



Turkey central bank surprises markets with rate hike PAGE 12



DOW	26,146.54	QE	10,021.96	SENSEX	37,717.96	GOLD	1,205.90
	+147.82 PTS		+3,179 PTS		+304.83 PTS		-0.41%
BRENT	PRICE 78.29	PERCENTAGE -1.82%	WTI	PRICE 68.72	PERCENTAGE -2.34%	SILVER	14.21
							-0.56%

Quick read

GM to recall more than 1 million vehicles in US

GENERAL Motors is recalling more than 1 million pickup trucks and sport utility vehicles in the United States due to issues with a temporary loss of power steering, the National Highway Traffic Safety Administration said. The problem may cause difficulty steering the vehicle, especially at low speeds, increasing the risk of a crash, the auto safety regulator said in a document dated September 12. The recall covers certain 2015 Chevrolet, GMC and Cadillac pickup trucks and SUVs. The document did not highlight any reports of accidents or injuries, because of the power steering issue. GM dealers will update the power steering module software, free of charge for owners of the affected vehicles. (REUTERS)

Apple shares boost Wall Street

APPLE led a rebound in technology shares and boosted all three major US stock indexes on Thursday, while trade worries eased after China said it was open to fresh talks with the United States. The technology sector climbed 1.1 percent on the day, boosted by Apple's 2.3 percent gain. Trade worries softened after the Trump administration invited Beijing for a new round of talks, even as Washington prepared to slap tariffs on \$200 billion worth of Chinese goods. The timing of the talks remains unclear and President Donald Trump said in a tweet there is no pressure to make a deal. (REUTERS)

Sada announces expansion of SMEs zone to boost growth

The SMEs zone will be expanded by 825,000 sqm to over 11 mn sqm

QNA
DOHA



The number of factories that have begun actual production after an year of the unjust blockade, compared to 55 before the blockade

The state will continue to provide incentives and support to all businessmen and investors

Minister of Energy and Industry HE Dr Mohammed bin Saleh al Sada

MINISTER of Energy and Industry HE Dr Mohammed bin Saleh al Sada has announced the launch of the expansion of the small and medium enterprises (SMEs) economic zone by 825,000 square metres, including infrastructure and basic services needed for industrial projects. The announcement was made during a ceremony held to honour the owners of Qatari factories and companies, who contributed to country's growth by increasing production and launching new products. The event was held under the patronage of the Prime Minister and Minister of Interior HE Sheikh Abdullah bin Nasser bin Khalifa al Thani, in Doha on Thursday.

Sada said the expansion of basic facilities of SME zone will be completed during the first quarter of next year, bringing the total area to more than 11 million square metres. The minister said 98 factories have begun actual production after an year of the unjust blockade, developing the new industrial zone further, the total number of factories in the

country has reached 812. Sada said since the beginning of the siege, the directives of the Amir HH Sheikh Tamim bin Hamad al Thani, for the industrial sector were clear and decisive. The directives were to boost Qatari industries, especially SMEs, developing the new industrial zone further, building ready-made industrial



Prime Minister and Minister of Interior HE Sheikh Abdullah bin Nasser bin Khalifa al Thani with other ministers at an event to honour the owners of Qatari factories and companies, in Doha on Thursday.

facilities for the private sector and providing them with the latest services and basic facilities, facilitating procedures, self-sufficiency and economic openness. Sada said the government immediately translated the directives into a set of measures and practical steps and started to implement it. Sada also hailed the spirit of many businessmen, who expanded production at their factories or opened new production lines to keep abreast with local commodity needs in various sectors, particularly in the food sector. The minister said the products from these factories soon replaced the goods that were being imported from blockading countries, with higher quality and competitive prices. "There is nothing better than relying on the national industries and seeking self-sufficiency and sustainable development," Sada pointed out.

The minister also announced the launch of the industrial database, an interactive electronic platform that will have strategic importance in the field of industrial planning. The platform will enable policy makers and investors alike to make the appropriate decisions regarding their projects. Hailing the business owners for the expansion, he said, "It will lead to the prosperity of the Qatari economy."

Global oil demand to top 100 mn bpd, outlook bleak

REUTERS
LONDON

WORLD oil consumption will top 100 million barrels per day (bpd) in the next three months, putting upward pressure on prices, although emerging market crises and trade disputes could dent this demand, the International Energy Agency said on Thursday. The Paris-based IEA maintained its forecast of strong growth in global oil demand this year of 1.4 million bpd and another 1.5 million bpd in 2019, unchanged from its previous projection. "Things are tightening up," the agency that advises Western governments on energy policy said in its monthly report. "The price range for Brent of \$70-\$80 per barrel in place since April could be tested."

US sanctions on Iran's energy industry, which come into force in November, have already cut supply back to two-year lows, while falling Venezuelan output and unplanned outages elsewhere will also keep the balance between supply and demand tight, the IEA said.

But it said rising demand could also be checked. "As we move into 2019, a possible risk to our forecast lies in some key emerging economies, partly due to currency depreciations versus the US dollar raising the cost of imported energy. In addition, there is a risk to growth from an escalation of trade disputes," the agency said.

The United States and China have imposed a series of tariffs on each other's goods since May that have unnerved equity markets, while a rising US dollar has put emerging market currencies under pressure, raising the energy bill for some of the world's largest oil importers.

Qatari investors keen to explore biz opportunities in Sri Lanka: QC

QNA
DOHA

Coomaraswamy has called for the establishment of Qatar-Sri Lanka Business Council

QATARI businessmen are keen to explore business opportunities in Sri Lanka, Qatar Chamber Vice-Chairman Mohamed bin Ahmed bin Towar al Kuwari said. Kuwari said this during a meeting with a trade delegation from Sri Lanka led by Indrajit Coomaraswamy, Sri Lankan central bank governor, in Doha on Thursday.

The two sides discussed enhancing cooperation in all fields of trade and economy and reviewed investment opportunities available in Sri Lanka's banking and financial sector. Kuwari said the private sectors of both countries have distinguished trade relations. Coomaraswamy stressed on strengthening the banking

sector ties between the two countries, and push for more cooperation in various economic fields.

He highlighted the investment opportunities, climate and commercial advantages available in Sri Lanka, and the incentives provided by the Lankan government to encourage foreign investment.

Coomaraswamy also called for the establishment of Qatar-Sri Lanka Business Council to strengthen cooperation relations between the private sector in both countries.

Trade volume between Qatar and Sri Lanka reached \$90 million last year.



Qatar Chamber Vice-Chairman Mohamed bin Ahmed bin Towar al Kuwari with Sri Lankan Central Bank Governor Indrajit Coomaraswamy in Doha on Thursday.

QSE breaches 10,000 mark as index rises to 16-month high

MPHC, Woqod, QIC to enter QSE 20-stock index

SATYENDRA PATHAK
DOHA

BUOYED by continuous rise in energy prices, the Qatar Stock Exchange (QSE) index breached the 10,000-point mark to reach a fresh 16-month high on Thursday.

The QSE main index rose 31.79 points, or 0.32 percent, to close at 10,021.96 points following a 1.3 percent gain in Mesaeed Petrochemical Holding Company (MPHC), which has risen in the past few days on the back of oil's climb near \$80 a barrel.

All the seven sector indices closed in the positive territory on the day that saw the bourse's liquidity decrease to QR85.76 million from QR289.16 million on Wednesday, while the trading volume went down to 5.31 million shares against 7.59 million in the previous session.

The transportation sector, which gained 1.82 percent after Qatar Navigation (Milaha) and Qatar Gas Transport (Nakilat) grew 4.16 percent and 0.68 percent respectively, was the best performing sector index for the day.

The real estate sector and the consumer goods sector, which gained 1.48 percent and 0.72 percent were also instrumental in lifting the main index higher.

The banking sector went up 0.20 percent as stock prices of Islamic Holding Group and heavyweight Qatar National Bank (QNB) gained 1.3 percent and 0.27 percent respectively.

By the end of the ses-



The QSE building in Doha.

The bourse also announced that MPHC, Woqod and Zad Holding will join the QE Al Rayan Islamic Index, while Mazaya Qatar and Qatar Islamic Insurance Company will leave the index

Meanwhile, the QSE has said in a statement that MPHC, Qatar Fuel (Woqod) and Qatar Insurance Company (QIC) will get entry into QSE 20-stock index with effect from October as components and weightings of QE Index, QE Al Rayan Islamic Index and QE All Share Index have been modified.

The three stocks will re-

place Al Meera, Investment Holding and Qatari Investors Group (QIG) in the QSE 20-stock index.

According to the QSE statement, any qualifying component exceeding 15 percent weight in the index at the closure of market on September 26 will have its weight capped at the 15 percent level and excess weight allocated to remaining stocks proportionately.

Indicative weightings based on September 11 closing prices and free float shares figures which are subject to change due to price movement and corporate actions point to some of the key modifications to the QE Index weightings.

Now QNB will have weighting of 15 percent against initial weight of 27.62 percent, Industries Qatar (IQ) to be at 14.75 percent against initial weight of 12.56 percent, Qatar Islamic Bank (QIB) will have weighting of 10.57 percent against initial weight of 9 percent and Masraf Al Rayan will have the weighting of 9.84 percent against 8.38 percent earlier.

The bourse also announced that MPHC, Woqod and Zad Holding will join the QE Al Rayan Islamic Index, while Mazaya Qatar and Qatar Islamic Insurance Company will leave the index.

The basket is re-structured based on the ranking of a company's liquidity adjusted capitalisation, with the top two components being IQ with a weighting of 15 percent and Masraf Al Rayan with a weighting of 12 percent.

Qatar Cinema and Film Distribution Company will leave both the QE All Share Index and QE Consumer Goods and Services Index.



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Investors to decide Drake & Scull future as shares plunge

REUTERS
DUBAI

SHARES in loss-making Dubai builder Drake & Scull plunged on Wednesday after it said shareholders would meet to decide whether to dissolve the company, although the board insisted the firm would seek to continue operating.

The company, which posted a second-quarter net loss of 181.1 million dirhams (\$49.3 million) against a year-earlier loss of 182.7 million dirhams, said it was calling a general assembly on September 27 under an article of United Arab Emirates company law.

The law requires companies to vote on whether they should continue operating if their accumulated losses have reached half of their issued share capital.

Drake & Scull's shares plunged their 10 percent daily limit to a record low of 0.405 dirham after the statement, leaving them down 82 percent since the end of last year.

The shares were then briefly suspended as the company issued a second statement saying its board and management would do their utmost to ensure it continued operating. However, the stock price did not recover and closed limit-down.

The general assembly vote "is a procedural step that needs to be taken and doesn't mean that there is an intent to dissolve the Company prior to the expiry of its term," the second statement said.

Like many Gulf construction firms, Drake & Scull has been hit by a slump in the regional building industry over the past few years, quarterly contract revenue shrank 47 percent from a year ago in the second quarter.

It attributed its second-quarter losses mainly to cost overruns in secondary markets such as Oman, Qatar and Jordan, as well as rising debt servicing costs.

In mid-August, Drake & Scull appointed Yousef Al Mulla as group chief executive, replacing Fadi Feghali, who had taken the post in April; it did not explain the change. At that time, the company said it was devising a fresh restructuring plan that would ensure its continued existence and its ability to grow.

Late last month, independent equity research outfit AlphaMena downgraded the stock to a "sell", saying the company faced liquidity issues and was relying on debt as a last resort; it estimated the company's net debt at 2.77 billion dirhams (\$755 million).

Drake & Scull's first statement on Wednesday said it would use the general assembly meeting to brief shareholders on its current situation and plans, and on developments in an investigation by its new management.

REUTERS
WASHINGTON

US consumer prices rose less than expected in August as increases in gasoline and rents were offset by declines in healthcare and apparel costs, and underlying inflation pressures also appeared to be slowing.

Despite the moderate consumer price increases, last month, inflation pressures are steadily building up, driven by a tightening labour market and robust economic growth. Labour market strength was reinforced by other data on Thursday showing the number of Americans filing for unemployment benefits dropped last week to near a 49-year low.

LIRA JUMPS 5%



Turkish central bank headquarters building in Ankara.

Turkey cbank surprises markets with rate hike

The central bank hikes the one week repo auction rate by 625 basis points from 17.75 percent to 24 percent

AFP
ANKARA

TURKEY'S central bank on Thursday surprised markets with a bigger than expected rate hike to battle soaring inflation and boost the lira, prompting the embattled currency to surge in value.

There had been indications from the bank that it would raise rates after inflation came in at nearly 18 percent in August, according to official data last week.

The bank said on Thursday that inflation developments pointed "to significant risks to price stability" due to the recent fall in value of the lira.

The bank vowed the tight stance in monetary policy would be "maintained decisively until inflation outlook displays a significant improvement" to the statement.

It described the hike as a "strong monetary tightening

of those gains but was still up over 2.7 percent in value at 6.15 to the dollar.

The magnitude of the hike was all the more surprising given that just before the decision President Recep Tayyip Erdogan had slammed international rates as a "tool of exploitation".

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All domestic business transactions must be made in lira, says Erdogan

TURKEY ruled on Thursday that property sales, rental contracts and leasing transactions must be made in lira from now on, halting the use of foreign currencies for such deals in a fresh step to support the ailing local currency. All business deals inside the country should be conducted in lira, President Tayyip Erdogan said, adding that nobody apart from exporters and importers should cross paths with foreign currency. "We are solving the issue of rent in foreign currency, which concerns a lot of our vendors, once and for all," Erdogan told a meeting of a traders' confederation. "Every business in this country needs to be priced, discussed and carried out with our own currency," he said, adding that further moves to support the lira were on the way. (REUTERS)

to support price stability."

The bank must balance concerns over slipping growth, which, although a robust 5.2 percent in the second quarter on an annual comparison, showed signs of weakness with some analysts predicting Turkey is heading for recession.

"Deterioration in the price-

behaviour continues to pose upside risks on the inflation outlook, despite weaker domestic demand conditions," the bank added.

Economists have argued the nominally independent bank has come under pressure from Erdogan who, only a couple of hours before its

decision, launched a blistering attack on the bank and described interest rates as a "tool of exploitation".

"Interest rates are the cause, inflation is the result. If you say 'inflation is the cause, the rate is the result', you do not know this business, friend," Erdogan said.

The bank implemented what economists described as a hidden interest rate hike in mid-August, forcing banks to borrow at the higher 19.25 percent through the overnight lending facility.

The bank later said on Twitter that funding would be provided via the policy rate, the one week repo auction rate, instead of through overnight lending from September 14.

Analysts say the lira's plunge last month had been sparked by a combination of concerns over domestic policymaking and a crisis in relations with the United States.

ECB sticks to stimulus exit plan despite 'uncertainties'

AFP
FRANKFURT AM MAIN

EUROPEAN Central Bank chief Mario Draghi on Thursday played down risks to the eurozone economy in the face of rising "uncertainties", as the bank stuck to its plan to scale back stimulus this year.

"Uncertainties relating to rising protectionism, vulnerabilities in emerging markets and financial market volatility have gained more prominence recently," Draghi told reporters in Frankfurt.

But he added that the ECB remained confident in the "underlying strength" of the euro area economy.

Bank governors decided earlier to hold interest at record lows until well into 2019, and confirmed their intention to wind down their massive bond purchases to zero by the end of the year.

Draghi's summit comes despite growing threats on the horizon, from trade spats sparked by US President Donald Trump's "America First" policies to currency crises in

Uncertainties relating to rising protectionism, vulnerabilities in emerging markets and financial market volatility have gained more prominence recently

ECB chief Mario Draghi



Turkey and Argentina and fresh worries about Italian debt.

"A major source of uncertainty we see in the global outlook comes from rising protectionism," Draghi said. Unveiling the ECB's latest growth projections, Draghi said the bank had slightly lowered its forecast for the eurozone for this year and 2019.

The Italian central banker blamed the revision mainly on "a somewhat weaker contribution from foreign demand".

The bank now expects growth of 2.4 percent in 2018 and 1.8 percent in 2019, down from 2.1 and 1.9 percent in previous staff projections.

The outlook for 2020 remained unchanged at 1.7 percent.

The bank continues to expect inflation to hit 1.7 percent from 2018 to 2020.

India bans 328 combination drugs in a blow to pharma firms

REUTERS
NEW DELHI

THE Indian government has banned 328 combination drugs in a blow to both domestic and foreign pharmaceutical firms, but the ban has been cheered by health activists worried about growing antibiotic resistance due to the misuse of medicines.

The Indian government had in 2016 banned about 350 such drugs, referred to

as fixed-dose combinations (FDCs), but the industry mounted various legal challenges that prompted the Supreme Court to call for a review by an advisory board.

The health ministry on Wednesday said the board had found there was "no therapeutic justification for the ingredients contained in 328 FDCs and that these FDCs may involve risk to human beings".

It said it was prohibiting

the "manufacture for sale, sale or distribution for human use" of the 328 FDCs with immediate effect. It did not name the drugs or give any brands.

The president of the Indian Drug Manufacturers' Association, Deepnath Roychowdhury, said the order would have an impact on a market worth an estimated 16 billion rupees (\$222 million) a year for such drugs, which are produced by both small and large

pharmaceutical companies.

He said the verdict would be respected. Combination drugs are used to improve patients' compliance, as it is easier to get patients to take one drug rather than several.

But inconsistent enforcement of drug laws in India has led to a proliferation of such medicines based on state approvals, rather than from the federal government. Health authorities have

warned that the increasing use of antibiotic combinations may be contributing to antibiotic resistance, with India of particular concern because of the large volume of combination drugs being taken.

Malmi Aisola of the All India Drug Action Network welcomed the government ban, saying it was a step towards addressing a "grave situation".

The people of India have been made the consumers

of unsafe medicines for too long," she said.

Companies such as Indian unit of Abbott Laboratories had filed court appeals against the government's 2016 order.

Abbott did not respond to a request for comment and it was not immediately clear how the ban would impact it.

The ministry also said 15 FDCs had been kept out of the purview of the current ban.

US consumer prices rise modestly; jobless claims near 49-yr low

"There is no reason to suspect that the weaker increase in consumer prices in August is the start of another dip like we saw in early 2017," said Paul Ashworth, chief US economist at Capital Economics in Toronto.

"With labour market conditions tight, wage growth accelerating and input prices being pushed up by capacity constraints and recently imposed tariffs, there is plenty of upward pressure on prices."

The Consumer Price Index increased 0.2 percent last month after a similar gain in July. In the 12 months through August, the CPI increased 2.7 percent, slowing from July's 2.9 percent advance. Excluding the volatile food and energy

components, the CPI edged up 0.1 percent. The so-called core CPI had increased by 0.2 percent for three straight months.

In the 12 months through August, the core CPI increased 2.2 percent after rising 2.4 percent in July. Economists polled by Reuters had forecast the CPI climbing 0.3 percent and the core CPI gaining 0.2 percent in August.

The inflation report will probably do little to change expectations that the Federal Reserve will raise interest rates at its Sept. 25-26 policy meeting. The US central bank has raised rates twice this year.

The Fed tracks a different inflation measure, the personal consumption expenditures

(PCE) price index excluding food and energy, for monetary policy. The core PCE price in-

The Labour Department said initial claims for state unemployment benefits slipped 1,000 to a seasonally adjusted 204,000 for the week ended September 8, the lowest level since December 1969

index increased 2.0 percent in July, hitting the Fed's 2 percent target for the third time this year.

An escalating trade war between the United States and

China is expected to drive up the dollar dropped against a basket of currencies. US stock index futures were trading higher.

Last month, gasoline prices rebounded 3.0 percent after dropping 0.6 percent in July. Food prices edged up 0.1 percent, matching July's rise. Food consumed at home was unchanged.

Owners' equivalent rent of primary residence, which is what a homeowner would pay to rent or receive from renting a home, rose 0.3 percent in August after advancing by the same margin in the prior month. The rent index shot up 0.4 percent.

Healthcare costs decreased 0.2 percent last month, match-

ing July's drop, as prices for doctor and hospital services fell. Apparel prices tumbled 1.6 percent, the biggest drop since 1949. It was the third straight monthly decline in apparel prices.

Prices for new motor vehicles were unchanged last month and the cost of used cars and trucks increased for a third consecutive month.

In another report on Thursday, the Labour Department said initial claims for state unemployment benefits slipped 1,000 to a seasonally adjusted 204,000 for the week ended Sept. 8, the lowest level since December 1969.

Economists polled by Reuters had forecast claims rising to 210,000 in the latest week.