



## HEADLINES

## GLOBAL MARKETS

- *Mixed growth data across the globe:* U.S. economic growth slumping in Q2; Canada posting slowest monthly growth since 2009; U.K. economy growing while EU slowing before Brexit; France unexpectedly stalling; Sweden slowdown persists
- *Major company news:* Facebook profits surging on mobile ad sales; Apple iPhone SE gaining more traction; Verizon buying Yahoo for \$4.83 billion

[Read more in PAGE 1](#)

## AUSTRALIA

*Australian shares market ending this week up by 1.17%. Major story picks:*

- BHP, Vale flagging charges of more than \$2 billion on dam spill
- Virgin Australia full-year loss widening on restructuring charges
- Woolworths unveiling major restructure
- AGL and state-owned funds establishing renewables fund
- Australia Pacific LNG boosting Origin Energy's output, but price drops
- Australia foreign investment watchdog OKs \$6.8 billion Asciano takeover
- Barrick Gold profit lifting, plans Australian mine sale

[Read more in PAGE 3](#)

## GREECE/CYPRUS

- IMF failed to push for crucial debt relief in 2010 Greek bailout - auditor
- Greek retail sales fall 6.4% y/y in May, led by fuels
- Cyprus says Statoil, Exxon, ENI, Total interested in offshore gas
- Egypt signing exploration deals with U.S. and Cyprus firms
- Bank of Cyprus says H1 net profit seen at 56 million euros

[Read more in PAGE 4](#)

## MENA

- Saudi central bank's net foreign assets dropping \$11 billion in June
- IMF confirming Egypt funding request
- Dubai Financial Market Q2 net profit falling 60%
- SABIC Q2 net profit falling 23.2%
- Mubadala to become top Investcorp shareholder
- Kingdom Holding Q2 net profit falling 22%
- KIPCO says in line to meet 2016 profit target

[Read more in PAGE 5](#)

## in DEPTH

The Dollar/Yen was the main focus this week as the markets highly awaited policy decisions of the Fed and the BoJ. However, they both disappointed the investors.

The Fed did not hike rates as expected, but failed to give clear signals for the timing of the next rate hike.

The BoJ defied expectations and refrained from expanding its stimulus.

[Read more in  
PAGE 2](#)

## STOCK MARKETS

INDEX	PRICE	1 W %	HIGH	LOW
DJIA	18,432.24	-0.75%	18,555.69	18,368.82
S&P 500	2,173.60	-0.07%	2,177.09	2,159.07
NASDAQ	5,162.13	1.22%	5,175.81	5,082.66
ASX 200	5,562.36	1.17%	5,570.40	5,498.20
EUROX 50	2,990.76	0.62%	3016.82	2951.11
FTSE 100	6,724.43	-0.09%	6,780.05	6,691.03
DAX	10,337.50	1.87%	10,381.90	10,125.22
CAC40	4,439.81	1.34%	4,474.67	4,353.62
NIKKEI 225	16,569.27	-0.35%	16,821.43	16,174.35

## FX & COMMODITIES

(vs US\$)	PRICE	1 W %	HIGH	LOW
EUR	1.1174	1.79%	1.1197	1.0952
GBP	1.3230	0.92%	1.3301	1.3058
AUD	0.7596	1.80%	0.7610	0.7421
NZD	0.7199	2.89%	0.7229	0.6957
JPY	102.06	3.83%	106.72	101.97
CHF	0.9695	1.78%	0.995	0.9636
CAD	1.3030	0.74%	1.3253	1.3002
GOLD	1351.28	2.16%	1355.11	1312.36
SILVER	20.34	3.58%	20.52	19.31
U.S. CRUDE	41.60	-5.86%	44.37	40.57
B. CRUDE	42.46	-7.07%	45.87	41.80

## WEEKLY ECONOMIC CALENDAR

DAY	EVENT	EST.	PRIOR
Aug 1	China Manufacturing	50.1	50.0
Aug 1	Eurozone Manufacturing	51.9	51.9
Aug 1	UK Manufacturing	49.1	49.1
Aug 1	US ISM Manufacturing	53.1	53.2
Aug 2	AU RBA Policy Decision		
Aug 2	AU Trade Balance	-2.00B	-2.42B
Aug 3	US ADP Nonfarm	171k	172k
Aug 4	AU Retail Sales	0.3%	0.2%
Aug 4	UK BoE Policy Decision		
Aug 5	US Jobs Report		
Aug 5	Canada Jobs Report		
Aug 5	Canada Trade Balance	-2.6B	-3.3B
Aug 5	US Trade Balance	-42.1B	-41.1B

Source: Bloomberg

## Mixed growth data across the globe

### U.S. economic growth slumping in Q2

U.S. economic growth unexpectedly remained tepid in Q2 as inventories fell for the first time in nearly 5 years and business investment weakened further, offsetting robust consumer spending. GDP increased at a 1.2% annual rate after rising by a downwardly revised 0.8% pace in the first quarter, the Commerce Department said on Friday. In addition, the GDP growth estimate for the fourth quarter was cut by five-tenths of a percentage point to a 0.9% rate. The three straight quarters of growth rates around 1% suggest a significant loss of momentum that puts the economy at the risk of stalling, but economists expect an acceleration in the second half.

### Canada posting slowest monthly growth since 2009

Canada's GDP contracted at the fastest pace in more than seven years in May as wildfires curbed Alberta oil production. The economy shrank 0.6% after an April expansion of 0.1%, Statistics Canada said Friday. The drop was "primarily due" to the record 22% plunge in non-conventional oil production, the agency said, which typically refers to the technique used in the oil sands of extracting bitumen by mining it or injecting steam into the ground. Analysts see the damage from the fires as contained and predict the losses will be more than recovered in the second half.

### U.K. economy growing faster than expected before BREXIT

The U.K. economy had a stronger-than-expected performance before the shock decision to leave the EU. Growth accelerated to 0.6% in Q2 from 0.4% in the first, the ONS said on Wednesday. The pickup may mark the end of more than three years of uninterrupted growth. Recent surveys suggest the Brexit vote last month delivered an immediate blow to business and consumer sentiment, with retail sales falling the most in more than four years in July. Economists predict GDP will fall this quarter and next, putting Britain into its first recession since 2009.

### Euro zone economic growth slowing before Brexit

Economic growth in the euro zone slowed in Q2 as uncertainty before the British vote to leave the European Union swirled, data showed on Friday, and economists said it could be a sign of future weaker growth. GDP in the 19 countries sharing the euro rose 0.3% QoQ in the April-June period, halving from the 0.6% growth in the first quarter of the year, Eurostat said. A slowdown was expected after the strong euro zone growth Q1, but it may have been compounded by the uncertainty preceding the Brexit. Although first confidence data after Brexit showed unexpected optimism in the euro zone, the economic impact of Britain's decision to leave the union may be felt later. After the Brexit, the European Commission and the ECB slightly revised down their forecasts on euro zone GDP growth this year and in 2017.

## France Q2 growth unexpectedly stalling

French economic growth stalled unexpectedly in Q2 on weak consumer spending and investment in a blow to President Francois Hollande's claims the economy is getting stronger, official data showed on Friday. The result fell short of economists' expectations for growth of 0.2% from the previous quarter. It also marks a sharp slowdown from the first quarter when the economy grew 0.7%, the strongest rate in nearly three years.

## Swedish economic growth continuing to slow in Q2

Swedish economic growth continued to slow in Q2, adding to evidence that the country's output boom may have peaked. Preliminary data from Statistics Sweden on Friday showed GDP grew a quarterly 0.3% in Q2, well below last year's quarterly average of 1.2%. Growth in the first quarter was revised down to 0.4% from 0.5%. The annual expansion rate in Q2 was 3.1%. Sweden's economy has benefited from unprecedented stimulus from the central bank, which has bought government bonds and cut interest rates below zero to revive inflation.

## Major company news

**Facebook profits surging** Facebook Inc provided more evidence on Wednesday that it can turn eyeballs into profit as the maker of the world's most popular app and social website trounced Wall Street's estimates, sending its shares to an all-time high. The leading social media company's mobile app and push into video attracted new advertisers and encouraged existing ones to spend more. It now has more than 1.7 billion monthly users, well ahead of any rivals. Mobile advertising revenue accounted for 84% of the company's total advertising revenue, compared with 76% a year earlier. Total advertising revenue surged 63% to \$6.24 billion. The company also saw strong growth in monthly active users, now boasting 1.71 billion as of June 30, up from 1.49 billion a year earlier.

**Apple's cheaper iPhone is catching on** Apple Inc.'s lower-cost iPhone SE is gaining more traction than expected with users, tempering a sales decline and soothing investors' concerns about growth. The SE proved to be a bright spot in the company's earnings report Tuesday. Though the company forecast sales would fall for a third consecutive quarter, the \$45.5 billion to \$47.5 billion range for the current period was better than most analysts estimated. The revenue decline in Q2 was also smaller than projected, in part thanks to consumers embracing the new phone model. The company's shares jumped as much as 7.5% in extended trading.

**Verizon buying Yahoo** Verizon Communications Inc. agreed to buy Yahoo! Inc.'s web assets for \$4.83 billion, ending the company's two-decade run as an independent business that took it from Stanford University startup at the dawn of the internet age to also-ran behind nimbler online rivals such as Google and Facebook Inc. Verizon will pay cash in a deal that includes Yahoo real estate, but excludes some intellectual property, which will be sold separately. Yahoo will be left with its stakes in Alibaba Group Holding Ltd. and Yahoo Japan Corp., with a combined market value of about \$40 billion.



## Fed holding rates unchanged; leaves door open to move

The Federal Reserve opted Wednesday not to raise interest rates, despite painting a rosier economic picture than it did just a month ago. As expected, the Federal Open Market Committee kept its overnight interest rate target in the 0.25% to 0.5% range. However, it noted a labor market that has "strengthened" and said other indicators were pointing to growth.

"Job gains were strong in June following weak growth in May," the FOMC said in its post-meeting statement, referring to nonfarm payrolls that rose from 11,000 to 287,000 over the one-month period. "On balance, payrolls and other labor market indicators point to some increase in labor utilization in recent months."

On the downside, the statement noted that inflation remains mired and is "expected to remain low in the near term" and then rise as the decline in energy prices turns and the labor market continues to strengthen. "Near-term risks to the economic outlook have diminished," the statement said, expressing a sentiment that had not been in the June missive. At last month's meeting, the committee scaled back its economic projections and slashed its previous forecast of four rate hikes this year to two. The statement said "household spending has been growing strongly," an upgrade from language in June, but noted that business investment has been soft, a point underscored by data Wednesday that showed durable goods spending that disappointed again. In June, the Fed lamented that the jobs market "slowed" and inflation indicators actually had declined. That statement reset market expectations for rate hikes. The Fed last hiked its overnight rate in December after keeping it anchored near zero for seven years. Fed officials had been expressing angst over geopolitical developments, particularly June's Brexit vote. Concern over global events, however, was absent from the statement. The committee approved the decision with only one dissent, from Kansas City's Esther George, who continued to push for a quarter-point hike.

**Major economic data** (Growth slump in Q2—refer to page 1)

### U.S. new home sales highest since 2008

U.S. consumer confidence held steady in July and new single-family home sales hit their highest level in nearly 8-1/2 years in June, suggesting sustained momentum in the economy that could allow the Federal Reserve to raise interest rates this year. Other data on Tuesday showed moderate gains in house prices in May, which should support consumer spending and keep home purchasing affordable, especially for first-time buyers who have started venturing into the housing market. The reports joined a slew of data, ranging from retail sales to manufacturing and services sector surveys, in painting a bright picture of the economy. The Conference Board said its consumer index was 97.3 this month after a reading of 97.4 in June. The largely unchanged reading followed the Brexit, which rattled global financial markets and led to a dip in other consumer sentiment measures. The survey's so-called labor market differential, which closely correlates to the jobless rate in the employment report, improved this month after slipping in June.

### U.S. durable orders tumbling 4%

Demand for long-lasting factory goods fell sharply in June, a sign overseas turmoil is weighing on U.S. manufacturers. New orders for durable goods—aircraft, industrial machinery and other products that are designed to last at least three years—decreased a seasonally adjusted 4.0% in June from the prior month, the U.S. Commerce Department said Wednesday. The drop comes after May's downwardly revised fall of 2.8%. Through the first half of the year, durable good orders were flat compared with the same period in 2015. The June decline was led by weaker demand for civilian aircraft and defense products, but there was a pull back in several other categories including computers and metals.

## Bank of Japan disappointing the markets

The Bank of Japan kept its key monetary tools unchanged, and will mount a comprehensive review of its policy framework due to "considerable uncertainty" about the outlook for inflation, which has consistently underperformed the central bank's forecasts. The yen jumped. Governor Haruhiko Kuroda and his team did enlarge a program of buying exchange traded funds by 2.7 trillion yen (\$26 billion) a year, in a move to shore up confidence in light of post-Brexit volatility in financial markets and a slowdown in emerging markets. A dollar-lending facility was also expanded, the BOJ said in a statement in Tokyo Friday. Kuroda reiterated that further easing will be done if needed and said the central bank hasn't hit a policy limit. Decisions to keep the policy interest rate unchanged and forgo raising the target for the monetary base followed increasing expressions of concern by banks and bond market participants about the impact of the BOJ's massive easing. In an unexpected move, the bank said it will conduct a "comprehensive assessment" at the next meeting, on Sept. 20-21, of the effectiveness of the policies taken since Kuroda took charge in 2013. The review won't affect the inflation target. "Achieving the 2% price stability goal at the earliest possible time is a commitment the central bank has maintained since our joint statement with the government in January 2013, and we have no intention at all of changing this," he said in a press briefing. By taking some action on Friday, Kuroda, 71, offers support for Prime Minister Shinzo Abe, who two days ago unveiled a 28 trillion yen fiscal stimulus package that will now bear the main burden for stoking expectations for growth and inflation. The BOJ had come under increasing pressure from government officials to make a move that dovetailed with its own package.

The central bank kept its annual target for expanding the monetary base at 80 trillion yen, done mainly through an equivalent increase in government bond holdings. It also left untouched the minus 0.1% rate for a portion of commercial banks' reserves. The dollar-lending program was expanded to \$24 billion to support Japanese companies and financial institutions. BOJ board members updated their economic projections at this week's meeting. The bank said in its statement that there are risks to achieving its 2% inflation target within its latest time frame - sometime in the 12 months through March 2018.

### Major economic data

#### Japan's consumer prices declining

Japan's consumer prices dropped for a fourth consecutive month, showing how far prices are from the Bank of Japan's 2% inflation target. In a slew of key economic indicators for June released just hours before the BOJ announces any changes in monetary policy, household spending slumped while industrial production rose more than economists forecast. Consumer prices excluding fresh food -- the BOJ's benchmark inflation gauge -- fell 0.5% in June from a year earlier, after declining 0.4% in May (estimate -0.4%). Household spending slid 2.2%, year-over-year (estimate -0.4%). It has dropped in 10 of the past 12 months.

#### Japan exports declining less than expected

Japan's exports fell less than expected in June in a tentative sign that overseas demand could be recovering from persistent weakness that set in last year. In its monthly economic report, the government said business sentiment has worsened, suggesting a much-awaited rebound in domestic demand is not guaranteed as companies may delay investment due to worries about overseas economies. The 7.4% annual decline in exports in June was less than the median estimate, although it was the ninth consecutive monthly fall. In volume terms, exports rose 2.9% in June from the same period a year earlier, the first increase in four months. The trade balance hit a surplus of 692.8 billion yen versus a 494.8 billion yen surplus seen in the poll. Exports fell in June on declines in shipments of cars and steel, the data showed. On a positive note, Japan's exports of food, medicines and finished metal products rose in June from a year ago.



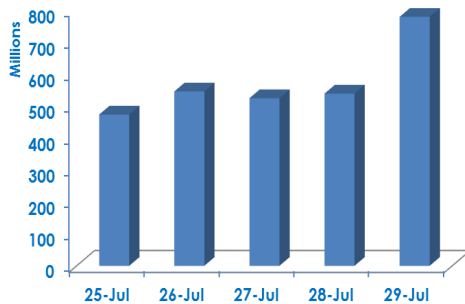
## STOCK MARKET TOP MOVERS

ASX / SP 200	Price	1 W %
	<b>5,562.36</b>	<b>1.17%</b>
GAINERS		
PROGRAMMED MAINTENANCE	2.060	17.38%
MONADELPHOUS GROUP LTD	10.530	13.71%
NORTHERN STAR RESOURCES LTD	5.270	10.02%
FORTESCUE METALS GROUP LTD	4.430	9.38%
MYER HOLDINGS LTD	1.335	8.98%
LOSERS		
BEACH ENERGY LTD	0.555	-11.20%
ASALEO CARE LTD	1.360	-9.63%
SANTOS LTD	4.390	-9.11%
ISENTIA GROUP LTD	3.140	-8.45%
WORLEYPARSONS LTD	7.380	-8.32%

## TOP AVERAGE DAILY VOLUMES

ASX / SP 200	571,909,850
FORTESCUE METALS GROUP LTD	24,710,223
TELSTRA CORP LTD	22,407,718
SOUTH32 LTD	18,907,620
MIRVAC GROUP	13,176,698
ALUMINA LTD	11,514,908

## DAILY VOLUMES TRADED



Source: Bloomberg

## BHP, Vale flagging charges of more than \$2b on dam spill

BHP Billiton and Vale SA will book charges totaling more than \$2 billion after last year's tailings dam spill at their joint venture in Brazil. BHP expects to book a charge of \$1.1 billion to \$1.3 billion for the six months to June 30, along with direct costs of about \$100 million, the world's biggest miner said Thursday in a statement. Separately, Rio de Janeiro-based Vale said it will book 3.7 billion-real in its second-quarter results to be released later Thursday. The provisions come as hopes fade for a restart at the iron ore mine this year and relate to the Samarco joint venture's funding obligations under an agreement with Brazilian authorities signed in March. A rupture in a tailings dam in November sent billions of gallons of sludge into the Rio Doce river basin, in an incident described by authorities as Brazil's worst ever environmental disaster.

## Virgin Australia full-year loss widening

Australia's No. 2 airline Virgin Australia Ltd said on Thursday its full-year net loss more than doubled from a year ago, hurt by the one-off costs of a restructure to cut capacity amid stiff competition. Sydney-listed Virgin posted a net loss of A\$224.7 million for the year to June 30, compared with a A\$93.8 million loss in 2014/15. The Richard Branson-backed airline, which competes with larger Qantas Airways Ltd, is cutting capacity, taking on a new major shareholder, eyeing flights to China and seeking to raise capital to help shore up its margins. Its fourth-quarter and annual results released on Thursday included previously announced charges related to efficiency initiatives "with a focus on the simplification of the group's fleet through the removal of surplus" capacity and aircraft.

## Woolworths unveiling major restructure

Woolworths Ltd will book restructuring costs of up to A\$1 billion as part of a restructuring that will axe 500 jobs and slow supermarket store rollouts, while considering the sale of online retailer Ezibuy, the Australian grocer and department store company said on Monday. The overhaul at Woolworths comes amid increasing competition from foreign entrants, including German discount chain Aldi. Woolworths CEO Brad Banducci, who took the top role in February, said earnings before interest and tax from continuing operations, before significant items, would be between A\$2.55 billion and A\$2.57 billion in 2016.

## AGL and state-owned funds establishing renewables fund

Australia's second-largest energy retailer AGL Energy Ltd said on Wednesday it had set up the nation's largest renewable energy fund, worth A\$2-3 billion, with Australia's sovereign wealth fund and a Queensland government-owned fund. The Powering Australian Renewables Fund (PARF) plans to develop 1000MW of renewable energy and will acquire two existing AGL solar plants, which together produce 155MW, AGL said in a statement.

## Australia Pacific LNG boosting Origin Energy's output, but price drops

Origin Energy, a co-owner of the Australia Pacific LNG project, said APLNG's sales volumes rose 28% but prices fell 15% in the June quarter, and the project was on track to start shipping from its second unit by December. APLNG, operated by ConocoPhillips, exported its first cargo in January and to date has shipped 32 cargoes, including the first to Japan's Kansai Electric Power Co, Origin said in its quarterly report on Friday.

## Australia foreign investment watchdog OKs \$6.8 billion Asciano takeover

Australia's foreign investment watchdog cleared the A\$9.1 billion (\$6.8 billion) buyout of port and rail freight giant Asciano Ltd, the company said on Wednesday, paving the way for the country's biggest foreign takeover in half a decade. The Foreign Investment Review Board (FIRB) "has provided written notice that there are no objections" to the deal, which involves splitting Asciano among a host of buyers from Sydney, Canada, China and Kuwait, the company said in a statement.

## Barrick Gold profit lifting, plans Australian mine sale

Barrick Gold Corp, the world's largest gold producer, reported a rise in second-quarter profit on Wednesday and said it plans to sell its 50% stake in a western Australia mine to carve more from its debt. Toronto-based Barrick, which has been selling off non-core mining assets and using cash flow to pay down debt, said it will explore selling half of the Kalgoorlie mine in Australia to improve its balance sheet. The chief executive of Newmont Mining, Barrick's joint venture partner at Kalgoorlie, said last September that he was interested in buying out the rest of the mine.



## STOCK MARKET TOP MOVERS

	Price	1 W %
<b>ATHEX COMPOSITE (GREECE)</b>	<b>571.330</b>	<b>-0.04%</b>
SARANTIS SA	8.840	13.33%
PETROS PETROPOULOS	4.100	12.33%
ELINOIL HELLENIC PETROLEUM	0.878	9.75%
PAPOUSANIS SA	0.104	-15.45%
EUROBANK ERGASIAS SA	0.510	-13.56%
IASO S.A.	0.403	-12.01%
<b>GENERAL MARKET INDX (CYPRUS)</b>	<b>67.250</b>	<b>0.40%</b>
VASSILICO CEMENT WORKS LTD	2.620	9.17%
INTERFUND INVESTMENTS PLC	0.104	8.33%
KEO PLC	0.520	6.12%
SALAMIS TOURS HOLDINGS PLC	0.270	-5.26%
BANK OF CYPRUS PUBLIC CO LTD	0.146	-4.58%
CYTRUSTEES INVESTMENT PCL	0.181	-3.72%

## GREEK GOVERNMENT BONDS

	LAST	Δ 1 WEEK	HIGH	LOW
<b>2 y</b>	<b>7.535</b>	<b>-0.407</b>	8.127	7.095
<b>10 y</b>	<b>8.155</b>	<b>0.152</b>	8.192	7.965
<b>15 y</b>	<b>8.029</b>	<b>0.143</b>	8.059	7.849
<b>20 y</b>	<b>7.855</b>	<b>0.128</b>	7.882	7.718

## MONTHLY ECONOMIC CALENDAR

DAY	EVENT	ACT	PRIOR
Jul 1	GR—Manufacturing PMI	<b>50.4</b>	48.4
Jun 7	GR—Unemployment Rate	<b>23.3%</b>	24.10%
Jul 7	CY—CPI MoM	<b>-0.14%</b>	0.62%
Jul 7	CY—CPI YoY	<b>-2.16%</b>	-2.13%
Jul 8	GR—CPI YoY	<b>-0.70%</b>	-0.90%
Jul 11	GR—Industrial Prod YoY	<b>2.90%</b>	2.80%
Jul 21	GR—Current Account Bal	<b>-412m</b>	-822m
Jul 29	GR—Retail Sales YoY	<b>-8.0%</b>	-3.9%

## IMF failed to push for crucial debt relief in 2010 Greek bailout - auditor

The International Monetary Fund failed to demand debt relief as part of Greece's 2010 bailout despite widespread staff views that this was critical to the programme's success, an internal audit report showed on Thursday. The IMF also did not make a serious attempt to quantify the risk of financial contagion throughout Europe that was used to justify its granting of "exceptional access" funding to Greece when the country's debt was widely viewed internally as not having a high likelihood of repayment. The decisions, made in the throes of a growing debt crisis, contributed to a programme that proved unsustainable as Greece's economy collapsed, the IMF's Internal Evaluation Office (IEO) said. The 30 billion-euro IMF programme for Greece needed renegotiation in 2012, and the IMF is not yet a participant in a third bailout as it is now insisting that European lenders provide debt relief to Greece. "Critically, there was no rigorous attempt to articulate a convincing path to restoring debt sustainability in Greece, other than a programme of official financing, fiscal adjustment and structural reforms," the IEO said of the IMF's actions in 2010.

## Greek retail sales fall 6.4% y/y in May, led by fuels

Greek retail sales by volume dropped 6.4% in May compared to the same month a year ago after a downwardly revised 2.0% slide in April, statistics service ELSTAT said on Friday. Retail sales were led lower by fuels, lubricants, apparel, footwear and supermarkets, the data showed. Data on GDP showed weakness in Greek consumer spending in the first three months of the year, when the economy contracted by 0.5% compared to last year's final quarter. Consumption declined 0.5% quarter-on-quarter in January-to-March. Tax hikes and capital controls, imposed at the end of June last year to stem a flight of deposits have weighed

## Cyprus says Statoil, Exxon, ENI, Total interested in offshore gas

Cyprus received expressions of interest from ENI, Total, Statoil, Exxon Mobil, Qatar Petroleum, and Cairn in a licensing round for offshore hydrocarbon blocks which lapsed last week, its energy ministry said on Wednesday. Cyprus had placed three offshore blocks up for exploration. The most pronounced interest from two consortia and one company was for an offshore sea block in close proximity to the Zohr field offshore Egypt, where ENI reported the discovery of an estimated 30 trillion cubic feet of natural gas last year.

## Egypt signing exploration deals with U.S. and Cyprus firms

Egypt's minister of petroleum and mineral resources signed two agreements for oil and gas exploration in upper Egypt with U.S. company IPR and Cyprus subsidiary Mediterra, the ministry said in a statement on Tuesday. The agreements include the drilling of three exploration wells located in sectors 7 and 8 in the country's southern Al-Baraka field in Aswan, investments worth a minimum \$4.3 million and a one-off fee for the licence called a signature bonus, totalling \$200,000. The contracts were signed between Egypt's Ganoub El-Wadi Petroleum Holding Company (GANOPE), IPR and Mediterra. Minister of Petroleum Tarek al-Molla said the deals will help increase oil production to meet local needs.

## Bank of Cyprus says H1 net profit seen at 56 million euros

Bank of Cyprus Plc announced on Thursday that its first-half 2016 net profit amounted to 56 million euros, with the profits of the second quarter of the year coming to 6 million euros. The operating profit before provisions of the island's biggest lender reached 135 million euros in the April-June period, compared to 146 million euros in Q1.



STOCK MARKETS				
INDEX	PRICE	1 W %	HIGH	LOW
K.S.A	6335.59	-4.02%	6,611.53	6,321.39
ABU DHABI	4593.58	0.08%	4,621.50	4,551.03
DUBAI	3519.27	-0.70%	3,559.61	3,494.58
QATAR	10652.31	1.12%	10,652.31	10,449.02
OMAN	5854.39	0.65%	5,856.94	5,805.83
EGYPT	8030.85	7.99%	8,031.49	7,437.15
KUWAIT	5460.73	1.29%	5,487.34	5,380.12
BAHRAIN	1160.05	-0.03%	1,162.22	1,155.69

Source: Bloomberg

### Saudi central bank's net foreign assets drop \$11b in June

Net foreign assets at Saudi Arabia's central bank fell by \$11 billion from the previous month to \$562 billion in June as the government drew down its reserves to cover a budget deficit caused by low oil prices, official data showed on Thursday. Assets shrank 15.9% from a year earlier to their lowest level since early 2012. They reached a record high of \$737 billion in August 2014 before starting to drop. The government has been seeking to slow the decline by financing part of its deficit through borrowing from abroad; it obtained a \$10b syndicated loan from international banks in May. The foreign assets are believed to be mainly denominated in US\$, in the form of securities such as US Treasury bonds and deposits with banks abroad. Deposits with banks abroad fell 5.8% from previous month to \$133b in June, while investments in foreign securities dropped 1.3% to \$368b.

### IMF confirming Egypt funding request

The International Monetary Fund confirmed on Tuesday that Egypt has asked it for financial support program and said an IMF staff mission will visit Cairo for about two weeks starting July 30. "We welcome this request, and look forward to discussing policies which can help Egypt meet its economic challenges. Our goals are to help Egypt return to economic stability and to support strong, sustainable and job-rich growth," Masood Ahmed, the IMF's Middle East director, said in a statement. He did not provide any details of the requested program or possible funding amounts, adding that any result would be announced following the IMF mission's conclusion. Egypt's finance minister said on Tuesday that the government was seeking \$12 billion from the IMF over three years, at an annual interest rate of 1% to 1.5%.

### Dubai Financial Market Q2 net profit falling 60%

Dubai Financial Market (DFM) (AED 1.33, -3.62%), the Gulf's only listed stock exchange, reported a 60% fall in Q2 net profit on Monday as revenue fell. The firm made a net profit of 53.5 million dirhams in Q2, down from 132.4 million dirhams in the year-ago period, it said in a statement. Revenues fell to 100m dirhams in the quarter, compared with 178.1m dirhams in the corresponding three months of 2015. Trading commissions are the main source of income for DFM. While it did not provide a quarterly breakdown, the firm said the value of shares traded in H1 2016 was down 32.7% yoy to 69.5b dirhams. Dubai's government owns a majority stake in DFM through holding company Borse Dubai.

### SABIC Q2 net profit falling 23.2%

Saudi Basic Industries Corp (SABIC) (SAR 82.21, -1.24%), one of the world's largest petrochemicals groups, reported a 23.2% drop in Q2 net profit on Wednesday, extending a earnings slump as lower sales prices continued to weigh. SABIC made a net profit of 4.74 billion riyals in Q2, down from 6.17b riyals last year, the company said. SABIC, which is 70% state-owned, attributed the profit fall to lower average sales prices, in addition to an impairment on the assets of Ibn Rushd, an affiliate of SABIC. The company's results are closely tied to oil prices and global economic growth because its products are used extensively in construction, agriculture, industry and manufacturing of consumer goods.

### Mubadala to become top Investcorp shareholder

Abu Dhabi state investment fund Mubadala will become the largest shareholder of Investcorp after agreeing a deal to acquire 20% of the Bahrain-based alternative investment firm, it was announced on Thursday. The purchase comes as Investcorp, with around \$11 billion of assets under management, is implementing a new strategy aimed at catapulting it into the top tier of global investment firms by doubling its assets by 2022.

### Kingdom Holding Q2 net profit falling 22%

Kingdom Holding (SAR 10.86, +0.09%), the investment firm owned by billionaire Prince Alwaleed bin Talal, posted a 22% fall in Q2 net profit on Thursday as income from associates and dividends declined. The investment firm has minority stakes in some of the world's top companies. These include Citigroup and Twitter. Kingdom made a net profit of 185.8 million riyals in Q2, down from 238.3m riyals last year, it said in a bourse statement.

### KIPCO says in line to meet 2016 profit target

Kuwait Projects Co (KIPCO) (KWd 540, +5.88%), the Gulf state's largest listed investment company, said on Wednesday it was on track to meet its high single digit year-end profit target as it reported an 8% rise in Q2 net profit. KIPCO made a net profit of 14.5 million dinars Q2, up from 13.4m dinars last year, the company said. KIPCO is a regional investment house with stakes in media, industrial, financial & real estate co's.



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