

Amazon shares fall 4 pct as Trump renews attack

Shares of Amazon.com Inc fell 4 percent on Monday after US President Donald Trump again attacked the online retailer over the pricing of its deliveries through the United States Postal Service and promised unspecified changes.

"They lose a fortune, and this will be changed. Also, our fully tax paying retailers are closing stores all over the country...not a level playing field!"

Shares of the company were down 3.9 percent at \$1,389.50.

Trump has been vocal about its opposition to Amazon's use of the postal service and Monday's tweet adds to investor worries that the company could see more regulation.

Amazon did not immediately respond to requests for a comment. Details of Amazon's payments to the US Postal Service (USPS) are not publicly known, but some

Wall Street analysts have estimated it pays the postal service roughly half what it would to United Parcel Service Inc or FedEx Corp to deliver a package.

"President Trump's comments are consistent with industry sources we have spoken to in the shipping industry, who often label Amazon's deal with the USPS as a sweetheart deal," DA Davidson analyst Tom Forte wrote in a note. (RTRS)

Musk makes light of Tesla's woes in April 1 prank

Elon Musk, the flamboyant boss of Tesla and SpaceX, took to Twitter on April Fool's day to joke the electric car-maker, which has been rocked by bad news, was going bankrupt.

"Despite intense efforts to raise money, including a last-ditch mass sale of Easter Eggs, we are sad to report that Tesla has gone completely and totally bankrupt. So bankrupt, you can't believe it," he wrote.

He later posted a picture of himself pretending to be passed out with his head on a Tesla Model 3 while holding a sign that read "Bankrupt!"

The prank came amid reports of significant risks ahead for the manufacturer, which is heavily indebted and has not turned a profit since it began operating in 2003.

It has lost about a quarter of its share value since the end of February, and is also currently

under investigation by the US National Transportation Safety Board (NTSB) following a fatal accident involving one of its cars in California on March 23rd.

Tesla confirmed on Saturday its "Autopilot" feature was engaged during the accident but said the driver ignored repeated visual and audio warnings and his hands were not detected on the wheel for six seconds prior to the vehicle's collision with a highway barrier. (AFP)

Joint Arab economic report



GCC states GDP growth slackens to 2.5 pct

This is the first part of the Arab Monetary Fund paper on Joint Economic Report 2017, an overview of economic developments that took place in the region during 2016.

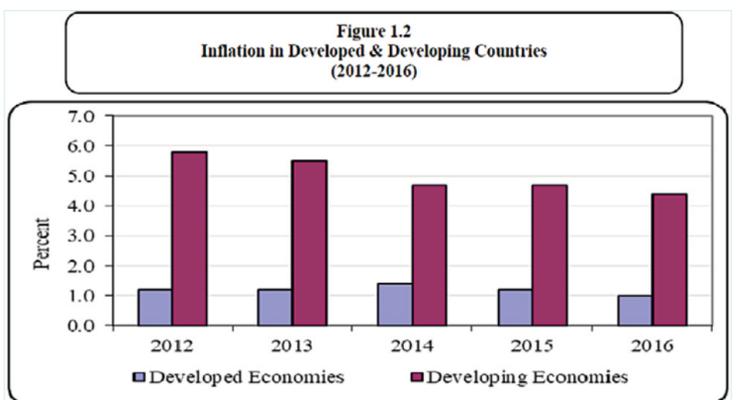
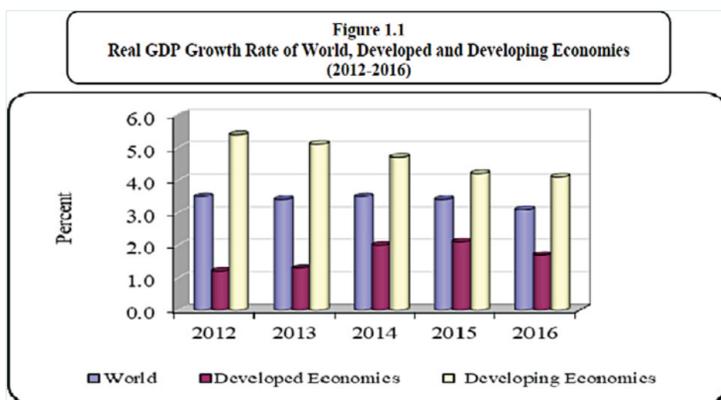
— Editor

In 2016, global economic performance was influenced by a series of developments and events. First, there was the decision by the US and EU early in 2016 to lift sanctions imposed on Iran earlier. This caused global oil prices to plummet down to less than \$30.00 per barrel. In mid-2016, there was the Brexit referendum that led to a decision by the UK to leave the EU. In November, there was the decision by OPEC and non-OPEC major oil producers to reduce oil production by 1.8 million bpd for the first time since 2008. Finally, in Q4, 2016, there were apprehensions associated with the possible impact of US presidential elections on the global economy and international trade.

Moreover, the US Federal Reserve decided to increase the interest rate on US dollar. This led to greater capital outflows from emerging and developing economies. It also caused negative global economic implications of sovereign debt positions in the euro area to persist. Furthermore, the rise of right-wing movements in Europe, as well as the aggravating geopolitical risks, raised concerns in capital markets.

The G-20, on its part, made efforts to bolster cooperation between major economies on the one hand and developing countries on the other to contain fears of depression and the possible impact of protectionist steps that would threaten free trade and global economic growth. During the Annual Meeting held in Beijing in December 2016, the leaders of the G-20 group discussed ways to enhance economic growth and the need to adopt necessary policies to avoid further financial crises in order to be able to ward off protectionist trade policies.

Against this backdrop, Global Economic Growth Rate moderated to 3.1 percent in 2016 against 3.4 percent in 2015. Advanced economies recorded growth comes at 1.7 percent in 2016, down from 2.1 percent in 2015. Despite recording higher growth rates relative to advanced economies, growth rates recorded in developing and emerging



market economies remained lower than ones recorded in the earlier year, ie, an aggregate growth rate of 4.1 percent in 2016 against 4.2 percent in 2015.

Along with global growth, Inflation Rate moderated as a result of several factors that suppressed inflationary pressures. These factors mainly included persisting low price of oil, commodities and food; and high unemployment rates. Furthermore, international trade growth rates were affected by low global growth, tightening of fiscal policies, and protectionist policies in 2016. The growth rate recorded by the volume of international trade was lower than that of the global economy, i.e., 2.0 percent in 2016 against 2.7 percent in 2015.

As to Foreign Debt Positions, adverse international developments increased aggregate outstanding external debt in developing and emerging market economies to \$8642.8 billion in 2016 against \$8296 billion in 2015, or more than double the level recorded in 2009. As to major currency exchange rate developments in 2016, the USD continued to strengthen against some major currencies in 2016, albeit it recorded lower gains compared to previous years. Data show that in 2016 USD strengthened against the euro and the Sterling pound whereas it stabilized against the Japanese yen.

Economic and Social Development in Arab Countries Macroeconomic Developments

Persisting low international oil prices,

slow recovery of global economy, and spillovers from regional conditions and the adverse domestic situation in a number of countries were factors that have affected the performance of Arab economies during 2016. Because of these developments, Gross Domestic Product (GDP) at Current Prices in Arab countries as a group decreased from about \$2437 billion in 2015 to about \$2347 billion in 2016. GDP per capita also decreased from about \$6832 to about \$6420.

Despite economic reform programs adopted by a number of Arab countries with a view to reducing the impact of those conditions, GDP Growth Rate at constant prices for Arab countries combined dropped to about 1.7 percent in 2016, down from about 3.2 percent in 2015. Even with the exclusion of Syria, Libya, and Yemen, where growth has been affected by current domestic conditions, the growth rate for Arab countries combined in 2016 remained low at 2.0 percent. The real growth rate in major Arab oil exporters combined dropped to about 1.6 percent in 2016, down from about 6.0 percent in 2015. In GCC countries growth rate of GDP at constant prices dropped to about 2.5 percent in 2016, down from about 4.0 percent in 2015. In Arab oil importers, including Syria, the growth rate dropped to about 1.9 percent in 2016, down from about 2.0 percent in 2015. However, growth rates of GDP varied across individual countries, mainly reflecting different domestic conditions.

The regional conditions, domestic developments as well as the implementation of more restrained fiscal policies and reforms of basic commodity prices in a number of Arab countries, are the main factors that contributed to a higher average inflation rate in Arab countries taken as a group, which increased from about 4.6 percent in 2015 to about 5.0 percent in 2016.

As to the Sectoral Structure of GDP for the Arab region, available data show that the contribution of extractive industries continued a downward path. It further dropped to 18.8 percent of total GDP in 2016, following a sharper drop in 2015. This persisting low contribution of extractive industries is explained by the sharp drop in global oil prices. In 2016, oil prices dropped by about 60 percent compared with their levels recorded in 2014. On the other hand, contributions of other sectors, especially services, strengthened on the back of lower oil prices.

As to the distribution of GDP by expenditure items, it showed a change in 2016. The household consumption contributed about 53.0 percent. Low oil receipts continued to have an impact on levels and growth rates of public expenditure. The government consumption accounted for 20.3 percent, while the investment constituted 28.3 percent of the total aggregate demand. The share of final consumption increased from 72.5 percent in 2015 to 73.3 percent in 2016 due to the drop in the share of total investment to GDP.

That share moderated from 28.5 percent in 2015 to 28.3 percent in 2016.

On poverty and progress on achieving SDGs goals, available data suggest that during 2016 poverty rates have increased in a number of Arab countries, particularly those that experience domestic conditions that are adverse to economic growth due to increasing numbers of refugees and displaced persons, as in the case of Syria, Iraq, and Yemen. Those conditions reflected on economic and social opportunities, basic services such as health and education. This created more challenges towards meeting SDGs. Using national poverty lines, Djibouti and Sudan continue to be the two countries with the highest rates of poverty. The Multidimensional Poverty Index (MPI) suggests that Mauritania and Egypt have made progress on reducing poverty as broadly defined.

Social Developments

High Population Growth Rates remain a major challenge to efforts made by most of the Arab countries to improve standards of living. These high population growth rates also contribute to high unemployment and low quality of education, with ensuing low labor force competitiveness. This calls for top priority to be accorded to education sector so that it may be able to contribute to the knowledge economy that has become the pivot of the global economy. Available indicators suggest that Arab countries are yet to significantly contribute to that for developing countries (16.2 percent).

Estimates suggest that illiteracy rate for adults (15 years and above) in Arab countries in 2016 has reached 19.5 percent, which is higher than the recorded rate in all other regions except South Asia and Sub-Saharan Africa (29.7 percent and 35.7 percent, respectively). It may be noted that expansion of education in Arab countries has helped cut down illiteracy in the region compared to levels recorded in 2010.

The percentage of population who receive Healthcare has exceeded 95 percent of population in Jordan, United Arab Emirates, Bahrain, Algeria, Saudi Arabia, Syria, Oman, Palestine, Qatar, Kuwait, Lebanon, Libya and Egypt, while it reached about 90 percent in Tunisia, about 85 percent in Iraq, 75 percent in Morocco, 61 percent in Djibouti, 53 percent in Yemen, and less than 50 percent in Sudan, Somalia, Comoros, and Mauritania. Based on available data, healthcare index varies across rural/urban areas, as it tilts in favor of urban areas. Even though most Arab countries have made significant progress on health service expansion, these services often lack quality and skill, a fact that forces some people from Arab countries to travel abroad in search of medication at specialized hospitals. Spending on health as a share of GDP in Arab countries recorded about 5.3 percent in 2015, which is significantly less than the average percentage for the world

tribute to knowledge economy.

Arab countries as a group scored 0.687 on the UNDP Human Development Index 2016. As such, they are classified at a medium level in terms of human development although least developed countries in the region continue to fare modestly on various human development indicators.

Quality of Education is the main determinant of efficiency, effectiveness, and productivity of labor force. Total enrollment rate in primary education stage in the Arab region has recorded about 98 percent, against about 104 percent for developing countries and about 105 percent for the world average. On the other hand, total enrollment rate in secondary education stage in the Arab region has been recorded at about 76 percent, which is comparable to the world average. However, it remains significantly below the average in countries with a high score on human development levels (about 95 percent). Within the education system, higher education has a pivotal role in supporting knowledge economy. The latest available data showed that in 2015 total enrollment rate in higher education stage in the Arab region reached about 30 percent, which is higher than the average rate for developing countries 29 percent, but lower than that for the world as a whole about 35 percent.

As to average spending on education as a share of GNI in Arab countries in 2015, estimates suggest that (9.9 percent).

Available data suggest that there is a significant disparity across Arab countries in levels of access to Safe Potable Water. However, the average percentage for Arab countries as a group suggests that they have made significant progress towards this goal that compares favorably to developing countries as a group despite the vast area of this region. Levels of access to safe potable water recorded in the Arab region in 2016 have reached about 92.5 percent. This is higher than the 71.5 percent level recorded for developing countries as a group and the global average of 90.5 percent for the same year.

The total number of Work Force in the Arab region in 2015 estimated at 130.0 million people, i.e., about 49.8 percent of total population of the region at work age in the same year against about 63 percent for the world average. The annual growth rate of the workforce in the Arab region was recorded at about 2.7 percent during (2006-2015). It may be noted that this high growth rate of the workforce in the Arab region is explained mainly by continued high population growth rates. Projections suggest that workforce and economically active population growth would continue for decades into the future because of the fast population growth over the last three decades. This would represent a persisting significant socio-economic challenge to Arab countries.

Sectoral Developments Agriculture and Water

Agricultural development is given a high priority in the economic policies and the development plans of most of the Arab countries. The agriculture employs around 20 percent of total Arab workforce.

US factory activity 'slows' amid decline in new orders

Construction spending up slightly in February

WASHINGTON, April 2, (RTRS): US factory activity slowed in March amid a decline in new orders, but growth in the manufacturing sector remains underpinned by strong domestic and global economies.

Other data on Monday showed a marginal increase in construction spending in February. The reports support economists' view that economic growth slowed in the first quarter. Economic growth in the first three months of the year tends to be weak because of a seasonal quirk.

The Institute for Supply Management (ISM) said its index of national factory activity fell to a reading of 59.3 last month from 60.8 in February. A reading above 50 in the ISM index indicates growth in manufacturing, which accounts for about 12 percent of the US economy.

The survey's production sub-index fell 1.0 point to a reading of 61.0 in March. A gauge of new orders dropped to 61.9 last month from 64.2 in February. A measure of factory employment dropped 2.4 points to 57.3 in March.

Seventeen industries including fabricated metal products, computer and electronic products, machinery and chemical products reported growth last month. Apparel, leather and allied products was the only industry reporting a decrease.

Machinery manufacturers said the imposed tariffs on steel and aluminum imports were "causing panic buying, driving the near-term prices higher and leading to inventory shortages for non-contract customers."

Miscellaneous manufacturers reported that "new tariffs are causing concern across the supply chain. Full



In this file photo, Elbony Jeter works on the Samsung washing machine facility, in Newberry, SC. The South Korean manufacturer moved into the former Caterpillar facility location in 2017. On April 2, The Institute for Supply Management, a trade group of purchasing managers, issues its index of manufacturing activity for March. (AP)

impact will take a few weeks to reveal itself"

US President Donald Trump last month imposed tariffs on steel and aluminum imports to shield domestic industries from what he has described as unfair competition from other countries.

US financial markets were little moved by the data. In a separate report, construction spending edged up 0.1 percent in February after being unchanged in January.

Economists polled by Reuters had forecast construction spending accelerating 0.5 percent in February. Con-

struction spending increased 3.0 percent on a year-on-year basis.

February's marginal increase in construction spending could have implications for first-quarter gross domestic product growth estimates, which are mostly below a 2 percent annualized rate.

In February, spending on public construction projects tumbled 2.1 percent, almost reversing January's 2.3 percent rise. February's drop was the largest since June 2017.

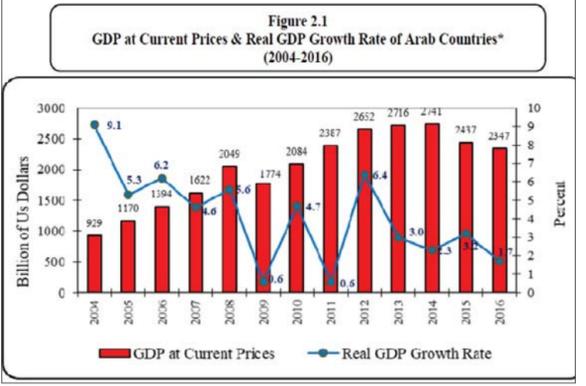
Spending on federal government construction projects plunged 11.9 percent, the biggest decline since Oc-

tober 2004, after surging 13.4 percent in January.

State and local government construction outlays fell 1.0 percent after rising 1.3 percent in January.

Spending on private construction projects increased 0.7 percent after falling 0.7 percent in January. Outlays on private residential projects edged up 0.1 percent to the highest level since January 2007. They rose 0.1 percent in January.

Spending on nonresidential structures rebounded 1.5 percent in February after dropping 1.7 percent in the prior month.



To be continued tomorrow