European stocks hit as UK reimposes quarantine

- Equities retreated over fading hopes of a US stimulus deal
- Democrats have called on Republicans and the White House to double their $1-trillion offer

TDT | Manama

European stocks slumped yesterday at the end of a largely positive week for global equities dragged down by fears of a second wave in coronavirus cases and the stalemate in Washington over a new stimulus package for the US economy.

London's benchmark FTSE 100 index finished the day down 1.6 per cent after the UK government reimposed a quarantine for travellers from France and the Netherlands, prompting Paris to promise a "reciprocal measure".

The Paris CAC 40 index also retreated 1.6 pc and Frankfurt's DAX 30 shed 0.7 pc.

On Wall Street, the Dow was up marginally in late morning trading.

Both the S&P 500 and Nasdaq Composite spent most of the morning in negative territory, but remained within striking distance of record highs, however.

Many Britons were rushing back from France and the Netherlands before the quarantine restrictions go into force on Saturday

Asian markets ended mixed.

In addition to Britain's quarantine, Germany put all of Spain except on its quarantine list except for the Canary Islands.

Spain, for its part, closed night clubs, and banned smoking and drinking in the streets to try to stem a rise in infections.

"If European governments were hoping to salvage something tangible from the 2020 summer holiday season these recent setbacks are unlikely to help," said Michael Hewson, chief market analyst at CMC Markets UK.

Shares in British Airways parent IAG tumbled 4.8 pc.

The updated quarantine "is sadly yet another blow for British holidaymakers and cannot fail to have an impact on an already troubled aviation industry", IAG said in a statement.

The UK government said the change would kick in Saturday at 0300 GMT, sparking an exodus among the estimated 160,000 British holidaymakers in France after a rise in coronavirus cases there.

US stimulus

Equities were also retreating Friday over fading hopes of a US stimulus deal being struck -- and ahead of key weekend trade talks between the United States and China.

Hopes that Democrats and Republicans would cast aside their mutual animosity to stump up much-needed cash for struggling Americans have been key to supporting equities for weeks.

But they were dealt a blow Thursday when senators broke up for a summer recess, saying they would not return until early next month, while both sides continued to trade accusations over who was to blame for the impasse.

Democrats have called on Republicans and the White House to double their $1-trillion offer, having reduced their own proposal to $2 trillion from an initial $3.5 trillion.

The expectation remains that an agreement will at some point be found, particularly with the US election nearing and millions of Americans in financial crisis.

In a sign of the battle governments could have in rebooting their economies, data out of China Friday showed consumers were still reluctant to go out spending, with retail sales falling last month despite forecasts of a small increase.

While the drop was shallower than in June, Innes said it showed that it was "going to take more than stimulus and deep discounts on luxury products to get people shopping again".

At the same time, industrial production continued to grow, suggesting the economy's recovery is being supported by the manufacturing sector.

A 1.2 pc increase in US retail sales in July compared to June, more modest than economists had been expecting, also dented sentiment about the strength of the economic recovery there.

Investors will be keeping a close eye on talks at the weekend between China and the US that will review the trade pact signed in January, though expectations are for the deal to be kept in place despite increasing tensions between Washington and Beijing.

Key figures around 1530 GMT

London - FTSE 100:	▼ 1.6 pc at 6,090.04 points (close)
Frankfurt - DAX 30:	▼ 0.7 pc at 12,901.34 (close)
Paris - CAC 40:	▼ 1.6 pc at 4,962.93 (close)
EURO STOXX 50:	▼ 1.0 pc at 3,309.29
New York - Dow:	▲ 0.1 pc at 27,928.80
Tokyo: Nikkei 225:	▲ 0.2 pc at 23,289.36 (close)
Hong Kong: Hang Seng:	▼ 0.2 pc at 25,183.01 (close)
Shanghai: Composite:	▲ 1.2 pc at 3,360.10 (close)
Euro/dollar:	▲ at $1.1832 from $1.1820 at 2050 GMT
Dollar/yen:	▼ at 106.47 yen from 106.91 yen
Pound/dollar	▲ at $1.3104 from $1.3066
Euro/pound:	▼ at 90.29 pence from 90.41 pence
West Texas Intermediate:	▼ 0.5 pc at $42.01 per barrel
Brent North Sea crude:	▼ 0.6 pc at $44.71 per barrel

Gold set for worst week since March, pressured by high yields

Gold bars at the Austrian Gold and Silver Separating Plant 'Oegussa' in Vienna, Austria

Reuters

Gold fell yesterday, on track to post its worst week since March, as an uptick in US Treasury yields and a logjam over a US stimulus bill to help the coronavirus-hit economy dented the metal's allure.

Spot gold dipped 0.3 per cent to $1,946.56 per ounce by 10:53 am EDT (1453 GMT) and US gold futures fell 0.8pc to $1,953.80.

After hitting a record peak of $2,072.50 on Aug. 7 and rising over the previous nine weeks, bullion declined 4.3pc this week.

"The gold market had been in a parabolic state, so when you throw a little pickup in yields along with the impasse on the stimulus bill, it was going to see a bit of a retracement," said David Meger, director of metals trading at High Ridge Futures.

"We might have gone a little too far, too fast, and we believe the market is in need of a pause, a consolidation. And that's exactly what we are seeing."

0.3pc

Spot gold dipped 0.3 per cent to $1,946.56 per ounce by 10:53 am EDT (1453 GMT)

"Poor economic data from far and wide, including disappointing US retail sales, also did not help safe-haven gold.

The benchmark US 10-year Treasury yield hovered near seven-week highs, while hopes for a fresh round of US coronavirus relief faded as Congress went into recess.

Higher yields increase the opportunity cost of holding non-yielding assets such as bullion, which has climbed over 28pc so far this year.

Among other metals, silver shed 2.6pc to $26.83 per ounce, set to snap a 9-week winning streak, down 5.2pc so far.

Platinum fell 0.2pc to $955.32 and palladium eased 0.2pc at $2,162.39.

'Reality and Challenges' of Pension fund

Iman Mustafa Al-Mirbati, the CEO of the Public Authority for Social Insurance, reviews objectives of the General Organisation of Social Insurance

- The event, which aims to enhance communication among senior government officials and the media community

By Adel Abdulla Al Refaei

> **The authority is fully committed to, in the event of an insured suffering a work injury or occupational disease, pay allowances and compensation**
>
> IMAN MUSTAFA AL-MIRBATI
> THE CEO OF THE PUBLIC AUTHORITY FOR SOCIAL INSURANCE

The future of pension funds "Reality and Challenges" was the topic of the talks organised by the National Contact Centre as part of "meeting with a government official" initiative.

The event, which aims to enhance communication among senior government officials and the media community, this week welcomed the CEO of the Public Authority for Social Insurance, Iman Mustafa Al-Mirbati.

The meeting also falls in line with a series of meetings the National Contact Center is organising in coordination with various government agencies to shed light on various topics of public interest.

During the recent talks, Al-Mirbati reviewed the objectives of the General Organisation of Social Insurance, which seeks to maintain the sustainability of two basic elements to achieve social security - securing a retirement pension for the insured and beneficiaries.

Al-Mirbati told the participants that the "Authority is fully committed to, in the event of an insured suffering a work injury or occupational disease, pay allowances and compensation.

Besides, the authority is also committed to "maintaining the funds' solvency to ensure their ability to pay their future obligations towards all of the beneficiaries."

Al-Mirbati explained that achieving a balance between revenues from contributions and retirement expenditures is reflected in the sustainability of pension funds.

During the meeting, statistical reports were presented showing the acceleration of retirement and insurance expenditures against contributions during the past ten years.

The CEO of the Public Authority for Social Insurance also clarified the objectives of the actuarial study conducted for the financial position of pension funds in the short and long term.

Al-Mirbati said it for ensuring the fund's ability to fulfil their future obligations towards those subject to pension systems, and to propose solutions that extend the life of the pension funds.

Al-Mirbati also reviewed the results of the actuarial review of the retirement and insurance funds, the recommendations of the actuary, the reforms proposed by the Authority's Board of Directors, and the reforms of Decree-Law No. (21) of 2020 represented in stopping the annual increase in pensions, taking into account those with limited income and the permissibility of the increase when there is a surplus.

In addition to the prohibition of combining between pensions excluding disability, work injury, kinship wages, merging the public and private sector funds, prohibiting the combination of pension and salary or wage.

Fatima Al Serafi