

Nestle's H1 profit up 19 pct

Swiss food giant Nestle says its first-half earnings were up 19 percent due to a one-time tax expense that impacted profit a year earlier...

percent at 43 billion francs. Nestle, which does not break down earnings by quarter, confirmed its full-year outlook for organic growth...

The company behind Maggi noodles, Stouffer's frozen foods and Kit-Kat chocolate bars on Thursday reported net profit of 4.9 billion francs (\$5.1 billion) for January-June.

CEO Mark Schneider said that "profitability is in line with our expectations, as restructuring savings and efficiencies have offset higher commodity costs." (AP)

PG beats 4Q forecasts but irks activist investor Trian

Procter & Gamble reported profit and revenue that beat Wall Street expectations, but it wasn't good enough for at least one major shareholder.

This consistent underperformance, including deteriorating market share across most of its categories and excessive cost and bureaucracy...

Johnson and Colgate-Palmolive for years. Trian, which FactSet lists as the fifth largest shareholder with approximately \$3.3 billion of P&G shares, suggested appointing Peltz to the Board of Directors.

Commodities Weekly

Gold hits 6-week high

Oil poised for biggest weekly jump this year

LONDON, July 29, (RTRS): Oil prices edged higher on Friday, reaching new two-month highs and on track to post the strongest weekly percentage gains this year...

US crude and gasoline inventories fell much more steeply than expected this week and the world's biggest oil exporter Saudi Arabia said it would further reduce oil output in August.

Brent crude futures were up 44 cents at \$51.93 a barrel at 1334 GMT after reaching a new two-month high of \$52.02 a barrel.

US West Texas Intermediate (WTI) crude futures were up 30 cents at \$49.34 a barrel, after also touching a fresh two-month peak of \$49.38 a barrel.

Both contracts are set to post their biggest percentage gains this year with a rise of around 8 percent.

"Positive signs came from the draw in gasoline stocks this week, as the US moves into the peak driving season," said Ashley Kelly, oil analyst at Cenkos Securities.

US crude stocks fell sharply by 7.2 million barrels in the week to July 21 due to strong refining activity and an increase in exports, according to data from the Energy Information Administration (EIA).

Challenge

Brimming US crude supplies have been a challenge to production cuts to prop up prices led by the Organization of the Petroleum Exporting Countries, meaning weekly US inventory data is closely watched.

Despite these signs, analysts' assessments of the oil market remained bearish.

"We believe the latest price rise is on a fragile footing," analysts at Commerzbank said, adding OPEC production was likely to rise in the coming months as the group has not officially capped output from members Libya and Nigeria.

Investors were eyeing an update on the US rig count expected later on Friday to assess any signs of a slowing down in drilling activity.

Gold prices rose to a six-week high on Friday after weaker than expected US inflation dampened expectations that the US Federal Reserve will aggressively raise interest rates.

Data on US second quarter gross domestic product (GDP) and labour costs also pushed the dol-

lar lower, making bullion more expensive for holders of other currencies.

"It showed a big fall in annual inflation rates across the board ... so there is no urgency for the Fed to raise interest rates," said Commerzbank analyst Carsten Fritsch.

Gold is sensitive to rising rates because they push up bond yields, making non-yielding gold less attractive, and tend to boost the dollar.

Spot gold was up 0.5 percent at \$1,264.30 an ounce at 1320 GMT after touching \$1,266.84, the highest since June 14, just after the data was released.

US gold futures for August delivery were 0.3 percent higher at \$1,263.20 an ounce.

US bond yields were largely flat, while global share prices were down.

Risk

"The US economy remains in growth, but there's very little sign of inflationary risk in today's GDP data," Ranko Berich, Head of Market Analysis at Monex Europe, said in a note.

"It's difficult to get optimistic about rates or USD off the back of today's release," he said.

The dollar has weakened for five consecutive months, which together with short-covering has helped gold gain around \$60 since early July, said Julius Baer analyst Carsten Menke.

But he said the rally was fragile because it has been accompanied by physical market selling and he expected prices to fall to \$1,200 an ounce.

Gold rose through fibonacci technical resistance at \$1,261.30. MKS PAMP trader Tim Brown said: "Gold looks well supported ahead of the 100-day moving average at \$1,249, and a consolidation above \$1,260 could support a move higher."

Chinese data on Friday showed consumption of gold in the country rose by 10 percent in the first half of the year while production fell, leading to higher imports.

However, the global market had a surplus of 138 tonnes in the first half as demand from physically-backed exchange traded funds tumbled, GFMS analysts at Thomson Reuters said this week.

In other precious metals, silver was up 0.8 percent at \$16.66 an ounce, on track for a third weekly gain.

Platinum was 0.9 percent higher at \$930.50 an ounce but set for its first weekly decline in three. Palladium was up 0.1 percent at \$873 after touching a one-month high on Thursday, and has gained 3.3 percent this week.

NEW YORK, July 29, (Agencies): Stock markets fell worldwide on Friday as results from some big US companies disappointed and tobacco shares dropped.

Altria Group fell 9.5 percent and was the biggest drag on the S&P 500, while US-listed shares of British American Tobacco dropped 7 percent, after the US Food and Drug Administration said it aims to reduce nicotine levels in cigarettes while exploring measures to shift smokers towards e-cigarettes.

Amazon's stock fell after the world's largest online retailer reported late Thursday a jump in retail sales along with a profit slump. Results from Exxon Mobil and Starbucks also disappointed.

Despite Friday's share reactions, second-quarter results have come in mostly better than expected, and stocks are trading near record highs.

The Dow Jones Industrial Average rose 33.76 points, or 0.15 percent, to close at 21,830.31, the S&P 500 lost 3.32 points, or 0.13 percent, to 2,472.1 and the Nasdaq Composite dropped 7.51 points, or 0.12 percent, to 6,374.68.

MSCI's 47-country All World share index was down 0.2 percent, while the European STOXX 600 index was down 1 percent.

The US dollar was broadly lower as a combination of uninspiring US economic data and political uncertainty kept traders biased toward the euro and other world currencies.

The euro moved higher against the dollar, and was last up 0.7 percent at \$1.1751. The Swiss franc fell for a fourth straight day and was set for its largest monthly drop in six years against the euro.

US Treasury yields fell. Other data showed that US labor costs increased less than expected in the second quarter. The Employment Cost Index, the broadest measure of labor costs, increased 0.5 percent in the April-June period.

The economy grew at an annual rate of 2.6 percent in the second quarter, revved up by a rise in consumer spending, the Commerce Department reported. Last quarter's growth rate was more than double that of the year's first quarter, which was revised down to 1.2 percent. The faster growth, though, was still a shade below the 2.7 percent that economists expected.

"Overall, the economy continues to move along, but it's hard to see where the fuel is going to come from for further acceleration," said Rich Weiss, chief investment officer of

Wall St Week Ahead

More earnings on tap

Chip stocks show signs of slowing

NEW YORK, July 29, (RTRS): High-flying semiconductor stocks may be poised for more losses in the coming weeks as Chip stocks show signs of slowing s a large swath of chip names reports quarterly results in a sector that may have run up too far for some investors.

Investors will parse earnings from 40 percent of the components in the PHLX semiconductor index over the next month, including Applied Materials, Nvidia and Marvell Technology.

The index is up more than 20 percent on the year, powered by gains of nearly 60 percent in names such as Nvidia and Lam Research, which has helped propel the S&P technology sector higher as the best performing of the 11 major S&P sectors.

Those gains were fueled by expectations of strong earnings and revenue for the quarter. Semiconductor and semiconductor equipment stocks are expected to see the highest growth within the tech sector, with year-over-year earnings growth of more than 40 percent, according to Thomson Reuters data.

"The semis are the heart and soul of the technology sector, particularly the large-cap technology sector, and they are really driving the theme that we saw really take shape in the second quarter," said Peter Kenny, senior market strategist at Global Markets Advisory Group in New York.

"The question is are they going to be able to continue to do it and even if they are, which the street is expecting, there is a case to be made for stretched valuations triggering a little bit of rotation out of the space."

Initial stock movements in the wake of those that have already reported suggest some investors are ready to lighten up. The average 1-day stock performance has been a decline of 1.2 percent for semiconductor companies that reported earnings through Wednesday.

The semiconductor index was poised for its first weekly drop in four and was on track for its fifth drop in six sessions, with declines on Friday coming on the heels of results from Cypress Semiconductor, InterDigital, MicroSemi Corp and Intel.

"A year ago I would say you have to be careful but now I'd say you have to be extremely careful," said

Kim Forrest, senior equity research analyst at Fort Pitt Capital Group in Pittsburgh.

"The ones that have these exotic stories and high growth are probably frothy."

The forward price-to-earnings (P/E) ratio of the S&P 500 semiconductor and semiconductor equipment index stands at 15.2, above its five-year average of 14.4 but below the forward P/E of the broader S&P 500 of nearly 18.

In addition, the 14-day relative strength index reading for the PHLX Semiconductor index stands at 51.6, below the 70 level that indicate an overbought condition, which suggests the sector may still have room to run higher.

"The expectations are high in terms of growth rates: you keep raising the bar, raising the bar; even if you hit the number or get a penny over, it's not good enough anymore," said Daniel Morgan, portfolio manager at Synovus Trust in Atlanta, Georgia.

"You are getting some mismatched trading related to earnings reports coming out; it creates some opportunities to be in some great names where the fundamental themes are still in place."

multi-asset strategies at American Century Investments. He says the economy reminds him of what golfers call a "son-in-law" shot, one that's not bad but not great.

"We're not throwing new money into the stock market at this point," Weiss said. Instead of US stocks, he prefers foreign markets where he says economies have more potential for improvement. Many other investors have shifted their money using a similar philosophy, and the falling value of the dollar against other currencies has helped boost foreign stocks' returns.

Excitement about the US economy had been higher earlier in the year, when many investors expected the Republican takeover of Washington to lead to more pro-business policies. But inaction in the Capitol, capped by the Senate's latest failed attempt to revamp the nation's health care system, is raising doubts about whether tax reform or a big infrastructure plan will happen.

France's CAC 40 lost 1.1 percent,

the FTSE 100 in London fell 1 percent and Germany's DAX dropped 0.4 percent.

The mood also soured in Europe, where shares in Renault tumbled on a weak outlook for the French carmaker despite surging sales and record profits in the first half of 2017.

In Frankfurt, BMW, Daimler and Volkswagen shares also fell. The three were this week hit with lawsuits over their alleged collusion to drive up the prices of their cars.

London's benchmark FTSE 100 index was down one percent at the closing bell, weighed down by poor results from troubled telecoms and television firm BT Group.

"The FTSE sell-off has intensified into the close, with the blue chip benchmark hitting its lowest level in over two weeks," noted Josh Mahoney at IG.

BT shares slid after the group posted a 42 percent slump in first-quarter profits, rocked by fresh fallout from an Italian accounting scandal.

Barclays shares fell as the bank re-

ported a first-half net loss of £1.21 billion (\$1.58 billion, 1.35 billion euros).

Asian markets tumbled Friday to end two days of gains as a US tech sell-off spread to the region, adding to concerns over a host of corporate results.

Hong Kong was drifting lower in afternoon trade and Seoul and Sydney both ended the day losing more than one percent.

Chinese internet giant Tencent and South Korean conglomerate Samsung Electronics were among the big tech losers in Asia.

■ Key figures around 0720 GMT Tokyo - Nikkei 225: Down 0.6 percent at 19,959.84 (close)

Hong Kong - Hang Seng: Down 0.5 percent at 26,994.57.57

Shanghai - Composite: Up 0.1 percent at 3,253.24 (close)

Euro/dollar: Up at \$1.1703 from \$1.1677

Pound/dollar: Up at \$1.3075 from \$1.3061

Dollar/yen: Down at 111.06 yen from 111.24 yen

exchange rates - July 29

Table with multiple columns for different currencies: US dollar, Sterling pound, Euro, Japanese yen, Swiss franc, Canadian dollar, Swedish krona, Saudi riyal, UAE dirham, Bahraini dinar, Omani riyal, Danish krone, Indian rupee, Pakistani rupee, Sri Lanka rupee, Bangladesh taka, Philippine peso, Australian dollar, Hong Kong dollar, Singapore dollar, Jordanian dinar, Egyptian pound, Cyprus pound, Yemeni riyal, Thai baht, South African rand, Korean won, Syrian pound, Iranian Riyal, Lebanese pound, Malaysian ringgit, Indonesian rupiah, New Zealand dollar, local gold, travellers cheques.

All rates in KD per unit of foreign currency