Kuwait Times
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Global Finance awards KFH 'Best Trade Finance Provider' in Kuwait

Award another testimony to quality of KFH products, services

KUWAIT: Global Finance Magazine has awarded Kuwait Finance House (KFH) the "Best Trade Finance Provider" award in Kuwait 2019. The award is another testimony to the quality of KFH products and services that strengthen its position as a world leading Islamic financial institution.

The regional and global winners were revealed at an award luncheon in London during the BAFT Europe Bank-to-Bank Forum. Selection of KFH was made by the highly professional team of Global Finance, after extensive consultations with bankers, corporate finance executives and analysts throughout the world. The Quantitative criteria of giving the award included growth in assets, profitability, geographic reach, strategic relationships, new business development and innovation in products. Among the subjective criteria considered were reputation, customer satisfaction, and the opinions of analysts and others involved in the industry.

On receiving the award, Group Chief Treasury Officer at KFH- AbdulWahab Al-Roshood, said that the award reiterates the appreciation of the international institutions, the financial experts, and practitioners in finance industry to KFH. KFH's focus on core banking business contributed in achieving highest levels of efficiency and superior service quality, while offering competitive and innovative financing products. KFH provides customers with advice and solutions to mitigate risks and succeed in their international business.

Al-Roshood added that KFH plays key role in supporting the country's development plan. KFH supports the Kuwaiti companies and the international companies operating in Kuwait to execute and complete their projects. the Bank offers a wide range of financing services to corporate and retail customers. This encompasses different sectors such as infrastructure, energy, transport, IT services etc.

The editorial review board of Global Finance selected the best trade finance providers based on input from industry analysts, corporate executives and technology experts. Criteria for choosing the winners included: transaction volume, scope of global coverage, customer service, competitive pricing, innovative technologies as well as entry submissions from banks and other providers.

Global Finance, founded in 1987, has a circulation of 50,050 and readers in 192 countries. Global Finance is headquartered in New York, with offices around the world. Global Finance regularly selects the top performers among banks and other providers of financial services.

Al-Roshood receiving KFH awards

China set to post slowest growth in 28 years in 2018, more stimulus seen

BEIJING: China is expected to report yesterday that economic growth cooled to its slowest in 28 years in 2018 amid weakening domestic demand and bruising US tariffs, adding pressure on Beijing to roll out more support measures to avert a sharper slowdown.

Growing signs of weakness in China-which has generated nearly a third of global growth in the past decade-are stoking worries about risks to the world economy and are weighing on profits for firms ranging from Apple to big carmakers. Chinese policymakers have pledged more support for the economy this year to reduce the risk of massive job losses, but they have ruled out a "flood" of stimulus like that which Beijing has unleashed in the past, which quickly juiced growth rates but left a mountain of debt.

Analysts polled by Reuters expect the world's second-largest economy to have grown 6.4 percent in the October-December quarter from a year earlier, slowing from the previous quarter's 6.5 percent pace and matching levels last seen in early 2009 during the global financial crisis.

That could pull 2018 gross domestic product (GDP) growth to 6.6 percent, the lowest since 1990 and down from a revised 6.8 percent in 2017. With stimulus measures expected to take some time to kick in, most analysts believe conditions in China are likely to get worse before they get better, and see a further slowdown to 6.3 percent this year. Some analysts believe real growth levels are already much weaker than official data suggest. Even if China and the United States agree on a trade deal in current talks, which is a tall order, analysts said it would be no panacea for the sputtering Chinese economy unless Beijing can galvanize weak investment and consumer demand.

Chen Xingdong, chief China economist at BNP Paribas, said investors should not expect the latest round of stimulus to produce similar results as during the 2008-09 global crisis, when Beijing's huge spending package quickly boosted growth.

"What China can really do this year is to prevent deflation, prevent a recession and a hard landing in the economy," Chen said. On a quarterly basis, growth likely eased to 1.5 percent in Oct-Dec from 1.6 percent in the preceding period.

China will release its fourth-quarter and 2018 GDP data on Monday (0200 GMT), along with December factory output, retail sales and fixed-asset investment.

Since China's quarterly GDP readings tend to be unusually steady, most investors prefer to focus on recent trends. Surprising contractions in December trade data and factory activity gauges in recent weeks have suggested the economy cooled more quickly than expected at the end of 2018, leaving it on shakier footing at the start of the new year.

Sources have told Reuters that Beijing was planning to lower its growth target to 6-6.5 percent this year from around 6.5 percent in 2018.

Tepid expansion in industrial output and weaker consumer spending is squeezing companies' profit margins, discouraging fresh investment and raising the risk of higher job losses.

Some factories in Guangdong - China's export hub - have shut earlier than usual ahead of the long Lunar New Year holiday as the tariff war with the United States curtails orders. Others are suspending production lines and cutting back on workers' hours. If the trade war drags on, some migrant workers may not have jobs to return to. Trade negotiators are facing an early March deadline and Washington has threatened to sharply hike tariffs if there are no substantial signs of progress. — Reuters

BEIJING: Construction workers buy snacks at a food stall in Beijing's central business district yesterday. China's economy grew at its slowest pace in almost three decades in 2018, analysts said. — AFP

Thousands protest in Berlin against industrialized agriculture

BERLIN: Thousands of protesters, backed by a procession of farm tractors, marched in Berlin Saturday for environmental protection and against the industrial agriculture lobby. Police put the number of demonstrators at over 12,000, while organizers said 35,000 turned out.

While the "Grune Woche" international agricultural fair was taking place in the German capital, the protesters took aim at government policy which prioritized large-scale farming, deemed damaging to health and the environment, to the detriment of small farmers and bio-growers.

"This protest... shows that the desire for a different agricultural policy is now undeniable," said Green party co-leader Robert Habeck, who took part in Saturday's demonstration.

Conservative Agriculture Minister Julia Kloeckner has received "an unequivocal message" from the street, said Saskia Richartz, spokeswoman for the protest organizers. "We can't feed the whole world if we reduce industrial agricultural production," the agriculture minister responded, while admitting that the sector needs to be "more efficient and respectful of the environment".

More than 100 organizations took part in Saturday's colorful march, with 171 tractors descending on Berlin from several parts of the country. The ministerial quarter around Brandenburg Gate remained partially blocked for several hours before the protest broke up peacefully. — AFP

Does the corporate debt mountain pose an avalanche risk?

PARIS: During the years of ultra-cheap money, companies loaded up on debt but now the concern is whether they will be able to handle the mountain of debt as interest rates rise.

Until last year, companies basked in the sun of low interest rates while economies were expanding at a steady clip. They had no real reason not to borrow. But in 2018 the clouds set in: political uncertainty, market volatility, deteriorating growth prospects, in particular in China, and most importantly a tightening of monetary policy as central banks ended the stimulus measures taken to tame the 2007-08 financial crisis.

At the end of last year the US Federal Reserve estimated that private US companies held nearly $15 trillion (13 trillion euros) in debt. In Europe, non-financial companies hold some 12 trillion euros ($13.8 trillion), according to Pierre Verle, head of credit at asset manager Carmignac.

"In absolute terms, the debt of non-financial companies accounts for around 70 percent of gross domestic product in the United States and in the eurozone it is above 100 percent: these are elevated levels, but not explosive," said Isabelle Mateos y Lago, managing director and chief multi-asset strategist at BlackRock Investment Institute.

She said such levels "don't say much about the capacity of firms to repay their debts."

Instead Mateos y Lago pointed to another indicator: the ratio of net revenue to debt payments. In the United States, net revenues are nine times higher than debt payments, while in Europe the ratio is 12, she said.

'Fallen angels'

In recent months, concern in the United States has focused around so-called leveraged loans, which former US Federal Reserve head Janet Yellen recently called a systemic risk. These loans, estimated by experts to be worth some $1.3 trillion, are made to companies with high debt loads or with poor credit histories, or both. These loans are riskier as there is a greater risk the borrower will default, but as they carry higher interest rates, they can be attractive to investors seeking returns.

A portion of these loans have been resold to investors, much as the high-risk "sub-prime" mortgages that caused the 2008 financial crisis.

"In Europe the problem is less acute as investors accept less readily debt levels that are too high and the trauma from the 2008 crisis is more present," said Vincent Marioni, who heads up credit investments in Europe for Allianz Global Investors.

There are less than 300 billion euros in repackaged leveraged loans, according to Verle. Another subject of attention has been the rise in the number of companies that are just holding onto their investment grade credit rating. A downgrade into what ratings agencies call a speculative debt rating-and investors call junk bonds-means companies will have to pay more interest to borrow.

These companies which tumble into junk territory are called "fallen angels," and if there are too many then it could spook investors and cause them to dump the bonds.

'Dark Cloud'

This risk "hovers like a dark cloud over investors", said Claudio Borio, head of the monetary and economic department at the Bank of International Settlements, when presenting its latest quarterly report in December. Others are less concerned. "It is in the best-rated tranches that there were the most excesses these past years," said Verle, but if "in each credit cycle there are excesses, that doesn't mean that the system will collapse."

Meanwhile Felix Orsini, who is global co-head for corporate debt markets at French bank Societe Generale, said that he believed the number of fallen angels would be limited. "In gaining a bit of perspective, the return of volatility in 2018 was a return to normal after years during which the markets were on central bank life support," he said. — AFP

France pushes Japan to accept merger of Renault-Nissan

TOKYO: Japanese media reported yesterday that France wants a merger between Renault and Nissan following the arrest of former Nissan chairman Carlos Ghosn, but according to France's economy minister changing the current set-up is "not on the table".

Ghosn headed a powerful alliance between Nissan, Mitsubishi and Renault before his arrest in November on charges of financial misconduct. A delegation including Martin Vial-a Renault director designated by the French government-made the merger request at talks with Japanese officials in Tokyo, Kyodo News reported, citing sources close to the matter. The French government is the biggest shareholder in Renault with a stake of more than 15 percent, while Renault owns 43.4 percent of the Japanese carmaker Nissan with voting rights. A merger between the two is favored by French President Emmanuel Macron, Kyodo said.

Japanese business daily Nikkei also reported the merger request by the French delegation, saying Nissan had been opposed to giving Paris greater sway over the Japanese carmaker. According to Nikkei, the delegation also said Renault wants to name Nissan's next chairman-a post that has remained vacant since Ghosn was ousted on his arrest in November. But the reports appear to contradict comments French Economy Minister Bruno Le Maire made to Le Journal du Dimanche (JDD) newspaper, published Sunday.

"A shareholder rebalancing, a change in cross-shareholdings between Renault and Nissan is not on the table," he told the French weekly. Contacted by AFP, a French economy ministry spokesman had no comment to make on the Japanese media reports.

A 'stable relationship'

Macron last month held talks with Japanese Prime Minister Shinzo Abe on the sidelines of the G20 summit in Argentina, at which they only agreed to ensure a stable relationship within the three-way alliance, which also includes Japan's Mitsubishi Motors.

Abe reportedly stressed the importance of all three companies "maintaining their stable relationship" at the summit talk. But the Japanese premier reportedly also said the fate of the group should be decided by "private businesses" and "governments should not commit to how the alliance should operate going forward", according to a senior government official quoted by Kyodo.

Last week, Renault said it had launched the search for a successor to Ghosn, after a Tokyo court quashed his appeal for bail as he faces three charges of financial misconduct.

But Le Maire also said in his interview with the JDD newspaper: "The principle of the presumption of innocence must apply" to Ghosn. But over and above Ghosn's case, "there are also the interests of Renault and of the alliance", he added. "A business of this scale needs solid and stable governance." — AFP

TOKYO: Motonari Otsuru, chief lawyer of former Nissan chairman Carlos Ghosn, arrives at the Tokyo district court. —AFP