

Business

Ratings agency Fitch put United States on notice

Debt standoff could hit credit rating, US warns

WASHINGTON: Ratings agency Fitch has put the United States on notice that its perfect credit rating could be jeopardized if the White House and Republican opposition fail to overcome their impasse on raising the nation's borrowing limit, a week before a key deadline. Fitch placed the country's AAA-ranked credit on "rating watch negative" - a move it said "reflects increased political partisanship that is hindering reaching a resolution to raise or suspend the debt limit" before June 1.

That is the "X-date" when the US Treasury Department says that - short of an agreement - the government will run out of money, triggering a default with likely devastating economic consequences for the United States and potentially worldwide. "Fitch still expects a resolution to the debt limit before the X-date," Fitch said in a statement. "However, we believe risks have risen that the debt limit will not be raised or suspended before the X-date and consequently that the government could begin to miss payments on some of its obligations."

The Treasury stressed that Fitch's move should serve as a wakeup call. "Tonight's warning underscores the need for swift bipartisan action by Congress to raise or suspend the debt limit and avoid a manufactured crisis for our economy," Treasury spokesperson Lily Adams said in a statement. And the White House urged Republicans

to come to their senses. "This is one more piece of evidence that default is not an option and all responsible lawmakers understand that," it said in a statement. "It reinforces the need for Congress to quickly pass a reasonable, bipartisan agreement to prevent default."

Catastrophic impacts

President Joe Biden's administration said earlier Wednesday that it still sees a path to a deal, but there were few concrete signs that the two sides were finding agreement on how to raise the so-called debt ceiling, authorizing the government to borrow more money and keep paying its bills beyond June 1. White House Press Secretary Karine Jean-Pierre said, however, that a "bipartisan, reasonable agreement" is still possible. The alternative, she warned, is "catastrophic impacts in every single part of this country." "We're talking about millions of jobs lost, devastating retirement accounts, and a recession," she said.

The two sides are divided by fundamentally different visions of how to manage the country's more than \$30 trillion debt. Biden's Democrats say Congress needs to approve automatically what is known as a "clean" debt ceiling raise - that is, to authorize more government borrowing to cover expenses already committed to, but not funded, in the budget. It's essentially an ac-

counting maneuver that Congress performs every year to adjust funding levels.

Republicans, increasingly dominated by a hard right faction loyal to ex-president Donald Trump, have decided to use this generally mundane procedure as leverage to force Biden into accepting severe spending cuts, notably targeting social programs. Republicans say the cuts are needed to rein in out-of-control government spending. Biden's negotiators say they are ready to discuss taming the budget, but not when Republicans are holding the debt ceiling "hostage."

Deficit reduction

In the latest negotiating offer, Treasury Secretary Janet Yellen proposed to freeze government spending at current levels, something that she said would reduce the deficit by \$1 trillion. "The president's budget that he put forward actually proposes \$3 trillion worth of deficit reduction over 10 years," Yellen said at a Wall Street Journal event on Wednesday.

"In this negotiation, the President has already offered changes that would result in an additional trillion dollars of deficit reduction," she added. Other areas of compromise from the president include proposals to rescind unspent COVID-19 relief funds, a person familiar with the talks said, speaking on condition of anonymity. However, Republicans have ruled out accepting White



WASHINGTON: US Speaker of the House Kevin McCarthy, Republican of California, speaks to the media about debt ceiling negotiations as he arrives at the US Capitol in Washington, DC, May 25, 2023. — AFP

House plans to further tackle the deficit through tax increases on the most wealthy Americans and corporations.

House Speaker Kevin McCarthy, the top Republican in Congress, again ruled out passing a "clean" debt ceiling hike, but also said he thought progress would be possible. "But let's be honest about this: We have

to spend less than we spent last year. It is not my fault that the Democrats cannot give up on their spending." The Republicans say their proposals would cut the deficit by \$4.8 trillion over a decade but the White House described their plan as slashing assistance for the poorest while reinforcing tax cuts for the wealthy passed under Trump. — AFP

Italy battles EU over green car transition

MILAN: Italy's nationalist government is leading the revolt against EU plans to tighten vehicle emissions limits, vowing to defend the automotive industry in a country still attached to the combustion engine. Prime Minister Giorgia Meloni's hard-right coalition, which came into office last October, tried and failed to block EU plans to ban the sale of new cars running on fossil fuels by 2035, which her predecessor Mario Draghi had supported.

But this week the government took the fight to planned "Euro 7" standards on pollutants, joining with seven other EU member states - including France and Poland - to demand Brussels scrap limits due to come into force in July 2025. "Italy is showing the way, our positions are more and more widely shared," said En-

terprise Minister Adolfo Urso, a fervent defender of national industry in the face of what he has called an "ideological vision" of climate change. The EU plan "is clearly wrong and not even useful from an environmental point of view", added Transport Minister Matteo Salvini, leader of the far-right League party, which shares power with Meloni's post-fascist Brothers of Italy. Salvini led the failed charge against the ban on internal combustion engines, branding it "madness" that would "destroy thousands of jobs for Italian workers" while benefiting China, a leader in electric vehicles.

Federico Spadini from Greenpeace Italy lamented that "environmental and climate questions are always relegated to second place", blaming a "strong industrial lobby in Italy" in the automobile and energy sectors. "None of the governments in recent years have been up to the environmental challenge," he told AFP. "Unfortunately, Italy is not known in Europe as climate champion. And it's clear that with Meloni's government, the situation has deteriorated," he said. — AFP


Most markets down as US debt impasse sparks Fitch warning

HONG KONG: Most Asian equities sank Thursday on fears of a US default as the struggle to hammer out a debt deal led Fitch to warn the country's gold-plated credit rating was at risk. Nerves have been rattled across global markets owing to a lack of real headway in the standoff on Capitol Hill to increase the US borrowing limit so it can meet its debt obligations.

Talks earlier this week between President Joe Biden and Republican House Speaker Kevin McCarthy were described as "productive" but the two sides

have made little progress since, with Republicans demanding spending cuts but Democrats calling for a "clean" increase. And analysts said that while there is a broad expectation an agreement will finally be reached - likely at the last minute following a period of brinkmanship - investors were growing increasingly agitated and risk-averse. On Wednesday, the uncertainty led Fitch to put the country's AAA-ranked credit on "rating watch negative".

The firm said the move "reflects increased political partisanship that is hindering reaching a resolution to raise or suspend the debt limit" before June 1, when the US Treasury Department warned the government will run out of money, triggering a default. Most economists warn that the failure of the United States to pay its bills would likely have devastating economic consequences for markets and the global economy. "Fitch still expects a resolution to the debt limit before the X-date," the ratings agency said in a statement. — AFP



AL SAFAT INVESTMENT COMPANY

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No.	Ticker	Sector	Price Movement & Performance										Valuation Multiples *				
			Open Price	Close Price	Week High	Week Low	Range	Volume	WTD Change	WTD %	YTD %	Support Level	Resistance Level	P/E	P/B	Yield	Beta
101	National Bank of Kuwait	Banking	929	923	948	921	27	18,107,338	-10	-1.07%	-10.10%	916	932	14.5	1.86	3.6%	1.03
102	Gulf Bank	Banking	260	257	264	254	10	10,503,506	-2	-0.77%	-14.06%	256	261	13.4	1.23	3.7%	1.30
106	Kuwait International Bank	Banking	167	169	169	163	6	31,297,499	3	1.59%	-5.66%	164	173	21.3	0.58	2.2%	1.17
107	Burgan Bank	Banking	186	185	189	184	5	9,251,306	0	0.00%	-11.30%	184	191	17.0	0.69	4.1%	1.31
108	Kuwait Finance House	Banking	721	709	725	701	24	64,774,969	-7	-0.98%	-5.24%	704	715	20.9	1.80	1.9%	1.15
109	Boubyan Bank	Banking	589	596	603	585	18	94,683,305	14	2.41%	-20.83%	579	620	43.5	2.66	0.9%	1.21
201	Kuwait Investment	Financial Services	114	115	116	112	4	5,043,200	0	0.00%	-24.34%	113	119	-	0.54	4.3%	1.82
204	National Investments	Financial Services	214	188	214	183	31	23,676,335	-37	-16.44%	-20.68%	188	195	-	0.79	14.7%	1.92
205	Kuwait Projects	Financial Services	117	117	118	112	6	16,505,941	1	0.86%	4.46%	116	122	20.5	0.69	0.0%	0.98
212	Arzan Financial Group	Financial Services	102	103	105	101	4	14,014,951	0	0.00%	-8.64%	101	106	9.7	0.74	3.9%	1.15
222	Aayan Leasing and Investment	Financial Services	145	148	150	143	7	28,971,163	2	1.37%	11.28%	146	151	10.1	1.09	5.1%	1.63
252	Al Intiaz Investment	Financial Services	57.5	60.4	61	57	4	2,945,411	3.2	5.59%	-19.36%	60.1	62	-	0.37	15.4%	1.26
401	Kuwait Real Estate	Real Estate	105	106	107	103	4	22,425,256	1	0.95%	1.09%	103	106	10.0	0.75	2.8%	1.09
413	Mabaneer	Real Estate	712	730	750	712	38	2,097,062	18	2.53%	-8.75%	725	745	15.6	1.70	1.8%	1.03
418	The Commercial Real Estate	Real Estate	94	94.5	95.2	92.8	2.4	16,829,031	0.9	0.96%	-1.58%	94.2	96	15.4	0.58	3.1%	0.58
501	National Industries	Financial Services	200	200	203	195	8	7,678,999	2	1.01%	-7.83%	190	202	-	0.87	2.5%	1.56
505	Gulf Cable	Industrials	1,165	1,175	1,195	1,132	63	731,213	0	0.00%	-3.29%	1,171	1,226	12.6	1.08	5.2%	1.03
506	HEISCO	Industrials	601	611	619	601	18	229,288	-5	-0.81%	-0.33%	590	611	21.1	1.53	3.3%	1.01
514	Boubyan Petrochemical	Basic Materials	775	801	802	775	27	1,295,563	27	3.49%	0.13%	790	813	11.8	1.51	7.6%	0.97
603	Agility	Industrials	612	605	623	603	20	12,515,104	-7	-1.14%	-15.97%	598	618	21.9	0.85	0.0%	1.53
605	Zain	Telecommunications	517	506	523	502	21	20,478,553	-10	-1.94%	-10.12%	503	512	10.7	1.70	6.9%	0.74
623	Human Soft Holding	Industrials	3,280	3,356	3,381	3,275	106	737,481	81	2.47%	0.11%	3,350	3,400	9.1	2.95	11.4%	0.65
642	ALAFCO	Industrials	190	191	192	186	6	716,081	3	1.60%	-5.91%	188	195	-	0.82	0.0%	1.14
654	JAZEERA	Consumer Discretionary	1,865	1,834	1,865	1,825	40	1,396,920	-8	-0.43%	-3.47%	1,820	1,880	21.7	14.72	4.4%	1.41
813	GFH Financial Group	Financial Services	77.3	80.3	81.2	76.6	4.6	74,232,049	3.2	4.15%	5.66%	79.0	80.9	9.6	0.96	5.9%	1.34
821	Warba Bank	Banking	216	204	218	203	15	28,383,308	-11	-5.12%	-10.59%	203	212	30.5	1.12	1.4%	1.14
823	Mezzan Holding	Consumer Staples	442	439	454	420	34	2,582,347	-2	-0.45%	11.70%	432	453	-	1.27	2.7%	0.38
824	Integrated Holding	Industrials	374	370	374	365	9	3,795,684	-7	-1.86%	0.00%	362	371	34.4	1.46	4.1%	0.71
826	Shamal Az-Zour	Utilities	184	182	185	180	5	2,545,999	-2	-1.09%	-3.19%	182	186	14.9	1.83	9.3%	0.44
827	Boursa Kuwait	Financial Services	1,796	1,792	1,819	1,781	38	1,672,250	-6	-0.33%	-12.67%	1,770	1,840	21.1	6.82	4.7%	0.97
830	AL GHANIM	Consumer Discretionary	930	940	950	923	27	1,931,182	12	1.29%	16.77%	900	950	11.8	3.60	6.2%	0.32

* As of end of week closing