SALIC looking at Iraq farmland investments

The Saudi Agricultural and Livestock Investment Company (SALIC) is looking at more farmland investment opportunities and has its neighbour Iraq on the list.

SALIC, an arm of the country's Public Investment Fund (PIF), said it was also looking to expand its investments in the Black Sea region, which already includes 46,000 hectares of land in western Ukraine.

"We are considering many opportunities and Iraq is definitely on the list," newly appointed Managing Director Khaled al-Aboodi told Reuters.

Iraq on Wednesday received pledges of $30 billion, mostly in credit facilities and investment from allies after a major donor conference in Kuwait.

Amongst the opportunities on display for investors during the event were 4 million dunums (400,000 hectares) of agricultural land, Hameed al-Nayef, Iraqi agriculture ministry spokesman said.

"Agricultural land that will be offered is across Iraq and investors should choose what crops to grow but we are giving priority to strategic crops like wheat, barley, corn, sesame and rice," he said.

The mechanism for investment in Iraqi farmland and terms will be up for negotiations with interested firms. (RTRS)

Aldar plans $1.47 bln capex over two years

Aldar Properties, the state-linked builder of Abu Dhabi's Formula One circuit, said it plans to spend 5.4 billion dirhams ($1.47 billion) over the next two years after reporting an 80 percent drop in fourth quarter profit.

The results come against a backdrop of a slowing economy and property market in the oil-rich capital of the United Arab Emirates.

Aldar made a net profit attributable to owners of 141.0 million dirhams ($38.4 million) in the three months to Dec 31, compared with 727.9 million dirhams a year earlier, CFO Greg Fewer said on a conference call on Thursday.

A one-time charge of 495 million dirhams in the fourth quarter, representing 3 percent of the asset management portfolio, impacted Aldar's bottom line, he said.

SICO Bahrain forecast that Aldar would make a quarterly profit of 628.12 million dirhams.

Aldar's full-year profit attributable to owners was 2 billion dirhams, compared with 2.78 billion dirhams in 2016, he said.

"The overall capex programme stands at 5.4 billion dirhams (which) will run approximately 24 months, but we add to this as we continue to announce new contracts and launch new projects," Fewer said. (RTRS)

Market Movements 15-02-2018

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	+68.70	6,008.70
JAPAN	-	Nikkei	+310.81	21,464.98
GERMANY	-	DAX	+7.01	12,346.17
FRANCE	-	CAC 40	+57.26	5,222.52
EUROPE	-	Euro Stoxx 50	+19.80	3,389.63
S. KOREA	-	KRX 100	+66.96	5,048.02
PHILIPPINES	-	All Shares	+2.80	5,075.60

Change Closing pts

Business

Iran raises rates to control rial's depreciation

Authorities close accounts of hundreds of foreign exchange dealers

TEHRAN, Feb 15, (AFP): Iran has raised bank deposit rates and frozen the accounts of hundreds of foreign exchange dealers in a bid to shore up the value of the rial, reports said Thursday.

The currency had lost a quarter of its value in six months, sliding to a record low of 48,400 to the dollar on Wednesday, as US President Donald Trump's threats to tear up a landmark 2015 nuclear deal dash hopes of a surge in foreign investment.

In a bid to stem the decline, the central bank announced that to encourage savers to keep their money in rials rather buying hard currency, it would ease the cap it imposed in September on the deposit rates offered by lenders, Iranian media reported.

Banks will now be able to offer interest rates of up to 20 percent on fixed one-year deposits against 15 percent previously.

Authorities also closed the bank accounts of 775 people they suspected of distorting the foreign exchange market with capital movements totalling some 200 trillion rials (more than $4 billion), government daily Iran reported.

The move came after police closed 10 foreign exchanges on Wednesday and arrested around 100 dealers. State television broadcast footage of the crackdown.

"The foreign exchange speculators have been identified," central bank chief Valiollah Seif said, quoted by Iranian media on Thursday.

"We will use all means at our disposal to get out of this situation and restore calm to the market."

The combination of measures had some success in shoring up the value of the rial — it was changing hands at 47,400 to the dollar on Thursday morning.

But it was still a far cry from the 10,000 level it was trading at prior to the tightening of US-led nuclear sanctions in 2012.

The nuclear deal struck in 2015 had raised hopes that level would return and, when it was announced, many Tehranis celebrated by waving dollar bills alongside 10,000 rial notes.

But those hopes have long since subsided and Iran was rocked by a wave of economic protests last month.

Officials pose for group photo during the event.

KPI signs contracts to develop Omani Duqm refinery project

By Osama Jalal

Kuwait Petroleum International (KPI) signed Thursday engineering contracts for the development and construction of Oman's Duqm refinery project, said an official.

Speaking to KUNA, KPI's CEO Nabeel Bourisli said that he was very glad to be working with the Omani Oil Company (OOC), affirming the Duqm project will help further develop energy cooperation.

Bourisil, also chairman of the board for the Duqm Refinery And Petrochemical Industries Corporation (DRPIC), revealed that the three engineering contracts, signed in Muscat Oman, will help develop of the refinery's main and supporting units in addition to services and facilities.

The Duqm refinery is located in Oman's Al-Wusta Governorate.

The Duqm refinery will be established on a total area of 900 hectares. Once completed, the refinery will have the capacity to process 230,000 barrels of crude oil per day for both local and international markets.

The KPI was established in 1983 as the KPC arm for marketing and refining outside Kuwait.

The state-owned OOC was established in 1996 to pursue investment opportunities in the wider energy sector both at home and abroad. (KUNA)

Photo by KUNA

KPI and OOC representatives signing the agreement.

US, India, Singapore, China among key destinations

SWFs favour tech, property deals in 2016-17

LONDON, Feb 15, (RTRS): Technology and real estate investments led deal-making by sovereign funds in 2016 and the first half of 2017 according to a report published on Wednesday, with six funds accounting for over 70 percent of transactions.

Sovereign wealth funds (SWFs), which reinvest surpluses from commodity exports or trade, have about $7.5 trillion under management globally.

In recent years they have increased their exposure to unlisted assets in pursuit of higher returns, although some funds are now hitting upper limits on their allocations.

The IE Business School's latest annual Sovereign Wealth Funds Report showed deal-making remains concentrated among a handful of key players, because it requires large specialist teams to identify, assess and execute transactions.

"This expertise in private markets and assets required to invest abroad and deploy large sums of capital directly is an entry barrier for other SWFs," said Javier Capape, co-author of the report and a director at the IE Business School's Sovereign Wealth Lab.

Temasek, a Singapore state-owned investment company, accounted for 101 deals, or 30 percent of the total over the 18-month period. Singapore's SWF GIC managed 63 deals, or 19 percent.

Together with Abu Dhabi Investment Authority, Qatar Investment Authority, the Ireland Strategic Investment Fund and China Investment Corporation (CIC), they accounted for over 70 percent of the acquisition count.

Technology was the most popular sector, accounting for 26.1 percent of total transactions in the first half of 2017, up from 24.3 percent in 2016.

More SWFs are sinking money into tech start-ups in an attempt to protect their holdings in mature sectors from new companies such as Airbnb and Uber. Artificial intelligence and virtual reality have also attracted interest.

Real estate accounted for 23.9 percent of deals in the first half of 2017, up from 21.5 percent in 2016. CIC's warehouse group Logicor was the biggest deal in the first half of 2017, worth $13.8 billion.

Logistics companies are considered well-placed to benefit from the growth of companies like Amazon, which use massive warehouses as distribution hubs. Student housing and high- quality office blocks also remained popular with SWFs.

The United States, India, Singapore, China, Australia, and Britain were key destinations.

Capape said it was too early to say whether Britain's vote to leave the European Union had had an impact on its appeal to SWFs: "They may be benefiting from a low pound. We can't say it's a big drop in investments after Brexit."

He noted an uptick in interest in emerging-market infrastructure, which soared from 3 percent of direct investment in infrastructure in 2012 to nearly 30 percent in 2016.

At the same time, infrastructure's share of total foreign direct investment dollars spent rose from 12 percent in 2015 to 20 percent in 2016.

"Fierce competition for prize assets, coupled with skyrocketing prices, has nudged some SWFs toward emerging and frontier markets," the report noted.

Developed markets, with exceptions such as Australia and Britain, have failed to satisfy SWF demand for infrastructure and utility plays.

With President Donald Trump releasing his long-awaited infrastructure plan on Monday, the United States could offer fresh opportunities.

But Capape said some funds might run into opposition on national security grounds. The Committee on Foreign Investment in the United States, which reviews acquisitions by foreign entities for potential national security risks, has become more risk-averse under Trump.

"The criticism that comes from some SWFs when investing in developed markets is that this definition of national security is very loose and it may be used to defend against important assets being controlled by foreigners," he said.

Saudi cenbank signs blockchain deal with Ripple

DUBAI, Feb 15, (RTRS): Saudi Arabia's central bank has signed a deal with US-based Ripple to help banks in the kingdom settle payments using blockchain software, as Gulf regulators begin to explore new forms of financial technology.

The pilot programme is the first of its kind to be launched by a central bank, allowing banks in Saudi Arabia to use Ripple's software to instantly settle payments sent into and out of the country, the company said late on Wednesday.

This will allow Saudi banks to make faster, cheaper and more transparent cross-border transactions, Ripple said, adding that the central bank would provide training to Saudi banks interested in the programme.

Most regulators in the Gulf initially expressed scepticism about fintech and last year the Saudi central bank warned citizens against trading bitcoin because it was outside the bank's regulatory reach.

But Bahrain, keen to boost its role as a regional financial centre, has been exploring the use of digital currencies and in the last few months, regulators in some larger Gulf economies have followed suit.

The Saudi central bank is working with the United Arab Emirates central bank to issue a digital currency that would be accepted in cross-border transactions between the two countries, UAE central bank governor Mubarak Rashed al-Mansouri told Reuters in December.

Inclusive development discussed

IMF's CEF and AFESD deliberate on policies

WASHINGTON, Feb 15, (KUNA): The IMF Middle East Center for Economics and Finance (CEF) in Kuwait, jointly with the Arab Fund for Economic and Social Development (AFESD), held Wednesday a high-level symposium on "Inclusive Development in the Arab World: A Call for Action." The International Monetary Fund (IMF) said in a press release that the panel discussion was chaired and moderated by Dr Yousef Al-Ebraheem, Economic Advisor at Al-Diwan Al-Amiri.

It included, Dr Jihad Azour, Director of the IMF?s Middle East and Central Asia Department, as the keynote speaker and Dr Ibrahim Elbadawi, Managing Director of the Economic Research Forum.

It noted that during his introductory remarks and the subsequent discussion, Dr Al-Ebraheem indicated that the symposium was the eighth high-level forum organized by the CEF jointly with the AFESD, aimed at "stimulating an open debate on the evolving economic challenges faced by policymakers in Kuwait and the wider Arab community."

He discussed "the economic and financial sector reforms that are essential to achieve sustained inclusive growth and reduce unemployment in Arab countries, taking into consideration the challenges of widespread conflicts, a refugee crisis and migration crisis, as well as low and volatile oil prices." For his part, Dr Azour made the case that "now was the time to accelerate reforms to promote higher and more inclusive growth in the Arab World."

He said that the region "is facing the pressing need to create jobs and harness the talent of 27 million youth who will enter the labor force in the next five years." He added "it should take advantage of the strengthening global economy, expected to grow at 3.9 percent in 2018 and 2019, fastest pace since 2011.

"Noting that the region continues to bear the burden of protracted conflicts and was hit by the 2014 drop in oil prices, Dr Azour observed that growth has not been strong enough for much of the decade to create jobs for many and lift their living standards," the IMF stressed.

This led to "growing frustration about joblessness, poverty and inequality, especially among the youth, women, rural communities, and refugees." Dr Azour emphasized that "creating the conditions for sustained job-rich growth will require macroeconomic stability supported by prudent fiscal and monetary policies.

But countries should also pursue a critical mass of reforms aimed at fostering the private sector, diversifying economies, boosting productivity and investment, and enabling greater inclusion."

Banks interested

Russia eyes investors pool for Aramco IPO

SOCHI, Russia, Feb 15, (RTRS): The Russian Direct Investment Fund (RDIF) has pledged to set up a "significant" pool of investors for the potential $100 billion initial public offering (IPO) by Saudi Arabian state oil major Aramco, it said on Thursday.

The sovereign wealth fund's head, Kirill Dmitriev, who has previously said that Russian pension funds were considering participation in the Saudi Aramco IPO, said he expects widespread interest from the Russian financial sector.

"We see a great interest from the Russian banks, from Russian investment banks and other Russian investors," he said on the sidelines of a conference in the Russian Black Sea resort of Sochi.

"That's why we believe that we will be able to set up a significant consortium for these investments."

Dmitriev added that the fund has been working with Chinese investors to facilitate their participation in the IPO, which could become the world's biggest, valuing Saudi Aramco at up to $2 trillion and raising more than $100 billion.

Sources told Reuters last year that Chinese state oil companies were willing to become cornerstone investors in the IPO.

Relations between Russia and Saudi Arabia, the world's two biggest oil producers, have been flourishing against the backdrop of a successful OPEC-led oil production pact.

Dmitriev said that RDIF and its partners from the Middle East, Asia and Japan have bought a "significant" amount of preferred shares in Russian state oil pipeline monopoly Transneft.

Earlier on Thursday Russian Energy Minister Alexander Novak said that Russia's largest non-state natural gas producer Novatek and Saudi Aramco have signed a memorandum on cooperation.

Novak and Dmitriev headed a Russian delegation in Saudi Arabia this week.

The minister also said that Novatek and Saudi Aramco have been in discussion over the Arctic LNG-2 project, which aims to start producing liquefied natural gas from 2022-2023, and that an agreement could be signed this year at an economic forum in St Petersburg.

Vedomosti daily reported on Thursday that Saudi Aramco has been in talks with Novatek about a stake in Arctic LNG-2 and possible purchases of gas from the project, citing unnamed sources.

A Novatek spokesman declined to comment.