three Egyptian companies aiming for IPO in 2019

Three private companies are aiming to finalise initial public offerings (IPOs) by the end of the year, Egyptian stock exchange Chairman Mohamed Farid said on Monday.

Two of the three companies have a combined market value of around 14 billion Egyptian pounds ($807.78 million) and the third is yet to be valued, Farid said. He did not name the companies or give the expected value of the IPOs.

A series of expected share sales by Egyptian private and public companies was delayed last year amid emerging global market turbulence.

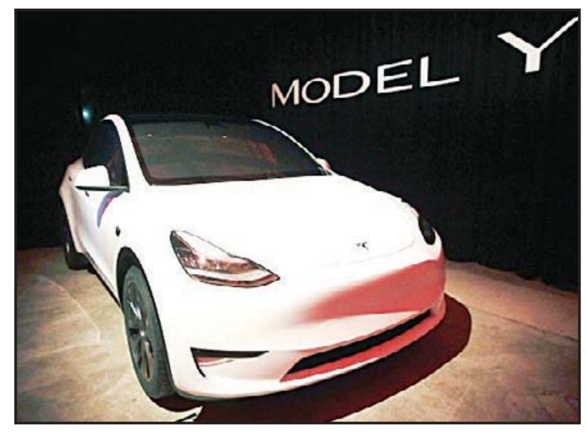
The sale of up to 4.5 percent of Egypt's top cigarette maker Eastern Company SAE last month marked the start of a plan to partially privatise five state companies.

Two private companies, Cairo for Investment and Real Estate Development (CIRA) and leasing company Sarwa Capital, listed in September and October last year.

"There are three companies that are actually working on finalising their prospectuses, finalising the issue requirements, all the documentation associated with the listing," Farid told a business forum in Cairo.

One or two of the companies were looking to finalise the listing by mid-year, with all three expected to complete the process by the end of 2019, he said.

"In terms of the valuation and not the IPO, we have one at 8 billion (pounds) one a bit lower than this figure, around 6 billion, and one which has not yet conducted the valuation." (RTRS)



In this file photo, Tesla's Model Y is displayed at Tesla's design studio in Hawthorne, Calif. The Model Y may be Tesla's most important product yet as it attempts to expand into the mainstream and generate enough cash to repay massive debts that threaten to topple the Palo Alto, California company. (AP)

Market Movements 18-03-2019

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	+18.50	6,283.60
JAPAN	-	Nikkei	+133.65	21,584.50
FRANCE	-	CAC 40	+7.51	5,412.83
EUROPE	-	Euro Stoxx 50	+1.86	3,387.94
S. KOREA	-	KRX 100	+0.84	4,502.60
PHILIPPINES	-	All Shares	+32.29	4,845.42
INDIA	-	Sensex	+70.75	38,095.07

			Change	Closing pts
GERMANY	-	DAX	-28.63	11,657.06

Business

Govt needs to introduce a raft of new taxes and spending cuts to eliminate its budget deficit by 2022

Bahrain has little room for manoeuvre in economy reboot

MANAMA, March 18, (RTRS): As the weekend kicks off in Bahrain, Saudi Arabian and Kuwaiti cars jam the capital's roads and hotel lobbies fill with visitors looking for bars, restaurants and other night-time entertainment.

A new sales tax introduced this year means government coffers will gain with every shisha pipe smoked, but that's still not enough to plug a large gap in the island kingdom's finances and wean it off aid from richer neighbours.

Saudi Arabia, along with Kuwait and the United Arab Emirates, came to the rescue of Bahrain last year when a prolonged period of lower oil prices pushed its public debt to nearly 93 percent of annual economic output.

Their $10 billion bailout pledge, along with Bahrain's inclusion in JPMorgan's emerging market indexes, have transformed its bonds from a busted bet to a boon for investors.

The price of Bahrain's 2028 dollar bonds has risen by a third from a record low last June when the country looked in danger of default. But that upward trajectory could go into reverse if Manama does not tackle its spending overruns.

With an overall deficit last year equivalent to 11.7 percent of annual economic output, according to an estimate by the International Monetary Fund (IMF), Bahrain would need to introduce a raft of new taxes and spending cuts to eliminate its budget deficit by 2022, a target set as part of its bailout.

But the country's Sunni Muslim royal rulers are wary of austerity measures roiling sectarian tensions among their Shi'ite majority populace and of taxes, fees and spending cuts dampening growth.

Instead, the government has set its sights on trying to grow the local economy to boost revenues and balance the books.

Investments in the fintech sector, a major oil and gas find and the development of Bahrain as a hub for foreign companies wanting to tap into the larger Saudi Arabian market are all initiatives touted by the government as future sources of revenue.

But they are not seen as sufficient to close the gap by 2022. The IMF said this month that it expects the economy to grow around 1.8 percent this year, the same pace as last year, and said additional reform efforts were needed.

"We still think there will be deficits at the end of the period," said Trevor Cullinan, sovereign credit analyst at Standard & Poor's, which like the other main rating agencies has a junk rating on Bahrain's debt.

Bahrain's ministry of finance and national economy said the country's fiscal programme was on track to deliver a balanced budget in 2022.

"This is a comprehensive and credible plan which, through a combination of spending reductions and revenue measures, is already delivering significant progress," the ministry said in a statement

A recovering oil price, along with new excise taxes and cuts in subsidies for water and power consumption have helped shrink Bahrain's deficit from a record 18.4 percent of gross domestic product (GDP) in 2015.

As part of the bailout from its Gulf allies, Bahrain agreed to introduce a 5 percent value added tax (VAT), as well as further subsidy cuts and a voluntary retirement plan for state workers.

But the government has ruled out taxing income or company profits, partly to continue attracting business to a region where such taxes are non-existent.

Bahrain's government is also wary of the population's long history of political protest. Most recently, it quashed an uprising in 2011 with the help of Saudi Arabia, which fears unrest in its smaller neighbour would encourage dissent among its own population and Shi'ite minority.

The plunge in the oil price has forced all Gulf states, including Saudi Arabia, to re-think generous welfare programmes and push economic diversification harder.

Bahrain, which does not have the vast oil wealth of its neighbours, discovered a large oil and gas field off its west coast last year and is in talks with US oil companies about developing it.

The discovery could be an important source of revenue but its benefits are unlikely to materialise soon as converting the estimates to reserves is a costly and lengthy process.

"It takes a minimum of four to five years, so if you're going to get any revenue it's not going to be immediate, so you still have to face the adjustment to a large fiscal deficit and a large budget deficit," said Nasser Saidi, a Dubai-based economist.

In the meantime, Bahrain has been trying to market itself as a financial technology hub for the Middle East and North Africa. Last year, it inaugurated Bahrain FinTech Bay, a state-backed platform, offering technology companies office space, networking events and a mobile app for collaborations.

FinTech Bay's chief executive, Khalid Saad, said the initiative would be a "great contributor" to Bahrain, but said it was too early to quantify that contribution.

Saad said the hub had so far attracted 36 firms – 60 percent of them international – to work on technologies such as digital currency and blockchain-based payments.

S&P has not factored in any contribution from the fintech initiative in its estimates for Bahraini economic growth.

"How much more are you going to get from fintech? Are you going to add 1 or 2 percent of GDP? I don't think so, it's not a big employment generator," said Saidi.

Amazon Web Services (AWS), the world's biggest cloud computing provider, is opening a regional data centre in Bahrain later this year. The company has declined to say how many people it will employ but Zubin Chagpar, the head of public sector for Amazon Web Services in the Middle East said the government's willingness to focus on digital transformation was a key factor in Amazon's decision to locate there.

"Bahrain is very particular in saying they want to leverage technology to redefine our economy," Chagpar said.

Leveraging its proximity to Saudi Arabia has been part of Bahrain's economic toolkit since a bridge connecting it to Saudi Arabia's Eastern Province, where oil giant Aramco is headquartered, was opened in 1986.

Some 1.1 million people entered Bahrain via the bridge in January, many attracted by the country's more relaxed rules on drinking and socialising. Unlike Saudi Arabia and neighbouring Kuwait, where alcohol is prohibited, alcoholic drinks are sold in Bahrain.

Rebound in oil investments very minimal, Barkindo says

BAKU, March 18, (RTRS): The investments needed to ensure stability in the global oil industry are returning after a downturn, but the pace is still slow, OPEC Secretary-General Mohammed Barkindo said.

Barkindo was talking to Reuters and an Azeri TV station Real on the sidelines of an OPEC and non-OPEC monitoring committee, which is meeting this weekend in the Azeri capital of Baku.

He also said leading oil producing nations have made significant achievements in terms of cooperation and efforts to avoid imbalance between the supply and demand on the global oil market.

Barkindo added he would welcome greater engagement with the United States to tackle industry issues.

According to estimates from Saudi Aramco Chief Executive Officer Amin Nasser last year, the global oil and gas industry needs to invest more than $20 trillion over the next 25 years to meet expected growth in demand and compensate for the natural decline in developed fields.

"A number of challenges are arising from the down cycle that we have seen, and at the top of that list is an issue of investments. We have seen investments contract for couple of years and even at the moment the rebound is very, very minimal," Barkindo said.

"For the long cycle projects, which are the base for the global economy, the picture is still not encouraging. Therefore we welcome the United States to join us in this global energy dialogue to address this and other issues affecting this industry."

The Organization of the Petroleum Exporting Countries and other large oil producers led by Russia have agreed on joint efforts to curb their oil production in order to restore the balance on the global oil market and support the price.

The first such deal was signed at the end of 2016 in Vienna.

"We remain on course and we have made significant progress in ensuring that we do not allow the market to return to an imbalance," Barkindo said, speaking in English.

"All participating countries are committed to ensuring that supply and demand remain balanced through stock movement that would remain within the five-year industry average," Barkindo added.

"That remains our key metrics in assessing the state of the oil market and so far so good."

Hedge funds 'pause' oil buying since end of Feb

Fresh doubts about the global economy surface

By John Kemp

LONDON, March 18, (RTRS): Hedge fund managers have become more cautious about buying oil since the end of February as doubts about the global economy resurface, dampening expected price rises from OPEC-led production cuts and US sanctions on Iran and Venezuela.

Front-month Brent futures prices were steady in the last week of February and the first part of March, giving funds little incentive to continue buying in the short term.

Although hedge funds and other money managers were net buyers of 5 million barrels of Brent crude futures and options in the week to March 12, that mostly only reversed the 4 million barrels of net sales seen the previous week.

That left portfolio managers' net long position essentially unchanged from Feb 26 at 293 million barrels, after an increase of 155 million barrels over the previous 12 weeks since Dec 4.

Fund managers now hold almost six bullish long positions for every bearish short one, up from a ratio of just 2:1 in early December but still modest compared with the ratio of 19:1 before oil prices started to slide in early October.

The same caution has spread to fund buying of refined fuels such as distillates as financial investors temper their previous optimism.

Fund managers have been net buyers of European gasoil futures and options for ten weeks running, boosting their total position by 74 million barrels since the start of the year.

But a net purchase of 2 million barrels in the week to March 12, according to positions records from ICE Futures Europe, is the smallest increase so far in the current buying cycle.

Until some of the uncertainty surrounding the outlook for the economy and resulting oil demand is resolved, oil prices and hedge fund positions are likely to remain in a holding pattern.

In this file photo, an ATM is displayed at a Wells Fargo bank, in Atlanta. Fidelity National Information Services is buying Worldpay for about $35 billion with financial transactions increasingly moving online. (AP)

Digital payments surge

FIS spends $35b on Worldpay

CINCINNATI, March 18, (AP): Fidelity National Information Services is buying Worldpay for about $35 billion with financial transactions increasingly moving online.

The online payment industry has been consolidating as companies attempt to scale up to better handle transactions globally, and to cut costs as start-ups challenge established players like Fidelity, often referred to as FIS, and Worldpay.

Worldpay, a British company, was acquired for more than $10 billion less than two years ago by Vantiv, based in Cincinnati, Ohio. That combined company is what FIS said it would acquire Monday. It's the biggest acquisition for FIS since it spent more than $5 billion for SunGard in 2015.

Worldpay processes more than 40 billion transactions a year and supports more than 300 payment types across more than 120 currencies. Combined, Worldpay and FIS would have had 2018 revenue of $12.3 billion.

With Worldpay's debt included, the companies on Monday put the deal's value at $43 billion. They expect organic revenue growth of between 6 percent and 9 percent through 2021.

"Scale matters in our rapidly changing industry," said Gary Norcross, chairman and CEO at FIS. "Upon closing later this year, our two powerhouse organizations will combine forces to offer a customer-driven combination of scale, global presence and the industry's broadest range of global financial solutions."

Worldpay Inc. shareholders will receive 0.9287 FIS shares and $11.00 in cash for each Worldpay share they own.

FIS shareholders will own about 53 percent of the combined company, which will keep the name Fidelity National Information Services Inc. Worldpay shareholders will own approximately 47 percent.

The combined company will be based in Jacksonville, Florida, where FIS is headquartered. Norcross will continue as CEO and chairman. Worldpay executive chairman and CEO Charles Drucker will become executive vice chairman.

The deal, with regulatory and shareholder approval, would likely close in the second half of the year.

Shares of Worldpay Inc. jumped more than 10 percent in early trading Monday. Shares of Fidelity slipped less than 1 percent.