

## Saudi's Falih discusses joint refining projects with Reliance

Reuters | London

India's Reliance, operator of the world's biggest refining complex, and top oil exporter Saudi Arabia will explore joint investments in refining and petrochemicals in the two countries, Saudi Arabian Energy Minister Khalid al-Falih said.

Al-Falih tweeted that he met Reliance Industries chairman Mukesh Ambani and they discussed joint investment opportunities and cooperation in petrochemicals, refining and telecoms in their two countries.

Reliance's two oil refineries in western India have a combined capacity to process 1.4 million barrels per day of crude and the company has set a target to raise capacity by a further 600,000 bpd.

## Italy optimistic savings will stop EU budget penalties

AFP | Rome

Italy has found four billion euros (\$4.5 billion) worth of savings to stop the European Union from opening disciplinary procedures, including possible fines, over its big-spending budget, the deputy prime minister said yesterday.

The coalition government has reached "an agreement on further fiscal reductions", Matteo Salvini said, as the clock ticks down on finalising the budget law, which must be passed by the end of the year.

Asked if the last-minute accord between the far-right League and anti-establishment Five Star Movement would be enough to appease Brussels, economy undersecretary Massimo Garavaglia said: "We are optimistic".

The savings come from cuts to the ruling parties' flagship reforms of income support for the poor and a lower retirement age.

## EU blames US for 'deep crisis' at WTO, criticises US trade curbs

Reuters | Geneva

The European Union said yesterday the World Trade Organization (WTO) was mired in a "deep crisis and the United States is at its epicentre", and it called on the Trump administration to put forward concrete reform proposals.

EU Ambassador Mark Vanheukelen, speaking at a WTO review of US trade policies, also criticised limitations on the US procurement market, in particular through "Buy American" legislation, and its "heavy restrictions" on maritime transport.

# Banks drive Egypt gain, petrochemicals boost Saudi

Saudi Telecom jumps on dividend, brokerage action

Reuters | Dubai

A rebound in bank shares lifted Egypt's blue-chip stock index yesterday, while petrochemicals boosted Saudi Arabia's index.

The Egyptian blue-chip index was up 1.7 per cent - about twice the rise of the broader EGX100 index - as the biggest bank, Commercial International Bank (COMI), increased 3.5pc.

The market has suffered sharp corrections since May and that has taken a lot of stocks to attractive entry points, said Radwa El-Swaify, head of research at Pharos Holding in Cairo.

COMI, along with other banks, had tumbled in recent weeks on concerns over an official proposal for higher taxation of their Treasury holdings. The final decision on the tax changes is not out yet and the proposal may be modified; this has allowed a recovery in bank stocks, though they have not returned to levels reached before news of the proposal, El-Swaify noted.



A Saudi trader monitors stocks at the Saudi Stock Exchange in Riyadh

The banks will probably pay an effective tax rate around 5-7pc higher than their current rate, she added.

Orascom Investment Holding gained 2.7pc after agreeing with the government to provide services to tourists at the Pyramids of Giza.

Telecom Egypt climbed 3.5pc after saying it expected revenue growth in the mid- to high

single digits in 2019. The firm expects its revenue for 2018 to beat guidance.

Ezz Steel gained for a third straight day, rising 4.8pc to 18.95 Egyptian pounds; brokerage CI Capital had raised its rating on the stock to "neutral" with a target of 19 pounds.

The Saudi Arabian index rose 0.8pc with top petrochemical maker Saudi Basic Industries

## Closing Bell

SAUDI ▲ 0.8% » 7,968

DUBAI ▲ 2,564

ABU DHABI ▲ 0.7% » 4,866

QATAR ■ 10,489

EGYPT ▲ 1.7% » 13,215

KUWAIT ■ 5,402

BAHRAIN ■ 1,319

OMAN ▼ 0.2% » 4,408

adding 2.3pc and the largest lender, National Commercial Bank 1180.SE, gaining 2.0pc.

Saudi Telecom climbed 3.2pc to 90.5 riyals after it announced its dividend policy for the next three years; it will pay a minimum of 1 riyal per share each quarter, and an additional 2 riyals as an annual dividend for 2018.

Arqaam Capital rated the stock a "core buy" and raised its target price to 103 riyals.

But another telecommunications firm, Etihad Etisalat (Mobily), was down 4.3pc at 17.20

riyals, continuing to drop after disclosing a new system of royalty payments to the government on Sunday. Arqaam Capital downgraded the stock to "sell" from "hold" and cut its target to 16 riyals.

Al Khaleej Training and Education jumped 4.7pc after it was awarded a 42.2 million riyal (\$11.3 million) contract by the Ministry of Labor and Social Development.

The Abu Dhabi index rose 0.7pc with First Abu Dhabi Bank, United Arab Emirates' largest lender, increasing 1.2pc and energy firm Dana Gas DANA.AD climbing 2.3pc.

In Dubai, the index inched up 0.3pc after sliding 1.6pc in the last session, with DAMAC Properties gaining 4.8pc and blue chip Emaar Properties adding 2.4pc.

Qatar's index was flat with Middle East's largest lender, Qatar National Bank, rising 1.0pc. Recently listed Qatar Aluminium lost 4.7pc to 12.40 riyals, a day after rising 29pc on its debut.

## Oil rallies but oversupply, economic growth weigh

Reuters | London

Oil prices rose yesterday after a key Middle East oil minister suggested the market was rebalancing, but investor sentiment remained under pressure from oversupply and concern over the prospects for global economic growth and fuel demand.

Brent crude oil LCOc1 was up 30 cents a barrel at \$60.58 by 1430 GMT. US light crude CLc1 was 10 cents higher at \$51.30.

"Oil prices are regaining some ground on the back of bullish rhetoric from OPEC officials," said Stephen Brennock, analyst at London brokerage PVM Oil.

Both benchmarks fell more than 25 per cent through October and November as a supply glut inflated global inventories but have stabilized over the last three weeks, trading within fairly narrow ranges as oil producers have promised to cut production.

Some investors doubt planned supply cuts by the Organization of the Petroleum Exporting Countries and other producers such as Russia will be enough to rebalance markets.

OPEC and its allies have agreed to reduce output by 1.2 million barrels per day (bpd) from January, in a move to be reviewed at a meeting in April.



A gas station worker pumps fuel into a motorbike at a gas station of the Venezuelan state-owned oil company PDVSA in Caracas, Venezuela

UAE energy minister Suhail al-Mazrouei told reporters in Dubai yesterday that the global oil market was "correcting" and he expected "everyone" to cut oil supply under the agreement reached earlier this month in Vienna.

But OPEC and its allies have an uphill task.

US shale output is growing steadily, taking market share from the big Middle East oil producers in OPEC and making it harder for them to balance their budgets.

Russian oil output has been at a record high of 11.42 million barrels per day (bpd) in December so far, an industry source familiar with the data told Reuters.

Increasing concerns about weakening growth in major markets such as China and Europe have also dampened the mood in oil and other asset classes.

Chinese oil refinery throughput in November fell from October, suggesting an easing in oil demand, while the country's industrial output rose the least in nearly three years as the economy continued to lose momentum.

## New Maldives leader secures \$1.4bn from 'closest friend' India

AFP | New Delhi

The new Maldives president, seen as closer to the West and India than his predecessor, secured \$1.4 billion from New Delhi yesterday in his first visit abroad to his country's "closest friend".

Ibrahim Mohamed Solih said after talks with Prime Minister Narendra Modi that they would also "strengthen maritime security" through patrols, aerial surveillance and exchanging information.

"India is our closest neighbour and our people are bound by ties of friendship and cultural affinity," Solih told reporters.

"Within those close links, trade and commerce have flourished. India is not only our closest friend, it's also one of our largest trading partners," Solih said.

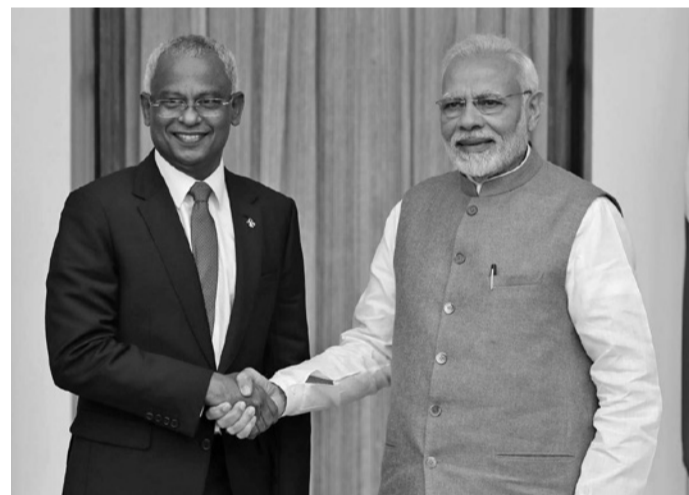
The package of financial assistance is in the form of budgetary support, currency swap agreements and credit lines, Modi said, after what he called "successful talks" to build upon the two countries' "deep-rooted" friendship.

"We want greater trade ties with Maldives. There are increasing opportunities for Indian companies in the island nation. This is beneficial for both the countries," Modi said.

"Our security interests are interlinked. We will not allow our countries to be used for harmful activities against each other," he said.

Solih, 54, unexpectedly beat his predecessor Abdulla Yameen to the presidency of the Indian Ocean archipelago and upmarket honeymoon destination in elections in September.

Besides being accused by critics of corruption and muzzling



Indian Prime Minister Narendra Modi (R) shakes hands with Maldives President Ibrahim Mohamed Solih

the media, Yameen was seen as close to China, borrowing from Beijing for infrastructure projects including a new bridge and an airport expansion.

China has also loaned billions to other countries around the Indian Ocean and beyond, stoking fears of a debt trap and riling both India -- which has traditionally held sway in the region -- and the United States.

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NARENDRA MODI

Solih's party has called for a review of the projects bankrolled by China in the strategically placed Indian Ocean country.

Former president Mohamed Nasheed, now Solih's mentor, has accused China of a land grab and condemned a free-trade agreement signed by Beijing and Yameen as one-sided.

Nasheed told AFP in a recent interview that it would be "very difficult" for the Maldives to repay its Chinese debt, which he said was estimated to be at least \$3 billion.

But China's ambassador told the local Avs.mv website last month that only about half of the Maldives' external debt pile of \$1.2 billion was owed to Beijing.

Zhang Lizhong said the loans carried just a two-percent interest rate and a five-year grace period.

"We have nothing to gain if a friendly country falls into debt," he said. "There is no single (piece of) evidence to support the so-called debt trap claim."

**\$60.58**

was the price of Brent crude oil LCOc1 at 1430 GMT yesterday