

Travelers arrive on foot at Roissy-Charles de Gaulle airport while airport workers demonstrate on July 1 at Roissy airport, north of Paris. Flights from Roissy-Charles de Gaulle airport in Paris and other French airports faced disruptions Friday as airport workers held a strike and protests to demand salary hikes to keep up with inflation. (AP)



stuck bags add to tangles at Paris airports amid travel boom

Airlines worked Saturday to deliver luggage to passengers around the world after a technical breakdown left at least 1,500 bags stuck at Paris' Charles de Gaulle airport, the latest of several tangles hitting travelers this summer.

The airport's baggage sorting system had a technical malfunction Friday that caused 15 flights to depart without luggage, leaving about 1,500 bags on the ground, according to the airport operating company. The airport

handled about 1,300 flights overall Friday, the operator said.

Union activists said many more passengers flew without their bags, apparently because of knock-on effects from the original breakdown.

It came as airport workers are on strike at French airports to demand more hiring and more pay to keep up with high global inflation. Because of the strike, aviation authorities canceled 17% of flights out of the Paris airports

Friday morning, and another 14% were canceled Saturday. Passengers on canceled flights were alerted days ahead of their flights. The scene at Charles de Gaulle on Saturday was busy but typical for the first weekend in July, when France's summer travel season kicks off.

Unions plan to continue striking Sunday but no flights have been canceled so far. They have threatened to renew the strike next weekend if negotiations with

company management don't succeed in finding a compromise.

Until now, French airports had been largely spared the chaos seen recently at airports in London, Amsterdam and some other European and U.S. cities. Airlines and airports that slashed jobs during the depths of the COVID-19 crisis are struggling to keep up with soaring demand as travel resurges after two years of virus restrictions. (AP) — See Also Page 8

Market Movements

03-07-2022

	Change	Closing pts		Change	Closing pts
SAUDI EGYPT	-	Tadawul	-58.27	11,464.98	
	-	EGX 30	-216.72	9,008.89	



Business

Energy lone gainer, buoyed by surging oil and gasoline prices

From stocks to crypto, a punishing 6 mths for investors

NEW YORK, July 3, (AP): Americans with stock portfolios or retirement investment plans would likely prefer to forget the last six months.

The S&P 500, Wall Street's broad benchmark for many stock funds, closed the first half of 2022 with a loss of more than 20% after starting the year at an all-time high. It's the worst start to a year since 1970, when Apple and Microsoft had yet to be founded.

Investors have been grappling with uncertainty and fear this year following a sharp rise in interest rates as the Federal Reserve and other central banks scrambled to tame the highest inflation in more than 40 years. Higher rates can bring down inflation, but they also slow the economy, raising the risk of a recession. That's helped drag down the value of stocks, bonds, cryptocurrencies and other investments.

On June 13, the S&P 500 tumbled into a bear market, dropping more than 20% below the record high it set in early this year. It's now 21.1% below that Jan. 3 all-time high, back to where it was in early March of last year.

The Fed has been at the center of the market's downturn, raising its key short-term interest rates three times this year. Its most recent increase earlier this month was triple the usual amount and its biggest hike since 1994. More outsized increases are almost certain.

"You can argue that they're just playing the hand they were dealt, but the reality is they got caught a little bit behind the curve and their pivot toward a much more aggressive policy stance has been the reason the market has sold off," said Ross Mayfield, investment strategist at Baird.

One winner, many losers

Technology companies, retailers and other stocks that were big winners during the pandemic have been among the biggest losers this year. That includes a more than 36% tumble for Tesla, a 71% nosedive for Netflix and a more than 50% plunge for Facebook parent Meta.

Rising bond yields have made these stocks look overpriced relative to less-risky corners of the market, such as utilities, household goods makers and health care firms. These are often called "value" stocks to distinguish them from stocks of high-growth companies.

Energy is the lone gainer this year among the 11 sectors in the S&P 500. The sector is up more than 29% so far, buoyed by surging oil and gasoline prices.

Of the 21 stocks in the index that have risen more than 20% this year, all but seven are energy companies.

Pump pain, energy's gain

The soaring prices at the pump are the result of a classic squeeze.

Demand surged for gasoline and other oil products after the economy roared out of the cavern created by the coronavirus. At the same time, supplies for crude oil and gasoline have remained tight. The invasion of Ukraine upset a key energy-producing region of the world, with sanctions blocking oil from Russia, which ranked third in the world for oil production at the end of last year.



Left: AUK students at Boursa Kuwait. Right: Group photo of AUK students at Boursa Kuwait.



AUK College of Business and Economics arranges field trip to Boursa Kuwait

The American University of Kuwait (AUK) College of Business and Economics (CBE) arranged a field trip to the stock market, Boursa Kuwait, to enrich students' learning experience through practical means. Dr. Wafa Sbeiti, Associate Professor of Finance, arranged the trip for students enrolled in the Financial Markets and Institutions and Portfolio Management courses.

Boursa Kuwait representatives spoke to the students about the company's origins and establishment, Kuwait's stock market history, the best operational prac-

tices used in stock markets, as well as additional information on trade practices.

Boursa Kuwait's most recent financial developments were also discussed, including how it maintains its high international ranking. The presentation was followed by a tour where students saw clearance offices, digital screens, and brokerage firms. Students also got a tour of the new Nasser Al-Kharafi and Jassim Al-Bahr Trading Hall.

"Our trip to Boursa Kuwait was very beneficial since

Meanwhile, refineries have less ability to turn oil into gasoline in the U.S. after several shut down during the pandemic. U.S. refining capacity has dropped for two straight years, according to the U.S. Energy Information Administration.

As a result, gasoline prices have shot to records this year, with the national average for a gallon of regular topping \$5 per gallon earlier this month, according to AAA.

That's meant misery for many drivers, but a nice payoff for investors who bet on energy stocks.

For such strength to continue, though, worries about a recession would have to abate. Recessions have historically led to drops in oil prices by destroying demand. And over the last week, stocks of energy companies have dropped even more than oil prices as some investors grew more fearful of just such a scenario, according to strategists at Barclays.

Busted bonds

Sometimes even the calm one in the group loses their cool.

Bonds are supposed to be the steadier, more reliable part of a portfolio. But they not only slammed investors with losses in the first half of this year, they're on pace for one of their worst performances in history.

High-quality, investment-grade bonds were down 11.3% for the first six months of 2022, as of Monday. Any down year is a notable thing for bonds. The Bloomberg US Aggregate index, which many bond fund use as their benchmark, has had just four losing years on records going back to 1976.

This year's losses are entirely the result of high inflation and the Fed's response to it. Inflation is generally anathema to investors because it erodes the purchasing value of the fixed payments bonds will make in the future.

"we got to learn more about the stock market and how we can open an account to buy stocks and invest. It was a pleasant experience to walk around Boursa and discover the history behind it and how the Kuwaiti stock market has evolved through time," said one of the students.

Field trips as such give students the opportunity to expand their knowledge outside the classroom and gain experiences that will aid them in implementing their coursework material.

The yield on the 10-year Treasury has already more than doubled this year. It stood at 2.98% Thursday afternoon. More pressure may be on the way as the Fed keeps raising rates, though some analysts say the worst of the damage may have passed.

Strategists at the Wells Fargo Investment Institute recently hiked their forecast for where the 10-year Treasury will end this year to a range of 3.25% to 3.75%. But they also see it moderating the next year to a range of 2.75% to 3.25%.

S&P GCC composite index fell by 9.7% for the month

Markaz: GCC markets down in June due to aggressive U.S. Fed tightening; Oil down by 6.5%

Kuwait Financial Centre
"Markaz" recently released its Monthly Market Review report for the month of June 2022.
Kuwait's All Share Index fell by 5.3% in the month of June as negativity in global markets caught up to the GCC region. The risk off sentiment among investors due to global economic growth concerns amid inflation and monetary policy tightening impacted Kuwait equities. Oil prices were down by 6.5% for the month with downwards pressure on demand amid weaker economic outlook.

Among sectors, Boursa Kuwait's Consumer Staples and Basic Materials declined the most for the month at 19.1% and 16% respectively. Almost all the sectors ended negative this month except for Technology and Insurance, which remained positive with an increase of 4.3% and 2.6% respectively.

Among Premier Market stocks, Mezzan Holding and Gulf Cable and Electricals fell most for the month, declining 19.4% and 17.7% respectively.

Mezzan Holding's shares fell after the company reported a 39.5% y/y decline in their operating profit in Q1 2022 due to rising input costs.

Jazeera Airways increased at the end of month on the back of new services and routes added in Europe and increased forecasted pilgrimage demand for the annual hajj rituals starting next month.

Central Bank of Kuwait has raised its discount rate by 25 bps to 2.25% in the month of June.

The move came on the back of U.S. Fed's 75 bps rate increase - its steepest hike in 28 years. Relative to the U.S.

Federal Reserve's interest rate hike in 2022 summing to 1.5%, Central Bank of Kuwait has been less aggressive in raising interest rates, hiking rates only by 0.75% (25 bps thrice) in 2022.

Inflation (CPI) in Kuwait touched 4.4% in the first four months of 2022, while the Economist Intelligence Unit forecasts the annual average inflation in the country to be around 5.5% in 2022. According to the Institute of Chartered

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Accountants in England and Wales and Oxford Economics, Kuwait is set to post budget surplus this year at 6.2% of GDP, its first since 2014. Kuwait has allocated about USD 11.5 billion to implement oil and gas projects during the coming years, which are divided into several stages according to the progress that has been achieved. The country's exports of feedstock to independent Chinese refineries rose by 86.1% y/y in the first five months of 2022.

Regionally, S&P GCC composite index fell by 9.7% for the month. All GCC markets ended negative for the month. Saudi Arabia and Abu Dhabi equity indices declined the most among GCC markets, falling 10.8% and 6.8% respectively over the month.

Qatar and Dubai indices declined by 5.6% and 3.7% respectively over the same period. All the GCC sectors ended the month in red, with Industrials and the basic materials sector losing the most for the month at 10.6% and 10.3% respectively.

Real Estate and Banking sector was also down by 9.9% and 9% in June. Among GCC blue chip companies, the banking stocks were the worst performers, with Riyad Bank and Al-Rajhi Bank, declining 16.3% and 16.6% respectively over the month.

Most of the GCC central banks also raised interest rates during the month, with UAE, Qatar and Bahrain raising rates by 75 bps each and Saudi Arabia raising rates by 50 bps, in response to U.S. Fed's 75 bps rate hike. Dubai's GDP grew by 5.9% touching \$27.8bln in Q1 2022 on the back of Dubai Expo, government's fiscal measures and the post-pandemic tourism boom in the region. The UAE has been ranked first in the gulf region and 19th globally in attracting foreign direct investment (FDI) inflows as per the World Investment Report 2022 issued by the United Nations Conference on Trade and Development.

Developed markets' performance was negative during the month of June with MSCI World and S&P 500 losing 8.8% and 8.4% respectively on concerns of a possible recession amid inflation and aggressive quantitative tightening. Japan's TOPIX was down 2.2% while UK's FTSE lost 5.8%. U.S. headline CPI increased by 8.6% y/y, touching a new 40-year high in May 2022. Inflation concerns continued in the U.K. as well, with CPI rising to 9.1% y/y in May, the highest in 40 years and the highest among G7 countries. U.S. Fed Chair has commented that the Fed, while not trying to engineer a recession, is committed to bringing prices under control even if doing so risks a recession. He has also stated that U.S. labor markets are unsustainably hot. Bank of England has also increased rates by 25 bps to 1.25%, the highest level in 13 years. ECB's chief has reaffirmed the central banks to hike rates twice this summer.

Oil prices were down by 6.5% for June 2022, although clocking a year-to-date increase of 47.6%. The oil prices were under pressure in the month of June on concerns of weakening fuel demand amid weaker economic growth. Downward pressure on demand stems from investor fears of an anticipated economic recession. U.S. President, Joe Biden, has called for a gas tax relaxation for the summer months, which could help in increasing oil demand.

ABK Sponsors Career Day at Kuwait University's Faculty of Public Health



ABK was pleased to be the prime sponsor of the first career day by the Faculty of Public Health at Kuwait University. Held under the patronage of Professor Yousef Mohammad Al-Roomi, at the university campus located at Al Shadadiya.

ABK's partnership with Kuwait University and sponsorship of the career day stems from the Bank's dedication to support fresh graduates as they embark on their professional careers. The Bank aims to instill banking awareness amongst students, as well as equipping them with tailored financial products as they take their first step in navigating the labour market.

The Bank also promoted its A+ account to the students of Kuwait University, as a product created by the Bank in its efforts to increase financial literacy and educate different segments of the community. The new A+ Student Account aims to build a culture of healthy savings amongst the youth. This account is custom-made for youth between the ages of 16 – 25 years as a means to support them during their financial independence journey and prepare them for a digital and



Dr. Haneen Al Rumaihi

cashless tomorrow.

The new A+ Student Account provides youngsters with a wide range of alluring services, students transferring their educational allowance will receive a cash gift of KD 50, in addition to entering the draw for a chance to win a Fiat Car. A+ account holders receive an exclusive offer from VOX Cinemas 'BUY 1 GET 2 TICKETS FREE' and special discounts from well-known merchants and partners.

Speaking on this occasion Dr. Haneen Al Rumaihi, Assistant General Manager of Retail Banking at ABK said, "At ABK, we invest significantly in fostering

younger generations as we know that they are our assets and the future of Kuwait. We are very pleased to continue supporting Kuwait University in its on-campus initiatives that aim to raise financial awareness among the youth. ABK showcases the 'Diraya' Let's Be Aware banking campaign that sheds light on the rights related to banking developed by the Central Bank of Kuwait and the Kuwait Banking Association."

"ABK continues to deliver on its 'Simpler Banking' promise through new products and increasingly advanced digital services tailored for the youth. Moreover, the Bank will continue curating services that enrich consumers' banking experience and offer them curated services that supplement their lifestyles," added Dr. Al Rumaihi.

In line with its vision to simplify its offerings for valued customers, ABK will continue to participate in relevant industry events that provide opportunities to discuss the banking and financial industries in great detail; and look for means to overcome existing challenges.

For more information about the A+ Student Account Campaign, kindly visit eahli.com