

Egyptian business activity grows at slower pace in Sept

Business activity in Egypt expanded for the second consecutive month in September, although the pace of gains in output and new orders slowed, a survey showed on Monday. Egypt's economy is still struggling since a popular uprising ousted autocrat Hosni Mubarak in 2011 and was followed by political instability that kept foreign investors and tourists away. In a survey, the Emirates NBD Egypt Purchasing Managers Index

(PMI) for the non-oil private sector fell to 50.2 points in September, from an eight-month high of 51.2 in August, but stayed above the 50-point mark that indicates growth in activity. The index was below 50 points for the first five months of 2015. "Given ongoing weakness in the export sector, it is encouraging that the overall PMI index continued to show an expansion in private sector activity," said Jean-Paul Pigat, senior economist at Emirates NBD.

"While the pace of growth is moderate, the survey nevertheless points to a slight improvement in domestic demand in the first quarter of Egypt's fiscal year FY2015/16. The challenge will be to maintain this momentum through the remainder of the year." The PMI's output sub-index eased to 51.5 points in September from 52.8 points in the previous month, and only one-in-five panellists reported improved activity due to stronger demand. (RTRS)

Iran offers to barter durum for milling wheat - traders

Iran's state grains agency has made an offer to barter some 200,000 tonnes of Iranian-produced new crop durum wheat for at least 250,000 tonnes of imported milling wheat, European traders said on Monday. Offers for the barter deal must be submitted to the agency Government Trading Corporation of Iran (GTC) by Oct 7, traders said. "This is the first time I have seen such a barter offer from Iran,"

one European trader said. "This would be a difficult deal with financial sanctions still in place despite the nuclear deal, but it could be a sign Iran is moving back into the wheat import market." Traders said the GTC is offering to barter eight 25,000 tonne consignments of durum for at least 1.25 times the volume of milling wheat. Iran imposed import duties on private sector purchases of wheat and barley in July but then cancelled them in September.

Iran will not import wheat this year due to a satisfactory crop from local farmers and a good harvest, the country's deputy agriculture minister said on Aug 26. Iran was never barred from buying food under Western sanctions over its disputed nuclear programme, but EU and US sanctions have made trade more difficult by hindering payments and ocean shipping. (RTRS)

Market Movements

05-10-2015

		Change	Closing pts		Change	Closing pts
INDIA	- Sensex	+564.60	26,785.55			
AUSTRALIA	- All Ordinaries	+94.90	5,184.10			
JAPAN	- Nikkei	+280.36	18,005.49			
S. KOREA	- KRX 100	+14.09	3,837.41			
PHILIPPINES	- All Shares	+54.36	4,011.55			
HONG KONG	- Hang Seng	+348.41	21,854.50			
GERMANY	- DAX	+261.72	9,814.79			

Business

12 Pacific nations seal huge free trade deal

Obama welcomes TPP accord as good deal for 'American workers'

Lowest level since Feb 2013

Saudi foreign assets dip on drawdown to cover deficit

DUBAI, Oct 5, (RTRS): Net foreign assets at Saudi Arabia's central bank fell by \$6.6 billion in August as the kingdom inaugurated assets to cover a budget gap caused by cheap oil, official data showed on Monday.

The central bank, which serves as the sovereign wealth fund of the world's top oil exporting country, has been drawing down its reserves since late last year as the plunge in global crude prices slashes its export revenues.

Its latest data showed foreign assets shrinking 1 percent from the previous month to 2.455 trillion riyals (\$655 billion) in August, for a year-on-year decline of 11.2 percent. Assets hit a record high of \$737 billion in August last year.

Saudi Arabia's assets, some of which are managed by global fund firms, are held mainly in the form of securities such as U.S. Treasury bonds and deposits with banks abroad. Equities are believed to account for only a small fraction of securities holdings, perhaps 20 percent. The vast bulk of assets are believed to be denominated in U.S. dollars.

The drop left assets at their lowest level since February 2013, but the pace of decline has slowed since early this year, when month-on-month falls sometimes exceeded 2 percent.

One reason for the slower fall is the government's decision to resume issu-

ing sovereign bonds for the first time since 2007. Since July it has been issuing about 20 billion riyals each month, reducing the need to draw down foreign reserves. State spending may also have slowed since early this year, when the government spent heavily on handouts to citizens to mark the accession of King Salman.

Last month, Finance Minister Ibrahim Almassif said the authorities were cutting unnecessary expenses and delaying some projects to compensate for low oil prices. He didn't give specifics.

The slide in Saudi Arabia's foreign reserves may continue for years, London-based Capital Economics said in a report last week, though it predicted the pace would slow as Riyadh restrained spending and oil prices rebounded gradually.

"This shouldn't cause too much alarm - even at the current rate of depletion, FX reserves would last for at least another eight years," it said.

In June and July, the central bank sold securities heavily while increasing its deposits at foreign banks, its balance sheet shows.

But in August it reversed that pattern. Its foreign securities holdings actually rose, by \$4.3 billion to \$470 billion, while foreign bank deposits tumbled \$10.3 billion to \$121 billion, according to the latest data.

ATLANTA, Oct 5, (Agencies): Twelve Pacific rim countries sealed the deal Monday on creating the world's largest free trade area, delivering President Barack Obama a major policy triumph.

The deal on the Trans-Pacific Partnership, led by the United States and Japan, aims to set the rules for 21st century trade and investment and press China, not one of the 12, to shape its behavior in commerce to the TPP standards.



This file photo taken on Nov 10, 2014 shows US President Barack Obama (3rd right) taking part in a meeting with leaders from the Trans-Pacific Partnership (TPP) at the US Embassy in Beijing on the sidelines of the 2014 APEC Summit. Japan's Prime Minister said on Oct 5, that a dozen nations have reached 'broad agreement' on the Trans-Pacific Partnership, which aims to become the world's largest free-trade zone, after days of talks. (AFP)

"After five years of intensive negotiations, we have come to an agreement that will create jobs, drive sustainable growth, foster inclusive development, and promote innovation across the Asia Pacific Region," said US Trade Representative Michael Froman.

The hard-won deal to create the world's largest free-trade area, encompassing 40 percent of the global economy, came after five days of round-the-clock talks in an Atlanta hotel.

President Barack Obama, who made the TPP a priority of his second term, said the accord reached in Georgia "reflects America's values and gives our workers the fair shot at success they deserve."

"When more than 95 percent of our potential customers live outside our borders, we can't let countries like China write the rules of the global economy," Obama said in a statement. "We should write those rules, opening new markets to American products while setting high standards for protecting workers and preserving our environment."

More than 18,000 taxes imposed by various countries on US products will be eliminated thanks to the partnership, he added.

The accord involves significant market openings from Canada, the United States and Japan but also sets controversial new patent standards for cutting-edge biologic drugs and demands countries like Vietnam, Mexico and Malaysia improve labor standards.

"This agreement in my view is truly transformational," said Canada Trade Minister Ed Fast.

"The magnitude and importance of rules for 21st century issues can't be underscored enough It will shape the future for many trade agreements in this 21st century."

The talks went four days past deadline to resolve conflicts over Canada and Japan opening up their dairy markets to New Zealand exports, and objections from Australia, Peru and Chile to the US push for longer biologic patent protections.

Sheikh Mohammed inaugurates new online portal 'Salaam Gateway'

Islamic economy summit 2015 convenes in Dubai

DUBAI, October 5: His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai inaugurated the second edition of the Global Islamic Economy Summit (GIES) in Dubai today. Over 2000 policymakers, thinkers and business leaders gathered to take part in the two-day summit hosted by the Dubai Chamber, the Dubai Islamic Economy Development Centre (DIEDC), and Thomson Reuters.

In efforts to continue facilitating the growth and development of the Islamic Economy, His Highness Sheikh Mohammed also officially inaugurated 'Salaam Gateway,' the first and only online platform for all Islamic economy-related industry intelligence, news, information, and data. Insights and intelligence, in both Arabic and English, are provided by Islamic economy experts, analysts, and industry and thought leaders. The platform was designed by DIEDC and Thomson Reuters as a business-to-business tool for the increasingly Shariah-sensitive Muslim professional, providing a comprehensive knowledge resource on all sectors of the Islamic economy. It is also the repository of an extensive database of Islamic Economy companies from across the globe.

Following on from the past edition of the Summit and last year's roundtables, the Islamic Economy Awards, under the guidance of His Highness Sheikh Hamdan Bin Mohammed bin Rashid Al Maktoum, took centre stage at the Summit today. The awards, presented by His Highness Sheikh Mohammed bin Rashid Al Maktoum, recognise initiatives and ideas pertaining to eight key categories that have served to enhance bilateral trade and investment relations between Islamic nations.

The winners of the awards were: Dubai International Financial Centre for Money & Finance; Chemical Company of Malaysia Berhad for Food & Health; Unity Productions Foundation for Media; Hajnet for Hospitality & Tourism; Center for Zakat Management for Waqf & Endowments; Affinis Labs for SME Development; Amanic Advisors LLC for Islamic Economy Knowledge Infrastructure; and Gould for Islamic Arts. Additionally, the 'Lifetime Achievement Award' was presented to Iqbal Khan, founder and CEO of Fajr Capital, for outstanding contributions to the Islamic economy.

H.E. Majid Saif Al Ghurair, Chairman of Dubai Chamber of Commerce and Industry, opened the awards ceremony with a keynote speech. He highlighted that the Global Islamic Economy Summit reflects the emirate's concerted efforts in turning Dubai into a global Capital of Islamic Economy while providing an ideal platform for networking and exchange of experiences in encompassing a broader consumer base, standardization and identification of core chal-



HH Sheikh Mohammad bin Rashid Al Maktoum (right), presenting the awards.

lenges affecting the various segments of the Islamic economy.

H.E. Al Ghurair pointed out that the Islamic economy is a way of life experienced by over 1.6 billion Muslims around the world and its model cuts across all aspects of economic and social lifestyle of individuals and communities. This model has proved its excellence during the global financial crisis, making it a perfect choice for Muslims and non-Muslims alike.

His Excellency Sami Al Qamzi, Director General of the Department of Economic Development, Dubai, and Deputy CEO of DIEDC, said in a speech, "Dubai has moved in just a few years

from a research and preparation phase to one of global engagement with the Islamic economy, represented by its numerous ethically-based sectors. From Halal products to Islamic banking and finance, this economy now represents a number of sectors that are receiving worldwide recognition and increasing demand.

"This rapid growth in the Islamic economy, both quantitatively and qualitatively, is evidence of a wise vision, precise timing, and a scientific approach. There is undoubtedly a great deal of work and effort remaining ahead of us, which we will approach with faith, knowledge and determination, guided by the experience

we have acquired over the past few years."

His Excellency Al Qamzi added, "Today, we look forward to global standards for Islamic products and services, and the provision of a stable and effective framework for the Islamic economy governed by appropriate legislative and regulatory organisations, and supported by studies, research, scientific knowledge and innovation. This pace of development will help meet the constantly evolving needs of markets, allowing this initiative to become a truly independent economy in and of itself, rather than merely being a subset of the broader global economy."

The Summit began with welcome remarks from Abdullah Al Awar, CEO of DIEDC, followed by a keynote address by H.E. Mubarak Rashid Al Mansoori, Governor, Central Bank of UAE, who highlighted that UAE is globally recognised for having one of the healthiest Islamic ecosystems, and attributed the success to the UAE's banking industry and the Central Bank's role in continually strengthening the regulatory framework to ensure alignment with the Basel Committee for Banking Supervision (BCBS) recommendations and international best practice.

The plenary session of the day featured a vigorous debate amongst CEOs of Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates Islamic Bank, and Kuwait Finance House, on the relevance of Islamic Finance to other sectors within the Islamic economy.

The session, moderated by Axel Threlfall, Editor-at-Large at Reuters, UK, saw Tiraad Al Mahmood,

Low oil prices bite

Iranian ministers warn of fresh crisis

TEHRAN, Oct 5, (AFP): Four Iranian government ministers have broken ranks to warn of a possible economic crisis because of the plunge in prices of oil and other commodities, underlining the country's patchy recovery.

In a letter sent to President Hassan Rouhani that was published by newspapers Monday, the ministers of economy, industry, labour and defence said "incompatible" policies were causing harm.

"If urgent action is not taken, stagnation could turn into crisis", the letter said, noting that capital was in short supply because of falling income from sales of oil, metals and minerals.

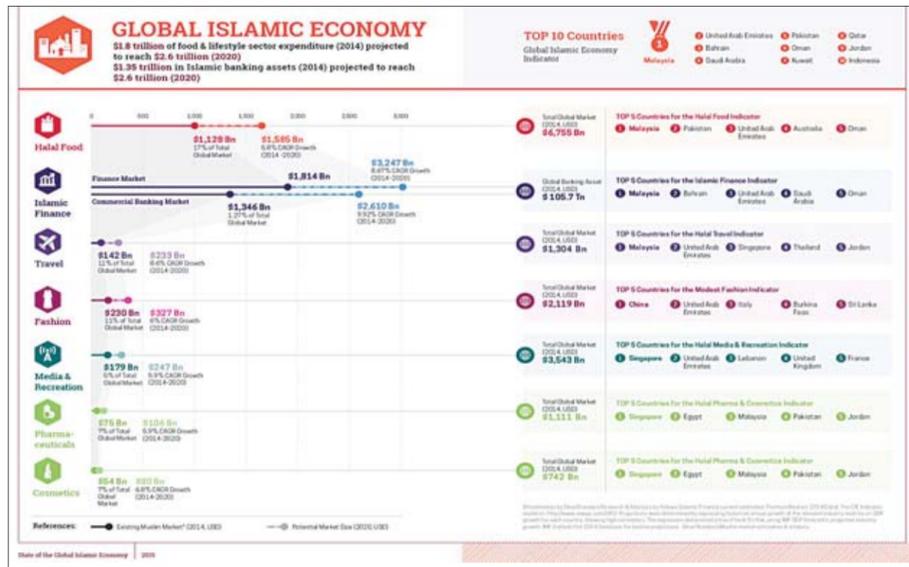
Iranian media reported that the letter was sent one month ago.

Rouhani's government in its first two years has prioritised tackling inflation, which spiked when money was printed after international sanctions were imposed because of Iran's nuclear programme.

However the letter appeared consistent with the views of some analysts who say with inflation now down to 15 percent — it was 42 percent when Rouhani took office — a change of policy is needed.

The government, fresh from a nuclear deal with world powers that should see nuclear-related sanctions lifted in the coming months, is trying to attract foreign cash into sectors long starved of investment.

However, Mohammad Gholi Yousefi, an economics professor at Allameh Tabataba'i University in Tehran, said the letter had exposed tensions over the allocation of cash from Iran's own banks.



Turkish inflation picks up in September: data

ISTANBUL, Oct 5, (RTRS): Turkish annual inflation rose more than expected to near 8 percent in September, data showed on Monday, reinforcing concerns about the economic outlook ahead of a Nov. 1 parliamentary election.

The data will likely heap more pressure on the central bank to raise interest rates, although it is seen as unlikely to take action before the vote. It left rates unchanged last month but analysts say it will have to hike eventually to curb inflation.

The consumer price index (CPI) rose 0.89 percent month-on-month in September, the Turkish Statistics Institute said, above a Reuters poll forecast of 0.80 percent. It rose 7.95 percent year-on-year, sharply above a government target of 5 percent.

More concerning than the rise in the headline figure was the increase in core inflation, said Muammer Komurcuoglu,

an economist at Is Investment. The core figure reflects the impact of the ailing lira, which has hit a series of record lows against the dollar.

"We think the worsening in inflation expectations will continue," he said. "We think the pressure on the central bank will increase."

At the end of July the central bank raised its year-end inflation forecast to 6.9 percent but in the bank's latest survey of business leaders' expectations last month, the end-year forecast rose to 7.98 percent.

The data had little impact on the lira which had weakened to 2.9975 against the dollar from around 2.9900 late on Friday. It has lost around 22 percent of its value against the U.S. currency this year but has recovered from a record low of 3.0750 on Sept. 24.

The main share index rose 1.39 percent.