

# The Business



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■ **Industry and Commerce Minister Dr Hassan Fakhro received Engineer Fahmi Ali Al Jowder, who introduced general manager of an Australian company Andrew Jackson and Stone Wings Trading Company manager Fathi Mohammed to him. Dr Fakhro hailed the efforts of investors and the private sector in promoting Bahrain as an investment destination.**

## Falling energy prices signal slowing growth

**LONDON:** A sharp fall in energy prices around the world signals worse to come for the slowing global economy as China's decade-long boom peters out, in addition to Europe's long struggle with recession.

The price of oil, the world's most important fuel source, has dropped 20 per cent since the summer to below \$92 per barrel, a level last seen in June 2012. Energy analysts initially said the price declines were largely the result of greater supply, citing the North American shale boom,

the tapping of new offshore reserves worldwide and greater output of coal.

But analysts have also begun pointing to a slowdown in demand. They cite China's ebbing thirst for oil and what could be its first drop in demand for coal in over a decade as indicators of a sharper slowdown in the world's second-biggest economy.

"China's initial economic acceleration has faded. With the US acceleration reaching its limits, we have seen our Global Leading Indicator slip into slowdown," Goldman Sachs said in a research note.

"Without re-acceleration outside the US, this may not change quickly," the bank said.

Goldman said China could still get close to its economic growth target of 7.5pc for this year, but "there is a good chance of more slowing early next year".

That would have profound implications worldwide, since the economies of China and the US have been growing, while Europe and Japan continue to struggle in the wake of the financial crisis.

"Overall, the global economy is weaker than we had envisaged even six months ago," International Monetary Fund (IMF) chief Christine Lagarde said in Washington.

"Only a modest pickup is foreseen for 2015 as the outlook for potential growth has been pared down."

The IMF holds its annual meeting next week and will release its latest World Economic Outlook beforehand.

Further affecting demand for fossil fuels, households and industries in developed economies are becoming more efficient in using energy and are moving more to renewables and other alternative fuel sources.

Coal has almost halved in value since spring 2011 to levels at which most producers are losing money. Gas prices in Europe have fallen over 6pc this year despite the crisis between Russia, its main supplier, and Ukraine, a vital transit route for EU imports.

## Hotels boost

**MANAMA:** Managers at major hotels in Bahrain have reported 85 per cent occupancy on the first day of Eid holidays.

It is expected to rise to more than 95pc during the second day, they told our sister paper *Akhbar Al Khaleej*.

Five-Star Hotels Society head Abdulnabi Al Daylami said the overall average occupancy rate on the first day of Eid was between 80pc and 85pc, which he expects to increase to 95pc today. He said some four-star hotels are witnessing much greater demand.

Gulf Hotel's Group chief executive Aqeel Raees said the occupancy rate on the first day was more than 90pc, noting that the figure is expected to rise to 100pc through the rest of the holiday season.

# Egypt economy 'to grow 3.3 per cent this year'

**CAIRO:** Egypt's economy is set to grow 3.3 per cent this fiscal year, according to economists polled by *Reuters*, who nudged up their forecasts from last quarter as confidence has started to return.

The forecast is close to the government's prediction of 3.5pc growth in gross domestic product (GDP).

Three years of turmoil since the uprising that toppled Hosni Mubarak from power has hit the economy, discouraging investors, causing tourists to flee and slashing growth to below 2pc in the 2010-11 financial year.

Egypt has received more than \$12 billion in aid from Gulf states since

former army chief Abdel Fattah Al Sisi removed president Mohamed Mursi of the Muslim Brotherhood in July 2013.

The assistance has kept the economy afloat but the government is also introducing reforms as it tries to encourage growth while curtailing its budget deficit.

In July, Egypt slashed energy subsidies that have long weighed on state finances, resulting in price rises but sending a signal that it was willing to push ahead with reforms.

The consensus of 11 economists polled by *Reuters* in the past two weeks was for economic growth of 3.3pc in

the current fiscal year ending June 2015 – above the 3.2pc forecast in a poll published in May.

Egypt's GDP grew 2.1pc in 2012-13, but growth figures for last year have not been issued.

Finance Minister Hany Kadry Dimian said earlier that GDP grew 3.5pc in the fourth quarter of the 2013-14 fiscal year, suggesting the economy was recovering.

Dimian had said in July that Egypt was targeting growth of 4 to 5.8pc over the next three years.

That target falls broadly in line with analysts' expectations in the poll.

They forecast that growth would

accelerate to 4pc in the next fiscal year and 4.5pc in 2016-17.

Though growth forecasts have improved, subsidy cuts are lifting inflation.

Analysts raised their inflation forecasts for this financial year to 11.8pc, from 9.7pc in the previous quarterly poll. Inflation would ease to 9.7pc in the next financial year and 8pc in 2016-17, the latest poll predicts.

Urban consumer inflation stood at 11.5pc in August, up from 11pc the previous month and 9.7pc a year earlier.

Core inflation stood at 10.07pc in August, up from 8.97pc a year ago.

## Virgin Money planning to raise \$243m

**LONDON:** Virgin Money, the British challenger bank founded and partly owned by entrepreneur Richard Branson, said it plans to raise £150 million (\$243.3m) from a stock market listing in London.

Branson's Virgin Group and WL Ross, a US-based investment vehicle, collectively own 90 per cent of Virgin Money.

Virgin said those two and other shareholders and employees will also sell shares in the offer so that the free float of the company will be at least 25pc when it lists.

Analysts have estimated the company could be valued at between £1.5 billion and £2bn, indicating that more than £375m of new and existing shares will be sold in the offer.

Virgin said the £150m of new shares it sells will support its growth and boost its capital strength.

The company will also pay £50m to the UK Treasury on completion of the offer, under the terms of its purchase of nationalised lender Northern Rock in 2011.



■ **Euro Motors, the exclusive dealer and distributor for luxury automotive manufacturer Jaguar Land Rover in Bahrain, is showcasing a wide range of its luxury vehicles at Bahrain City Centre. The event, which opened on Friday and runs until Tuesday, is aimed at giving the public a glimpse of unrivalled luxury, pure aesthetic quality and unparalleled performance. The models that are being displayed include the aerodynamic Jaguar F-TYPE Coupé, the remarkable Jaguar XF and the high-powered Jaguar XJ whilst their Land Rover models on display include Range Rover Evoque, Range Rover Sport and Land Rover LR4.**