

# Gulf stocks slump after oil plant attacks

● Banks and petrochemicals hit in Saudi

● Most property shares down in Dubai

● Financials drag Qatar, Abu Dhabi

● Egypt's 22 of 30 blue chips drop

Reuters | Dubai

Saudi Arabian stocks dropped yesterday with banking and petrochemical shares taking the biggest hit after attacks on two key Saudi oil plants a day earlier knocked out more than half of Saudi crude output.

The drone attacks, which were claimed by Yemen's Houthi group, are likely to push up the



Traders look at a screen at Saudi Stock Exchange

oil price by \$5-10 per barrel when it opens on Monday. Crude may shoot up to \$100 per barrel if Saudi Arabia fails to return to its full oil supply capacity after Saturday's attacks on Aramco oil plants.

Saudi's index closed 1.1 per cent lower to fall for a fourth straight session, with Al Rajhi Bank down 1.2pc and petrochemical maker Saudi Basic Industries (SABIC) lower 2.6pc. SABIC and other petrochemi-

cal firms announced significant reductions in feedstock supplies.

Yesterday's decline means the market has erased all its gains for the year and traded at 0.9pc loss for 2019. Saudi stocks have been forced on the back foot

## Closing Bell

SAUDI	▼1.1pc to 7,749
ABU DHABI	▼0.4pc to 5,074
DUBAI	▼0.6pc to 2,870
QATAR	▼0.6pc to 10,395
EGYPT	▼0.6pc to 15,023
BAHRAIN	▼0.7pc at 1,536
OMAN	▲4,021
KUWAIT	▼0.3pc to 6,235

in recent weeks by expensive valuations, weak oil prices and concerns about the economic outlook.

The attacks also weighed on other major Gulf markets which all drifted into red territory.

Dubai's index was down 0.6pc. Real estate shares were the biggest drag with the emirate's largest listed developer Emaar Properties closing 1pc lower.

Beaten down real estate firms have long been playing defensive as Dubai property prices have slumped 25-35pc since mid-2014 with no respite in sight. The

prices are likely to go further down this year and next amid a slowing economy and an oversupply of housing units.

Telecoms company Du, which uses Huawei equipment in its 5G network, lost 1.4pc. The United States has raised its concerns with Gulf allies over a possible security risk in using Huawei's technology for their 5G mobile infrastructure.

But in Qatar, it was mainly financials pushing down the index, which also fell 0.6pc. The Gulf's biggest lender Qatar National Bank shed 1.2pc while the region's top insurer Qatar Insurance dropped 2.4pc.

Lenders also pulled the Abu Dhabi index down 0.4pc. Market heavyweight First Abu Dhabi Bank and Abu Dhabi Commercial Bank slipped 0.7pc and 1pc respectively.

Egypt's blue-chip index was down 0.6pc with 22 stocks falling and seven rising. Real estate investment firm Talaat Mostafa Group Holding dropped 2.1pc.

## Workers strike at GM plants in US

AFP | Detroit

Some 850 maintenance workers went on strike yesterday at General Motors plants in Michigan and Ohio amid an impasse in negotiations between the US automakers and the United Auto Workers.

The strike was against Armark, a contractor that handles maintenance services at GM installations in the Midwest, but was seen as a possible prelude to a walkout by the automaker's 46,000-strong unionized workforce.

The union's contract expired Saturday and officers of UAW locals were to meet on whether to go on strike at GM.

On Friday, the union extended its contract with Ford and Fiat Chrysler, but in a letter to union officers the chief UAW negotiator said there would be no extension of the GM contract.

Terry Dittes, a UAW vice president and chief negotiator with GM, said there had been little progress in the talks and members would work without a contract until the union leadership decided on a course of action.

"There will either be an agreement or a strike after the meeting" of union officers, a



The headquarters of the General Motors Company in Detroit, Michigan



The strike was against Armark, a contractor that handles maintenance services at GM installations in the Midwest

union official said.

GM issued a statement late Saturday saying it was "prepared to negotiate around the clock" despite "some very difficult challenges."

"We are united in our efforts

to get an agreement our members and their families deserve," Dittes said in the letter to union officers.

The only union members employed by GM who were scheduled to work yesterday were at a GM pickup truck assembly plant in Flint, Michigan, a GM spokesman said.

Aramark maintenance workers in the Michigan cities of Hamtramck, Warren, Flint, Grand Blanc and Parma, Ohio have been working on an extended contract since March of 2018, a UAW spokesman said.

The impasse comes at the end of a chaotic week in which a member of UAW's executive board was arrested by FBI on charges of conspiracy to use union dues for personal expenses.

## BMW engine development expert Duesmann set to become Audi chief in April: report

Reuters | Berlin

BMW's engine development and purchasing expert, Markus Duesmann, is set to become the CEO of Volkswagen's Audi premium brand, after BMW dropped its opposition to his early departure, a German newspaper reported on Saturday.

The Frankfurter Allgemeine Zeitung cited a person with knowledge of the appointment as saying Duesmann will start as Audi chief on April 1.

It said BMW's board would discuss Duesmann's planned departure to Audi in the near future.

Wolfsburg-based VW is on the lookout for clean-engine expertise as it struggles to overcome an emissions scandal that originated in Audi's engine development department.

Audi's current CEO and VW board member Rupert Stadler was forced to step down temporarily after his arrest in June as part of an ongoing emissions



Markus Duesmann, board member of German luxury carmaker BMW attends the company's annual news conference in Munich, Germany

investigation. VW is seeking to replenish its senior leadership while Stadler remains in custody.

VW had said in July that Duesmann will take up his new position as soon as he is able to do so. He will be the second high-profile defection from rival German carmaker BMW after the poaching of Herbert Diess in July 2015.

Duesmann's BMW contract runs until Sept. 30, 2019, and it would also have a non-compete clause that BMW board members are required to sign.

BMW had said that Duesmann had informed its chairman that he would not make himself available for an extension of his contract because of personal reasons.

## Germany's climate protection measures to cost 40 bn euros by 2023

Reuters | Berlin

Climate protection measures that Chancellor Angela Merkel's conservatives and their Social Democrat coalition partners want to unveil next week will cost at least 40 billion euros until 2023, a person briefed on the talks told Reuters on Saturday.

"We agree that something needs to be done but it is still open which form this will take," said the source briefed on the talks, which ended late on Friday. "We still have not agreed on a price for a tonne of CO2."

The government wants to unveil its climate protection package on Sept. 20 and Merkel has said the plans would include some sort of carbon emissions pricing to finance measures aimed at reducing emissions.

The coalition partners, which include



A scarecrow stands in a corn field in front of the Neurath coal power plant of German utility RWE in Neurath, west of Cologne

On the one hand we want climate protections measures to be effective to meet our commitments. On the other hand we want to be economically sensible and act in a socially acceptable way so that all people can afford climate protection

ANGELA MERKEL

Merkel's Christian Democrats (CDU), their Bavaria Christian Social Union (CSU) sister party and the centre-left Social Democrats (SPD) are divided on how to finance Germany's march toward a green future.

Merkel's conservatives have been cast as more eager to ensure that the burden of financing the measures doesn't hurt German industry. The SPD want to protect small earners.

Merkel touched on those dilemmas facing her ministers in her podcast.

"On the one hand we want climate protections measures to be effective to meet our commitments," she said. "On the other hand we want to be economically sensible and act in a socially acceptable way so that all people can afford climate protection."

The plans are expected to touch on a broad range of issues such as extending grants for electric car buyers, expanding a network of charging stations, raising road taxes for polluting vehicles, improving heating systems for buildings and raising a green surcharge for plane tickets.