

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

52 Week									52 Week								
Stock	Price	Day	Chg	High	Low	Yld	P/E	MCap m	Stock	Price	Day	Chg	High	Low	Yld	P/E	MCap m
Australia (AS)																	
ANZ	23.29	0.02	33.16	21.86	10.76	10.84	50001.09		Nokia	4.85	0.29						
BHPBillitt	18.10	-0.05	27.46	14.08	11.29	23.99	42610.79		Samco	35.40	0.29						
CmWbAust	73.10	0.30	88.88	69.79	7.32	15.57	92328.57		France (E)								
CSL	107.95	-0.87	117.61	65.40	1.36	29.12	36340.68		Arbus Grp	51.1	1.19						
NatAusBank	24.63	0.12	34.90	23.62	11.13	10.83	47942.25		ArtiQuide	90.08	1.37						
Telstra	5.41	-0.06	6.53	4.98	7.20	17.48	48669.95		Avint	17.20	0.82						
Westfarms	39.36	0.15	44.12	36.65	6.49	20.14	32616.26		BNP Paribas	38.35	1.44						
Westpac	28.52	0.14	35.15	27.57	9.50	12.47	70006.17		Credit Agricole	142.00	0.45						
Woolworths	20.63	-0.05	29.22	20.34	6.60	27.91	19412.34		Cred Agr	7.50	0.30						
Belgium (E)																	
ANhBnlBrk	110.25	0.75	124.20	87.73	24.12	17.28	195934.72		Danone	69.91	0.45						
KBC Grp	43.72	2.78	66.00	39.96	4.44	12.80	19873.16		EDF	10.00	0.30						
Brazil (R)																	
Ambev	18.82	0.11	20.46	15.99	2.45	28.13	89029.6		Engie SA	116.52	0.94						
Bradesco	28.03	0.41	32.00	16.02	3.47	9.88	23754.1		Enxys	13.52	0.35						
Cielo	32.99	-0.09	38.56	23.36	1.24	23.84	22479.65		Hermes Int	329.20	8.05						
ItaUnifHfin	25.00	0.33	37.58	21.49	2.54	6.69	22926.97		L'Oréal	165.55	2.55						
Petrobras	11.19	0.39	15.05	5.67	-	-	44.06	25064.45		LMWH	314.65	3.25					
Vale	15.59	0.79	22.19	8.80	5.93	-	3.61	15095.63		Nmrcble-SFR	21.96	0.04					
Canada (CS)																	
BCE	60.61	0.44	61.10	51.56	4.07	23.88	44022.9		Moncler	14.08	0.49						
BKMontri	81.35	1.09	84.55	64.01	3.04	12.88	40209.95		Orange	95.12	0.70						
BKbVas	63.53	0.73	67.40	51.17	4.19	12.03	58417.67		Resi	69.20	0.70						
Brockfield	42.35	0.37	46.52	37.11	1.40	18.36	31952.57										
Brunel	160.70	2.52	212.06	140.02	0.82	12.22	18884.46										
CanImp	100.24	1.38	104.60	82.32	4.38	11.58	30271.48										
CanNat	38.30	0.64	40.59	21.27	2.25	9.27	32129.32										
CanNatHy	74.93	1.20	83.81	66.62	1.64	17.65	45545.42										
Enbridge	53.54	-0.13	59.76	40.03	3.37	31.73	38026.76										
Imperial	32.95	0.34	35.50	30.42	3.77	13.07	25013.76										
ImpCo	39.33	0.47	46.40	37.25	0.85	59.48	25483.37										
Manulife	16.88	0.41	23.89	15.52	3.86	15.01	25454.91										
Potash	20.74	0.08	39.45	20.03	8.89	14.89	13308.74										
RYBank	76.12	0.92	80.97	64.52	3.94	12.05	86604.88										
Suncor	34.91	0.58	40.38	27.32	3.38	30.60	20143.59										
TherInust	50.58	0.22	55.92	42.75	3.32	27.27	29087.73										
TnCom	57.02	-0.26	57.95	40.68	3.49	31.36	30621.49										
ValeantPh	25.72	1.22	34.94	24.32	-	-	9.58	6744.09									
China (HK)																	
AgricultC	2.95	0.03	4.21	2.50	6.97	4.89	11865.67										
BKChina	2.97	0.04	5.08	2.83	7.23	4.86	32004.75										
BKComCm	5.04	-	8.22	4.24	6.05	5.04	22739.85										
BOE Tech	1.81	-0.06	4.30	1.55	1.00	34.06	44.61										
ChinaGres	6.01	0.18	11.90	5.77	2.98	7.45	4571.97										
Ch EverGrnt	3.44	0.02	4.72	3.07	6.11	4.91	3044.91										
ChinaTob	9.23	-0.26	12.64	6.72	1.83	8.53	2469.63										
Ch Rail Grp	5.14	0.52	8.42	4.21	1.59	9.45	3003.74										
ChinaRMB	6.79	-	14.38	6.58	26.56	3.97	34.94										
CSShipping	2.83	0.01	5.85	2.66	-	6.20	6701.54										
CSShipping	4.41	-	6.35	3.72	6.55	5.15	49325.06										
ChMinSheng	15.28	0.03	17.88	10.52	5.97	15.48	6205.13										
ChinaRMB	20.08	-0.07	27.36	14.00	6.17	7.88	33033.72										
SaiaM RMB	0.16	-0.01	0.33	0.12	-	0.24	51.88										
Shenwanrong	15.28	0.03	17.88	10.52	5.97	15.48	6205.13										
Shenwanrong	5.34	-0.01	7.67	3.86	4.19	6.54	17565.07										
Sinopac Corp	3.83	0.10	14.23	3.60	-	-	38.86	1027.45									
Denmark (K)																	
DanBank	171.90	5.06	218.00	164.20	4.44	13.48	45213.35										
Novo Nordisk	80.65	0.05	102.40	65.00	5.52	12.72	13212.14										
NovoB	348.50	6.60	415.00	305.10	7.35	27.17	110420.35										

52 Week										52 Week									
Stock	Price	Day	Chg	High	Low	Yld	P/E	MCap m	Stock	Price	Day	Chg	High	Low	Yld	P/E	MCap m		
Finland (E)																			
Nokia	4.85	0.29	7.11	4.48	2.76	29.14	31262.48		Safran	57.82	1.80								
Ericc	81.35	1.08	84.15	51.96	4.07	20.44	40029.95		Sanofi	72.82	2.40	1.01							
BKwNA	62.53	0.73	67.40	51.17	4.19	10.203	39417.61		Schneider	33.81	1.00								
Brodfi	43.25	0.37	46.52	37.11	4.18	12.86	31952.57		Unibail	28.95	0.51								
Impra	180.70	2.52	212.06	140.02	4.32	17.22	18084.48		Total	41.39	1.07								
Candip	100.34	1.38	104.05	82.09	4.30	11.58	32877.48		Vinci	60.38	2.75	2.20							
365	36.50	0.01	37.00	36.00	3.77	17.73	30326.36		Wvendi	15.77	0.49								
CandEnth	74.53	1.20	83.81	66.62	1.94	15.75	44515.42		Germany (E)										
CandNA	54.54	-0.13	59.60	40.03	3.37	31.73	30026.76		Allianz	124.00	3.65	1.00							
GmWiss	32.95	0.24	35.40	30.42	3.77	10.37	25013.76		Bayer	65.91	0.92								
Impra	39.35	0.47	49.50	37.05	5.88	58.48	25483.37		BMW	65.83	0.16	1.16							
Merck	16.88	0.41	23.89	15.32	3.86	15.50	23654.91		Daimler	110.00	3.40	2.20							
Roche	20.45	0.05	21.45	20.00	3.98	13.50	14330.74		Continental	53.68	0.31								
MyRic	76.12	0.92	80.09	64.34	3.24	12.05	86654.98		Deutsche Bank	22.65	0.11								
Suncor En	34.91	0.58	40.35	27.32	3.09	38.20	44881.79		Deut Thom	24.26	0.58								
TherReut	50.58	0.22	55.92	47.29	3.27	22.77	29007.13		DeutsPost	24.26	0.59								
Vnd	51.05	0.63	58.13	47.95	3.48	13.23	7474.64												
Yield	4.40	0.72	54.75	47.45	3.49	31.38	38620.19												
YieldPH	75.12	0.27	98.78	76.30	3.32	61.61	61.61												

.....

The logo for Dragon Capital, featuring the words "DRAGON CAPITAL" in a bold, sans-serif font, followed by a stylized black dragon icon. Below the logo, the website "www.dragoncapital.com" and email "info@dragoncapital.com" are listed in a smaller, lowercase sans-serif font.

MARKETS & INVESTING

Authors' Note

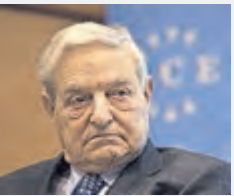
Vote shows expectations and reality are deeply entwined

George Soros's name is already forever intertwined with sterling. But the great hedge fund manager, who forced the pound out of the European Exchange Rate Mechanism in 1992, has also provided the concepts necessary to explain the awkward dance between the markets and politics, as the British political establishment contemplates whether there is a way to step back from exiting the EU.

Back in 2008, on the eve of the financial crisis, Mr Soros published a theory of markets that owed more to philosophy than to economics or finance. The central idea, which had guided his thinking for decades, was "reflexivity" — the ability of markets to alter and create their own reality. For example, fear that rates will fall leads to lower bond yields.

The past week was dominated by reflexivity, and the chances are that the next chapter of the drama will be as well.

Last Monday the polls suggested that the UK's referendum was too close to call. But many felt that the appalling murder of the Labour MP Jo Cox would be a turning point.



George Soros's concept of 'reflexivity' helps explain the awkward dance between the markets and politics

A series of interrelated market events followed. British bookies slashed the odds of a Remain victory, which by the time the polls closed on Thursday was rated a racing certainty.

Meanwhile prediction markets, in which investors buy "futures" linked to political outcomes, shifted. Almanis put the chance of Remain at more than 80 per cent on the day.

These markets are moved by the weight of money. Bookies reported that far more people bet on Leave, but bets on Remain were for much greater amounts. So the odds changed.

Foreign exchange, reflecting infinitely greater sums of money, also moved. By late Thursday, the pound briefly topped

\$1.50 for the first time all year, a level that implied near-certainty that Britain would not vote to leave. Stock markets rallied.

These moves, when the polls still showed Remain with at best a knife-edge lead, affected views of reality. Nigel Farage, the Ukup leader, said as the polls closed that he thought Remain had edged it, citing friends in the City.

Did this perception change the reality of people's votes? If Remain was perceived as the likely clear winner, did it embolden a protest vote? Or did the prospect of a Remain victory galvanise Eurosceptics who had not otherwise been motivated to vote? We cannot know, but it is possible.

Meanwhile, enthusiasm to bet on Remain created a far greater chance of a serious financial accident as it exposed many to far greater losses. Two trading days later, with sterling down almost 20 cents against the dollar and world stock markets having had their worst two days of the year, such an accident remains possible, even if it should be avoidable.

But the falls bolster the perception that a Brexit will prove a disaster.

This cues another episode of reflexivity, for which investors such as John-Paul Smith of Ecstrat, a London strategy group, are already braced.

Politicians are exploring a way out, whether it be through a second referendum or a snap general election. The possibility of not going through with Brexit is widely canvassed after two awful trading days.

If the market moves to discount the chance that Brexit is abandoned — which is arguably behind yesterday's slight recovery for sterling — the urgency of stepping back will abate. Should two bad days turn into a wholesale plunge, the chance will greatly increase of politicians finding a way out of exiting — creating a profit for those who bet accordingly.

However this bizarre and unprecedented situation plays out, perception and reality in markets and politics are hopelessly interlinked and reflexive. Mr Soros, who forced British politicians to accept market reality once before, is right again. *John Authers*

Sterling and probability of Remain to win referendum



Equities

Despite Brexit worries, oil price and periphery yields appear contained

MICHAEL MACKENZIE AND KATIE MARTIN

As the opening salvos from Brexit recede and markets experience a modest reprieve after two days of hefty selling, investors are gaining some comfort from signs that the turmoil seems to have been contained.

Equities, led by banks, UK house-builders and airlines, along with the currency market, have been the focus of heightened activity since the UK referendum result dawned last Friday.

The pound and share markets remain well below last week's levels, with sterling at a 30-year low, however one striking element so far has been the rela-

tively contained reaction across the broader financial system.

The key currencies to watch are the pound, euro and yen. While the pound rallied yesterday, many expect a short-lived reprieve.

"Since the Brexit vote was the catalyst for global equity market weakness, the value of the pound needs to stabilise before equity investors will feel the worst is past," says Nicholas Colas, chief market strategist at Convergenx.

Playing a key role in any equity market recovery — after a record two-day loss of \$3tn — are financials. After suffering a battering, bank shares enjoyed a solid bounce yesterday.

The Euro Stoxx banks index rose as much as 5.5 per cent after its two-day swoon of 24 per cent, before later easing. UK and US banks were also firmer and showing signs of establishing a floor.

In a similar vein, the euro has stabilised above \$1.10, while traders remain wary of pushing the yen towards ¥100 against the dollar and spurring aggressive action from the Bank of Japan.

Bilal Hafeez, analyst at Nomura, points out that at the end of last week, pretty much every market on the planet was tracking sterling.

"With a few days to digest the Brexit shock, markets are starting to discriminate more carefully," he says. "It . . . makes sense to us to view Brexit as a negative European shock, rather than a global shock."

The dollar has sapped commodities at the margin, but oil prices have only slipped back below \$48 a barrel, a level previously seen in mid-June.

Turning to government bonds, top-tier yields have fallen to record lows, led by Japan and the 10-year gilt, which

5.5%
Rise in Euro Stoxx banks index yesterday

1%
Level that 10-year gilts broke below for the first time

broke below 1 per cent for the first time. The 10-year US Treasury note yield has also dipped under 1.50 per cent, not too far from its record low of 1.38 per cent reached in 2012.

A signal Brexit fears are overblown is if bond yields return to levels seen before UK polls closed last week — that's about 1.35 per cent for the 10-year gilt and 1.75 per cent for the US benchmark.

Crucially, eurozone periphery yields have been contained, in part reflecting the European Central Bank's massive bond-buying efforts. Lower share prices for banks across the region are not feeding a nasty sell-off in peripheral debt.

As Alan Ruskin, strategist at Deutsche, notes: "This is not to gloss over the scale of the political crisis that confronts the UK and the EU, but more to affirm that the financial dislocation is contained and is likely to remain so."

Analysis. Commodities

Bullion dealers stretched by retail demand



Still shining: some investors remain confident the precious metal will keep rising as the UK sorts out the details of withdrawal from the EU
Chris Ratcliffe/Bloomberg

Goldman Sachs recommend clients buy gold only in sterling or euros to mitigate that impact.

"While a leave vote creates upside in gold prices, we believe much of the upside should be in gold denominated in GBP and EUR given the more profound impact that the vote has on Europe," says Jeff Currie, Goldman analyst.

"The ultimate trajectory will depend on the intensity and duration of the uncertainty shock created by the leave outcome and any potential revisions to the US growth outlook, both of which remain highly fluid."

Joe Wickwire, portfolio manager at the Fidelity Select Gold Portfolio, says investors may still look to gold as a way of protecting their portfolio against negative real interest rates, or the rate an investor receives after taking into account inflation.

"This is something that has been going on since the Fed hiked

rates in December," adds Mr Wickwire.

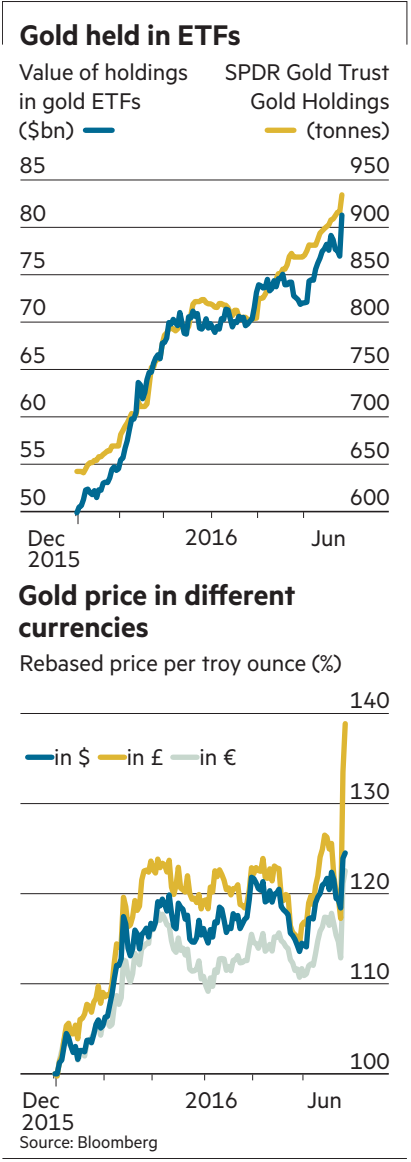
Investment demand could also strengthen further as a result of the upcoming US election, with many pundits seeing evidence of a populist spirit in the Brexit result being reflected by Donald Trump's candidacy.

The Federal Reserve has also become more cautious on further interest rate increases.

"It is now highly likely that the Fed will be unable to hike rates this year. The 'one and done' mantra is back and has a lot more credibility now than it did a year ago," says Tom Kendall, an analyst at ICBC Standard Bank.

Jewellery demand in China and India, the world's biggest consumers of the precious metal, has been lacklustre this year.

Offsetting that has been increased demand from gold-backed exchange traded funds this year, which have seen inflows rise more than 30 per cent to



53.3m ounces — their highest level since 2013.

Investors also need to watch fund positioning, which has seen speculative positions on the Comex gold futures exchange hit a record level. Short-term volatility could also deter bullion dealers and jewellery buyers, according to Mr Kendall.

Producer hedging — or miners selling forward future production — may become increasingly attractive if they doubt the sustainability of gold's rally.

Still, some investors remain confident the precious metal will keep rising as the UK hammers out the details of its withdrawal from the EU. The twists and turns of that process should keep the market engaged, according to Jeff Nichols, managing director of American Precious Metals Advisors.

"Uncertainty is good for gold," Mr Nichols says. "And we're certainly going to have more uncertainty."

Commodities

Base metals recover as copper hits 7-week high

NEIL HUME

Copper hit its highest level in almost two months yesterday as the US dollar weakened and hedge funds and speculators slashed their bets on lower prices.

Data from the London Metal Exchange showed money managers had reduced their short position in copper to just over 86,600 lots on Friday, down from 107,600 lots a week before.

The report came after figures published late on Friday showed a reduction in the record short copper position on Comex, the US futures exchange.

Vivienne Lloyd, analyst at Macquarie, said speculators had got too bearish on copper as metal piled up at LME warehouses in Asia earlier this month leaving copper vulnerable to "squeeze" higher.

"Short sellers have been stopped out as the price rallied," said Ms Lloyd. Since dropping to \$4,500 on June 10, copper has climbed by more than 6 per cent.

Copper is the base metal most influenced by speculators and macro hedge funds because its wide range of uses across manufacturing and industry mean that it can be a good way to bet on the global economy's outlook or China.

Yesterday, copper for delivery in three months on the London Metal Exchange rose as much as \$116, or 2.4 per cent, to a seven-week high of \$4,830. The gains came as the US dollar weakened and equity markets rallied after heavy losses caused by the Brexit vote.

Dollar-denominated commodities such as copper and oil usually benefit when the greenback weakens because it makes them cheaper for holders of other currencies.

Analysts said impact of the Brexit vote on base metals had been relatively shortlived, with aluminium, copper and zinc recovering quickly from a sharp sell-off on Friday.

"From a fundamental perspective, the relatively small effect on global GDP from Brexit means the impact on demand trends is likely to be limited," said Nicholas Snowden, analyst at Standard Chartered. "Moreover, in the aftermath of the result, China's government has stated in no uncertain terms that it can step up fiscal support for the economy if required."

China is the world's biggest consumer of copper, in turn is a major source of income for some of the world's biggest mining houses including Anglo American, BHP Billiton, Glencore and Rio Tinto. The country buys around 40 per cent of the world's copper each year.

Capital markets

JGB yields fall to record lows in flight to safety

LEO LEWIS AND ROBIN HARDING — TOKYO

A worldwide, post-Brexit scramble for protection from risk has forced yields across the entire Japanese government bond market below 0.1 per cent for the first time, reflecting unprecedented long-term pessimism.

The plunge in JGB yields — with the 40-year note yielding 0.067 per cent, and the sharp rise in the yen against the dollar, sterling and euro since last Friday — reconfirm Japan's status as a favourite global haven.

As yields on the 10-year gilt slid below 1 per cent for the first time on Monday, the equivalent dated notes in South Korea and Australia have also fallen to record lows. Demand has been strong for US Treasury debt, with the benchmark 10-year yield falling below 1.50 per cent and within sight of its record

low of 1.38 per cent from 2012. With 80 per cent of JGB's trading on negative yields, the Bank of Japan continues to devour almost all newly issued notes, while domestic investors seeking any kind of yield have had to chase it further along a yield curve where supply is becoming tighter.

Dealers in Tokyo report increased speculation that the BoJ may consider reducing its own purchases of the super-long bonds next week, but Naka Matsuzawa, rates strategist at Nomura, said the central bank would probably not do so "to avoid exacerbating confusion in financial markets".

Tokyo dealing floors complain that, because of negative interest rates and the BoJ's huge JGB-buying programme, the supply and demand balance appears permanently off-kilter.

"It is crazy. This is not a real market

any more," said a JGB trader. With yields on the benchmark 10-year note at minus 0.234 per cent and falling almost daily into deeper negative territory, analysts attach a "very real chance" that the 20-year JGB yield — hitting a record low yesterday of just 0.028 per cent — could be at zero before the end of June.

Analysts described the behaviour of the 20-year JGB since last Friday's Brexit-fuelled chaos on currency and equity markets as a "bellwether of severe pessimism", an indicator that Japanese investors are shaping their portfolios for perhaps decades without serious growth.

Shuichi Ohsaki, Japan rates strategist at Bank of America Merrill Lynch, said that, while a zero yield on the 20-year note was something that could happen over coming weeks, it would probably be a "one-time touch" at that level.

MARKETS & INVESTING

TRADING POST

Jamie Chisholm

Markets were taking a more positive tone early yesterday.

Two days of intense risk aversion that resulted in very heavy losses for equities and record low bond yields were always liable to see a snapback. Whether a “dead cat bounce” or start of a longer-term stabilisation, only time will tell.

But perhaps supporting the latter narrative is action in debt markets, which suggest waning fears that Brexit would deliver secessionist contagion.

At one stage on Friday the yield spread between German 10-year Bunds and BTPs, their Italian counterparts, jumped to 181 basis points — the most in a year.

The Germany/Spain spread hit 205bp, the widest since February 2014.

By mid-session yesterday, the premia Rome and Madrid must pay to borrow over 10 years had shrank back down to 144bp and 146, respectively.

Granted, Italian and Spanish five-year credit default swaps — products that show how much it costs to insure bonds against default — have moved to challenge multimonth highs.

But the levels of 174bp and 124bp, respectively, are way below the roughly 600bp levels they hit in 2012 around the time of the eurozone sovereign debt crisis. A stall in support for Spain’s anti-austerity coalition in the weekend’s election has helped calm nerves, while the European Central Bank continues to buy bonds as part of its quantitative easing programme.

So, no signs of intense stress as yet in these measures. But definitely gauges to keep an eye on.

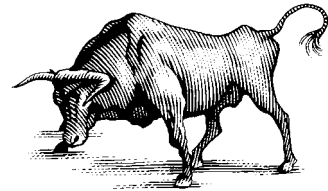
jamie.chisholm@ft.com

10-year bond yields

Spread over Bund (% points)



Source: Thomson Reuters



Wall Street
Devon Energy
climbs 6% as equities
regain ground

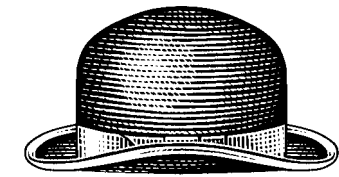
Nicole Bullock

Energy companies led the way higher yesterday as US stocks recouped some of their steep losses suffered in the wake of the UK’s vote to leave the EU.

The energy sector was up 1.7 per cent by midday, helped by a move higher in crude oil. The dollar also gave up ground after rallying in recent days, supporting commodities.

Traders and strategists were nonetheless wary on a rebound in stocks, adding that while losses of the past few days were extreme — the S&P 500 lost nearly \$1tn of value in the two-day rout — volatility was likely with the second quarter ending tomorrow.

“It is just simply a technical bound in response to a very sharp sell-off,” said



London
Hargreaves rises 9% to
lead rally as FTSE 100
breaks losing streak

Bryce Elder

Hargreaves Lansdown was the top performer as a broad rally snapped the FTSE 100’s post-Brexit losing streak.

Wealth managers have dived in parallel with the mark-to-market value of funds under management, and on the tempered outlook for fund flows. But that ignored the industry’s shift towards self-managed pensions and savings, where Hargreaves had a scale advantage

Global overview

Tentative rallies for stocks, oil and sterling as risk appetite reappears

UK political uncertainty
threatens investor flows
even as havens retreat
and bargain hunters lift
European financials

DAVE SHELLOCK

A calmer tone prevailed in global markets following the Brexit-driven turbulence of the previous two sessions, with sterling recouping some of its losses and global equities staging a tentative rebound.

As the initial shock triggered by the UK’s vote to leave the EU began to wear off, demand for US and German government bonds stalled, while the yen, dollar and gold went into retreat.

With the pound viewed by many as still the primary vehicle for Brexit concerns, a 0.9 per cent rally for the UK currency against the dollar to \$1.3329 — and a 1.6 per cent gain versus the yen to ¥136.91 — helped pave the way for risk appetite to return, for now.

But analysts cautioned that the lingering uncertainty regarding the UK meant the improved mood may not last long.

“Even though the market is today dominated by ‘risk-on’ and even sterling has been able to appreciate a little, in the absence of new information this is likely to be temporary,” said Esther Reichelt, currency strategist at Commerzbank.

“Even after the sometimes lively parliamentary debate on Monday, investors still do not know when the British government will officially announce its intention to leave the EU.”

Piotr Matys at Rabobank highlighted that the Bank of England’s assurances, along with those from other central banks, had played an important role in staving off panic. “But with little guidance on the political front the market will remain under a fog of uncertainty, which will threaten investment flows



Glyn Kirk/AFP/Getty

Bonds after Brexit: FT.com/video

The FT’s Dan McCrum and Bob Michele of JPMorgan discuss the state of the debt market since the EU referendum

and weigh on the value of the pound. Even when a new prime minister is appointed and Article 50 of the Lisbon treaty has been triggered, the weight of uncertainty will be huge.”

Indeed sterling/dollar was well off the day’s best level of \$1.3418, and still within sight of Monday’s 31-year low of \$1.3122.

Similarly the FTSE 100 equity index closed 2.6 per cent higher, having been up 3.1 per cent at one stage. Yesterday’s recovery left the UK benchmark down 3.1 per cent from Thursday’s close. The pan-European Stoxx 600 index rallied 2.6 per cent, but was still down 8.6 per cent from where it closed on Thursday.

There was relief for battered Euro-

pean financial stocks as “bargain-hunting” helped the sector rebound nearly 2.8 per cent, analysts said.

It was a similar tale on Wall Street, as strength for banks helped the S&P 500 rally 0.9 per cent to 2,018 by midday in New York, following a 5.3 per cent decline since Thursday’s finish — its biggest two-day decline for 10 months.

The mood was helped by a 2 per cent rally for Brent oil to \$48.10 a barrel.

Equity bulls would have taken some cheer from a near-17 per cent drop for the CBOE Vix volatility index to below its long-term average of 20.

In Tokyo the Nikkei 225 held steady following its sharp rebound on Monday, although trade was volatile as the yield

Trading Directory

cmc markets

Built by traders, for traders

As a global market leader, we offer the complete trading package including:

- Award-winning* platform
- Custom-built apps for iPhone, iPad and Android™
- Competitive pricing
- Dedicated 24-hour support

Switch today at cmcmarkets.com

CFD trading can result in losses that exceed your deposits.

*Awarded Best Online Trading Platform by the 2014 Shares awards.

Trading CFDs involves significant risk of loss.

Trade Forex Like a Pro

Trade FX, Shares, Indices, Futures and Metals

FxPro UK Limited is authorised and regulated by the Financial Conduct Authority (registration no. 509956).
FxPro Financial Services Limited is authorised and regulated by the Cyprus Securities and Exchange Commission (licence no. 078/07).

Direct Market Access to all major worldwide derivative exchanges

FUTURES & OPTIONS | BASE METALS | BULLION | FOREX | NDFs | NDOs | CFDs

MEMBER OF LSE + LME + DGCX + FIA EUROPE

Berkeley has been offering dealing services in derivatives since 1986.

Jackson House 18 Savile Row London W1S 3PW
Email: trade2@bfl.co.uk Web: www.bfl.co.uk Tel: +44 (0) 20 7758 4777

BERKELEY FUTURES LIMITED

Authorised and Regulated by the Financial Conduct Authority

All investing involves risk and you could lose more than your initial deposit.

Trading Directory

Trading Directory
Runs Daily

Classified Business Advertising
UK: +44 20 7873 4000 | Email: acs.emea@ft.com

Markets & Investing

FINANCIAL TIMES

INSIGHT

John Plender



Central banks can still keep the global bear – and reality – at bay

Big changes in policy frequently herald market turning points. Britain ending its 43-year membership of the EU is about as big a policy reversal as could be imagined. Policymakers in the UK and continental Europe will henceforth be making it up as they go along. Uncertainties abound. Does this mean an equity bear market is inevitable?

Of course investors are bound to want compensation in the shape of higher risk premia for the uncertainty stemming from Britain's potential exit from the EU. That said, the normal preconditions for a full-blown bear market are not yet there. Monetary policy across the developed world remains accommodative. Having modestly raised its policy rate last December, the US Federal Reserve is in exceptionally cautious mode, as we saw last week.

Despite the devaluation of sterling, it is hard to believe that there is sufficient inflationary pressure in the UK to justify an immediate rate rise. Meanwhile central banks' unconventional measures continue to underpin the valuations of both bonds and equities.

The central banks are the biggest group of price-insensitive buyers in the market. That insensitivity is potentially stabilising even if it causes distortions in particular markets. A case in point is the fixed rate offered on US dollar interest rate swaps against floating rate payments, which traditionally gives a positive spread over Treasury yields, reflecting the counterparty risk of the banks involved in the transaction. Yet spreads have sporadically turned negative since central banks have been at play.

Distortions of this kind mirror the larger economic effects of ultra-low or negative interest rates. One result is a misallocation of resources whereby low borrowing costs direct capital to suboptimal investments and keep zombie companies alive. Negative rates weaken the banking system because they cannot be passed on to retail customers. The outcome is a squeeze on margins.

At the same time, the example set by British voters will reverberate around the eurozone, highlighting the political difficulty of creating a more effective infrastructure for a flawed monetary union.

Note, too, that on Friday European stocks fell more than UK stocks. In a week when markets spectacularly misread what was happening in the referendum, that was one market judgment that struck me as being on the mark.

All of which underlines the extent to which central banks are keeping uncomfortable reality at bay. As the Bank for International Settlements remarks in its latest annual report, the world faces a "risky trinity" of conditions: productivity growth that is unusually low; global debt levels that are historically high, because debt has been acting as a political and social substitute for income growth; and room for policy manoeuvre that is remarkably narrow. There lies much of the explanation for exceptionally low interest rates.

Normalisation of monetary policy would be a more obvious catalyst for a bear market than Brexit. But that remains a long way off. The more immediate risk concerns the decline in the potency of the central banks' tool kit.

Unconventional measures offset the immediate impact of the financial crisis. They are proving less effective at dealing with the longer-term structural problems faced by Japan and the eurozone. And now currency markets have subverted the impact of the negative rates introduced by the Bank of Japan and the European Central Bank.

It could be that the tipping point for markets will come when the great mass of investors concludes that the wizards of central banking are emperors with no clothes and that anaemic global growth provides inadequate support for equity valuations.

Fears about the fragility of the eurozone banking system will then resurface, as will worries about market liquidity. A system under which trading has shifted from the traditional dealer community to principal trading firms playing with algorithms has survived squalls but has yet to be tested in a financial hurricane.

In the short term "risk off" will be investors' mantra. Further ahead, the ability to forecast the timing of a tipping point is a gift given to few.

john.plender@ft.com

More comment and data on ft.com

● **Fast FT** Our global team gives you market-moving news and views, 24 hours a day, five days a week. [ft.com/fastft](#)

● **Alphaville** Our irreverent financial blog. Join Paul Murphy and Bryce Elder for the daily Markets Live session at 11am. [ft.com/alphaville](#)

● **beyondbrics** News and comment from more than 40 emerging

economies, headed by Brazil, Russia, India and China. [ft.com/beyondbrics](#)

● **Podcast** The Hard Currency podcast takes a look at what is driving the global currency market. [ft.com/podcasts](#)

● **Lex Video** Analysis and opinion from the team on the hot issues affecting companies and markets. [ft.com/lexvideo](#)

Groups were already out of favour, but the vote to quit the EU tightens the screw

THOMAS HALE AND ROCHELLE TOPLENSKY

As voters went to the polls last Thursday, stock market investor Chris Dyer held precisely zero UK bank stocks.

It was an enviable decision. As stock markets have tumbled in the aftermath of the decision to leave the EU, crashing bank stocks have created some of the largest reverberations.

The value of Barclays and Royal Bank of Scotland have dropped more than 30 per cent since the vote. Fears were not limited to the UK; the main European banks index lost 23 per cent by the end of Monday, after trading at its lowest level since the eurozone crisis.

But Mr Dyer, a portfolio manager at Eaton Vance, had not abruptly sold his stocks thanks to any private polling or intuition. He had not invested in UK banks for several months.

"We had had a negative view on European and UK bank equities year to date, driven by an unfavourable year, increasing regulations, increasing capital requirements and a low interest rate environment," he says.

The vote to leave has come at a sensitive time for financial institutions, the latest danger for a sector under pressure to generate profits as bond yields collapsed towards zero or below.

So if the sector was already struggling, what do the recent sharp falls, and the rebound of some 4 per cent in the Euro Stoxx bank index yesterday, mean?

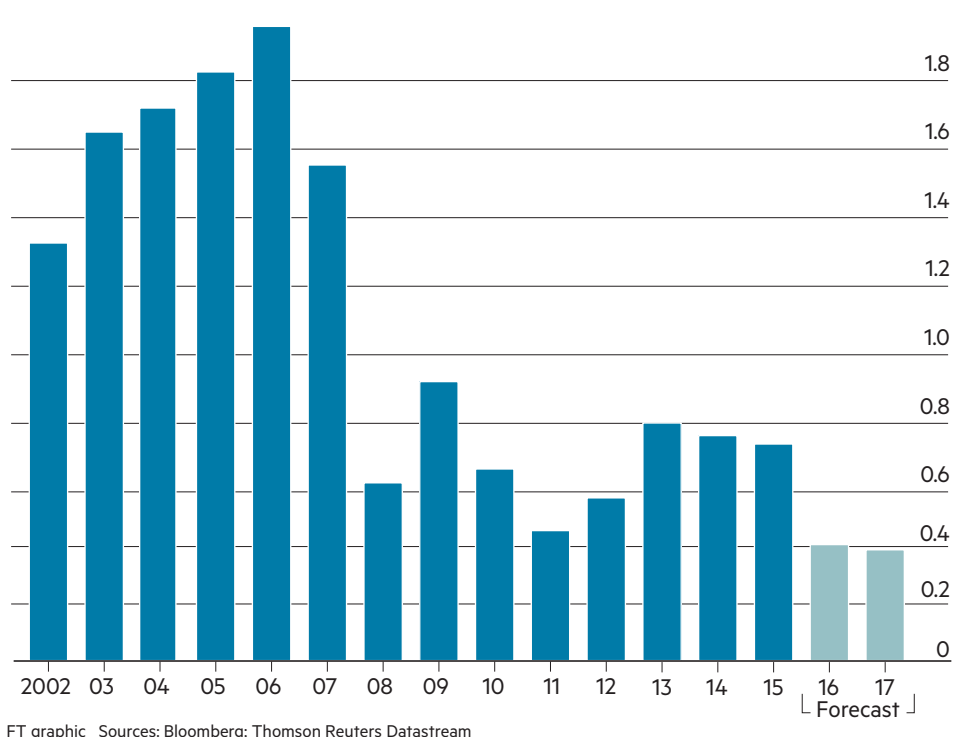
First, banks have become the choice of asset to sell as investors seek to reduce exposure to economic weakness. "Clearly financials, being the most inter-linked across Europe, are the ones that are taking the brunt of it," says Kevin O'Nolan, portfolio manager at Fidelity.

On Monday some banks' shares were suspended from trading after sharp falls. But arguably the falls also reflect the

Faltering financials

European bank stocks get cheaper

Price-to-book value of Euro Stoxx Bank index (calendar year)



FT graphic Sources: Bloomberg; Thomson Reuters Datastream

'Brexit adds another layer of complexity to running a bank'

HSBC

false sense of optimism going into the vote, when betting markets and opinion polls both indicated a vote to remain and share prices jumped in double digits over several days. Just as banks were a strong play on optimism, they have become a strong play on pessimism.

A second answer is profits. David Lock, analyst at Deutsche Bank, highlights the risk of further monetary easing from the Bank of England, a long-standing issue for a bank's "net interest margin" – the difference between the rates at which it lends and borrows.

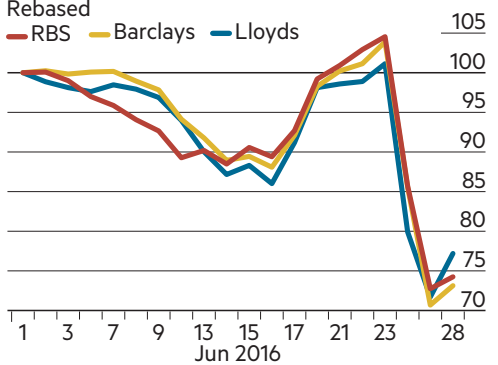
"The concern is that if there is a further reduction in the UK base rate," he says. "This diminishes bank net interest rate margins."

On Monday the UK 10-year bond yield fell below 1 per cent to its lowest level on record, surpassing the previous low established on Friday.

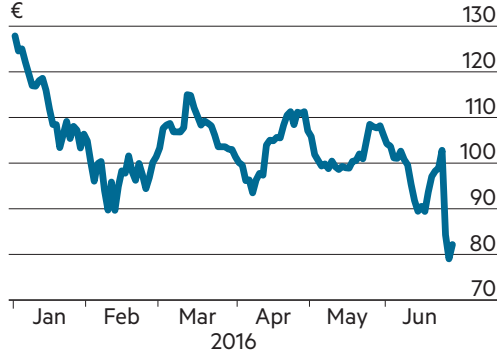
Analysis. Equities

UK lenders' woes started long before June 23

Banks shares



Euro Stoxx Bank index



Currencies

Sterling storm clouds have thin silver lining

ROGER BLITZ

The pound's fall of more than 12 per cent since Brexit to its lowest level in 30 years is bad for many and beneficial for some.

Winners

UK exporters

Sterling's slide makes goods more competitive. That simple dynamic is why in many parts a cheaper currency is preferred, notably Japan and the eurozone. The US has warned countries not to start currency wars through competitive devaluation.

Some central banks have cut interest rates below zero and bought government debt with an eye on weakening their currencies.

Domestic tourism

Just as they gear up for summer, hotels, restaurants and the leisure industry have received a welcome boost.

The question is whether the spiteful campaign and national mood will put foreign tourists off the UK. Also more Brits could spurn holidays abroad.

Hedge funds and high-frequency traders

Volatility is good for them, sometimes. Hedge funds that sat on their hands in the run-up to the vote are piling into bets against the pound and UK shares.

Spot currency trading on the Thomson Reuters currency trading platform soared to \$258bn on Friday against average daily volumes of \$94bn.

The FTSE 100

While the more domestic-focused 250 index has taken the brunt of selling, the glo-

bal reach of some larger UK groups with overseas revenues, such as drugmakers, miners and energy groups, has provided a silver lining.

Losers

The economy

Stronger exports and a dip in imports should help Britain's current account deficit and stimulate the economy.

But confidence in the UK will take a blow, and the willingness of international investors to keep ploughing in money will be strained.

Banks

Their sterling earnings are worth less and their shares have been pummelled. Regulations have curbed their ability to profit from forex volatility.

Small businesses

Aside from uncertainty, Brexit forces companies to deal with volatile prices for imported goods.

Motorists

Petrol is going up. The UK is a net importer of oil, which is priced in dollars; weak sterling makes it more expensive. (The UK Treasury wins with higher duties.) The oil price is down slightly this week, offsetting the effect.

Homebuilders

House prices are likely to fall as uncertain buyers pull out of deals. Sector shares have dropped two-fifths.

Yen and euro

Japan's currency has risen sharply, to Tokyo's dismay. The euro is down, reflecting less confidence in the single currency. *Additional reporting by Dan McCrum and Philip Stafford*

FT
FINANCIAL
TIMES



FT INVESTMENT
MANAGEMENT SUMMIT
EUROPE 2016

Finding Opportunity in Uncertainty

27 September 2016 | Le Meridien Piccadilly LONDON

The FT's Investment Management Summit Europe is an unparalleled gathering of key executives from pension funds, insurance funds, sovereign wealth funds, endowments and private banks, who will share how they are adapting their portfolios to manage market uncertainty, the key factors influencing their investment mandates, and the rates of return they are aspiring to.

EXPERT SPEAKERS INCLUDE



Roland Lescure
Executive Vice President and Chief Investment Officer, Caisse de dépôt et placement du Québec



Kathryn Graham
Head of Strategy Coordination, Universities Superannuation Scheme (USS)



Elena Manola-Bonthond
Head of Investment Policy, CERN Pension Fund

To register to attend and view the latest agenda:
[live.ft.com/IMSE](#)

Platinum Sponsor

Gold Sponsor

Silver Sponsors

An event from FINANCIAL TIMES LIVE

New Trade Routes

Arab World

Wednesday June 29 2016

www.ft.com/reports | @ftreports



Noteworthy: a currency trader holds a large bundle of rial banknotes outside a bazaar in Tehran, Iran — Bloomberg

Iran aims for fresh business

But not all its Arab neighbours are receptive, says *Najmeh Bozorgmehr*

Fresh milk, antibiotics and cement: Iran finds neighbouring Iraq its closest ally in the Arab world as well as a big market for its domestically produced goods. Once bitter enemies, non-Arab Iran and Arab Iraq were brought closer by the 2003 toppling of Saddam Hussein in a war that replaced a Sunni-dominated hostile regime with

a government led by a friendly Shia majority. "Iraq needs everything, which makes it the best market for Iranian-made goods," boasts Yahya Ale Eshaq, head of the Iran-Iraq Chamber of Commerce. Iran's trade with the Arab world, however, has largely remained confined to Iraq while the United Arab Emirates, the top trade hub in the

region, is Iran's first destination for its re-exports. Despite the obvious benefits of more regional trade, politics has stood in the way. Although officials and analysts in Tehran say that Iran's high levels of security, diverse economy and educated workforce could make it a new conduit in a crisis-hit region, hopes of better commercial ties will continue to be stymied

by power struggles and political tensions. Last year Iran reached an agreement with major powers — the US, UK, France, Russia, China and Germany — to scale back its nuclear programme in return for a lifting of economic sanctions, and now Iranian businessmen regularly host western and Asian trade delegations.

Continued on page 2

Inside

Saudi Arabia opens up

Privatising Aramco gives foreign investors a way in
Page 3

From Marrakech to Montmartre

Young Moroccans move to business-friendly Paris
Page 4



Top trumps: Arab trade edition

Contrast nations' GDP, corruption levels and ease of doing business rankings
Page 6

Odd couple

Businessman

Luis Curi wants Brazil and Lebanon to deepen their ties
Page 8



Dubai welcomes new type of visitor

African and Chinese middle classes are heading to the UAE
Page 10

New Trade Routes Arab World

Iran aims for fresh Arab business

Continued from page 1

Businesspeople in Tehran argue that Iran is no longer just a market of its 78m-strong population; it should be seen as a market of more than 300m people thanks to its location, allowing access to Arab states in the south and west; central Asia in the north; and Afghanistan and Pakistan in the east.

Mr Ale Eshaq says that Iran can position itself as a conduit to Iraq. “We can work with European partners who are not familiar with the Iraqi market and are worried about security there. They can rely on us because thanks to our



historical and cultural commonalities we can operate in Iraq better.”

From Iran’s \$42.4bn of non-oil exports during the last

Trading places: a woman at the Tehran Stock Exchange

Simon Dawson/Bloomberg



nian banker, Emirati banks are more reluctant to deal with Iranian businessmen since Riyadh cut ties with Tehran.

Now that western sanctions are being lifted, Iranian companies are less dependent on the Dubai route for transportation. Imports from the UAE amounted to \$7.8bn during the last Iranian year, down from \$12.1bn the previous year.

Businessmen in Tehran lament that an economic opportunity is being squandered. “Like it or dislike it, we and Persian Gulf states are neighbours and have to re-define our trade relations,” says Masoud Daneshmand, chairman of a department of the Iran Chamber of Commerce which deals with UAE trade. “If Iran and oil-rich Arab states put capabilities together, a very good market can be created for production and trade to meet demands in Arab states, central Asia, as well as Afghanistan and Pakistan.”

Mr Daneshmand says Iran is disappointed that Emirati companies have not lined up like Europeans and Asians to explore Iran’s untapped market. “Why do Emirati real estate companies like Damac Properties not think of Iran’s market when . . . Iran needs 5m houses?” he says.

One market that Iran is hoping to benefit from in the future is Syria, where Tehran is betting that its investment in the regime will pay off. When the Syrian war ends, Syria — like Iraq — is going to be a vast market. The country will have to be reconstructed from scratch. No one, however, is predicting that the war is about to end.

Iranian year (which ended on March 19), \$6.2bn went to Iraq and about \$4.9bn worth of non-oil goods were re-exported through the UAE.

Iranian businessmen speak of a day when they can exploit their country’s geostrategic position to export to many more Middle Eastern markets. For now, however, other than with Oman, to which Iran exported \$375m of goods, trade with other Gulf states, Lebanon, Syria and North African Arab states remains insignificant.

Iranian businesses acknowledge that expanding trade with the Arab world will require improved relations with Saudi Arabia, the main Sunni regional rival power.

Tehran and Riyadh severed ties last year amid a steady escalation of tensions. They are fighting a proxy war on several fronts, including in Syria, where Iran backs the regime of Bashar al-Assad and Saudi Arabia is a supporter of the rebels. Iran accuses Saudi Arabia of financing jihadi

groups like Isis while the Saudis say the Iranians are interfering and destabilising several Arab states.

Saudi Arabia and Bahrain took steps earlier this year to slow Iran’s efforts to increase oil exports by banning vessels that transport Iranian crude from entering their waters.

The move did not affect Iranian crude exports — Iran quickly regained its market share after sanctions were lifted — but it represented

Emirati companies have not lined up to explore Iran’s untapped market

another indication that Tehran-Riyadh ties were unlikely to be normalised in the near future.

The tensions with Saudi Arabia affect Iran’s economic ties with other Arab states closely linked to Tehran. According to one senior Ira-

Bank of Palestine Now in Dubai



بنك فلسطين
BANK OF PALESTINE
ESTABLISHED 1968

Visit us at:
Bank of Palestine (DIFC Representative Office)
Dubai International Financial Centre (DIFC)
Gate Building | Gate District | Dubai | UAE
Level 15 | Office #27
Tel: +971 4 401 9162





www.bankofpalestine.com

BEST BANK IN PALESTINE

New Trade Routes Arab World

Aramco sale heralds new market

Saudi Arabia The kingdom is preparing privatisations designed to attract foreign investors, write *Anjali Raval* and *Simeon Kerr*

The planned sale of up to 5 per cent of Saudi Arabia's state oil producer could create not only the world's largest publicly traded energy company but the biggest initial public offering of all time. More than this, however, the move also offers the rest of the world access to one of the kingdom's prized industries — and could pave the way for greater internationalisation of the Saudi economy.

Saudi Aramco's IPO is part of a transformation plan, envisaged by the powerbroker deputy crown prince Mohammed bin Salman, which seeks broad-based privatisation to boost employment and diversify the kingdom away from oil. But there is scepticism about whether the country is capable of such an overhaul when its people have grown accustomed to the state providing cradle-to-grave services.

Even partially untangling entities such as Saudi Aramco from the state will be difficult: in addition to exploiting the kingdom's hydrocarbon riches, the company — which employs 65,000 people — constructs schools, hospitals and sport stadiums.

Conversations about its partial privatisation, which Prince Mohammed believes could value Saudi Aramco at \$2tn, illuminate some of the obstacles to opening up important industries to external influence.

Khalid al-Falih, the new Saudi energy minister, said earlier this month that the public offering would allow the government to invest proceeds and future dividends into non-oil investments, as well as showcasing Saudi Aramco as a big participant in global capital markets, enabling its international expansion and boosting transparency.

To whet the appetite of international bankers, investors and lawyers, the company is weighing a dual listing in Saudi Arabia and on a foreign exchange such as London, New York or Hong Kong. The Saudi Tadawul stock exchange was opened to foreign investors in June 2015, but in a gradual and limited fashion. An Aramco listing could draw more foreign capital to Saudi Arabia, and “a dual listing with a developed

‘To what extent will government and shareholder interests be aligned?’

market stock exchange could help advance Tadawul's international recognition and presumably result in slightly higher valuation of Aramco”, analysts at State Street, an investment management company, said.

But Mr al-Falih, speaking to reporters after the Vienna meeting of Opec ministers, highlighted some of the complications for outside investors of any listing, which is likely to take place by 2018. An IPO would mean “extensive



Slick: Shaybah, base for Aramco's natural gas liquids production — Ian Timberlake/AFP/Getty Images

rewiring of our financials and the relationship with the government”, he said, including the company's accounting practices and tax obligations. “It would require a significant amount of time.”

Industry analysts have questioned how an entity that is deeply involved in the state's primary economic activity could also ensure that it is acting in the best interests of any minority shareholders.

Mr al-Falih, who was the former chief executive of Saudi Aramco and remains chairman, said tasks undertaken on behalf of the government rather than for the company itself, such as infrastructure projects, would have to be “delineated”. Traditionally such separation has not existed.

But the government, he said, will continue to make sovereign decisions on production and capacity even after an IPO. “[Investors] are going to have to accept it. It is part of the package of buying into the lowest-cost producer.”

Political involvement in decision making could be a turn-off to investors, says Neil Beveridge, oil analyst at Bernstein: “To what extent will government and shareholder interests be aligned?” Such questions can be asked of other entities in the kingdom that could be privatised in the coming years.

Details of the National Transformation Programme have yet to be unveiled, but it aims to boost the private sector from 45 per cent of the economy to 60 per cent by 2030. The economic ministry's first strategic objective under the NTP is to calculate how much revenue can be generated by selling off stakes in state-owned companies such as Saudi Aramco.

The NTP aims to cut unemployment from 11.6 per cent to 7 per cent in the next 15 years; create 450,000 new private sector jobs; and trim the public sector wage bill from 45 per cent to 40 per cent of budgetary spending by 2020.

Shifting even some of this salary burden to the private sector could ease financial pressures.

Planned privatisation measures include raising the share of facilities operated by the private sector, with a focus on desalination and wastewater treatment, power generation, postal services, education and road, rail and ports, according to rating agency Moody's.

“Reforms aimed at improving the business environment and competitiveness and fostering private sector development will support Saudi Arabia's economic strength,” it said in a report.

Saudi Post Corporation, with 10,000 staff, and the Saline Water Conversion Corporation have been identified among the first to be put on the block and could be test cases for a series of state asset sales. Larger ones, such as Saudi Aramco, would come after.

Raghu Mandagolathur, head of research at Markaz, a Kuwaiti investment bank, estimates that the government could raise \$50bn-\$70bn over the next few years as it seeks to plug budget deficits, this year forecast at \$88bn. “Even if privatisation can help bridge 10 per cent of this estimated deficit, that will relieve some pressure in terms of borrowing needs.”

Potential knows no boundaries

At Bank Audi, we believe that collaboration brings about the greatest success.

With banking services offered across 12 countries, we see boundless potential for partnerships and growth to provide you with even more chances of turning your ambitions into reality.

www.bankaudigroup.com

Unanimously the best bank in Lebanon:



Bank Audi

New Trade Routes Arab World

Moroccans warm to the potential of Paris

Business life

Fleeing a stiff culture, these émigrés are climbing France's corporate ladder, says *Adam Thomson*

Historical and geographical ties have long made France an important destination for Moroccans. A steady stream of immigrants since Moroccan independence in 1956 now adds up to a community of 1.5m in France. Indeed, the population has

tripled since 1975, according to the French government.

This has turned Europe's third-largest economy into an essential source of revenue through remittances. According to the Banque de France, the country generated remittances of €9.4bn in 2014 — more than a third of which went to Morocco, Algeria and Tunisia.

But France also lures some of Morocco's brightest and most talented youth, who abandon their country's sluggish economic growth and lack of a sophisticated business environment, complete their education in French universities and often end up staying. The FT spoke

to four people who fit that profile and asked them about their experiences of working in France and how they compared with home.

Amine Fellahi

Amine Fellahi (below) was born and raised in Casablanca but now works at Roland Berger, the consulting firm, in



Amine Fellahi

Paris — a city he likes because of what he calls the “maturity” of its professional marketplace.

“There is a lot of structure in France in terms of working processes,” he says. “In Morocco, it is often hard even knowing who you should be talking to.” You might have to go from one person to the next to discover who holds the data you need, he says.

Mr Fellahi, who finished his studies at France's HEC business school and then Duke University in the US, says that it is difficult to shake up deeply ingrained working practices in his country.

“Things tend to move more slowly than in France, as the person above you in an organisation may not share the motivation of a young person with a lot of energy, and may even feel threatened by him or her. You can hit the glass ceiling in a large organisation really fast depending on who is above you.”

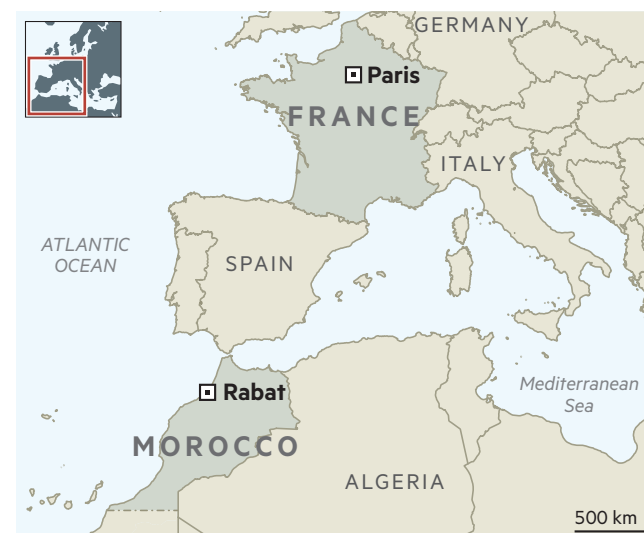
Sara Kadaoui

Sara Kadaoui (below), a 24-year-old Moroccan working at a start-up accelerator in Paris, decided to live in the French capital mainly because the city offered her a more developed business “ecosystem”. “There is a real political willingness to support start-ups in Morocco,” she says, but few companies do; the business environment is “a work in progress”.

Born and raised in Agadir, Ms Kadaoui returned to Casablanca after completing her higher education in France and the US but she found the jobs market stiff and relatively conservative. “In Morocco, the prize for most people is to be stable whereas in France it has started to be considered exciting to be an entrepreneur and take risks,” she says.



Sara Kadaoui



She also found that promotion in Morocco is predicated more on age and experience than on drive and talent. “To move up in most companies you have to have worked there for years. That can be a real glass ceiling because, in the digital world, the youngest people are the ones who know the most.”

She has not turned her back on her homeland, though. Numa, where she works, has opened an office in Morocco with the idea of supporting local start-ups. “Numa wants to transfer the knowledge we gained so that Casablanca can do the same thing that we did in Paris.”



Mehdi Ghissassi

Mehdi Ghissassi

Mehdi Ghissassi (above), 33, argues that one of the advantages of working in Paris over returning to Morocco is diversity and competition in the workplace. “Developed countries such as France attract highly qualified international talent and that means an unparalleled opportunity for personal growth,” he says. “I am very attached to my roots but I also feel that it's important to be exposed to what lies beyond.”

A second difference, he argues, is that gender is less of a barrier to success. “I interact with far more women in senior positions here in France than I would back home,” he says.

The engineer now works at Google — “there are people here with pink hair while others walk around barefoot. I don't think there is any company like that in Morocco”

— but does not rule out moving back to Morocco one day.

Apart from friends, family and the weather, he says that he misses “the sounds, the colours, the smells”. But he is in no rush to return. “It's very rewarding to contribute to the growth of the place you come from. But you also don't want to miss out on learning.”

Younes Bennai

Younes Bennai (below) arrived in Paris from Morocco in 2000 to study and now has his own company that works on IT architecture design for some of France's biggest companies. The 33-year-old says that he could probably find opportunities to do the same in Morocco but likes life in Paris too much.

“I've always wanted to live in a place with an international feel and where you can meet people who can give you a wider perspective on things,” he says. “It is much easier to do that here than in Morocco.”

He feels that he can better follow big themes in geopolitics from Paris.

“Leaders of opinion from the entire region pass through here,” he says. “There is an intellectual richness that you just don't have elsewhere.”

He says that he misses some things about his country. Growing up in El Jadida on Morocco's Atlantic coast, sun and sea rank high on that list. But he doubts that he will move back any time soon. “I am very pragmatic,” he says. “I think about it and there are many opportunities but I know it will not happen in the next five years.”



Younes Bennai

**TRUE VALUE IS ACHIEVED
WHEN QUALITY MEETS QUANTITY**

**BEST MANAGED
ADVISORY SERVICE**
**BEST BANKING GROUP
LEBANON**
**BEST INVESTMENT
BANK**
**BEST CALL CENTER
EXCELLENCE
IN TRADE FINANCE**
**BEST BROKER
SOCIAL ECONOMIC
AWARD**
**MOST EFFECTIVE
ADVERTISING
CAMPAIGN**
**BEST TRADE FINANCE
BANK AWARD**



Best Broker
MedSecurities
2011, 2012, 2013,
2014 and 2015



Best Investment
Bank Award
2009, 2010, 2011,
2012, 2013 and 2015



Best Trade Finance
Bank Award
2014 and 2015



Follow us: bankmedlebanon



www.bankmed.com.lb

New Trade Routes Arab World

New trade routes: how Arab nations’ export markets are changing

Selected countries

Lebanon

Exports (\$bn) to:			
2005		2015	
Switzerland	0.2	UAE*	0.4
UAE	0.2	Saudi Arabia	0.4
Syria	0.2	Switzerland	0.2
Turkey	0.1	Kuwait*	0.2
Saudi Arabia	0.1	France	0.1

Ease of doing business (1=easiest, 189=hardest)



Corruption perception (1=least corrupt, 167=most)



GDP \$45.7bn GDP/capita \$10,058

Egypt

Exports (\$bn) to:			
2005		2015	
US	2.2	Saudi Arabia	2.3
Italy	1.6	Italy	2.2
Spain	1.3	Germany	1.9
Germany	0.9	US	1.5
Saudi Arabia	0.8	India	1.5

Ease of doing business /189



Corruption perception /167



GDP \$301.5bn GDP/capita \$3,366

Saudi Arabia

Exports (\$bn) to:			
2005		2015	
US	29.0	S. Korea*	36.7
Japan	28.7	China	30.2
S. Korea	16.1	US	23.4
China	12.2	India	21.4
Singapore	8.9	Bahrain*	8.4

Ease of doing business /189



Corruption perception /167



GDP \$753.8bn GDP/capita \$24,406

Syria

Exports (\$bn) to:			
2005		2015	
Germany	1.2	Jordan*	0.2
Italy	1.1	Lebanon*	0.1
France	0.6	Egypt*	0.1
Saudi Arabia	0.5	Saudi Arabia	0.1
US	0.4	UAE*	0.1

Ease of doing business /189



Corruption perception /167



GDP n.a. GDP/capita n.a.

Iraq

Exports (\$bn) to:			
2005		2015	
US	9.6	China	12.7
Italy	2.0	India	11.3
Spain	1.2	S. Korea*	6.7
Canada	1.0	US	4.6
S. Korea	0.7	Italy	3.7

Ease of doing business /189



Corruption perception /167



GDP \$223.5bn GDP/capita \$6,420

Kuwait

Exports (\$bn) to:			
2005		2015	
Japan	7.6	S. Korea*	16.9
S. Korea	6.0	China	7.5
US	4.6	Japan	6.4
Singapore	3.7	India	5.9
Netherlands	1.8	US	4.9

Ease of doing business /189



Corruption perception /167



GDP \$163.6bn GDP/capita \$43,594

Bahrain

Exports (\$bn) to:			
2005		2015	
Saudi Arabia	0.6	Saudi Arabia	1.9
Tanzania	0.5	UAE*	1.1
US	0.5	US	1.0
Japan	0.3	S. Korea*	0.6
S. Korea	0.3	Mozambique	0.4

Ease of doing business /189



Corruption perception /167



GDP \$33.9bn GDP/capita \$24,855

Qatar

Exports (\$bn) to:			
2005		2015	
Japan	10.7	Japan	16.3
S. Korea	5.6	India	9.6
Singapore	2.4	China	4.6
Spain	1.0	Qatar	3.9
India	0.9	Singapore	3.6

Ease of doing business /189



Corruption perception /167



GDP \$210.1bn GDP/capita \$92,200

Oman

Exports (\$bn) to:			
2005		2015	
China	4.1	China	15.1
S. Korea	3.7	S. Korea*	4.6
Japan	2.7	UAE	1.9
Thailand	2.4	India	1.6
US	0.6	Japan	1.5

Ease of doing business /189



Corruption perception /167



GDP \$81.8bn GDP/capita \$19,310

United Arab Emirates

Exports (\$bn) to:			
2005		2015	
Japan	25.3	Japan	23.5
S. Korea	10.0	India	20.3
Iran	7.3	S. Korea*	16.2
Thailand	5.7	China	11.5
India	5.0	Oman*	9.5

Ease of doing business /189



Corruption perception /167



GDP \$399.5bn GDP/capita \$43,963