

# UAE markets decline

Air Arabia, which lost 7 per cent, recorded the highest trading volume

● Markets in the rest of the region were closed because of the Eid holidays, which started last week

● Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Union National Bank and First Abu Dhabi Bank closed down

Reuters | Dubai

Stock exchanges in Dubai and Abu Dhabi closed in negative territory yesterday, reflecting a slump in global stocks and oil prices due to increasing trade tensions. Markets in the rest of the region were closed because of the Eid holiday, which started last week.

US President Donald Trump announced tariffs on Chinese imports, prompting Beijing to respond with similar measures.

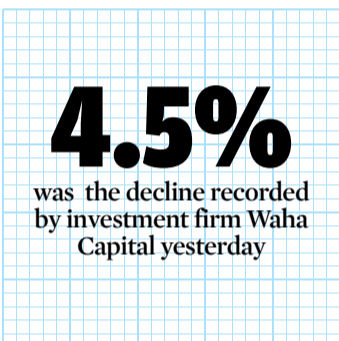
Global stocks were down yesterday and oil prices came under pressure, in particular after China threatened duties on American crude imports.

In Dubai, where the index dropped 1.8 percent, the worst performer was Air Arabia, which lost seven percent and saw the highest trading volume in Dubai yesterday. The low-



Investors in front of a screen displaying stock information at the Abu Dhabi Securities Exchange. REUTERS/File Photo

cost carrier said yesterday it has invested in Abraaj funds, without giving details on its exposure to the private equity group which last week filed an application for provisional liq-



uidation. The founder of Abraaj is a board director of the airline, which said it has appointed a team of experts who are "actively engaged with all stakeholders and creditors involved with the matter to ensure Air Arabia's investment and business interest is protected."

The Abu Dhabi index lost 2.7 percent, with stocks in financial institutions mostly down. Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Union National Bank and heavyweight First Abu Dhabi Bank all closed in negative territory, with FAB, down 3.6 percent, posting the biggest loss. The only exception was National Bank of Fujairah, which outperformed the

## Closing Bell

DUBAI ▼ 1.8% » 2,983  
ABU DHABI ▼ 2.7% » 4,588

market soaring 13.4 percent. Its chief executive told UAE daily The National last week that the bank plans to set up a debt programme and become a regular borrower to fund its growth. Investment firm Waha Capital dropped 4.5 percent. Sources told Reuters that the Abu Dhabi firm had abandoned plans to raise a \$300 million private equity fund, as investor demand for Middle East private equity funds has been hurt by a crisis of confidence at Abraaj.

## Oil rises ahead of OPEC, pressured by China tariffs

Reuters | New York

Oil prices rose in volatile trade yesterday as this week's OPEC meeting raised the specter of production increases and as investors assessed the impact of a trade dispute between the United States and China.

US crude oil edged up 20 cents a barrel to \$65.26 a barrel by 10:45 a.m. (1445 GMT). The contract earlier traded at a two-month low of \$63.59. Brent crude jumped \$1.17 to \$74.61 a barrel. In May, Brent hit a 3-1/2-year high above \$80 a barrel, but has slid since then on reports that top suppliers Saudi Arabia and Russia will increase production.

"Volatility is going to be pretty high this week," said Bob Yawger, director of energy futures at Mizuho in New York. Indications from OPEC members and other large producers on the scale of potential production increases are likely to drive the market, he said.

The Organization of the Petroleum Exporting Countries and allied oil producers including Russia meet on June 22 in Vienna. Russia and Saudi Arabia are pushing for higher output. Over the weekend, Russian Energy Minister Alexander Novak indicated the countries, which have cut production, would now consider increasing output 1.5 million per day in the third quarter.

# Gold steadies after worst fall since November 2016

● The stronger dollar dampens demand for gold by making it costlier for buyers holding other currencies

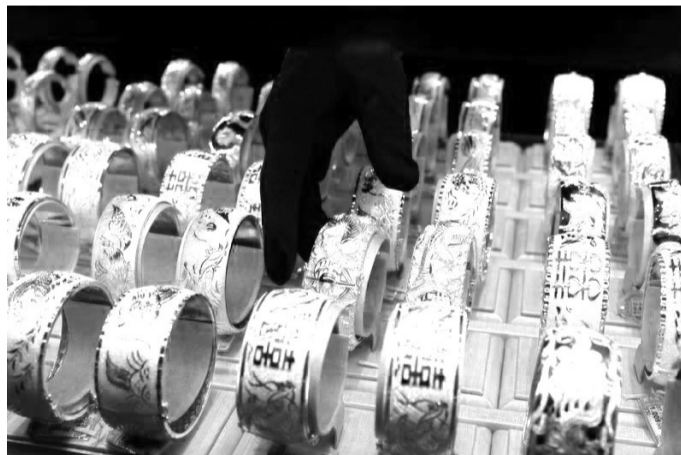
Reuters | London

Gold held close to 5-1/2 month lows yesterday, with a strong dollar offsetting the impact on prices of an escalating trade dispute between the United States and China.

The stronger dollar dampens demand for gold by making it costlier for buyers holding other currencies, while geopolitical uncertainty fuels interest in bullion as a safe investment.

Spot gold was up 0.1 percent at \$1,279.73 an ounce at 1043 GMT, while U.S. gold futures for August delivery were 0.3 percent higher at \$1,282.30 an ounce. The dollar was stable near its strongest since November against a basket of currencies. Gold plunged 1.8 percent on Friday, its biggest one-day fall since November 2016, as Washington decided to enact tariffs on \$50 billion in Chinese goods, Beijing pledged to respond in kind and the dollar rocketed higher.

"We had a flush-out on Friday and the market is trying to work out whether these new prices are justified or not," said Saxo Bank analyst Ole Hansen.



A salesperson arranges 24K gold bracelets for Chinese weddings at Chow Tai Fook Jewellery store in Hong Kong. - REUTERS/Tyrone Siu/File Photo

“We had a flush-out on Friday and the market is trying to work out whether these new prices are justified or not

OLE HANSEN  
ANALYST, SAXO BANK

Gold would remain sensitive to trade dispute headlines and the possibility that a showdown over immigration between German Chancellor Angela Merkel and her conservative allies the Christian Social Union could escalate, Hansen said.

"The market is also ignoring the political risks in Germany," said analysts at Commerzbank. "A lack of consensus on refugee

policy could even cause a split in the government."

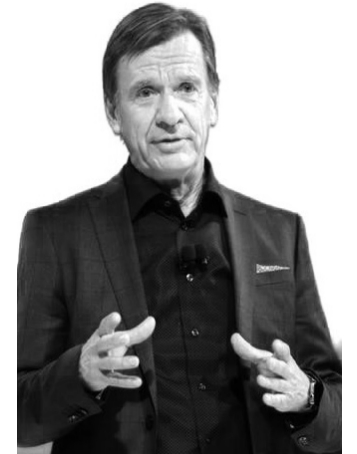
On the technical side, Fibonacci support for gold was at \$1,267.10, with resistance at \$1,301.40, analysts at Scotia-Mocatta said. They added that as long as gold continued to trade below its 200-day moving average at \$1,307 prices were more likely to fall than rise.

Reuters technical analyst Wang Tao said gold could break support at \$1,277 an ounce and fall towards \$1,258-\$1,268. Bets by funds on higher gold prices on the Comex exchange had risen in the week to June 12, supporting prices, but Friday's rout may have forced some to liquidate their positions. Holdings of gold by exchange traded funds tracked were stable after falling by 1.4 million ounces, or 2.4 percent, since late May.

# Volvo to use 25pc recycled plastics in cars from 2025

● Recycled plastics - such as from fishing nets or old bottles in car dashboards or carpets, would not affect safety

● Volvo sold 570,000 cars last year, with about five percent of plastics in its cars currently made from recycled materials.



Hakan Samuelsson - REUTERS PIC

Reuters | Oslo

At least 25 percent of the plastics used in new Volvo car models from 2025 will be from recycled materials, the Chinese-owned company said yesterday in an anti-pollution plan praised by the United Nations.

Recycled plastics - such as from fishing nets or old bottles in car dashboards or carpets, would not affect safety or quality, Stuart Templar, director for sustainability at Volvo Cars, told Reuters. "We think this makes business sense," he said. Many big companies are designing products that can be recycled after use to limit pollution. Volvo's plan goes a step further by building ever more recycled materials into its production lines.

"Volvo Cars is committed to



We think this makes business sense. Volvo Cars is committed to minimizing its global environmental footprint.

STUART TEMPLAR  
DIRECTOR FOR SUSTAINABILITY  
VOLVO CARS

minimizing its global environmental footprint," Hakan Samuelsson, president and CEO of Volvo Cars, which is owned by China's Zhejiang Geely Holding Group Co Ltd, said in a statement.

Volvo said it was in talks with plastics producers to achieve its "ambition that from 2025, at least 25 percent of the plastics used in every newly launched Volvo car will be made from recycled material."

Volvo sold 570,000 cars last year, with about five percent of plastics in its cars currently made from recycled materials.

Volvo unveiled a test model of its XC60 T8 plug-in hybrid SUV in Gothenburg, Sweden, that it said looks identical to the existing car except that some of its plastic parts were made from recycled materials.

The carpet, for instance, had fibres made from PET plastic bottles, old Volvo car seats were used in sound-absorbing material under the bonnet and fishing nets and ropes were used in the tunnel console - between the passenger and driver seats. The United Nations welcomed Volvo's plan. More than eight million tonnes of plastics end up in the oceans every year, threatening marine life from fish stocks to coral reefs.

# ICICI names Bakshi new head as CEO Chanda Kochhar goes on leave

Reuters | Mumbai

ICICI Bank named group veteran Sandeep Bakshi as its interim head, and said Chief Executive Chanda Kochhar would go on leave pending the completion of a probe over an alleged conflict of interest that has led to months of controversy for the lender.

Bakshi, who currently heads ICICI's life insurance arm, will take up a newly created position of chief operating officer at the bank for a five-year term beginning June 19, pending regulatory approvals, the bank said in a statement late on Monday.

Bakshi will report to the bank's board during the period of Kochhar's leave and will be responsible for handling all the businesses and corporate centre functions, ICICI Bank said. All the executive directors of the bank and its executive

management would report to Bakshi. Kochhar, 56, who has been CEO of ICICI Bank, India's third-biggest lender by assets, since May 2009, has faced allegations of favouring Videocon Group, a consumer electronics and oil and gas exploration company, in the bank's lending practices. Videocon's founders had an investment in a renewable energy company founded by Kochhar's husband.

ICICI Bank's board, which had initially backed Kochhar calling the alleged nepotism charges against her "malicious and unfounded", last month said it would institute a probe headed by an independent person into allegations raised by an anonymous whistleblower.

"In line with the highest levels of governance and corporate standards, Ms. Chanda Kochhar has decided to go on leave till the completion of the enquiry," the bank said.