

Saudi Arabia up on banks

● All Saudi banks gain on MSCI inclusion

● DAMAC Properties hits life-time low

● Arabtec, Aldar decline on weak Q1 results

● 26 of 30 stocks on Egypt's index fall

● MESAIEED highest since June 2015

Reuters

Saudi Arabia's stock market rose moderately yesterday, lifted by its banking shares following index provider MSCI's decision to include multiple lenders, while Dubai was pressured by a string of disappointing corporate earnings.

Saudi Arabia's index increased 1.3 per cent with Al Rajhi Bank gaining 2.1pc and Alinma Bank rising 2.6pc, while National Commercial Bank was up 0.9pc.

"The 10pc to 15pc correction in large caps especially the top banks made them look pretty reasonable in terms of valuations," said Vrajesh Bhandari portfolio manager at Al Mal Capital.

"And therefore, we are seeing interest in these names before the MSCI inclusion gets effected later this month (potentially) driving in \$7 billion to the market. Having said that, investors need to have a close eye on geo-political factors."

The index fell as much as 2.1pc on Tuesday after drone attacks but recovered to close



Traders on the floor of Saudi Stock market (Courtesy of Amazons)

Closing Bell

SAUDI	▲ 1.3pc at 8,481 pts
ABU DHABI	▼ 0.5pc to 4,778 pts
DUBAI	▼ 1.1pc to 2,584 pts
QATAR	▲ 0.7pc to 9,864 pts
EGYPT	▼ 1.5pc to 13,809 pts
BAHRAIN	■ at 1,409 pts
OMAN	■ at 3,828 pts
KUWAIT	▲ 0.2pc to 6,011 pts

0.1pc higher. Saudi Arabia said drones had struck oil pumping stations two days after its oil tankers were sabotaged off the

coast of the United Arab Emirates.

In Dubai, the index closed 1.1pc lower with real estate firm Emaar Properties dropping 2.3pc.

Arabtec Holding plunged 7pc, its biggest intraday loss since mid-November, as its first-quarter profit halved to 31.8 million dirhams (\$8.66 million) from 63.6 million dirhams the year before.

DAMAC Properties lost 2.9pc after it posted a 94pc drop in its first-quarter net profit. A slump in the Dubai property market hurt the company, which report-

ed its smallest net profit since going public in 2015.

Amusement park operator DXB Entertainment declined 5.1pc on a wider first-quarter loss.

Its aim to reach an EBITDA break-even by the second half of 2020 was challenging, considering weak first-quarter revenue growth and footfall, Arqaam Capital said in a note.

Egypt's blue-chip index, declined 1.5pc with El Sewedy Electric shedding 3.5pc and Eastern Company was down 1.5pc.

The Abu Dhabi index fell

0.5pc, led by a 0.6pc fall in First Abu Dhabi Bank (FAB).

Index provider MSCI decided against increasing FAB's foreign inclusion factor, despite the lender raising its foreign ownership limit to 40pc from 25pc.

Aldar Properties dipped 2.3pc after the realtor reported a drop in its first-quarter profit.

Qatar's blue chip index added 0.7pc with Mesaieed Petrochemical soaring 9.5pc, to reach its highest in nearly four years.

On Tuesday, MSCI included Mesaieed and Qatar Fuel in the index review. Qatar Fuel was down 0.2pc.

Xi says 'no clash' of civilisations amid US trade war



Xi Jinping

Beijing, China

Chinese President Xi Jinping declared yesterday there was "no clash" of civilisations and denounced racial supremacy as "stupid" amid tensions with the United States and concerns over Beijing's rising global power.

His remarks came after a top-level US official last month described the rivalry between China and the US as "a fight with a really different civilisation and a different ideology".

Kiron Skinner, the director of policy planning at the US State Department, put it in racial terms, telling a security forum that China was the first US "great power competitor that is not Caucasian".

"Thinking that one's own race and culture are superior, and insisting on transforming or even replacing other civilisations is stupid in its understanding and disastrous in practice," Xi said at the opening ceremony of the Conference on Dialogue of Asian Civilisations in Beijing.

"There is no clash between different civilisations, (we) just need to have the eye to appreciate the beauty in all civilisations," he added, without mentioning the United States.

German economy returns to growth

Frankfurt am Main, Germany

The German economy bounced back in the first quarter from a weak second half of 2018, official data showed Wednesday, with gross domestic product (GDP) adding 0.4 percent between January and March.

Europe's powerhouse had only narrowly avoided a technical recession -- two quarters of negative growth -- last year, federal statistics authority Destatis also confirmed, shrinking 0.2 percent in the third quarter and remaining flat in the fourth.

Over the full year in 2018, GDP expansion in Europe's largest economy slowed from the previous year's 2.2 per cent to 1.4pc, and 2019 presents new risks to growth.

Observers are concerned that Germany and the wider 19-nation eurozone could suffer a sharp slowdown, with a resilient domestic economy and service sector but export-oriented industries weighed down by external trade conflicts.

Berlin has repeatedly slashed its growth forecasts for 2019, in April predicting just 0.5pc expansion.

Britain's May pins hopes on final June Brexit vote

London, United Kingdom

Theresa May's Brexit minister said yesterday that her EU withdrawal deal would be "dead" if parliament rejects it for a fourth time next month, after the British premier set the date for what could be the final act of her leadership.

May said MPs will vote on legislation to implement the Brexit deal in the week starting June 3, with the aim of getting Britain out of the European Union by the end of July.

But the main opposition Labour party said it will not support the bill without concessions, which have yet to be agreed despite six weeks of talks.

May's Northern Irish allies meanwhile repeated demands for changes to the divorce text, and opposition remains entrenched among many members of her own Conservative party.

The prime minister struck a deal on Britain's exit terms with Brussels in November, but it has been rejected by the House of Commons three times.

Brexit Secretary Steve Barclay said that if it failed again then the "deal is dead in that form".

"I think the House will have to then address a much more fundamental question between whether it will pursue... a no-deal option or whether it will



French President Emmanuel Macron (R) welcomes Britain's Prime Minister Theresa May (L) before a meeting at the Elysee Palace in Paris

revoke" the entire Brexit process, he said.

May's future

Britain was due to leave the EU on March 29 but the political deadlock has caused May to delay it twice, most recently to October 31.

Brexit can happen before then, if MPs back the plan.

Setting a date for a new vote is a gamble -- if she loses, May cannot hold another in the current parliamentary session.

"It's very hard to see where she goes after a further rebuff,"

former Conservative minister and Brexit supporter David Jones said.

But there is huge anger among her Conservative MPs and voters at the delays, and the party is braced for a drubbing at European parliamentary polls next week.

May is also under intense pressure to fulfil her promise to disgruntled colleagues to step down once Brexit is secured.

On Thursday, she will meet senior Conservatives who have demanded a detailed timetable for her departure.

Her ministers -- many of them already jockeying to replace her -- said this week it was "imperative" that the Brexit deal pass before MPs began their summer holiday, expected at the end of July.

Labour doubts

May's decision to set a date for the Withdrawal Agreement Bill followed a meeting with Labour leader Jeremy Corbyn on Tuesday night, which her office described as "constructive".

But Labour has called for "further movement", and expressed concern that any promises made by May -- for example, to protect workers' rights after Brexit -- would be ripped up by her successor.

"We have serious concerns about negotiating with a government that is in the process of disintegration," a spokesman said on Wednesday.

However, while stressing Labour MPs would not support the Brexit bill without a deal, he did not rule out the possibility they might abstain.

Without Labour's active opposition, the bill could pass next month. The party could then seek to amend the text as it passes through parliament.

Like the Conservatives, Labour is under pressure ahead of European Parliament elections

on May 23.

Corbyn has promised to deliver Brexit but growing numbers of his MPs want a second referendum, with an option to stay in the EU.

The Brexit Party led by Nigel Farage, a key figure in the 2016 referendum campaign, is currently topping opinion polls for the vote.

'What has changed?'

May's deal covers Britain's financial liabilities, the rights of EU citizens, proposals for a transition period and arrangements to keep open the border with EU-member Ireland after Brexit.

Opposition among Conservatives and their Northern Irish allies, the Democratic Unionist Party (DUP), is focused on the Irish "backstop" plan.

This could keep Britain in a customs union with the EU for years after Brexit to avoid border checks that might jeopardise peace in Northern Ireland.

"If the prime minister brings the withdrawal bill to the Commons for a vote the question will be 'what has changed?'" said DUP lawmaker Nigel Dodds.

"Unless she can demonstrate something new that addresses the problem of the backstop then it is highly likely her deal will go down to defeat once again."