

Stocks flash red

AFP | London, United Kingdom

AS stocks rally fizzled out yesterday as economic data strengthening the case for a September US rate cut sparked worries about the economy slowing too much, while European stocks slumped on disappointing bank earnings.

Wall Street's main indices had risen at the start of trading, with shares in Meta jumping 8.8% after it reported a better-than-expected \$13.5 billion profit for the second quarter and issued upbeat revenue guidance.

Investors had recently displayed concern that the tech stocks which have fuelled the market rally this year had become overvalued, but the gains have returned this week.

Shares in Nvidia, which makes computer chips prized for powering artificial intelligence applications, soared

Key figures around 1530 GMT

New York - Dow:	▼ 1.2% at 40,344.84 points
New York - S&P 500:	▼ 0.8% at 5,476.20
Nasdaq Composite:	▼ N 1.2% at 17,388.85
London - FTSE 100:	▼ 1.0% at 8,283.36 (close)
Paris - CAC 40:	▼ 2.1% at 7,370.45 (close)
Frankfurt - DAX:	▼ 2.3% at 18,083.05 (close)
EURO STOXX 50:	▼ 2.2% at 4,765.72 (close)
Tokyo - Nikkei 225:	▼ 2.5% at 38,126.33 (close)
Hang Seng Index:	▼ 0.2% at 17,304.96 (close)
Shanghai - Composite:	▼ 0.2% at 2,932.39 (close)
Dollar/yen:	▲ at 150.47 yen from 149.88 yen
Euro/dollar:	▼ at \$1.0793 from \$1.0828
Pound/dollar:	▼ at \$1.2799 from \$1.2858
Euro/pound:	▲ at 84.33 pence from 84.19 pence
West Texas Intermediate:	▼ 0.6% at \$77.48 per barrel
Brent North Sea Crude:	▼ 0.4 percent at \$80.56 per barrel

12.8% Wednesday on reports US chip sanctions on China would not be as severe as expected. US stocks also got a boost on

Wednesday when US Federal Reserve chair Jerome Powell signalled the central bank could cut interest rates as soon as September.

"Fed Chair Powell noted yesterday that a discussion of a rate cut would be on the table at the September FOMC meeting if the Fed gets the data it hopes it will get," said Briefing.com analyst Patrick O'Hare.

It got some of that data Thursday with a report showing that first-time requests for unemployment benefits rose last week, as did continuing claims.

Both Frankfurt and Paris stocks finished more than two% lower. Asset manager Adrien Roure at Indosuez noted high volatility in European trading and said investors were being influenced "by company results today, particularly in the banking sector".

Malabar Group to donate INR 3 Crores to Wayanad Landslide Victims

TDT | Manama

In response to the recent disaster in the Wayanad district of Kerala, Malabar Group has pledged INR 3 crores (around BHD134,977,05) in relief assistance to support the victims. Malabar Group Chairman M.P. Ahammed announced the pledge, expressing confidence that all responsible citizens will come forward to assist in the rehabilitation efforts following one of the worst natural disasters the state has experienced.

Malabar Group's relief package includes the urgent provision of food, medicines, and clothing to people in the affected areas. Additionally,



the group will offer financial assistance to rebuild homes for those who have lost their residences. As part of Malabar Group's CSR initiatives, the organization had built homes for 15 families who were the victims of the Puthumala natural disaster which occurred in Wayanad in 2019.

World Bank offers roadmap to avoid 'middle-income trap'

Washington, United States

More than 100 countries, including China, are at risk of entering a "middle-income trap" and failing to become wealthy nations, the World Bank said yesterday as it unveiled a "comprehensive roadmap" to reach high-income status.

In its 2024 World Development Report, the Bank said countries usually hit such a "trap" when they reach around 10 percent of annual US GDP per capita -- roughly \$8,000 today -- which can prove tough to move past.

With more than 100 countries representing more than 75 percent of the world's population currently classified as middle-income, tackling the issue will prove key for economic development in the decades ahead, the Bank added. "The battle for global economic prosperity will largely be won or lost in middle-income countries," World Bank Group chief economist Indirmit Gill said in a statement, calling for a "fresh approach." "First focus on investment; then add an emphasis on infusion of new technologies from abroad; and, finally, adopt a three-pronged strategy that balances investment, infusion, and innovation," he said. "With growing demographic, ecological and geopolitical



World Bank Group chief economist Indirmit Gill

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pressures, there is no room for error."

The Bank pointed to South Korea as an example of a former developing country which used this strategy to successfully reach high-income status.

"If they stick with the old playbook, most developing countries will lose the race to create reasonably prosperous societies by the middle of this century," Gill said in the World Development Report.

"The team that has written this report hopes to radically alter this arithmetic," he added.

CBB Government Development Bond Issue No.36 oversubscribed by 280%

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The Central Bank of Bahrain (CBB) announces that the issue of the 3-year Government Development Bond has been oversubscribed by 280%.

Subscriptions worth BD 419,294 million were received for the BD 150 million issue, which carries a maturity of 3 years.

The fixed annual coupon rate on the issue, which begins on August 5 and matures on August 5, 2027, is 5.875%.

The Government Development Bonds are issued by the CBB on behalf of the Government of the Kingdom of Bahrain.



This is Government Development Bond issue No.36 (ISIN BH000X4976W9).

Bahrain All Share Index closes higher

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Bahrain All Share Index has closed at 1,970.96 points, marking an increase of 1.07 points above the previous closing.

This increase was due to the rise in the financial sector.

Bahrain Islamic Index has closed at 818.86 points, marking an increase of 0.93 points above the previous closing.

Results indicated that 48 equity transactions took place



with a volume of 1,766,178 worth BD 628,044.

Investors traded mainly in the material sector, representing 64.44% of the total value of securities traded.

Bank of England cuts rate for first time since pandemic

AFP | London, United Kingdom

The Bank of England yesterday cut its main interest rate for the first time since the Covid pandemic broke out in 2020, as British inflation has retreated in recent months.

In a tight 5-4 vote, BoE policymakers agreed to reduce borrowing costs by a quarter-point to 5.0 percent, the central bank



Bank of England Governor Andrew Bailey

announced following a regular meeting.

Governor Andrew Bailey joined four other policymakers in bringing the rate down from a 16-year high, which will ease pressure on borrowers while denting interest earned by savers.

Retail banks tend to mirror the direction of BoE policy when setting their own interest rates.

"Inflationary pressures have eased enough that we've been able to cut interest rates," Bailey said in a short statement. "But we need to make sure inflation stays low, and be careful not to cut interest rates too quickly or by too much."

Britain's annual inflation rate has returned to the BoE target of two percent, after soaring to a four-decade high above 11 percent in late 2022.

In world first, EU's sweeping AI law enters into force

AFP | Brussels, Belgium

The European Union's landmark law on artificial intelligence came into force yesterday, which Brussels vows will drive innovation while protecting citizens' rights.

The EU earlier this year adopted the world's first sweeping rules to govern AI, especially powerful systems like OpenAI's ChatGPT after difficult and tense negotiations.

Although the rules were first proposed in 2021, they took on greater urgency when ChatGPT burst onto the scene in 2022, showing generative AI's human-like ability to churn out eloquent text within seconds.

Other examples of generative



AI include Dall-E and Midjourney, which can generate images in nearly any style with a simple input in everyday language. "With our artificial intelligence act, we create new guard-

rails not only to protect people and their interests, but also to give business and innovators clear rules and certainty," European Commission President Ursula von der Leyen said.

Companies will have to comply by 2026 but rules covering AI models like ChatGPT will apply 12 months after the law enters into force.

Strict bans on using AI for predictive policing based on profiling and systems that use biometric information to infer an individual's race, religion or sexual orientation will apply six months after the law enters into force.

The law known as the "AI Act" takes a risk-based approach: if a system is high-risk, a company

has a stricter set of obligations to fulfil to protect citizens' rights.

The higher the risk to Europeans' health or rights, for example, the greater the companies' requirements to protect individuals from harms.

"The geographic scope of the AI Act is very broad, so organisations with any connections to the EU in their business or customer base will need an AI governance programme in place to identify and comply with their obligations," said Marcus Evans, partner at law firm Norton Rose Fulbright.

Companies in violation of the rules on banned practices or data obligations face fines of up to seven percent of worldwide annual revenue.



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The EU in May established an "AI Office" of tech experts, lawyers and economists under the new law to ensure compliance.