WEEKLY MARKET UPDATE

GLOBAL FINANCIAL OUTLOOK

July 18 — 22, 2016

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in DEPTH

The International Monetary Fund cuts its forecast for global economic growth for 2016 and 2017 as the U.K.'s Brexit vote creates high uncertainty.

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STOCK MARKETS

INDEX	PRICE	1 W %	HIGH	LOW
DJIA	18,570.85	0.29%	18,622.01	18,469.67
S&P 500	2,175.03	0.61%	2,175.63	2,159.01
NASDAQ	5,100.16	1.40%	5,103.52	5,028.24
ASX 200	5,498.19	1.26%	5,531.90	5,428.90
EUROX 50	2,972.23	0.46%	2982.41	2909.127
FTSE 100	6,730.48	0.92%	6,736.57	6,653.67
DAX	10,147.46	0.80%	10,195.65	9,923.64
CAC40	4,381.10	0.20%	4,408.13	4,304.20
NIKKEI 225	16,627.25	0.78%	16,938.96	16,514.66

FX & COMMODITIES

(vs US$)	PRICE	1 W %	HIGH	LOW
EUR	1.0977	-0.53%	1.1084	1.0956
GBP	1.3109	-0.63%	1.3315	1.3065
AUD	0.7462	-1.53%	0.7607	0.7443
NZD	0.6997	-1.67%	0.7158	0.6952
JPY	106.13	-1.19%	107.49	105.16
CHF	0.9871	-0.45%	0.9907	0.9811
CAD	1.3127	-1.18%	1.3185	1.2927
GOLD	1322.73	-1.10%	1338.40	1310.85
SILVER	19.63	-2.97%	20.24	19.22
U.S. CRUDE	44.19	-3.83%	46.14	43.69
B. CRUDE	45.69	-4.03%	47.95	45.17

WEEKLY ECONOMIC CALENDAR

DAY	EVENT	EST.	PRIOR
Jul 25	Japan Trade Balance	0.24T	0.29T
Jul 25	German Ifo Bus Climate	107.7	108.7
Jul 26	NZ Trade Balance	128M	348M
Jul 27	Australia CPI QoQ	0.40%	-0.20%
Jul 27	UK GDP QoQ	0.50%	0.40%
Jul 27	UK Durable Goods	-1.1%	-2.3%
Jul 27	US FOMC Decision		
Jul 29	Japan CPI YoY	-0.40%	--0.50%
Jul 29	BoJ Policy Decision		
Jul 29	Canada GDP MoM	-0.50%	0.10%
Jul 29	US GDP QoQ	2.6%	1.1%

Source: Bloomberg

ECB leaving policy unchanged; Draghi signals more easing

Mario Draghi said the European Central Bank won't hesitate to add fresh stimulus if needed once it has a clearer picture of the economic impact from the U.K.'s vote to leave the European Union. "If warranted to achieve its objective, the Governing Council will act by using all instruments available within its mandate," the ECB president told reporters in Frankfurt on Thursday. "I would stress readiness, willingness, ability, to do so." While Draghi declined to elaborate on what action might be taken, saying that "no attention was given to discussing specific instruments," he stressed the downside risks the euro area still faces. Those include Brexit, too-slow inflation and a looming banking crisis in Italy on which he commented at length. Officials must also work out how much further they can push their unprecedented easing without running into constraints such as bond shortages. Draghi said the Governing Council didn't discuss tapering its asset purchases. The ECB chief spoke after the 25-member Governing Council kept its main refinancing rate at zero, the deposit rate at minus 0.4% and quantitative easing at around 80 billion euros ($88 billion) a month, as predicted. Economists foresee the central bank waiting until its next monetary-policy meeting on Sept. 8 to add stimulus, most likely by extending quantitative easing.

S&P cutting Turkey's rating to BB; Moody's under review

S&P Global Ratings lowered Turkey's sovereign debt rating, warning that rising political uncertainty after last week's coup attempt could scare off investment and undermine fiscal management. S&P cut Turkey's credit rating one level to BB, two steps below investment grade, and assigned a negative outlook. The move came shortly before President Recep Tayyip Erdogan said he would impose a three-month state of emergency as the government pursues those responsible for the failed coup. The "polarization of Turkey's political landscape has further eroded its institutional checks and balances" and could limit the capital inflows needed to maintain the country's balance of payments, S&P wrote in a statement on Wednesday.

Moody's placing Tukey on review of downgrade

Turkey had its debt put on review for a downgrade by Moody's Investors Service. Moody's will look at Turkey's Baa3 credit rating, the lowest level of investment grade, to "assess the medium-term impact" of the failed coup on the country's growth and policy-making institutions, according to a statement. "The country's slower-than-expected progress in materially advancing planned economic reforms, in the context of both weakening growth and external buffers, had been previously captured in Moody's negative outlook," the analysts wrote. "Although the coup failed, the event in itself will likely exacerbate challenges in all of these areas." Moody's lifted Turkey's credit rating to Baa3 from Ba1 in May 2013, citing debt reduction and smaller current-account deficits.

U.K. unemployment rate falling in May to 2005 low

Britain's jobless rate fell in May to its lowest level since 2005 as the labor market strengthened in the run-up to last month's vote to leave the EU, official data showed on Wednesday. The unemployment rate fell to 4.9% in the three months to May, the lowest level since the three months to October 2005 and down from 5.0% in April, the ONS said. Wages continued to increase ahead of the referendum as expected, with pay including bonuses rising 2.3% in the three months to May - the biggest increase since October 2015. The recent increase in wages in part reflects the introduction in April of a new, compulsory National Living Wage of 7.20 pounds an hour for workers aged 25 and above, a 50 pence rise on the existing minimum wage. **U.K. inflation quickening** U.K. inflation accelerated more than economists forecast in June, boosted by airfares on trips to continental Europe. The rate rose to 0.5% from 0.3% in May, the Office for National Statistics said in London on Tuesday. Core inflation strengthened to 1.4%. **UK retail sales suffering biggest fall in six months** British retail sales suffered their sharpest monthly fall in six months in June, but stores said bad weather rather than Brexit was to blame, leaving open the question of how big a hit the vote to leave the European Union will deal to the economy. Retail sales volumes in the five weeks to July 2 dropped by 0.9%, their largest fall this year, and clothing stores reported the sharpest annual drop in quarterly sales in 25 years, according to official figures released on Thursday.

Major company news

SoftBank to buy Britain's ARM for $32 billion

SoftBank Group Corp. agreed to buy ARM Holdings Plc for 24.3 billion pounds ($32 billion), securing a slice of virtually every mobile computing gadget on the planet and future connected devices in the home. The Japanese company is offering 1,700 pence in cash per share or a 43% premium to Friday's close, according to a statement Monday. The deal would be the biggest-ever for SoftBank, which under Chairman Masayoshi Son became one of Japan's most acquisitive companies with stakes in wireless carrier Sprint Corp. and Alibaba Group Holding Ltd.

Nintendo's market cap doubling since Pokemon Go launch

Shares of Japan's Nintendo Co soared another 14% on Tuesday, more than doubling the firm's market capitalization to 4.5 trillion yen ($42.5 billion) in just seven sessions since the mobile game Pokemon GO was launched in the United States. Nintendo shares ended the week up 11% after surging on Tuesday and bringing its gains to more than 100% since the launch of the game on July 6.

Fiat Chrysler auto sales probed

Fiat Chrysler Automobiles NV is under investigation by U.S. authorities amid allegations that the maker of Dodge and Jeep vehicles inflated sales figures. Fiat Chrysler is cooperating with investigations by the Justice Department and the Securities and Exchange Commission into the reporting of vehicle sales to customers in the U.S., the company said in a statement Monday.

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IMF cutting global growth forecasts on Brexit

The International Monetary Fund cut its forecasts for global economic growth this year and next as the unexpected U.K. vote to leave the European Union creates a wave of uncertainty amid already-fragile business and consumer confidence. "The Brexit vote implies a substantial increase in economic, political, and institutional uncertainty, which is projected to have negative macroeconomic consequences, especially in advanced European economies," according to the IMF's World Economic Outlook Update. "Brexit has thrown a spanner in the works," said Maurice Obstfeld, IMF Chief Economist and Economic Counsellor. And with the event still unfolding, the report says that it is still very difficult to quantify potential repercussions.

Global growth remains muted, blow to UK growth

The global economy is projected to expand 3.1% this year and 3.4% in 2017, according to the IMF. Those forecasts represent a 0.1 percentage point reduction for both years relative to the IMF's April *World Economic Outlook*. The U.K. economy will expand 1.7% this year, the IMF said, 0.2 percentage point less than forecast in April. Next year, the nation's growth will slow to 1.3%, down 0.9 point from the April estimate and the biggest reduction among advanced economies. For the euro area, the Fund raised its forecast by 0.1 point this year, to 1.6%, and lowered it by 0.2 point in 2017, to 1.4%. Had it not been for Brexit, the IMF was prepared to leave its outlook for this year broadly unchanged as better-than-expected euro area performance offset disappointing U.S. first-quarter growth. The IMF also had been prepared to raise its outlook for 2017 slightly, by 0.1 percentage point, on the back of improved performance in a few big emerging markets, in particular Brazil and Russia.

Likelihood of negative outcomes: two scenarios

Because the future effects of Brexit are exceptionally uncertain, the report outlined two scenarios that would reduce world growth to less than 3% this year and next. In the first, "downside" scenario, financial conditions are tighter and consumer confidence weaker than currently assumed, both in the U.K. and the rest of the world, until the first half of 2017, and a portion of U.K. financial services gradually migrates to the euro area. The result would be a further slowdown of global growth this year and next. The second, "severe" scenario, envisages intensified financial stress, particularly in Europe, a sharper tightening of financial conditions and a bigger blow to confidence. Trade arrangements between the U.K. and the EU would revert to World Trade Organization norms. In this scenario, "the global economy would experience a more significant slowdown" through 2017 that would be more pronounced in advanced economies.

Outlook in other advanced, emerging markets

Japan Brexit's fallout is likely to be felt in Japan, where a stronger yen will limit growth. The IMF cut its 2016 growth forecast by 0.2 percentage point, to 0.3%. Next year, Japan's economy, the world's third-largest, is expected to expand 0.1%, 0.2 percentage point more than predicted in April, due to postponement of the consumption tax increase.

U.S. In the U.S., weaker-than-expected growth in the first quarter prompted the IMF to reduce its 2016 forecast to a gain of 2.2%, 0.2%age points less than the April outlook. The IMF left its 2017 forecast for U.S. growth unchanged at 2.5%.

China China's growth forecast for 2016 is up 0.1%age point, to 6.6%, and is unchanged for 2017 at 6.2%. Brexit fallout is likely to be muted for China, the world's second-largest economy, because of its limited trade and financial links with the U.K. "However, should growth in the European Union be affected significantly, the adverse effect on China could be material," the IMF said.

Risks across the world

The IMF cited other risks to its outlook, which could be further exacerbated by Brexit. It cited "unresolved legacy issues in the European banking system, in particular in Italian and Portuguese banks." "Protracted financial market turbulence and rising global risk aversion could have severe macroeconomic repercussions, including through the intensification of bank distress, particularly in vulnerable economies." The Fund also warned that "political divisions within advanced economies may hamper efforts to tackle long-standing structural challenges and the refugee problem" and that "a shift toward protectionist policies is a distinct threat." Geopolitical tensions and terrorism are also taking a heavy toll on the outlook in several economies, especially in the Middle East, with further cross border ramifications.

Policy implications: more growth and stability needed

Turning to policy implications, the IMF said a "combination of near-term demand support and structural reforms to reinvigorate medium-term growth remain essential" in advanced economies, which continue to suffer from "significant economic slack and a weak inflation outlook." The IMF urged advanced nations to avoid relying too heavily on monetary policy to spur their economies and to exploit synergies among a range of policy tools.

	Estimates	Projections		Difference from April 2016	
	2015	2016	2017	2016	2017
World Output	**3.1**	**3.1**	**3.4**	**-0.1**	**-0.1**
Advanced Economies	**1.9**	**1.8**	**1.8**	**-0.1**	**-0.2**
United States	2.4	2.2	2.5	-0.2	0
Euro Area	1.7	1.6	1.4	0.1	-0.2
Germany	1.5	1.6	1.2	0.1	-0.4
France	1.3	1.5	1.2	0.4	-0.1
Japan	0.5	0.3	0.1	-0.2	0.2
United Kingdom	2.2	1.7	1.3	-0.2	-0.9
Canada	1.1	1.4	2.1	-0.1	0.2
Emerging Market and Developing Economies	**4**	**4.1**	**4.6**	**0**	**0**
Commonwealth of Independent States	-2.8	-0.6	1.5	0.5	0.2
Russia	-3.7	-1.2	1	0.6	0.2
Excluding Russia	-0.6	1	2.5	0.1	0.2
Emerging and Developing Asia	6.6	6.4	6.3	0	0
China	6.9	6.6	6.2	0.1	0
India	7.6	7.4	7.4	-0.1	-0.1
ASEAN	4.8	4.8	5.1	0	0
Emerging and Developing Europe	3.6	3.5	3.2	0	-0.1
Latin America and the Caribbean	0	-0.4	1.6	0.1	0.1
Brazil	-3.8	-3.3	0.5	0.5	0.5
Mexico	2.5	2.5	2.6	0.1	0
MENA Afghanistan, and Pakistan	2.3	3.4	3.3	0.3	-0.2
Saudi Arabia	3.5	1.2	2	0	0.1
Sub-Saharan Africa	3.3	1.6	3.3	-1.4	-0.7
Nigeria	2.7	-1.8	1.1	-4.1	-2.4
South Africa	1.3	0.1	1	-0.5	-0.2

Source: IMF

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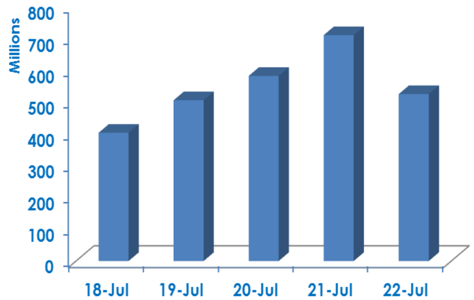
STOCK MARKET TOP MOVERS

ASX / SP 200	Price	1 W %
	5,498.19	1.26%
GAINERS		
MANTRA GROUP LTD	3.650	16.61%
PROGRAMMED MAINTENANCE	1.755	8.00%
ARISTOCRAT LEISURE LTD	14.810	7.79%
SIRTEX MEDICAL LTD	31.500	6.82%
LENDLEASE GROUP	13.080	6.60%
LOSERS		
ASALEO CARE LTD	1.505	-34.28%
CIMIC GROUP LTD	27.540	-17.00%
NORTHERN STAR RESOURCES LTD	4.790	-12.59%
SYRAH RESOURCES LTD	4.950	-12.23%
ST BARBARA LTD	3.180	-10.17%

TOP AVERAGE DAILY VOLUMES

ASX / SP 200	544,622,035
MEDIBANK PRIVATE LTD	28,126,054
SOUTH32 LTD	21,130,288
TELSTRA CORP LTD	16,674,929
FORTESCUE METALS GROUP LTD	15,216,572
MIRVAC GROUP	13,662,873

DAILY VOLUMES TRADED



Source: Bloomberg

BHP says 2017 iron ore output may be flat, cuts oil spending

BHP Billiton Ltd., the world's biggest mining company, forecast that iron ore production could be flat this fiscal year, while it sees petroleum output declining as much as 17% and the prices of its top earning materials remaining volatile. Capital spending on oil assets will plunge 44% to about $1.4 billion in the year, after petroleum output slumped 11% to 56 million barrels of oil equivalent in the three months ended June 30, Melbourne-based BHP said Wednesday in a statement. Iron ore production fell 7% to 55.6 million metric tons in the quarter. Iron ore has slumped around 70% from a record in 2011, while crude oil is more than 60% lower than its 2012 top, prompting BHP in February to book pretax impairments of $7.2 billion against its U.S. shale assets. The company said it expects to record additional one-time charges of as much as $175 million against full-year earnings related to inventory write downs, redundancies and impairments in its coal businesses. Full-year petroleum production is forecast to decline to between 200 million and 210 million barrels of oil equivalent in the current fiscal year, from 240 million barrels this fiscal year after BHP cut rigs in its U.S. shale division to preserve cash. Iron ore output may remain flat or advance by as much as 4% to between 228 million tons to 237 million tons in fiscal 2017, it said.

Rio Q2 iron ore output rises 7%

Rio Tinto Group's second-quarter iron ore production rose a weaker-than-expected 7% as the No. 2 shipper continues to boost the world's lowest-cost supply amid a rebound in prices. Total output rose to 85.3 million metric tons in the three months to June 30, London-based Rio said Tuesday in a statement. That compared with 79.7 million tons a year earlier. The world's largest iron ore producers, including Rio and BHP Billiton Ltd., are benefiting as prices rallied about 31% in 2016 to feed steel output in China, bolstering profits after last year's commodities rout. An investment decision on Rio's Silvergrass project, which may add about 20 million tons of iron ore mine and plant capacity in Australia to replace depleting assets, is expected this half. Rio forecast full-year shipments from its Western Australia mines in 2016 of 330 million tons -- that's 4% higher than the 318.5 million tons in 2015. Production in the region is forecast to decline in 2017 amid delays to a planned autonomous railway system. Production from its Canadian iron ore operations fell in the quarter.

China Resources, Macquarie team up to buy control of Australia healthcare firm GenesisCare

Chinese state-owned conglomerate China Resources Group and Australian bank Macquarie Group Ltd plan to buy majority control of GenesisCare Ltd, laying the groundwork for Australia's biggest cancer and cardiac services provider to expand into the world's second-largest economy. In a joint statement on Friday, Hong Kong-based China Resources and Australia's biggest investment bank said they will buy between 50% and 74% of GenesisCare, without saying how much they will pay. Private equity giant KKR is selling its 45% stake as part of the deal, they said. China Resources and Macquarie said Sydney-based GenesisCare's doctors and managers, who currently own 55% of the company, will keep between 26% and half of the company, depending on how shareholders vote on the proposed buyout.

Forester TFS refinancing high-yield debt in U.S.

TFS Corp, the world's leading grower of Indian sandalwood trees, sold $250 million of high yield debt to a small group of asset managers in a rare issue from an Australian timber industry borrower. Forestry has been given the cold shoulder by investors following the collapse of Australia's Timbercorp and Great Southern in the late 2000s which left many retirees with severe losses after they borrowed heavily to invest in the high-risk timber operations. TFS sold this week an issue of seven-year secured notes yielding 8.75% to a targeted group of existing investors.

Renaissance Minerals to merge with Emerald Resources

Renaissance Minerals and Emerald Resources have agreed to merge in a A$95 million all-scrip deal. Under the terms of the deal, Emerald will acquire all of the shares of Renaissance that it does not already own by offering 1.55 new Emerald shares for every Renaissance share. The deal is focused on Renaissance's Cambodian gold project and its Okvau gold deposit which hosts a known resource of 15.8mt at 2.2 grams per tonne gold for 1.13 million ounces. The offer has been agreed to by all independent directors of Renaissance, assuming no superior offer emerges. Emerald already has a 10% stake in Renaissance. The deal values Renaissance at A$40 million, or seven cents a share, a 27% premium to the company's 30-day volume weighted average price. The merged entity will have A$20 million cash.

Asaleo Care shares plunging on profit warning

The share price of toiletries manufacturer Asaleo Care has plunged after the group slashed its full-year guidance on the back of a 23% slump in first-half profit. The owner of the Sorbent and Libra brands said fierce competition in the grocery sector was crimping margins and sales, leading to a 4.3% slide in first-half revenue to A$292.7 million and a 23.4% dive in statutory net profit to A$24.9 million. The figures remain subject to a review by its auditors and will be confirmed on August 25 at its official H1 results announcement. Asaleo also warned on weakness for the full year, with a deterioration in market conditions in June the primary catalyst for a downward revision to forecasts. The group now anticipates a 15% drop in underlying profit, from its A$76.1 million result for the 2015 calendar year. This compares unfavourably to prior guidance of a steady result. Earnings per share will consequently take a hit, with a forecast rise in the low to mid-single digits revised to a likely 9% fall.

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STOCK MARKET TOP MOVERS	Price	1 W %
ATHEX COMPOSITE (GREECE)	**571.570**	**2.55%**
REDS SA	0.397	31.89%
CENTRIC MULTIMEDIA SA	0.128	18.52%
BANK OF CYPRUS PUBLIC CO LTD	0.152	10.14%
SELONDA AQUACULTURE SA	0.154	-14.92%
SELECTED TEXTILE IND ASSOC	0.120	-13.04%
FLEXOPACK S.A.	2.370	-8.85%
GENERAL MARKET INDX (CYPRUS)	**67.20**	**2.67%**
MINERVA INSURANCE COMPANY	0.016	14.29%
VASSILICO CEMENT WORKS LTD	2.400	10.09%
BANK OF CYPRUS PUBLIC CO LTD	0.153	10.07%
AIANTAS INVESTMENTS LTD	0.003	-40.00%
LEPTOS CALYPSO HOTELS PLC	0.067	-15.19%
A TSOKKOS HOTELS PLC	0.074	-10.84%

GREEK GOVERNMENT BONDS

	LAST	Δ 1 WEEK	HIGH	LOW
2 y	**7.942**	0.536	*8.635*	*6.990*
10 y	**8.003**	0.162	*8.158*	*7.798*
15 y	**7.886**	0.104	*7.980*	*7.754*
20 y	**7.727**	0.090	*7.823*	*7.611*

MONTHLY ECONOMIC CALENDAR

DAY	EVENT	ACT	PRIOR
Jul 1	GR—Manufacturing PMI	**50.4**	48.4
Jun 7	GR—Unemployment Rate	**23.3%**	24.10%
Jul 7	CY—CPI MoM	**-0.14%**	0.62%
Jul 7	CY—CPI YoY	**-2.16%**	-2.13%
Jul 8	GR—CPI YoY	**-0.70%**	-0.90%
Jul 11	GR—Industrial Prod YoY	**2.90%**	2.80%
Jul 21	GR—Current Account Bal	**-412m**	-822m
Jul 29	GR—Retail Sales YoY		-3.9%

Source: Bloomberg

U.S.'s Lew urging Greece to stay on budget reform path

U.S. Treasury Secretary Jack Lew on Thursday urged Greek officials to make more progress on budget and economic reforms to help unlock European debt relief and boost growth in the struggling economy. Following a meeting with Greek Finance Minister Euclid Tsakalotos in Athens, Lew said Greece needed "to make headway on the next set of milestones due in October, including by following through on privatization plans and moving forward with critical financial sector reforms." Athens and its euro zone partners, financing its third bailout since 2010, are trying to reach an agreement with the International Monetary Fund, which has yet to commit to taking part in funding the loan package of up to 86 billion euros. Lew said it was important for debt restructuring to be part of an overall plan to get Greece out of the crisis, noting that the IMF needs to remain part of the discussions. "The IMF has been a very helpful partner in the process ... and the work that has been done to bring progress forward," Lew said.

Greek current account gap widening in May

Greece's current account deficit widened in May from the same month a year earlier, due to a decrease in the surplus of services, the Bank of Greece said on Thursday. The data showed the deficit 412 million euros from a 140 million euros deficit in May 2015. Tourism revenues fell slightly to 1.1 billion euros from 1.2 billion in the same month a year earlier. In 2015 as a whole, Greece posted a current account deficit of 7.5 million euros, helped by higher tourism revenues – its biggest foreign currency earner.

Greece easing capital controls more

Greece approved a further relaxation of its capital restrictions on Friday as it makes headway on bailout-mandated reforms and confidence in its banking system returns. Athens imposed capital controls last summer when it was embroiled in acrimonious bailout talks with its international lenders and almost toppled out of the euro zone. It has gradually eased the controls since then. According to a ministerial decision published in the official Gazette on Friday, the cash withdrawal limit was changed to 840 euros every two weeks from the current cap of 420 euros a week. People will also be allowed to withdraw money for loan repayments, while restrictions were lifted on withdrawals made in order to make new deposits. For money transferred from foreign bank accounts to existing ones in Greece from Friday the withdrawal limit will be raised to 30% of the amount transferred from the previous 10%. Greece's lenders have approved the latest easing of controls, a Bank of Greece official said on Monday.

Greece pays ECB on maturing government bond

(Reuters) Greece made a 1.54 billion euro ($1.695 billion) payment to the European Central Bank on a maturing government bond and accrued interest on Wednesday, tapping cash from a bailout disbursement in June, government officials said. "The payment was made, the funds are on their way," one of the officials told Reuters, declining to be named. Greece made total payments of 2.64 billion euros, including the ECB held bond and other maturing government paper held by other euro zone central banks, the official said. The European Stability Mechanism (ESM) disbursed 7.5 billion euros in bailout funds to Athens in late June after the successful conclusion of the country's performance review. The money was part of a 10.3 billion euro second instalment of Greece's third bailout of up to 86 billion euros, agreed last August.

Greece expecting to wrap up talks on extending Athens airport concession in September

Negotiations between Greece and shareholders of the country's biggest airport to extend a concession deal by 20 years are likely to be wrapped by September, the head of the country's privatizations agency, Stergios Pitsiorlas, said on Monday. Under a third EU/IMF bailout agreement signed last year, Greece promised to renew an agreement with Germany-based AviaAlliance and Greek energy group Copelouzos, allowing them to operate Athens International Airport (AIA) until 2046. Responding to questions by journalists, Pitsiorlas said the privatizations agency would launch a tender to lease the Egnatia toll motorway in northern Greece in early autumn, and would relaunch a tender for rail maintenance company ROSCO this week. He said Greece expected bids for a majority stake in the country's second-largest port in Thessaloniki towards the end of October. Privatizations have been a key condition of Greece's international bailouts since 2010 but political resistance and bureaucratic snags mean few have gone ahead so far.

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STOCK MARKETS				
INDEX	PRICE	1 W %	HIGH	LOW
K.S.A	6,601.00	-0.91%	6,702.99	6,597.88
ABU DHABI	4,589.84	0.29%	4,617.68	4,557.52
DUBAI	3,544.21	2.08%	3,561.91	3,453.22
QATAR	10,534.40	1.01%	10,648.58	10,366.14
OMAN	5,818.14	-0.71%	5,876.34	5,812.54
EGYPT	7,436.87	-1.93%	7,709.36	7,432.64
KUWAIT	5,391.20	0.01%	5,396.18	5,358.06
BAHRAIN	1,160.35	-1.06%	1,172.79	1,157.82

Source: Bloomberg

IMF: Large fiscal buffers give policy space for UAE

The Executive Board of the IMF which concluded 2016 Article IV Consultation with the UAE has said the country's large fiscal and external buffers built over time have provided ample policy space to deal with the challenges posed by the persistently lower oil prices. While the IMF notes that the decline in oil prices weigh on economic sentiment and fiscal and external positions it has only limited negative inward spillovers and weakening of investor appetite is largely contained. Executive Directors welcomed the UAE's resilience to the oil price shock. Directors commended the authorities for their prudent policies, which helped build large fiscal and external buffers and strengthened the economy, but noted that persistent lower oil prices continue to pose challenges. The IMF said the country needs sustained sound macroeconomic policies to reduce fiscal vulnerabilities, safeguard financial stability, and promote long-term growth.

Egypt's central bank saying not time to float pound

Egypt's central bank governor said on Wednesday that it was not the right time to float the Egyptian pound, which has come under intensifying pressure in recent weeks, but he left the door open to a possible devaluation. Economists say a devaluation is all but inevitable. But the timing of the move is key to maximize its impact while mitigating the inflationary effect, particularly as the government plans to introduce value-added tax this year and has yet to complete subsidy reforms. Egypt devalued the pound by almost 14% in March to about 8.78 to the dollar in a bid to crush a black market that has burgeoned due to an acute shortage of foreign currency. But the black market rate has since depreciated, putting renewed pressure on the central bank to take more action. Speculation has mounted that a second devaluation was looming since Amer told local newspapers in early July that his focus was on stimulating the economy and moving to a more flexible exchange rate policy. On Wednesday, five black market traders said the pound had depreciated to below 11.75 to the dollar on the black market, the weakest level in its history.

SAFCO extends earnings slump as Q2 profit halves

Saudi Arabia Fertilizers Co (SAFCO) met analyst forecasts on Thursday but extended its earnings slump, as its Q2 net profit halved year on year as product prices remained low. SAFCO, a unit of Saudi Basic Industries Corp (SABIC), made a net profit of 299 million riyals in Q2, compared with the 596 million riyals it reported in the year-earlier period, it said in a bourse statement. SAFCO cited lower selling prices for its products for the profit decrease, but added an increase in the quantities of products sold mitigated the impact on earnings. It didn't elaborate.

Saudi Aramco not worried about losing market share in Asia

Saudi Aramco is not worried about competition from other producers raising their crude sales in Asia as the number of customers the state oil giant deals with is also increasing, its CEO said on Wednesday. Iraq overtook Saudi Arabia for the first time to be India's top oil supplier in the June quarter, helped by sales of discounted heavy crude that refiners have also been using to make bitumen to build roads in the world's No.3 oil consumer. To combat attempts to steal market share, the kingdom's oil giant this month slashed the August official selling price (OSP) of its benchmark light crude grade to Asia by the most in 9 months and analysts warned it may need to make deeper cuts. But speaking on the sidelines of a company event, CEO Amin Nasser said Aramco was confident in its Asia business.

Abu Dhabi fund ADIA says to remain long-term investor

Abu Dhabi Investment Authority, one of the world's biggest sovereign wealth funds, said on Wednesday it would remain a patient, long-term investor despite a drop in its returns last year due to slowing global growth. In U.S. dollar terms, the 20-yr annualized return on ADIA's portfolio fell to 6.5% in 2015 from 7.4% the year before, the fund said in its annual review. The 30-yr rate of return slipped to 7.5% from 8.4%. The drop was mainly the result of strong returns in the mid-1980s and 1990s falling out of the rolling averages, and the recent returns were consistent with historical levels, the review added.

Hapag-Lloyd warning on profit, seals UASC merger deal

German container line Hapag-Lloyd warned investors that profit would fall in 2016 and signed a binding agreement with Arab peer UASC to form the world's fifth largest shipping company in response to a global industry crisis. Container shipping, which transports everything from iPhones to designer dresses, is suffering its worst downturn as a combination of weaker consumer demand and overcapacity force lines to cut costs and try to build scale. The merger between Hapag-Lloyd and UASC is expected to be completed by end 2016 and is the latest in series of mergers in the industry.

Zain approaching Egypt telecom regulator on 4G license

Kuwait's Zain has communicated to Egypt's telecommunications regulator its preliminary interest in obtaining a fourth-generation (4G) license, the operator said in a bourse filing on Monday. Zain "is studying a number of investment opportunities available in the region, one of which is the Egyptian telecommunications market as a strategic market in the Middle East and Africa", the company said, adding that it had made the approach through one of its subsidiaries.

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