

BUSINESS

amid trade dispute, New England and Canadian leaders to talk

Some of the political leaders from the New England states and the premiers of the five eastern Canadian provinces will be meeting at a Vermont ski resort to talk about issues facing the region and the two countries while a bitter trade dispute simmers between Washington and Ottawa.

People are expected to begin arriving in Stowe on Sunday, the eve of Monday's meeting at the Stowe Mountain Lodge. Participants of the 42nd Conference of New England Governors and Eastern Canadian Premiers will discuss regional issues affecting the adjoining regions in the two countries such as energy, the environment and trade.

This year's meeting comes as the US, Canada and Mexico are renegotiating the North American Free Trade Agreement and Trump administration officials have made snarky comments about Canadian Prime Minister Justin Trudeau.

"This is a fairly unprecedented time," said Jeffrey Ayres, a political science professor at Vermont's St. Michael's College who specializes in US-Canadian relations.

On Sunday, Republican Vermont Gov Phil Scott and Quebec Premier Philippe Couillard are expected to sign a joint declaration to strengthen their cooperative ties in commerce, energy, environmental

protection, transportation and tourism, Scott's office said.

In most years, the meetings have offered the leaders and their staffs the opportunity to get to know one another while discussing issues important to the region that are not necessarily directed by diplomats. That is sure to go on this year as well, but hanging over the meeting will be the simmering trade tensions between the two countries.

After a June meeting of the Group of Seven in Charlevoix, Quebec, Trump called Trudeau "dishonest" and "weak." Then White House trade adviser Peter Navarro asserted Trudeau "deserves a special

place in hell" for attempting to "stab (Trump) in the back." Navarro later apologized.

The US-imposed tariffs on Canadian steel and aluminum are sure to be felt in the region. Quebec employs about 30,000 people in the two industries.

"I could imagine that there will be a number of issues like that where the premiers and state governors will have a lot of common interests and they will be looking at particular industries: How do we ensure that trade continues and we both continue to trade successfully?" said Armand de Mestral, a professor emeritus of law at Montreal's McGill University. (AP)

Italian bond yields rise

Turkey crisis sends tremors through emerging markets

LONDON/SYDNEY, Aug 13, (RTRS): The crisis engulfing Turkish markets over its diplomatic rift with the United States sent tremors through emerging markets on Monday, knocking some main currencies to multi-year lows and weighing heavily on equities.

Investors fear the selloff in the lira, which hit a fresh record low overnight, could have a ripple effect in global financial markets, with the euro, South Africa's rand and Mexico's peso already dented by Turkey's crisis.

The lira pared some of its losses against the dollar after the central bank said it had lowered reserve requirement ratios for banks as well as pledged to provide whatever liquidity banks needed and to take all necessary measures to maintain financial stability.

However, the Turkish currency was still down more than 6 percent on the day and within spitting distance of a record low around 7.24 hit in early Asian trade. The lira has weakened nearly 45 percent since the start of the year.

Turkey's local bond markets saw yields spike above 21 percent, while dollar-denominated bonds issued by the government and banks suffered a steep selloff. Istanbul's stock exchange halted trading in three of the country's leading banks after they tumbled more than 11 percent.

"It's a textbook crisis - for many years everybody said Turkey was a weak country due to its large external debt and current account deficit," said Guillaume Tresca, senior emerging markets strategist at Credit Agricole.

"There is nothing surprising other than that the central bank is not really reacting. They issued this new plan but there is no tightening of financial conditions - they are completely behind the curve."

Other main currencies were caught in the vortex. South Africa's rand skidded to levels not seen since mid-2016 and Russia's rouble slumped to a near 2-1/2 year trough.

Slid

The Indian rupee slid to an all-time trough, while the Indonesian rupiah hitting a near three-year low prompted the central bank to intervene. China's yuan weakened 0.5 percent - its steepest daily decline in nearly four weeks.

The wave of selling was triggered on Friday when U.S. President Donald Trump announced tougher sanctions on Turkish steel and aluminium exports, causing a spike in emerging foreign exchange volatility gauges.

Adding to the emerging market woes, Washington imposed surprise sanctions last week against Russia.

Some safe haven currencies and bonds rallied. The dollar index held near its one-year top of 96.522, while the Japanese yen climbed for a second straight day

to a 1-1/2 month peak.

However, the sell-off was not limited to emerging markets: the euro stumbled to more than one-year lows on worries about European bank exposure to Turkey.

Spain's BBVA, Italy's Unicredit and France's BNP Paribas have some of the largest operations in Turkey among the euro zone banks.

The fear of contagion reverberated across equity markets.

MSCI's broadest emerging markets index slipped 1.8 percent and traded within eyesight of a one-year low hit in June. The benchmark was pulled lower by hefty falls in Asian heavyweights South Korea and Hong Kong, where indexes fell around 1.5 percent, while Taiwan tumbled more than 2 percent.

Demand

The yield premium investors demand for holding Italian bonds over top-rated Germany rose to its highest since late May on Monday, propelled by political uncertainty in Italy and concerns about contagion from the financial crisis in Turkey.

Safe-haven German Bund yields fell to a one month low, but Spanish and Portuguese bond yields were dragged higher by their Italian peers and the broader risk off sentiment.

Italy once again stood out as the bloc's underperformer, weighed down by conflicting comments from the government, global risk aversion and worries about the Italian banking sector's exposure to Turkey.

Markets were unnerved on Friday by a report in the Financial Times that the European Central Bank was worried about European banks' exposure to Turkey.

Euro zone bank stocks tumbled 1.3 percent to a six-week low on Monday as Turkey-exposed banks BBVA, Unicredit and BNP Paribas fell 0.9 to 2.6 percent.

"You have risk aversion and concerns about Turkey contagion risk hitting Italy against a backdrop of the Italian government not quite on the firmest footing," said David Vickers, a senior portfolio manager at Russell Investments in London.

"You look for where there is fragility and the uncertainties surrounding Italian politics are more acute when you get global pressures."

Speculators will probably attack Italian financial markets this month but the country has the resources to defend itself, Giancarlo Giorgetti - a senior and highly influential government official - said in a newspaper interview on Sunday.

However, Deputy Prime Minister Luigi Di Maio said on Monday Italy was not at risk of a financial market attack and that his government could not be "threatened" by the idea.

World equities rattled by Turkey currency woes; crude prices slip

Gold hits 17-month low as investors seek refuge in dollar

NEW YORK, Aug 13, (Agencies): Turkey's worsening currency crisis sent world equities lower and cut into the value of emerging market stocks and currencies Monday, while boosting the prices of German bonds and other stable assets.

The MSCI world equity index, which tracks shares in 47 countries, was down 0.7 percent and 1.7 percent since Friday's open as the Turkish lira plunged to a record low, forcing the country's finance minister to announce an economic action plan to ease nerves.

The lira has tumbled on worries over President Tayyip Erdogan's increasing control over the economy and deteriorating relations with the United States. It fell as much as 12 percent at one stage on Monday, then recovered to a loss of 8.5 percent.

Emerging market stocks lost 2.11 percent.

The Dow Jones Industrial Average fell 98.08 points, or 0.39 percent, to 25,215.06, the S&P 500 lost 7.19 points, or 0.25 percent, to 2,826.09 and the Nasdaq Composite dropped 9.43 points, or 0.12 percent, to 7,829.68 in early afternoon trading.

The euro fell to a one-year low against the dollar on Monday and sank to a one-year trough against the Swiss franc as well.

European stocks fell on Monday, with a pan-European index of shares down 0.3 percent and the banking stock index as much as 2.6 percent lower.

The pan-European FTSEurofirst 300 index lost 0.31 percent.

Safe-haven government bonds were in demand, with yields on German 10-year debt, the benchmark for the eurozone, dropping to a one-month low.

US crude fell 2.29 percent to \$66.08 per barrel and Brent was last at \$71.53, down 1.76 percent on the day. Spot gold dropped 1.5 percent to \$1,192.43 an ounce. US gold futures fell 1.59 percent to \$1,199.60 an ounce.

US

US stock indexes fell on Monday as a plummeting Turkish lira weighed on shares of big US lenders, but losses on the Nasdaq were limited by high-flying companies such as Apple and Amazon that hit record highs.

The financials slipped 0.63 percent as US bank stocks, like its European counterparts, bore the brunt of investor worries over exposure to Turkey's crisis.

Shares of Citigroup, Bank of America, Wells Fargo and JP Morgan were down between 0.7 percent and 1 percent.

The lira has tumbled more than 40 percent <https://reut.rs/2vFv6Ue> against the dollar this year on worries over President Tayyip Erdogan's increasing control over the economy and deteriorating relations with the United States.

The technology sector rose 0.18 percent and was the only S&P sector to be trading higher.

Apple's shares jumped as much as 1.6 percent to hit a record high of \$210.95 and Amazon.com rose as much as 2.1 to an all-time high of \$1,925, while Google-parent Alphabet gained 0.2 percent.

At 12:38 am EDT the Dow Jones Industrial Average was down 101.99 points, or 0.40 percent, at 25,211.15, the S&P 500 was down 6.94 points, or 0.24 percent, at 2,826.34 and the Nasdaq Composite was down 5.08 points, or 0.06 percent, at 7,834.03.

Among stocks, Harley Davidson fell 4 percent after President Donald Trump backed boycotting American motorcycle manufacturer.

Netflix's shares dipped 0.5 percent and was the only one of the FAANG stocks trading lower, after the video streaming service provider said its Chief Financial Officer David Wells plans to step down.

Nielsen Holdings jumped 9.2 percent, the most on the S&P 500, after activist investor Elliott Management disclosed a stake and said would push for a sale of the TV-ratings company.

VF Corp dropped 3.9 percent after the apparel maker decided to spin off Lee and Wrangler jeans into a separate public company.

Declining issues outnumbered advances for a 2.33-to-1 ratio on the NYSE and for a 1.98-to-1 ratio on the Nasdaq.

The S&P index recorded 11 new 52-week highs and eight new lows, while the Nasdaq recorded 55 new highs and 90 new lows.

Europe

Banks dragged European shares down on Monday as the Turkish currency crisis shook investor confidence in lenders exposed to the country, while pharmaceuticals group Bayer sank 11 percent after its subsidiary Monsanto lost a key lawsuit.

The pan-European STOXX 600 fell 0.2 percent and closed at a three-week low, with Germany's DAX down 0.4 percent as pharmaceuticals group Bayer weighed.

Bayer was the worst performer, sinking 10.8 percent after Monsanto, the US agriculture giant it acquired in June, was ordered to pay damages

in a lawsuit alleging its glyphosate weedkiller caused a man's cancer.

Bayer's shares were set for their biggest one-day fall in more than nine years.

Euro zone bank stocks fell 1.8 percent and touched levels not seen since December 2016 during trading.

Turkish-exposed banks BBVA, Unicredit, and BNP Paribas fell 3.2 percent, 2.6 percent and 1.1 percent.

Deutsche Bank shares fell 2 percent after Bank of America Merrill Lynch downgraded the stock to "underperform". Ingenico shares also suffered a 1.7 percent fall after a BAML downgrade to "underperform".

Air France KLM shares tumbled 4.1 percent after its biggest pilots' union said over the weekend further strikes were possible if pay talks with management did not resume.

Travel and leisure stocks fell 0.5 percent as Air France weighed and the deepening crisis in Turkey sapped investors' appetite for companies involved in tourism in the country.

Shares in asset manager GAM fell 3.7 percent after it said it would liquidate nine funds whose trading it halted last month, after suspending the investment director who ran them.

Asia

Asian markets tumbled and the Turkish lira dived almost eight percent Monday on fears that the economic crisis gripping Turkey could spill over into the global economy.

With investors already on edge over the China-US trade war, the lira's collapse sparked a sell-off in Europe and New York at the end of last week, with safe haven assets including the Japanese yen and Swiss franc rallying.

South Korea's won and the Australian dollar retreated 0.4 percent and the Indonesian rupiah lost 0.9 percent and is at its weakest level since October 2015. The Indian rupee hit a new low of 69.62, extending a recent sell-off with high crude prices also squeezing the unit as India is a net importer of oil.

The yen, a go-to unit in times of turmoil, rose against the dollar, while the Swiss franc was also higher.

On equity markets Hong Kong shed 1.5 percent and Shanghai finished 0.3 percent lower, while Tokyo dropped two percent with exporters hurt by the stronger yen. Sydney fell 0.4 percent, Singapore was 0.8 percent lower and Seoul shed 1.5 percent. There were also sharp losses in Taipei, Manila and Jakarta, which dived 3.3 percent after Indonesia reported Friday its biggest current account deficit in about four years.

■ Key figures at 0810 GMT -

Tokyo - Nikkei 225: DOWN 2.0 percent at 21,857.43 (close)

Hong Kong - Hang Seng: DOWN 1.5 percent at 27,936.57 (close)

Shanghai - Composite: DOWN 0.3 percent at 2,785.87 (close)

Dollar/yen: DOWN at 110.24 yen from 110.58 yen

Oil

Oil prices dipped on Monday as trade tensions and troubled emerging markets dented the outlook for fuel demand, though US sanctions against Iran pointed towards tighter supply ahead.

Benchmark Brent crude oil was down 15 cents at \$72.66 a barrel by 1325 GMT. US light crude was 35 cents lower at \$67.28.

US energy companies last week increased their number of active oil rigs by the most since May, adding 10 rigs to bring the total count to 869, according to the Baker Hughes energy services firm.

That was the highest level of drilling activity since March 2015.

Despite the cautious mood in oil markets, bullish sentiment found some support from expectations that US sanctions against Tehran would restrict Iranian crude exports, tightening global supply.

Gold

Gold prices sank below \$1,200 per ounce for the first time in 17 months on Monday, losing out to US Treasuries and a stronger dollar as investors sought refuge from a financial market rout triggered by a crashing Turkish lira. Investors traditionally use gold as a means of preserving the value of their assets during times of political and economic uncertainty and inflation.

Spot gold had dropped 0.9 percent to \$1,199.36 an ounce by 1406 GMT, having earlier dipped to \$1,194.61, its lowest since March 2017.

US gold futures were down 1 percent at \$1,206.80.

Bearish sentiment can be seen in data from US Commodity Futures Trading Commission showing gold speculators added 22,195 contracts to their net short position in the week to Aug 7, bringing it to 63,282 contracts, the largest since records became publicly available in 2006.

Holdings of the largest gold-backed exchange-traded fund (ETF), New York's SPDR Gold Trust, at 25.3 million ounces have dropped about 10 percent from their April peak and are at their lowest since February 2016.

First resistance in gold is seen at \$1,212.50 and then at the overnight high of \$1,221.40 while initial support is seen at \$1,200.00 and then at \$1,190.00, Kitco Metals said in a note.

exchange rates - Aug 13

	US dollar			Sterling pound			Euro			Japanese yen			Swiss franc			Canadian dollar			Swedish krona			Saudi riyal			UAE dirham			Bahraini dinar			Omani riyal					
	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer						
BEK	Buy	300150	301900	301900	308030	380238	380238	339077	340622	340622	0.02671	0.02673	0.02673	299413	300628	300628	225766	223783	223783	0.29164	0.29089	0.29089	0.80047	0.80546	0.80546	0.81411	0.81366	0.81366	791926	799425	799425	783942	778851	778851		
	Sell	305450	304250	304250	394730	391738	391738	352777	350122	350122	0.02851	0.02853	0.02853	310413	307628	307628	234766	233783	233783	0.34164	0.34089	0.34089	0.81347	0.81186	0.81186	0.83111	0.82862	0.82862	808426	807925	807925	789622	789851	789851		
Muzaini	Buy	300700	300700	300700	—	426390	426390	—	371670	371670	—	0.02806	0.02806	—	315860	315860	—	238080	238080	—	—	—	—	0.80240	0.80240	—	0.81946	0.81946	—	798990	798990	—	781445	781445	—	
Dollarco	Sell	303750	303040	303040	402250	402205	402205	356500	354780	354780	0.02900	0.02745	0.02745	306000	303700	303700	232500	231095	231095	—	—	—	0.80500	0.81705	0.81705	0.82250	0.82290	0.82290	796500	805895	805895	—	—	—	—	—
Commercial Bank	Buy	298000	302850	302850	385000	386285	386285	344000	344537	344537	—	0.02748	0.02748	302000	305077	305077	229000	230094	230094	—	—	—	0.82000	0.80775	0.80775	0.82200	0.82240	0.82240	800883	803785	803785	785133	786950	786950	—	—
	Sell	305950	304950	304950	394000	388964	388964	353000	346926	346926	—	0.02767	0.02767	311000	307193	307193	237000	231690	231690	—	—	—	0.82000	0.81335	0.81335	0.83029	0.83052	0.83052	808932	809358	809358	793024	792407	792407	—	—
Gulf Bank	Buy	—	302850	302850	—	384110	384110	—	342396	342396	—	0.02778	0.02778	—	303226	303226	—	228783	228783	—	—	—	—	0.80612	0.80612	—	0.82263	0.82263	—	798977	798977	—	785294	785294	—	
	Sell	—	304950	304950	—	391851	391851	—	349390	349390	—	0.02780	0.02780	—	309465	309465	—	233392	233392	—	—	—	—	0.83296	0.83296	—	0.83278	0.83278	—	810950	819957	—	796172	796172	—	
NBK	Buy	—	302850	302850	—	386220	386220	—	344550	344550	—	0.02743	0.02743	—	304740	304740	—	229590	229590	—	—	—	—	0.80680	0.80680	—	0.82400	0.82400	—	—	—	—	786110	786110	—	
	Sell	—	304950	304950	—	390580	390580	—	348620	348620	—	0.02778	0.02778	—	308560	308560	—	232520	232520	—	—	—	—	0.81450	0.81450	—	0.83160	0.83160	—	81800	81800	—	793310	793310	—	
Burgan Bank	Buy	—	302850	302850	—	386436	386436	—	344764	344764	—	0.02743	0.02743	—	305061	305061	—	230190	230190	—	—	—	—	0.80644	0.80644	—	0.82337	0.82337	—	—	—	—	776589	776589	—	
	Sell	—	304950	304950	—																															