1.1188.

Equities globally had a great run this year, with tech rallies being the leader as Nasdaq posted a year-to-date gain of 36 percent followed by the S&P 500 by 29.24 percent and Dow Jones 22.69 percent. European stocks also had a similar move with Euro Stoxx 50 increased by 26.06 percent while the FTSE 100 of the UK had the least amongst developed markets with political uncertainties throughout 2019 had a modest 13.82 percent gain.

ECB to stay on hold in 2020

The European Central Bank, with its newly appointed President Christine Lagarde, has pledged to step up stimulus again if needed. Policy makers are continuously pointing to detrimental side effects of the ECB's negative deposit, such as squeezed bank profitability and risks to financial stability. Moving forward, major expectations are for rates to stay on hold and QE to continue through the whole of 2020 and even beyond. Following the trend of major central banks, the Central Bank may be tested again if the economy falters under trade uncertainties or the bloc's manufacturing meltdown fails to improve and spills into the services sector.

Will the UK finally exit the EU in 2020?

The UK's exit from the EU has now dragged on for more than three years, and the possibility for fresh uncertainty may emerge. Prime Minister Boris Johnson secured a sweeping election victory for his Conservative Party, meaning Britain is now set to leave the EU on January 31st. Following the January deadline, the transition period begins and is meant to conclude by the end of 2020 where the UK will officially leave the EU's framework and become truly independent. PM Johnson passed a Withdrawal Agreement Bill which makes it unlawful for the government to extend talks beyond December 2020. This leaves the UK back where it started, with fears of a hard-Brexit resurfacing. The fact that the UK Parliament finally passed the deal should have been



Rates -29th December, 2019

Currencies	Previous Week Levels				This Week's Expected Range		3-Month
	Open	Low	High	Close	Minimum	Maximum	Forward
EUR	1.1098	1.1069	1.1188	1.1177	1.1100	1.1300	1.1251
GBP	1.3001	1.2905	1.3117	1.3078	1.2980	1.3185	1.3135
JPY	109.48	109.28	109.68	109.44	108.60	110.60	108.80
CHF	0.9819	0.9730	0.9831	0.9746	0.9695	0.9910	0.9660

considered positive if it were not for Johnson claiming he will deliver at any cost. The GBP/USD pair has traded in extremely volatile nature nearing the end of this year, reaching a high of 1.3514 followed by a

steep drop to a low of 1.2894 just within December.

Kuwaiti dinar
USD/KWD opened at 0.30315 yesterday morning.

Burgan Bank announces winners of Yawmi draw

KUWAIT: Burgan Bank announced yesterday the names of the daily draw winners of its Yawmi account draw, each taking home a cash-prize of KD 5,000.

The lucky winners are:

1. Suhaila Ali Kuraimayan
2. Mohammed Abdullah Nasser Alhouthi
3. Sultan Mohammad Methker Almutairi
4. Hamaida Abbas Mohammed Alghdhan
5. Faisal Awad Zaher Alazemi

In addition to the daily draw, Burgan Bank also offers a quarterly draw with more chances to win higher rewards, offering the chance to one lucky customer to win KD 125,000 every three months. The Yawmi Account offers daily and quarterly draws, wherein the quarterly draw requires customers to maintain a minimum amount of KD 500 in their account for two months prior to the draw date. Additionally, every KD 10 in the account will entitle customers to one chance of winning. If the account balance is KD 500 and above, the account holder will be qualified for both the quarterly and daily draws.

Burgan Bank encourages everyone to open a Yawmi account and/or increase their deposit to maximize their chances of becoming a winner. The higher the level of the deposit, the higher the likelihood to win.

Sudan to defer lifting of fuel subsidies

KHARTOUM: Sudan's transitional government is to postpone lifting fuel subsidies, initially planned as part of the 2020 budget, the information minister said on Saturday. Finance minister Ibrahim Elbadawi had said on Friday the fuel subsidies will be gradually removed.

But the government met on Saturday with the former opposition which helped bring down veteran ruler Omar al-Bashir in April and agreed to not implement the decision until a conference in March where economic reforms will be discussed, information minister Faisal Saleh told Reuters.

"In light of the decisions of this conference will be determined the economic policies of the country, including policies regarding commodity subsidies," Saleh said. The removal of fuel subsidies is sensitive as it would hit a population suffering for years from economic crisis and high inflation.

Sudan's transitional authorities face the tough task of turning around an economy wrecked by three decades of mismanagement under the rule of Bashir, who the military ousted in April after months of street protests. Complicating Sudan's recovery is its inclusion on the United States' list of state sponsors of terrorism. That designation has so far blocked Sudan from tapping the International Monetary Fund and World Bank for support.

Sudan's transitional cabinet of technocrats was formed by Prime Minister Abdalla Hamdok in September after a power-sharing deal was reached between the Transitional Military Council that took over after Bashir's overthrow and the Forces of Freedom and Change (FFC), a coalition of former



KHARTOUM: Sudanese Prime Minister Abdulla Hamdok flashes the victory sign during a ceremony marking the first anniversary of the uprising that toppled Omar Al-Bashir, in Khartoum on December 25. —AFP

opposition and protest groups. Finance Minister Ibrahim Elbadawi said on Friday the transitional government plans to remove fuel subsidies gradually in 2020. He also said public sector salaries would be doubled to ease the impact of galloping inflation.

The decision to suspend the lifting of subsidies was made after Hamdok, Elbadawi and other ministers met with FFC representatives, Saleh told Reuters on Saturday.

Elbadawi, a former World Bank economist, told Reuters in November that public salaries would need to be increased and a social support network established to prepare for the painful removal of fuel and food subsidies. He said Sudan would need up to \$5 billion in budget support to avert economic collapse and launch reforms. Hamdok, an economist, told Reuters in November cash transfers were one scenario discussed to offset a cut in food and other subsidies.—Reuters

EXCHANGE RATES

Al-Muzaini Exchange Co.

ASIAN COUNTRIES

Japanese Yen	2.779
Indian Rupees	4.268
Pakistani Rupees	1.971
Sri Lankan Rupees	1.671
Nepali Rupees	2.659
Singapore Dollar	226.700
Hongkong Dollar	39.047
Bangladesh Taka	3.552
Philippine Peso	6.010
Thai Baht	10.112
Malaysian Ringgit	77.749

GCC COUNTRIES

Saudi Riyal	81.121
Qatari Riyal	83.551
UAE Dirham	807.760
Bahraini Dinar	82.823

ARAB COUNTRIES

Egyptian Pound - Cash	22.350
Egyptian Pound - Transfer	18.971
Yemen Riyal/for 1000	1.221
Tunisian Dinar	110.140
Jordanian Dinar	428.920
Lebanese Lira/for 1000	0.203
Syrian Lira	0.000
Morocco Dirham	32.135

EUROPEAN & AMERICAN COUNTRIES

US Dollar Transfer	304.000
Euro	343.060
Sterling Pound	401.130
Canadian dollar	234.300
Turkish lira	52.410
Swiss Franc	315.030
US Dollar Buying	296.700

Dollarco Exchange Co. Ltd

Rate for Transfer	Selling Rate
US Dollar	303.940
Canadian Dollar	231.695
Sterling Pound	396.935
Euro	338.295
Swiss Frank	301.070
Bahraini Dinar	808.290
UAE Dirhams	83.155
Qatari Riyals	84.390
Saudi Riyals	81.945
Jordanian Dinar	429.975
Egyptian Pound	18.991
Sri Lankan Rupees	1.678
Indian Rupees	4.271
Pakistani Rupees	1.690
Bangladesh Taka	3.551
Philippines Peso	5.984
Cyprus pound	18.085
Japanese Yen	3.775
Syrian Pound	1.590
Nepalese Rupees	2.662

Malaysian Ringgit	74.320
Chinese Yuan Renminbi	43.805
Thai Bhat	11.060
Turkish Lira	51.605
Singapore dollars	223.191

BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL
British Pound	0.391581	0.405481
Czech Korune	0.005327	0.014627
Danish Krone	0.041450	0.046450
Euro	0.333303	0.347003
Georgian Lari	0.114023	114023
Hungarian	0.001146	0.001336
Norwegian Krone	0.030444	0.035644
Romanian Leu	0.065123	0.081973
Russian Ruble	0.004932	0.004932
Slovakia	0.009081	0.019081
Swedish Krona	0.028543	0.033543
Swiss Franc	0.306037	0.317037
Australian Dollar	0.204462	0.216462
New Zealand Dollar	0.197241	0.206741
Canada Dollar	0.227414	0.236414
US Dollars	0.299900	0.304450
US Dollars Mint	0.300400	0.304450

Asia		
Bangladesh Taka	0.002942	0.003743
Chinese Yuan	0.042078	0.045578
Hong Kong Dollar	0.037060	0.039810
Indian Rupee	0.003578	0.004350
Indonesian Rupiah	0.000017	0.000023
Japanese Yen	0.002693	0.002873
Korean Won	0.000252	0.000267
Malaysian Ringgit	0.069617	0.075617
Nepalese Rupee	0.002621	0.002961
Pakistan Rupee	0.001322	0.002092
Philippine Peso	0.005904	0.006204
Singapore Dollar	0.219467	0.229467
Sri Lankan Rupee	0.001316	0.001896
Taiwan	0.010112	0.010292
Thai Baht	0.009745	0.010295
Vietnamese Dong	0.00013	0.00013

Arab		
Bahraini Dinar	0.800220	0.808270
Egyptian Pound	0.018913	0.021653
Iranian Riyal	0.000084	0.000086
Iraqi Dinar	0.000199	0.000259
Jordanian Dinar	0.422786	0.431786
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000103	0.000253
Moroccan Dirhams	0.021148	0.045148
Omani Riyal	0.784483	0.792375
Qatar Riyal	0.082845	0.083679
Saudi Riyal	0.079980	0.081280
Syrian Pound	0.001289	0.001509
Tunisian Dinar	0.104101	0.112101
Turkish Lira	0.044582	0.054427
UAE Dirhams	0.082135	0.082961
Yemeni Riyal	0.000988	0.001068