Dar Al Arkan launches phase two of $2.7 bln project

Major Saudi Arabian real estate developer Dar Al Arkan launched on Monday the second phase of a 10 billion riyal ($2.7 billion) project in Riyadh that features villas with interior designs by Italian fashion house Roberto Cavalli.

The Shams Al Riyadh project, one of the firm's major mixed-use developments in the capital, points to a revival in the kingdom's real estate sector which was hit hard in recent years as low oil prices squeezed state spending on new projects and pushed the government to delay payments to contractors.

The project, extending over five million square metres, includes a residential complex for employees of SABIC, one of the world's largest petrochemical companies.

Investments in the second phase will total 600 million riyals, and will be self-financed by the company and off-plan sales, Chairman Yousef al-Shelash told Reuters.

"So far we invested 2 billion riyals in this project which will be launched in five phases. Total investments in the project will exceed 10 billion riyals in the next couple of years," he added.

The second phase will be completed in five years, and the firm would launch the third phase this year, CEO Ziad El Chaar said. (RTRS)

Sok raises $531 mln after cutting IPO price

Turkish discount grocer Sok Marketler on Monday raised 2.3 billion lira ($531 million) in an initial public offering, after being forced to cut the price and extend the bookbuilding amid weakening demand for new listings.

Sok, whose largest shareholder is the investment arm of food giant Yildiz Holding, said it priced the offering at 10.5 lira a share, the top of its reduced range of 10-10.5 lira.

Last week it cut the price by a quarter and said its top shareholder had placed an order for another $100 million shares, moves designed to boost demand.

The company will also increase capital through a private placement to Yildiz Holding, the owner of Godiva chocolates and McVitie's biscuits, and will receive 351 million lira in proceeds, it said in a statement.

The outlook for the IPO was clouded after two clothing retailers, Beymen Magazacilik and DeFacto, cancelled plans to list in recent weeks, citing low demand. The cancellations also coincide with a downturn in Turkish equity prices after shares reached a record high in January.

The flotation values the grocer at 6.43 billion lira with 35.71% traded on the Istanbul stock exchange following the completion of the Yildiz Holding allocated capital increase at the same price. (RTRS)

Market Movements 14-05-2019

			Change	Closing pts
INDIA	-	Sensex	+20.92	35,556.71
AUSTRALIA	-	All Ordinaries	+18.60	6,235.00
HONG KONG	-	Hang Seng	+419.02	31,541.08
JAPAN	-	Nikkei	+107.38	22,865.86
PHILIPPINES	-	All Shares	+79.24	4,709.15
EUROPE	-	Euro Stoxx 50	+0.22	3,565.74

			Change	Closing pts
S. KOREA	-	KRX 100	-21.06	5,079.66
FRANCE	-	CAC 40	-1.26	5,540.68
GERMANY	-	DAX	-23.53	12,977.71

Business

OPEC still cuts more than oil pact demands

OECD stocks fall to 9mn barrels

LONDON, May 14, (RTRS): A global oil glut has been virtually eliminated, figures published by OPEC showed on Monday, thanks to an OPEC-led pact to cut supplies that has been in place since January 2017 and due to rising global demand.

Despite this, OPEC's latest report said producers were cutting more than required under the deal, while producers not party to the agreement, such as U.S. shale companies, were starting to face constraints on future output.

Saudi Arabia, the world's biggest oil exporter and de facto leader of the Organization of the Petroleum Exporting Countries, told OPEC it cut output in April to its lowest level since the supply deal began in January 2017.

The OPEC report said oil inventories in OECD industrialised nations in March fell to 9 million barrels above the five-year average, down from 340 million barrels above the average in January 2017.

"The oil market was underpinned in April by renewed geopolitical issues, tightening product inventories and robust global demand," OPEC said in its report.

The deal between OPEC, Russia and other non-OPEC producers has helped oil prices rise 40 percent since it took effect. Oil reached $78.28 a barrel on Monday, the highest since November 2014, after the OPEC report was published.

The main goal of the supply deal was to reduce excess oil stocks to the five-year average. But oil ministers have since said other metrics should be considered such as oil industry investment, suggesting they are in no hurry to end supply cuts.

Indeed, the report showed OPEC for now is cutting more supply than the group has pledged under the pact.

OPEC output rose by just 12,000 barrels per day (bpd) to 31.93 million bpd in April, according to figures OPEC collects from secondary sources. That is roughly 800,000 bpd less than the amount OPEC says the world needs from the group this year.

Figures reported directly from OPEC members showed even deeper declines in production.

Venezuela, whose output has plunged due to an economic crisis, told OPEC its production fell to 1.505 million bpd in April, believed to be the lowest in decades.

Top exporter Saudi Arabia told OPEC it cut output by 39,000 bpd to 9.868 million bpd, which is the lowest since the supply cut deal began, based on figures Riyadh reports to the group.

Strong growth in demand due to a robust world economy has helped remove the glut. OPEC slightly raised its estimate of growth in world demand this year to 1.65 million bpd.

The higher crude prices that have followed have prompted growth in rival supply and a flood of U.S. shale output. OPEC expects non-OPEC supply to expand by 1.72 million bpd this year, which is higher than the growth in global demand.

But OPEC forecast headwinds to future growth, such as the slow place of oil industry investment and an expected dip next year in investment in U.S. shale, also known as tight oil.

"Fast-growing U.S. tight oil production is increasingly faced with costly logistical constraints in terms of outtake capacity from land-locked production sites," OPEC said.

Adding to the impact of OPEC-led cuts, the U.S. decision to withdraw from an international nuclear deal with OPEC member Iran and to renew sanctions has raised concerns about Iranian oil exports, helping drive prices higher.

OPEC signalled the group and its allies were ready to step in should "geopolitical developments" impact supply. Saudi Arabia said last week it was ready to offset any shortage but would not act alone.

"OPEC, as always, stands ready to support oil market stability, together with non-OPEC oil producing nations participating in the Declaration of Cooperation," OPEC said, using its name for the pact on supply curbs.

Hedge funds take profits after crude oil rally

John Kemp is a Reuters market analyst. The views expressed are his own – **Editor**

By John Kemp

Hedge funds have continued to pare their bullish positions in petroleum despite the continued rise in prices and the prospect of renewed sanctions reducing exports from Iran.

The net long position of hedge funds and other money managers in the six most important petroleum futures and options contracts was cut by a further 21 million barrels in the week to May 8.

The combined net long has now been reduced by a total of 55 million barrels in the three most recent weeks, according to position reports published by regulators and exchanges.

As in previous weeks, the liquidation last week was concentrated in crude, while funds' exposure to refined products was increased slightly.

Portfolio managers cut their net long position in NYMEX and ICE WTI (-9 million barrels) and Brent (-22 million barrels) for a third and fourth week respectively.

By contrast, net long positions were increased slightly in US gasoline (+1 million barrels), US heating oil (+7 million barrels) and European gasoil (+2 million barrels).

For all the bullish commentary around the outlook for oil prices, fund managers appear to be taking profits after a strong rally in crude oil rather than adding new positions.

Even the threat of tough sanctions on Iran's crude exports does not seem to have encouraged funds to increase their exposure to oil.

The exception is middle distillates, such as diesel and heating oil, where global consumption is growing fast, inventories are declining and the market is looking increasingly tight.

Fund positioning remains stretched, with longs outnumbering shorts by 12:1 across the whole petroleum complex and by as much as 14:1 in the case of Brent.

While fundamentals still appear supportive, higher oil prices are likely to restrain consumption growth and stimulate more supply in the second half of 2018 and into 2019.

Against this backdrop, the extremely lopsided positioning could become a significant source of downside risk if and when portfolio managers try to exit some of their positions.

As a result, most managers appear to be looking to lock in some profits after an extraordinary bull run in which oil prices have risen by 75 percent since June 2017. (RTRS)

Central bank investigating attempts to rig riyal

Qatar seeking more currency data from banks in FX probe

DUBAI, May 14, (RTRS): Qatar's central bank is seeking more data from banks about US dollar-riyal trades as it investigates suspected attempts to devalue its currency at the height of a diplomatic standoff with some other Gulf states, sources familiar with the matter said.

Qatar keeps its riyal pegged at a fixed rate to the dollar like most of its Gulf neighbours. But after Saudi Arabia, the UAE, Bahrain and Egypt accused it of backing terrorism and imposed an economic boycott on it last June, Qatar has seen the riyal trade several percent weaker than its pegged rate of 3.64 per dollar in offshore markets.

The central bank said in December it was investigating attempts by countries opposed to it to harm the Qatari economy by manipulating the currency, securities and derivatives markets.

In the last few weeks, the central bank has sent requests to financial institutions operating in Qatar for details of any banks taking arbitrage trades on spreads between the offshore and onshore rates, according to three sources who have seen the requests.

It is also asking for details of dollar/riyal swap positions and current accounts of foreign banks in the country as well as foreign exchange rates used for transactions on these accounts, they said.

It is trying to ascertain whether any banks were involved in trades that pushed the value of the local currency weaker than a range of 3.64-3.65 against the dollar, the sources added.

Qatar's central bank did not immediately respond to a Reuters request for comment.

Deal

In March, Reuters reported that Qatar asked US regulators to investigate the US unit of First Abu Dhabi Bank (FAB) , the largest bank in the United Arab Emirates (UAE), accusing it of "bogus" foreign exchange deals designed to harm the economy.

FAB, parent of the US subsidiary NBAD Americans, denied the charge..

Some foreign banks operating in Qatar are concerned about the requests for data from the central bank.

"This is the central bank trying to audit FX operations," an international banker told Reuters. "We have nothing to hide, but this is a sensitive political issue."

Foreign banks including Standard Chartered, HSBC, BNP Paribas, Arab Bank, Dubai's Mashreq and Iran's Bank Saderat are licensed to operate in Qatar, according to data on the central bank's website. A further 11 local banks are also licensed.

A second banker said the purpose of the exercise was to determine whether any banks took advantage of the spread between the onshore and offshore markets at the height of the diplomatic dispute, when the Qatari currency had weakened offshore.

The vast majority of currency activity occurs in the onshore market, where the currency has stayed near its peg of 3.64 to the dollar. But in the offshore market it has weakened as far as 3.8950 on one point last November.

A senior banker at a Qatar-based bank said the central bank had asked them if they had entered into any arbitrage positions or swaps with counterparties in the UAE.

Investors watch trading boards at a private stock market gallery in Kuala Lumpur, Malaysia on May 14. New Malaysian Prime Minister Mahathir Mohamad said a special five-member council would be set up to advise the government on economic and financial matters. The council will include Hong Kong-based tycoon Robert Kuok, Malaysia's richest man, he said. (AP)

Farmers hard hit: report

Green economy to boost jobs: UN

GENEVA, May 14, (AFP): Promoting a greener economy could create 30 million jobs over the next decade, largely offsetting employment losses linked to the shift, the UN said Monday, although farming would be especially hard-hit.

A fresh report from the International Labour Organization estimated that, excluding the agriculture sector, far more jobs would be created than lost if countries manage to stick to the goals of the 2015 Paris Climate Agreement.

That agreement calls for capping global warming at "well under" two degrees Celsius (3.6 degrees Fahrenheit), and 1.5 C if feasible.

But US President Donald Trump has withdrawn from the deal, and policies currently in place around the world look set to send global temperatures soaring by at least three degrees.

The ILO report, "Greening with Jobs", found that policies aimed at limiting global warming below the two-degree limit could create some 24 million jobs, enough to "more than offset job losses of six million elsewhere."

"The transition to a green economy is urgent and it will create jobs," Catherine Saget, lead author of the report told journalists in Geneva.

At the same time, the report found that "embracing a circular economy", including things like recycling, renting, repair and re-manufacturing of goods, would create an additional six million jobs worldwide.

But Saget acknowledged that the picture was far worse for farmers.

Transitioning to a more environmentally-friendly agriculture model is expected to lead to the loss of 120 million jobs worldwide, she said, adding that the shift was expected to entail employment losses in every region except Europe.

New jobs would meanwhile emerge when countries adopt more sustainable practices in the energy sector, including promoting the use of electric vehicles and improving energy efficiency in buildings, the report said.

Electricity

It estimated that 2.5 million jobs could be created in renewables-based electricity alone -- six times more than the 400,000 expected to be lost in fossil fuel-based electricity generation.

Most sectors of the economy would see net job creation, the ILO said.

The report said more jobs would emerge with growing investment in so-called "ecosystem services", like air and water purification, soil renewal and fertilisation, pest control, pollination and protection against extreme weather conditions. Such services are vital to sectors as varied as farming, fishing, forestry and tourism, which currently employ 1.2 billion workers globally, the ILO pointed out.

If little or nothing is done to halt temperature rises, heat stress on agriculture and other industries will become increasingly common.

This comes at a high cost.

"By 2030, the percentage of total hours of work lost will rise to two percent" as a result of heat related illnesses, the report said.

It pointed out that the productivity loss was "equivalent to 72 million full-time jobs," and warned that this was likely an underestimate, since it assumed only a 1.5-degree-Celsius increase in global mean temperature, and assumed all agricultural work was carried out in the shade.

A transition to a greener economy "is urgent given the unsustainable pressure of current economic activity on the environment," Saget said.

Excluding agriculture, the ILO report estimated that the Americas, Asia and the Pacific and Europe would all experience significant net job creation if they greened their economies.

But it warned that if current trends continue, and no action is taken to rein in climate change and environmental degradation, the Middle East and Africa especially would see net job losses due to their dependence on fossil fuels and mining.

The report called on countries to take urgent action to train workers in the new skill sets needed for the transition to a greener economy, and also urged them to provide social protections to prevent those who are unable to make the transition from falling into poverty.

"Policy changes in these regions could offset the anticipated job losses or their negative impact," Saget said.

Ionity eyes fast-charging

Automakers eye Europe's electric charging network

MUNICH, May 14, (AP): Charging an electric car away from home can be an exercise in uncertainty — hunting for that one lonely station at the back of a rest-area parking lot and hoping it's working.

In Europe, some of the biggest automakers are out to remove such anxieties from the battery-only driving experience and encourage electric-vehicle sales by building a highway network of fast charging stations. The idea is to let drivers plug in, charge in minutes instead of hours, and speed off on their way — from Norway to southern Italy and Portugal to Poland.

Much is at stake for the automakers, which include Volkswagen, BMW, Daimler and Ford. Their joint venture, Munich-based Ionity, is pushing to roll out its network in time to service the next generation of battery-only cars coming on the market starting next year. They're aiming to win back some of the market share for electric luxury car sales lost to Tesla, which has its own, proprietary fast-charging network.

Despite a slower than expected start, Ionity CEO Michael Hajesch told The Associated Press in an interview he's "confident" the company will reach its goal of 400 ultra-fast charging stations averaging six charging places each by 2020.

The idea is "to be able to drive long distances with battery electric vehicles, across Europe and to have the same experience at each station, meaning a very easy and comfortable customer journey," Hajesch said during a conversation at the company's Munich headquarters near the 1972 Olympic stadium.

Niche

The idea is to break electric cars out of the early adopter niche, in which they are charged slowly overnight at home and used for short commutes.

"The sites we are looking for are really the A-sites," he said, "directly at the autobahn. Not down the road, not driving five kilometers into the next industrial area and finding a charging station somewhere, without light, or any amenities around, but right at the autobahn."

"If you're going from Hamburg to Munich, because it's a weekend trip to friends, typically you do not have much time," he said. So what counts will be "the speed of recharging your vehicles, and at the same time finding maybe some amenities: maybe a coffee, getting a newspaper or whatever."

Ionity opened its first station April 17 at a rest stop off the A61 highway near the small town of Niederzissen, about 50 kilometers (30 miles) south of Bonn in western Germany. The six high-speed chargers are operating in "welcome mode," meaning they're free until May 31. After that, Ionity plans to charge for the power, which it seeks to obtain from renewable sources. Ionity has agreements for some 300 sites, working with fueling station and rest stop landlords.

More charging availability is what it will take to get an environmentally aware car buyer like Rainer Hoedt to choose a battery-only vehicle. The 58-year-old Berlin geography teacher is a proud owner of a Mitsubishi Outlander, a plug-in hybrid that combines internal combustion with a battery he can charge overnight. The battery-only range of 50 kilometers (30 miles) lets him drive emissions free for daily trips at home.

Vacation

But a family vacation journey of more than 200 kilometers (120 miles) to the Baltic Sea was a different story.

Hoedt had to drive on internal combustion before finding a lone charging station as he approached his destination, using the goingelectric.de website. "It was right next to the highway, there was one charging station and we were lucky that it was free," he said. But he couldn't find a charging station he could use by the seashore. On the way back, he was able to charge at a rest stop, but only by asking a non-electric car owner to move his vehicle away from the lone charging pole. A battery-only car would have never made it home.

And he couldn't use one to visit his cousin 650 kilometers (400 miles) away in Rosenheim.

"I looked at the option... The infrastructure is still so bad, I just don't want to risk that I get stranded," he said. "Once the infrastructure gets better, that might be my next car."

Tesla has shown how charging infrastructure can drive vehicle sales. It has 1,229 stations with 9,623 fast chargers in Europe alone, where it has cut into Mercedes and BMW's sales of luxury cars. But it has its own proprietary plug. Ionity is using the CCS plug backed by the European Union as a common standard for all.

In both the US and Europe, the situation is roughly similar: More chargers available in jurisdictions where government strongly backs electric vehicles, such as California, Norway or the Netherlands. Elsewhere, chargers get can harder to find for long stretches along rural highways.