

## Dubai giant port operator to acquire 2 maritime firms

Dubai-owned giant port operator DP World announced Monday it has agreed to acquire two maritime services companies for a total of \$405 million.

The company which operates 77 marine and inland terminals around the world said it will buy Drydocks World, which operates the largest ship repair yard in the Middle East, for \$225 million. DP World also announced in

a statement the purchase for \$180 million of Maritime World, the 100-percent owner of Dubai Maritime City, a service facility.

"These transactions will enhance our position as a leading maritime services provider, and we look forward to leveraging on our proven track record to accelerate growth and deliver stakeholder value," DP World chairman Sultan Ahmed bin Sulayem said.

With container handling as its core business, the company shipped around 85 million TEU, 20-foot equivalent containers, in 2016.

DP World also said it has decided not to renew its operating contract for PT Terminal Petikemas Surabaya in Indonesia when it expires in 2019.

The port on the Indonesian island of Java has a handling capacity of 2.1 million TEU. (AFP)

## Rosneft eyes Iraqi Kurdistan gas pipeline deal

Russian energy giant Rosneft announced Monday it intends to help build a gas pipeline in Iraqi Kurdistan, a move bolstering Moscow's links to the region as it eyes independence.

The state-run firm said it had "negotiated" with local authorities the "opportunity to participate in the project on funding of the construction project of Kurdistan Region's natural gas pipeline infrastructure".

"The Kurdistan Region gas pipeline will not only supply natural gas

to the power plants and domestic factories throughout the region, but also enable exporting of substantial fuel volume to Turkey and the European market in the coming years," a statement said.

The pipeline is set to carry 30 billion cubic metres of gas a year and is scheduled to start working in 2019, the company said.

The deal to build the pipeline should be finalised later this year, it said. Kurdistan is currently locked in a

dispute with Iraq's central government in Baghdad over its plans to hold an independence referendum on Sept 25.

The latest deal will further increase Rosneft's influence in the region as the company also eyes expanding Kurdistan's oil infrastructure.

Russia has long been involved in the oil and gas sectors in energy-rich Kurdistan, with state gas behemoth Gazprom also involved in the region. (AFP)

## Market Movements

18-09-2017

Change Closing pts

|             |                  | Change  | Closing pts |
|-------------|------------------|---------|-------------|
| INDIA       | - Sensex         | +151.16 | 32,423.76   |
| JAPAN       | - Nikkei         | +102.06 | 19,909.50   |
| AUSTRALIA   | - All Ordinaries | +23.20  | 5,779.00    |
| PHILIPPINES | - All Shares     | +50.15  | 4,886.48    |
| HONG KONG   | - Hang Seng      | +352.18 | 28,159.77   |
| S. KOREA    | - KRX 100        | +87.93  | 4,981.86    |
| GERMANY     | - DAX            | +40.58  | 12,559.32   |
| EUROPE      | - Euro Stoxx 50  | +2.68   | 1,018.73    |
| FRANCE      | - CAC 40         | +15.41  | 5,229.32    |

# Business

## 'We don't expect any rate hike in September or December'

# Fed interest rate hike remains uncertain after Harvey, Irma

WASHINGTON, Sept 18, (AFP): Two hurricanes slammed into the United States within two weeks, taking a bite out of economic growth, and adding to doubts about the potential for a third interest rate hike this year.

The Federal Reserve is widely expected to leave interest rates untouched after the two-day policy meeting this week, but economists are split on whether the impact of Hurricanes Harvey and Irma will create enough uncertainty to delay the next tightening move until 2018.

After inflation at long last posted a sizeable uptick in August, markets saw an increased probability of a move in December that would push rates up a notch from the current range of 1.0-1.25 percent.

But Satyam Panday, senior economist at Standard & Poor's, told AFP this one-off pop in the Consumer Price Index should not obscure the larger reality.

"We don't expect any rate hike in September or December," he said. "The underlying trend of inflation still is well below the inflation target of two percent."

CPI rose 0.4 percent last month, and the index for the latest 12 months accelerated to 1.9 percent.

As a result, market odds for a December hike jumped, with futures markets showing the probability above 54 percent on Friday, up from 31 percent the week before.

But the August increase in consumer prices was in large part driven by volatile energy prices. Excluding food and



In this file photo, Federal Reserve Chair Janet Yellen speaks in Washington, to announce the Federal Open Market Committee decision on interest rates following a two-day meeting. The Federal Reserve wraps up a two-day meeting of its policymakers on Sept 20. (AP)

energy, 12-month core CPI held steady at 1.7 percent, the same increase seen every month since May.

Fed policymakers have for months downplayed stubbornly low inflation as the result of temporary factors, but core CPI has not risen above 2.3 percent in six years.

And the Fed's preferred inflation measure, the Personal Consumption Expenditures price index, has been steady at 1.4 percent, while the core measure has been below the central bank's two percent target for more than five years. Meanwhile, the Fed is expected this

week to announce the start of a plan to reduce the multi-trillion dollar investment holdings built up to support the economy in the wake of the 2008 financial crisis.

While the Fed has said the process will be very gradual, to avoid upsetting financial markets, it will act as a slight tightening of monetary policy akin to an interest rate hike.

The double-whammy of Irma and Harvey could shave as much as 0.5 percent off of US GDP in the third quarter, as businesses are disrupted, energy prices rise and hiring weakens.

## Tax help for businesses hit by Harvey and Irma

FLORIDA, Sept 18, (AP): The IRS has extended filing deadlines for taxpayers including businesses located in areas hit hard by hurricanes Harvey and Irma.

The tax relief is available in federally declared disaster areas in Texas, Florida, Puerto Rico and the US Virgin Islands. Taxpayers who got extensions of the April filing deadline for their 2016 income tax returns now have until Jan. 31 to file their returns; they had been due Oct. 16. Taxpayers required to make estimated tax payments on Sept. 15 and Jan. 16 now have until Jan. 31 to make those payments.

And companies' quarterly payroll and excise tax returns due Oct. 31 may also now be delayed until Jan. 31.

The IRS will not assess late filing

or payment penalties on these taxpayers.

Tax relief is also available to workers covered by 401(k) and similar employer-sponsored retirement plans in these disaster areas. Employers are allowed to relax and streamline rules and procedures for staffers to take out loans against their retirement accounts or make hardship withdrawals. The withdrawals must be made by Jan. 31.

More information about the hurricane-related tax relief is available on the IRS website, [www.irs.gov](http://www.irs.gov).

Waning optimism?

Small business owners are more pessimistic about the economy and less likely to hire than they were at the end of last year, according to a survey released by the National Small Business Association.

Forty-five percent of the 1,134 owners surveyed in July and August expect the economy to expand in the next 12 months, down from 54 percent in a survey taken in December. The number of owners expecting the economy to remain the same was 45 percent, up from 34 percent. Ten percent expect a recession, down from 12 percent.

That dip in optimism was reflected in owners' expectations for growth opportunities for their companies. Eight percent said they foresee opportunities in the next three months, down from 11 percent in December. Fourteen percent see opportunities in the next three to six months, versus 18 percent. There was little change among those forecasting growth opportunities in the next six months to a year — 30 percent versus 31 percent.

told AFP, noting there are a "sufficient number" of officials who believe low inflation is due to temporary factors.

In a speech early this month, influential New York Fed President William Dudley said while he was surprised that inflation had been so low, steady growth of the economy should eventually push wages higher, allowing the Fed to continue to raise rates "gradually."

Zandi said with the unemployment rate "falling dramatically" and nearing four percent, inflation eventually will

follow.

"It's just a matter of time." Along with the policy statement Wednesday, Fed members will release their forecasts for the economy and the course of interest rates, which could give a clearer picture of the sentiment in the central bank.

And by December the Fed may have a more dovish makeup, given that Vice Chair Stanley Fischer, a proponent of tightening, plans to step down next month.

# KIA appoints consultant to study possible merger of KFH and AUB

Tie-up will make KFH the largest bank in Kuwait: Moody's

KUWAIT CITY, Sept 18: Kuwait Investment Authority has appointed a global consultant to study within a period of two months the merger of two banks - Kuwait Finance House (KFH) and Ahli United Bank (AUB) which was established in Bahrain, reports Al-Rai daily quoting sources.

Moody's said in a report that the merger of the two banks will have a positive impact on credit rating, especially for KFH; as well as strengthening and diversifying the bank's businesses and supporting its profitability and credit quality in general.

Sources did not name the global consultant but other sources hinted that it could be Bank of America.

Sources disclosed the task was assigned to the global consultant after the trade-off between several presentations by a group of international consultants. Sources said that in the last period the agreement on legal conditions has been finalized and reviewed, and the cost of the study will be submitted by the consultant to the investment authority.

Sources added the investment authority owns more than 24 percent of KFH, the Public Authority for Minors Affairs owns 10.5 percent, the Secretary General of Awqaf owns 7.3 percent and the insurance company indirectly owns 6.1 percent while it is the most prominent owner of AUB with a share of 12 percent.

## Govt plans to issue \$8bn in new bonds

### Egypt sees \$10-12bn finance gap for 2017/18

CAIRO, Sept 18, (RTRS): Egypt expects a funding shortfall of \$10 billion to \$12 billion in its current fiscal year, when it plans to issue \$8 billion in new dollar-denominated bonds, the Finance Minister said on Monday.

Amr El Garhy also predicted economic growth between 5 and 5.25 percent in the year ending June 2018 - up around half a percentage point on a government forecast made in August.

"We want to do 6 percent (growth) in the longer term and in a sustainable way. Historically we make reforms and then 2-3 years later we fall into a trap and make mistakes," he told a

Euromoney conference on Monday.

Days after floating its pound currency last November, Egypt signed a \$12 billion three-year loan with the International Monetary Fund tied to sweeping economic reforms including tax hikes and subsidy cuts.

The programme has started to lure back foreign investors who fled after an uprising in 2011, and Egypt has also been negotiating billions of dollars in aid from other lenders.

Foreign borrowing and direct investment helped the economy expand 4.9 percent year-on-year between April and June.

Asked by a conference moderator about policy priorities for next year, Garhy said the government would press on with deficit- and debt-reduction efforts.

He said inflation, fuelled mainly by sharp declines in the value of the pound since it was floated, remained the key risk for the budget. Core inflation rose to 35.26 percent year-on-year in July from 31.95 percent in June, central bank data shows.

But foreign reserves have begun to recover, jumping to \$36.04 billion at the end of July, their highest level since the 2011 revolt.

Sources explained the global consultant will conduct the study to determine the interest earned from the merger for the public, the market or bank owners.

Sources pointed out there is consensus on the important of the option of integration in the next phase between economic entities, especially banking, which can complement each other and contribute to the exchange of experiences; in addition to what this measure can achieve at the level of financial savings potential and increased opportunities for lending.

Sources said the acceptance of the authority, insurance company and other government owners shall reflect the impact of the merger on public interests and the owners, not just completion of the merger as a traditional procedure.

Moody's noted that if the merger is

successful, it will create the sixth largest bank in the GCC with nearly \$85 billion in total assets as per the statistics released by the end of 2016. The merger will make KFH the largest bank in Kuwait, but it will remain the second largest bank in the Gulf operating in accordance with Islamic Law after Al-Rajhi Bank Saudi Arabia.

Sources revealed the discussions opened in this regard included the General Organization for Insurance in coordination with the most prominent governmental bodies but they did not specify the proportion of each aspect of the estimated cost of the study.

The number of domestic branches of KFH reached 65 while AUB has 37 branches.

Moody's added that success of the merger will lead to expansion of KFH's

banking operations, mainly in Kuwait and Turkey, as well as relatively lesser operations in Bahrain and Malaysia; whereas AUB has subsidiaries in the United Kingdom, Kuwait, Iraq and Egypt, in addition to an associate in Oman. It confirmed that the merger will support the economies of scale and synergies in markets where the banks operate.

On the other hand, Mubasher reported that Kuwait Stock Exchange suspended trading on the two banks until they comment on news published recently. This came after the publication of several reports on the possible merger of the two banks which are listed on the stock markets of Kuwait and Bahrain. However, officials from both banks denied reports on the merger while others confirmed.



In this Thursday, June 1, 2017, photo, builders work on the roof of a home under construction at a housing plan in Jackson Township, Butler County, Pa. On Sept. 18, the National Association of Home Builders/Wells Fargo releases its September index of builder sentiment. (AP)

Overall view remains positive

## US homebuilder sentiment down 3 pts in September

NEW YORK, Sept 18, (AP): US homebuilders are feeling less optimistic about their sales prospects, reflecting concerns that rebuilding efforts following hurricanes Harvey and Irma will drive up costs for construction labor and materials.

Even so, builders' overall view of the new-home market remains positive.

The National Association of Home Builders/Wells Fargo builder sentiment index released Monday slipped to 64 this month. That's down three points from a downwardly revised reading of 67 in August.

Readings above 50 indicate more builders view sales conditions as good rather than poor. The index has been above 60 since September last year.

The latest index fell short of analyst predictions, which called for a reading of 67, according to FactSet.

Readings gauging builders' view of sales now and over the next six months declined from last month. A measure of traffic by prospective buyers also fell.

Sales of new US homes are running ahead of last year's pace, reflecting strong demand for homes as the economy has continued to create jobs. Still, sales posted their biggest one-month drop in nearly a year in July, sliding 9.4 percent to a seasonally adjusted annual rate of 571,000. August new-home sales figures are due out next week.

Sales stumbled this summer as a supply crunch elevated av-

erage home prices nationwide. In response, builders are ramping up the supply of new homes, providing a crucial outlet. But the number of newly built properties available is still below historical levels.

While home construction is up about 2.3 percent so far this year, builders say they are hamstrung by shortages of skilled workers and land parcels ready for new construction.

That dearth of skilled construction labor is expected to get worse as the wake of Hurricane Harvey, which plowed through Texas and Louisiana late last month, and Hurricane Irma, which slammed into Florida earlier this month. Rebuilding in the aftermath of the two deadly and devastating storms is expected to drive construction costs higher and cause delays.

"The recent hurricanes have intensified our members' concerns about the availability of labor and the cost of building materials," said NAHB Chairman Granger MacDonald, a homebuilder and developer from Kerrville, Texas. "Once the rebuilding process is underway, I expect builder confidence will return to the high levels we saw this spring."

This month's builder index was based on 328 respondents.

A measure of current sales conditions for single-family homes fell four points to 70, while an outlook for sales over the next six months slid four points to 73. Builders' view of traffic by prospective buyers edged down one point to 47.

## Government undertaking feasibility studies

# Saudi Arabia says still examining options for N-plants

VIENNA, Sept 18, (RTRS): Saudi Arabia said on Monday it was still undertaking feasibility studies before deciding how and where to build its first nuclear power stations.

Industry sources said last week that Saudi Arabia was expected to launch a tendering process for its first nuclear reactors as early as next month and would contact potential vendors from a number of countries including South Korea, France and China.

The sources said the world's top oil exporter wants to start construction next year on two nuclear power plants with a total electricity generating capacity of up to 2.8 gigawatts, as

it follows Gulf neighbour the United Arab Emirates in seeking to produce atomic energy.

"We are carrying out feasibility studies, technically and economically to build those nuclear reactors ... in addition to detailed technical studies for the selection of the best locations," said Hashim bin Abdullah Yamani, president of the King Abdullah City for Atomic and Renewable Energy (KACARE).

He told the annual general conference of the International Atomic Energy Agency (IAEA) in Vienna that Saudi Arabia had teamed up with South Korean partners to locally

build reactors which can function in remote areas without links to power grids.

"In addition we have a cooperation with the government of China in order to develop the high-temperature, gas-cooled reactors which also can be used in non-power applications in industries, petrochemicals and water desalination," he said.

Yamani said that the Kingdom would have an independent body to supervise its nuclear industry by the third quarter of 2018, based on experience drawn from the Finnish atomic watchdog STUK.

The third pillar of the Saudi push

into atomic energy will be based on the exploration and mining of uranium with a view to eventually reaching self-sufficiency in nuclear fuel production, he said.

The nuclear plants are part of long-standing plans to diversify the OPEC member's energy supply and has received extra momentum as part of its Vision 2030, a sweeping reform programme launched last year by Crown Prince Mohammed bin Salman.

Saudi Arabia is considering building 17.6 gigawatts of nuclear-powered electricity generating capacity by 2032, KACARE says on its website.