

GOOGLE SHAREHOLDERS REVEL IN RECORD ONE-DAY WINDFALL

INVESTORS REWARDED INTERNET COMPANY

SAN FRANCISCO: Google's stock has roared out of a long slumber to produce the biggest shareholder windfall in US history as investors rewarded the Internet company for promising to curb its spending on risky projects. A 16 percent surge in Google's publicly traded stock translated into an additional \$65.1 billion in shareholder wealth, on paper at least. That barely topped the previous record one-day gain of \$65 billion by Cisco Systems Inc. in April 2000 after the computer networking equipment maker had suffered a steep drop in the previous week, according to S&P Dow Jones Indices. More recently, iPhone maker Apple Inc. posted a \$46.4 billion one-day gain in April 2012 after its quarterly earnings wowed Wall Street.

Google's gigantic run-up came after the Mountain View, California, company reported quarterly earnings that topped analyst estimates for the first time since late 2013. The company's inability to hit the targets that steer investors had raised doubts about Google that had caused its stock to lag the rest of the market since the end of 2013. Investors were even more impressed with a message of newfound austeri-

ty delivered by Google's new chief financial officer, Ruth Porat. In prepared remarks and in responses to analyst questions posed in a late Thursday conference call, Porat repeatedly stressed that Google intends to control its costs more diligently.

The words placated investors who had become increasingly frustrated with Google's penchant for spending on projects that had little or nothing to do with its main business of Internet search and advertising - areas that the company has long dominated. The expansion into more experimental areas, such as self-driving cars, Internet-beaming balloons, and Internet-connected eyewear, had been contributing to a pattern of Google's operating expenses increasing at a faster clip than its revenue growth.

Although Google has still been making plenty of money, many investors believed the company needed to clamp down on expenses. Google CEO Larry Page and fellow co-founder Sergey Brin, who wield voting control over the company, resisted the demands until having an apparent change of heart in March when they

lured Porat away as CFO at investment bank Morgan Stanley to take the same job at Google. Porat, known for astute budget management, didn't start working at Google until late May, but she has already quickly justified her pay package of roughly \$70 million. "People are feeling pretty good about Google now," said S&P Capital IQ analyst Scott Kessler. "People are saying, 'Wow, look at what we are already seeing with Ruth there. Let's see what happens when she has time to make a really positive impact.'"

Google's Class A shares gained \$97.84 to close at \$699.62 to leave the company with a market value of about \$469 billion, according to S&P Dow Jones Indices. That's still a distant second among US companies to Apple, whose market value stands about \$747 billion. That's still as Google's Class C shares rose 16.1 percent to \$672.93. The biggest beneficiaries of Google's rousing rally were Page and Brin, whose already vast fortunes each climbed by more than \$4 billion Friday. Google's 57,000 employees already also were feeling richer, too, because they all receive stock as part of their compensation packages. —AP



HYUNDAI TUCSON, ACCENT RECEIVE JD POWER INITIAL QUALITY AWARDS

KUWAIT: Hyundai has reaffirmed its position as one of the world's leading automotive manufacturers thanks to prestigious awards from international awards body JD Power. As part of the company's 2015 Initial Quality Study which surveyed 84,000 customers, the Hyundai Tucson and Accent have been reported fewer problems with their vehicles than any other small SUV or small car, respectively.

Overall Hyundai ranked fourth among all brands in the JD Power 2015 US Initial Quality Study (IQS) and second among non-premium automakers, putting the Korean brand ahead of its Japanese counterparts. "Nothing motivates us more than receiving the verification of quality from our customers," said Jin (James) Kim, Vice President and Head of operations in Africa and the Middle East. "The overall ownership experience of the people who buy our cars is based on our modern premium brand direction which provides vehicles with innovative technologies, while ensuring highest levels of initial and long-term quality and services they can rely on."

IQS, now in its 29th year, serves as the industry benchmark for new-vehicle quality measured at 90 days of ownership. In total, Hyundai had four models ranking in the top two in their segments, including segment awards for Tucson and Accent, and second-place finishes

for Elantra and Santa Fe. The Hyundai overall score was 95 problems per 100 vehicles, 17 problems fewer than the industry average. The 2015 Hyundai Tucson was awarded for the highest initial quality in the small SUV segment and the 2015 Hyundai Accent earned the highest honor in the small-car segment for the second year in a row.

SUV sales

"SUV sales accounted for 21.9 percent of our total sales during 2014 (74,419 units) therefore the international recognition from our customers is invaluable and something we are incredibly proud to have achieved," added Kim. "It is also worth noting that the Accent was our second bestselling model last as it recorded a boost of 9 percent totaling 79,013 units sold, so it is great to see that our key models are receiving this type of recognition." This year's results mark the fourth time Hyundai has finished among the top four brands overall. The 2015 IQS is based on responses from more than 84,000 purchasers and lessees of new 2015 model-year vehicles surveyed after 90 days of ownership. The study is based on a 233-question survey designed to provide manufacturers with information to facilitate the identification of problems and drive product improvement.



SIVAGNAM APPOINTED VICE PRESIDENT, MARKETING SALES & SERVICE FORD, LINCOLN

DUBAI: Ford Motor Company announces the appointment of Kalyana Sivagnanam to the newly-created position of Vice President, Marketing Sales and Service, Middle East & Africa for Ford and Lincoln. Designed to replicate the success of Ford's regional structures, Shivi, as he likes to be addressed, will be based in Dubai and will lead the Sales, Marketing and Customer Service operations for Ford and Lincoln throughout Middle East and Africa. "I'm delighted to have someone with Shivi's strategic knowledge and global experience to lead marketing, sales and service for Ford and Lincoln in the Middle East and Africa," said Jim Benintende, President, Ford Middle East & Africa "Shivi and the team will continue to bring more vehicles to MEA

that customers want and value, while providing outstanding service."

Shivi moved to Dubai two years ago to help the company open its Middle East & Africa regional headquarters in Dubai. He will continue to report to Benintende, and brings more than 11 years at Ford to the role. Prior to joining the Company, he held various roles including General Manager, Marketing Manager, Regional Manager, and Retail Strategy Manager in the automotive components, consumer electronics and the television industry. In his new position, Shivi will concentrate on meeting customers' demand while remaining focused on delivering the experience in sales and after sales that the region demands.



EU, US FREE TRADE TALKS PICK UP PACE

BRUSSELS: EU and US officials said they had picked up the pace in talks on the world's biggest free trade accord, although they did not discuss the main sticking point-investment protection. Negotiations on the Transatlantic Trade and Investment Partnership (TTIP) began optimistically in 2013 but have gotten bogged down on growing reservations in the EU, especially over US demands that private companies be allowed to take governments to court to seek redress.

Earlier this month, the European Parliament said the Investor-State Dispute Settlement (ISDS) system-a feature in other US trade deals-undercut democratic oversight and should be replaced by a public court procedure. EU chief negotiator Ignacio Garcia Bercero and his US counterpart Dan Mullaney told reporters after the 10th round of TTIP negotiations in Brussels that both sides were committed to pushing ahead with the talks.

"We have worked this week with strong political wind in our wings," Garcia Bercero said, citing recent solid support for the accord in the US Congress, from US President Barack Obama and from the G7 group of top industrial countries. "We had no discussion on investment protection or ISDS," he said, when asked if the subject had come up. Mullaney, who cited the recent European Parliament decision as an endorsement for moving ahead, said "both sides now have clear guidance to get TTIP done and to bring

home an agreement." Garcia Bercero said the European Commission, the executive arm of the EU which conducts the negotiations on behalf of the 28-nation EU, understood the concerns voiced over ISDS.

"We will be able to put through a proposal in many ways different from the existing ISDS regime. We will now be working to finalize a proposal once we have gone through discussions with member states and the Parliament," he said. EU Trade commissioner Cecilia Malmstrom earlier this year proposed creating an international investment court to hear disputes. Mullaney said the United States also understood the issues raised, which had come up previously in its own consultations on ISDS. "The US side is very much looking forward to the time, in the very near future, to get" the EU proposal, he said.

Both Garcia Bercero and Mullaney stressed that the week's talks had gone well, with each side filling out their positions on key sectors such as services-which account for about two-thirds of activity in a developed economy-and public procurement and regulatory compatibility. "We have an opportunity to conclude TTIP in the Obama term (which ends January 2017) but there is still a lot of work to do," Mullaney said. TTIP is touted as the world's biggest trade deal, creating a colossal market of 850 million consumers and accounting for more than half of global economic output. —AFP

CHINA ECONOMIC GROWTH REMAINS UNCHANGED 7%

ASIYA CAPITAL INVESTMENT WEEKLY ANALYSIS

KUWAIT: Economic growth in China remained unchanged at 7% in the second quarter of 2015. The figure caught most analyst by surprise, as further deceleration was widely expected. Key monthly indicators such as fixed asset investments, suggested a weaker growth rate, with the yearly average growth shrinking from 13% in Q1 to 11.5% in Q2. However, other indicators experienced a more moderate decline or even a slight improvement.

Industrial production and retail sales average growth rates remained stable in the first two quarters and registered an uptick in the last months of Q2, suggesting that growth may gain traction. Overall, Chinese GDP growth is consistent with monthly indicators. Consumption, closely tied with retail sales, is the largest source of growth in China, explaining about half of the Chinese GDP growth in the last two years, and gradually gaining importance. Moreover, the evolution of imports and exports suggest that the external sector also contributed positively to growth in Q2, offsetting weakness in investments.

However, doubts on the efficacy of government's stimulus remain. China's economic policy can be classified in three main block: fiscal stimulus, monetary stimulus and

reforms. Monetary and fiscal stimulus intend to sustain short-term growth and avoid a hard-landing scenario, whereas reforms refer to a collection of heterogeneous policy measures designed to alter the economic structure and boost potential growth. The size of the fiscal stimulus can be assessed by taking a close look at the budget balance of the

good gauge of fiscal stimulus. In the first quarter, contribution to GDP experienced a severe drop, from 3.5 percentage points to just 1.2. The evolution of fixed asset investment indicators in the second quarter suggest that the weakness of investment's contribution to GDP continued in the second quarter.

The impact of monetary stimulus

3.6 billion but outpacing the average issuance in 2014. These figures suggest that the transmission mechanism of monetary policy might be working for the time being, partly translating into higher consumption and contributing also to hold investment. However, part of the latest recovery in consumption, seen in the GDP component as well as the latest evolution of retail sales, may also be the result of higher consumer confidence, whose index increased from 106 to 110 in 2015.

Stimulus seem to be successfully holding economic growth, at least for the time being. The 7% growth target of the Chinese government is still challenging, but it seems more attainable after the release of the second quarter's GDP figures. However, achieving this target will depend on the continuation of an expansive fiscal and monetary stance, and their combination with crucial economic reforms, some of them expected to harm growth in the short term. Authorities must keep combining short-term expansionary policies with liberalizing reforms in several economic sectors to prevent a sharp deceleration of the economy and set the foundations for a sustainable growth in the years to come.

government. The evolution of yearly growth rates of public expenditure and revenue suggests that the expansionary stance is ongoing. Investments are a key focus of government intervention, therefore its contribution to GDP growth and the evolution of fixed asset investments are also

may be analyzed by tracking interest rates and lending indicators. Interbank rates seem to have reacted to interest rate and reserve requirement ratio (RRR) cuts, and are at the lowest level since 2009. Overall, issuance of new yuan loans has remained strong in Q2, worth over 3 billion yuan, down from Q1's



Source: Asiya Research on Market Economics, 2015

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