

# Property firms bolster Dubai market

● Emaar Properties highest since May

● Aldar Properties up on government projects

● Nine of 11 Saudi banks gain

● Kuwait surges for tenth day

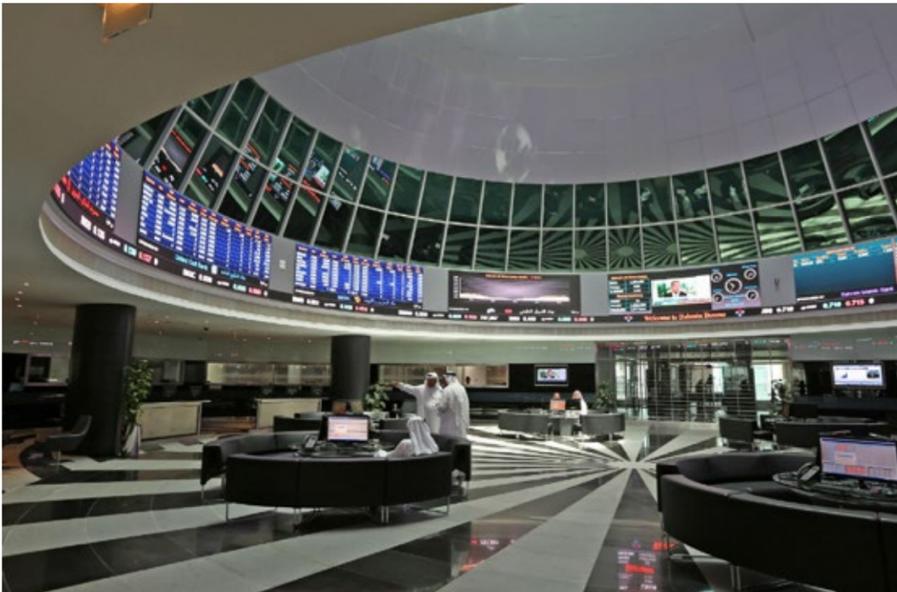
Reuters

Dubai stocks rose sharply yesterday as all real estate shares gained, while banks drove the Saudi market higher amid rising oil prices and after EFG Hermes forecast higher second quarter profit for Saudi lenders.

Oil prices rose more than 2 per cent after industry data showed US inventories fell more than expected and as major US producers evacuated rigs in the Gulf of Mexico before a storm.

The Dubai index closed 1.2pc higher with Emaar Properties, its largest listed-developer, surging 3.5pc to its highest in two months.

Emaar Properties has been



Traders on the floor of Bahrain Bourse (file)

rising since Monday after its Egyptian subsidiary Emaar Misr Development initially agreed with El Nasr Housing and Development to settle a dispute on Uptown Cairo land.

The Saudi index added 0.6pc with Al Rajhi Bank rising 0.7pc and National Commercial Bank increasing 1.4pc.

Investment bank EFG Hermes

predicted 7.6pc growth year-on-year in second quarter profit for the kingdom's financial sector.

The kingdom's largest food products company Savola Group moved 0.8pc up. On Tuesday, the firm said it had raised 1 billion riyals (\$266.65 million) in Islamic bonds.

In Qatar, the index increased 0.5pc with Qatar National Bank

adding 1.7pc. The Gulf's largest lender posted a 4pc increase in first-half net profit after the market closed.

Kuwait's index was up 0.6pc, continuing its winning streak for the 10th straight session triggered by an MSCI decision that it would move Kuwaiti equities to its main emerging market index in 2020.

## Closing Bell

|           |         |            |
|-----------|---------|------------|
| SAUDI     | ▲ 0.6pc | 8,906 pts  |
| ABU DHABI | ▲ 0.1pc | 5,027 pts  |
| DUBAI     | ▲ 1.2pc | 2,687 pts  |
| QATAR     | ▲ 0.5pc | 10,551 pts |
| EGYPT     | ▼ 0.6pc | 14,013 pts |
| BAHRAIN   | ▲ 0.1pc | 1,540 pts  |
| OMAN      | ▼ 0.3pc | 3,813 pts  |
| KUWAIT    | ▲ 0.6pc | 6,767 pts  |

Kuwait has outperformed its Gulf peers in anticipation of the MSCI move, gaining over 28pc year-to-date.

The Abu Dhabi index edged up 0.1pc, led by a 1.2pc rise in Abu Dhabi Commercial Bank, and a 2pc increase in Aldar Properties.

The latter was awarded 5 billion dirhams (\$1.36 billion) of development projects from the Abu Dhabi government.

Bank of Sharjah bounced back 5.5pc, ending three straight sessions of losses set off after posting a steep fall in first-quarter profit.

Egypt's blue-chip index declined 0.6pc with Eastern Company dropping 2.3pc, while Ezz Steel plunged 9.7pc after earlier this week swinging into first quarter loss.

## India car sales fall for eighth month in a row

New Delhi, India

India recorded an eighth successive month of falling car sales yesterday, with June seeing a 25 per cent decrease, adding to a multi-day slump in Indian stocks.

Industry data showed passenger vehicle sales falling 17.5 per cent last month year-on-year to 225,732 units, with domestic car sales off 25pc.

Sales of motorcycles dropped 9.6pc to 1.1 million, according to figures from the Society of Indian Automobile Manufacturers (SIAM) quoted by the Press Trust of India.

The slide has been blamed on weak consumer sentiment in Asia's third-biggest economy, with growth slowing in recent quarters and falling behind that of China.

The slump in demand has forced carmakers to halt production, with Mahindra & Mahindra shutting down its plant for 13 days in June.

## France to halt pay-outs for homeopathy

Paris

France will stop reimbursing patients for homeopathic treatment from 2021, the health minister said in an interview published, after the national health authority argued the alternative medicine had no proven medical benefit. French Health Minister Agnes Buzyn said the refunds paid -- currently 30 per cent of the treatment -- will be phased down to 15pc in 2020 and then to zero in 2021.

## Bombardier lays off 550 workers

Montreal, Canada

The Canadian group Bombardier announced Wednesday it will lay off 550 employees from its Thunder Bay, Ontario plant, cutting the site's workforce in half. The company said the decision was unavoidable because a contract to build tramways and streetcars for the city of Toronto was winding up.

## Row between founders hits shares in IndiGo parent

Reuters | Bengaluru/ Mumbai

An escalating dispute between IndiGo's co-founders sparked falls in its parent firm's shares yesterday as investors fretted about the potential impact on India's largest airline.

InterGlobe Aviation lost close to \$1 billion in market value on concerns that the row would distract the budget carrier, which has gained from Jet Airways' collapse.



"SpiceJet and other airlines may view this as an opportu-

nity to strike and gain market share from the leader," Shriram Subramanian, founder of proxy advisory firm InGovern, said.

InterGlobe shares closed down 10.74% at 1398.05 rupees, while those of low-cost rival SpiceJet climbed as much as 9% at one point, closing 2% up on the day.

"It has already led to some loss of shareholder value. The promoter dispute may also end up with a loss of business and

market leadership," Subramanian said. "This is likely to drag on and that is the problem for minority investors."

IndiGo co-founder Rakesh Gangwal on Tuesday alleged violations of corporate governance rules at the parent group and asked the country's securities regulator to intervene.

The move could mean a previously reported spat between Gangwal and co-founder Rahul Bhatia was escalating.

# US federal reserve chairman strongly hints rate cut is coming

● Powell reiterated that he would not step down should President Donald Trump attempt to fire him

● Powell said many central bankers believed the case for lower rates "had strengthened"

Washington, United States

Federal Reserve Chair Jerome Powell yesterday left the door open to an interest rate cut this month, pointing to uncertainty about trade frictions and global growth.

In his highly-anticipated testimony to Congress, Powell also reiterated that he would not step down should President Donald Trump attempt to fire him.

And in remarks welcomed by Wall Street, Powell said many central bankers believed the case for lower rates "had strengthened" last month given the rising "crosscurrents" in the economy.

Investors took this as a clear signal a cut in the benchmark lending rate will be announced

at the Fed's next meeting July 30-31. The broad-based S&P 500 stock index on Wednesday hit 3,000 for the first time before pairing gains somewhat.

For the moment, a rate cut also should satisfy Trump, who has been putting intense and constant pressure on the Fed to cut the benchmark interest rate and boost the economy, repeatedly criticizing Powell on Twitter and in public comments.

After raising the key borrowing rate nine times since 2015 as the economy expanded, most recently in December, the Fed last month opened the door to a rate cut amid signs of slowing.

Powell repeated that sentiment in his prepared statement to the House Financial Services Committee, saying the central bank "would act as appropriate to sustain the expansion."

And he said that in the weeks since the June policy meeting "it appears that uncertainties around trade tensions and concerns about the strength of the global economy continue to weigh on the US economic outlook."

At the same time, price measures watched closely by the Fed continue to run well below its two percent target.



Federal Reserve Board Chairman Jerome Powell



The law clearly gives me a four-year term and I fully intend to serve it

JEROME POWELL

### 'I would not do that'

"Inflation pressures remain muted," he said. "And there is a risk that weak inflation will be even more persistent than we currently anticipate."

Powell has brushed off Trump's attacks, saying the Fed

does not pay attention to politics.

Under questioning from committee Chairwoman Maxine Waters, Powell said he would rebuff a demand from Trump that he resign.

"Of course I would not do that," Powell said. "The law

clearly gives me a four-year term and I fully intend to serve it."

And in his prepared remarks, Powell said that, in the wake of Trump's aggressive trade policies, especially with China, businesses and farmers now "report heightened concerns" about the US economy.

Meanwhile, disappointing growth in China and Europe raised fears a weak global economy could affect US growth and this has contributed to slowing business investment and waning confidence, he said.

Although the US economy expanded by a solid 3.1 percent in the first three months of the year, the Fed chief said that growth was based on factors, like exports, "that are not generally reliable indicators of ongoing momentum."

The Fed still believes the US economy will post solid growth, as labor markets remain healthy. But Powell pointed to other domestic concerns that need to be addressed, including "high and rising federal debt."

In addition, he said, the "relative stagnation of middle and lower incomes and low levels of upward mobility for lower-income families are also ongoing concerns."