



OIL MARKET RETURNS TO VOLATILITY

The Current United States National Debt

\$18,167,407,495,092



WASHINGTON, DC: Federal Reserve Board Chairwoman Janet Yellen arrives for testimony before the House Financial Services Committee yesterday in Washington, DC. —AFP

FIRST US RATE HIKE LATER THIS YEAR: YELLEN FED SAYS ECONOMY ON TRACK, DEFENDS 'TRANSPARENCY'

WASHINGTON: Federal Reserve Chair Janet Yellen sees a number of encouraging signs that the economy is reviving after a brutal winter and says if the improvements stay on track, the Fed will likely start raising interest rates later this year.

Delivering the Fed's mid-year economic outlook to Congress, Yellen said yesterday the importance of the first rate hike should not be over-emphasized because interest rates are likely to remain at very low levels "for quite some time after the first increase." The Fed's benchmark rate has been at a record low near zero since December 2008, meaning that borrowing rates for consumers and businesses have been at historic lows. Many economists believe the Fed's first rate hike will occur in September, but they see at most only two quarter-point moves this year.

"If the economy evolves as we expect, economic conditions likely would make it appropriate at some point this year to raise the federal funds target," Yellen said in prepared remarks. The funds rate, the Fed's key policy lever, has not been lifted in nearly a decade.

Yellen stressed that her outlook is based on the expectation that the labor market will continue to improve and inflation will begin to move closer to the Fed's 2 percent target for annual price gains. Inflation is currently running lower than the pace the Fed believes is optimal for a healthy economy.

A decision to raise rates, Yellen said, "will signal how much progress the economy has made in healing from the trauma of the financial crisis." Yellen noted a number of areas that had improved.

The unemployment rate dropped in June to a seven-year low of 5.3 percent.

She also cited "noticeable declines" over the past year in the number of long-term unemployed - people who have been out of work six months or longer - and in the number of people working part-time because they can't find full-time jobs. But she said problems with the labor market remained, including anemic wage growth.

Many of the problems that sent the economy into reverse in the January-March quarter appeared to be waning, she said. "Consumer spending has picked up and sales of motor vehicles in May and June were strong," Yellen said, also noting recent improvements in home construction.

But she described business investment and export sales as weak. Investment has been hurt by spending cutbacks by energy companies responding to falling energy prices, and exports have suffered by the ris-

ing value of the dollar, which makes US goods less competitive in foreign markets.

Yellen listed foreign developments as one of the key uncertainties that could weigh on US growth in coming months. "The situation in Greece remains difficult," she said. "And China continues to grapple with the challenges posed by high debt, weak property markets and volatile financial conditions."

Anticipating tough questions from Republican lawmakers over the Fed's powers and what critics see as excessive secrecy, Yellen described a number of steps the central bank has taken in recent years to become more transparent. She said the Fed holds press conferences after four of its eight meetings each year and has increased the frequency that it updates its economic forecasts.

"The Federal Reserve ranks among the most transparent central banks," Yellen said. But she added that efforts to increase openness "no matter how well intentioned must avoid unintended consequences" that could undermine the Fed's ability to conduct policy. The Fed, responding to the 2008 financial crisis and the worst economic downturn in seven decades, expanded its balance sheet by purchasing trillions of dollars in bonds and took other aggressive actions to lower interest rates and battle high unemployment. The moves triggered criticism that the Fed has become too powerful and is too secretive and unaccountable. Lawmakers in both the House and Senate have introduced legislation to rein in the Fed's independence, measures that the central bank have warned could damage the independence the Fed needs to maintain its credibility with financial markets. —AP

GULF MARKETS EDGE UP, DUBAI'S DP WORLD SOARS

DUBAI: Gulf stock markets edged up in early trade yesterday, supported by rebounding oil prices and second-quarter earnings. Oil rose late on Tuesday and was steady in Asian trade yesterday after it became apparent that the Iranian nuclear deal would not immediately remove sanctions. Dubai's index added 0.9 percent as heavyweight Emaar Properties rose 1.5 percent. Port operator DP World, which trades on the smaller NASDAQ Dubai exchange, surged 6.5 percent to \$23.65.

As a leading logistics firm, DP World could benefit from the eventual lifting of sanctions against Iran. Also, JP Morgan this week raised its target price for the stock to \$25.80 from \$19.40 and upgraded it to "overweight" from "neutral", citing an improved revenue outlook. Nomura on Wednesday resumed coverage of DP World with a "buy" rating. Abu Dhabi's index climbed 0.3 percent and developer Aldar Properties rose 1.9 percent after saying it had generated sales worth 1.9 billion dirhams (\$517.3 million) in the first half of the year. The company has yet to report its second-quarter profit figures.

Qatar's bourse inched up 0.1 percent and Commercial Bank of Qatar, up 1.1 percent, was the main support. The lender posted a net profit of 589 million riyals (\$161.8 million) on Tuesday, up 17.3 percent year-on-year and ahead of the 495.2 million riyals average forecast. Petrochemicals giant Industries Qatar, whose profits are sensitive to oil prices, edged up 0.4 percent. —Reuters

AHLI UNITED BANK MAINTAINS ITS MARKET LEADERSHIP IN TERMS OF ROE AND ROA

KUWAIT: Ahli United Bank announced its results and financial statements for the first half ending on 30 June 2015, following the endorsement of the statements by the bank's Board of Directors and the approval of the Central Bank of Kuwait. The results showed improvement.

On this occasion, the said "The net profit for 1H2015 reached KD 25.5 million. Ahli United Bank's profits are driven by its core businesses of Corporate, Retail, Private Banking and Treasury. The net operating income (after provisions) reached KD 43.2 million recording an increase of 3percent, as compared with KD 42.1 million recorded during 1H2014".

Dr Al-Mudhaf went on to say that, "The financing portfolio growth in all its components, reaching KD 2,594 million, an increase of 4.6percent as compared with KD 2,480Mn achieved at the end of 2014, thereby driving the bank's total assets to rise to KD 3,753 million, or 4.3percent, compared with their level of 2014 which was KD 3,597 million."

Total deposits increased to KD 3,353 million, compared with KD 3,210 million as at the end of 2014, up by 4.5percent. It is to

be taken into consideration that the returns on customer investment accounts are deemed amongst the highest in the local market, whereby the six-month investment deposit return rate reached 1.09percent p.a. and the annual investment saving accounts return rate reached 1.18percent p.a., noting that Ahli United Bank is distinguished by distributing profits quarterly to depositors according to the results of the bank's operations during the reporting period.

The financial statements showed strong levels of liquidity and capitalization as the Capital Adequacy Ratio recorded 15.1percent which is higher than the Central Bank of Kuwait mandatory level of 12.5percent.

Ahli United Bank reaffirmed its market leadership in providing highest values to its shareholders and reported robust equity performance indicators hence shareholders' equity continued to be strong. The Earnings Per Share (EPS) for 1H2015 recorded 18 fils and Return on Average Assets posted 1.3percent whilst return on Average Equity achieved 15.3percent for the 1H2015.

Dr Al-Mudhaf added; "Ahli United Bank's



Ahli United Bank Chairman Dr Anwar Al-Mudhaf

result in the first half of this year reinforces the established position of the bank. This makes us more ambitious and to look forward to a promising future when the bank will be in the lead of financial institutions, supporting the development and growth of the economy in Kuwait. As a pioneer in Islamic Banking in this market, the bank is

driven by product innovation, technology and integrated solutions and services and, above all, achieving customer satisfaction. At the same time, we confirm our commitment to these continued endeavors to generate sound returns to our shareholders and depositors and providing the best products and services for our customers."

Dr Al-Mudhaf concluded by saying, "We extend our thanks and appreciation to Central Bank of Kuwait, the Capital Markets Authority and to our loyal and valued customers. I would also like to thank the management and staff for their untiring efforts to ensure the continued success of the bank in a challenging and competitive market."

Ahli United Bank has obtained a credit rating from "Fitch" which affirmed the bank's credit strength on the Long-Term and Short-Term to 'A+' and 'F1' respectively with a stable Outlook.

The international magazine "The Banker" awarded "Best Private Banking Services" in Kuwait award for the year 2014 to Ahli United Bank and also awarded the bank for the third consecutive year the award of "The Best Islamic Bank in Kuwait 2015".