

Saudi insurance stocks soar as Govt lifts ban on women driving

Decision to lift the ban is expected to boost the Kingdom's economy; Car dealers and insurance companies upbeat

● Insurance stocks up 10pc; Gains spread across insurance, banking and petrochemical sectors

● Dubai flat, Air Arabia remain unchanged

Reuters| Dubai

Saudi insurers posted significant gains yesterday, on hopes that insurance volumes will rise as women began driving in Saudi Arabia, in the end of the world's last ban on female drivers.

This lifted the Saudi exchange, which outperformed other regional markets, and which was still riding the wave of MSCI's announcement last week that it would add the kingdom's stock market to its emerging markets benchmark.

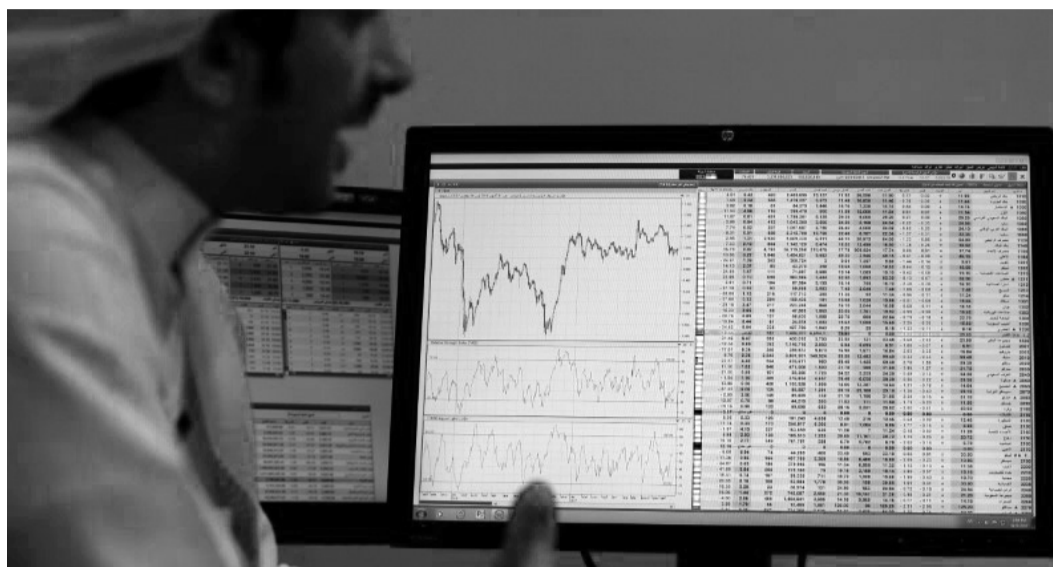
Saudi Arabia's addition could help attract \$40 billion from foreign funds, the chairman of the Saudi Capital Market Authority told Reuters last week. The move followed the decision by another



Insurance companies led the gains. Al Rajhi Company for Cooperative Insurance rose 10 percent

index provider, FTSE Russell, to give Saudi Arabia emerging market status earlier this year. The Saudi index rose 1.8 percent on Sunday, with gains spread across the insurance, banking and petrochemical sectors.

Women in Saudi Arabia took to the roads early yesterday, celebrating the end of the world's last ban on female drivers. The decision to lift the ban in the Kingdom is expected to boost the economy, with industries from car sales to insurance set to reap returns.



An investor watching stock movements on a computer screen in Riyadh. - REUTERS/Faisal Al Nasser (File photo)

Insurance companies led the gains, with Al Rajhi Company for Cooperative Insurance up 10 percent, followed by SABB Takaful Co. and Saudi Indian Company for Cooperative Insurance, which added 7.9 percent and 4.8 percent, respectively.

Some petrochemical companies also added value, following

a rise in oil prices after OPEC decided on only modest increases in crude production last week.

Saudi Investment Bank gained 0.4 percent after announcing yesterday that a subsidiary of JPMorgan Chase & Co agreed to sell its minority stake in the bank for 759.3 million rials (\$203 million). Outside

of Saudi, Gulf markets posted minor gains. In Dubai, where the index was flat, Air Arabia was unchanged. Shares in the airline have declined by more than 10 percent since early last week, when the company said it had hired experts to protect its business interests in private equity firm Abraaj, which has

Closing Bell

Saudi	▲ 1.8%	8,351
Dubai	■	2,929
Abu Dhabi	▲ 0.3%	4,551
Qatar	▲ 0.9%	9,005
Kuwait	▲ 0.2%	4,813
Bahrain	▼ 0.2%	1,307
Oman	▼ 0.4%	4,593
Egypt	▲ 0.3%	16,395

filed for provisional liquidation. Air Arabia subsequently said it has an exposure of more than \$300 million to the embattled buyout firm.

Last week, the United Arab Emirates' top securities regulator asked UAE-listed companies to declare their exposure to Abraaj, the watchdog's chief executive told Reuters. In Abu Dhabi, Dana Gas jumped 0.9 percent after its shareholders approved last week the issuance of a new sukuk to replace an existing sukuk issued in 2013. The shareholders also approved the dismissal of sukuk-related litigation, marking the end of a protracted legal battle.

EU to respond to US move to raise auto tariffs: Report

Reuters| Paris

The European Union will respond to any US move to raise tariffs on cars made in the bloc, a senior European Commission official said, the latest comments in an escalating trade row.

US President Donald Trump on Friday threatened to impose a 20 percent tariff on all imports of EU-assembled cars, a month after his administration launched an investigation into whether auto imports posed a national security threat.

"If they decide to raise their import tariffs, we'll have no choice, again, but to react," EU Commission Vice President Jyrki Katainen told French newspaper Le Monde.

"We don't want to fight (over trade) in public via Twitter. We should end the escalation," he said in the comments published on Saturday.

The European Autos Stocks Index fell on Friday after Trump's tariff threat. Shares U.S. carmakers Ford Motor Co and General Motors Co also dropped.

"If these Tariffs and Barriers are not soon broken down and removed, we will be placing a 20% Tariff on all of their cars coming into the U.S. Build them here!" Trump tweeted.

The U.S. Commerce Department has a deadline of February 19 to investigate whether imports of automobiles and auto parts pose a risk to U.S. national security.

Iran rial hits new low against dollar

● The dollar was being offered for as much as 87,000 rials, compared to around 75,500 on Thursday according to Bonbast.com

Reuters| Dubai

The Iranian rial plunged to a record low against the US dollar on the unofficial market yesterday, continuing its slide amid fears of returning US sanctions after President Donald Trump in May withdrew from a deal on Tehran's nuclear program.

The dollar was being offered for as much as 87,000 rials, compared to around 75,500 on Thursday, the last trading day before Iran's weekend, according to foreign exchange website



A currency trader counts Iranian rial banknotes at a money exchange market in Iran. - Ali Mohammadi/Bloomberg

Bonbast.com, which tracks the unofficial market.

Iran's semi-official news agency ISNA said the dollar had climbed to 87,000 rials on Sunday from about 74,000 before the weekend on the black market, and several Iranian websites carried similar reports.

The currency has been sliding for months because of a weak economy, financial difficulties at local banks and heavy demand for dollars among Iranians who fear the pullout by Washington from the nuclear deal and renewed U.S. sanctions against Tehran could shrink the coun-

try's exports of oil and other goods.

Some of the sanctions take effect after a 90-day "wind-down" period ending on Aug. 6, and the rest, most notably on the petroleum sector, after a 180-day "wind-down period" ending on Nov. 4.



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China launches \$200m mining venture in Tajik

AFP|Dushanbe, Tajikistan

China and Tajikistan embarked on a new \$200 million gold and antimony mining venture yesterday, the Tajik presidential press service said, as Beijing expands its hold over the Central Asian country's mineral resources. On Sunday a groundbreaking ceremony was held for a mine that is expected to produce its first gold and antimony in 2020. The venture between Tajikistan's state-owned aluminium smelter Talco and Chinese company Tibet Huayu Mining Co is expected to produce 1.5 tons of gold annually and 16,000 tons of antimony. China has acquired rights to a number of mineral concessions in Tajikistan.

China cuts banks' reserve requirements by 50 basis points

● The Central bank will release billions of yuan to the country's bigger lenders by July 5

Reuters| Beijing

China's central bank said yesterday it would cut the amount of cash that some banks must hold as reserves by 50 basis points (bps), releasing \$108 billion in liquidity, to accelerate the pace of debt-for-equity swaps and spur lending to smaller firms. The reserve reduction, the third by the central bank

\$108bn

has been released to the market which will ease liquidity and spur lending to small and medium firms

this year, had been widely anticipated by investors amid concerns over market liquidity and a potential economic drag from a trade dispute with the United States. But the 700 billion yuan (\$107.65 billion) in liquidity that



A woman walks past the headquarters of the People's Bank of China in Beijing. - Credit Jason Lee/Reuters

the central bank said will result from the reduction in reserves was bigger than expected. Ex-

pectations of a cut had risen after the State Council, or cabinet, said on Wednesday monetary

policy tools including targeted cuts in banks' reserve requirement ratios will be deployed to strengthen credit flows to small firms and keep economic growth in a reasonable range. Economists are not ruling out further reserve requirement reductions for the rest of the year as borrowing costs rise due to Beijing's clamp-down on leverage in the financial system, a campaign now in its third year, while uncertainty over Sino-U.S. trade ties persists.

The People's Bank of China said the latest targeted cut in some banks' reserve requirement ratios will take effect on July 5.