Emaar Properties trims Egypt listing price

DUBAI: Dubai’s Emaar Properties announced the price range yesterday for the initial share sale of its Egyptian unit at below previously-issued levels, giving an offer size of 2.55 billion pounds ($3.4 billion) at the top of the range. The flotation will include 600 million shares, equivalent to 12.99 percent of the company, offered at a price between 3.5 pounds and 4.25 pounds, with the final price to be decided on or around June 18, Emaar said in a bourse filing in Dubai. This range was below the 4.49 pounds which Emaar Misr said Monday it would price the offering at, as well as the initial valuation of 4.70 pounds revealed in May which was based on a recommendation from accountancy firm Grant Thornton.

Despite the revision, the listing of Emaar Misr is expected to be the largest flotation on the Cairo exchange since 2007. The Egyptian subsidiary has a portfolio of investments in Egypt worth around 53 billion Egyptian pounds ($7 billion), according to its website.

Emaar Misr is expected to be listed on the Cairo stock exchange over the next few days. The statement from Dubai’s largest listed developer said. Much of the offering will be allocated to institutional investors, with 15 percent earmarked for retail buyers.

The subscription period for institutions both inside and outside the North African country will start on Thursday and run until June 16, on which day retail investors will begin subscribing. The retail offer will conclude on June 25.

“The level of interest shown from the investment community so far has been very encouraging and we look forward to welcoming new shareholders as long term partners in the growth of Emaar Misr,” Mohamed Alabbar, chairman of Emaar and its Egyptian unit, was quoted as saying in the statement. EFG Hermes and JP Morgan are joint global coordinators of the float, with Emirates Financial Services designated a lead manager. — Reuters

Britain to start selling remaining Royal Mail shares

LONDON: Britain will start selling its remaining 30 percent stake in postal operator Royal Mail, which is worth about 1.5 billion pounds ($2.3 billion), as part of a drive to fix the budget deficit, finance minister George Osborne said yesterday.

Osborne also said government departments had found an extra 3 billion pounds in savings in the current financial year. Osborne is due to announce a new budget and fiscal targets on July 8 after his Conservative Party won a parliamentary majority in a national election in May. He said in March he was aiming to wipe out Britain’s budget deficit by 2018/19. Britain sold a 60 percent stake in Royal Mail in 2013, attracting criticism at the time from rival politicians and trade unions who said the firm had been sold off too cheaply after shares rose by as much as 87 percent following the sale.

Osborne appeared to acknowledge those concerns as he made his announcement in parliament. “We will only sell our stake when we can be sure we are getting value for money,” he said. The shares were down 3 percent on the news yesterday. No decision has yet been taken on whether the shares would be sold privately to investors or to the public, a Treasury official said.

The sale of further Royal Mail shares will begin this year, the finance ministry added. It also said the extra savings found by government departments included a plan to sell land around London’s Kings Cross station which was valued at around 345 million pounds. — Reuters

Asia’s strong fuel demand vindicates OPEC policy

SINGAPORE: Asian consumption of gasoline and other fuels has beaten expectations due to structural changes in the economies of Asia’s biggest oil users, vindicating for now OPEC’s decision six months ago to keep up its taps open.

Saud Arabia’s oil minister in November persuaded fellow OPEC members to refrain from cutting their crude production quotas, arguing that demand would ultimately pick up and prices recover. The strength of recent demand for oil has surprised everyone, including OPEC, researchers at independent research consultant Energy Aspects said this week.

The Organization of the Petroleum Exporting Countries is meeting in Vienna today in its first gathering since last year. The 12-member cartel is widely expected to maintain its quotas, with Brent crude up 40 percent since January. Some observers say OPEC’s policy hangs in the balance, and would be untenable if a strong crude rally wipes out refining profits if or if Asian economies slow further by the year-end.

For now, traders say that is unlikely as fuel demand from China and India is bullish. While China’s overall economy has slowed, the country’s coastal and interior provinces are still expanding due to state and private-sector investment. India, Asia’s third-biggest economy after China and Japan, has embarked on an industrialization drive under its reformist Prime Minister Narendra Modi, propping up fuel consumption. “Preliminary estimates for April Chinese apparent demand indicate growth was 7.5 percent, comparable to first-quarter 2015 levels,” JP Morgan said in a report. “Similarly, Indian demand growth for April is reported at near 9 percent, ahead of our forecasts and the first-quarter 2015 growth rate of 4 percent.”

JP Morgan said gasoline and jet fuel will continue to underpin the above-trend expansion in oil demand. Even in debt-shaken Europe, fuel consumption growth is near 30-year highs. Goldman Sachs said demand increased 7.2 percent in the first quarter from a year earlier, and expects growth of 3.5 percent for the rest of 2015. Global gasoline demand is expected to rise about 500,000 barrels per day (bpd) in 2015, equivalent to 2 percent of global demand, and 400,000 bpd in 2016, according to JP Morgan.

High fuel consumption is helping to contain a global glut in crude that has left millions of barrels stored on tankers without a buyer. Many countries in the region are experiencing their slowest economic growth in years, with China’s gross domestic product expanding at its slowest rate in a generation.

But growth will be in the region of 6-7 percent this year, with some of China’s interior provinces still booming. That means many people will still be buying their first car. Others will be upgrading to a bigger, more fuel-intensive vehicle. Data from the China Association of Automobile Manufacturers shows automobile sales between January and April outstripped 2014 levels in three out of four months, averaging almost 2 million new cars a month. In India, April diesel use - which accounts for over 40 percent of refined fuel as half of the country’s cars run on diesel - rose 9.3 percent. That’s the fastest pace since August 2012. Gasoline consumption surged 16.7 percent, the most since May 2013. — Reuters

World food prices in May lowest since 2009: FAO

ROME: Global food prices in May fell to their lowest since September 2009 with declines in cereals, dairy and meat products outweighing slight increases in oils and sugar, the United Nations food agency said.

The Food and Agriculture Organization’s (FAO) food price index, which measures monthly changes for a basket of cereals, oilseeds, dairy, meat and sugar, averaged 166.8 points in May, down 2.4 points or 1.4 percent from April, and down 46 points or 24.4 percent from a year earlier.

High global production, a strong US dollar and cheaper crude oil have pressured food prices over the past year, with the index declining since April 2014. Oil and sugar prices bucked the trend. Palm oil rose on concerns about the possible effects of the El Nino weather pattern in Southeast Asia, and soy oil firmed on higher demand, particularly in China, the FAO said.

Sugar posted its first significant rebound since October, it added, due to a slow start to the crushing season in Brazil. The FAO forecast world cereal production would hit 2.524 billion tons in 2015-16, compared with the previous year’s record harvest. In April, the FAO forecast annual output of 2.509 billion tons.

The higher cereal forecast is mainly due to larger-than-expected harvests in Africa and North America, but 2015-16 output is still expected to be 1 percent lower than the prior year.

Cereal stocks at the end of the 2015-16 season are forecast to reach 634.3 million tons, compared with 646.5 million tons in 2014-15. World wheat output is expected to reach 723.4 million tons, more than April’s forecast of 719.1 million tons. — Reuters