

Saudi shares decline as investors book profits

The main Saudi index shed 1.3pc; banks lead the declines on Riyadh bourse

Reuters | Dubai

Saudi stocks declined yesterday as investors cut risk ahead of a decision from global index compiler MSCI on whether to include Saudi Arabia and its \$526 billion bourse in its emerging market indexes.

"It would not be surprising to see some profit taking in the Saudi market after a strong run up into the MSCI inclusion date," said Saleem Khokhar, head of equities at First Abu Dhabi Bank.

"Valuations of Saudi equities are at the higher end of historic ranges even though the medium-to-longer term underlying fundamentals for companies remain strong."

The main Saudi index shed 1.3 per cent. Banks led the declines on the Riyadh bourse. MSCI is set to announce its decision Wednesday afternoon New York time.

Al Rajhi Bank lost 2.1pc. Banque Saudi Fransi lost 4.3pc, Riyadh Bank lost 2.9pc, and Saudi British Bank lost 4pc. The region's biggest stock market is up almost 13pc so far this year and has outperformed Gulf markets in anticipation of the MSCI inclusion, which could trigger billions of dollars of inflows into Riyadh's Tadawul-listed stocks.



A Saudi trader working at Falcom stock exchange in Riyadh. REUTERS/Faisal Al Nasser (File photot)



Saudi markets have outperformed Gulf markets in anticipation of inclusion in MSCI

In Dubai, negative sentiment continued to weigh on local stocks after Dubai carrier Air Arabia said it had an investment in Abraaj's funds, the private equity group which last week filed for provisional liquidation.

Air Arabia said yesterday the exposure to Abraaj would have no material impact on its operations and liquidity.

The Dubai Financial Market General Index was down 0.6pc to 2,923 points. Dubai Islamic Bank declined 1.2pc. Air Arabia, the budget airline, lost 0.9pc.

"The rumours in the stock

Closing Bell

SAUDI	▼ 1.3%	8,166
DUBAI	▼ 0.6%	2,923
ABU DHABI	▼ 0.3%	4,550
QATAR	▼ 2.4%	8,882
KUWAIT	▲ 0.2%	4,815
BAHRAIN	▼ 0.5%	1,301
OMAN	unchanged	
EGYPT	▲ 0.5%	16,143

market surrounding the possibility of involvement or lending to Abraaj, especially through the banks, have been really affecting shares of banks since Monday," said a stockbroker who declined to be named due to commercial sensitivities.

Abu Dhabi's index shed 0.3pc with the United Arab Emirates' largest lender, First Abu Dhabi Bank (FAB), falling 1.2pc and property developer Aldar losing one pc.

In Qatar, the benchmark declined 2.4pc, weighed down by lenders. Outflows from emerging markets exchange traded funds weighed on the Qatari index amid withdrawals from those funds over the Eid holidays on concerns about a strong dollar, said Akber Khan, head of asset management at Al Rayan Investment in Doha.

Asia business sentiment slips on trade worries

● The Thomson Reuters/INSEAD Asian Business Sentiment Index fell to 74 in the second quarter from a seven-year high of 79



Reuters | Kuala Lumpur

Business confidence among Asian companies slipped for the first time in three quarters, on mounting worries that US President Donald Trump's protectionist policies would trigger tit-for-tat reprisals and undermine the global trading system.

The Thomson Reuters/INSEAD Asian Business Sentiment Index, representing a six-month outlook from 61 firms, fell to 74 in the second quarter from a seven-year high of 79 in the prior three months. The survey was conducted over June 1-15.

While a reading above 50 indicates a positive outlook, this is the first time the number has dropped since September 2017. The risks to growth are increasingly real now, said Antonio Fatas, a Singapore-based economics professor at global business school INSEAD. "Trade war is not a risk but a reality," he said.

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not see an easy way out," Fatas said.

Trump has riled key allies with his protectionist policies, including the imposition of steel and aluminium tariffs on the European Union, Canada and Mexico.

On Monday, he threatened to hit China with new tariffs on \$200 billion in goods

China's GDP has expanded at a steady 6.8 per cent for three straight quarters, though there are concerns over rapid credit growth and trade frictions could pose risks for the world's second-largest economy.

By industry, retail and leisure was the most bullish, while construction and engineering as well as autos were the weakest.

Iran signals compromise for a modest rise in OPEC oil output

● OPEC meets on Friday to decide on output policy amid calls from major consumers such as the United States and

Reuters | Vienna

Iran signalled yesterday it could compromise on a small increase in OPEC oil output when the group meets this week, as Saudi Arabia scrambled to convince fellow members on the need for a larger rise in production.

The Organization of the Petroleum Exporting Countries meets on Friday to decide on output policy amid calls from major consumers such as the United States and China to cool



The Organization of the Petroleum Exporting Countries meets on Friday to decide on output policy amid calls to increase output. - File photo

down oil prices and support the global economy by producing more crude.

Iran said on Tuesday OPEC was unlikely to reach a deal, setting the stage for a clash with kingpin Saudi Arabia and non-member Russia, which are pushing to raise production steeply from July to meet growing global demand.

But, Iranian Oil Minister Bijan Zanganeh yesterday said OPEC members that had over-delivered on cuts in recent months should return to compliance with agreed quotas.

That would effectively mean a modest boost from producers such as Saudi Arabia that have been cutting more deeply than planned despite production outages in Venezuela and Libya.

"OPEC could keep the same deal with compliance going

back to 100 percent," said an OPEC source who is aware of Iran's stance.

OPEC Secretary-General Mohammad Barkindo said he was confident there would be a deal on Friday.

Russia has proposed OPEC and non-OPEC raise output by 1.5 million barrels per day (bpd), effectively wiping out existing production cuts of 1.8 million bpd that have helped rebalance the market in the past 18 months and lifted oil to \$75 per barrel.

Oil was trading as low as \$27 in 2016.

OPEC members Iran, Iraq and Venezuela have opposed a relaxation of production cuts, fearing a slump in prices.

But a decision to increase output could be taken with Iran refusing to sign up, as has happened before in OPEC.

Bithumb loses \$32m in digital money heist

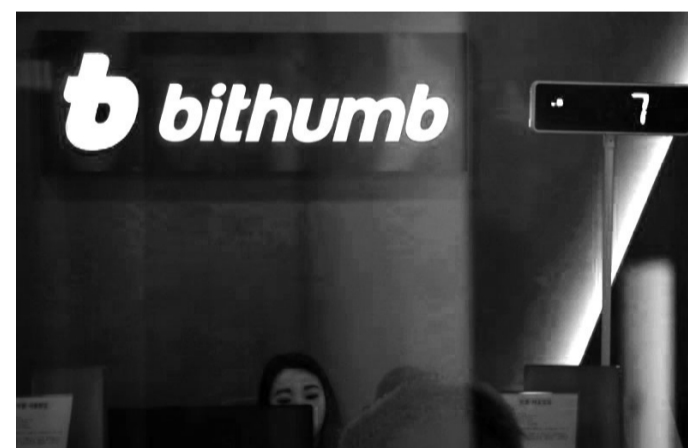
● Bithumb stopped all trading after ascertaining cryptocurrencies worth about 35 billion won were stolen by hackers

Reuters | Seoul

South Korean cryptocurrency exchange Bithumb said 35 billion won (\$31.5 million) worth of virtual coins were stolen by hackers, the second local exchange targeted in just over a week as cyber thieves exposed the high risks of trading the digital asset.

Bithumb said in a notice on its website yesterday that it had stopped all trading after ascertaining "some cryptocurrencies worth about 35 billion won were seized between late yesterday and early morning today." The exchange, the sixth busiest in the world according to Coinmarketcap.com, said it had stored "all clients' assets in safe cold wallets," which operate on platforms not directly connected to the internet. It added that the company would fully compensate customers.

The Bithumb theft highlights the security risks and the weak regulation of global cryptocurrency markets. Global policymakers have warned investors to be cautious in trading the digital currency given the lack of broad regulatory oversight.



The logo of Bithumb is seen at its cryptocurrencies exchange in Seoul. REUTERS/Kim Hong-Ji/File photo

70%
is roughly the fall of bitcoin value from its all-time peak hit in mid-December 2017

In Ho, professor at Korea University's Blockchain Research Institute, said the stolen coins were most likely to be from the more insecure 'hot wallets.' "Since coins in the cold wallets are not at all wired to the internet, it would have been impossible for hackers to steal those in cold wallets unless they physically broke in," said In,

a blockchain expert at the research center. Bithumb did not immediately respond to Reuters' request for comments, and its statement did not say whether the stolen coins were stored in its 'hot wallets'. Mun Chong-hyun, chief analyst at ESTsecurity, said digital coins would continue to be juicy targets for hackers around the world.

"No security measures or regulations can 100 percent guarantee safety of virtual coins. It is held anonymously and in lightly-secured systems, which makes them an irresistible target," Mun said.

On the Luxembourg-based Bitstamp, bitcoin BTC=BTSP was down 1.8 percent at \$6,612.92 by 0351 GMT, extending losses. It has fallen roughly 70 percent from its all-time peak hit around mid-December 2017.



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