

Business

C Africa's leap into bitcoin leaves its people bemused

All transactions using the cryptocurrency being authorized in CAR

LIBREVILLE, Gabon: In the Central African Republic (CAR), nine out of 10 people do not have internet, and only one in seven has electricity—that is, when there are no power cuts.

Yet the CAR has just followed El Salvador in adopting bitcoin as legal tender, a currency that requires access to the net to be bought, sold or used. Foreign experts and CAR citizens themselves are struggling to understand why the world's second least developed economy has announced this leap into monetary hyperspace. Among people queuing at one of the rare automatic teller machines (ATMs) in the capital Bangui, the word "bitcoin" stirred befuddlement.

"What is it?" asked Sylvain, a man in his 30s, waiting for his turn at the cash machine, which was operating thanks to a generator. "I don't know what cryptocurrencies are—I don't even have internet," said Joelle, a vegetable hawker nearby.

On April 28, President Faustin Archange Touadera announced that lawmakers had unanimously approved a bill that legalized the use of bitcoin alongside the CFA franc. All transactions using the cryptocurrency, including payment of taxes, are being authorized.

Government spokesman Serge Ghislain Djorie told AFP: "We are going to launch an awareness campaign and shortly introduce fiber optic cable—a low internet connection is enough to buy cryptocurrency." But even among CAR's business community, which in theory is best placed to use bitcoin and other cryptocurrencies regulated by the new law, skepticism runs deep.

"I'm not interested in having bitcoin here—we have no infrastructure and no knowledge for getting involved in this adventure and there's no cybercrime unit to ensure security," said an entrepreneur, who spoke on the condition of anonymity. "There are other priorities, like security, energy, access to water, the internet, building roads..."

Sickly economy

Technical hurdles are just one of the questions raised by the bitcoin move. Foreign analysts have been pondering why this deeply troubled economy should adopt a novel and volatile currency rather than a time-honored stable unit such as the US dollar. Just this week, Economy Minister Herve Ndoba said a shortfall in government income was so severe that without foreign help, spending cuts of up to 60 percent loomed for some ministries. "CAR has many problems. Adding another currency like bitcoin as legal tender will unlikely meaningfully address those," said Ousmene Jacques Mandeng, a visiting fellow at the London School of Economics (LSE).



The Central African Republic is the second poorest country in the world, according to the UN's Human Development Index. — AFP

Bitcoin's "excess volatility... translates to fluctuations in household savings, consumption and wealth," warned Ganesh Viswanath-Nastraj, an assistant professor of finance at Warwick Business School in England. Locked in a nine-year-old civil conflict, the CAR is heavily dependent on mineral extraction, much of which is informal, for its economy.

In a report in December 2020, a US watchdog called The Sentry said the CAR had become "a breeding ground for transnational criminal networks."

"Money laundering and the trafficking of natural resources, drugs, weapons, and diplomatic passports are rampant," it said. The CFA franc that until now was the CAR's sole legal tender is a regional currency backed by France and pegged to the euro.

Other members of the currency are Cameroon, Chad, the Republic of Congo, Gabon and Equatorial Guinea. Didier Loukakou, regulatory chief at the Central African Financial Market Surveillance Commission, said the six had been discussing plans to regulate crypto-currencies. But, he said, "we were not warned by Bangui about its decision."

Russian factor?

Some experts see a possible explanation for Touadera's announcement in his entwinement with Russia, perceived as desperate for currency after Western countries imposed sanctions over its invasion of Ukraine. In 2020, Russia sent paramilitaries to shore up Touadera as armed groups advanced on the capital. France and rights campaigners describe these operatives as mercenaries from the Wagner group, which reputedly receives mineral wealth in exchange for their services.

"The context, given systemic corruption and a Russian partner facing international sanctions, does encourage suspicion," said Thierry Vircoulon, a specialist on Central Africa at the French Institute of International Relations (IFRI) think tank. "Russia's search for ways to get around international sanctions is an invitation to be cautious." But some voices, including the head of the International Monetary Fund, Kristalina Georgieva, have voiced doubts that digital currencies can be an effective tool for bypassing sanctions. — AFP

How Portugal became Europe's bitcoin hub

LISBON: As governments slowly shackle the crypto industry with regulations and obligations, Portugal is increasingly isolated in Europe—a place with few rules that investors describe as a crypto paradise.

"You don't need to do anything else because you already have a perfect system, with zero percent tax on bitcoin," said Didi Taihuttu, a prominent crypto enthusiast who shifted his family to Portugal from the Netherlands. "For bitcoiners, it's heaven," he added. Financial authorities across the globe are grappling with fundamental questions about cryptocurrencies. Firstly, are they currencies or assets? If they are assets, how do you categorize and tax them? Right now, Portugal is one of the last countries in Europe to regard them as currencies from a tax point of view, meaning profits from trading are not taxed.

The finance ministry told AFP it was reviewing the situation and wanted a common European framework, but pressure is building for quick action. Mariana Mortagua, a far-left MP, called recently for urgent regulation and summed up the situation bluntly: "Portugal has become a tax haven."

Even those in the crypto industry accept that things will have to change. "It's hard to justify other financial assets being taxed at around 28 percent but not cryptocurrencies," said Pedro Borges of CriptoLoja, the first crypto exchange registered in Portugal. Portugal has long sought foreign cash by giving tax breaks and special visas to foreign investors and so-called digital nomads—those who work online without the need for a fixed business location. And the tax regime is not the only appeal—beaches, climate and cuisine all figure, particularly for people from northern Europe. "Portugal has the sun, amazing food and amazing people," said Taihuttu, who has set up in the Algarve in the country's heavily visited south. "Portugal can become one of the best countries in Europe for living, for investing." —AFP



شركة الصفاء للاستثمار
AL SAFAT INVESTMENT COMPANY

KUWAIT BOURSA WEEKLY REPORT

WEEK ENDED ON 5 MAY 2022

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Market	M. Cap (KD ml)	Last Close	WTD %	MTD %	YTD %	Quantity Traded	Value Traded	No. of Trades	P/E	P/B	% of Total M. Cap
Premier Market	38,929	9,422.50	1.2%	1.2%	23.3%	99,740,941	54,762,332	7,702	28.7	3.1	78.2%
Main Market	10,825	6,464.07	1.2%	1.2%	9.8%	139,250,450	19,603,951	5,014	17.5	1.6	21.8%
All Share	49,754	8,460.04	1.2%	1.2%	20.1%	238,991,391	74,366,283	12,716	25.9	2.7	100%

Sector	M. Cap (KD ml)	Last Close	WTD %	MTD %	YTD %	Quantity Traded	Value Traded	No. of Trades	P/E	P/B	% of Total M. Cap
BANKS	29,517	1,990.21	1.6%	1.6%	22.6%	68,665,954	38,797,456	4,249	33.0	3.1	58.72%
BASIC MATERIALS	1,045	1,172.16	1.1%	1.1%	14.4%	574,293	438,365	158	27.8	1.7	2.08%
CONSUMER DISCRETIONARY	827	1,618.28	0.2%	0.2%	21.1%	2,885,348	569,418	295	37.9	8.0	1.65%
CONSUMER STAPLES	217	711.95	0.3%	0.3%	-2.6%	236,939	138,495	38	18.0	1.5	0.43%
ENERGY	264	1,269.98	1.7%	1.7%	-11.1%	2,718,493	344,266	178	11.7	1.3	0.53%
FINANCIAL SERVICES	4,825	1,666.72	0.6%	0.6%	17.1%	109,829,652	16,046,971	2,868	13.0	2.3	9.60%
HEALTH CARE	245	494.42	2.6%	2.6%	-38.0%	14,115	7,146	21	16.3	2.4	0.49%
INDUSTRIALS	5,120	1,440.08	0.9%	0.9%	26.2%	14,246,930	9,615,548	2,286	7.9	1.5	10.19%
INSURANCE	643	1,541.03	0.0%	0.0%	0.5%	382,857	36,418	45	7.7	1.0	1.28%
REAL ESTATE	2,969	1,378.87	0.6%	0.6%	4.0%	34,197,746	4,976,653	1,646	16.3	1.6	5.91%
TECHNOLOGY	9	669.30	0.0%	0.0%	-2.1%	3,500	322	1	-	0.8	0.02%
TELECOMMUNICATIONS	4,344	1,416.01	0.2%	0.2%	30.0%	4,652,090	3,266,213	861	19.2	2.5	8.64%
UTILITIES	244	584.21	0.0%	0.0%	-2.6%	583,474	129,012	70	18.0	4.2	0.49%

Top Gainers

Stock	Last Close	Change %	Volume	Value	Trades
PAPER	265	10.42	244,385	61,940	53
ATC	558	7.93	14,115	7,146	21
OSOUL	99	7.38	2,100	202	3
AQAR	75	7.14	274,216	20,391	20
KPPC	52.2	6.53	3,554,568	179,565	93

Top Losers

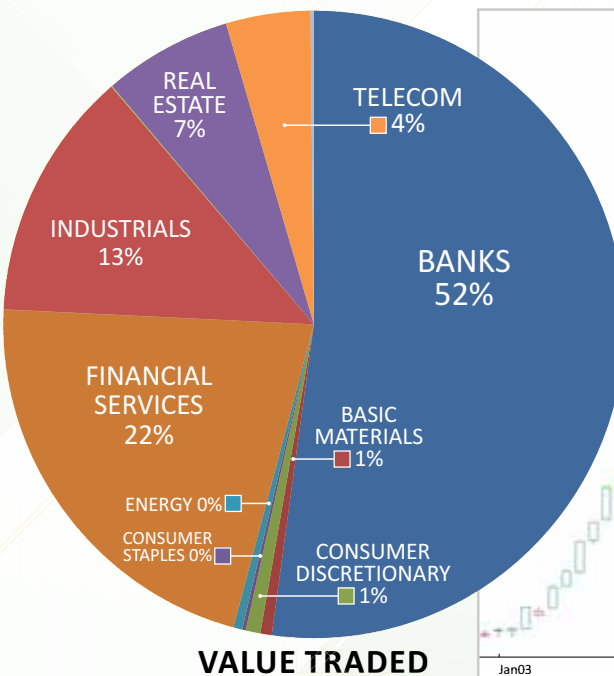
Stock	Last Close	Change %	Volume	Value	Trades
EKTITAB	15.6	-7.69	2,753,578	43,527	99
MARAKEZ	57	-5.00	42,860	2,491	8
WARBACAP	93	-4.12	11,526	1,110	12
NICBM	241	-3.60	2,500	603	1
AGHC	355	-3.53	336,204	118,827	33

Top Volume

Stock	Last	Change %	Volume	Value	Trades
GFH	107	1.91	26,533,758	2,825,292	334
ARZAN	172	3.61	17,030,610	2,893,517	357
NBK	1,075	2.19	15,875,481	16,980,947	1,232
AUB	316	0.32	14,397,164	4,556,339	331
ALOOLA	94.9	0.42	12,862,887	1,225,409	320

Top Value

Stock	Last	Change %	Volume	Value	Trades
NBK	1,075	2.19	15,875,481	16,980,947	1,232
KFH	995	1.01	6,471,386	6,427,299	870
AGLTY	1,260	0.80	4,613,743	5,820,725	1,108
AUB	316	0.32	14,397,164	4,556,339	331
GBK	362	6.16	12,681,751	4,481,511	681



All Share Price Index YTD



Market Summary:

- Kuwait Boursa M. Cap reached 49.75 Billion KD, of which the Premier market is 78.2% while the Main market is 21.8%.
- The Premier index has shown strength and reached a new high level, while the Main index is yet to overcome the resistance it created due to weakness and high volatility.
- Technically, the All-Share index registered a new all-time high-level closing at 8460, support levels at 8394, 8367, and 8314, while resistance at 8463. Premier index registered a new all-time high-level closing at 9422, support levels at 9350, 9312, 9255, and 9190, while resistance at 9426. The Main index closed at 6464, with support levels at 6463, 6411, 6383, and 6357, while resistance at 6470.