

Business

Greek road-trip: Rosemary and thyme against Greece's economic torpor

23% of Greek population still lives in poverty

DERVENI, Greece: High on the cliff-tops overlooking the Gulf of Corinth, Areti Zaharopoulou has managed to scrape together a modest living for the past six years growing herbs such as sage, thyme and rosemary. The mother-of-four was an accountant in Athens when she suddenly found herself out of a job in 2013 at the age of 57, when the company she had been working for decided to downsize.

So, like thousands of other Greeks, and with 10 years still to go before she would be entitled to draw a pension, Zaharopoulou felt compelled to roll up her sleeves and re-train in agriculture.

She took a course in botany, quit Athens in 2014 and found an abandoned field in Pyrgos on the Peloponnese peninsula, which she leased to grow aromatic herbs.

"I'm a typical example of the crisis," she says. While she says she is fulfilling a long-cherished dream, she only makes just enough to get by—saving on distribution costs by doing it herself. But Zaharopoulou grits her teeth and tries to keep smiling. "Like everyone who works the fields, I hope I'll be able to

survive this difficult period," she says. Nevertheless, with one week to go before Greek elections, there is no doubt in her mind as to who is to blame for the economic torpor still gripping the country, years after the financial crisis that nearly saw Greece crash out of the eurozone—the political classes.

'It's our fault'

Yannis Nissotakis, a former banker who now owns a small cafe-bar in the coastal village of Derveni, agrees. "There's no hope in Greece and it's our fault," he says. With nepotism still deeply ingrained in the Greek political system, "nothing is going to change," he complains.

Nissotakis used to work for Societe Generale in Athens before the French bank shut up shop in Greece at the start of the crisis in 2010. For the next two years, he worked in a Greek bank, but then decided to throw in the towel and come to Derveni to open his cafe-bar. "Nobody wants to work in the fields. Lemons from Argentina cost only a euro per kilogram. That destroys the competition," he says. Even though the Greek economy has

shown a timid recovery since 2017, 23 percent of the population still lives in poverty. "What has happened in Europe over several decades has been brutal in Greece in recent years—private debt has increased and part-time work has risen to 27 percent from five percent before the crisis," said Ioannis Kouzis, professor of Social Policy at the University Pantheon of Athens.

"The closure of 270,000 small and medium-sized enterprises after 2010, the drastic restriction of the liberal professions and the reduction of income have plunged the country into a stagnation that creates new classes of poor," he said.

Public disaffection has become widespread. And in local elections at the beginning of June, nearly 60 percent of voters stayed away from the polls in some regions. For Kouzis, Greece is "caught in a Catch-22," because its massive debt mountain leaves no room for manoeuvre for policymakers to draw up "a new model of production."

"This leads to a climate of resignation and fatalism in society, which could, in turn, lead to a new crisis," the academic warns. — AFP



Areti Zaharopoulou, a former accountant, was forced to re-train when she found herself out of a job. — AFP

NBK MONEY MARKETS REPORT

Currencies trade sideways before Trump-Xi meeting

KUWAIT: Most currencies including the US dollar traded sideways last week as investors awaited a crucial meeting between the leaders of the United States and China at the Group of 20 summit over the weekend for any signs of progress to end their heated trade war. The drawn out trade war has slowed global growth and pushed many central banks toward cutting interest rates to support their economies. Any sign the trade war will come to an end would be a significant boost for the global economic outlook.

US President Donald Trump said that a trade deal with Chinese President Xi Jinping was possible, but he is prepared to impose US tariffs on virtually all remaining Chinese imports if the two countries continue to disagree. Trump also raised the possibility that he may impose a lower 10 percent duty on a \$300 billion list of Chinese imports, instead of the proposed 25 percent rate. Trump said in an interview "It's possible that we'll make a deal but I'm also very happy where we are now. I would do additional tariffs, very substantial additional tariffs, if we don't make a deal." Fitch Ratings forecast that imposing a 25 percent tariff on the \$300 billion in Chinese goods would chop 0.4 percent from world economic output.

Trump said China knows what the United States needs for a trade deal, and pushed for China to return to the negotiating table with the same concessions they had made before talks abruptly ended in May. The mood improved the previous day after the South China Morning Post said Washington and Beijing were laying out a truce that would halt the next round of tariffs on an additional \$300 billion of Chinese imports.

The reports turned out to be reliable after the United States and China agreed on Saturday to restart trade talks. In a lengthy statement on the talks, China's foreign ministry said the United States would not add new tariffs on Chinese exports, and added that negotiators of both countries would discuss specific issues, but gave no details. In concession from the US however, Trump also said he would allow US companies to continue to sell to the Chinese tech giant Huawei for the time being. Trump commented on his 80-minute meeting with Chinese President Xi Jinping saying it was "excellent" and that the two sides were "back on track" to finding to a favorable resolution.

Jerome Powell speaks

Speaking last week Jerome made some comments in line with the Fed's latest release while supporting further easing. Powell said the economy has performed reasonably well so far this year. Solid fundamentals are supporting continued growth and strong job creation, keeping the unemployment rate near historic lows. Although inflation has been running somewhat below the Fed's symmetric 2 percent objective, he expects it to pick up. However, the risks to the Fed's favorable outlook appear to have grown. Trade tensions have promoted greater uncertainties while incoming data raised renewed concerns about the strength of the global economy. These concerns may have contributed to a drop in business confidence in recent surveys and may be starting to show through incoming data. It is for those reasons many FOMC participants judge that the case for somewhat more accommodative policy has strengthened.

Consumer confidence falls

As mentioned by Powell in his speech, US consumer confidence tumbled to a 21-month low in June. The Conference Board said its consumer confidence index dropped 9.8 points to a reading of 121.5 this month, the lowest since September 2017. The fall was driven by a less favorable assessment of current business and labor market conditions combined with dimmer short-term outlooks. The escalation in trade and tariff tensions earlier this month appears to have shaken consumers' confidence. Although the Index remains at a high level, continued uncertainty could result in further volatility in the Index and, at some point, could even begin to diminish consumers' confidence in the expansion.

The economy's prospects were further dimmed by other data showing sales of new single-family homes unexpectedly falling for a second straight month in May. New home sales dropped 7.8 percent to a seasonally adjusted annual rate of 626,000 units in May, the lowest in five months, according to a separate report from the Commerce Department. The lack of new purchases reflects the reduced confidence of consumers.

US GDP

The US economy accelerated at a solid pace in the first quarter of 2019. GDP increased at a 3.1 percent annualized



rate the Commerce Department said in its final reading of first-quarter GDP. Excluding trade, inventories and government spending however, the economy only grew 1.3 percent in the first quarter. That was the slowest rise in this measure of domestic demand since the second quarter of 2013. Growth in consumer spending, which accounts for more than two-thirds of US economic activity, was also revised down to 0.9 percent from 1.3 percent, the weakest in a year. The reading marks 10 years of economic expansion in July, the longest on record. However, momentum appears to be slowing, with manufacturing struggling, the trade deficit widening again and the housing sector still stuck in a soft patch.

Eurozone inflation flat

The President of the European Central Bank, Mario Draghi, made it pretty clear in the last ECB meeting that if inflation fails to converge sustainably towards the ECB's target, then "additional stimulus will be required." Annual euro zone inflation for June remained flat and in line with expectations at 1.2 percent, having stood above 2 percent late last year. The more significant core figure however, which removes volatile elements such as energy and food, actually picked up 1.1 percent from 0.8 percent last month giving hope for a pickup as the ECB expected. It is yet unclear what the ECB's response will be should they decide to ease further. With rates already in negative territory, economist expectations are for a return of quantitative easing.

Eurozone sentiment lower

Eurozone economic sentiment sank to its lowest point in nearly three years in June, with industry in particular hit by global trade tensions, European Commission data showed. The Commission said its main indicator of economic confidence dropped to 103.3 points in June from 105.2 a month earlier. June's drop was bigger than expected and caps a half-year stretch in which sentiment has fallen every month except May. The Commission's survey showed selling price expectations were falling in industry and retail trade. The largest fall in confidence

was recorded in Europe's powerhouse Germany marking a point of concern.

British pound pressured

While the British pound was also steady last week, it still failed to derive much support from the Bank of England's relatively hawkish policy stance. At their latest policy meeting, the BoE continued to signal that they plan to deliver gradual and limited rate hikes in the coming years assuming a smooth Brexit outcome. A "smooth" outcome is being threatened by Eurosceptic Boris Johnson, who seems to be the Conservative Party's favorite to replace Theresa May. Johnson recently reiterated his stance, telling the BBC he was "serious" about leading Britain out of the EU on the October 31 deadline without a deal if the bloc refused his demands to negotiate a new exit agreement. With the rising probabilities of a "No Deal" Brexit and slowing global growth this year, it is clear markets do not believe that the BoE will be able to follow through with their hikes.

BoJ signals easing

Deputy Bank of Japan Governor Masazumi Wakatabe surprised markets when he stated the BoJ may pre-emptively ease monetary policy if the board can agree it will be hard to achieve their 2.0 percent target. He believes that the BoJ must ease immediately without hesitation if the economy loses momentum to the hit the BoJ's price goal. He said the US-China trade dispute, if prolonged, would hit the global economy not just through higher tar-

iffs, but by discouraging firms from investing and hurting market sentiment. That may lead to a "significant risk" that they may have to change their outlook that the economy will continue the moderate expansion trend. The BoJ is currently expecting a pick-up in growth during the second half of this year.

Oil rebounds, gold steady

Oil prices rose more than 9 percent last week supported by various events. First, industry data showed US crude oil imports from Iran fell in May to the lowest in five years after China and India wound down purchases amid US sanctions, while Japan and South Korea halted imports. Finally, on the supply side, markets were worried a potential US-Iran conflict could affect oil supply from the middle east while OPEC members are expected to renew their output curb this week. The aforementioned events show an incoming increase demand for oil with the potential of limited supply driving prices higher. Brent Crude closed out the week at \$64.74.

Gold prices managed to maintain their levels at six-year highs, as dovish signals from major central banks and heightened tensions between the United States and Iran boosted demand for the safe-haven metal. The ongoing trade war with China leading to a global slowdown is also a major contributing factor to gold's rise this month. Gold closed out the week at \$1409.

Kuwaiti dinar at 0.30315

The USDKWD opened at 0.30315 yesterday morning.



EXCHANGE RATES

Al-Muzaini Exchange Co.

ASIAN COUNTRIES	
US Dollar Transfer	304.000
Euro	348.990
Sterling Pound	389.580
Canadian dollar	234.210
Turkish lira	53.810
Swiss Franc	314.860
US Dollar Buying	296.650
ASIAN COUNTRIES	
Japanese Yen	2.818
Indian Rupees	4.419
Pakistani Rupees	1.945
Sri Lankan Rupees	1.718
Nepali Rupees	2.750
Singapore Dollar	226.530
Hongkong Dollar	38.910
Bangladesh Taka	3.584
Philippine Peso	5.942
Thai Baht	9.930
Malaysian ringgit	77.779
GCC COUNTRIES	
Saudi Riyal	81.121
Qatari Riyal	83.551
Omani Riyal	790.123
Bahraini Dinar	807.760
UAE Dirham	82.823
ARAB COUNTRIES	
Egyptian Pound - Cash	21.750
Egyptian Pound - Transfer	18.219
Yemen Riyal/for 1000	1.221
Tunisian Dinar	108.960
Jordanian Dinar	429.530
Lebanese Lira/for 1000	0.203
Syrian Lira	0.000
Morocco Dirham	32.513

Dollarco Exchange Co. Ltd

Rate for Transfr	Selling Rate
US Dollar	303.640
Canadian Dollar	231.025
Sterling Pound	386.455
Euro	346.375
Swiss Frank	298.070
Bahraini Dinar	807.490
UAE Dirhams	83.070
Qatari Riyals	84.310
Saudi Riyals	81.865
Jordanian Dinar	429.550
Egyptian Pound	18.210
Sri Lankan Rupees	1.719
Indian Rupees	4.379
Pakistani Rupees	1.933
Bangladesh Taka	3.596
Philippines Peso	5.904
Cyprus pound	18.065
Japanese Yen	3.825
Syrian Pound	1.590
Nepalese Rupees	2.739
Malaysian Ringgit	74.225
Chinese Yuan Renminbi	44.515
Thai Bhat	10.825
Turkish Lira	52.785
Singapore dollars	222.971

BAHRAIN EXCHANGE COMPANY WLL		
CURRENCY	BUY	SELL
British Pound	0.378630	0.392530
Czech Korune	0.005595	0.014895
Danish Krone	0.042305	0.047305
Euro	0.339369	0.353069
Georgian Lari	0.131870	0.131870
Hungarian	0.001146	0.001336
Norwegian Krone	0.031673	0.036873
Romanian Leu	0.065123	0.081973
Russian ruble	0.004849	0.004849
Slovakia	0.009081	0.019081
Swedish Krona	0.028782	0.033782

Swiss Franc

0.304695	0.316695	
Australasia		
Australian Dollar	0.204947	0.216947
New Zealand Dollar	0.198424	0.207924
America		
Canadian Dollar	0.226730	0.235730
US Dollars	0.299900	0.305200
US Dollars Mint	0.300400	0.306200
Asia		
Bangladesh Taka	0.003002	0.003803
Chinese Yuan	0.042713	0.046213
Hong Kong Dollar	0.036985	0.039735
Indian Rupee	0.003783	0.004555
Indonesian Rupiah	0.000017	0.000023
Japanese Yen	0.002731	0.002911
Korean Won	0.000253	0.000268
Malaysian Ringgit	0.070066	0.076066
Nepalese Rupee	0.002674	0.003014
Pakistan Rupee	0.001398	0.002168
Philippine Peso	0.005821	0.006121
Singapore Dollar	0.219368	0.229368
Sri Lankan Rupee	0.001349	0.001929
Taiwan	0.009976	0.010156
Thai Baht	0.009571	0.010121
Vietnamese Dong	0.000013	0.000013
Arab		
Bahraini Dinar	0.791796	0.808296
Egyptian Pound	0.018609	0.021969
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000209	0.000269
Jordanian Dinar	0.423866	0.432866
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000151	0.000251
Moroccan Dirhams	0.021330	0.045330
Omani Riyal	0.783292	0.788972
Qatar Riyal	0.079234	0.084174
Saudi Riyal	0.079980	0.081280
Syrian Pound	0.001289	0.001509
Tunisian Dinar	0.102936	0.110936
Turkish Lira	0.046211	0.056056
UAE Dirhams	0.081343	0.083043
Yemeni Riyal	0.000988	0.001068