

Dubai's property developer Damac reports \$10m earnings loss

One of Dubai's largest privately-owned developers, DAMAC Properties, reported on Tuesday \$10 million in net loss in 2019, a year after net earnings had reached \$313 million.

Revenue was down 28% from \$1.7 billion in 2018 to just under \$1.2 billion last year.

DAMAC is known in Dubai for a number of glitzy projects, including its partnership with the Trump Organization to man-

age and run two golf courses surrounded by upscale villas and apartments. The business was run by Donald Trump, who earned millions licensing his name to projects well before his election as US president. His sons, Eric and Donald Trump Jr., now lead the Trump Organization.

DAMAC's loss comes amid concerns of an oversupply of new properties on the market,

which prompted Dubai's leadership last year to announce a new committee to review real estate projects before they come into the pipeline.

The government is seeking to curb the pace of new construction projects as property prices fall and the sheer scale of developments threatens to outstrip demand.

"We have selectively launched fewer projects in softer market

conditions to avoid adding new commitments and focus on selling completed and near completion inventory," said Chairman of DAMAC Properties Hussain Sajwani, who is majority owner of the company.

He's repeatedly called for a moratorium on all new home construction for up to two years to stabilize market prices and renew confidence in Dubai's property market. (AP)



Damac towers are under construction in Dubai, United Arab Emirates, Tuesday, Feb 11. (AP)

Market Movements

11-02-2020

	Change	Closing pts		Change	Closing pts		
CHINA	- Shanghai SE	+11.19	2,901.67	JAPAN	- Nikkei	-142.00	23,685.98
AUSTRALIA	- All Ordinaries	+43.45	7,151.44				
EUROPE	- Euro Stoxx 50	+32.66	3,825.84				
FRANCE	- CAC 40	+39.09	6,054.76				
GERMANY	- DAX	+133.81	13,627.84				
INDIA	- Sensex	+236.52	41,216.14				
PAKISTAN	- KSE 100	+417.76	39,714.46				

Business

Many analysts say Fed could keep rates unchanged this year

US economy looks resilient despite risk of virus: Powell

Britain economy flat-lines in Q4 amid Brexit and election clouds

Increases in services and construction sectors offset by poor manufacturing

LONDON, Feb 11, (AP): Uncertainty related to Brexit seems to have weighed heavily on the British economy during the final quarter of 2019 as output flat-lined, official data showed Tuesday.

In its first assessment of the quarter as a whole, the Office for National Statistics said increases in the services and construction sectors were offset by another poor showing from manufacturing, particularly the motor industry.

As a result, the economy stagnated following an upwardly revised 0.5% growth performance in the third quarter.

Overall, the British economy grew by 1.4% in 2019, just ahead of the previous year's rate of 1.3%. That annual performance was slightly better than anticipated and largely due to the fact that the previous two quarterly performances were revised higher.

The statistics agency noted that growth has been "particularly volatile" throughout 2019, in part reflecting "changes in the timing of activity" related to the UK's delayed exit dates from the European Union.

Brexit wasn't the only reason behind the flat performance. Like other major economies in Europe, Britain has been hurt by the trade war between the United States and China, which has hobbled global growth.

"The noisy U.S.-China trade negotiations and downturn in global trade and manufacturing further added to business and household anxieties," said Kallum Pickering, senior economist at Berenberg Bank.

Compared with other countries, Britain actually didn't do that badly - the nearby 19-country eurozone economy only expanded by 0.1% during the quarter, with France contracting during the period.

Britain officially left the EU on Jan. 31 but was meant to have done so on previous occasions during 2019. That fostered a high degree of uncertainty that prompted many firms, particularly those in the industrial sector such as car manufacturers, to tweak with their production schedules.

That was evident in the quarterly manufacturing figures, which showed a 1.1% quarterly decline in output, with many firms holding back production around the time of the Oct. 31 Brexit departure date, which was subsequently extended by three months.

The quarterly stagnation was widely anticipated in light of the uncertainty that was dominant at the time. During the October-December period, Britain was in the midst of one of its biggest political crises in decades that eventually led to a general election on Dec. 12.

The victory for Prime Minister Boris Johnson's Conservative Party ended the uncertainty over whether Britain would actually leave the European Union as he had the numbers in the House of Commons to drive through his withdrawal agreement with the bloc.

There will now be interest to see if the economy starts to rebound this year.

"The sharp reduction in domestic political uncertainty since the election ... should enable the economy to regain momentum in the first quarter (of 2020)," said Samuel Tombs, chief UK economist at Pantheon Macroeconomics.

Some evidence did emerge in Tuesday's report to suggest that the greater clarity that emerged with the election has helped shore up the economy. The statistics agency said the economy grew by 0.3% in December, offsetting the previous month's decline. Monthly figures though can be volatile so the increase should be treated with caution.

Brexit uncertainty has been largely to blame for Britain's tepid growth in the years since the country voted to leave the EU in June 2016. Firms have been holding back investment amid fears that Britain would leave the EU without a divorce deal and consumers have become cautious. Some Brexit uncertainty remains as it's still not clear what the economic relationship between Britain and the EU will look like beyond the end of this year.



Visitors take a photograph of the aerial display of the Ba Yi Aerobatics Team of the People's Liberation Army Air Force of China during the Singapore Air Show in Singapore on Feb 11. (AP)

Seeks deeper ties

UK says open for 'business'

PUTRAJAYA, Malaysia, Feb 11, (AP): Britain sees huge trading opportunities in Southeast Asia and seeks to build a "new modern and dynamic" relationship with the region's 10 nations after leaving the European Union, Foreign Secretary Dominic Raab said Tuesday.

Raab said Britain sees Malaysia as a key partner in the Association of Southeast Asian Nations and that he made clear in talks with his Malaysian counterpart, Saifuddin Abdullah, that "global Britain is open for business" following its contentious split from the EU.

He said Britain has appointed Jon Lambe as ambassador to the Jakarta-based ASEAN as it seeks to bolster ties with the region.

"We know how important this region is and want to work together in a partnership of equals with all 10 members for a safer, more free and more prosperous future," he told a joint news conference in Malaysia on the last leg of an Asian tour that also took him to Australia, Japan and Singapore.

Saifuddin said Malaysia believes "Brexit is not a hindrance but an opportunity" for both countries to explore new fields of cooperation.

The British embassy said medical device manufacturer Smith and Nephew is set to break ground this month on its first manufacturing plant in Southeast Asia in Malaysia's northern Penang state. The plant will create up to 800 new jobs over five years in a boost to bilateral trade, which has hit 5 billion pounds (\$6.5 billion) annually, it said.

Raab also pledged Britain's support for Malaysia's efforts to clean up the oceans by reducing plastic use and marine debris and to work together to stop illegal shipments of plastic waste from the United Kingdom.

Singapore air show opens despite virus

SINGAPORE, Feb 11, (AP): Singapore's air show took off Tuesday with the usual ribbon cutting and displays of aerial prowess, as many industry insiders shrugged off concerns over the virus outbreak that has decimated the regional travel industry.

Some visitors heeded warnings from their Singaporean hosts to avoid handshakes and other close contact to keep from spreading the virus that has sickened tens of thousands of people. But many others just carried on as usual after submitting to multiple temperature checks on their way to the venue, considering it just one risk of doing business.

Singapore has reported 45 cases of the virus, which emerged in central China's Wuhan. A business meeting at a city hotel last month is thought to have resulted in multiple people from several countries becoming infected. But city authorities opted to go ahead with the air show, taking extra precautions such as limiting the number of visitors, requiring temperature checks and barring entry into Singapore by any foreigners who had visited China in the past two weeks.

"A massive amount of investment and planning goes into these events. Canceling an event of this magnitude would be a major decision," said Andrew Herdman, director general of the Association of Asia Pacific Airlines.

"You need to make a risk assessment. That's a challenge we could do

without," Herdman said.

Some 930 companies from more than 100 countries are attending. Still, many booths stood empty and the number of visitors was sharply lower than usual, participants said.

"It's painful," said David Fountain of Borsight Inc, an Ogden, Utah-based company that provides data and voice communications systems and equipment for aircraft, one of many exhibits in the vast but somewhat empty USA Pavilion at the air show.

Outside, several big "chalets" of US companies stood empty, with signs on the doors saying they were closed due to concerns over the coronavirus. The 70 exhibitors that canceled plans to attend, most after Singapore raised its health alert from yellow to orange last week, include Lockheed Martin and Raytheon Co, Bombardier, De Havilland, Gulfstream and Honeywell Aerospace.

Singapore's air show is one of dozens held worldwide every year. But it is a highlight for the industry in a vital market and a key marketing and deal-making opportunity.

In the outdoor display area, which appeared more than half empty, US Air Force, Navy and Marine staff from as far afield as Hawaii and Oklahoma were standing by their aircraft, but behind barricades after it was decided they would not be giving visitors up-close tours.

Two F-22 Raptors from Joint Base Pearl Harbor-Hickam in Hawaii and

two F-35B Lightning IIs are in Singapore for aerial demonstrations at the air show, which is being held at Changi Air Base.

Another highlight of the show, the People's Liberation Army Air Force's "Ba Yi" air aerobatics team, put on a dazzling performance in between thundershowers on Tuesday.

Having the Chinese aerial team attend was a reminder of the important role China plays in the industry, even if most of its delegation had to stay away this time, Herdman said.

"China is a very, very big part of aviation globally and the fact that Chinese delegates and Chinese exhibitors are not able to attend is unfortunate," he said.

Anchored by China's 1.4 billion people, air travel in the Asia-Pacific region is growing faster than the global average, at 5.4% a year, according to a global market forecast by Airbus.

That is further fueling the long intense competition between market leaders like Airbus and Boeing, but also within the region as China and Japan work to build up their own indigenous aircraft industries.

Airbus used the occasion of the Singapore show to unveil a ray-shaped "blended wing" demonstration aircraft, dubbed MAVERIC, that the European company is developing as part of its effort to explore new, disruptive designs, said Jean-Brice Dumont, executive vice president of Engineering Airbus.

Jobless rate stable at 5.1 pct in Dec

OECD sees stable global economic growth

PARIS, Feb 11, (KUNA): The major world economies can look forward to short-term growth momentum over the coming six to nine months, but projections currently do not include potential impacts from the fast-spreading new coronavirus emanating from China, the Organisation for Economic Cooperation and Development (OECD) said Monday.

Publishing a report of "Composite Leading Indicators", the Paris-based economic policy body said that the coming period up until October 2020 should be one of "stable growth momentum" but with below longer-term

trends in the OECD area, which comprises 32 of the world's most industrialized nations.

The OECD cautioned, however, that the economic evaluation and forecast had used data "collected before the World Health Organisation's declaration of a public health emergency."

The emergence of the new coronavirus and its "potential negative impact" on global economic activity has not been taken into account in this latest study and therefore effects on supply and tourism have not been considered as yet.

Beyond the negative spin-off from

the virus, Japan and Canada have indicators pointing to stable growth, as does the eurozone as a whole, notably led by France, Germany and Britain.

Unemployment in the advanced, industrialized countries of the Organization for Economic Co-operation and Development (OECD) remained stable last December at 5.1 percent, OECD said Tuesday.

There are now 32.6 million people out of work in the OECD zone, which includes some 35 countries stretching from Latin America to Australasia, the organization said in a press release.

WASHINGTON, Feb 11, (AP): Federal Reserve Chairman Jerome Powell says the US economy appears durable with steady growth and unemployment near a half-century low but faces risks from the broadening viral outbreak that began in China.

Giving the Fed's semiannual monetary report to Congress, Powell said Tuesday that the Fed is content with where interest rates are, suggesting that no further rate cuts are being contemplated unless economic conditions were to change significantly. Many analysts say the Fed could keep rates unchanged this year, although some think it will feel compelled to cut rates at least once.

Powell said the Fed is monitoring developments stemming from the coronavirus, which he said "could lead to disruptions in China that spill over to the rest of the global economy."

The daily death toll in China topped 100 for the first time, pushing the number of deaths in China from the virus above 1,000.

China remained mostly closed to business Tuesday with around 60 million people under virtual quarantine in the country, raising concerns about what the loss of production in China, the world's second largest economy, will do to global supply chains.

China accounts for more than 80% of smartphone and notebook production globally and more than half of global TV and server production, according to recent estimates.

Powell's comments came in prepared testimony to the House Financial Services Committee before he speaks to the committee later Tuesday. On Wednesday, Powell will testify to the Senate Banking Committee.

The Fed cut interest rates three times last year after having raised rates four times in 2018. Powell said the rate cuts were made to "cushion the economy from weaker global growth and trade developments and to promote a faster return of inflation" to the Fed's 2% target. But since the last quarter-point rate cut in October, which reduced the Fed's key policy rate to a range of 1.5% to 1.75%, the Fed has kept policy on hold. Powell's remarks Tuesday indicated there had been no change in that stance.

The Fed, Powell said, "believes that the current stance of monetary policy will support continued economic growth, a strong labor market and inflation returning to the committee's 2% symmetric objective."

Powell said that as long as incoming economic data "remains broadly consistent with this outlook, the current stance of monetary policy will likely remain appropriate."

The Fed chairman expressed satisfaction with many economic barometers, noting that the expansion is well into its 11th year - the longest period of uninterrupted US growth on record. Last year, the economy was being buffeted by a global slowdown and rising uncertainty sparked by President Donald Trump's trade war with China and other nations.

Powell said while the "global headwinds had intensified last summer," the economy proved resilient, with the economy growing at a moderate pace in the second half of last year and unemployment, now at 3.6% near a half-century low.

The chairman noted that job openings remain plentiful and employers appear increasingly willing to hire workers with fewer skills and train them. He said these developments mean the benefits of a strong job market are becoming more widely shared, with employment gains broad-based across all racial and ethnic groups and levels of education.

Powell suggested that the federal government should capitalize on low borrowing rates to put the federal budget on a sounder footing. The Trump administration released a new budget Monday that projects that the deficit will top \$1 trillion this year before starting to decline. The Congressional Budget Office sees the deficit remaining above \$1 trillion over the next decade.

Putting the budget on a sustainable path while the economy is strong, the chairman said, would help ensure that policymakers would have the room to use the budget to help stabilize the economy during a recession.

Powell said one longer-run challenge the economy faces is low labor force participation among prime-age workers. He said that while this participation rate has been rising recently, it "remains lower than in most other advanced economies and there are troubling labor market disparities across racial and ethnic groups and across regions of the country."

The Fed chairman said that another longer-run challenge weak productivity growth. He said finding ways to boost worker participation and productivity would benefit all Americans and should remain a national priority.