Investors rush to safety on US-Iran tensions

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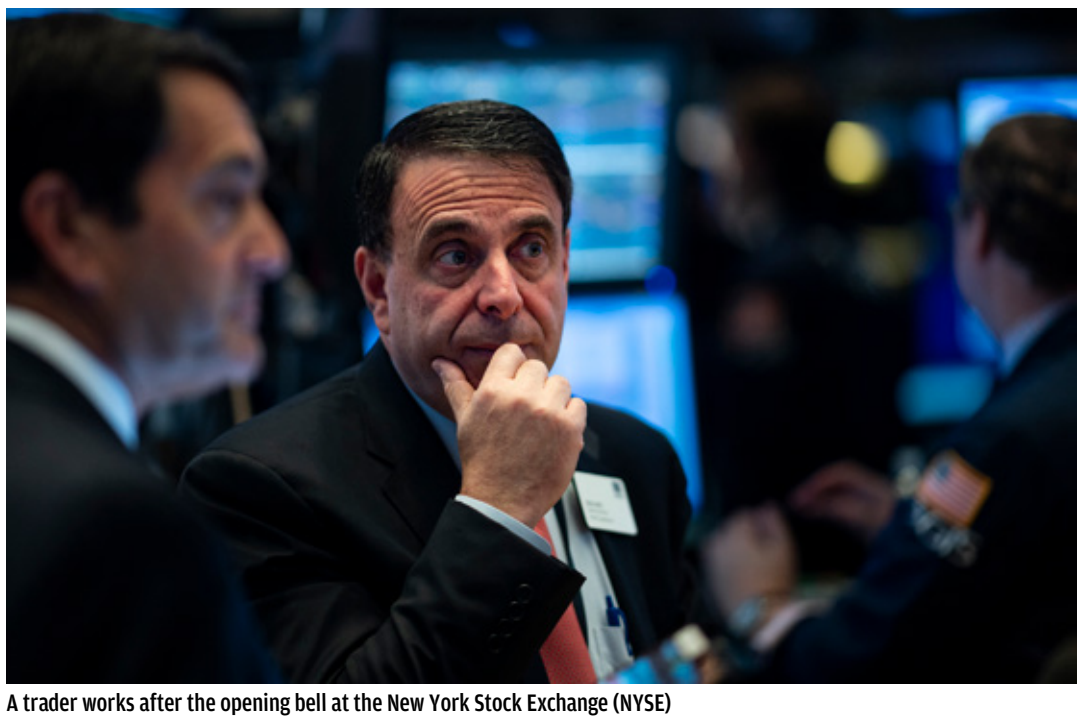
- Bitcoin held above $11,000 after breaking the marker on Monday
- European stock markets were steady in afternoon deals
- Traders are keeping tabs on developments in the China-US trade standoff

London, United Kingdom



A trader works after the opening bell at the New York Stock Exchange (NYSE)

Rising tensions between the United States and Iran dampened the mood in equity markets yesterday as investors turned to safe havens the yen and gold, with the latter striking a near six-year high.

Oil prices steadied despite the US imposing further sanctions on key crude producer Iran, with investors biding their time ahead of next week's key OPEC meeting on output.

Traders looked ahead also to crucial trade talks due this week between US President Donald Trump and Chinese counterpart Xi Jinping.

"Geopolitical tensions weighed on the (stock) markets yesterday after the US imposed new sanctions on Iran," said Russ Mould, investment director at AJ Bell. "Investors (are) switching their attention once again to gold as a safe-haven asset."

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The precious metal struck $1,439.65 an ounce yesterday, its highest level since September 2013, with a softer dollar lending additional support, according to traders.

Japan's currency, viewed also as a haven investment, jumped to a near six-month high at 107.41 yen to the dollar.

Meanwhile the return on 10-year German government bonds, another safe haven investment, hit a record low of -0.33pc, which means investors are paying Berlin to hold their money.

Bitcoin held above $11,000 after breaking the marker on Monday for the first time in 16 months.

The latest round of US sanctions against Iran's supreme leader Ayatollah Ali Khamenei and military top brass meanwhile meant the "permanent closure of the path to diplomacy" with Washington, the Islamic republic's foreign ministry said.

Trump unveiled the new restrictions on Monday, days after Iran shot down a US drone that Tehran said had entered its airspace.

Foreign ministry spokesman Abbas Mousavi's tweet provided a catalyst to sell Asian shares Tuesday.

However European stock markets were steady in afternoon deals, with Wall Street also little changed at the opening.

Traders were keeping tabs on developments in the China-US trade standoff as both countries' leaders prepare for crunch talks on the sidelines of this week's G20 summit in Japan.

World stock markets last week rallied after Trump flagged positive phone talks with Xi.

On Tuesday, Chinese state media said top-level negotiators for both sides had held more discussions ahead of the meeting, and "exchanged opinions on economic and trade issues".

The call took place "at the request of the US side" and they agreed to maintain contact, the Xinhua news agency said.

"The prolonged trade war between the two largest economies has downgraded global growth as more barriers to trade means higher prices," said OANDA senior market analyst Alfonso Esparza.

"Optimism remains high, but more details need to emerge before the market can fully price in how far apart the two sides really are."

Key figures around 1330 GMT

Gold:	▲ at $1,429.65 per ounce from $1,407.41
Dollar/yen:	▼ at 107.03 yen from 107.29 yen at 2050 GMT
Euro/dollar:	▼ at $1.1393 from $1.1395
Pound/dollar:	▼ at $1.2717 from $1.2740
London - FTSE 100:	▲ less than 0.1pc at 7,401.92 points
Frankfurt - DAX 30:	▼ 0.1 at 12,260.31
Paris - CAC 40:	▼ less than 0.1pc at 5,519.65
EURO STOXX 50:	▼ 0.2pc at 3,449.67
New York - Dow:	▲ less than 0.1pc at 26,739.42
Tokyo - Nikkei 225:	▼ 0.5pc at 21,176.13 (close)
Hong Kong - Hang Seng:	▼ 1.2pc at 28,185.98 (close)
Shanghai - Composite:	▼ 0.9pc at 2,982.07 (close)
Brent North Sea oil:	▲ 0.14 cents at $65.00 per barrel
West Texas Inter:	▼ four cents at $57.86 per barrel
Bitcoin -	▲ at $11,231.68 from $10,925

Saudi stocks end losing streak

- Saudi snaps four-day losing streak
- Eight of 11 Saudi banks rise
- Egypt falls for a sixth day
- Financials drag Abu Dhabi, Dubai

Reuters

Traders on the floor of Saudi Stock exchange

Saudi Arabia's stock market snapped a four-day losing streak in late wave of buying yesterday, while other major Middle East bourses dropped after the United States imposed sanctions on Iran's leadership.

Saudi Arabia's share index was up 0.6 per cent with gains coming in last 30 minutes of trading. Banks led the late rally with Riyad Bank adding 2.8pc and Saudi British Bank climbing 2.7pc.

The head of state-run energy giant Saudi Aramco said it could use its spare capacity to meet customer demand, in comments designed to ease concerns over oil supply security caused by recent attacks on oil tankers near the Strait of Hormuz, a key shipping route.

Real estate shares also supported the index rise with Dar Al Arkan Real Estate Development gaining 2.8pc.

Saudi Arabia earlier this week launched its new special residency scheme aimed at attracting wealthy and high-skilled foreign workers. The measure will allow expatriate workers freedom of movement, the right to own property and allow them to do business in the kingdom.

Closing Bell

SAUDI	▲ 0.6pc » 8,650 pts
ABU DHABI	▼ 0.5pc » 4,989 pts
DUBAI	▼ 0.6pc » 2,623 pts
QATAR	▼ 0.5pc » 10,451 pts
EGYPT	▼ 0.3pc » 13,831 pts
BAHRAIN	▲ 0.5pc » 1,462 pts
OMAN	▼ 0.5pc » 3,891 pts
KUWAIT	▲ 0.2pc » 6,381 pts

However other major Gulf markets fell after US President Donald Trump targeted Iranian Supreme Leader Ayatollah Ali Khamenei and other top Iranian officials with sanctions on Monday, increasing pressure on Iran after Tehran downed an unmanned American drone.

The Abu Dhabi index closed 0.5pc lower, weighed down by a 0.4pc drop in Emirates Telecommunications Group and a 0.7pc decline in the country's major lender First Abu Dhabi Bank.

In Dubai, the index was also down 0.6pc, with blue chip developer Emaar Properties dropping 1.3pc and its top lender Emirates NBD Bank slipping 0.9pc.

Qatar's index gave up early gains to trade 0.5pc down at close. Petrochemical maker Industries Qatar decreased 1.3pc and Qatar Islamic Bank dropped 1.1pc.

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Egypt's blue-chip index was down 0.3pc, to register its sixth consecutive session of losses.

The market has been on the back foot after Egypt's first democratically elected president Mohamed Mursi died while on trial in a Cairo court.

US consumer confidence hits 21-month low

Washington, United States

Anxieties jumped among American consumers this month as President Donald Trump's trade wars dragged on, sending an index of consumer confidence to a 21-month low, survey data showed yesterday.

Greater shares of the public now say jobs currently are hard to get and expect business conditions in the next six months to worsen, according to the Conference Board.

The unexpected weakening in confidence reversed two months of gains and could weaken retail sales at the end of the second quarter.

The Consumer Confidence Index sank nearly 10 points to a reading of 121.5, its lowest since September of 2017 and well below the result economists had expected.

"The escalation in trade and tariff tensions earlier this month appears to have shaken consumers' confidence," Lynn Franco, the board's senior director for indicators, said in a statement.

"Although the Index remains at a high level, continued uncertainty could result in further volatility in the Index and, at some point, could even begin to diminish consumers' confidence in the expansion."

The index for the present situation fell more than eight points to 162.6 its lowest level in a year while expectations fell more than 10 points to 94.1, the lowest level since January.

The share of those saying jobs are now "hard to get" rose 4.6 points to 16.4 percent. Meanwhile, hopes for higher income and stronger job creation sagged.

Those saying they expected business conditions to worsen jumped 4.3 points to 13.1 percent, also the highest level since January.

Late last month, President Donald Trump threatened to impose stinging tariffs on all US imports from Mexico, demanding that Mexican authorities do more to curb migration toward the southwest US border.

He withdrew the threat provisionally early in June but officials are currently preparing to slap tough new duties on $300 billion in Chinese imports, which raise prices on popular consumer items like mobile telephones, laptops and apparel.