

Saudi stocks slump on emerging markets woes

● Banks drag Saudi market lower; SABIC up after China deal

● Emaar Properties, Emirates NBD down in Dubai; Emerging market stocks hit 15-month low

Reuters | Dubai

Saudi Arabia's stock market dipped yesterday as lingering trade disputes weighed on emerging markets.

MSCI's emerging-market index sank 0.6 percent to a 15-month low amid investor concern over the potential fallout from any escalation in the trade dispute between the United States and China.

The Saudi index swung between gains and losses before finishing the day 0.2 percent



The Saudi index shed 0.2pc yesterday

down. Banks were the market laggards, with Arab National Bank dropping 2.4 percent, Samba Financial Group down 0.9 percent and National Commercial Bank declining by 1.2 percent.

Al Rajhi Bank fared better with a 0.8 percent gain.

Shares in Saudi Basic Industries Corp (SABIC) edged up by 0.7 percent after it signed a memorandum of understanding (MOU) with China's Fujian provincial government to build a petrochemicals complex.

In Dubai, meanwhile, market bellwethers Emirates NBD and

Closing Bell

SAUDI	▼ 0.2%	7,694
DUBAI	▼ 0.6%	2,833
ABU DHABI	▲ 0.1%	4,993
QATAR	▼ 0.4%	9,932

Emaar Properties dipped by 1 percent and 0.9 percent respectively, against a 0.6 percent fall for the wider index.

Emaar issued a statement denying local media reports that it will provide 10-year visas to investors, saying that the authorities are responsible for issuing visas.

In Abu Dhabi, First Abu Dhabi Bank reversed an early slump to close 0.3 percent up while Abu Dhabi Commercial Bank rose 1.7 percent. The main index closed 0.1 percent higher.

Qatar's index firmed by 0.4 percent, continuing a rise that has pushed up the index by 16.4 percent so far this year.

Ticking Point



NITIN NOHRIA/ MICHAEL E. PORTER

They manage using broad integrating mechanisms

CEOs must avoid trying to do too much themselves. It just isn't possible for them to make or even ratify most decisions directly. Instead, effective CEOs put in place well-designed structures and processes that help everyone else in the organization make good choices. These inform, support, enable and integrate the work of others while building the organization's capabilities.

The most powerful integrating mechanisms include strategy (on which CEOs in our study spent an average of 21% of their work time), functional and business unit reviews (25% of their time), developing people and relationships (25% of their time), matching organizational structure and culture with the needs of the business (16% of their time), and mergers and acquisitions (4% of their time).

HARNESSING STRATEGY. The CEO's single most powerful lever is ensuring that every unit — and the company as a whole — has a clear, well-defined strategy. Strategy creates alignment among the many decisions within a business and across the organization. By spending time on strategy, a CEO provides direction for the company, helps make its value proposition explicit and defines how it will compete in the marketplace and differentiate itself from rivals. Strategy also provides clarity on what the company will not do. A compelling strategy — if well understood throughout the organization — is motivating and energizing. And without clarity on strategy, the CEO will be drawn into too many tactical decisions.

In large, complex firms, CEOs can almost never spend enough time on strategy — they must constantly be working to shape it, refine it, communicate it, reinforce it and help people recognize when they may be drifting from it. CEOs must also ensure that the strategy is renewed from time to time and based on changes

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in the environment. Portfolio choices such as divestitures, mergers and acquisitions are critical to strategy, and a CEO must be personally involved with them.

ALIGNING ORGANIZATIONAL STRUCTURE AND CULTURE. To foster appropriate decisions across the company, the organization's structure needs to be aligned with its strategy. Otherwise, the CEO will be drawn into endless adjudication among units. It can also become a big drain on the CEO and others if

the organization is constantly lurching from one structure to another.

Culture — which encompasses an organization's values, beliefs and norms — is another key CEO lever for reinforcing strategy and influencing how the organization as a whole goes about doing its work. CEOs can shape a company's culture in many ways, from the time they spend talking about it at various forums, to personally living the valued behaviors, to recognizing, rewarding and celebrating those who exemplify the desired culture while taking corrective action with those who don't. It is the CEO's job to champion the organization's culture and constantly look for opportunities to strengthen it.

DESIGNING, MONITORING AND IMPROVING PROCESSES. CEOs must ensure that the company's strategy is being well executed. This will occur when the organization has rigorous processes through which work — such as marketing plans, pricing, product development and strategy development itself — is done. Good processes bring together the best organizational knowledge and keep the CEO from continually having to override decisions.

Formal reviews are essential to monitoring whether the company is delivering the required process performance. Though these consume a quarter of a CEO's total work time, they allow CEOs to track progress, provide regular feedback, uphold high standards and ensure timely course corrections. Reviews are also necessary to make sure that lessons learned are used to enhance the various processes through which work gets done.

However, excessive participation in reviews can get the CEO too involved in the company's operations and mired in unnecessary details. We talked a lot with the CEOs in our study about this problem. We have found, again and again, that many have a hard time shedding the COO or president roles they may have previously held. Some also forget that their senior team should bear the primary responsibility for many reviews and keep the CEO informed on a regular basis.

When CEOs fail to delegate reviews to direct reports who can handle them, they erode the autonomy and accountability of their management teams. That doesn't help CEOs get the best out of others.

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Oil up as Iran sanctions squeeze supply

Reuters | London

Oil prices rose yesterday as U.S. sanctions squeezed Iranian crude exports, tightening global supply despite efforts by Washington to get other producers to increase output.

Brent crude oil was up 50 cents at \$77.87 a barrel by 1335 GMT. U.S. light crude was up 22 cents at \$67.74.

"The impact of the U.S. sanctions on Iran is firmly being felt," said Tamas Varga, analyst at London brokerage PVM Oil. "The biggest worry is obviously the amount of Iranian oil that is disappearing from the market."

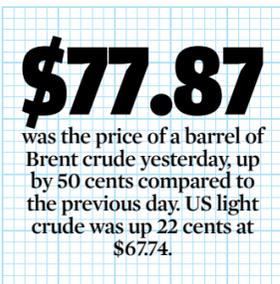
Washington has told its allies to reduce imports of Iranian oil and several Asian buyers, including South Korea, Japan and India appear to be falling in line. But the US government does not want to push up oil prices, which could depress economic activity or even trigger a slowdown in global growth.

US Energy Secretary Rick Perry met Saudi Energy Minister

Khalid al-Falih on Monday in Washington, as the Trump administration encourages big oil-producing countries to keep output high. Perry will meet with Russian Energy Minister Alexander Novak on Thursday in Moscow. Russia, US and Saudi are the world's three biggest oil producers by far, meeting around a third of the world's 100 million barrels per day (bpd) of daily crude consumption. Their combined output has risen by 3.8 million bpd since September 2014, more than the peak output Iran has managed over the last three years.

Russian Energy Minister Alexander Novak said on Tuesday that Russia and a group of producers around the Middle East which dominate the Organization of the Petroleum Exporting Countries may sign a new long-term cooperation deal at the beginning of December, the TASS news agency reported. Novak did not provide details.

A group of OPEC and non-OPEC producers have been vol-



untarily withholding supplies since January 2017 to tighten markets, but with crude prices up by more than 40 percent since then and markets significantly tighter, there has been pressure on producers to raise output. As Middle East markets tighten, Asian buyers are seeking alternative supplies, with South Korean and Japanese imports of U.S. crude hitting a record in September. US oil producers are seeking new buyers for crude they used to sell to China before orders slowed because of the trade disputes between Washington and Beijing.

Indian Rupee pulls back from record low

Reuters | Mumbai

The Indian rupee hit a lifetime low yet again yesterday amid strong dollar demand from foreign banks, but the currency pared some of its losses later in the day following a Reserve Bank of India (RBI) intervention, dealers said.

The rupee has been the worst performing Asian currency this year. Despite strong GDP growth, the currency has weakened about 12 percent this year amid higher oil prices and a broad sell-off in emerging markets, widening India's current account deficit and a worsening balance of payments that slipped into the red in April-June for the first time in six quarters. After opening on a stronger footing on Tuesday, the rupee weakened to a record low of 72.75 to the dollar.



Rupee slid to 72.75 against the dollar

It recovered some of its losses to close at 72.7075 after the RBI likely sold dollars in the market to stem the weakness.

"There is no point in predicting a range for the rupee at the start of the day," said the chief forex dealer at a state-run bank. "Nowadays no prediction on the bottom of the rupee works."

Indian bonds also fell tracking a weaker rupee, which

could stoke inflationary pressures given the rising cost of crude oil and other imported commodities.

The 10-year benchmark bond yield rose to 8.19 percent, its highest level since Nov. 17, 2014.

Another forex dealer said it appears that some banks are selling bonds to get rupee funds for buying dollars.

"This is adding to the (dollar) demand and pushing the rupee down further," said the dealer at a state-run bank.

Foreigners have sold a net \$6.5 billion so far this year with most of the outflows in debt markets where investors have seen heavy mark-to-market losses due to the plunging rupee. Going forward, investors will closely watch the central bank's policy moves and its stance on rupee intervention, traders said.

Indian stocks plummet 1pc

Reuters | Mumbai

Indian shares fell more than 1 percent for a second straight session yesterday, as markets globally braced for a potential escalation in the Sino-U.S. trade dispute, while the rupee continued its downward spiral touching a fresh life-low. China will ask the World Trade Organization next week for permission to impose sanctions on the United States, for Washington's non-compliance with a ruling in a dispute over U.S. dumping duties that China initiated in 2013, a meeting agenda showed on Tuesday. The NSE Nifty ended down 1.32 percent to 11,287.50, while the benchmark BSE Sensex was down 1.34 percent at 37,413.13. Both indexes marked their worst closing levels since Aug. 2.

US job openings up at record high

Reuters | Washington

US job openings surged to a record high in July and more Americans voluntarily quit their jobs, pointing to sustained labor market strength and confidence.

Job openings, a measure of labor demand, increased by 117,000 to a seasonally adjusted 6.9 million, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS on Tuesday. That was the highest level since the series started in December 2000.

In a sign of confidence in the labor market, more Americans voluntarily quit their jobs in July, pushing the quits rate to 2.4 percent, the highest level since April 2001, from 2.3 percent in June.