

business

Egypt's Suez canal posts record high revenue



Fishermen travel on a boat in front of a container ship in the Suez canal at Ismailia port city, northeast of Cairo, Egypt February 27, 2017. REUTERS/Amr Abdallah Dalsh/File Photo

● Egypt under President al-Sisi invested in an expansion of the Suez Canal which began in 2014

Reuters|Cairo

Egypt's revenue from the Suez Canal for the 2017-2018 financial year rose 11.5 percent to a record high \$5.585 billion (4.20 billion pounds), the canal authority said in a statement on its website on Sunday. Revenue a year earlier was \$5.008 billion, it said.

The financial year has not yet finished, however. Egypt's fiscal year runs from July 1 to the end of June.

The canal authority did not explain why it had released figures ahead of the end of the fiscal year.

It announced on Saturday increased revenue in May,

and predicted a record yearly figure, attributing this to increased international trade and improvements in the shipping industry.

Egypt under President Abdel Fattah al-Sisi invested in an expansion of the Suez Canal which began in 2014, one of the former military commander's mega-projects designed to revive an ailing economy and restore the country's place as an important trade hub.

Egypt's finances were hit badly by unrest that followed a 2011 popular uprising which toppled longtime leader Hosni Mubarak. Critics have slammed some projects, including the Suez expansion, as a waste of money.

Cairo is also imposing a raft of harsh austerity measures tied to a \$12 billion loan from the International Monetary Fund (IMF), which some economists say are helping get the economy back on track, but which have hit ordinary Egyptians hard.

Russia, Saudi to seek OPEC output increase

Crucial Opec meeting on June 22 to debate on lifting the 18-month-oiloutput cap

● OPEC and Russia decided together in 2016 to cut their supply in order to push prices

AFP, Bloomberg| Moscow

Russia and Saudi Arabia will ask OPEC to hike production by 1.5 million barrels a day in the third quarter of 2018, Russian Energy Minister Alexander Novak has said.

OPEC and Russia decided together in 2016 to cut their supply in order to push prices up following a crash induced by a global crude production glut.

An oil production shortfall in Iran and Venezuela has changed the scenario for the two countries and members of the oil cartel.

Novak said Moscow and Riyadh "propose increasing production in the third quarter by 1.5 (million bpd)," according to RIA Novosti news agency.



Russian President Vladimir Putin (L) shakes hands with Saudi Crown Prince Mohammed bin Salman during their meeting at the Kremlin in Moscow. Yuri Kadobnov / AFP (File photo)

"We are only proposing this for the third quarter. In September we will review the situation in the market and decide the future course."

Russian President Vladimir Putin and Novak met Saudi Crown Prince Mohammed bin Salman before the opening World Cup match in Moscow.

Organization of Petroleum Exporting Countries (Opec) will meet on June 22 to decide on the future course of action on oil production quota. At the meeting in Vienna, Opec members will debate whether to lift the 18-month-old production cap to stabilize prices.

Since 2017, an OPEC agreement on production cuts has allowed oil prices to rise but there are fears that renewed American sanctions on Iran and a fall in output in crisis-hit Venezuela could disrupt supply.

Hedge funds upbeat

After two months of cutting bets on rising prices, hedge funds are feeling optimistic again as OPEC prepares to meet. Whether that optimism is warranted remains an open question. Falling output from Iran and Venezuela briefly had analysts touting the possibility of \$100-a-barrel oil ahead, and hedge funds boosted

wagers on a price rebound in the week ending on Tuesday. Since then, though, a push by Saudi Arabia and Russia for production increases ahead of next Friday's OPEC meeting has injected an uncertain new element into the picture, pushing futures in London down 4 percent over two days.

"Traders are uncertain about how broad these production increases will be. It's hard to trust the numbers, especially when Saudi Arabia was recently talking about \$85-\$100 oil being pleasing to them," said John Kilduff, a partner at Again Capital LLC.

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ALEXANDER NOVAK
RUSSIAN ENERGY MINISTER

BIS wants tighter rules for funds offering credit and fintech

● The BIS, a forum for the world's central banks, said in its annual report on Sunday

Reuters| London

Regulations introduced after the financial crisis a decade ago to smooth out banking booms and busts should be extended to funds that provide credit, or shadow banks, and fintech firms, the Bank for International Settlements (BIS) said on Sunday.

The introduction of "macroprudential" policy requiring banks to build up separate "countercyclical" buffers of capital if credit markets become frothy was a core crisis-era innovation.



The headquarters of BIS in Basel. REUTERS/Arnd Wiegmann

The buffers can be released if loans begin turning sour and maintain resilience of the financial system to shocks - a departure from the traditional "microprudential" focus on the stability of individual banks.

The BIS, a forum for the world's central banks, said in

its annual report on Sunday that macroprudential tools devised so far might still not be effective enough in dealing with risks from other financiers, such as asset management funds. These funds are known as shadow banks because they also offer credit. The business has grown

significantly since the crisis as more tightly regulated banks rein in lending to ease the capital charge burden.

The Financial Stability Board, based at the BIS in Basel, Switzerland, said in March that shadow banking from open-ended bond funds, hedge funds, money market funds and other types of funds rose 7.6 percent to \$45.2 trillion in 2016.

The rise of "fintech" or use of apps on smartphones to innovate in financial services such as payments, might also shift the nature of risk and require a new arsenal of macroprudential instruments, the BIS said.

Existing regulation of asset management was geared mainly towards soundness of individual funds and consumer protection, and failed to fully incorporate how actions by one fund could affect others, the BIS said.

\$7bn Thai state assets transferred to King Vajiralongkorn

● All shareholdings will now be held in the king's name and crown property assets

Abu Dhabi| The National

Thailand's Crown Property Bureau said its assets are now held in the name of King Maha Vajiralongkorn, clarifying how a legal change last year affects billions of dollars of holdings. The law enacted in 2017 means that "Crown Property Assets" are to be transferred and revert to the ownership of the king and that the bureau's investments "will now be held in the name of His Majesty", the bureau said on its website. All shareholdings will now be held in the king's name and crown



King Vajiralongkorn ascended to the throne in 2016 after the death of King Bhumibol Adulyadej

property assets will be subject to tax, a change from the bureau's exempt status, according to the statement. The full value of the bureau's real estate and other holdings isn't clear. Its stakes in Siam Commercial Bank and Siam Cement are worth more than \$7 billion combined, according to data compiled by Bloomberg.