

EU clinches deal on derivative clearing ahead of Brexit

European Union governments and lawmakers agreed on new rules that could force large foreign clearing houses with operations in the bloc to relocate to the bloc if they want to continue servicing their EU clients.

The new rules will apply to large US security houses, such as CME and ICE, and British clearing firms after Britain leaves the EU, with the strictest relocation provisions likely to hit LCH, a unit of the London Stock Exchange, which dominates clearing of euro-denominated derivatives.

Their importance has increased since the financial crisis because regulators have pushed for more derivatives to be cleared by third parties in a bid to reduce risks. (RTRS)

Kuwait bourse extends gains, volume bounces

Gulf Bank rallies 9 fils, Zain flat

By John Mathews Arab Times Staff

KUWAIT CITY, March 18: Kuwait stocks pulled higher on Monday extending the gains to third straight session. The All Shares Index climbed 22.12 points in choppy session to 5,372.87 points led by Gulf Bank and some of the heavyweights even as the broader trend showed a mixed sentiment.

The Premier Market scaled 15 points to end at 5,689.30 points and Main Market jumped 37.19 pts to 4,778.84 points taking month's gains to 40 points. The volume turnover meanwhile surged following Sunday's sharp pullback. Over 214 million shares changed hands - a 32 pct jump from the day before.

The sectors closed mostly in the green turf. Consumer goods outshone the rest with 1.87 pct gain whereas oil and gas shed 1.13 percent, the biggest loser of the day. Volume wise, banks accounted for the highest market share of 41 percent and financial services trailed with 26 pct contribution.

Among the prime movers, Gulf Bank rallied 9 fils to 305 fils with brisk trading and is up 19 fils from start of the month while Al Ahli Bank climbed 15 fils to 330 fils. National Industries Group sprinted 6 fils with a volume of 11.5 million shares to wind up at 189 fils.

Zain was unchanged at 457 fils after trading 1.8 million shares and Ooredoo too did not budge from its earlier close of 731 fils. Kuwait Telecommunications Co (VIVA) soared 29 fils to 850 fils and Agility dialed up 2 fils before settling at 833 fils.

The market opened firm and headed north in early trade amid buying in select counters. The main index vacillated narrowly thereafter between small gains and losses before winding up with modest gains.

Top gainer of the day, Sanam Real Estate jumped 13.3 percent to 34 fils and KSHC climbed 6.9 pct to stand next. Equipment Holding skidded 11.37 percent, the steepest decliner of the day and Gulf Bank topped the volume with over 41 million shares

Despite day's gains, the losers outnumbered the winners. 45 stocks advanced whereas 58 closed lower. Of the 119 counters active on Monday, 17 closed flat, 6,272 deals worth KD 39.56 million were transacted - a 23.2 percent rise in value from the day before.

Humansoft Holding dived 54 fils to KD 3.201 while Mezzan Holding rose 5 fils to 485 fils. Boubyan Petrochemical Co paused at 933 fils and Al Qurain Petrochemical clipped 2 fils. Integrated Holding Co dropped 18 fils to 721 fils.

Kuwait Portland Cement soared 40 fils to KD 1.240 and Hilal Cement was up 5 fils at 110 fils with razor thin trading. Gulf Cable added 4 fils to close at 379 fils and Heavy Engineering Industries and Shipbuilding Co fell 3 fils to 403 fils and ACICO Industries clipped 2 fils.

Jazeera Airways slipped 5 fils to 765 fils and ALAFCO was up 3 fils at 258 fils. Automated Systems Co and Independent Petroleum Group stood pat at 118 fils and 390 fils respectively whereas Mashaer Holding dialed up 2 fils.

NAPESCO shed 11 fils whereas EK Holding sprinted 19 fils to 450 fils.

Tadawul index joins FTSE index Saudi ends near 4-year high

DUBAI, March 18, (RTRS): Saudi Arabia's benchmark stock index closed at its highest in nearly four years on Monday as bank shares rose on its first day as a member of FTSE Russell's emerging-market index, which is expected to attract billions in passive fund inflows. Saudi's Tadawul index will have a weighting of 2.9 percent in the FTSE Emerging All Cap Index and later this year will join the MSCI emerging market benchmark. The market is positioned for passive fund inflows of around \$20 billion.

The kingdom is hoping its inclusion in the indexes will fuel its drive to become a major destination for foreign capital, after its global reputation was tainted by the murder of journalist Jamal Khashoggi in October. In the short term, the upside is limited since this was a well-flagged event, Al Mal MENA Equity Fund said in a note. In the long-term there are positive implications not just for the Saudi market but for the region as a whole. With foreigners, there will be more institutional participants who are research-driven and bringing more discipline to the market, the note added. Saudi Arabia's listed companies could see holdings by foreign investors rise to 10 percent when shares are included in index providers MSCI and FTSE's emerging markets indices, Tadawul's Chief Executive told Reuters.

The index has gained 10 percent this year, outperforming its major Gulf peers, and foreigners have led the buying, with foreign investors now net buyers of 9.6 billion riyals of stocks year-to-date, Arqaam Capital said. Saudi's Tadawul index rose 1.1 percent with 159.2 million shares traded for a value of 3.6 billion riyals (\$960million). Al Rajhi Bank gained 0.8 percent and blue-chip petrochemical maker Saudi Basic Industries (SABIC) added 1 percent. "We expect SABIC to see the biggest inflow of more than \$110million while Al Rajhi and National Commercial Bank are close behind," Nick Wilson, chairman of the Gulf Investment Fund Plc, said. Abdullah Abdul Mohsin Al Khodari Sons

KPPC tripped 0.3 fil and IFA Hotels and Resorts ticked 0.9 fil into red with thin trading. Gulf Cement Co added 2.5 fils whereas Al Rai Media gave up 2.5 fils to end at 51.5 fils.

UPAC fell 5 fils to 495 fils while NCBM was unchanged at 181 fils. Combined Group Contracting Co scaled 5 fils and Warbacap trimmed 0.5 fil. KGL Logistics eased 0.7 fil to 42.3 fils and Invoest fell 2.3 fils to 82.9 fils.

In the banking sector, sector bellwether National Bank of Kuwait dialed up 2 fils on back of over 3 million shares while Burgan Bank and Kuwait International Bank took in 1 fil each. Boubyan Bank gave up 3 fils to close at 553 fils. Ahli United Bank added 2 fils with a volume of 13.4 million.

Kuwait Finance House was unchanged at 640 fils after trading 3.4 million shares and Warba Bank rose 4 fils to 230 fils on back of 16 million shares. Commercial Bank inched 1 fil higher to 505 fils and Al Mutahed followed suit to end at 308 fils.

KIPCO ticked 1 fil up to 196 fils and Gulf Finance House edged 0.5 fil in green. National Investment Co edged 0.5 fil higher whereas Securities House

surged 10percent. The stock has risen since shareholders voted against the dissolution of the company.

The Abu Dhabi index rose 1.8 percent, lifted by a 3.2percent rise in First Abu Dhabi Bank. International Holding climbed 5 percent after it called a shareholders' meeting to approve a capital increase by 1.31 billion dirhams (\$357 million). Dana Gas gained 1.8 percent. On Sunday, the firm approved plans for a sukuk buyback and said it plans to seek approval to buy back 690 million shares. In Dubai, the index was up 1.6 percent with Dubai Islamic Bank gaining 3.2 percent. The emirate's largest listed developer, Emaar Properties, rose 2.2percent after saying its board will meet on Wednesday to discuss the proposal for a full-year dividend.

Marie Salem, director capital markets at FFA Private Bank Dubai, said foreigners are continuing to accumulate bank shares across the United Arab Emirates. Qatar's index increased 1.1 percent. Qatar Islamic Bank added 3 percent and the Middle East's largest lender, Qatar National Bank, rose 1.5 percent. Egypt's blue-chip index was down 0.8 percent with its major lender Commercial International Bank shedding 1.7 percent.

- Saudi Arabia - The index rose 1.1 pct to 8,653 points
Abu Dhabi - The index rose 1.8 pct to 5,067 points
Dubai - The index gained 1.6 pct to 2,620 points
Qatar - The index rose 1.1 pct to 9,973 points
Egypt - The index fell 0.8 pct to 14,911 points
Kuwait - The index was up 0.3 pct to 5,689 points
Oman - The index rose 1 pct to 4,128 points
Bahrain - The index edged up 0.2 pct to 1,413 points

Co and Coast Investment Co tripped 1 fil each. Kuwait Investment Co was up 3 fils at 127 fils.

Kuwait Financial Centre (Markaz) fell 3 fils to 95 fils while Al Deera Holding and Al Salam eased 1 fil each. FACIL dialed down 1 fil and NIH was up 1.7 fils at 66.8 fils. International Financial Advisors edged 0.3 fil down to 21.7 fils.

Bayan Investment took in 1.9 fils and KAMCO stood pat at 71.9 fils. Noor Financial Investment Co added 0.7 fil and Sokok Holding trimmed 0.4 fil. Al Intiaz and Unicap clipped 2 fils each whereas Ahleia Insurance Co was flat at 435 fils.

Mabaneec Co fell 3 fils to 591 fils and Kuwait Real Estate gave up 1.5 fils. United Real Estate dialed up 2.5 fils and National Real Estate edged 0.6 fil into red. Salsiya Real Estate gained 342 fils and Mazaya Holding climbed 1.8 fils.

The bourse has been positive so far during the week and has gained 26 points in last two sessions. It has rallied 141 points from start of the month and is trading 293 pts higher year-to-date, Boursa Kuwait, with 176 listed stocks, is the second largest market in the region.

Moody's holds credit rating at Baa3

No news is good news for Italian bonds

LONDON, March 18, (RTRS): No news proved the most important news for eurozone bond markets on Monday after a decision by ratings agency Moody's not to downgrade Italy sparked a strong rally in Italian debt, while Portuguese yields hit historic lows on an S&P ratings upgrade.

Italy's 10-year government bond yield fell by over six basis points on the day to a low of 2.43 percent, its lowest since May 2018. Its spread over higher-rated Germany narrowed to its tightest since September 2018 at 234 basis points.

"I think there's a lot of positive momentum in Portugal. That was a new position because I went long into the (rating) announcement on Friday. In general over the past year I've played Portugal from the long side." The spread of Portuguese 10-year government bonds over Germany has narrowed by about 40 basis points since the start of the year and was last at 114 basis points.

Portuguese yields fell after Standard & Poor's raised Portugal's BBB- credit rating, citing declining debt and balanced growth, with the rally intensifying as the session wore on. The ratings agency said it expects the Portuguese economy to grow 1.5 to 1.7 percent during 2019-2021. It also expects Portugal to record a budgetary surplus and to reduce the ratio of public debt to gross domestic product.

The rally in the periphery also helped Spanish bonds with 10-year yields down three basis points to 1.17 percent.

Elsewhere, French 10-year government bond yields were largely unchanged after more weekend violence linked to the yellow vest protest movement. France's prime minister is due to announce new security measures.

Supply is also due to pick up this week with 19 billion to 24 billion euros of primary activity, according to UniCredit analysts who say this will likely be the heaviest week in 2019.

Broader eurozone bond yields were largely unchanged as the market waited for clarity on Britain's Brexit negotiations and this week's US Federal Reserve meeting. Moody's on Friday left Italy's Baa3 credit rating unchanged, pushing Italian government bond yields to their lowest since May 2018. Standard & Poor's upgraded Portugal to BBB, and the Portuguese 10-year government bond yields fell to their lowest in at least 25 years.

"Portugal was upgraded but even more important was that Moody's didn't do anything with Italy's rating, despite ongoing headlines," said Sebastian Felchechner, rates strategist at DZ Bank. "The non-ratings decision is helping the market."

Table with 2 columns: KAMCO Boursa Kuwait Daily Report and Financial Data. Includes headers for Index Returns & Market Capitalization, Percentage Change (DTD, MTD, YTD), Trading Indicators, and a comprehensive list of stocks with their current values and changes.