

# Saudi Arabia gains on MSCI decision, Dubai stocks rise

The addition is expected to attract \$40 billion in foreign inflows from funds to Saudi

● Air Arabia falls in Dubai on Abraaj concerns

● Dubai rise, but Kuwait Abu Dhabi down

Reuters | Dubai

Saudi Arabian shares gained yesterday, reflecting largely positive sentiment across the Gulf, after index provider MSCI announced overnight it would add the kingdom's stock market to its emerging markets benchmark.

The addition was expected and Saudi Capital Market Authority Chairman Mohammed bin Abdullah Elkuwaiz told reporters it could help attract \$40 billion in foreign inflows from funds.

But Kuwait's index closed down after the MSCI also said that it would include it in its classification review next for a potential move from frontier to emerging markets.

Thursday was the last day of trading in the Middle East ahead of a meeting of oil producers in



A trader uses his mobile as he monitors screens displaying stock information at the Saudi Stock Exchange (Tadawul) in Riyadh

## Closing Bell

SAUDI	▲ 0.5%	8,206
DUBAI	▲ 0.2%	2,928
ABU DHABI	▼ 0.3%	4,535
QATAR	▲ 0.5%	8,923
KUWAIT	▼ 0.2%	4,804
BAHRAIN	▲ 0.6%	1,309
OMAN	▲ 0.4%	4,610
EGYPT	▲ 1.3%	16,346

Vienna where Saudi Arabia is trying to convince fellow OPEC members of the need to raise oil output, according to sources familiar with the talks.

Saudi Arabia's index gained 0.5 per cent, helped by shares in insurance firms and financial institutions.

In Dubai, the index rose 0.2pc as property and banking shares gained. Dubai's largest listed de-

veloper Emaar Properties rose 1.2pc and rival DAMAC Properties ended the day 1.3pc higher.

However, budget airline Air Arabia weighed on the exchange, sinking 3.9pc to extend losses this week amid concerns about its exposure to private equity company Abraaj.

Air Arabia said on Wednesday that it had \$336 million in overall exposure to Abraaj but

that the impact was limited to its investment portfolio and that there was no significant effect on the airline's daily or future business.

In Qatar, the index rose 0.5pc as blue chip Industries Qatar gained 1.8pc and lender Masraf Al Rayan added 1.9pc.

Abu Dhabi's index was weighed down by telecom and financial shares, closing the day 0.3pc down.



MSCI Inc., formerly Morgan Stanley Capital International, is used as a common benchmark for 'world' or 'global' stock funds intended to represent a broad cross-section of global markets.

## Brazil maintains key interest rate at 6.5 per cent

Rio de Janeiro, Brazil

Brazil's central bank maintained its key interest rate at 6.5 percent Wednesday, as expected, with inflation considered to be under control despite strong depreciation of the real and a costly truckers' strike.

The bank said the truckers' strike, which shut down much of the economy for more than a week in May, "made it difficult to read the current evolution of economic activity."

The bank also said that inflation would spike following the strike, which saw shop shelves and factories starved of deliveries, driving up prices.

However, this inflationary rise will be temporary, the bank said.

## Daimler cuts profit forecast, blaming US-China tariffs

Frankfurt am Main | German

German luxury carmaker Daimler on Wednesday cut its profit forecast for 2018, blaming new tariffs on cars exported from the United States to China, amid lingering fears of a trade war between the world's biggest economies.

"Fewer than expected SUV sales and higher than expected costs -- not completely passed on to the customers -- must be assumed because of increased import tariffs for US vehicles into the Chinese market," the Mercedes-Benz manufacturer said in a statement.

As a result, Daimler said it now predicts its underlying or operating profit, as measured by earnings before interest and tax (EBIT), will be slightly lower than last year, instead of slightly above.

## IMF greenlights 3-year, \$50bn Argentina aid

Washington | United States

The International Monetary Fund on Wednesday formally approved a \$50 billion aid package intended to help Argentina confront inflation, budget deficits and a weakening currency.

The fund's executive board approved the agreement that Argentina struck with IMF staff earlier this month.

Argentina plans to draw on the first \$15 billion tranche of the aid program, of which half will be used for budget support, while treating the remaining \$35 billion as "precautionary," according to the IMF.

Christine Lagarde, the IMF's managing director, has heaped praise on Argentina's plans for economic reform but insisted the decisions were made in Buenos Aires and not handed down from the Washington-based fund.

## BoE keeps key rate at 0.50pc

London | United Kingdom

The Bank of England left its key interest rate at 0.50 per cent in an announcement Thursday following a regular meeting, as British inflation holds at a 14-month low.

BoE policymakers voted 6-3 to keep the rate on hold, down from the 7-2 result last time round, indicating that the central bank could hike borrowing costs at its next meeting in August, matching some analysts' expectations.

Also at its June meeting meanwhile, the bank voted unanimously to maintain its quantitative easing stimulus policy, under which it has pumped £445 billion (\$586 billion, 506 billion euros) around the UK economy.

"A vote of 6-3 to leave interest rates unchanged at 0.5pc and quantitative easing unchanged... suggests that the

Bank of England is closer to the European Central Bank rather than the more aggressive US Federal Reserve in its outlook, with any tightening of monetary policy likely to come slowly and in modest steps," said AJ Bell investment director Russ Mould.

The pound nevertheless rallied against the dollar on increased expectations that a rate hike could now occur before the end of the summer.

In minutes of the two-day meeting that ended Wednesday, the BoE said that UK inflation "is expected to pick up by slightly more than projected... reflecting higher dollar oil prices and a weaker sterling exchange rate".

At the same time, Britain's economy has grown at the slowest pace in more than five years, with gross domestic product of only 0.1pc in the first three months of this year.

## Oil falls as OPEC nears deal to raise production

● OPEC+ are currently keeping more than two million bpd off the market.

● Most of the shortfall has come from Venezuela

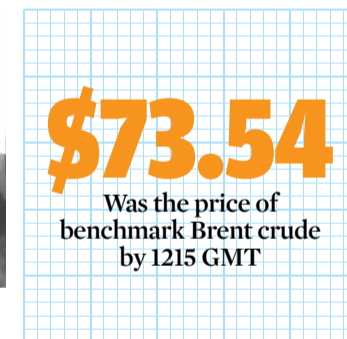
AFP | Vienna, Austria

Oil prices fell yesterday as crude exporters in OPEC appeared to be nearing a deal to increase production.

Benchmark Brent crude dropped \$1.76 a barrel, or 2.3 per cent, to a low of \$72.98 before recovering a little to \$73.54,



A man refuels his car at a petrol station in Tehran, Iran



down \$1.20, by 1215 GMT. U.S. light crude was \$1.00 lower at \$64.71.

Brent reached a 3-1/2-year high above \$80 a barrel last month but has fallen steadily in recent weeks as Saudi Arabia, de facto leader of OPEC, has signalled it intends to raise

production to stabilise prices.

The Organization of the Petroleum Exporting Countries holds its biannual meeting in Vienna on Friday and is widely expected to agree to pump more, possibly supported by some other producers outside OPEC, including Russia.

## With a billion users, Instagram takes on YouTube

San Francisco | United States

Instagram said Wednesday it now has more than one billion active users, as it unveiled a new long-form video feature in a bid to attract "creators" like those on YouTube.

It becomes the fourth Facebook platform to hit the billion-user mark, including the namesake social network with more than two billion users, and the messaging applications WhatsApp and Messenger.

Instagram, which had some 800 million users as of Septem-



Instagram unveils new video service in challenge to YouTube

ber, has been outpacing rival social networks such as Twitter and Snapchat and has been gaining younger users even as Facebook itself has seen declines in the youth segment.

Instagram chief executive Kevin Systrom announced the milestone as he unveiled the new video application known as IGTV.

"We have now a community of one billion users," Systrom told the event in San Francisco.

"Since our launch in 2010, we've watched with amazement as the community has flourished

and grown."

As Facebook itself has moved deeper into video, Instagram will become a direct competitor to YouTube with IGTV.

IGTV will enable any user to upload long-form videos and will also include "channels" from video "creators," similar to a format employed by Google-owned YouTube which has given rise to a number of YouTube "stars." "Anyone can be a creator -- you can upload your own IGTV videos in the app or on the web to start your own channel," Systrom said.