Samsung may gain: Fitch

Samsung Electronics Co Ltd may have a chance to strengthen its position in the smartphone market due to the hurt caused to Huawei Technologies Co Ltd in the wake of US-China trade tensions, according to Fitch Ratings.

Tech companies, including Google and SoftBank Group-owned chip designer ARM, have said they will cease supplies and updates to Huawei.

The loss of access to Google's android system may hurt the smartphone sales of the Chinese technology company outside China, thereby giving Samsung a chance to improve its market share, Fitch Ratings said in a statement.

Earlier this month, the US government hit Huawei with severe sanctions as the US Commerce Department blocked the Chinese company from buying American goods amid its escalating trade spat with China. (RTRS)

Gulf Capital eyes acquisitions, plans new fund: CEO

Gulf Capital said on Monday it had bought a majority stake in health aesthetics firm Medica Holding and was looking for more acquisitions in the Middle East, Africa and Southeast Asia.

United Arab Emirates-based private equity firm Gulf Capital bought a 70 percent stake in Medica, which provides aesthetics, cosmetics and dermatology equipment and products in the Middle East. It did not disclose the deal value.

"We are willing to fund any bolt-on acquisitions. We are looking at two acquisitions in the Gulf, a joint venture in Africa and also in southeast Asia," Karim el Solh, chief executive of Gulf Capital, told Reuters.

"The deal is an intersection of consumer spending and healthcare, sectors that are growing very fast," he said, declining to give the deal value.

The $10 billion health aesthetics market is projected to grow at 10% annually over the next five years, while it is growing at 15% annually in the Gulf, he said. Investments in acquisitions will be made from Gulf Capital's third private equity fund worth $750 million, which still has a third of its cash to be deployed.

Gulf Capital is also planning to launch its fourth private equity fund this year worth more than $750 million as the firm eyes three to five new deals over the next 12 months, he said, adding the firm was working on exiting three investments.

The company was looking at sectors such as healthcare, payments, e-commerce, fintech and education, he said.

In the last 18 months, Gulf Capital did eight new deals and made five exits, with proceeds from exits almost equalling the capital deployed, he said. (RTRS)

Market Movements 27-05-2019

			Change	Closing pts
JAPAN	-	Nikkei	+65.36	21,182.58
INDIA	-	Sensex	+248.57	39,683.29
GERMANY	-	DAX	+60.14	12,071.18
FRANCE	-	CAC 40	+19.68	5,336.19
EUROPE	-	Euro Stoxx 50	+13.34	3,364.04

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	-0.80	6,544.80
S. KOREA	-	KRX 100	-0.41	4,263.51
PAKISTAN	-	KSE 100	-6.44	35,697.37
PHILIPPINES	-	All Shares	-16.42	4,765.43

Latest move to discourage locals from converting lira into other currencies

Turkish cbank raises reserve requirements on forex deposits

ANKARA, May 27, (RTRS): Turkey's central bank has raised reserve requirement rates for foreign exchange deposits at commercial banks, extending efforts to discourage locals from converting lira into other currencies.

Turks have flocked to foreign currencies since a lira crisis last year, with foreign exchange deposits and funds, including precious metals, held by Turkish individuals and institutions hitting a high of $182 billion on May 17.

The central bank said on Monday it had raised the reserve requirement ratios for forex deposits and participation funds by 200 basis points for all maturities to support stability.

The bank added that the move would lead to the withdrawal of $4.2 billion of forex liquidity from the market.

The latest move by the central bank makes it more costly for banks to keep forex deposits, one trader said.

"It aims to make it more attractive for banks to collect lira deposits," the trader said. "As a secondary effect, it is a decision that will increase the central bank's reserves."

The lira has fallen some 37% since the beginning of 2018, driving the economy into recession. The central bank's move helped the currency strengthen briefly on Monday.

The lira stood at 6.0600 against the dollar at 1010 GMT, having earlier firmed to 6.0370. It was around 6.0635 before the central bank's announcement.

Investors have been concerned about the central bank's ability to defend the lira in the case of another sharp decline, given its reserves have fallen significantly in recent months.

Ankara has already taken several steps to discourage Turks from turning to forex deposits, such as this month raising a tax on some foreign exchange sales to 0.1%, from zero.

The BDDK banking watchdog last week imposed a one-day settlement delay on forex purchases of more than $100,000 by individuals.

Credit rating agency Moody's said on Monday that recent regulations could impact Turkish banks negatively, adding that the increased dollarisation would lower demand for the lira.

Forex deposits accounted for 55% of all deposits in the banking sector as of May 17, data on the BDDK's website showed.

"Given the increased concentration of foreign-currency deposits in banks' funding profiles, the recent regulations are negative for Turkish banks' credit quality because they weaken depositor confidence, specifically in relation to foreign-exchange deposits," Moody's said.

Kuwait minister sees balanced oil market towards end of 2019

Global inventories fall and demand remains strong: Al-Fadhel

DUBAI, May 27, (RTRS): The oil market is expected to be in balance towards the end of 2019, as global inventories fall and demand remains strong, but OPEC's job is not done yet, Kuwait's oil minister told Reuters.

There are still uncertainties around oil demand growth due to concerns about the impact of the US/China trade dispute on global economy, while US shale oil production is still rising, Khaled al-Fadhel said on Monday.

This uncertain outlook is making it tough for OPEC and its allies to have a clear oil supply plan for the second half of the year. Al-Fadhel said it was too early to say now if the oil producers will extend their current output targets after June.

The Organization of the Petroleum Exporting Countries (OPEC), Russia and other non-OPEC producers, known as OPEC+, agreed to reduce output by 1.2 million barrels per day (bpd) from Jan 1 for six months, a deal designed to stop inventories building up and weakening prices.

"There is great anxiety in the market today mainly related to supply concerns. For example, the impact of the US government decision announced recently not to extend the waivers to major buyers of Iranian crude has yet to be felt," Fadhel said in written answers to questions from Reuters.

He also cited the possibility of further US sanctions on Venezuela, political tensions in Libya, US shale oil production growth and trade dispute between Washington and Beijing as reasons why the global supply and demand outlook remains unclear.

"If we are to look at the OECD commercial inventories, I think we are on the right track. OECD Inventories are falling towards the last 5 year average, and the record level of conformity reached in April by OPEC and its non-OPEC partners have played a significant role," he said.

Oil producers' compliance with the supply-reduction agreement was 168% in April.

"But we still have some more work to do. I believe the market is expected to be balanced during the 2nd half of 2019, more towards the end of the year."

Seasonal oil demand growth is expected to be strong in the next few months as refineries globally come out of maintenance, but there is still uncertainty on the demand side, he said.

OPEC's share of the agreed cuts is 800,000 bpd, but its actual reduction is larger due to production losses in Iran and Venezuela. Both are under US sanctions and exempt from the voluntary reductions under the OPEC-led deal.

That shows that OPEC+ producers are cutting output by more than their share. Saudi Arabia has been pumping below its production target since January to keep oil inventories and prices in check.

US President Donald Trump has called on OPEC and the group's de facto leader Saudi Arabia to boost output and lower oil prices.

Russia also wants to increase supply after June when the OPEC+ pact is due to expire, but Riyadh fears a crash in oil prices and a build-up in inventories.

Asked whether an increase in oil supply is a possibility in the second half of the year, Fadhel said: "All options are on the table. It is not an unlikely scenario."

"You surely recall June 2018, what OPEC and its allies did last year when they decided to lower conformity level from 152% to reach 100% by increasing crude production when there was a growing perception of supply shortages back then," he said.

A long-term cooperation agreement between OPEC, Russia and other non-OPEC producers will be on the agenda at the OPEC+ meeting in June, the Kuwaiti minister said.

IRS to hold tax webinar series for US taxpayers

KUWAIT CITY, May 27: The IRS will be hosting a series of webinars to assist US taxpayers living abroad with their tax filing requirements.

Details for the upcoming webinars can be found by accessing the IRS website: https://www.irs.gov/businesses/small-businesses-self-employed/webinars-for-tax-practitioners

Of particular interest to US taxpayers in Kuwait may be a webinar on the Foreign Earned Income Exclusion on June 6, 2019, at 2 pm (ET), 9 pm Arab Standard Time.

The webinar will:

- Define foreign earned income
- Explain the concept of tax home and the foreign earned income exclusion
- Summarize the bona fide residence and physical presence tests
- Specify the effect of the foreign earned income exclusion on other credits and deductions
- Feature live Questions and Answers.

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Closed Captioning will be offered. For more information, please visit the registration website: https://www.webcaster4.com/Webcast/Page/1148/30164 or email: cl.sl.web.conference.team@irs.gov

France gives cautious blessing

Fiat Chrysler and Renault pursue $35 billion merger

MILAN/PARIS, May 27, (RTRS): Fiat Chrysler pitched a finely balanced merger of equals to Renault on Monday to tackle the costs of far-reaching technological and regulatory changes by creating the world's third-biggest automaker.

If it goes ahead, the $35 billion-plus tie-up would alter the landscape for rivals including General Motors and Peugeot maker PSA Group, which recently held inconclusive talks with Fiat Chrysler (FCA), and could spur more deals.

Renault said it was studying the proposal from Italian-American FCA with interest, and considered it friendly.

Shares in both companies jumped more than 10 percent as investors welcomed the prospect of an enlarged business capable of producing more than 8.7 million vehicles a year and aiming for 5 billion euros ($5.6 billion) in annual savings.

It would rank third in the global auto industry behind Japan's Toyota and Germany's Volkswagen.

But analysts also warned of big complications, including Renault's existing alliance with Nissan, the French state's role as Renault's largest shareholder and potential opposition from politicians and workers to any cutbacks.

"The market will be careful with these synergy numbers as much has been promised before and there isn't a single merger of equals that has ever succeeded in autos," Evercore ISI analyst Arndt Ellinghorst said.

With these sensitivities in mind, FCA proposed an all-share merger under a listed Dutch holding company. After a 2.5 billion euro dividend for existing FCA shareholders - giving a big upfront boost to the Agnelli family that controls 29% of FCA - investors in each firm would hold half of the new entity.

The merged group would be chaired by Agnelli family scion John Elkann, sources familiar with the talks told Reuters, while Renault chairman Jean-Dominique Senard would likely become CEO.

Italian Deputy Prime Minister Matteo Salvini said the proposed merger could be good news for Italy if it helped FCA to grow, but it was crucial to preserve jobs.

He did not comment on the French government's 15% stake in Renault, but an influential lawmaker from the ruling League party said Rome may seek a stake in the combined group to balance France's holding.

A deal could also have profound repercussions for Renault's 20-year-old alliance with Nissan, already weakened by the crisis surrounding the arrest and ouster of former chairman Carlos Ghosn late last year. The Japanese carmaker has yet to comment on FCA's proposal.

The French government, Renault's biggest shareholder, supports a merger with FCA in principle but will need to see more details, its main spokeswoman said.

France will be "particularly vigilant regarding employment and industrial footprint," another Paris official said, adding any deal must safeguard Renault's alliance with Nissan, which recently rebuffed a merger proposal from its partner.

Seeking to soothe concerns, FCA said the deal plans "are not predicated on plant closures, but would be achieved through more capital-efficient investment".

The car makers have given commit-

In this file photo, Khaled al-Otaiby, an official of the Saudi oil company Aramco, watches progress at a rig at the al-Howta oil field near Howta, Saudi Arabia. Saudi Aramco will begin buying liquid natural gas from a US company under a 20-year agreement. Saudi Aramco said it would buy 5 million tons of liquid natural gas per year from Sempra Energy, based in San Diego. (AP)

Country urgently needs stimulus: FICCI

India's economy big worry for Modi

NEW DELHI, May 27, (RTRS): India's slowing economic growth is of serious concern and the country needs to urgently cut tax and interest rates to revive the economy, a top industrial body said on Monday ahead of the inauguration of Prime Minister Narendra Modi's second term.

The economy grew 6.6% in the three months to December - the slowest pace in five quarters - and the Federation of Indian Chambers of Commerce & Industry (FICCI) said the bigger worry was that domestic consumption was not growing fast enough to offset a weakening global economic environment.

"The recent signs of slowdown in the economy stem not only from slow growth in investments and subdued exports but also from weakening growth in consumption demand," FICCI said in a statement suggesting various measures the government could adopt in the next budget expected in a month.

"This is a matter of serious concern and if not addressed urgently, the repercussions would be long term."

Modi - who won a thumping majority in the general election despite the agricultural sector's economic woes, a shortage of jobs and the stuttering economy - takes oath of office on Thursday and will need a finance minister who can help navigate through the challenges facing the economy.

Growth

Some of the issues are slowing industrial output and manufacturing growth, slumping car and two-wheeler sales, and a drop in airline passenger traffic.

FICCI said the new government should cut corporate and individual taxes, expand a programme of handing 6,000 rupees ($86) a year to poor farmers to boost consumption demand and consider tax concessions for export-oriented manufacturers.

The Confederation of Indian Industry, another industry body, said it was crucial to reduce the income tax burden and expand the scope of investment allowance to all sectors, while higher incentives should be given to exporters.

The FICCI also called for an interest rate cut from the Reserve Bank of India (RBI), as real interest rates have remained high for a long time with commercial banks reluctant to pass on the benefits of recent cuts.

When Modi took power for the first time in 2014, global oil prices slumped. But as he gets set for a second term, rising oil prices could push the current account deficit higher.

The body also said the trade war between the United States and China could further slow down global trade and hurt India's already sluggish exports.

"Amidst rising uncertainties and economic challenges on both the domestic and global front, there is an urgent need to re-energise the engines of growth and pump prime the economy," FICCI said.

"The upcoming budget...is an opportunity for the government to boost consumption and investments through appropriate fiscal stimulus and policies."

Government bureaucrats have started consultations with industry bodies, such as the FICCI, before the budget.

Boost to tourism

Expo 2020 Dubai to attract 11m visitors

DUBAI, May 27, (RTRS): Dubai could attract 11 million foreign visitors to the Expo 2020 world fair, organisers said in an interview, giving a significant boost to the emirate's tourism sector.

Overseas visitors would account for almost 71% percent of the total expected for the event in Dubai, already a popular destination which lured a record 15.9 million visitors in 2018.

Expo 2020, which starts in October 2020 and runs for six months, is expected to add 122.6 billion dirhams ($33.4 billion) to the United Arab Emirates' economy between 2013 and 2031, according to a study conducted by consultancy EY.

Ahmed Al Khatib, Chief Development and Delivery Officer, told Reuters 67.5% of Expo-led construction is completed and all major projects were on track for completion by year end.

Out of the 192 participating countries, 81 will build their own pavilion and 111 will lease Expo-built pavilions.

Organisers said Iran, Israel and Qatar will participate and will each build their own pavilion. Israel and the UAE do not have any formal relations, although the two countries share common concerns over regional rival Iran.

Qatar has made no formal announcement that it will attend. Qatar's government communications office did not immediately respond to a request for comment.

Saudi Arabia, the UAE, Bahrain and Egypt cut diplomatic and commercial ties with Qatar in June 2017, accusing Doha of supporting terrorism. Qatar has denied these allegations.

"The Expo is, and certainly for us, an apolitical event," said Sanjive Khosla, deputy chief visitor experience officer. "It's a global event, an event for the world. That was our commitment when we submitted the bid and we won, that we would invite the world to it and we are sticking to our word."

Kuwait OTC trading up last week: report

KUWAIT CITY, May 27, (KUNA): Kuwait's Over the Counter Market (OTC) witnessed saw an increase in trading volume last week, with 15.5 million shares changing hands.

Shares traded went through 17 transactions worth KD 458,500 (around $1.5 million).

OTC report, issued on Sunday, indicated that 'immediate' transactions had a positive performance, with trading reaching 284,300 shares at a value of KD9,300 (around $31,600) done through five transactions.