

# The Business

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## Dow extends losing streak

**NEW YORK:** The S&P 500 cut earlier losses yesterday to end slightly lower, while the Dow declined for an eighth straight session, as investors assessed how the defeat of President Donald Trump's first major legislative action would impact the rest of his agenda.

With stocks soaring to record highs after Trump's election, investors are concerned about the fate of his economic plan, including tax reform and infrastructure spending. Congressional Republicans pulled their healthcare overhaul bill on Friday after failing to gather enough votes.

But some analysts and investors are hopeful the healthcare bill's failure will pave the way for quicker action on legislation deemed desirable by investors, namely tax reform.

"Tax legislation done right and done quickly is a big stimulant to earnings and the market," said Chase Investment Counsel president Peter Tuz.

"The idea that tax legislation will come much quicker than it would have if the healthcare legislation passed is positive, and I think people are grasping onto that as a reason to hang on and buy more," Tuz said.

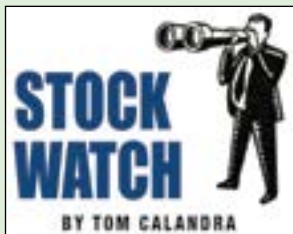
The Dow Jones Industrial Average fell 45.74 points, or 0.22 per cent, to 20,550.98, the S&P 500 lost 2.39 points, or 0.1pc, to 2,341.59 and the Nasdaq Composite added 11.64 points, or 0.2pc, to 5,840.37.

The Dow's eighth straight decline marked its longest such streak in nearly six years.

The benchmark S&P 500 had fallen as much as 0.9pc initially yesterday and briefly dropped below its 50-day moving average for the first time since just after the November 8 US presidential election.

The S&P 500 has climbed 9.4pc since Trump's election, but the rally has stalled recently.

"What we have seen the last three years, every time there's a drastic down move, the market has been so resilient," said Longbow Asset



Management chief executive Jake Dollarhide. "It's just incredible what type of short-term memory this US market has and the buying appetite global investors have for the US market."

The telecoms sector fell 0.7pc while financial shares dropped 0.5pc.

Healthcare climbed 0.4pc, helped by hospital stocks after the healthcare bill's failure.

In corporate news, Snap shares jumped 4.8pc after several of the Snapchat owner's IPO underwriters gave it "buy" ratings.

About 6.3 billion shares changed hands in US exchanges, below the 7.1bn daily average over the last 20 sessions.

The S&P 500 posted 11 new 52-week highs and seven new lows; the Nasdaq Composite recorded 62 new highs and 54 new lows.

US long-dated Treasury yields dropped to one-month lows yesterday.

US 10-year note yields have declined by a quarter of a percentage point, while that of 30-year bonds have dropped 20 basis points.

In late trading, benchmark 10-year note price gained 8/32 to yield 2.367pc, down from Friday's 2.4pc. Yields earlier fell to 2.348pc, their weakest level in one month. US 30-year bond prices rose 15/32, yielding 2.976pc.

Earlier, yields slid to 2.96pc, their lowest since February 28.

A decent \$26bn US two-year note auction pushed their yields above the lows. US two-year note yields were at 1.252pc in the afternoon session, off a one-month trough of 1.228pc hit earlier yesterday.

The US note priced at 1.261pc at the auction, lower than the expected yield at the bid deadline, and higher than February's 1.230pc award rate.



■ Nass board members and executive management at the AGM

# Nass announces 5pc cash dividend

**MANAMA:** Shareholders of Nass Corporation will get cash dividend of five per cent for 2016.

This announcement was made during the company's annual ordinary general meeting held at Sheraton Hotel yesterday.

The company will pay cash dividend

totalling BD1.075 million at the rate of 5pc of paid-up capital on its 215.077m shares (excludes treasury shares).

Chairman Sameer Abdulla Nass said the company has achieved a gross turnover of BD135.818m (BD99.284m for 2015), up by 37pc year-on-year (YoY).

It achieved a net profit of BD3.044m (BD2.668m for 2015), up by 14pc YoY.

"The year 2016 was challenging as turnover growth translated into only a marginal growth in profit in view of the challenges posed by adverse macro-economic factors," Mr Nass said.



■ Middle East Medical Centre, a part of the Al Namal Group, and MedNet Insurance have signed a memorandum of understanding whereby the insurance company will now provide insurance cover to patrons who avail of Ayurveda treatments from Santhigiri. The MoU was signed by VKL Holdings and Al Namal Group chairman Dr Varghese Kurian and the insurance company's network assistant manager Dr Waleed Bakry. Located in the Hidd branch of Middle East Medical Centre, the Santhigiri Ayurvedic Centre provides latest advancements in herbal medicine, along with a focus on traditional Indian therapies. Above, officials from both companies at the signing.

## Saudi makes IPO more attractive

**JEDDAH:** Saudi Arabia's government has cut the income tax paid by national oil giant Saudi Aramco to smooth the company's initial public offer (IPO) of shares next year, which is expected to be the world's largest equity sale.

A royal decree yesterday, retroactive to January 1, set a tax rate of 50 per cent for the firm. Previously, Aramco had paid 85pc tax, plus a 20pc royalty levied at a different stage; the decree did not mention the royalty.

The step appeared likely to reduce Aramco's tax burden by as much as tens of billions of dollars, which could make the firm

much more attractive to private investors. Saudi authorities had been considering such a change for months, sources said.

"The royal order is a milestone in setting the stage for the world's biggest IPO. I am sure there will be more such moves to follow in coming weeks and months," an oil industry executive said.

"It shows the Saudi government is serious about the IPO of Saudi Aramco, and this is a very strong message to those who doubted that the government will follow through on taking Aramco public."

The government aims to sell up to 5pc of Aramco, listing the shares in Riyadh and at least one foreign exchange, to raise cash for investment in new industries, as the kingdom seeks to diversify its economy beyond oil exports in an era of cheap crude.

Saudi officials have predicted the IPO will value the company at \$2 trillion or more. Many private analysts have been sceptical, making estimates below \$1trn, but a 50pc tax rate could bring the offer closer to \$2trn.

"This move carries strategic benefits for Saudi Arabia, its citizens and future generations," Finance Minister Mohammed Al Jadaan said in a statement about the tax cut.

However, analysts said the measure might not have a big impact since tax revenue was expected to be replaced by dividend payments from Aramco. The firm has not revealed its post-IPO dividend policy.

Industry executives have said the IPO will help Aramco expand its business in line with market principles and form partnerships with private sector companies around the world.

## VIVA bids to acquire Nuetel

**MANAMA:** VIVA Bahrain has made an official bid to acquire Nuetel Communications Company, a subsidiary of Ossis Property Developers Company headquartered in Amwaj Islands.

In a public notification posted on its website, the Telecommunications Regulatory Authority (TRA) said on March 6 it received notification from VIVA Bahrain of a proposed agreement with OSSIS Property Developers to acquire 100 per cent of the common equity of Nuetel Communications.

TRA said the procedure is to ensure that the deal does not raise any serious doubts as to its compatibility with Article 4 of the Regulation and is compatible with national laws.

Since the summer of 2014, Nuetel Telecommunications has been in agreement with Batelco and delivers its services to the residents of the Amwaj Islands.

VIVA Bahrain launched its services in March 2010, and is a subsidiary of Saudi Telecommunications Company.