

## BUSINESS

# Chinese cenbank says all crypto transactions illegal; Bitcoin dips



A visitor passes by a logo for the e-CNY, a digital version of the Chinese Yuan, displayed during a trade fair in Beijing, China, Sunday, Sept. 5, 2021. China's central bank on Friday, Sept. 24, 2021, declared all transactions involving Bitcoin and other virtual currencies illegal, stepping up a campaign to block use of unofficial digital money. (AP)

## Digital currencies disrupt financial system: PCB

**BEIJING, Sept 26, (AP):** China's central bank on Friday declared all transactions involving Bitcoin and other virtual currencies illegal, stepping up a campaign to block use of unofficial digital money.

Friday's notice complained Bitcoin, Ethereum and other digital currencies disrupt the financial system and are used in money-laundering and other crimes.

"Virtual currency derivative transactions are all illegal financial activities and are strictly prohibited," the People's Bank of China said on its website.

The price of Bitcoin fell more than 9%, to \$41,085, in the hours after the announcement, as did most other crypto tokens. Ethereum skidded almost 10%, falling from \$3,100 to around \$2,800.

Chinese banks were banned from handling cryptocurrencies in 2013, but the government issued a reminder this year. That reflected official concern cryptocurrency mining and trading might still be going on or the state-run financial system might be indirectly exposed to risks.

Promoters of cryptocurrencies say they allow anonymity and flexibility, but Chinese regulators worry they might weaken the ruling Communist Party's control over the financial system and say they might help to conceal criminal activity.

The People's Bank of China is developing an electronic version of the country's yuan for cashless transactions that can be tracked and controlled by Beijing.

Regulators in other countries have increasingly warned that cryptocurrencies need greater oversight. In the U.S., Gary Gensler, the chairman of the Securities and Exchange Commission, has said that investors need more

protection in the cryptocurrency market, which he called "rife with fraud, scams and abuse" and compared to the "Wild West."

The SEC has won dozens of cases against crypto fraudsters, but Gensler says the agency needs Congress to give it more authority and funding to adequately regulate the market.

Regulators in China have also been trying to rein in cryptocurrency mining, an energy-intensive process whereby specialized computers generate digital currencies. As a result, miners have been moving operations out of China.

Two years ago, China alone accounted for around three-quarters of all the electricity used for crypto mining, by far the most in the world, according to the Cambridge Bitcoin Electricity Consumption index. By April of this year, before the latest crackdown, China's share had fallen back to 46%. That still towers over the No. 2 country, the United States, at less than 17%.

## Company targets \$8T tokenization of private markets

# InvestaX launches exchange in Singapore's MAS

SINGAPORE, Sept 26, (Agencies): InvestaX launched exchange in the Monetary Authority of Singapore (MAS) sandbox, providing key infrastructure for bringing liquidity to digital securities.

InvestaX is a Singapore-headquartered, MAS-licensed\* online investment and trading platform for Digital Securities (DSO) and Security Tokens (STO) of global private markets deals, focusing on exciting growth industries including crypto, gaming, blockchain, digital assets, venture, private equity and real estate.

InvestaX, announces entry in the sandbox for its exchange, and now provides a one-stop shop solution for the issuance and trading of digital securities, for global products and global investors.

Targeting the \$8T USD tokenization of the private markets, InvestaX is built with open infra-

structure for scalability and interoperability, and is fully integrated with leading public blockchain protocols including Ethereum, Tezos, Hedera Hashgraph, and Algorand and more protocol integrations in the pipeline.

InvestaX believes in the tokenization of all assets making digital securities of private companies or real estate funds, as an example, more valuable, as investors are able to lend, borrow, trade and use their digital securities as assets and collateral, the same way decentralized finance is making cryptocurrencies more usable and valuable for cryptocurrencies.

In a world where centralized and decentralized finance are converging at a rapid pace, InvestaX provides technical and compliant on/off ramps for the digitization of equity, debt or fund, along with a full suite of services for the lifecycle management of

any digital security. InvestaX is also working with DeFi platforms like IX Swap to bring new liquidity solutions to the digital securities marketplace, which is essential to fuel the growth in trading volumes as the industry expands.

"Cryptocurrencies (digital currencies) and security tokens (digital securities) belong together. They are both native digital assets interacting instantaneously on immutable ledgers, creating speed and efficiency as well as trust and transparency never seen before in investment transactions. This connectivity is ushering in the next wave of innovation and expansion of the digital assets industry as well as new innovative investment products never seen before," said Julian Kwan, CEO of InvestaX.

InvestaX also runs the only IBF accreditation course on Blockchain and Capital Markets,

## Diesel 'software' faces strict limits: EU official

BRUSSELS, Sept 26, (AP): A top European Union legal adviser said Thursday that software installed in Volkswagen cars to alter the amount of pollutants coming out of their exhaust pipes in hot or cold weather and at high altitude doesn't conform to the 27-nation bloc's laws unless it prevents dangerous sudden engine damage.

The case arose when Austrian courts asked the European Court of Justice to rule on whether the software made by Volkswagen, which also includes Porsche, was permitted and not a "defeat device" used to cheat on car emissions tests.

In a legal opinion for the Luxembourg-based ECJ, European Court of Justice, Advocate General Athanasios Rantos said that "the software at issue reduces the effectiveness of the emission control system in normal vehicle operation and use, with the result that it constitutes a 'defeat device.'"

Rantos said it would not be such a device only if it prevents sudden engine damage that could not be avoided through routine maintenance. He said it would be up to national courts to decide if this is the case.

### Binding

His legal opinion is not binding on the ECJ, but Europe's top court follows such advice in most cases.

The VW software reduces the purification of exhaust gases, chiefly nitrogen oxide, when the weather is colder than 15 C (59 F) or climbs above 33 C (91.4 F), as well as when the vehicle is driven at an altitude of 1,000 meters (3,280 feet) or more.

Rantos said that the temperature window when the exhaust fumes were being cleaned "is not representative of real driving conditions" because temperatures often drop below 15 C (59 F) in Austria and Germany, where cars are also routinely driven at higher altitude.

The automaker faced a diesel emissions scandal after the U.S. Environmental Protection Agency in 2015 found that the company had installed special software to rig U.S. emissions tests for its latest "clean diesel" vehicles. Volkswagen has apologized and paid more than 31 billion euros (\$36 billion) in fines, recall costs and compensation to car owners.

The German car manufacturer admitted to fitting millions of cars with the device and it turned out that the use of the cheating software hadn't been isolated to the U.S. In Europe, it had argued that the software could be justified by the fact that it helps protect the engine over time.

It offers a unique range of technical services and innovative commercial solutions:

## Circular Group launches its operations by opening a business center in Shuwaikh Industrial



Rashid Al-Wazzan

**Circular Group has announced the launch of its operations in the local market, by opening its own business center, providing a range of innovative and integrated business services and solutions for owners of small and medium enterprises.**

Circular Group CEO Rashid Al Wazzan confirmed that Circular Business Center provides the latest and most innovative commercial solutions for the small and medium-sized companies sector in Kuwait, as it provides, across an area of 2,200 square meters, a unique set of traditional and digital services that support young people and owners Free business, enabling them to enhance their commercial operations and increase their

profits, which is reflected positively on achieving their aspirations to expand locally and regionally, and reach the largest segment in the market, pointing to the many advantages enjoyed by the new Circular headquarters, foremost of which is its strategic location in the heart of Shuwaikh Industrial Area and its proximity to other work centers in the capital, in addition to its spatial uniqueness in terms of being the only business complex in its surroundings, in addition to the modern and elegant design of the building, which is divided into indoor and outdoor spaces, distributed in a perfect balance between offices, shops, studios, and furnished event halls According to the latest international patterns.

**Al Wazzan:**  
*An ideal and sustainable environment that promotes the continued growth and prosperity of small and medium enterprises*

Al-Wazzan added, in a press statement, that Circular Group believes that ideas are timeless and priceless, so we are keen to innovate practical ideas and solutions that keep pace with the times, harmonize with the needs of our customers and support their trends, explaining that Circular Business Park is an ideal and sustainable environment that promotes the continuous growth and prosperity of small projects, and medium in which it operates.

Al-Wazzan concluded by revealing the most prominent features of the future strategy of Circular Group, which is represented in its quest to achieve the lead and win the first place in the business sector that serves small and medium enterprises, and combines all the various services and technical and administrative solutions that support its development under one roof, stressing the continuity of work to improve the quality of services and solutions, provided by "Circular Group" to its customers in the Kuwaiti market, and a promise of

**Al-Mudhaf:**  
*The work mechanisms in the center reduce the operational and administrative expenses of projects by up to 75%*

a soon expansion of the company's business in the Gulf.

In turn, the financial director of the Circular Group Company, Aisha Muhalhal Al-Mudhaf, said that the "Circular" business center is a Kuwaiti milestone, in supporting the small and medium-sized enterprise sector, which has been badly affected in recent times due to the Corona pandemic and the consequent procedures and requirements, which prompted many project owners. To the search for practical solutions that reduce their expenses as much as possible, in order to avoid complete closure and bankruptcy, pointing to setting appropriate prices for the services and solutions provided by the "Circular" group to its customers, based on specific criteria and accurate studies that fit the nature and variables of the Kuwaiti market.

She added the work mechanisms and innovative commercial solutions provided by the "Circular Business



Aisha Al-Mudhaf

Center" reduce the operational and administrative expenses of projects by up to 75%, explaining the provision of various forms of investments to the clients of the "Circular Group", which are divided into two groups, the first of which is direct investments and includes the possibility of exploiting the available work spaces in the complex from offices Displaying products in shops, photography, sound and radio recording studios, and secondly, the indirect investments provided by the companies affiliated with the Circular Group, which focus in their entirety on the technical services needed by each project, such as financial, accounting and legal advice, information technology software, and traditional and digital marketing alike.

## Weekly Money Market Report

26 September 2021



### Hawkish Central Banks Fueled Risk Sentiment Globally

#### Highlights

- Economic activity growth eased in US, UK and the Eurozone due to price pressures and supply chain
- US 10-Year treasury yield reached a high of 1.449%
- Probabilities of a hike in the US are 100% for December 2022

#### United States

##### Fed Meeting

Following a two day meeting for the Federal Open Market Committee, Federal Reserve Chair Jerome Powell said the US regulator could begin scaling back its asset purchases in November, continuing to gradually complete the process by mid-2022. Additionally we are now seeing a growing number of Fed officials expecting a rate increase in 2022 as the central bank charges ahead with the reduction of its stimulus program. The dot plot is now showing 9 FOMC officials expecting a rate increase in 2022, 2 members higher than the dot plot of June. For 2023 the dot plot is now showing 17 officials to expect hikes up from 13 members in June. Both the forecast for earlier rate hikes coupled with the looming taper now represents the biggest step towards normalization since the central bank took unprecedented action at the start of the pandemic.

##### Markets React

On the FX front, the greenback initially dipped after the FOMC meeting, however it quickly recovered and found its footing as the overall market reaction was positive. The single currency dipped and entered the 1.1600 level before recovering back to the 1.1700 level. The Swiss Franc was the strongest performing currency in the week, while the Sterling Pound was the weakest.

The sense of normalization boded well with US equities. Following the meeting major US indices recouped their losses from earlier last week and managed to close the week relatively flat. As for the bond market, US 10-year treasury yield surged to early July's highs of 1.44%. The market is currently pricing in a hike of 0.25% in December 2022 with a probability of over 100% following the Fed's meeting and the new dot plot.

##### US Manufacturing and Services PMIs

Following the Fed's meeting last Wednesday, US PMIs were released on Thursday and showcased a softer figure for both sectors for September. The services PMI came at 54.4 and below the expectations of 55.1 which was also the previous reading. Similarly, the manufacturing PMI just missed expectations by 0.2 and came at 60.5. Both sectors are well above the reading of 50 which marks expansion in the sector.

##### Europe

##### Bank of England Meeting

The BOE's MPC has voted by 9-0 to keep the bank rate on hold at 0.10%, and by 7-2 to keep the QE target unchanged. MPC members Michael Saunders and Dave Ramsden voted for a reduction of the target for bond purchases from GBP75bn to GBP40bn, i.e. ending net purchases "as soon as practical". The minutes show the Committee agreed that recent developments had strengthened the case for the "modest tightening" it already thought was necessary over its forecast period.

The most eye-catching statement was that, for the members who did not vote to stop QE, "any future initial tightening of monetary policy should be implemented by an increase in Bank Rate, even if that tightening became appropriate before the end of the existing UK government bond asset purchase program".

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This appears to open the door to a rate rise by the end of this year, even while the BoE is injecting net stimulus into the economy via QE. Indeed, the committee now sees CPI inflation remaining above 4% into Q2 2022, according to the minutes. With inflationary pressures and a hawkish MPC members, the market is pricing a hike by the BOE as early as March 2022 with a probability of 89%.

The meeting was viewed hawkish by market participants and that helped push the cable from the week's low of 1.3610 to close Thursday's session at 1.3720. Nevertheless, the hawkish Fed and the dollar strength overshadowed and the cable retreated to close the week at 1.3679.

##### UK PMIs Ease

UK PMIs saw a slowdown in growth momentum with both manufacturing and services sectors posting lower readings than expected. The services PMI came at 54.6, 0.4 lower than the previous reading while the manufacturing PMI came at 56.3 missing expectations of 59 and a previous reading of 60.3. Rates of expansion in both output and new orders were each the weakest in the respective seven-month sequences of growth.

##### Eurozone PMIs

The Eurozone's economic activity measured by PMIs was no different than other major economies as both sectors continued to grow but at a slower rate. This reflects the peaking of demand in the second quarter and supply chain bottlenecks and concerns over the ongoing pandemic. The reading for the services sectors came at 56.3, down from 59 in the previous month and lower than the expected figure of 58.4. Likewise, the manufacturing sector came at 58.7, down from 61.4 in the previous month.

##### Swiss National Bank Meeting

At its quarterly monetary policy meeting, the Swiss National Bank (SNB) kept its policy rate unchanged at -0.75%, as expected. In line with this decision, the sight deposit rate was left unchanged at -0.75%, a level that has prevailed since January 2015. The SNB indicated in its statement that the Swiss franc remains "highly valued", a wording used since September 2017. The Swiss nominal effective exchange rate has risen by about 0.5% since the last SNB meeting in June, so no change was expected on that front. The Bank stressed that it "remains willing to intervene in the foreign exchange market as necessary" even if the SNB has not been very active in FX markets over the past few months.

##### Asia

##### BOJ meeting

In Japan, the Bank of Japan left its main monetary policy rates unchanged as widely expected. As for the Japanese yen, the currency lost 7.22% of its value to the US dollar since the beginning of the year as risk sentiment increased post the critical part of the pandemic and vaccine rollouts globally. Additionally, expectations for wider interest rate differentials helped lower the value of the yen against the US dollar.

##### Commodities

##### Prices remain in range

In the commodities complex, crude has recently resumed an upward momentum with the Brent crude witnessing a week gain of around 3.21% when the price reached a \$77.74 on Friday. The upward momentum could be influenced by the Gulf of Mexico outage that has left crude buyers in a period of uncertainty. Furthermore, winter is coming and natural gas has been the center of attention due to a tight market that will impact Europe and the United States energy capacity. Therefore, OPEC members have warned that the natural gas crisis could lead to sudden price spikes in the crude markets.

##### Kuwait

##### Kuwaiti Dinar

USD/KWD closed last week at 0.30100

Rates – 26<sup>th</sup> September, 2021

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