

## DP World container volumes drop

DP World's Dubai shipping container volumes fell by 6.3% in the second quarter, the port operator reported on Tuesday, the fifth consecutive quarterly drop.

DP World blamed the drop on the loss of lower margin cargo and challenging market conditions, but said it expected more stable throughput for the rest of the year.

It handled 3.9 million twenty foot equivalent units (TEU) in the three months to June 30 at its Dubai ports, compared with 4.2 million in the same 2018 period.

DP World operates Dubai's Jebel Ali, the Middle East's largest trans-shipment hub, and Mina Rashid.

The port operator did not disclose individual volumes for the two ports, which ac-

count for about 20% of its global volumes.

Globally, container volumes increased 1.6%. That was helped by a 4.1% rise in volumes in the Asia Pacific, Indian Subcontinent and Africa region which handled 8.2 million TEUs.

Dubai volumes were down 7.4% in the first six months of the year, while global volumes were flat. (RTRS)

## Beijing's new mega airport enlists Emaar

Dubai's largest listed developer Emaar Properties has signed an agreement to help deliver an \$11 billion project at the site of Beijing's new mega airport, Emirati state news agency WAM reported on Monday.

WAM said Emaar had signed the deal with Beijing Daxing International Airport and that the project, which is expected to take 10 years, included residential and leisure facilities.

Emaar Properties did not immediately respond to requests for com-

ment. The value of the project includes the five square kilometres of land at the airport, WAM reported.

Beijing Daxing International Airport is due to open in September and will be able to handle 72 million passengers a year by 2025.

The agreement was signed during a state visit by Emirati crown prince Sheikh Mohamed bin Zayed al-Nahyan to China. Sheikh Mohamed has met with

China's President Xi Jinping and other officials, according to Emirati state media.

Emaar signed a preliminary agreement with Beijing New Aeropolis Holdings in May to jointly develop commercial, residential, and leisure facilities at the new airport.

In December, Emaar said it had started business development operations in China and would open two offices in Beijing and Shanghai. (RTRS)

## Market Movements

23-07-2019

	Change	Closing pts		Change	Closing pts		
<b>AUSTRALIA</b>	- All Ordinaries	+31.24	6,812.48	<b>INDIA</b>	- Sensex	-48.39	37,982.74
<b>CHINA</b>	- Shanghai SE	+12.97	2,899.95				
<b>EUROPE</b>	- Euro Stoxx 50	+42.95	3,532.87				
<b>FRANCE</b>	- CAC 40	+51.14	5,618.16				
<b>GERMANY</b>	- DAX	+201.34	12,490.74				
<b>JAPAN</b>	- Nikkei	+204.09	21,620.88				
<b>PAKISTAN</b>	- KSE 100	+131.33	32,715.88				
<b>PHILIPPINES</b>	- PSEI	+4.63	8,251.46				
<b>S. KOREA</b>	- KRX 100	+24.74	4,468.75				

# Business

## Country's financial position weakest of the Gulf oil exporters

# Deficit cut, Fitch note buoy Oman's debt investors



Boris Johnson gestures as he speaks after being announced as the new leader of the Conservative Party in London, July 23. Brexit champion Boris Johnson won the contest to lead Britain's governing Conservative Party on Tuesday, and will become the country's next prime minister. (AP)

# Johnson's win elevates risks of 'no-deal' Brexit

Deep recession widely predicted

**LONDON, July 23, (AP):** With Boris Johnson confirmed as the next leader of the Conservative Party and British prime minister, the outlook for the British economy has become murkier - and potentially more perilous.

Johnson's comprehensive victory over Jeremy Hunt has made it more likely that Britain could leave the European Union on Halloween without a withdrawal agreement, a prospect that even the most ardent Brexit believers concede would be disruptive in the short-term.

Most economists think a so-called "no-deal" Brexit will be a lot worse than that.

A deep recession is widely predicted for that scenario. Whether it would be as deep as the one that followed the global financial crisis - more than 6% - no one knows, but almost all economists agree that jobs will be lost and that public finances will get stretched.

A "no-deal" Brexit means that on Nov 1, tariffs will be slapped on traded goods between the UK and the remaining 27 EU countries. Other impediments to trade, including on Britain's crucial financial services sector, would be imposed, such as new restrictions on the movement of people, customs and regulatory standards. Britain would also face the prospect of losing the trade deals the EU has struck over the years, including recent ones with Canada, South Korea and Japan - these account for around 11% of UK trade.

Richard Branson, the Virgin Group founder whose career has taken him from owning a record label to planning flights to space, thinks it will be a disaster - so much so, he says, that the pound will slump in value to be worth just a dollar for the first time ever. The pound has borne the brunt of Brexit uncertainty, falling more than 10% from \$1.50 on the day after the June 2016 referendum. It's near two-year lows at \$1.2450 as the "no-deal" talk escalates.

Though both sides of the English Channel will suffer in a "no-deal" scenario, Britain would suffer relatively more given that British exports to the EU account for around 13% of the country's annual GDP, versus 2.5% of the EU's.

Planning for a "no-deal" Brexit, which Johnson is expected to accelerate in his first days in 10 Downing Street, will help marginally.

Measures such as stockpiling medicines, sourcing more products from outside the EU or modifying road links in southeast England around the port of Dover to manage freight traffic can help, but only up to a point.

"Planning is unlikely to do much to

## Median sales price up 4.3%

# US home sales fall 1.7 pct

**WASHINGTON, July 23, (AP):** US home sales tumbled 1.7% in June, with rising prices and a scarce supply locking out many Americans from ownership.

The National Association of Realtors said Tuesday that homes were sold last month at a seasonally adjusted annualized rate of 5.27 million units. Sales have shriveled 2.2% over the past 12 months, despite such positive trends as a robust job market and falling mortgage rates.

But home prices have been climbing faster than incomes for the past seven years. This persistent gap has left many renters unable to afford ownership and prevented existing owners from upgrading to pricier properties. There has also been a supply shortage: Sales listings were flat over the past year at 1.93 million units.

The median sales price climbed 4.3% from a year ago to \$285,700,

mitigate the short-term disruption of "no deal," said John Springford, deputy director at the Centre for European Reform.

For one, he said, there is "too little time to build new border and road infrastructure to reduce congestion at the Dover-Calais crossing and on the M20 motorway in Kent."

That raises the stakes for companies like the operator of the Channel Tunnel, which said Tuesday that a "no-deal" Brexit was now the main scenario in its earnings forecasts. Business groups like the Confederation of British Industry issued statements after Johnson's election urging him to secure a deal.

In his pitch to become prime minister, Johnson said he wants an agreement but that he would make sure Britain leaves the bloc on Oct. 31, the revised Brexit date after the initial March 29 deadline was extended following the British Parliament's rejection of Theresa May's withdrawal agreement. That deal dealt with citizens' rights, Britain's financial obligations to the EU following 46 years of membership and making sure no hard border emerges between EU member Ireland and Northern Ireland, which is part of the UK. The EU has said a deal is a pre-requisite before discussions can commence on a wide-ranging trade pact.

With parliament seemingly opposed to "no-deal," many Brexiters have promoted the idea that Johnson suspend parliament to allow Brexit to happen. The implications of such a move would be unpredictable. It could lead

outpacing wage growth that has averaged roughly 3%.

In June, sales fell in the South and West. But increases in home-buying in the Northeast and Midwest were insufficient to offset the decline.

There has been a persistent lack of homes on the market priced below \$250,000, a level close to the median national price. But over the past year in the more expensive Northeast and West markets, sales of homes priced at more than \$750,000 have fallen - a sign that home values are too high relative to people's incomes.

There was an increase in the proportion of first-time buyers in June to 35%, up from 32% in May. But home ownership rates for Americans today between the ages of 25 to 34 are lower than preceding generations, according to Census Bureau data.

Homes that are listed are selling quickly with a contract being signed in just 27 days.

to civil unrest and a surge in Scottish nationalism, in addition to the instant economic hit. Johnson has said he doesn't want to go down that path but hasn't ruled it out.

Given these uncertainties, business executives are unsure how to plan and have reined in investment over the past two years. That's one of the main reasons why Britain's economy has stuttered and talk of a recession has grown.

"With economic growth already faltering, a disorderly 'no-deal' Brexit could cause widespread disruption to trade, a sharply lower exchange rate, higher inflation and lower living standards," said Arno Hantzsche and Garry Young of the National Institute of Economic and Social Research.

Most forecasters concur with that analysis so it would be a big step for Johnson to back such a move, without a mandate - in the Brexit referendum of June 2016, talk of a "no-deal" Brexit was confined to the periphery of the Leave campaign.

Johnson could therefore push for a general election in the fall after what many expect to be a failed attempt at renegotiating May's withdrawal agreement. With opinion polls showing Britain's electorate split across multiple parties, all bets are off on the outcome and whether any incoming government backs another referendum to reverse the initial result.

Johnson could equally opt to ditch his "do-or-die" pledge with regard to an Oct 31 Brexit and seek another extension, giving him time to put a crowd-pleasing tax-cutting budget in place for an election next year.

**DUBAI, July 23, (RTRS):** Oman's bond investors gained some respite this week as Fitch affirmed its rating for the indebted country and the government published encouraging deficit figures, potentially paving the way for the Gulf oil producer's next debt sale.

Rated junk by all three major rating agencies, Oman has relied heavily on borrowing over the past few years to spur growth and refill its coffers - depleted because of lower oil prices.

Fitch this week affirmed its BB+ rating with a stable outlook, saying that its assessment took into consideration Oman's "undiversified economy, high fiscal and external deficits and debt ratios," but that the country's external assets position remained stronger than peers with a similar rating.

The statement came after Oman late last week published fresh figures about its state budget deficit, which in the first five months of this year decreased to 358.4 million rials (\$930.98 million), a 67% reduction on an annual basis.

Oman's financial position is among the weakest of the Gulf oil exporters - with gross government debt at 53.5%

of GDP last year, according to the IMF - so the deficit data and Fitch's affirmation reassured investors in its debt.

"Fitch's rating affirmation and recent budget figures gave a bit of comfort to the market," said Zeina Rizk, director of fixed income asset management at Arqaam Capital.

Oman's bonds due in 2047 were up by over 40 basis points on Tuesday, Eikon Refinitiv data showed.

Oman's deficit through the first five months of this year was "the smallest shortfall in this time period since 2014," said Jean-Paul Pigat, head of research at Lighthouse Research.

It was not fully clear what led to such a sharp reduction.

Total government revenues this year until the end of May increased by 15% year on year, with net oil revenues up 6% and gas revenues up 14%.

But the largest percentage gain was from unspecified 'other revenues,' which rose 53%, and from corporate income taxes, up 46%.

The country is expected to issue around \$2 billion in new debt this year, sources previously told Reuters, out of

total funding requirements of over \$6 billion.

"Oman needs to tap the market this year, but in order to be able to do so, the market needs a tangible fiscal reform plan," said Rizk.

Despite its junk ratings, and structural fiscal problems, Oman is not in a "default like scenario," said Aarthi Chandrasekaran, portfolio manager at Abu Dhabi-based Shuaa Capital. "They have some breathing time to put the economy in order maybe till 2021 before things turn critical."

While encouraging, the May budget figures are no guarantee that Oman's fiscal position will continue improving this year.

Part of the deficit reduction was due to lower public expenditure, down 4.3% on an annual basis, but S&P Global Ratings expects spending to increase during the rest of the year, said Zahabia Saleem Gupta, associate director at S&P.

The agency estimates the fiscal deficit will rise to 10.6% of GDP in 2019 from 8.9% in 2018, mainly because of lower oil prices compared to last year and stable oil output, she added.

# IMF sees a weaker global economy

**WASHINGTON, July 23, (AP):** The International Monetary Fund is downgrading its outlook for the world economy because of simmering international trade tensions.

But at the same time, the fund is boosting its forecast for US economy this year, citing expectations that the Federal Reserve will cut interest rates.

The IMF said Tuesday that it expects the global economy to expand by a "sluggish" 3.2% in 2019, down from 3.6% in 2018 and from the 3.3%

growth it forecast for this year back in April. The 189-country lending organization blamed the lackluster growth on heightened trade tensions and specifically a tariff war between the world's two biggest economies, the United States and China.

The fund said it expects the US economy to grow 2.6% in 2019, down from 2.9% last year but up from the 2.3% it forecast in April.

The Fed improved prospects for US growth by abandoning plans to keep

raising interest rates. It is easing its policies partly to offset the economic fallout from President Donald Trump's trade wars. The Fed is widely expected to cut rates at its meeting next week.

The IMF expects the 19-country eurozone to record modest 1.3% growth this year. It forecasts 6.2% growth for the Chinese economy, slowest since 1990 when China faced sanctions following the brutal crackdown on pro-democracy demonstrations in Beijing's Tiananmen Square.

Cards

## FREE UNLIMITED BAGGAGE DELIVERY TO YOUR DOORSTEP

Avoid the airport wait and drive home light!

Existing and new ABK Emirates Visa Infinite cardholders can now enjoy a simpler travel experience with free unlimited home baggage delivery upon arrival to Kuwait International Airport - Terminal 1.

For more information, please call Ahlan Ahli 1 899 899 or visit eahli.com

QATAR AIRWAYS

VISA

الأهلي  
ABK

Terms & Conditions apply