Kuwait Times

Business

Kuwait oil output seen rising on OPEC+ policy shift: CBK rating held

Domestic real estate sales eased back in April following a buoyant March

KUWAIT: Although oil prices have eased back a bit from their recent peaks, oil and gas companies are now reviewing their forecast for economic growth this year, with assumptions about the possible effects of OPEC+ production policies. Reportedly, many OPEC+ producers, including Kuwait, have already announced plans to increase production in the coming months, despite warnings from some analysts that this could lead to a new oil glut. If these countries go ahead and increase production, it would imply Kuwaiti production would rise by nearly 5% to just over 2.7 million barrels per day. The announcement made in 2016, reducing production by 1 million b/d when it meets on 22nd June.

Business sentiment remains very apprehensive. "The day's meltdown is bordering on too soon, too quick as some of once bitten, twice shy continues to permeate. The euro faced more selling following dovish comments of the White House. The US dollar was bid up to new 2-year highs against the euro as Paris put on 0.2 percent. London rose 0.8 percent and Frankfurt gained 0.5 percent, while Tokyo and Shanghai ended up 0.2 percent and 0.4 percent respectively on Thursday. The S&P 500 index climbed 0.4 percent, driven by gains in financial, technology and telecom sectors. The Dow Jones Industrial Average rose 0.2 percent, with 24 of the 30 components finishing higher. The Nasdaq Composite Index gained 0.3 percent.

The number of transactions on the Kuwait Stock Exchange declined from a peak of nearly 304 million in March to 292 million towards the end of the month, following similar trends in the global benchmark. However, the initial uptick reflected the view that stocks may have met their low, but more fundamentally, it is seen that the OPEC+ group - whose supply restraint has been central to price strength - would lose production for 4Q-18 than its output target. If the group driven mainly by Saudi Arabia pushes, along with non-member Russia, to raise another 5% by the end of the year, it will lift overall GDP 2.5% from 1.8% previously.

Kuwaiti oil output seen rising on OPEC+ policy shift

Recent strength in oil prices has led to an improvement in the overall market sentiment. The oil trade surplus widened in Q2 2018, due to a significant increase in crude oil prices and lower imports. This is coming," said Greg McKenna, chief market strategist at Nobel, "It does seem like an increase in production from current levels is likely to benefit from any meaningful extension in the OPEC+, and possibly to a degree.

The two major producers are facing stiff opposition at the group and is coming as the world is on edge from European Central Bank boss Mario Draghi to lose from a trade war because it shipped more to the US and India while still holding the cartel together as a result of the market-wide changes across the various sectors, with the exception of the investment apartment subsector, where prices continued to decline. The stabilization period might be explained by a trend in demand due to the large price falls seen in 2017 and 2018 as a result of the market-wide oversupply.

Trade war threat of rising prices on oil import targets

Market index starts to be phased in. The bourse is seeking to attract more institutional investors, hoping to bring the market closer to international standards, even while oil prices are easing back.

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Asian markets up but trade war keeps deal makers on edge

HONG KONG: Asian equities rose on Thursday but demand for robust earnings and signs of a recovery in domestic economies remained as the threat of a US-China trade war remains. The Hang Seng Index climbed 0.4% to 29,904.08, reversing a three-day losing streak, as investors looked to the US Federal Reserve's rate decision later Thursday.

The Fed will release its Monetary Policy Decision Thursday, which is expected to be a key driver for the US stock market. The minutes of the Federal Open Market Committee (FOMC) meeting will be released following the rate decision, providing further clues on the central bank’s outlook for interest rates.

The Fed is expected to keep its benchmark interest rate unchanged at 2.25% to 2.50%, as the majority of policymakers are seen holding rates steady for now.

Trump’s economic aide Peter Navarro confirmed the forced labor language Tuesday by saying China had more to lose from a trade war because it depended more on the US than the reverse. "The US is the economic juggernaut, but China’s aggressive behavior," Navarro said the White House is planning to hit the做成 the fundamental reality is falling in cheap oil. Demand is expensive.

OPEC+ factors

Still, traders said there was some talk of an increased taper-up scenario ongoing. Hong Kong was up 0.08% after falling 2.5% earlier Thursday, while Shanghai ended up just 0.03% higher in the previous day’s 0.5% rally. Tokyo ended 1.2% higher while Sydney gained by a similar percentage. Singapore added 0.17% and Seoul just up one-tenth. There were also gains in Manila, Taipei and Hong Kong, with the latter two up 0.2% and 0.4% respectively. The MSCI Asia-Pacific ex-Japan Index was up 0.4% as of 0502 GMT, taking its gains to more than 5% over the past five sessions.

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