MAF to expand in Egypt, Saudi in emerging markets push

Dubai-based retail developer Majid Al Futtaim will invest 16 billion Egyptian pounds ($996.26 million) in Egypt over the next two to three years, 14 billion pounds of which will be for a single mall in Cairo, its CEO said on Wednesday.

Majid Al Futtaim also plans to expand in Saudi Arabia, Uzbekistan and Uganda, chief executive Alain Bejjani told Reuters in an interview.

The company will spend 2 billion Saudi riyals ($533.6 million) building cinemas in Saudi Arabia as part of a five-year 16 billion riyal investment plan, he said.

Majid Al Futtaim, which has already built 100 cinema screens in Saudi Arabia, will bring the total to 600 screens at the end of the five-year plan, which began a year and a half ago. The conservative kingdom lifted a nearly 40-year ban on commercial cinemas in 2017 as part of broad social and economic reforms.

"We will open seven Carrefour locations in Uzbekistan in 2020 and on Dec 16 we will open a Carrefour in Uganda," Bejjani said, adding they will also enter other markets.

Majid Al Futtaim has the franchise rights for French retailer Carrefour SA in 37 markets in the Middle East, Africa and central Asia and operates more than 280 stores. The Carrefour in Uganda will be its first investment there.

The company, which builds and operates retail, hospitality and integrated city projects, has invested around 28 billion Egyptian pounds in Egypt since the end of 2015, he said. Bejjani will officially open on Thursday the City Centre Almaza mall in an eastern district of Cairo, with total investments of about 9.35 billion pounds. (RTRS)

In this file photo, people walk by a Black Friday promotional at Cookie's department store in the Brooklyn borough of New York. (AP)

Market Movements 06-12-2019

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	+22.33	6,813.48
CHINA	-	Shanghai SE	+12.55	2,912.01
EUROPE	-	Euro Stoxx 50	+44.21	3,692.34
FRANCE	-	CAC 40	+70.36	5,871.91
GERMANY	-	DAX	+111.78	13,166.58
JAPAN	-	Nikkei	+54.31	23,354.40
PAKISTAN	-	KSE 100	+91.15	40,732.25

			Change	Closing pts
INDIA	-	Sensex	-334.44	40,445.15

Services sector continues to report slow but steady growth

US economy set fair for 2020, provided trade truce holds

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

— Editor

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By John Kemp

Like the rest of the US economy, the labour market is split between sluggish manufacturing and a much stronger services sector, but both appear to have averted falling into recession at the end of the third quarter.

Nonfarm employment was up by 1.46% in the three months between September and November compared with the same period a year earlier, according to data from the US Bureau of Labor Statistics published on Friday.

Employment growth has decelerated from a peak rate of 1.84% at the end of 2018 and the start of 2019, but is no longer slowing further, which indicates the worst of the business cycle slump may be over.

Manufacturing has been hit much harder by the shock caused by the US-China trade war, while the larger and more domestically focused services sector has weathered the confrontation with less impact.

Manufacturing employment was up by just 0.6% in the three months between September and November compared with a year earlier, while private service-sector jobs increased by 1.7%.

Manufacturing jobs command an average weekly earnings premium of 23% compared with the private service sector ("Current employment statistics", BLS, Nov 6).

Nonetheless, the labour market overall remains tight enough to deliver economy-wide earnings growth of almost 1.2% year-on-year, after inflation, close to its fastest for three years.

Real consumer incomes and expenditures are both rising at around 2.5% per year, down from more than 3.0% a year ago, but well below the levels that would indicate a recession.

Consumer sentiment has also improved since the end of the third quarter, with preliminary results from the University of Michigan's survey showing confidence bouncing back in December to its highest level since May.

The Federal Reserve's three quarter-point interest rate cuts, coupled with an escalation pause in the US-China trade conflict, and a renewed rise in equity prices, seem to have steadied the economy over the last three months.

If business conditions in manufacturing are not yet improving, they are at least not getting any worse, and the services sector continues to report slow but steady growth.

Business investment spending remains stalled but household consumption spending is still rising at a modest rate which should ensure the economy continues expanding.

Provided the economy can avoid any more shocks, especially the introduction of higher tariffs on imports from China in mid-December, it looks like having modest momentum going into 2020. (RTRS)

China's trade with US sinks

China Nov exports fall, but import growth hints of recovering demand

BEIJING, Dec 8, (Agencies): China's trade with the United States sank again in November as negotiators worked on the first stage of a possible deal to end a tariff war.

Exports to the United States fell 23% from a year earlier to $35.6 billion, customs data showed Sunday. Imports of American goods were off 2.8% at $11 billion, giving China a surplus with the United States of $24.6 billion.

Exports to some other countries including France rose, helping to offset the loss.

China's global exports were off 1.1% from a year earlier at $221.7 billion despite weakening worldwide demand. Imports were up 0.3% at $183 billion, giving China a global surplus of $38.7 billion.

Hopes for a settlement to the fight over Beijing's technology ambitions and trade surplus rose after President Donald Trump's announcement of a "Phase 1" agreement following talks in October. But there has been no sign of agreement on details nearly two months later.

The dispute has disrupted global trade in goods from soybeans to medical equipment and threatens to depress economic growth.

Trump put off a tariff increase in October but penalties already imposed by both sides on billions of dollars of imports stayed in place. Another US increase is due on Sunday on $160 billion of Chinese goods. That would extend penalties to almost everything Americans buy from China.

China's exports in November shrank for the fourth consecutive month, underscoring persistent pressures on manufacturers from the Sino-US war but growth in imports may be a sign that Beijing's stimulus steps are helping to stoke demand.

The 17-month long trade dispute has heightened the risks of a global recession and fuelled speculation that China's policymakers could unleash more stimulus as growth in the world's second-largest economy cooled to nearly 30-year lows.

The better-than-expected import data may point to firming domestic demand after factory activity showed surprising signs of improvement recently, although analysts have noted the recovery could be difficult to sustain amid trade risks.

China's trade surplus for November stood at $38.73 billion, compared with an expected $46.30 billion surplus in the poll and a $42.81 billion surplus recorded in October.

Beijing and Washington are negotiating a first phase trade deal aimed at de-escalating a trade dispute but they continue to wrangle over key details.

A US House bill targeting China's camps for ethnic Muslim minorities in Xinjiang and other bills supporting anti-government protesters in Hong Kong have have also angered Beijing, further clouding prospects for a deal.

US President Donald Trump said on Thursday trade talks with China are "moving right along," striking an upbeat tone even as Chinese officials held fast to their line that existing tariffs must come off as part of an interim deal. Earlier in the week, though, Trump rattled global markets when he said a deal might have to wait until after the 2020 election.

Top White House economic adviser Larry Kudlow said on Friday that a Dec 15 deadline is still in place to impose a new round of US tariffs on some $156 billion of China's remaining exports to the United States, but the president likes where trade talks with China are going, he added.

One Chinese official told Reuters that China will implement its own tariffs as a countermeasure if the Dec. 15 tariffs go into place, which may dash any chance of a near-term trade deal.

Trump has demanded that China commit to specific minimum purchases of US agricultural products, among other concessions on intellectual property rights, currency and access to China's financial services markets.

China's trade surplus with the United States for November stood at $24.60 billion, according to Reuters calculations based on customs data, easing from the previous month's surplus of $26.45 billion.

Imports of copper rose 12.1% on the previous month as an improvement in the manufacturing sector stoked higher demand for the red metal, customs data showed on Sunday.

China's official factory activity gauge returned to growth for the first time in seven months in November, with a private survey showing activity expanding at the quickest pace in almost three years.

But falling industrial profits and factory prices suggest persisting downward pressure on the sector.

Iron ore imports fell for a second straight month in November, pulled down by falling shipments from top miners in Australia and Brazil despite firm demand at mills.

Despite the growing strains on the economy, Beijing remains reluctant to implement major stimulus for fear of heightening financial risks given already high levels of debt.

Authorities have instead opted for more targeted measures such as incremental interest rate reductions and bringing forward 1 trillion yuan ($142.1 billion) of the 2020 local government special bonds quota to this year.

People's Bank of China Governor Yi Gang reiterated in a signed article published last week that China will not resort to quantitative easing and is committed to maintaining a prudent monetary policy.

Photos from the 8th Shura Fiqh Conference held at Four Seasons Hotel on Dec 8-9 in Kuwait City.

CBK Governor speaks during 8th Shura Fiqh Conference

The Governor of Central Bank of Kuwait Dr Mohammad Al-Hashel delivered an opening speech during the inauguration of the 8th Shura Fiqh Conference, which is being held under his patronage at the Four Seasons Hotel on Dec 8-9.

According to a press release, Dr Al-Hashel, in his speech titled "Islamic finance, noble target and innovative approach", discussed the challenges facing the economy and the banking industry especially the Islamic ones.

He affirmed that the time has come for Islamic finance to conduct a bigger role in social and economic development after noticeable success was achieved in the preliminary stage, adding that the accomplishment of the target requires Islamic finance to fill in the gaps, build upon the foundations, and create innovative approaches.

Move to stave off social instability

Jordan govt to raise public sector 'salaries' next year

AMMAN, Dec 8, (RTRS): Jordan agreed to public sector wage rises, a move that will increase government spending at a time of rising public debt but is crucial to stave off social instability, officials said.

Prime Minister Omar al-Razzaz said the government took the decision, which covers 700,000 state employees including army personnel and civilian and military retirees, even though the country's finances were stretched.

"The economic situation and the exceptional circumstances that Jordan is going through in the region necessitates improving living conditions," Razzaz told an audience of officials and prominent figures.

The government, which has said it will not resort to new taxes, is mindful of protests in neighbouring countries, including Lebanon and Iraq, in the past month over eroding living standards and corruption.

Tax rises pushed by the IMF last year sparked some of the biggest demonstrations in years and were also blamed by economists and politicians for a contraction in business activity.

The last significant public sector pay rises in 2010 and 2011 were part of billions of dollars in extra social spending to curb protests inspired by regional uprisings.

The public sector has over the last two decades expanded rapidly as successive governments sought to appease citizens with state jobs to maintain stability.

The runaway spending contributed to a soaring $40 billion public debt, equivalent to 94% of gross domestic product which Jordan has been struggling to rein in under a three-year IMF programme that ended this year.

The latest wage increase, which starts next year, will give state workers from bureaucrats to drivers pay increases ranging from 15 to 20 percent along with other substantial rises to army pensioners and civil servants.

They will add at least half a billion dinars ($700 million) to salaries and pensions that already consume the bulk of state expenditure in the 9.8 billion dinars ($14 billion) 2020 draft budget.

The spectre of bigger spending has already alarmed the IMF mission that came in November and will return in January to hold talks over a reform programme, officials say.

Jordan wants the new programme to focus on raising growth that has been stagnant at around 2 percent in the last decade and reduce record unemployment, which has risen sharply in the last two years to 19 percent, they added.

Jordan would resist any push by the IMF to adopt more austerity measures that risked increasing stability and civil unrest, officials say.

The government hopes higher revenues in revived economic activity in a country that has been hit by regional turmoil would help offset the wage bill hikes.

CBQ expects to issue $500mn bonds – CEO

DOHA, Dec 8, (RTRS): Qatar's Commercial Bank expects to issue bonds worth $500 million in the first or second quarter of 2020, Chief Executive Joseph Abraham said on Sunday.

Qatari banks, traditionally reliant on foreign funding, have sought to tap a greater variety of investors after Qatar became locked in a diplomatic dispute with Saudi Arabia, the United Arab Emirates, Egypt and Bahrain in mid-2017.

"I think it's a good time (to sell bonds) because the interest rates have gone down and there is good appetite for Qatar," Abraham told Reuters on the sidelines of a conference in Doha.

The Federal Reserve has cut interest rates three times this year, but signalled in late October that its rate-cutting cycle might now pause.

Abraham said he expects 5% loan growth in 2020 for his bank, similar to the pace seen so far this year.

Commercial Bank, the country's third-largest bank by assets, has been looking to sell its 40% stake in Abu Dhabi-listed United Arab Bank (UAB), after sale talks stalled last year.

"We are continuing to manage that business as a continuing part of our business," Abraham said.

"We are very clear if we don't get the price we're looking for we're not interested in discussing."

Move to thwart China's telecoms equipment giant

WH considered kicking Huawei out of the US 'banking system'

WASHINGTON, Dec 8, (RTRS): The Trump administration considered banning China's Huawei from the US financial system earlier this year as part of a host of policy options to thwart the blacklisted telecoms equipment giant, according to three people familiar with the matter.

The plan, which was ultimately shelved, called for placing Huawei Technologies Co Ltd, the world's second largest smartphone producer, on the Treasury Department's Specially Designated Nationals (SDN) list.

One of the people familiar with the matter, who favors the move, said it could be revived in the coming months depending on how things go with Huawei.

The plan was considered by the White House National Security Council, and seen by officials as a nuclear option atop a ladder of policy tools to sanction the company, two of the people said. Such a designation can make it virtually impossible for a company to complete transactions in US dollars.

Administration officials drafted a memo and held interagency meetings on the issue, according to one of the people, showing the extent to which administration officials mulled deploying the United States' most aggressive sanctioning tool against the Chinese company.

Its use was tabled in favor of other measures, such as placing Huawei on a trade blacklist, which forces some suppliers to obtain a special license to sell to it.

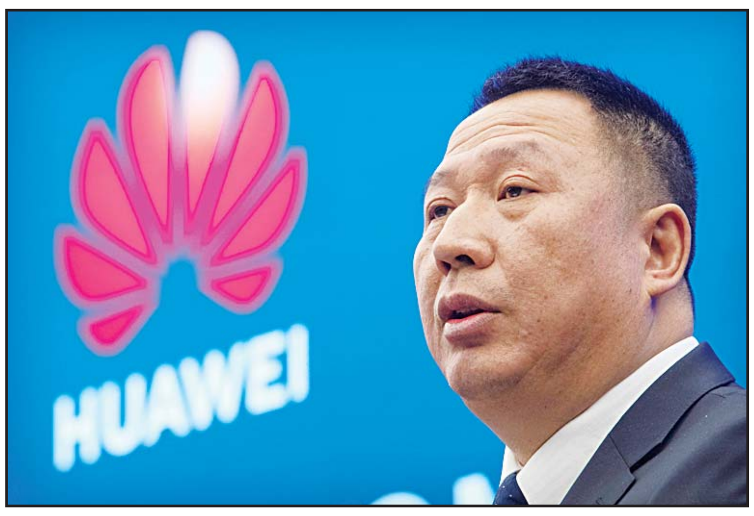
Huawei did not respond to a request for comment. A Treasury spokesperson said the agency "does not comment on investigations or prospective actions, including to confirm whether one exists."

When asked about the Reuters report during a CNBC interview on Tuesday, US Commerce Secretary Wilbur Ross said the United States is "always considering all sorts of measures against all kinds of companies. But I don't believe there's anything imminent this morning on that."

Huawei would have been among the largest companies ever added to the list, which has included Russia's Rusal, the world's second largest aluminum company, Russian oligarchs, Iranian politicians and Venezuelan drug traffickers.

Annie Fixler, a cyber expert at the Foundation for Defense of Democracies think tank, said designating the company "would have broad, widespread implications for Huawei across the globe," noting that its business would be "severely impacted" in Europe and in Asia outside of China.

The US government has brought criminal charges against Huawei, alleging theft of trade secrets, bank fraud, violations of US sanctions against Iran, and has sought to convince allies to keep it from 5G networks over spying fears.



Song Liuping, chief legal officer of Huawei, speaks during a press conference at Huawei's campus in Shenzhen in southern China's Guandong Province. (AP)