UAE passenger traffic falls

The number of passengers travelling through Dubai International Airport fell by 3.8 percent in May, its second consecutive monthly decline in passenger traffic.

The world's busiest airport for international travellers handled 6.6 million passengers, down from 6.9 million in the same month a year earlier, its operator said on Thursday.

Operator Dubai Airports said the decline was due to a traditional drop in demand during the Muslim fasting month of Ramadan which began in mid-May. The number of flights at the airport fell 5.6 percent to 32,620.

Passenger traffic was also lower in April after rebounding in March from consecutive monthly declines in January and February.

The airport is the hub for major airline Emirates and its sister airline flydubai which, along with Dubai Airports, are owned by the government of Dubai. (RTRS)

Turkey's Sok seeks to calm investors

Turkish grocer Sok Marketler has been calling investors spooked by its deal to buy shares at a premium from its controlling shareholder, just weeks after issuing them to shore up its listing, a person familiar with the deal said.

Sok shares have fallen by some 9 percent since it disclosed the buy-back from Yildiz Holding on Friday and were down 1.4 percent at 8.76 lira at 1534 GMT on Tuesday.

One international investor, who participated in $531 million initial public offering last month and has shares in Sok, confirmed it was in contact with the discount grocer.

We are aware of the situation and have been engaging with the company, the investor said, on condition of anonymity.

Sok was forced to slash its IPO price and get unlisted shareholder Yildiz Holding to buy a direct stake via a private placement in order to complete the listing, amid a downturn in demand for new Turkish listings. Sok and Yildiz did not respond to questions from Reuters.

Yildiz, which owns food brands including Godiva chocolate and McVities biscuits, is struggling with foreign-currency debt as the Turkish lira weakens and last month signed a deal with its banks to refinance $5.5 billion in debt.

Sok, which operates some 5,500 supermarkets across Turkey, said late on Friday it had bought back 33.4 million shares — or 5.46 percent of its outstanding stock - from Yildiz for 10.5 lira a share, to utilise commercial opportunity and make investment.

The price paid represented a 10 percent premium to Soks market value as of Fridays closing share price and essentially reversed its earlier $77 million capital increase.

Sok said on Tuesday the deal was subject to the same lock-up that followed its IPO and it would therefore be reimbursed by Yildiz if the market price at the end of the period was less than what it paid. (RTRS)

Market Movements 05-07-2018

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	+29.20	6,302.90
GERMANY	-	DAX	+146.68	12,464.29
FRANCE	-	CAC 40	+45.82	5,366.32
EUROPE	-	Euro Stoxx 50	+28.09	3,440.92

			Change	Closing pts
JAPAN	-	Nikkei	-170.05	21,546.99
S. KOREA	-	KRX 100	-5.47	4,705.66
PHILIPPINES	-	All Shares	-46.42	4,407.62
INDIA	-	Sensex	-70.85	35,574.55
HONG KONG	-	Hang Seng	-59.58	28,182.09

Business

Hundreds of thousands of foreigners continue to leave

Unemployment among Saudis hits record 12.9 pct as private firms struggle

DUBAI, July 5, (RTRS): Unemployment among Saudi citizens edged up to a record 12.9 percent in the first quarter of this year as private employers struggled under the weight of a new tax and a domestic fuel price hike, official data showed on Thursday.

The figures underlined the difficulties which the government faces as it pushes through reforms to reduce the economy's reliance on oil exports.

The reforms aim to develop non-oil industries and create jobs, but they also involve austerity steps to close a big state budget deficit; a 5 percent value-added tax was imposed at the start of 2018. The austerity is hurting many private companies.

The first-quarter unemployment rate was the highest recorded by the official statistics agency in data going back to 1999.

It exceeded the 12.8 percent level which had prevailed for the previous three quarters.

Authorities are keen to lure more Saudis, especially Saudi women, into the labour force to make the economy more efficient and reduce the government's financial burden.

The latest data showed little progress in that area, however, with the number of Saudi job seekers falling to 1.07 million in the first quarter from 1.09 million in the previous quarter, even as the number of employed Saudis also declined.

The figures revealed a continued exodus of hundreds of thousands of foreign workers from Saudi Arabia because of the weak economy and hikes in fees which companies must pay the government to hire expatriates.

The number of foreigners employed in the kingdom shrank to 10.18 million from 10.42 million in the previous quarter and 10.85 million in the first quarter of 2017 – a drop which is slowing the economy by hurting consumer demand.

Saudi gross domestic product, adjusted for inflation, grew 1.2 percent from a year earlier in the first quarter of 2018, beginning to recover after shrinking in 2017, figures released earlier this week showed.

But the rebound was largely due to stabilising oil output, and economists expect the oil sector to lead growth later this year with non-oil businesses expanding only modestly – a trend that may keep unemployment high.

Saudi April oil and non-oil exports surge

RIYADH, July 5, (RTRS): The value of Saudi Arabia's oil and non-oil exports rose year on year in April while imports fell, data from the Central Department of Statistics and Information showed on Wednesday.

Saudi Foreign Trade (in bln riyals)	04/18	03/18	04/17
Oil exports	68.943	62.073	51.688
Non-oil exports	19.556	19.250	15.460
Imports	42.655	40.236	44.125
Dynamics of Trade(pct y/y change in riyal terms)			
Nominal oil exports	33.4	15.0	34.4
Nominal non-oil exports	26.5	11.1	8.9
Nominal imports	-3.3	-9.1	-0.2

Note. Non-oil export and import figures for the first three months of this year were revised upwards.

Saudi cbank net foreign assets edge down

RIYADH, July 5, (RTRS): The Saudi Arabian central bank released the following money supply and bank lending data on Thursday.

Saudi Money Supply	End-May 18	End-April 18	End-May 17
M1 change yr/yr (pct)	4.4	2.7	0.5
M2 change yr/yr	0.1	-0.3	3.4
M2-M1 change yr/yr	-11.0	-8.4	11.4
M3 pct change yr/yr	0.6	0.2	0.4
Bank private sector claims 0.5	0.7	-0.7	
Saudi cbank Net Foreign Assets			
(bln riyals)	1,863.9	1,870.9	1,843.9
pct change yr/yr	1.1	1.2	-14.2

Note: Percentage changes are Reuters calculations based on the official data.

Saudi, Russia output up

Oil will cost $100 pb, it's your 'fault': Iran to Trump

LONDON, July 5, (RTRS): Oil will soon cost $100 per barrel due to supply disruptions caused by US President Donald Trump, Iran's OPEC Governor told Reuters on Thursday, as he warned expectations that Saudi Arabia and Russia would help bring down prices were in vain.

Trump again accused the Organization of the Petroleum Exporting Countries of driving fuel prices higher on Wednesday, and urged US allies such as Saudi Arabia to pump more if they wanted Washington to continue protecting them against their top foe Iran.

Iran, OPEC's third-largest producer, is facing US sanctions on its oil exports that are prompting some buyers to cut purchases.

Iranian OPEC Governor Hossein Kazempour Ardebili told Reuters that Trump "should have expected" when blocking Iran's access to the global markets that it would end up as "hostage (to) Saudi Arabia and Russia", who he said had little vested interest in bringing down prices.

Paying

"The responsibility of paying unnecessary prices for oil by all consumers of the whole world, especially in US gas stations, is solely upon your (Trump's) shoulders and the price of over $100 per barrel is yet to come," Kazempour said.

The Republican president has lashed out at OPEC in recent weeks. Rising gasoline prices could create a political headache for Trump before November mid-term congressional elections by offsetting Republican claims that his tax cuts and rollbacks of federal regulations have helped boost the US economy.

In a tweet on Saturday, Trump said Saudi Arabia had agreed to increase oil output by up to 2 million barrels, an assertion the White House rowed back on in a subsequent statement.

The leader of Saudi Arabia, OPEC's biggest member, has assured Trump that the kingdom can raise oil production if needed, and that the country has 2 million barrels per day of spare capacity that could be deployed to help cool oil prices to compensate for falling output in Venezuela and Iran.

Trump has been complaining about OPEC at the same time that Washington is piling pressure on its European allies to stop buying Iranian oil.

Block

Iran has threatened to block oil exports through a key Gulf waterway in retaliation against any hostile US action.

Kazempour said: "We are neighbours and will remain so, we know we can and we must live together. No one wants you (Trump) to protect anybody... You are fighting with everybody, Sir, since you came to office".

Meanwhile, Trump again accused the Organization of the Petroleum Exporting Countries of driving gasoline prices higher on Wednesday and urged the oil producer group to do more.

"The OPEC Monopoly must remember that gas prices are up & they are doing little to help. If anything, they are driving prices higher as the United States defends many of their members for very little $'s. This must be a two way street. Reduce pricing now!" Trump wrote on Twitter.

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In another report, Russian oil output has risen to 11.193 million barrels per day (bpd) on July 1-4 from 11.06 million bpd in June, a source familiar with the data told Reuters on Thursday, after major oil producers decided to ease voluntary output curbs.

US private payrolls miss expectations, Americans filing for jobless benefits up

Services sector activity picks up in June

WASHINGTON, July 5, (Agencies): US private payrolls rose less than expected in June while the number of Americans filing for unemployment benefits unexpectedly rose last week, but that did little to change perceptions that labor market conditions continued to tighten.

The labor market is viewed as being near or at full employment, with the jobless rate at an 18-year low of 3.8 percent.

The unemployment rate has dropped by three-tenths of a percentage point this year and is near the Federal Reserve's forecast of 3.6 percent by the end of this year.

The ADP National Employment Report showed on Thursday private employers hired 177,000 workers in June, less than market expectations for a 190,000 gain. Private payrolls increased by 189,000 jobs in May.

The slowdown in hiring likely reflects difficulties finding qualified workers. There are a record 6.7 million unfilled jobs. The government's comprehensive employment report scheduled for release on Friday is likely to show that employers added 195,000 jobs to their payrolls in June, on top of the 223,000 positions created in May, according to a Reuters survey of economists.

US financial markets were little moved by the data as investors awaited the government employment report.

In a separate report on Thursday, the Labor Department said initial claims for state unemployment benefits increased 3,000 to a seasonally adjusted 231,000 for the week ended June 30. Claims data for the prior week was revised to show 1,000 more applications received than previously reported.

Economists polled by Reuters had forecast claims falling to 225,000 in the latest week. Claims could become volatile in the coming weeks as automobile manufacturers close assembly lines for annual retooling.

GCC energy authorities on study tour of Belgium and Germany.

Kuwait's MEW officials take part

EU, GCC energy authorities conclude study tour in Belgium and Germany

BRUSSELS, July 5, (KUNA): Twenty five representatives of utilities and energy authorities from the six-member Gulf Cooperation Council (GCC) states participated in a four-day EU Study tour on "Electricity Interconnections and Markets" in Belgium and Germany.

The EU GCC Clean Energy Technology Network in cooperation with the GCC Interconnection Authority organized the tour, which began Monday and concluded on Thursday.

The Network in a press release said the study tour aims to facilitate the exchange of experiences and know how among EU and GCC stakeholders.

"Cooperation between the EU and the GCC has been strong and long standing since 1988.

The two regions face common challenges in the context of the clean energy transition, Massimo Lombardini, Policy Officer at the Directorate General for Energy, said in the European Commission in his address to the introductory workshop.

"In this context there are many opportunities for concrete partnerships and for exchange of knowledge and lessons learnt aiming to meet our energy targets," Lombardini added.

"We welcome the distinguished delegation of GCC energy experts in Europe for this technical study tour and we hope that the next four days will highlight cooperation prospects and will prepare future partnerships," he said.

On his part, Dr Nasser Al-Shahrani, Chief Operations Office of the GCC Interconnection Authority said the GCC member-states have set ambitious renewable energy targets aiming to reduce their dependence on traditional fossil fuels with clean and renewable energy.

The GCC states perceive that its Power Grid could be expanded beyond the GCC region to exchange and trade energy with other interconnected regions aligned with the economic strategy of the GCC to interlink the electricity systems of the six member states, Al-Shahrani stated.

"It also strives to expand this interconnection to other regions around the world. In this process, we consider that sharing lessons learnt and best practices with the EU on interconnections and electricity markets is valuable" he added.

Egypt has primary budget surplus as Cairo seeks to revive economy

CAIRO, July 5, (RTRS): Egypt announced on Thursday it had a primary budget surplus for the first time in 15 years and said it was committed to paying oil companies' debts by end of 2019 as it seeks to lure investors to revive a crisis-hit economy.

Cairo has enacted a raft of tough austerity measures backed by the International Monetary Fund (IMF) since 2016, hoping for a strong financial comeback as it recovers from years of political upheaval.

President Abdel Fattah el-Sisi's government devalued the Egyptian pound by half in 2016, and has pushed through steep fuel and electricity subsidy cuts this year, in measures praised by some economists but lamented by many Egyptians who say they are struggling with soaring living costs.

Finance Minister Mohamed Maait said Egypt achieved a 0.2 percent primary budget surplus, worth 4 million Egyptian pounds ($223 million) in its 2017-2018 fiscal year. It is aiming for a 2 percent primary surplus in the current fiscal year.

Egypt's fiscal year runs from July to June.

Primary budget figures do not factor in interest payments on government debt.

The country expected its 2017-2018 budget deficit to stand at 9.8 percent, slightly above the 9.1 percent it said last year it was targeting.

Maait told reporters that revenues expected from the 2018-2019 budget were around 989 billion Egyptian pounds ($55 billion), 817 billion of which would be spent on debts and interest.

Foreign reserves rose by the end of June to $44.258 billion from $44.139 billion, the central bank announced separately, continuing their climb since Egypt secured the $12 billion IMF loan.

Egypt wants to woo foreign investors and increase other crucial sources of income such as tourism, which declined drastically in recent years because of political unrest and a precarious security situation, although tourism revenues have recently picked up.

Trade uncertainty could erode investments, confidence: Fed

WASHINGTON, July 5, (AFP): US central bankers warned Thursday that the risks and uncertainty created by tariffs and restrictive trade policies could undermine business confidence and investments.

The Federal Reserve cited increasing concerns among businesses about domestic and foreign trade policies, as well as rising prices for goods like steel and aluminum.

The minutes of the June 12-13 policy meeting when the Fed raised the benchmark lending rate for the second time this year, also said officials believed it would be "appropriate" to continue gradual rate hikes.

The rate-setting Federal Open Market Committee last month also surprised financial markets by signaling it was likely to raise the key rate twice more this year to get ahead of rising inflation pressures but it said that would still allow the economy to continue to expand and create more jobs.

Still, as President Donald Trump is set to impose steep tariffs on tens of billions in Chinese goods starting Friday, added to existing tariffs on steel, aluminum and other products, there were more signs of concern in the Fed's deliberations about the outlook. China has vowed to retaliate dollar-for-dollar, following the example of Canada, Mexico and the European Union in hitting back against Trump's aggressive trade stance and sparking a global trade war.

"Most participants noted that uncertainty and risks associated with trade policy had intensified and were concerned that such uncertainty and risks eventually could have negative effects on business sentiment and investment spending," the minutes said.

Companies around the country told the Fed some were already seeing the impact. In addition to higher prices, spending plans had been "scaled back or postponed as a result of the uncertainty over trade policy" and they warned of the potential for further "adverse effects...on future investment activity."

Nevertheless, the Fed minutes noted the economy had continued to expand and rising oil prices, while impacting inflation, would support investment in the petroleum sector.

Other industries also remain upbeat but continue to face difficulty finding workers, which is constraining expansion plans and forcing them to raise wages and invest in training or automation, which also could fuel price increases.

Wage increases have remained moderate so far but central bankers are encouraged inflation has finally reached the Fed's two percent target after languishing for many months.

But officials said it was too soon to declare victory since it was not assured the rate would remain at that level over time. In fact, some committee members said a "temporary" uptick in inflation above two percent could help cement market expectations that price increases are coming.