

Sentiment turns sour on DFM as oil tumbles

DUBAI INDEX BREACHES KEY SUPPORT OF 3,400 LEVEL

DUBAI

BY SIDDESH SURESH
MAYENKAR

Senior Reporter

Sentiment turned sour across Dubai stocks after oil breached the key level of \$50 (Dh183.50) per barrel, and selling in shares of Drake and Scull and Arabtec, triggering the Dubai index to fall below the keenly watched 3,400 level.

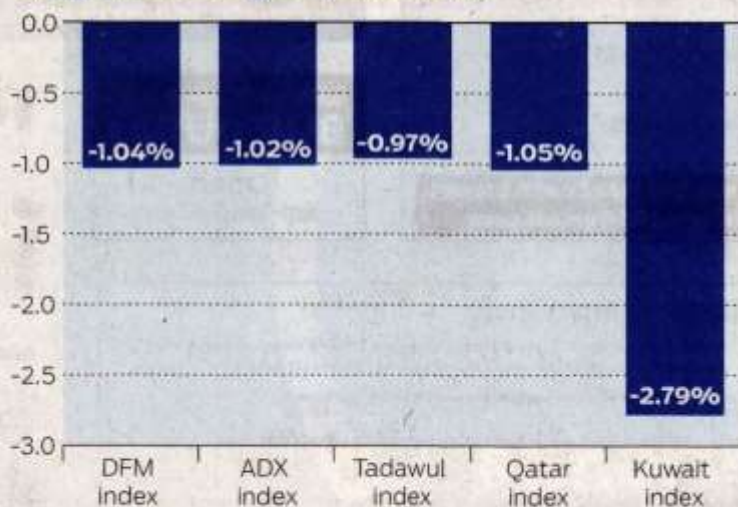
Reversing gains made in late session on Thursday, the Dubai Financial Market General Index closed 1.04 per cent lower at 3,384.05, breaching the key support level of 3,400 level, which it failed to breach for the past five sessions.

The recent drop in oil prices, absence of catalysts and weak liquidity, regional markets were sold off across the board. Breaking below \$50 affected investor sentiment which was reflected in yesterday's session, Tareq Qaqish, managing director, Asset Management at Menacorp said.

"In the UAE the news of restructuring of DSI and Arabtec was not welcomed by investors and pushed their prices limit down. Although for existing investors bringing fresh capital to both companies were positive to continue the business, however the dilution effect and possible right issue were the main concerns," Qaqish said.

Arabtec, which was the actively traded stock, fell more than 9 per cent to end at Dh0.755.

Gulf indices get battered



Source: Bourse websites

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Drake and Scull closed 9.93 per cent to end at Dh0.399. Both stocks contributed to 37 per cent of the total traded value of Dh236 million. "We expect to see buyers in the coming few days as both companies have accomplished to resolve part of their cash flow challenges and possibly start winning new projects," Qaqish said.

Highest weightage

Among other stocks, Gulf Finance House closed more than 3 per cent lower at Dh2.24. Union Properties fell 2 per cent to close at Dh0.970. Emaar Properties gained along with shares of other five firms. Emaar Properties, which has the highest weightage on the index, closed 0.27 per

cent higher at Dh7.30. Shares of 27 firms fell of a total of 37 stocks.

The Abu Dhabi Securities Exchange General index closed 1.02 per cent lower at 4,570.24. Dana Gas closed 4.55 per cent lower at Dh0.42. Abu Dhabi National Energy closed 3.39 per cent lower at Dh0.57. Eshraq Properties closed 2.68 per cent lower at Dh1.09.

Oil will continue to be the main driver of sentiment.

"For the coming period, oil will remain the main driver for regional market performance, reflected by increasing investment cautiousness and thin trading volumes," Al Masah Capital said in a note.

Elsewhere in the Gulf, Saudi Arabia's Tadawul index closed 0.97 per cent lower at 6,857.15.