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VW gets worker backing for restructuring

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BUSINESS


GROWING OPTIMISM : Page 12
Qatar's non-hydrocarbon private sector foresees strengthened business volumes in 2nd quarter

Qatargas marks milestone with 10,000th ship loading by RLTO

Qatargas has announced that Qatargas Ras Laffan Terminal Operations (RLTO) has safely loaded the 10,000th cargo shipment of non-LNG product in the Ras Laffan Industrial City (RLIC).

Since starting operations in 2006, the dedicated teams at Qatargas have "efficiently and reliably" loaded more than 4bn barrels of product to customers all over the world. With demand continuing to grow for the vast array of products produced in RLIC, RLTO is entrusted with handling approximately 1mn barrels of oil equivalent of product every single day.

To celebrate the important milestone, a ceremony was held onboard the receiving vessel 'Serjeant' – an LPG tanker.

Ahmad Helal al-Mohannadi, chief operating officer (North); Fahad al-Khater, chief operating officer (South); Abdullah Khalid Idris, Qatargas RLTO manager and other senior Qatargas officials attended the ceremony alongside senior officials from the Ras Laffan Port.

The ceremony began with speeches by Qatargas chief operating officer (North) and chief operating officer (South), followed by the presentation of a commemorative plaque to the master of the 'Serjeant'.

Captain CP Gupta thanked Qatargas for its trust, and expressed his appreciation for choosing 'Serjeant' as the 10,000th vessel to load from the RLTO facility at Ras Laffan.

Qatargas RLTO was launched in 2006 as the single operator responsible for the storage and loading activities of non-LNG hydrocarbon liquids and sulphur produced in RLIC.

With one operator managing the safe storage and loading of non-LNG products, significant economies of scale were captured, and personnel were safeguarded with uniform safety standards.

The main customers of the services rendered by Qatargas RLTO are Qatar Petroleum, Qatargas, Al Khaleej Gas, Qatar Shell GTL, Dolphin Energy Limited, Laffan Refinery Company Limited 1 and 2, Oryx GTL, Ras Laffan Olefins Company and Barzan.

It is anticipated that the number of companies utilising the RLTO services will expand as various growth projects come into fruition.

Qatargas Ras Laffan Terminal Operations has safely loaded the 10,000th cargo shipment of non-LNG product in Ras Laffan Industrial City. To celebrate the milestone, a ceremony was held onboard the receiving vessel 'Serjeant,' an LPG tanker.

Shift towards 'circular economy' to boost growth: Al-Attiyah

Al-Attiyah: For adopting circular economy.

In its latest research report, the Al-Attiyah Foundation explores what a circular economy is, how the world is already taking steps in this direction, and how adopting such an approach is aligned with the Qatar National Vision 2030

As the world transitions towards a sustainable future, the use of finite resources is in question, and the current model of 'take-make-waste' could be replaced by a circular model, according to the Al-Attiyah Foundation.

Circular economy, the Qatar-based non-profit think tank said is one that aims to decouple economic activity from the consumption of finite resources, whilst taking waste out of the system.

In its latest research report, the Al-Attiyah Foundation explores what a circular economy is, how the world is already taking steps in this direction, and how adopting such an approach is aligned with the Qatar National Vision 2030.

HE Abdullah bin Hamad al-Attiyah said, "Moving away from a linear economy model towards a circular economy would reduce pressure on the environment, improve the security of raw materials and ultimately boost economic growth."

The concept of a 'circular economy' is not the latest buzzword for sustainability; it applies thinking that has been around for centuries focused on a methodology for reducing consumption of non-renewable resources.

This is, of course, in contrast to a linear economy, which represents most economic models today — that deliver goods to the consumer by simply following the process of take-make-dispose. The circular economy is underpinned by a transition to renewable energy sources, based on three principles — to design out waste and pollution, to keep products and materials in use, and to regenerate natural systems.

Transitioning towards a circular economy can only be achieved through a systemic societal shift in thinking and behaviour, the Al-Attiyah Foundation noted.

A circular economy model views redundant consumer goods as input, rather than waste, and offers great potential for civilisation to reduce their environmental footprint.

Take the mobile phone as an example; lithium is a key component of the batteries, which is mostly imported from the US. Once discarded, the lithium component could be used to make another mobile phone, rather than being dumped or recycled into something completely new.

Certainly, for this to be successfully adopted, the full production chain of a mobile phone would need to integrate this new approach. Already, there are many projects where reusing/recycling lithium is commonplace, but to reach a complete circular economy model, positive interconnectivity between producers, manufacturers and consumers is key.

In addition, open, transparent, and well-functioning markets for metals, minerals and other natural resources are essential for ensuring access to supply and to safeguard the economic well-being of nations worldwide.

"Adopting a circular economy makes sense," the Al-Attiyah Foundation stressed.

Moreover, moving towards a circular economy helps policy makers and influencers choose policies that protect and encourage the re-use of finite resources, as well as incentivising businesses and people to adopt this approach.

On how Qatar was faring in this shift towards a more sustainable world, the Al-Attiyah Foundation said, "The launch of the Qatar National Vision 2030 (QNV 2030) in 2008 helped consolidate the efforts of the State of Qatar to focus on sustainable development. It formed the cornerstone of the implementation of the 2030 Agenda and the subsequent UN Sustainable Development Goals.

"It has underpinned Qatar's efforts to build a modern state with sustainable, integrated economic, social and environmental development that leverage the available human and material resources to ensure a better future for all citizens and residents of Qatar.

"The rights of the future generations would be threatened if the depletion of non-renewable resources were not compensated by the creation of new sources of renewable wealth."

Al-Attiyah Foundation said, "The government of Qatar provides a supportive environment to enable the private sector to launch initiatives that help promote long-term sustainable growth. It is also encouraging to see companies, particularly energy companies, responding well to the efforts of governments in public-private-partnership, to adopt the circular economy model that would ensure that the four pillars of Qatar National Vision 2030 continue to be successfully addressed.

"Transitioning to a circular economy does not only amount to adjustments aimed at reducing the negative impacts of the linear economy, but also involves a systemic shift that builds long-term resilience, generates business and economic opportunities, and provides environmental and societal benefits."

Consumer goods, transport help QSE snap losing streak

By Santhosh V Perumal
Business Reporter

Non-Qatari individuals turned bullish and there was substantially lower selling pressure from non-Qatari funds as the 20-stock Qatar Index gained 0.6% to 9,798.74 points yesterday.

The Qatar Stock Exchange yesterday ended seven days of bearish run to gain 59 points, mainly on the back of strong buying especially within consumer goods and transport counters.

Non-Qatari individuals turned bullish and there was substantially lower selling pressure from non-Qatari funds as the 20-stock Qatar Index gained 0.6% to 9,798.74 points.

However, local retail investors turned bearish and there was lower buying interests of domestic institutions in the market, whose sensitive index is down 4.86% year-to-date.

Market capitalisation gained more than QR1bn, or 0.2%, to QR543.22bn mainly owing to micro and small cap segments.

Islamic equities were seen gaining faster than the main index in the market, where Gulf individuals and funds continued to be bullish but with lesser vigour.

Trade turnover and volumes were on the increase in the bourse, where the industrials and real estate sectors together accounted for about 74% of the total volume.

The Total Return Index rose 0.6% to 18,030.5 points and the Al Rayan Islamic Index (Price) by 1.19% to 2,255.34 points, while the All Share Index was down 0.08% to 2,927.39 points.

The consumer goods index surged 2.49%, transport (2.17%), industrials (0.73%) and banks and financial services (0.09%); whereas real estate declined 4.43%, telecom (1.05%) and insurance (0.16%).

More than 53% of the traded constituents extended gains with major movers being Woqod, Mesaieed Petrochemical Holding, United Development Company, Mazaya Qatar, Gulf Warehousing, Nakilat, Vodafone Qatar, Medicare Group and Qatar First Bank; even as Industries Qatar, Ezdan, Ooredoo and Alijarah Holding were among the losers.

Non-Qatari individuals turned net buyers to the tune of QR3.83mn against net profit takers of QR2.3mn on Monday.

Non-Qatari institutions' net selling declined substantially to QR22.19mn compared to QR77.44mn the previous day.

However, local retail investors turned net sellers to the extent of QR11.06mn against net buyers of QR28.92mn on May 14.

Domestic institutions' net buying weakened significantly to QR28.6mn compared to QR43.53mn on Monday.

The Gulf institutions' net buying also declined perceptibly to QR0.69mn against QR5mn the previous day. The Gulf individuals' net buying decreased noticeably to QR0.06mn compared to QR2.27mn on May 14.

Total trade volume grew 52% to 23.89mn shares, value by 91% to QR628.6mn and transactions by 59% to 13,310.

The realty sector's trade volume almost tripled to 7.87mn equities and value more than doubled to QR81.64mn on more-than-doubled deals to 3,710.

The industrials sector's trade volume more than doubled to 9.72mn stocks and value also more than doubled to QR200.56mn on more-than-doubled transactions to 4,407.

The consumer goods sector's trade volume almost doubled to 0.86mn shares and value more than quadrupled to QR143.26mn on more-than-doubled deals to 1,161.

The insurance sector's trade volume was up 4% to 0.26mn equities, value by 9% to QR7.87mn and transactions by 28% to 303.

However, the banks and financial services sector saw a 44% plunge in trade volume to 3.48mn stocks but on a 21% growth in value to QR165.2mn despite 3% lower deals at 2,708.

The telecom sector's trade volume plummeted 24% to 1.08mn shares, value by 31% to QR12.96mn and transactions by 21% to 574.

There was a 17% shrinkage in the transport sector's trade volume to 0.63mn equities and 31% in value to QR17.11mn but on a 20% jump in deals to 447.

In the debt market, there was no trading of treasury bills and sovereign bonds.

Turkey's lira firms as banks sell forex, S-400 talks continue

Reuters
Istanbul

Turkey's lira firmed yesterday as investors weighed up reports that Ankara was evaluating Washington's proposal to delay delivery of Russian missile defence systems and state banks continued to sell dollars to support the currency.

The currency has been battered this year on worries that Ankara's push to purchase Russian S-400 missile defence systems could lead to sanctions from Washington.

But a source said yesterday the US had asked Turkey to delay the delivery, scheduled for July, which could lead to an improvement in relations between the Nato allies.

However, a senior Turkish official said Ankara's position had not changed.

The lira stood at 6.0100 against the dollar at 1527 GMT, some 0.75% stronger than Monday's close of 6.0550. It firmed to as much as 5.9890 earlier in the day.

The lira is supported by a positive global sentiment toward emerging market currencies as well as news regarding the postponement of the S-400 delivery, said Guillaume Tresca, senior emerging markets strategist at Credit Agricole.

"If the reports are confirmed, it means that Turkey and the US will have room to manoeuvre and discuss the issue," he said.

Separately, industrial production fell a less-than-expected 2.2% annually in March. Month-on-month, it was up 2.1% on a calendar and seasonally adjusted basis, data showed. The Treasury tapped its two-year benchmark bond at a yield of 25.31, marking a rise of nearly six percentage points since a similar issue in March.

The lira is currently down nearly 13% against the dollar this year, with the most recent selloff sparked by the decision to rerun mayoral elections in Istanbul.

Iran metal exports may be harder to sanction than oil, say experts

AFP
Tehran

Iran, hard hit by US sanctions on its oil sales, now faces restrictions on metals exports, but industry insiders say foreign income from mining and steel will be harder to curb.

Tensions are soaring a year after Washington withdrew from a multilateral 2015 deal over Iran's nuclear programme.

A US aircraft strike group is heading for the Gulf and Tehran has said it will stop abiding by some restrictions on its nuclear activities.

US President Donald Trump last week imposed sanctions aimed at punishing anyone who buys or trades in Iranian iron, steel, aluminium or copper.

That came after Washington in November reinstated sanctions aimed at slashing the Islamic Republic's oil exports, by far its top source of foreign currency.

But the steel and mining sector, Iran's second-largest source of foreign revenue, may prove harder to target. Relatively decentralised, made up of small and medium-sized companies and selling mostly to nearby countries, it is less vulnerable to sanctions, experts say.

"The US cannot completely stop exports. Some countries, companies with no US ties, are OK to work with Iran," said industry analyst Mojtaba Fereydouni. "Also our main export markets are our neighbours — Iraq and Afghanistan, and recently Syria and Oman."

He pointed out that Iranian metals firms, no strangers to sanctions, were relatively unscathed by an initial tranche of restrictions re-imposed last year.

"In August, steelmakers were barred from importing essential raw materials and any trade in steel products...yet exports are up" for the year, he said.

According to official data, Iran's mineral exports grew about 20% year-on-year to $6.2bn in the 12 months to March, with steel making up over two-thirds of that figure.

Another industry official, Amir Sabbagh, said that while metals firms will face extra costs, they will be "manageable" as the country's weakened currency has made exports more profitable.

In this file photo taken on April 6, 2015, an employee works at Iran Alloy Steel Company's plant in the central Iranian city of Yazd. Relatively decentralised, the sector is less vulnerable to sanctions, experts say.

Iran's rial has lost more than 57% of its value against the dollar on the black market in the last year, making exports more lucrative.

Sabbagh, an official with a state-owned mining firm, wrote on Telegram that the sanctions' main impacts would likely be to increase sea freight costs and reduce exporters' bargaining power.

The sector could also be hurt by banking sanctions re-imposed by Washington in November.

Analyst Henry Rome warned that this could hurt Iranian importers who buy many of their raw materials from states further afield such as China, South Korea, Kazakhstan and Russia.

"The financial sanctions will choke off at least some of these relationships," said Rome, a specialist on Iran sanctions for the Washington-based Eurasia Group consultancy.

But Tehran-based economist Ehsan Soltani said minerals firms may be cushioned by the fact that their revenues, particularly from steel shipments, rarely make it back to Iran's financial system. Instead, they are largely kept outside the country to pay for imports.

Only one-third of Iran's $40bn in non-oil export revenue returned to the country in the last Iranian year, economy minister's advisor Hossein Mirshojaeian told semi-official news agency ISNA.

Steelmakers say they keep the money outside Iran in order to pay for raw materials, arguing that they cannot bring it into Iran due to the banking sanctions anyway, Soltani said.

Despite these factors, analyst Rome warned that potential factory closures and job losses would increase pressure on the government.

Mining employs 200,000 people directly and thousands more in downstream businesses, according to Soltani.

But Fereydouni said the industry could be protected by the fact the government retains a majority share in most major companies, while smaller, downstream firms can fly under the US radar.

"Major companies...are still quasi-governmental and therefore will not lay people off under any circumstances" for fear of the political and social consequences, he said.

Ultimately, he added, sanctions are "nothing new" for Iran's mining industry.

"We have always been sanctioned. Sometimes less, sometimes more," he said.

EDUCATION/FAQ on Agency

Can the bank in its capacity as an agent of another firm take a nominal percentage in return for its collecting sums of money for that firm?
It is lawful for the bank to serve as an agent for another firm in which case it is permissible for it to accept a fee in return for its agency.

Is it necessary that an agent specify at the time of purchase that he is the bank's agent?
It is not a Shariah requirement that the agent specify at the time of purchase that he is serving as the bank's agent. However, for purposes of documentation it is better for the agent to do so.

Is it lawful for the bank to grant agency to someone to sell goods on its behalf to different parties, if the lowest price for the sales and the time within which all payments are to be collected is specified?
An agency accepts conditions related to time, place, deeds, amounts and deadlines in addition to all other conditions agreed to between the principal and the agent. The agent must make every effort to realise the rights of the principal, however, he is not to be responsible for any loss unless he is guilty of negligence or deliberately acting contrary to the conditions stipulated by the principal.

Is it permissible for the bank to alter its agency rates represented in its schedule or to add new rates for new services?
It is lawful for the bank to alter agency rates and make them effective from the date they are changed on the condition that the client is informed in advance. The client has the right to dispute any such changes within a fixed number of days based on which the bank exercises the right to either accept the client's objection or to invalidate its contract with him.

Is it permissible for the bank to charge its clients an agency fee for the management and lease of their property, the cost of maintenance and repairs, administration of legal matters in addition to expenses such as postage, phone calls, faxes, telegraphs etc?
It is permissible for the bank to charge its clients an agency fee for managing their property that would include all the mentioned costs and expenses.

Is it lawful for an agent to be a surety as well?
If the contract of agency is inclusive of both delivering goods and collecting the money paid for them, it will be lawful for the agent to be a surety as well. If the contract is limited to transacting, with no agency to collect payments on behalf of the principal, then it will be unlawful for the agent to act as both agent and surety.

Is it lawful for the intermediary agent to buy and sell without informing either the buyer or the seller about the party from which the merchandise is bought and the party to which it was sold?
It is lawful for the agent to not disclose to the buyer or the seller the identity of the party from which the merchandise is bought and the party to which it is sold. It is essential however, that the agent does not transgress the limits of his agency either. If the agent sells at a price lower than the one specified by the principal, the transaction will be suspended and remain conditional upon the principal's approval. If the agent buys at a higher price than the one specified by the principal, the transaction will go through but will be binding on the agent and not the principal.

Is it lawful to take a service charge for processing documents as an agent for a payer or payee bank?
It is lawful for the bank to accept a fee for the services it performs as an agent on behalf of the payer or payee bank.

Is it a condition that a price be agreed upon by at least one of the two principals and that these instructions be given in advance?
The setting of the price for an agent in a sale or a purchase is not a condition to the validity of the agency however, if the principal does specify a price and the agent exceeds it, the rulings pertaining to the relevant agency agreement will apply, i.e. the transaction will go through but be binding on the agent and not the principal. If the agent sells the merchandise at a price lower than the one specified by the principal, the transaction will remain suspended and conditional upon the approval of the principal.

Source: Ethica Institute of Islamic Finance via Bloomberg

Islamic currency trade gaining popularity, but has to follow rules

By Arno Maierbrugger
Gulf Times Correspondent
Bangkok

A Hong Kong five-hundred dollar banknote, Chinese one-hundred yuan banknotes and US one-hundred dollar banknotes are arranged for a photograph in Hong Kong. Some scholars say as long as forex trading adheres to Islamic principles and fulfils a number of conditions, it can be considered to be halal. Others, however, are entirely opposed to it due to the speculative elements of this type of trading.

Last week's launch of an Islamic trading account by one of the world's largest online currency and multi-asset trading platforms, eToro, has quickly filled Islamic finance chatrooms with concerns: Is online foreign exchange (forex) trading permissible as per Shariah law? How does it relate to the risk-sharing principle in Islamic law, and how can interest-like fees commonly paid on conventional forex overnight accounts be avoided? How to deal with currency futures and options where no currency is actually owned by the trader – which implies speculation –, and with leverage where borrowed money is used for a currency trade?

Generally, most conventional forex traders are using futures or options contracts and do not expect to take actual delivery of the currency they are "buying", and never actually own the currency that they are "selling." They are basically speculating that the value of one will go up and the value of another will go down. Whether this is halal as per Islamic law remains a difficult question to answer for many in the Muslim world.

In a nutshell, the Islamic community is divided on whether currency trading is permissible for Muslims or whether it is haram. Basically, making profit and exchanging currencies are allowed in Islam because a Muslim individual has the right to improve his financial condition. Some scholars say as long as forex trading adheres to Islamic principles and fulfils a number of conditions, it can be considered to be halal. Others, however, are entirely opposed to it due to the speculative elements of this type of trading. Various Islamic rulings have been issued on the matter, but overall, the issue remains one of the most debated topics under Islamic jurisprudence.

Those who are positive about the permissibility of Islamic currency trading see the following conditions as mandatory: Firstly, there shall be no interest, or riba, involved in any currency trades. Secondly, trades can only be made between two different currencies and not with the same kind of currency.

For instance, traders cannot bet on the same currency for different values, let's say $1 for $3, because that falls in the domain of riba and speculation. Thirdly, an actual trading ("spot trade") with cash delivery needs to take place immediately and without delay and at the same time when the underlying business contract is formulated, which rules out futures and options trades. This means, a Shariah-compliant currency trade over the Internet is only permissible if there is an immediate transfer of funds from the seller's account to the buyer's account.

Gulf Times Exclusive

The third condition of immediate transfers has also been set to avoid rollover fees – called swaps – paid on positions held open overnight which are considered as a type of usurious interest payment.

As a result, all Islamic forex trading accounts are labelled "swap-free."

Brokerages such as eToro ensure that they do neither charge interest nor fees on Islamic forex accounts and guarantee that there is no other form of riba-based interest in these accounts. At eToro, all open operations after 5pm New York time are usually extended for the next 24 hours without deduction of any rollover commissions. The company's account also offers immediate buying and selling without delay and immediate transfer from the account of the seller to that of the buyer and vice versa.

In the case that there should be any usurious interest, the contract would be invalid and labelled haram, eToro ensures. In addition, the brokerage's Islamic forex trading account also provides interest-free leverage, which means Muslim traders can either trade as much as their money allows or take out a loan from a broker, under the condition that the broker does not receive any interest on the loan.

Being the largest and the most liquid market in the financial world with an average daily turnover exceeding around $5tn, forex trading – and with it online forex trading – has reached huge dimensions, and Muslims are not exempt from its popularity. Online forex trading platform others than eToro – including Avatrade, Alpari, Markets.com, Vantage FX, IFGM, Pepperstone and FBS, to name the most popular – have therefore also added Islamic trading accounts adhering to the above specifications to their portfolio.

Faysal Bank looks to tap into Shariah deposits growth in Pakistan

Bloomberg
Karachi

As banks around the world shut branches and lay off tellers, Pakistan's Faysal Bank is headed in the opposite direction in the hope that a drive into Islamic financial services will boost deposits and shareholder returns.

The Karachi-based lender plans to open 200 new branches offering Shariah-compliant deposit accounts in the next two years, and convert 40 regular branches to Islamic outlets this year, according to chief executive officer Yousaf Hussain. By the end of the programme, more than three-quarters of the network will be Islamic, one of the most effective ways to attract new deposits in Pakistan, Hussain said in a recent interview.

"Branches are still relevant. Lots of people feel comfort with having a branch close to them," Hussain said. "There is space in the Islamic banking market, clearly."

Faysal Bank wants to tap into the rapid growth in Shariah-compliant deposits in a country where three-quarters of the population doesn't have a bank account, and many of the unbanked shun regular commercial banks because of Islam's prohibition on interest payments.

They often want the assurance of a physical branch outlet to trust the bank with their money, instead of keeping it at home or using informal savings networks.

That's a contrast to the situation in the developed world, where banks are shuttering branches and laying off front-line staff as they seek to save costs and adapt to the changes brought by financial technology. Former Citigroup Inc head Vikram Pandit has predicted that developments in technology could result in 30% of banking jobs disappearing in coming years.

In Pakistan, Shariah-compliant deposits have grown at double the pace of conventional deposits over the past two years, according to research by Karachi-based Optimus Capital Management. Only about 20% of Pakistan's 14,000 bank branches are Shariah-compliant, accounting for about 15% of total deposits of roughly 14tn rupees ($99bn).

Faysal Bank's programme of branch openings and conversions will give it a total of close to 390 Islamic outlets this year, which would be the second-largest network in the country after Meezan Bank Ltd, a specialist Islamic lender.

Majority owned by Bahrain's Ithmaar Bank, Faysal Bank expects the extra deposits it will gain from its branch opening programme should allow it to double net income to about 10bn rupees over the coming five years, according to Hussain, from the 4.9bn rupees reported for 2018.

The cost of opening Islamic branches is relatively low compared with traditional outlets, thereby boosting profits, Hussain said.

Kenyan radio builds trust in drought insurance, takaful

Thomson Reuters Foundation
Isiolo, Kenya

It only lasts about two and half minutes, but the brief message Asma Mohamed broadcasts on her daily radio show has become essential listening for more than half a million herders in northern Kenya.

For the past five years, station manager Mohamed has been using her show on non-profit community radio channel Baliti FM to discuss everything from good governance and livestock breeding to children's rights and challenging gender roles.

But she gets the biggest response from her listeners in Isiolo County when she talks about insuring their animals.

As a warming climate spurs more extreme weather, herders in Kenya's arid and semi-arid northern parts can lose up to 10% of their livestock when drought hits, according to the Pastoralist Capacity Development Programme, a local non-profit.

Pastoralists think of their animals as their "banks", Mohamed said.

But figures from the state-run Kenya Livestock Insurance Programme (KLIP) show that, out of an estimated 6mn Kenyans who depend on animals for their income, only a fraction have any kind of insurance for their herds.

So Mohamed and her crew decided to devote a few minutes a day to explaining how livestock insurance works, and how it can help herders get through the worst effects of drought.

"To own livestock is not only a cultural thing, but (also) a status symbol among pastoralists," she told the Thomson Reuters Foundation. "Drought is a threat to their livelihoods. But when they have insurance, they can use the money to keep their herds alive."

Mohamed focuses on index-based livestock insurance, an innovative model being offered to Kenyan herders through KLIP.

It uses satellite imagery to measure how rangeland vegetation has been affected by drought.

Once an area gets dry enough to meet the threshold for a payout — usually based on how little pasture there is compared with seasonal records — pastoralists are compensated with cash they can use to buy food, water or medicine for their herds.

Index-based insurance is triggered earlier than traditional policies, which pay out only when an animal dies, and is designed to help farmers get through severe drought without losing livestock.

Since KLIP launched a pilot in two northern counties in 2015, around 18,000 pastoralist households have been insured through local agencies partially subsidised by the government.

Fatuma Guyo, 36, sells camel milk from a stall in Isiolo and has insured her animals ever since she first heard about the service on Baliti FM three years ago.

She did not want to give details of her policy, but said the payouts she received had eased the constant search for food for her animals.

"My family's bonds have been strengthened because there is less travelling to far lands to look for pasture," she said.

The payouts had also reduced their reliance on food relief, she added. "Life has been easier for us."

Rahab Kariuki, managing director at Agriculture and Climate Risk Enterprise (ACRE), a company that connects farmers with insurers, said Guyo's story was typical, with many families needing less food aid after signing up to livestock insurance.

They can also diversify their diet by buying nutritious food like greens and fruit, no longer relying only on the grains and flour supplied by aid agencies, she added.

Bashir Mohamed, CEO of the development arm of Takaful Insurance of Africa (TIA), a provider working with KLIP, said his company had seen a dramatic rise in the number of pastoralists taking up insurance over the past few years.

And he credits Baliti FM with helping spread the word.

When TIA first launched its own index-based livestock insurance a decade ago, the company had an average of just one customer for every square kilometre in northern Kenya, he said.

Then Baliti FM started addressing the issue on air, and now TIA has 20 times as many customers.

Since 2013, more than 155,000 animals have been covered under TIA's insurance scheme, according to company data.

In that time, it has paid out more than 60mn Kenyan shillings (about $600,000).

But in a country where livestock contributes more than 40% of agricultural GDP, according to the government, the TIA official sees a long way to go before all Kenya's herds are covered.

Rough terrain, lack of internet and weak phone services make it difficult for insurance agents to reach and stay in touch with potential customers in rural areas, he said.

"Our agents often go out to look for pastoralists grazing their herds in the bush. There are no proper roads and communication network signals are very poor," he explained.

Another challenge is the general mistrust of insurance companies among rural communities, he added.

When insurance agents approach potential customers, the farmers "cannot understand why they should peg their herds to something they cannot see or touch", and want to know what the agents are getting out of it, he said.

At Baliti FM, the station regularly gets calls from farmers worried about whether insurance is a safe way to spend their money, broadcaster Asma Mohamed said.

Easing their suspicions was a key reason why she decided to give the issue special attention on air.

As a member of the Borana tribe, who live in northern Kenya and southern Ethiopia, she has seen firsthand how destructive drought can be.

"When there is drought and the people lose their livestock, there is a feeling of doom within the community," she said.

India's Jet Airways loses 2 top executives as rescue hopes dim

Reuters
Bengaluru

The chief executive and head of finance at Jet Airways have both quit, the Indian company said yesterday, further eroding hopes of a rescue of the debt-laden carrier that grounded operations last month.

Jet, once the biggest private carrier in the country, owes vast sums to its lessors, employees, fuel suppliers and other parties.

It stopped all flights from April 17 after its lenders refused to give it any more funds to keep the carrier flying.

Jet, also saddled with roughly $1.2bn in bank debt, was crippled by mounting losses as it attempted to compete with low-cost rivals Interglobe-owned IndiGo, SpiceJet Ltd and Wadia Group-owned GoAir.

The airline has been rapidly shedding aircraft in recent weeks, as lessors have rushed to deregister and repossess planes in the wake of the turmoil.

It has also lost hundreds of pilots, cabin crew and engineers to rivals and seen its valuable slots reallocated to rivals, further eroding any residual value and hopes of new investors stepping in to rescue the airline.

The departure of chief executive Vinay Dube comes hard on the heels of the resignation of chief financial officer Amit Agarwal, announced earlier in the day.

Agarwal's resignation was effective May 13, the company said in a statement.

Separately, the Economic Times newspaper reported yesterday that Jet's chief people officer Rahul Taneja had also resigned. Reuters was unable to confirm the report.

For months, Jet has tried to convince investors, including Etihad, to pump in money and save the airline.

But suitors had some qualms and a deadline for any interested parties to submit binding bids for the carrier ended on Friday with no such offers.

State Bank of India (SBI), Jet's lead lender and the bank overseeing the sale process, said at the time it had only received three conditional offers, including one from Etihad.

"This had to happen," said analyst Ronil Dalal of Ambit Capital. "Considering the kind of bids that have come in and the monetary value of those bids, it seems like it is too little."

"It was long expected that Jet will eventually shut down and I think now that's coming to fruition."

Jet and SBI did not immediately respond to requests for comment on what options exist for Jet. In its regulatory filing, the airline said Dube and Agarwal resigned due to personal reasons, without providing further details.

Dube took over as the airline's CEO in August 2017, filling in a spot that had been vacant since early 2016.

Agarwal had been acting as CEO during that time.

Jet's shares closed 7.33% lower at Rs128.9 yesterday, while the broader Mumbai market closed 0.66% higher.

Houses are seen in Hong Kong. Hong Kong's home prices fell from August to December last year weighed by trade tensions and higher interest rates but then quickly rebounded since the beginning of 2019.

'More mainland Chinese want to buy HK property'

Reuters
Hong Kong

Hong Kong is the most favourable offshore real estate market for mainland Chinese, despite an escalation in US-China trade tensions and concerns over a controversial extradition law that will extend Beijing's power over the city, UBS said yesterday.

These two developments are expected to have limited impact on Hong Kong's housing prices, UBS said, forecasting an uptrend in the next decade as increasing numbers from the mainland choose to live or invest in the financial hub with one of the world's most expensive real estate markets.

Around 12% of respondents in the latest UBS survey said they intended to purchase a Hong Kong property in the next two years, up from 7% in a September survey.

The percentage was also the highest since the first survey conducted in 2015.

The latest survey polled around 3,500 respondents.

The ongoing trade dispute between the world's two largest economies could put further pressure on China's yuan, but it may drive more Chinese to park their money in Hong Kong property to ward off capital depreciation, UBS head of Hong Kong and China real estate research John Lam told a news conference. Lam said a prolonged US-China trade row would lead to a property market correction but it would be shorter than the price dip last year.

Hong Kong's home prices fell from August to December last year weighed by trade tensions and higher interest rates but then quickly rebounded since the beginning of this year.

In March, prices rose at their fastest pace since September 2016.

"And while passage of the extradition law would impact the wealth allocation of Chinese investors as Hong Kong becomes another Chinese city, but in reality the demand in tier-one cities in China is very robust," Lam said.

Hong Kong is trying to enact rules that will allow people accused of a crime, including foreigners, to be extradited from the city to countries without formal extradition agreements, including mainland China, sparking fears over the erosion of rights and legal protections in the former British colony.

Lam said the trade war and extradition law would not affect mainland Chinese plans to invest or move to Hong Kong, especially since China's adoption of common reporting standard (CRS) and new personal income tax requirements.

"Some of our clients and fund managers we know moved from Shanghai or other Chinese cities to Hong Kong to avoid becoming tax residents in mainland China," said Lam, citing the new individual income tax law that taxes residents who stay on the mainland for over 183 days, shortening from 365 days previously.

He expected non-local demand would outweigh local demand eventually, and limited housing supply and integration of the Guangdong-Hong Kong-Macau Greater Bay Area would support long-term price growth.

India fears China will start flooding excess steel into its market

Reuters
New Delhi

India fears China could soon start flooding excess steel into its market after the United States raised tariffs on Chinese products due to the escalating trade war between the world's two largest economies, according to three government sources and four industry officials.

As a result, the Indian steel industry has asked the Indian government to put in so-called safeguard duties of as much as 25% to protect it from growing imports. These would be imposed on steel that the government determines has been dumped in India at prices below the cost of production.

Since last year, China and the United States have been locked in a trade conflict as Washington seeks to fix the trade balance, currently tilted in favour of Beijing.

The two nations have raised or threatened to raise tariffs on each other's goods, moves that could re-draw trade flows and that have threatened to derail the global economy.

"China has excess (steel) capacity and there is a concern they could re-route it through other countries like Vietnam and Cambodia into India," an Indian government source with direct knowledge of the matter said.

"Steel sector is vulnerable," the source said, declining to be identified due to the sensitive nature of discussions.

India, the world's second-largest steel producer, turned net importer in the year ended March 31, 2019 after a gap of three years. That is because the country lacks the capability to produce high-quality steel and has lost some of its global clients to cheaper exports from China, Japan and South Korea.

"China, Japan, Korea which are major exporters to US, Europe and Canada, because of trade actions, they are also diverting steel into India," Seshagiri Rao, joint managing director at JSW Steel Ltd, told Reuters.

"It is very much essential for government of India to increase the safeguard duty to 25% as soon as possible," said Rao.

Currently, there are a range of such duty levels. Last month, steel companies JSW, Steel Authority of India, Tata Steel, Jindal Steel and Power – controlling over 45% of India's total steel production – met with government officials to ask for safeguards, according to a source who attended the meeting.

Columns of steel are stacked inside the China Steel production factory in Kaohsiung. India fears China could soon start flooding excess steel into its market after the US raised tariffs on Chinese products due to the escalating trade war between the world's two largest economies, according to three government sources and four industry officials.

During the meeting, Steel Secretary Binoy Kumar, the top bureaucrat in the Ministry of Steel, also said that the steel industry was at risk from global excess capacity, the source said.

Kumar said India need to act soon to protect its fragile steel industry from predatory imports as it would be difficult to revive it if the situation was allowed to deteriorate for three-to-four years. However, he said a decision on safeguard duties has not yet been taken. The steel ministry did not respond to Reuters' e-mails and phone calls seeking comments.

Neither did SAIL, Tata and JSPL.

"What we are seeing is that part of displaced exports is already making inroads," said Arnab Kumar Hazra, assistant secretary general at the Indian Steel Association, which represents major steel producers.

There was therefore every reason to argue for safeguard duties given the perceived threat, he said. India had imposed a slew of safeguards in 2015-2017 on several steel products to curb cheaper imports and protect local industry, prompting Japan to refer India's behaviour to the World Trade Organisation (WTO) dispute panel.

India's trade deficit with China jumped more than a nine fold over the past decade to $63.05bn in the year ending March 2018. With the latest US tariffs on Chinese goods, India fears Beijing could also re-route exports of electronic items, toys, furniture and organic chemicals to India through other Southeast Asian nations.

New Delhi and Beijing have been negotiating over greater market access as China wants to exports milk products and apples to India while New Delhi wants to sell China bovine meat, sources said.

Nissan set for weakest profit in 11 years as Ghosn woes, bleak sales weigh

Reuters
Yokohama

Nissan Motor Co forecast a 28% plunge in its annual operating profit, putting it on course for the weakest earnings in 11 years and underscoring its struggle to turn the page after former Chairman Carlos Ghosn was ousted.

The lacklustre outlook from Japan's No 2 automaker – hit by Ghosn's arrest last year and troubles at its North American business – is likely to add to the pressure on CEO Hiroto Saikawa as he tries to overhaul corporate governance and put Nissan on a more equal footing with alliance partner Renault.

Nissan's weakening profit and a growing number of departing executives and managers have raised concerns at Renault, which holds a 43% stake in the Japanese firm and has pushed for closer ties.

These issues could strengthen the argument for closer links between the two automakers, although some Nissan executives have opposed a full merger and what they see as an unequal partnership that gives smaller Renault more sway over Nissan.

"Today we have hit rock bottom," Saikawa told a news conference at the company's headquarters in Yokohama yesterday, adding that he wanted the company to recover to its original performance level in next two to three years.

"Most of the problems we are facing are the negative legacy of our old leader," he said in a reference to Ghosn, adding that the company had been slow to move on from these problems. Nissan expects operating profit of ¥230bn ($2bn) for the year to March 2020, missing the ¥457.7bn average of 23 analyst estimates compiled by Refinitiv.

The automaker reported an operating profit of ¥318bn in the year just ended, down 45% from a year earlier.

It also booked ¥4.4bn in expenses to reflect previous misstatements involving Ghosn's compensation. Sluggish profitability would likely result in a 30% cut to full-year dividend to ¥40 per share, Nissan said.

After Ghosn's ousting as head of the Renault-Nissan alliance, the French automaker is set to discuss forming a joint holding company to give both companies equal footing, people with knowledge of the matter have said.

Saikawa declined to comment on the progress of the discussions, but acknowledged a difference of opinion with Renault chairman Jean-Dominique Senard regarding a closer capital integration between the two companies.

"I have been negative to the idea of a full merger," he said. "Now is not the right time to discuss a merger.

We have to focus on our recovery," he said.

Ghosn, out on bail and awaiting trial in Japan, has been charged on several counts of financial misconduct and of allegedly enriching himself at Nissan's expense. He has denied all charges and said he is the victim of a boardroom coup.

The scandal has rocked the global auto industry and raised concerns about Nissan's ability to regain its footing following the departure of the charismatic leader and the architect of its alliance with Renault.

Widely considered a protege of Ghosn before taking the reins at Nissan, Saikawa has now come under fire for not doing enough to limit Ghosn's broad control over the company, and for the drop in the automaker's performance since he took over in 2017. Saikawa has said that he planned to eventually hand over to a successor, but yesterday he gave no indication of when such a move may come.

"Timing is a matter I need to decide," he said, adding that he would step down "at the appropriate time".

The biggest blow to Nissan's bottom line has come from the costly sales incentives in the United States, where its sales fell 9.3% to 1.44mn units in the year ended March 31.

For years it has relied on heavy discounting in its biggest market to sell its Rogue compact SUVs and Altima sedans, under aggressive targets Ghosn set during his time as CEO.

Saikawa has pledged to focus on improving US profit margins, but it has been a slow process as Nissan continues to resort to discounting.

The automaker also cut its mid-term revenue target to ¥14.5tn by 2022, from ¥16.5tn.

It sees its annual operating margin at 6% by then, versus an earlier target for 8%.

Nissan shares are down around 2% this year, after losing a fifth of their value last year.

Nissan Motors president and CEO Hiroto Saikawa speaks during a press conference in Yokohama yesterday. The Japanese car company forecast a 28% plunge in its annual operating profit, putting it on course for the weakest earnings in 11 years and underscoring its struggle to turn the page after former chairman Carlos Ghosn was ousted.

Asian markets tumble after hefty losses on Wall Street

AFP
Hong Kong

Asian markets extended a global sell-off yesterday following hefty losses on Wall Street that came in response to China's hike in tariffs on $60bn of US imports, ramping up tensions in a trade war between the global economic titans.

The move by Beijing was followed by a warning of further action such as dumping US Treasuries and came days after Washington more than doubled levies on $200bn of Chinese goods and Donald Trump said he was looking at more than $300bn more.

The stand-off has sent shockwaves through trading floors, where most dealers had a little over a week ago been confident the two sides were close to a deal. World markets have rallied for most of the year on the back of optimism about an agreement.

Hong Kong led losses as the market reopened after a long weekend.

The Hang Seng Index sank 1.5% to 28,122.02 while Shanghai shed 0.7% at 2,883.61 and Tokyo ended down 0.6% at 21,067.23, marking its seventh straight loss.

Sydney and Singapore each dropped 0.9%, with Manila and Jakarta both down 1.4%. There were also losses in Taipei and Wellington, though Seoul edged up slightly.

"Uncertainty and short-term sentiment impact is likely to stay," Medha Samant, director of investment at Fidelity International, told Bloomberg TV. "In the short term, it looks like volatility is here to stay and we could see this risk-off, risk-on going on for a long time."

The retreat came after the Nasdaq on Wall Street suffered its worst day of 2019 and the Dow ended at its lowest point in more than three months.

After announcing the higher tariffs, the editor of Communist Party-owned Chinese newspaper *Global Times* warned Beijing could also hit the US by offloading Treasuries, ending US agricultural purchases and reducing orders for Boeing airplanes. OANDA senior market analyst Jeffrey Halley warned there could be worse to come. "Given that equity markets are so far behind the curve in repricing the risk to the new-world reality, equities could be in for an extended period of pain," he said in a note.

However, while there is a lot of fear about an all-out trade war, which could batter the world economy, both said talks will continue, though no date has been set for the next round. Also, Trump said he had a feeling talks with China will be "very successful" and that he intended to meet his Chinese counterpart Xi Jinping at next month's G20 summit.

"An eventual agreement still seems the most likely outcome, although political miscalculation is a rising risk," said Paul Christopher, head of global market strategy at Wells Fargo Investment Institute.

"However, differences on key issues and in negotiating styles may spark more market volatility ahead."

On currency markets the yuan – which has fallen more than 2% since Trump last week threatened to hike tariffs – edged up slightly against the dollar, while the greenback was also slightly lower against the pound and euro.

And oil prices edged up after Monday's losses as concerns about the impact on demand from the trade war offset geopolitical tensions in the Middle East, the crisis in Venezuela and "sabotage attacks" on two Saudi Arabian oil tankers.

"Supply-side disruptions along with simmering US-Iran tensions have supported oil prices however as market fundamentals remain tight for the current term," said Benjamin Lu, commodities analyst at Phillip Futures in Singapore. "Oil prices have struggled to retain bullish gains as the Sino-US trade dispute clouds economic outlook for the coming term."

A man points out an electronic board showing the Nikkei stock index outside a brokerage in Tokyo. Japanese shares were 0.6% down yesterday.

India's Sensex advances

Bloomberg
Mumbai

Indian stocks advanced, snapping their longest stretch of losses since February, as some investors felt nine days of declines to be excessive.

The S&P BSE Sensex climbed 0.6% to 37,318.53 in Mumbai after falling as much as 0.4% earlier in the session. That avoided the longest ever losing streak for the benchmark gauge. The NSE Nifty 50 Index gained 0.7%.

Stocks have been weighed down in recent days as investors weighed their positions ahead of next week's national ballot results and fretted over the escalating US-China trade dispute.

The seventh and last phase of voting for India's marathon elections takes place on May 19, with vote counting and results scheduled for release on May 23. On the earnings front, 17 of the 27 Nifty companies that have reported so far have either met or exceeded estimates.

"The market is in an oversold territory but it will be too early to say that we are out of the woods after this gain," said Jitendra Panda, managing director at Peerless Securities Ltd in Kolkata. "Foreign investors have been selling and we will have to see how it pans out over the next couple of days." "There was a build-up of positions in the run-up to the elections and it's natural that some investors may wish to book profits as the event is close," said Joseph Thomas, head of research at Emkay Wealth Management. "Amid this, the US-China trade dispute is further adding to the negative environment."

All but two of 19 sector indexes compiled by BSE Ltd advanced, led by a gauge of telecom companies. Reliance Industries Ltd contributed the most to the index advance, increasing 2.3%

Sun Pharma had the largest gain, rising 5.4%

Tata Consultancy Services Ltd was the biggest drag on the index and had the biggest drop, declining 1.7%

Trade war tensions hit EM shares

Reuters
London

US-China trade worries pushed emerging market shares to their lowest since January, though some conciliatory noises from the two sides did at least help slow the slide.

Hundreds of billions of dollars have been wiped off EM assets since the tensions have returned. MSCI's main developing market index was down another 0.6% yesterday having already lost more than 8% over the last month. Traders tried to repair some of the damage as Beijing said both it and Washington would continue to pursue talks.

Turkey and South Africa to Poland and Russia clawed up as much as 0.5%, but after 0.5%-1.7% falls in China, Hong Kong and Indonesia the overall direction was still down.

"We are in the crosshairs of investing in risk assets against the backdrop of a trade war," said fund manager GAM's investment director for emerging market equities, Tim Love.

The easing of the selling, however, showed the idea of "bad news is good news" was back in the market, Love added, with investors speculating on more Chinese economic stimulus and a potential US interest rate cut. There were plenty of other things to digest too.

MSCI had published a review of what gets included in its indexes overnight.

A total of 26 China A shares will now be added to MSCI China, while 30 Saudi stocks and 8 eight from Argentina will join the broader 24-country EM benchmark. Turkey's lira was modestly lower again too, having been helped on Monday by reports that Ankara was considering a US request to delay the purchase of a Russian S400 missile-defence system.

Uber shares quickly approaching 'white knuckle' territory

Bloomberg
New York

With Uber Technologies Inc's shares plunging nearly 20% below its IPO price on Monday, the stock might be fast approaching a "white knuckle" territory, according to one Wall Street analyst.

After closing down 7.6% on Friday in its trading debut, Uber's stock dropped as much as 13% on Monday in New York, before closing down 11% at $37.10. The initial public offering was priced at $45.

"From a stock perspective, if Uber breaks $35, that is where it starts to get even more white knuckles," Wedbush analyst Daniel Ives said in a phone interview. "Right now the bears are winning, and there is nothing to stop these stocks from moving down, especially in a risk-off environment," the analyst added, noting the weakness in ride-sharing peer Lyft Inc, which is also down as much as 7.3%.

While there are plenty of sceptics when it comes to the ride-hailing and ride-sharing economy, the broader market sell-off amid escalating trade tensions between US and China is also weighing further on the valuation of the two companies. Uber CEO Dara Khosrowshahi told staff on Monday that it was "another tough day in the market," and warned of a weak showing.

"Uber and Lyft are caught in a perfect storm of China-trade related market choppiness, combined with worries around no profitability in sight, and a valuation knife-fight between the bulls and the bears," Wedbush's Ives said, noting that Uber's IPO was initially expected to be a positive catalyst for Lyft. "Once it ultimately became the opposite, it became a field day for the shorts," he said.

The staggering proportion of bearish bets in Lyft has already become a cause of concern for investors. The stock currently has nearly 62% of its free float held short, according to S3 Partners.

Falling to $35 would mean a more than 22% discount to Uber's IPO price of $45. The stock was seeing heavy trading on its second session as a public company. According to Bloomberg data, the total value of Uber shares traded on Monday was $2.8 billion, surpassed only by behemoths such as Apple, Amazon, Microsoft and Facebook. Morgan Stanley nabbed the biggest US initial public offering of the past five years. Now it gets to field the second-guessing after Uber Technologies Inc. tumbled 18% in its first two days of trading.

Across Wall Street, questions are flying: Why did bankers including Morgan Stanley's suggest a $120bn valuation last year that Uber couldn't deliver? Did the syndicate led by the firm set the IPO's price too aggressively? And did they steer too much stock to big investors who made hollow pledges to hold it long term?

"In retrospect, the underwriters should have done a better job at figuring how strong the true demand was," said Jay Ritter, a professor at the University of Florida's Warrington College of Business who specialises in IPOs. "But underwriters in general have a hard time finding out how much buy-and-hold demand there is, versus flippers."

The debate over how well Morgan Stanley and other banks handled the marquee offering is complicated by a lot of bad luck, including the abrupt flareup last week in US-China trade negotiations that drove markets down around the globe, as well as the recent dismal performance of Uber's main rival, Lyft Inc. There's also a broad, gnawing concern about Silicon Valley's penchant for delaying public listings until startups achieve full size: Who's left to buy?

Many top-tier investors already owned shares of Uber before last week, potentially curbing some appetite for the $8.1bn of stock sold. Holders included clients of Morgan Stanley's wealth management division, such as family offices that had opportunities to buy in privately, one person familiar with the matter said. Even some within Uber's leadership began to view the round more as a "follow-on" investment than a fresh public offering, two people said.

Still, people with knowledge of the situation have said the order book was at least three times oversubscribed. Morgan Stanley, which is slated for about $41 million in fees from the deal, led the offering with Goldman Sachs Group Inc. and Bank of America Corp, which are sharing a total of about $32mn in fees. A spokeswoman for Morgan Stanley declined to comment for this story.

One investor at a multibillion-dollar shop recalled other misgivings heading into the sale. He said he grew suspicious days before the pricing because the syndicate of banks kept seeking reassurances that his firm wouldn't flip the stock. Yet, the bankers also kept telegraphing there were ample retail investors hoping to buy in after the debut, which could cause the price to "pop" at least briefly, offering a chance for a quick and easy profit, the investor said. His firm ended up slashing its final order.

Uber shares climbed 2.2% to $37.90 at 7:57am New York time in early US trading. It slumped 7.6% in its debut on Friday and lost an additional 11% on Monday. Morgan Stanley has been trying to steady Uber's price, according to people briefed on its efforts. As the lead underwriter and stabilisation agent, Morgan Stanley has a right to sell additional shares via a so-called greenshoe option.

Investors stick with European safe-haven bonds despite trade talk hopes

Reuters
London

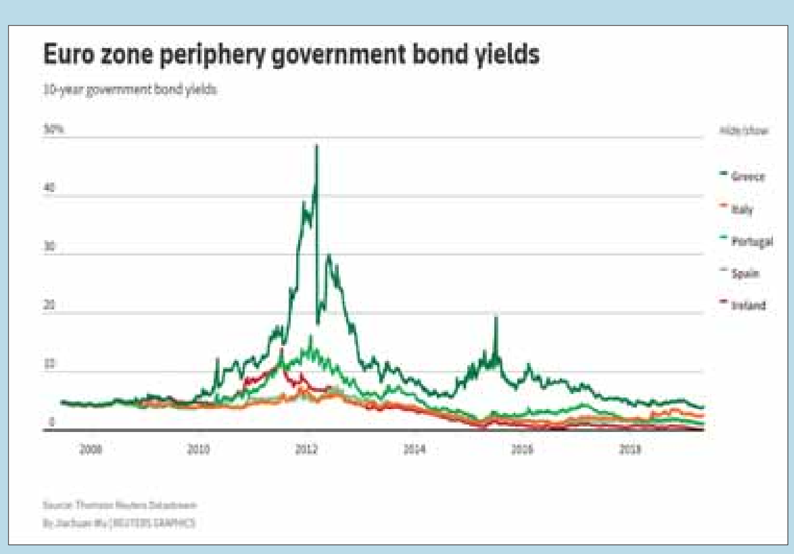
European safe-haven government bond yields fell back towards six-week lows yesterday, as a surprise drop in German investor morale offset a more conciliatory tone in China-US trade talks.

Investors had rushed for safety on Monday after China announced it would slap tariffs on US goods in retaliation for a US move last week to target more imports from China.

Italy, where government bond yields hit a new 2-1/2 month high this week on US-China trade tension-induced risk aversion and worries about political infighting in Rome, raised €6.75bn in new bonds yesterday.

Nordea analyst Jan von Gerich, said the auction went "quite well but not great".

The prospect of a deepening trade conflict between the world's two biggest economies has rattled investors, but yesterday China's top diplomat said China and the United States had the "ability and wisdom" to reach a deal that was good for both. US President Donald Trump said he thought talks in Beijing would be successful.



The 10-year German government bond yield initially rose 2 basis points to -0.057%, away from a six-week low of -0.07% on Monday. But signs of investor nervousness were clear as the yield later reversed to -0.07%. The ZEW economic sentiment survey showed the mood among German investors deteriorated unexpectedly in May.

"The market is overly sensitive (to headlines). The underlying situation is quite bad.

The words we are hearing from China are not something we are used to," said Nordea's von Gerich.

Together with signs of a weakening eurozone economy, "the case is becoming clearer that yields are not heading higher any time soon," he said.

Many analysts believe it is very difficult for core eurozone debt yields to rise sustainably given concerns about the health of the economy and trade war fears.

Christian Lenk, an analyst at DZ Bank, described the market's approach to the trade talks as "bipolar", with investors piling into German bunds on negative days – only to reverse those positions when the mood turned positive.

"That ping-pong feeling that markets are feeling with trade talks is something that's likely to continue until we find some concrete results," he said.

French government bonds have enjoyed strong demand this year and data yesterday showed that Japanese investors bought a record amount of French bonds in March. The 10-year French government bond yield rose slightly yesterday to 0.342%, further away from 2-1/2 year lows touched in March.

Italian government bond yields were little changed on the day, just below 2-1/2 month lows touched this week.

The 10-year yield hovered around 2.669%.

Italy sold the top planned amount at a bond auction yesterday, but paid higher yields due to growing concerns over political infighting in the run-up to European elections in late May.

The Rome-based Treasury auctioned three-, seven- and 30-year nominal BTP bonds, with orders totalling 1.46 times the €6.75bn ($7.6bn) sold.

Italian bond yields have risen since a warning last week from the European Commission that public finances would deteriorate further and since politicians in Rome raised the possibility that Italy could breach EU rules on public spending.

Analysts said they expected public discord between the two ruling Italian parties to grow in the run-up to European elections.

BUSINESS

QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	124.79	3.91	1,995
Widam Food Co	56.60	-0.61	22,615
Vodafone Qatar	7.15	1.42	977,666
United Development Co	13.89	5.47	1,805,935
Salam International Investme	4.51	0.89	119,585
Qatar & Oman Investment Co	5.79	0.70	2,410
Qatar Navigation	62.96	-0.06	80,688
Qatar National Cement Co	62.25	0.57	8,897
Qatar National Bank	176.00	0.00	534,329
Qatar Islamic Insurance	51.00	-0.04	9,455
Qatar Industrial Manufactur	37.50	-1.32	5,500
Qatar International Islamic	65.49	0.43	61,545
Qatari Investors Group	21.70	0.00	35,161
Qatar Islamic Bank	154.00	0.00	149,495
Qatar Gas Transport(Nakilat)	20.65	2.69	519,569
Qatar General Insurance & Re	41.50	-3.47	184
Qatar German Co For Medical	5.65	-2.92	24,764
Qatar Fuel Qsc	216.50	3.10	628,166
Qatar First Bank	4.35	2.84	1,392,216
Qatar Electricity & Water Co	160.10	0.06	64,484
Qatar Exchange Index Etf	100.00	0.00	-
Qatar Cinema & Film Distrib	19.20	0.00	-
Al Rayan Qatar Etf	24.10	0.00	-
Qatar Insurance Co	35.00	-0.09	183,287
Qatar Aluminum Manufacturing	9.40	5.86	2,125,889
Ooredoo Qpsc	60.50	-2.58	98,061
National Leasing	7.85	-1.01	295,425
Mazaya Qatar Real Estate Dev	7.67	1.86	336,502
Mesaieed Petrochemical Holdi	22.97	9.96	5,622,990
Al Meera Consumer Goods Co	139.60	0.11	14,555
Medicare Group	56.48	3.63	50,535
Mannai Corporation Qsc	41.01	0.00	-
Masraf Al Rayan	34.06	0.32	685,023
Al Khalij Commercial Bank	11.67	1.48	4,735
Industries Qatar	111.65	-1.15	263,379
Islamic Holding Group	20.99	1.94	20,198
Investment Holding Group	5.57	-1.94	906,809
Gulf Warehousing Company	46.00	5.75	27,645
Gulf International Services	17.44	0.98	195,713
Ezdan Holding Group	7.93	-8.85	5,385,344
Doha Insurance Co	11.00	-0.90	8,000
Doha Bank Qpsc	22.28	0.59	108,295
Dlala Holding	9.39	0.97	27,432
Commercial Bank Pqsc	44.80	-0.44	195,134
Barwa Real Estate Co	32.40	-0.43	337,369
Al Khaleej Takaful Group	14.18	-1.53	61,219
Al Ahli Bank	8.00	-0.74	493,367

KUWAIT

Company Name	Lt Price	% Chg	Volume
Sultan Center Food Products	53.50	0.00	7,350
Kuwait Foundry Co Sak	252.00	-0.79	145,429
Kuwait Financial Centre Sak	93.90	4.45	423,357
Ajial Real Estate Entmt	135.00	0.00	-
Kuwait Finance & Investment	40.00	0.00	1,500
National Industries Co Ksc	188.00	0.00	-
Kuwait Real Estate Holding C	25.10	-9.71	5,100
Securities House/The	47.00	-3.09	562,511
Boubyan Petrochemicals Co	940.00	-1.05	84,681
Al Ahli Bank Of Kuwait	305.00	0.00	-
Ahli United Bank (Almutahed)	301.00	0.33	482,380
National Bank Of Kuwait	923.00	-0.86	4,282,351
Commercial Bank Of Kuwait	530.00	4.13	19
Kuwait International Bank	265.00	-2.93	7,474,240
Gulf Bank	297.00	-1.00	15,976,942
Al-Massaleh Real Estate Co	37.00	3.06	79,940
Al Arabiya Real Estate Co	30.00	-4.46	74,050
Kuwait Remal Real Estate Co	33.80	-0.29	397,500
Alkout Industrial Projects C	840.00	0.00	-
A'ayan Real Estate Co Sak	62.90	-1.26	466,152
Investors Holding Group Co.K	10.10	-0.98	1,652,442
Al-Mazaya Holding Co	57.00	-0.87	1,117,110

KUWAIT

Company Name	Lt Price	% Chg	Volume
Al-Madar Finance & Invt Co	154.00	0.00	3,226,491
Gulf Petroleum Investment	23.00	2.22	3,315,170
Mabanee Co Sakc	648.00	-1.37	862,356
Inovest Co Bsc	75.00	0.00	15,182
Al-Deera Holding Co	14.00	0.00	50,000
Mena Real Estate Co	36.90	-2.89	90,730
Amar Finance & Leasing Co	30.80	0.00	-
United Projects For Aviation	450.00	-1.10	475
National Consumer Holding Co	30.00	0.00	-
Amwal International Investme	55.60	9.88	1
Equipment Holding Co K.S.C.C	26.30	5.62	100
Arkan Al Kuwait Real Estate	77.00	-1.28	20,000
Gfh Financial Group Bsc	72.00	-1.37	778,357
Energy House Holding Co Kscp	28.50	-1.72	22,589
Kuwait Co For Process Plant	214.00	-7.36	15,500
Al Maidan Dental Clinic Co K	1,220.00	0.00	-
National Shooting Company	13.80	0.00	-
Al-Ahleia Insurance Co Sakp	450.00	0.00	-
Wethaq Takaful Insurance Co	30.00	0.00	500
Salbookh Trading Co Kscp	47.40	-1.04	10,100
Aqar Real Estate Investments	60.00	0.00	-
Hayat Communications	44.00	40.58	100
Soor Fuel Marketing Co Ksc	116.00	-1.69	26,704
Tamkeen Holding Co	9.40	-20.34	2,000
Alargan International Real	120.00	0.00	-
Burgan Co For Well Drilling	90.00	0.00	-
Kuwait Resorts Co Kscc	56.20	0.00	-
Oula Fuel Marketing Co	116.00	0.00	82,504
Palms Agro Production Co	40.00	0.00	-
Mubarrad Holding Co Ksc	60.00	2.04	65,768
Shuaiba Industrial Co	150.00	0.00	-
Aan Digital Services Co	12.30	2.50	72,250
First Takaful Insurance Co	44.00	0.00	-
Kuwaiti Syrian Holding Co	54.00	7.57	26,566
National Cleaning Company	65.00	0.00	-
United Real Estate Company	59.00	0.00	-
Agility	723.00	-1.77	2,692,792
Kuwait & Middle East Fin Inv	37.00	2.78	40,722
Fujairah Cement Industries	53.60	0.00	-
Livestock Transport & Tradng	198.00	0.00	-
International Resorts Co	20.10	-0.99	13,587
National Industries Grp Hold	230.00	-2.13	4,831,751
Warba Insurance Co	71.00	-2.34	50
First Dubai Real Estate Deve	30.70	-0.97	390,100
Al Arabi Group Holding Co	75.50	0.67	755
Kuwait Hotels Sak	100.00	0.00	-
Mobile Telecommunications Co	486.00	-1.22	7,047,115
Effect Real Estate Co	20.00	0.00	500,000
Tamdeen Real Estate Co Ksc	365.00	-1.35	20,000
Al Mudon Intl Real Estate Co	17.10	-10.00	29,000
Kuwait Cement Co Ksc	317.00	0.00	-
Sharjah Cement & Indus Devel	72.00	0.00	-
Kuwait Portland Cement Co	1,299.00	-0.08	10,000
Educational Holding Group	320.00	0.00	-
Bahrain Kuwait Insurance	200.00	0.00	-
Asiya Capital Investments Co	36.10	3.14	1
Kuwait Investment Co	128.00	0.00	73,015
Burgan Bank	315.00	-3.08	415,126
Kuwait Projects Co Holdings	216.00	-0.46	187,832
Al Madina For Finance And In	17.00	-2.86	779,927
Kuwait Insurance Co	330.00	0.00	-
Al Masaken Intl Real Estate	70.00	0.00	-
Intl Financial Advisors	22.50	-1.32	135,000
First Investment Co Kscc	36.00	-0.28	1,255,160
Al Mal Investment Company	17.20	6.17	117,846
Bayan Investment Co Kscc	38.50	-1.79	63,825
Egypt Kuwait Holding Co Sae	455.00	0.00	-
Coast Investment Development	38.90	2.64	15,600
Privatization Holding Compan	58.40	-0.68	103,200
Injazzat Real State Company	83.90	0.48	30,100
Kuwait Cable Vision Sak	24.00	0.00	-
Sanam Real Estate Co Kscc	49.50	0.00	-
Ithmaar Holding Bsc	22.30	0.00	-
Aviation Lease And Finance C	269.00	2.67	40,032
Arzan Financial Group For Fi	30.10	-3.83	414,201
Ajwan Gulf Real Estate Co	11.90	-0.83	540,280
Kuwait Business Town Real Es	39.10	-2.25	157,840
Future Kid Entertainment And	104.00	-7.96	9,000
Specialities Group Holding C	70.90	0.00	-
Abyaar Real Estate Developm	12.20	2.52	1,991,176
Dar Al Thuraya Real Estate C	179.00	0.00	-
Kgl Logistics Company Kscc	40.90	-2.15	3,255,925
Combined Group Contracting	227.00	0.44	16,150
Jiyad Holding Co Ksc	54.80	-3.52	752
Warba Capital Holding Co	88.00	-6.18	5
Gulf Investment House Ksc	58.00	-2.03	294,751
Boubyan Bank K.S.C	577.00	-0.17	487,336
Ahli United Bank B.S.C	239.00	-2.85	6,009,243
Osos Holding Group Co	101.00	0.00	271,546

KUWAIT

Company Name	Lt Price	% Chg	Volume
Al-Eid Food Ksc	44.00	0.00	-
Qurain Petrochemical Industr	386.00	0.78	679,884
Advanced Technology Co	1,000.00	0.00	-
Ekttitab Holding Co Sak	17.00	0.00	-
Real Estate Trade Centers Co	26.00	7.44	28,900
Acico Industries Co Kscc	137.00	-2.14	34,748
Kipco Asset Management Co	75.00	-3.85	107,010
National Petroleum Services	990.00	-1.00	5,010
Alimtiaz Investment Group	131.00	-0.76	265,459
Ras Al Khaimah White Cement	61.50	0.00	-
Kuwait Reinsurance Co Ksc	145.00	0.00	-
Kuwait & Gulf Link Transport	82.40	1.73	1
Humansoft Holding Co Ksc	3,401.00	-0.26	83,153
Automated Systems Co Kscc	89.10	10.00	13
Metal & Recycling Co	89.00	0.00	-
Gulf Franchising Holding Co	59.00	0.00	-
Al-Enma'a Real Estate Co	35.60	-0.84	126,101
National Mobile Telecommuni	680.00	0.00	21,164
Sanad Holding Co Kscc	110.00	0.00	-
Unicap Investment And Financ	58.00	0.17	140,800
Al Salam Group Holding Co	32.90	-1.79	817,753
Al Aman Investment Company	62.00	0.00	60
Mashaer Holding Co Ksc	68.00	-1.45	165,000
Manazel Holding	24.90	0.00	-
Tijara And Real Estate Inves	49.50	0.00	-
Jazeera Airways Co Ksc	876.00	0.00	160,806
Commercial Real Estate Co	91.00	-0.55	210,000
National International Co	76.30	0.00	-
Taameer Real Estate Invest C	38.00	11.76	4,375,748
Gulf Cement Co	59.80	0.84	200
Heavy Engineering And Ship B	393.00	-0.51	217,072
National Real Estate Co	74.00	-1.20	166,778
Al Safat Energy Holding Comp	23.00	-7.63	6,014
Kuwait National Cinema Co	870.00	0.00	-
Danah Alsafat Foodstuff Co	31.00	-0.32	83,842
Independent Petroleum Group	421.00	0.48	10
Kuwait Real Estate Co Ksc	73.50	1.24	14,476,566
Salhia Real Estate Co Ksc	335.00	0.00	27,600
Gulf Cable & Electrical Ind	364.00	-0.82	17,500
Kuwait Finance House	644.00	-1.53	11,172,457
Gulf North Africa Holding Co	53.00	-1.85	77,600
Hilal Cement Co	146.00	16.80	1,100
Osoul Investment Kscc	59.10	0.00	-
Gulf Insurance Group Ksc	625.00	0.00	-
Umm Al Qaiwain General Inves	58.70	0.00	-
Aayan Leasing & Investment	41.80	1.46	4,168,883
Alrai Media Group Co Ksc	46.00	5.75	22,940
National Investments Co	113.00	-0.88	1,393,250
Commercial Facilities Co	205.00	0.99	220,085
Yiaco Medical Co. K.S.C.C	66.50	0.00	-
Dulaqan Real Estate Co	350.00	0.00	-
Real Estate Asset Management	171.00	0.00	-

OMAN

Company Name	Lt Price	% Chg	Volume
Voltamp Energy Saog	0.17	0.00	-
Vision Insurance Saoc	0.12	0.00	-
United Power/Energy Co- Pref	1.00	0.00	-
United Power Co Saog	2.97	0.00	-
United Finance Co	0.07	0.00	-
Ubar Hotels & Resorts	0.13	0.00	-
Takaful Oman	0.13	0.00	-
Taageer Finance	0.10	0.00	16,940
Sweets Of Oman	0.55	0.00	-
Sohar Power Co	0.11	0.00	-
Sohar International Bank	0.11	0.00	111,911
Smn Power Holding Saog	0.09	0.00	-
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	1.07	0.00	-
Sharqiyah Desalination Co Sa	0.30	0.00	-
Sembcorp Salalah Power & Wat	0.12	0.00	-
Salalah Port Services	0.60	0.00	-
Salalah Mills Co	0.56	0.00	-
Salalah Beach Resort Saog	1.38	0.00	-
Sahara Hospitality	3.09	0.00	-
Renaissance Services Saog	0.48	-7.69	209,900
Raysut Cement Co	0.30	0.00	-
Phoenix Power Co Saoc	0.08	0.00	-
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.45	0.00	1,000
Ominvest	0.31	0.00	4,000
Oman United Insurance Co	0.25	0.00	-
Oman Telecommunications Co	0.52	0.00	66,868
Oman Refreshment Co	1.66	0.00	-
Oman Qatar Insurance Co	0.09	0.00	-

OMAN

Company Name	Lt Price	% Chg	Volume
Oman Packaging	0.27	0.00	-
Oman Oil Marketing Company	1.07	0.00	-
Oman National Engineering An	0.15	0.00	-
Oman Investment & Finance	0.08	0.00	205,846
Oman Intl Marketing	0.52	0.00	-
Oman Flour Mills	0.56	2.17	50,000
Oman Fisheries Co	0.06	1.72	283,401
Oman Europe Foods Industries	1.00	0.00	-
Oman Education & Training In	0.23	0.00	-
Oman Chromite	3.64	0.00	-
Oman Chlorine	0.40	0.00	-
Oman Ceramic Company	0.42	0.00	-
Oman Cement Co	0.23	0.00	-
Oman Cables Industry	0.90	0.00	-
Oman & Emirates Inv(Om)50%	0.08	0.00	-
Natl Aluminium Products	0.34	0.00	-
National Real Estate Develop	5.00	0.00	-
National Mineral Water	0.09	0.00	-
National Life & General Insu	0.30	0.00	195,000
National Gas Co	0.19	0.00	-
National Finance Co	0.14	0.00	-
National Detergent Co Saog	0.70	0.00	-
National Biscuit Industries	3.92	0.00	-
National Bank Of Oman Saog	0.16	0.00	13,416
Muscat Thread Mills Co	0.08	0.00	-
Muscat Insurance Co Saog	0.84	0.00	-
Muscat Gases Company Saog	0.16	0.00	-
Muscat Finance	0.06	0.00	16,000
Muscat City Desalination Co	0.11	0.00	-
Majan Glass Company	0.18	0.00	-
Majan College	0.18	0.00	600
Hsbc Bank Oman	0.12	0.00	-
Hotels Management Co Interna	1.25	0.00	-
Gulf Stone	0.12	0.00	-
Gulf Mushroom Company	0.31	0.00	-
Gulf Investments Services	0.06	0.00	-
Gulf Invest. Serv. Pref-Shar	0.11	0.00	-
Gulf International Chemicals	0.14	0.00	-
Gulf Hotels (Oman) Co Ltd	9.50	0.00	-
Global Fin Investment	0.08	0.00	681
Galfar Engineering&Contract	0.08	0.00	614,904
Galfar Engineering -Prefer	0.39	0.00	-
Financial Services Co.	0.18	0.00	-
Financial Corp/The	0.10	0.00	-
Dhofar Tourism	0.49	0.00	-
Dhofar Poultry	0.18	0.00	-
Dhofar Intl Development	0.30	0.00	-
Dhofar Insurance	0.17	0.00	-
Dhofar Generating Co Saoc	0.19	0.00	-
Dhofar Fisheries & Food Indu	1.28	0.00	-
Dhofar Cattlefeed	0.10	0.00	-
Dhofar Beverages Co	0.26	0.00	-
Construction Materials Ind	0.03	0.00	-
Computer Stationery Inds	0.26	0.00	-
Bankmuscat Saog	0.40	0.50	434,866
Bank Nizwa	0.09	0.00	25,318
Bank Dhofar Saog	0.14	0.00	1,756
Arabia Falcon Insurance Co	0.11	0.00	-
Aloula Co	0.53	0.00	-
Al-Omaniya Financial Service	0.12	0.00	-
Al-Hassan Engineering Co	0.02	0.00	-
Al-Fajar Al-Alamia Co	0.75	0.00	-
Al-Anwar Ceramic Tiles Co	0.09	1.08	500,011
Al Suwadi Power	0.08	0.00	129
Al Sharqiya Invest Holding	0.08	0.00	-
Al Maha Petroleum Products M	0.81	0.00	-
Al Maha Ceramics Co Saoc	0.18	0.00	-
Al Madina Takaful Co Saoc	0.09	1.19	118,273
Al Madina Investment Co	0.03	0.00	-
Al Kamil Power Co	0.38	0.00	-
Al Jazerah Services -Pfd	0.55	0.00	-
Al Jazeera Steel Products Co	0.27	0.00	-
Al Jazeera Services	0.11	0.00	-
Al Izz Islamic Bank	0.08	-2.38	54,000
Al Buraimi Hotel	0.88	0.00	-
Al Batinah Power	0.08	0.00	176
Al Batinah Hotels	1.13	0.00	-
Al Batinah Dev & Inv	0.08	0.00	5,000
Al Anwar Holdings Saog	0.10	1.04	698,843
Al Ahlia Insurance Co Saoc	0.36	0.00	-
Ahli Bank	0.12	0.00	-
Acwa Power Barka Saog	0.66	0.00	-
Abrasives Manufacturing Co S	0.05	0.00	-
A'saffa Foods Saog	0.60	0.00	-
OMan Oil Marketing Co-Pref	0.25	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-

LATEST MARKET CLOSING FIGURES

European giants look past Uber, market slump to plan mega IPOs

Bloomberg
Paris

Equity markets globally have been slumping and the year's biggest initial public offering stumbled out of the gate. For Volkswagen AG, Thyssenkrupp AG and Anheuser-Busch InBev NV, those are no obstacles to planning massive IPOs.

All three companies have announced stock offerings in the past week for businesses with valuations in the tens of billions of dollars. Executives are betting that the market turmoil will have calmed down, and investors will have forgotten Uber Technologies Inc's disastrous IPO, by the time they're ready to price those sales.

Unlike the mega IPOs from Uber and ride-hailing rival Lyft Inc richly valued, money-losing tech platforms that have been in business a decade or less – the businesses being sold by VW, Thyssenkrupp and AB InBev are old-school industrial companies. They have long histories of making money, so investors may look on them more favourably.

"It is easier to put a price on established industrials than a company like Uber," said Leif Eriksrod, a senior portfolio manager at Alfred Berg in Oslo.

VW said on Monday it's planning an IPO of its Traton SE heavy-trucks division by August that could value the business at €30bn ($34bn). Thyssenkrupp outlined plans Friday to offer a minority stake in its elevator operation, with Bloomberg Intelligence estimating the business could have an enterprise value of €15bn.

And AB InBev applied May 10 to sell part of its Asian business in an offering in Hong Kong that could value it at $70bn. The brewer is targeting a July listing for the unit, people with knowledge of the matter have said.

Traders work during Uber's initial public offering on the floor of the New York Stock Exchange on Friday. The No 1 ride-hailing company has been one of the biggest victims of the market pullback, with the stock plunging 18% in its first two days of trading.

The sales come as stock markets worldwide have hit an inflection point: Benchmark indexes surged to start the year, only to run into the buzz saw of the US-China trade dispute in the past week. Investors are on edge, ready to flee risky assets if they get a sense that the economic expansion is at risk, especially in the US, where the bull market has been running for a decade.

Uber has been one of the biggest victims of the market pullback, with the stock plunging 18% in its first two days of trading. Lyft has lost a third of its value since its March IPO. Both stocks look like they're due for a rebound yesterday, posting gains in US pre-market trading as stock indexes stabilise.

European IPOs have declined this year amid the market jitters, with 43 offerings priced, less than half as many as at this stage of 2018, according to data compiled by Bloomberg.

The region is unlikely to see venture capital-backed unicorns of the size of Uber and Lyft come to the market any time soon, for the simple reason that there are no European companies that big waiting in the wings. Spotify Technology SA, the Swedish music-streaming service, has a market value of $24bn after going public last year. Uber is valued at $62.4bn while Lyft is valued at $13.8bn.

Japan funds pour $29bn into French bonds in 1 month

Bloomberg
Tokyo

Japanese investors have piled $29bn into French bonds in the space of a month, almost as much as they spent on the debt for the rest of the year.

With net purchases of ¥3.18tn in March, funds from the Asian nation took their net investment into French securities for the fiscal year ended March to ¥6.63tn, according to official data released yesterday. That very month, the pickup on currency-hedged 10-year French notes climbed to as much as 17 basis points over 30-year Japanese bonds.

The binge-buying shows how Japan is having to shed decades of cautious investing habits to pounce on returns quickly amid a global decline in yields. This trend is poised to grow for one of the biggest owners of foreign debt, with the nation's life insurers flagging last month that they are tilting toward riskier strategies ranging from investing in alternatives to buying more US bonds without protection.

"Investors flocked heavily into French bonds in March as price outlook improved after the European Central Bank shifted to take a dovish monetary stance," said Tsuyoshi Ueno, senior economist at NLI Research Institute in Tokyo. "They appeared to have concentrated their purchases in French bonds ahead of the domestic fiscal-year book closings, resulting in a sharp boost to overall annual buying."

The balance-of-payments data released by Japan's Ministry of Finance yesterday also showed how Japanese funds completed a turnaround in their American investments. Investors purchased a net ¥4.26tn in US sovereign and corporate bonds in the year ended March, after offloading an unprecedented ¥6.36tn in the previous 12 months.

"Domestic investors have become active in buying US bonds since the later half of the last fiscal year as prospects of more US rate hikes receded and the Federal Reserve changed its monetary stance," said Ueno of NLI Research. The investment environment is "becoming tougher" amid worsening US-China trade affairs, he said.

Yields worldwide have declined as concern about slowing global growth prompted a dovish tilt from major central banks. Benchmark yields in Japan – already depressed due to the Bank of Japan's ultra-loose policy and debt purchases – turned negative at the end of last year and have stayed below zero per cent for most of 2019.

Japanese investors may have few choices but to stick to the strategy of shifting funds into foreign corporate bonds or raise duration risks in domestic bonds, said Eiichiro Miura, general manager of the fixed income investment department at Nissay Asset Management Corp. in Tokyo.

US sovereign debt received just ¥454.1bn of the net ¥4.26tn that Japanese funds poured into American bonds in the last fiscal year, the MOF data show.

"Investors are expected to continue buying US corporate bonds as Treasuries remain less attractive given the high hedging costs," Miura said. "Investors will look for chances to take exposures to unhedged US bonds when the dollar slides."

DJIA

Company Name	Lt Price	% Chg	Volume
Apple Inc	188.86	1.69	4,346,430
American Express Co	117.28	1.19	148,973
Boeing Co/The	345.08	2.29	333,538
Caterpillar Inc	128.06	2.20	335,690
Cisco Systems Inc	52.28	1.91	3,479,793
Chevron Corp	122.11	1.39	361,292
Walt Disney Co/The	134.32	2.27	958,433
Dowdupont Inc	30.69	1.49	688,181
Goldman Sachs Group Inc	197.70	1.40	122,247
Home Depot Inc	191.71	0.72	196,961
Intl Business Machines Corp	133.91	1.89	262,203
Intel Corp	45.40	1.43	2,975,061
Johnson & Johnson	137.19	-0.01	380,867
Jpmorgan Chase & Co	111.38	1.76	1,091,485
Coca-Cola Co/The	49.06	2.10	1,228,010
Mcdonald's Corp	199.57	0.27	178,484
3M Co	175.56	0.86	235,584
Merck & Co. Inc.	77.80	0.82	848,064
Microsoft Corp	125.63	1.85	3,052,408
Nike Inc -Cl B	83.95	1.72	762,813
Pfizer Inc	40.77	0.49	1,475,211
Procter & Gamble Co/The	106.31	0.19	665,163
Travelers Cos Inc/The	145.73	1.62	98,424
Unitedhealth Group Inc	237.27	-0.95	245,828
United Technologies Corp	134.45	1.89	154,815
Visa Inc-Class A Shares	161.26	2.50	425,365
Verizon Communications Inc	56.90	0.26	795,882
Walgreens Boots Alliance Inc	52.61	0.94	543,703
Walmart Inc	100.39	0.50	450,795
Exxon Mobil Corp	76.77	1.40	813,765

FTSE 100

Company Name	Lt Price	% Chg	Volume
Anglo American Plc	1,910.20	2.48	3,994,642
Associated British Foods Plc	2,516.00	1.13	431,510
Admiral Group Plc	2,060.00	1.58	856,461
Ashtead Group Plc	2,018.00	1.71	833,516
Antofagasta Plc	825.40	2.76	2,049,340
Auto Trader Group Plc	569.60	0.11	3,516,048
Aviva Plc	413.10	1.35	6,100,526
Astrazeneca Plc	5,803.00	2.24	1,985,601
Bae Systems Plc	465.00	0.85	5,401,810
Barclays Plc	157.64	1.64	22,704,322
British American Tobacco Plc	2,874.00	0.31	2,186,049
Barratt Developments Plc	609.60	2.01	3,785,496
Bhp Group Plc	1,747.40	2.00	4,698,798
Berkeley Group Holdings/The	3,714.00	1.42	295,106
British Land Co Plc	560.40	-0.57	2,996,490
Bunzl Plc	2,093.00	-0.33	2,115,171
Bp Plc	534.60	1.58	27,355,617
Burberry Group Plc	1,913.50	2.66	1,426,527
Bt Group Plc	206.70	0.68	20,895,262
Coca-Cola Hbc Ag-Di	2,740.00	1.11	518,195
Carnival Plc	3,988.00	1.97	487,103
Centrica Plc	94.98	1.81	31,094,704
Compass Group Plc	1,728.50	-0.12	2,991,264
Croda International Plc	5,075.00	1.30	248,561
Crh Plc	2,475.00	1.85	1,059,317
Dcc Plc	6,720.00	3.61	333,023
Diageo Plc	3,280.50	0.81	3,751,375
Direct Line Insurance Group	314.80	1.22	4,430,412
Evraz Plc	580.40	4.31	6,140,137
Experian Plc	2,209.00	1.61	1,323,255
Easyjet Plc	1,000.50	-1.57	2,150,538
Ferguson Plc	5,465.00	0.53	540,667
Fresnillo Plc	738.80	1.76	2,385,429
Glencore Plc	277.00	1.95	39,225,043
Glaxosmithkline Plc	1,516.60	0.28	4,388,586
Gvc Holdings Plc	585.60	1.70	2,099,904
Hikma Pharmaceuticals Plc	1,760.50	0.92	360,071
Hargreaves Lansdown Plc	2,307.00	2.44	628,462
Halma Plc	1,741.50	0.29	2,080,340
Hsbc Holdings Plc	653.60	0.55	14,811,880
Hiscox Ltd	1,575.00	1.42	448,964
Intl Consolidated Airline-Di	509.00	0.99	6,090,642
Intercontinental Hotels Grou	4,900.00	1.49	528,750
3I Group Plc	1,044.00	1.11	1,661,563
Imperial Brands Plc	2,146.50	-1.15	2,825,201
Informa Plc	766.80	1.64	2,724,006
Intertek Group Plc	5,074.00	1.70	337,789
Itv Plc	112.90	0.98	13,429,898
Johnson Matthey Plc	3,117.00	1.70	321,821
Kingfisher Plc	241.80	0.79	8,712,799
Land Securities Group Plc	879.60	-1.41	2,974,945
Legal & General Group Plc	271.20	1.42	10,004,542
Lloyds Banking Group Plc	60.64	1.42	115,993,863
London Stock Exchange Group	5,138.00	1.74	502,935
Micro Focus International	1,790.60	2.52	930,547
Marks & Spencer Group Plc	274.30	1.33	3,192,842
Mondi Plc	1,668.50	1.52	1,581,658
Melrose Industries Plc	178.20	1.25	7,043,212
Wm Morrison Supermarkets	214.70	1.42	4,615,112
National Grid Plc	850.30	0.08	4,438,455
Nmc Health Plc	2,563.00	0.51	1,011,198
Next Plc	5,726.00	2.18	463,365
Ocado Group Plc	1,264.50	-4.17	2,788,640
Paddy Power Betfair Plc	5,890.00	0.10	92,263
Prudential Plc	1,618.00	1.73	4,457,799
Persimmon Plc	2,108.00	2.33	1,096,507
Pearson Plc	797.00	-0.05	1,538,775
Reckitt Benckiser Group Plc	6,175.00	0.23	1,135,521
Royal Bank Of Scotland Group	229.90	1.59	9,471,968
Royal Dutch Shell Plc-A Shs	2,490.50	1.76	15,832,878
Royal Dutch Shell Plc-B Shs	2,497.50	1.61	2,794,287
Relx Plc	1,750.50	0.60	2,717,843
Rio Tinto Plc	4,505.00	3.14	3,471,628
Rightmove Plc	549.10	0.07	3,073,002
Rolls-Royce Holdings Plc	907.60	1.09	3,881,739
Rsa Insurance Group Plc	555.60	0.80	2,373,051
Rentokil Initial Plc	382.80	0.31	8,234,058
Sainsbury (J) Plc	206.90	0.68	6,089,439
Schroders Plc	3,051.00	1.46	501,657
Sage Group Plc/The	719.00	2.10	1,493,041
Segro Plc	697.80	1.54	3,198,736
Smurfit Kappa Group Plc	2,201.00	1.62	270,618
Standard Life Aberdeen Plc	263.10	1.98	7,825,677
Ds Smith Plc	338.10	1.59	5,242,370
Smiths Group Plc	1,473.50	0.41	624,256
Scottish Mortgage Inv Tr Plc	515.50	2.08	3,826,719
Smith & Nephew Plc	1,625.00	0.81	1,597,715
Spirax-Sarco Engineering Plc	8,415.00	4.40	500,723
Sse Plc	1,111.00	-0.36	3,193,292
Standard Chartered Plc	679.00	1.62	8,541,077
St James's Place Plc	1,100.50	1.43	2,810,997
Severn Trent Plc	1,981.50	-0.05	510,363
Tesco Plc	242.00	1.77	19,731,122
Tui Ag-Di	805.20	3.10	3,944,562
Taylor Wimpey Plc	177.20	1.95	8,921,986
Unilever Plc	4,640.50	-0.19	1,307,478
United Utilities Group Plc	804.00	0.05	1,414,861
Vodafone Group Plc	126.84	-3.75	159,982,938
John Wood Group Plc	449.40	1.08	2,122,919
Wpp Plc	952.40	1.34	1,978,960
Whitbread Plc	4,574.00	1.80	503,756

TOKYO

Company Name	Lt Price	% Chg	Volume
Japan Airlines Co Ltd	3,566.00	-1.03	1,609,900
Recruit Holdings Co Ltd	3,222.00	-1.65	6,453,400
Softbank Corp	1,440.00	0.14	23,830,600
Kyocera Corp	6,906.00	0.16	1,193,900
Nissan Motor Co Ltd	840.20	-2.95	25,591,500
T&D Holdings Inc	1,161.00	-0.51	2,205,600
Toyota Motor Corp	6,529.00	-0.24	4,573,900
Kddi Corp	2,680.50	2.45	11,550,500
Nitto Denko Corp	5,222.00	0.06	935,400
Hitachi Ltd	3,726.00	0.54	4,418,800
Takeda Pharmaceutical Co Ltd	4,307.00	-0.25	4,353,500
Jfe Holdings Inc	1,744.00	-0.77	3,554,000
Sumitomo Corp	1,568.00	0.06	4,383,500
Canon Inc	3,040.00	-0.13	4,102,100
Eisai Co Ltd	6,524.00	2.31	1,260,000
Nintendo Co Ltd	37,020.00	0.08	1,684,500
Shin-Etsu Chemical Co Ltd	9,602.00	1.15	1,753,600
Mitsubishi Corp	2,892.00	1.28	7,804,600
Smc Corp	39,130.00	-1.39	317,600

WORLD INDICES

Indices	Lt Price	Change
Dow Jones Indus. Avg	25,649.30	+324.31
S&P 500 Index	2,848.44	+36.57
Nasdaq Composite Index	7,761.66	+114.63
S&P/Tsx Composite Index	16,262.27	+68.86
Mexico Bolsa Index	43,425.65	+283.19
Brazil Bovespa Stock Idx	92,225.65	+499.11
Ftse 100 Index	7,241.60	+77.92
Cac 40 Index	5,341.35	+78.78
Dax Index	11,991.62	+114.97
Ibex 35 Tr	9,127.60	+80.80
Nikkei 225	21,067.23	-124.05
Japan Topix	1,534.98	-6.16
Hang Seng Index	28,122.02	-428.22
All Ordinaries Indx	6,327.20	-54.10
Nzx All Index	1,720.75	-9.74
Bse Sensex 30 Index	37,318.53	+227.71
Nse S&P Cnx Nifty Index	11,222.05	+73.85
Straits Times Index	3,223.71	-10.57
Karachi All Share Index	25,009.64	-31.43
Jakarta Composite Index	6,071.20	-64.19

TOKYO

Company Name	Lt Price	% Chg	Volume
Nidec Corp	14,650.00	-1.55	978,000
Isuzu Motors Ltd	1,208.50	-15.99	8,947,500
Unicharm Corp	3,394.00	-2.47	2,929,400
Nomura Holdings Inc	373.00	-0.69	16,961,500
Daiichi Sankyo Co Ltd	5,495.00	0.20	1,376,700
Subaru Corp	2,506.00	-2.30	2,558,800
Sumitomo Realty & Developmen	3,963.00	-0.33	1,027,900
Ntt Docomo Inc	2,450.50	0.51	7,150,900
Sumitomo Metal Mining Co Ltd	2,859.00	-1.06	1,776,700
Orix Corp	1,521.00	-0.88	6,616,500
Asahi Group Holdings Ltd	4,685.00	0.99	1,367,400
Keyence Corp	64,890.00	-1.47	456,700
Mizuho Financial Group Inc	165.20	-0.24	89,967,400
Sumitomo Mitsui Trust Holdin	3,713.00	-0.48	1,088,800
Japan Tobacco Inc	2,506.50	1.01	5,794,400
Sumitomo Electric Industries	1,389.00	1.31	3,470,900
Daiwa Securities Group Inc	482.60	-1.63	6,914,900
Softbank Group Corp	9,995.00	-5.44	13,856,500
Panasonic Corp	886.40	-0.63	10,108,100
Fujitsu Ltd	7,299.00	0.56	1,168,700
Central Japan Railway Co	22,120.00	-0.36	320,300
Nitori Holdings Co Ltd	13,010.00	0.46	368,900
Ajinomoto Co Inc	1,875.00	-2.50	2,294,600
Daikin Industries Ltd	13,175.00	-2.55	977,700
Mitsui Fudosan Co Ltd	2,518.50	0.68	3,475,500
Ono Pharmaceutical Co Ltd	1,958.50	3.46	2,638,900
Toray Industries Inc	713.40	2.19	10,898,000
Bridgestone Corp	4,073.00	-2.95	3,853,400
Sony Corp	5,263.00	-2.01	6,608,100
Astellas Pharma Inc	1,461.50	0.69	5,701,000
Hoya Corp	7,732.00	0.13	1,129,300
Nippon Steel Corp	1,841.50	0.03	3,865,300
Suzuki Motor Corp	5,066.00	0.02	2,982,000
Nippon Telegraph & Telephone	4,870.00	1.99	7,363,600
Jxtg Holdings Inc	545.40	1.75	28,440,100
Murata Manufacturing Co Ltd	5,020.00	0.90	4,462,700
Kansai Electric Power Co Inc	1,255.50	-1.91	2,146,800
Denso Corp	4,359.00	-1.25	1,992,900
Sompo Holdings Inc	4,169.00	-2.11	1,128,900
Daiwa House Industry Co Ltd	3,067.00	1.56	2,956,900
Dai-Ichi Life Holdings Inc	1,520.50	-0.49	4,625,300
Mazda Motor Corp	1,220.50	-2.05	5,688,700
Komatsu Ltd	2,387.00	0.55	8,039,900
West Japan Railway Co	8,358.00	0.78	625,500
Kao Corp	8,606.00	1.86	1,761,600
Mitsui & Co Ltd	1,652.00	0.09	4,770,000
Daito Trust Construct Co Ltd	12,800.00	3.23	722,400
Otsuka Holdings Co Ltd	3,843.00	-0.67	1,568,600
Oriental Land Co Ltd	12,520.00	0.48	613,600
Sekisui House Ltd	1,741.00	0.06	2,216,000
Secom Co Ltd	9,280.00	-0.83	511,100
Tokio Marine Holdings Inc	5,452.00	0.39	1,769,200
Aeon Co Ltd	1,969.50	0.51	2,658,800
Asahi Kasei Corp	1,147.50	-0.30	3,589,900
Kirin Holdings Co Ltd	2,232.50	0.25	2,452,500
Marubeni Corp	703.20	-0.90	6,659,700
Mitsubishi Ufj Financial Gro	513.10	0.10	61,683,000
Mitsubishi Chemical Holdings	728.80	1.94	12,651,500
Fanuc Corp	19,060.00	0.08	2,059,400
Fast Retailing Co Ltd	64,110.00	-0.47	916,300
Ms&Ad Insurance Group Holdin	3,310.00	-0.33	807,700
Kubota Corp	1,656.00	-0.12	3,535,300
Seven & I Holdings Co Ltd	3,693.00	-0.24	2,342,800
Inpex Corp	1,010.50	0.70	7,478,700
Resona Holdings Inc	454.30	-0.81	22,607,200
Fujifilm Holdings Corp	5,115.00	-1.41	1,927,100
Yamato Holdings Co Ltd	2,312.50	-0.86	1,888,300
Chubu Electric Power Co Inc	1,548.00	-1.81	2,456,900
Mitsubishi Estate Co Ltd	1,862.50	0.46	4,219,500
Mitsubishi Heavy Industries	4,771.00	3.54	2,343,100
Sysmex Corp	7,352.00	0.57	1,211,000
Shiseido Co Ltd	8,391.00	2.06	2,872,500
Shionogi & Co Ltd	6,513.00	0.70	836,400
Terumo Corp	2,951.00	-0.64	2,502,000
Tokyo Gas Co Ltd	2,708.00	0.07	1,535,200
Tokyo Electron Ltd	16,275.00	0.03	1,246,400
East Japan Railway Co	9,870.00	0.05	757,100
Itochu Corp	1,996.00	1.06	7,520,700
Ana Holdings Inc	3,669.00	-0.33	958,600
Mitsubishi Electric Corp	1,435.50	-0.97	6,156,000
Sumitomo Mitsui Financial Gr	3,815.00	-0.70	5,493,900

SENSEX

Company Name	Lt Price	% Chg	Volume
Adani Ports And Special Econ	370.55	1.59	3,050,760
Asian Paints Ltd	1,320.25	-0.92	2,167,873
Axis Bank Ltd	731.35	-0.10	7,049,134
Bajaj Finance Ltd	2,881.85	-1.71	1,861,760
Bharti Airtel Ltd	336.60	5.63	10,752,770
Bharti Infratel Ltd	270.05	1.73	2,305,293
Bajaj Auto Ltd	2,937.20	-1.20	309,971
Bajaj Finserv Ltd	7,365.70	0.25	269,637
Bharat Petroleum Corp Ltd	358.60	0.99	4,999,475
Cipla Ltd	556.00	1.70	1,822,829
Coal India Ltd	241.80	-0.12	3,301,180
Dr. Reddy's Laboratories	2,807.60	0.17	484,950
Eicher Motors Ltd	19,230.90	2.56	374,511
Gail India Ltd	345.15	3.95	4,563,982
Grasim Industries Ltd	845.55	0.91	1,341,517
Hcl Technologies Ltd	1,067.85	-1.46	2,194,007
Housing Development Finance	1,965.20	0.63	4,304,854
Hdfc Bank Limited	2,287.90	0.03	2,623,686
Hero Motocorp Ltd	2,509.75	-0.04	396,304
Hindalco Industries Ltd	192.95	0.39	8,451,501
Hindustan Petroleum Corp	268.20	2.07	4,369,774
Hindustan Unilever Ltd	1,698.50	-0.21	1,442,817
Icici Bank Ltd	380.40	1.09	21,481,226
Indiabulls Housing Finance L	697.00	5.76	10,232,289
Indusind Bank Ltd	1,432.70	2.83	5,582,146
Infosys Ltd	713.85	-0.81	10,513,001
Indian Oil Corp Ltd	143.60	0.70	9,252,786
Itc Ltd	294.35	1.75	21,145,245
Jsw Steel Ltd	281.00	1.48	5,277,444
Kotak Mahindra Bank Ltd	1,382.95	-0.46	2,930,296
Larsen & Toubro Ltd	1,341.80	1.83	3,132,767
Mahindra & Mahindra Ltd	614.25	-0.54	2,756,314
Maruti Suzuki India Ltd	6,576.20	0.50	843,313
Ntpc Ltd	125.60	1.66	6,908,544
Oil & Natural Gas Corp Ltd	164.15	0.03	7,268,915
Power Grid Corp Of India Ltd	181.65	-0.55	6,375,930
Reliance Industries Ltd	1,260.45	2.31	13,001,004
State Bank Of India	314.65	2.53	30,521,436
Sun Pharmaceutical Indus	419.45	5.36	18,797,497
Tata Steel Ltd	469.55	-0.58	21,128,606
Tata Consultancy Svcs Ltd	2,092.35	-1.71	2,456,110
Tech Mahindra Ltd	790.05	-3.33	2,701,861
Titan Co Ltd	1,154.75	0.88	2,894,382
Tata Motors Ltd	184.50	2.07	21,412,933
Upl Ltd	955.10	0.20	1,159,391
Ultratech Cement Ltd	4,424.30	1.98	617,724
Vedanta Ltd	160.75	4.25	20,739,113
Wipro Ltd	284.60	-1.56	8,370,424
Yes Bank Ltd	155.85	0.74	62,642,515
Zee Entertainment Enterprise	346.30	1.24	13,507,661

Traders work at the London Stock Exchange. The FTSE 100 jumped 1.1% to 7,241.60 points yesterday.

European markets rebound as US-China trade war fears fade

AFP/Reuters
London

Stock markets on both sides of the Atlantic staged a fightback yesterday, paring heavy losses sparked by a raging US-China trade war over the past week.

World oil prices bobbed higher on concerns about tensions in the crude-rich Middle East, dealers said.

"Equities are attempting to claw back some lost ground," noted analyst Chris Beauchamp at trading firm IG, "but the overall atmosphere of caution still prevails".

On Wall Street the Dow had regained 320 points, or 1.3%, by the late morning, having lost a whopping 2.4% on Monday.

The tech-heavy Nasdaq, which had plunged 3.4% Monday, was also 1.3% higher at that time.

"US stocks are recovering from Monday's drop in early action, which was the largest one-day fall since January, with the escalated trade tensions between the US and China continuing to be eyed," Charles Schwab analysts said.

They added, however, that President Donald Trump's statement that a meeting next month with Chinese President Xi Jinping would be "successful" gave investors some hope for a peaceful resolution of the trade standoff.

Europe's main stock markets were all higher at the close, with Paris the best performer.

London's FTSE 100 jumped 1.1% to 7,241.60 points, Frankfurt's DAX 30 gained 1% to 11,991.62 and Paris's CAC 40 rose 1.5% to 5,341.35 points at close yesterday.

Earlier yesterday Asian markets had plunged further in reaction to Monday's US stock plunge, seen after China hiked tariffs on $60bn of US imports.

That has ramped up sizzling tensions in a trade war between the world's two biggest economic powers.

The latest move by Beijing was followed by a warning of further action such as dumping US Treasuries and came days after Washington more than doubled levies on $200bn of Chinese goods and Trump said he was looking at more than $300bn more.

"Ironically of course the tariffs imposed by both sides will hit consumers, so as in all great contests this is turning into a test of endurance, with the US and China each looking to derive the maximum impact from the increased charges in a bid to hit their opponent where it hurts," said Beauchamp.

The China-US trade conflict has sent shockwaves across trading floors, where most dealers had a little over a week ago been confident the two sides were close to a deal.

After announcing the higher tariffs, the editor of the Communist Party-owned Chinese newspaper *Global Times* warned Beijing could also hit the US by offloading Treasuries, ending US agricultural purchases and reducing orders for Boeing airplanes.

However, while there is a lot of fear about an all-out trade war, which could batter the world economy, both said talks will continue, though no date has been set for the next round.

Also, Trump said he had a feeling talks with China will be "very successful" and that he intended to meet his Chinese counterpart at next month's G20 summit.

Elsewhere, oil prices advanced yesterday as traders eyed Middle East woes, "sabotage attacks" on two Saudi Arabian oil tankers, and a growing crisis in Venezuela.

Yesterday, drone attacks claimed by Iran-aligned Yemen rebels also shut down one of Saudi Arabia's main oil pipelines.

Meanwhile, sterling hit a new two-week low yesterday as British employment data showed wage growth in the quarter ending March was lower than expected, signalling the possible start of a turbulent period for the broader economy.

Wages in Britain had grown at strong rates over the past year or so but slowed to 3.2% in the first quarter of 2019, data showed, lower than predictions of 3.4% and down from the previous reading of 3.5%.

The data also showed employment growth slowed to 99,000, well below a median forecast of 135,000 in a Reuters poll of economists.

sterling slipped yesterday to a two-week low of $1.2909, down 0.3% on the day. It was also slightly down against the euro at 86.80 pence.

"UK wage growth is close to post-crisis highs, but some tentative early warning signs suggest that the jobs market is entering a turbulent period," said James Smith, an economist at ING.

ING economists do not expect a rate hike from the bank of England this year, even though recent comments from Governor Mark Carney suggest a November move should not be ruled out.

The bank of England has said in the past that a rate hike would be contingent on strong wage growth pushing up inflation. Money markets expect one rate hike in the first half of 2020.

Any further hits to wage growth and employment numbers could also be a sign that British businesses are hurting from uncertainty over Brexit, analysts said.

While most economic data in Britain has been solid in recent months even in the face of messy EU divorce proceedings, the worry for investors is that months of inventory stockpiling by British firms could show up this quarter.

On Brexit, Labour's second most powerful man, finance chief John McDonnell, said a customs union was absolutely key for the party and there was not yet a deal.

This led some to conclude that a cross-party deal between Labour and the Conservatives is looking even more unlikely.

"Him saying that a customs union is key for a compromise deal to be reached further highlights that these talks are going to ultimately fail," said Lee Hardman, a currency analyst at MUFG Securities.

"This weekend we have the upcoming EU elections which are expected to deliver another damning verdict on the government's popularity."

The British currency is also being dragged lower by the broader environment, with trade tensions between the United States and China hurting stocks.

"Given the overriding environment, interest rates on the floor, and even if we have got a slightly firmer wages number, we could see a brief counter-trend move here in sterling and sterling interest rates because of the overall environment," said Chris Turner, head of FX strategy at ING.

HONG KONG

Company Name	Lt Price	% Chg	Volume
Ck Hutchison Holdings Ltd	78.80	-1.19	5,993,280
Hang Lung Properties Ltd	17.08	0.00	20,804,109
Ck Infrastructure Holdings L	64.00	2.07	3,510,906
Hengan Intl Group Co Ltd	63.65	-3.71	5,414,672
China Shenhua Energy Co-H	16.76	-0.83	17,446,849
Cspc Pharmaceutical Group Lt	13.72	-0.87	36,450,712
Hang Seng Bank Ltd	204.00	0.49	1,898,402
China Resources Land Ltd	32.50	-1.66	12,140,833
Ck Asset Holdings Ltd	61.20	-1.37	10,781,845
Sino Biopharmaceutical	7.43	0.68	66,935,961
Henderson Land Development	48.00	0.95	5,741,086
Aia Group Ltd	75.70	-2.89	36,470,920
Ind & Comm Bk Of China-H	5.45	-1.27	385,708,047
Want Want China Holdings Ltd	6.05	-1.94	14,360,348
Sun Hung Kai Properties	132.90	-0.82	5,066,988
New World Development	12.36	-1.59	14,249,610
Geely Automobile Holdings Lt	13.60	-1.31	57,356,788
Swire Pacific Ltd - Cl A	95.60	-1.04	1,359,777
Sands China Ltd	39.40	-4.95	26,781,718
Wharf Real Estate Investment	56.85	-2.40	4,700,356
Clp Holdings Ltd	88.55	1.14	4,647,314
Country Garden Holdings Co	11.64	-2.35	51,095,656
Aac Technologies Holdings In	45.40	-3.20	9,765,583
Shenzhou International Group	98.75	-3.94	3,955,374
Ping An Insurance Group Co-H	87.65	-1.35	54,977,602
China Mengniu Dairy Co	29.20	-1.52	11,442,005
Sunny Optical Tech	88.10	-2.87	7,308,447
Boc Hong Kong Holdings Ltd	32.45	-1.52	16,613,962
China Life Insurance Co-H	19.14	-2.15	70,990,032
Citic Ltd	10.92	0.00	21,049,708
Galaxy Entertainment Group L	51.50	-5.24	25,512,036
Wh Group Ltd	7.39	-4.03	132,925,524

HONG KONG

Company Name	Lt Price	% Chg	Volume
Hong Kong & China Gas	19.04	1.71	29,356,670
Bank Of Communications Co-H	6.17	0.00	42,186,204
China Petroleum & Chemical-H	5.63	-1.92	163,142,027
Hong Kong Exchanges & Clear	247.20	-1.90	7,973,803
Bank Of China Ltd-H	3.47	-1.14	428,546,275
Hsbc Holdings Plc	66.30	-0.90	21,149,015
Power Assets Holdings Ltd	56.45	1.26	7,893,433
Mtr Corp	46.60	0.87	5,017,808
China Overseas Land & Invest	28.40	-1.73	19,721,134
Tencent Holdings Ltd	370.60	-2.98	26,493,139
China Unicom Hong Kong Ltd	8.64	-2.26	45,444,162
Link Reit	96.80	3.81	9,207,159
Sino Land Co	13.08	0.46	10,333,165
China Resources Power Holdin	10.52	-1.13	12,190,860
Petrochina Co Ltd-H	4.55	-1.09	131,006,680
Cnooc Ltd	13.18	-1.49	58,160,484
China Construction Bank-H	6.33	-2.16	765,535,544
China Mobile Ltd	72.10	0.00	25,620,565

GCC INDICES

Indices	Lt Price	Change
Doha Securities Market	9,798.74	+58.54
Kuwait Stocks Exchange	4,792.41	+21.95
Oman Stock Market	3,828.05	-12.13

BP's investors unite over fears it's 'falling behind' on climate

Bloomberg
London

When BP Plc meets with shareholders next week, it'll be facing one of the clearest signals yet that the fossil-fuel business is facing an adapt-or-die reckoning.
A resolution at the company's annual general meeting on May 21 will ask BP to prove in a series of reports how individual capital investments, and its overall business strategy, are aligned with the goals of the Paris climate accord. The proposal already has the backing of almost a tenth of the company's shareholders, including seven of the oil major's 20 largest stockholders, such as Legal & General Investment Management Ltd, and UBS Asset Management.
The resolution is intended to make BP address climate change sooner and is one of many examples of investors seeking to pressure companies. Shareholders have forced the issue now because at least four years of talks on the issue with management were "moving slowly," said the director of stewardship at Hermes EOS, who took the lead on speaking to BP.
"We felt the company was falling behind other competitors in terms of its ambitions," Bruce Duguid, at Hermes, said in an interview. Right now "there's not a clear demonstration that the company's strategy is consistent with the goals of the Paris agreement."
BP said earlier this year it supports the resolution and asked all shareholders to vote for it at the meeting. If a majority do, it will be legally binding.
The company said it will begin including the information requested in its 2019 annual report, which will be released in about a year. It should show which projects are high-cost or most polluting, the riskiest sorts of investment in a world trying to wean itself off carbon.
Talks with BP became especially pointed last year as competitor Royal Dutch Shell Plc defined its long-term ambitions around climate change, which is to halve its net carbon footprint by 2050 and ultimately pivot to cleaner fuels.
BP in contrast has been focused on paying more than $60bn in fines and legal costs associated with spilling millions of barrels of crude into the Gulf of Mexico in 2010. The company has now returned to sound financial footing and plans to rapidly expand its oil and gas output to reach near parity with its larger peers.
"The fact that the company has now come through the Gulf of Mexico litigation and is now back to a growth strategy, is a key cause of the concern," Duguid said.
While BP chief executive officer Bob Dudley has spoken about his support for climate change action, he has taken aim at some measures the company has been asked to adopt. He said detailed disclosures can be fodder for class action lawyers which look to profit from minor and unpreventable inconsistencies.
The company has instead supported efforts such as the Oil and Gas Climate Initiative, which invests in low-carbon technologies. It has also bought stakes in solar and other renewable energy companies and it purchased an electric car-charging company last year.
Duguid said BP still has fallen behind its competitors in defining how it will "transition" as the world cuts carbon from the energy system. He said he drafted the resolution in the autumn, with other investors, without knowing whether BP would support it. Ultimately 58 investors signed on as co-filers.
The engagement with BP was also aided by an 18-month old coalition of investors called Climate Action 100+. The group, which oversees about $33tn in assets, is asking more than 150 of the largest corporate greenhouse gas emitters to align their business strategy with the Paris accord. Climate Action 100+ has already persuaded Shell to adapt short-term climate targets and convinced Glencore Plc to cut coal production.
"There's 161 companies on the focus list, so around the world we've got groups of investors engaging with each one of those," said Stephanie Pfeifer, head of the Climate Action 100+ group's European arm.
"There's plenty of time to have more dialogue, and sort of ratchet up the asks, as well."

Volkswagen wins worker backing for restructuring with $1.1bn battery plan

To explore trucks listing before summer break; earmarks €1bn for battery cell production; to explore sale of MAN Energy Solutions

Reuters
Berlin

Volkswagen workers backed a restructuring of the world's largest car maker yesterday after chief executive Herbert Diess pledged to spend €1bn ($1.1bn) on a new battery cell production plant near its headquarters in Lower Saxony.

Diess needs the support of Volkswagen's powerful unions as he attempts to slim down and simplify the German company, which has 12 brands spanning trucks, buses, motorbikes, cars and electric bicycles.

VW's leadership has embraced a strategic shift towards e-mobility, which requires less manpower to produce cars, to help it shed the shadow of the diesel emissions test cheating scandal which damaged its finances and reputation.

Labour opposition has stifled previous restructuring efforts at VW, which also said it plans to list its trucks business, integrating its MAN and Scania divisions to create a global challenger to Daimler and Volvo.

"The employee representatives on the supervisory board welcome the decisions, which they expressly support. These decisions set the course for sustainable further development of secure jobs as well as profitability," labour chief Bernd Osterloh said in a letter to VW's employees yesterday.

VW had said on Monday it would resume preparations for listing the trucks business, which is called Traton, before the summer break, reversing an earlier decision to postpone the listing due to shaky markets.

It also said it is exploring a sale of MAN Energy Solutions, which makes diesel engines for use in ships and power stations, as well as a full or partial sale, joint ventures or partnerships for transmissions maker Renk.

Reuters reported earlier this month that VW had approached several companies to gauge their interest in buying MAN Energy Solutions, which is expected to achieve a valuation of about €3bn in a potential sale.

Threats by the United States to impose tariffs of up to 25% on Chinese imports sparked fears of a protracted global trade dispute which has rattled investors and sparked a sharp sell-off on equities markets in the past week.

Finance Chief Frank Witter said in a statement that "current market assessments" had encouraged VW to proceed with the Initial Public Offering (IPO), which could yield up to €6bn if a 25% stake is listed.

Jefferies analyst Philippe Houchois estimated Traton was worth €15bn to €16bn.

"A listing should be positive as the current VW balance sheet is in our view a constraint on Traton's ability to execute on its 'Global Champion Strategy'."

Shares in VW, which Diess said would invest the proceeds of the IPO in creating a global trucks business, were up 1.1% at 1212 GMT.

This could allow Volkswagen Truck & Bus to build a war chest to deepen its relationship with Navistar, a US truckmaker in which it owns a 16.85% stake.

Osterloh said talks between labour representatives and VW management over working conditions and restructuring plans were going well and a conclusion could be reached in May.

VW said it would seek to build a battery cell production factory in Salzgitter, Lower Saxony, if economic pre-conditions, such as subsidised electricity, could be met.

And executive board member Stefan Sommer told journalists that VW was already looking into opening additional battery production sites in Europe. Diess' predecessor Matthias Mueller failed to sell non-core assets like Ducati, stifled by supervisory board members from Lower Saxony and the company's labour representatives who control more than half the seats on the 20-member board.

Osterloh said he would agree to divestments and a transformation if the terms and conditions for employees in units which have been earmarked for disposal are not watered down and if there is industrial logic behind the deal.

"You can rely on one thing, there will be no lazy compromises here," Osterloh said.

New Volkswagen T-Roc (left) and T-Cross SUVs are guided into storage bays inside one of the automaker's Autostadt delivery towers at the VW headquarters in Wolfsburg. VW's leadership has embraced a strategic shift towards e-mobility, which requires less manpower to produce cars, to help it shed the shadow of the diesel emissions test cheating scandal.

VW cranks up electric-car plants to overtake Tesla's capacity

Bloomberg
Munich

In about a year, Volkswagen AG may catch up to Tesla Inc's capacity to make electric cars.
The world's biggest automaker said yesterday it's building two plants in China to produce a total of 600,000 vehicles on its dedicated battery-car platform, dubbed MEB. The new factories in Anting and Foshan will open a few months after Germany's Zwickau, which will assemble as many as 330,000 cars annually and is slated to get started by year-end.
Following through with plans to reach this level of scale will likely leave Tesla trailing behind. Its lone vehicle assembly plant operating in Fremont, California, can make about 500,000 cars. The electric-car leader expects to start output on the outskirts of Shanghai at the end of this year and produce 250,000 vehicles a year initially.
VW has little time to lose after Tesla resolved manufacturing snafus in Fremont and its battery factory near Reno, Nevada, which may start also building Model Y crossovers. While Model 3 sedan deliveries tailed off in the first quarter following a strong second half of 2018, chief executive officer Elon Musk has dismissed concerns about demand and stuck to a forecast for as many as 400,000 vehicle deliveries this year.
VW plans to produce some 70 battery-powered models across its 12 auto brands by 2028 and make 22mn electric cars over the next decade. Chief Executive Officer Herbert Diess, who says alternative technologies like fuel-cell cars will struggle to compete, is helming the auto industry's biggest effort in the transition from combustion engines costing some €30bn ($34bn).
"Volkswagen leads the competition on e-mobility," Diess said in speech notes at the company's annual meeting in Berlin. "As a company we'll make a success of the electric car — with the right products, superior underpinnings and global economies of scale."
The carmaker, which is also considering sites for more electric-car plants, this month opened reservations for its electric ID.3 hatchback. It's garnered more than 15,000 orders from buyers putting down 1,000-euro deposits.
Tesla, meanwhile, is mulling a factory in Germany, Musk said in a tweet last month, after last year stating the home of BMW AG, Daimler AG and VW was the leading choice for a car and battery site in Europe.

ECB high-flier Coeure risks third time unlucky in presidency bid

Bloomberg
Frankfurt

Benoit Coeure is possibly the best-qualified candidate to be the next European Central Bank president, but that may not be enough.

The Frenchman has played a key role implementing the ECB's crisis measures in almost eight years as a board member. With a stellar career and education, officials often cite him as the bank's preferred option and one of its sharpest intellectual minds — and he's still only 50 years old.

Yet the top job is decided by governments, not central bankers, and that's where he will likely falter when Mario Draghi's succession is settled this year. After missing out on two leadership positions since 2015, this could be third time unlucky.

"Coeure has the vision and could deliver it, but he's not a political animal," said Frederik Ducrozet, global strategist at Banque Pictet & Cie SA in Geneva. "He's an expert that markets listen to, but beyond markets there is a big musical-chair game with other institutions."

European Union leaders will determine a successor to Draghi as part of a bargaining process on top jobs, including the EU Commission presidency, that is due to begin after the European Parliament elections at the end of this month.

Coeure declined to comment on his candidacy. He has previously said he would accept the presidency if offered and that he wants to be "useful" and to "continue to serve Europe."

One hurdle to the ECB is his nationality. France has already had a president there in Jean-Claude Trichet, and eurozone leaders could take some convincing to appoint another one.

Even if they can be swayed, French President Emmanuel Macron might opt to nominate Francois Villeroy de Galhau, the ambitious and politically connected governor of the Bank of France. Or Macron could push to make one of his compatriots the next European Commission president, leaving another nation — possibly Germany — to claim the ECB.

Berlin is anyway said to be lukewarm on a Coeure presidency, given his role overseeing the ECB's €2.6tn ($2.9tn) quantitative-easing programme, which attracted widespread German criticism and lawsuits.

Opponents also have an easy technocratic argument to block him. His term on the Executive Board, which ends two months after Draghi's October departure, is supposed to be non-renewable.

"Coeure is very much an economist that markets favour, but it's often overlooked to what degree the role of the president is a political one," said Constantine Fraser, European political research analyst at TS Lombard in London.

Losing out on the ECB role would be the latest in a row of disappointments for Coeure. He was a contender to lead the French central bank in 2015, but then-president Francois Hollande preferred Villeroy instead.

The following year he was a finalist to lead the Basel-based Bank for International Settlements, but lost to Bank of Mexico Governor Agustin Carstens.

Should his misfortune continue, Coeure could leave the ECB on Dec. 31 with no job offer, leaving him scanning for upcoming opportunities.

Aside from openings due in coming years at the helms of the European Bank for Reconstruction and Development and the International Monetary Fund, more complicated possibilities include Villeroy becoming ECB chief and relinquishing his Bank of France role for Coeure. However such a selection by Macron might risk criticism for failing to appoint a well-qualified woman, such as Deputy Governor Sylvie Goulard.

Another outlier is the European Stability Mechanism, the eurozone's bailout fund, which Coeure has said should get more powers as a fiscal buffer against large economic shocks. The Luxembourg-based institution has been led by Germany's Klaus Regling since 2010 but should he move on — perhaps to the ECB — it could be attractive.

Or there's always the option of a bank, which could require a cooling-off period after leaving the ECB. Even if Coeure sees his future in public service, such a stint may do neither his career nor his wallet any harm, and it could be short. Draghi left the Italian Treasury in 2001 to join Goldman Sachs Group Inc for three years before becoming Bank of Italy governor.

Benoit Coeure, executive board member of the European Central Bank, stands against the backdrop of the ECB building in Frankfurt. The ECB president is decided by governments, not central bankers, and that's where Coeure will likely falter when Mario Draghi's succession is settled this year. After missing out on two leadership positions since 2015, this could be third time unlucky.

China tariff war 'a little squabble' says Trump

Says he has 'very good dialogue' going with China; China hopes US does not underestimate its determination; Trump to have new tariffs ready to launch at Xi meeting in June

Reuters
Washington

US President Donald Trump insisted yesterday that trade talks with China have not collapsed and called the widening US-China tariff war "a little squabble," even as his administration readies 25% duties on all remaining Chinese imports.

Expanding on a stream of optimistic early morning tweets about the state of talks, Trump told reporters that he has a "very good dialogue" going with China and touted his "extraordinary" relationship with Chinese President Xi Jinping.

"We have a dialogue going. It will always continue," Trump said. "But we made a deal with China… We had a deal that was very close but then they broke it. They really did."

Trump appeared to downplay the scope of the trade war, which could lead to tariffs this summer on all trade between the world's two largest economies, raising costs and disrupting supply chains across the globe.

"We're having a little squabble with China because we've been treated very unfairly for many, many decades," Trump said, referring to US complaints about Chinese intellectual property and subsidy practices.

Stocks, which took a beating on Monday after Trump late on Friday threatened a new round of tariffs on about $300bn worth of remaining imports from China, gained strength after Trump's comments, with the tech-driven Nasdaq up 1.47% in midday trade.

The Dow Jones Industrial average was up 1.28% while the broader S&P 500 was up 1.3%.

US President Donald Trump speaks at an event in Charlotte, North Carolina (file). "We're having a little squabble with China because we've been treated very unfairly for many, many decades," Trump said, referring to US complaints about Chinese intellectual property and subsidy practices.

Trump earlier tweeted that a deal would happen and appealed to China to buy US farm products.

"When the time is right we will make a deal with China," Trump said. "It will all happen, and much faster than people think!"

"Hopefully China will do us the honour of continuing to buy our great farm product, the best, but if not your Country will be making up the difference," he wrote in post addressing US farmers directly.

Trump on Monday said that his administration was planning to provide about $15bn in aid to help US farmers whose products were targeted by Chinese retaliatory tariffs.

He declined to provide details on the plan, which follows $12bn in US farm aid last year.

Soybeans, the most valuable US crop, bounced off a decade low yesterday as the market's focus shifted to planting delays due to poor weather, which could reduce crop size.

Some analysts said the worst of the trade news is already priced in the market.

Trump also said on Monday that he expected to meet with Chinese President Xi Jinping at a G20 leaders summit in Japan in late June.

Based on an accelerated schedule laid out by the US Trade Representative's (USTR) office late on Monday, Trump will be in a position to launch 25% tariffs on another $300bn worth of Chinese goods when he meets with Xi, adding potential leverage.

USTR said it would hold a public hearing on the tariff list on June 17, with final comments due as little as seven days later. The list includes a wide range of consumer goods, from cellphones and computers to clothing and footwear, but it excludes pharmaceuticals, some specialty compounds and rare-earth minerals.

As negotiations toward resolving the US-China trade war stalled last week, Trump escalated pressure by increasing tariffs on Friday to 25% from 10% on a previous, $200bn list of Chinese imports.

China retaliated on Monday with higher tariffs on a revised list of $60bn worth of US products The prospect of the global economy being derailed by the United States and China sliding into a fiercer, more protracted dispute has rattled investors and sparked a sharp selloff on equities markets in the past week.

Some members of Congress who have been supportive of Trump's tough stance on China expressed concern that the president is escalating tariffs without an exit strategy.

"Let's be blunt: it's a tax on the American consumer and the American manufacturer… who's paying about $1.4bn a month in new tariffs," Democratic Senator Chris Coons said in an interview with MSNBC yesterday.

In China, the Shanghai Composite Index lost 0.7% and the blue chip CSI 300 fell 0.6% yesterday but found support after Chinese state-backed purchases.

However, the onshore yuan weakened 0.1% to its lowest level since Dec.

27, 2018, trading at 6.8874 per dollar, after China's Foreign Ministry said it hoped the United States does not "underestimate China's determination and will to safeguard its interests."

"My understanding is that China and the United States have agreed to continue pursuing relevant discussions.

As for how they are pursued, I think that hinges upon further consultations between the two sides," Chinese Foreign Ministry spokesman Geng Shuang told a daily news briefing, without giving details.

Sources have said talks stalled after China tried to delete commitments from a draft agreement that its laws would be changed to enact new policies on issues from intellectual property protection to forced technology transfers.

Geng put the blame on Washington for going back on its word in some previous rounds of talks, including last May, when the two reached an agreement in Washington but then the United States backed out a few days later.

"So you absolutely can't put the hat on China of reversing positions and going back on one's promises," Geng said, adding China had shown goodwill in the talks and kept its promises.

Fed's Williams sees US inflation hit from escalating trade war

Bloomberg
New York

US trade tariffs are already starting to push up inflation and will have a greater impact as they rise, though the US economy is in a "good place" right now, according to Federal Reserve Bank of New York President John Williams.

Williams said in a Bloomberg Television interview that some of his concerns have diminished after the economy "rebounded pretty strongly after a soft patch late last year." He's watching sentiment indicators for any signs of nervousness that could undermine the current expansion.

"The economy is well positioned to deal with whatever events happen in the future," he said.

New York Federal Reserve President John Williams discusses the economy, monetary policy and US-China tensions.

That includes escalating US-China trade tensions, which have hit global stocks in the past week. Fed officials have kept interest rates on hold since December amid low inflation and global growth concerns, which could return to the fore following the latest developments.

Investors now see a good chance of a rate cut later this year, and Williams said he has no policy bias either way right now.

"The policy is in the right place," he said. "I don't see any reason to have a bias up or downward in the current circumstances. We're going to evaluate, assess, to see the best decision to get us to our goals."

Williams also said tariffs act like a negative supply shock and have already had an effect on US inflation.

"It has various effects on the economy," he said. "It probably will boost inflation by a few tenths over the next year. It affects demand a bit and growth in the short run. But also its negative effects on the value chains and how our economic system works."

Williams also said: "If there were a further escalation in terms of tariffs those effects would get even larger. This starts to affect consumer prices as these tariffs are applied more broadly. The consumer sees it in prices paid in stores. That's a significant effect."

On the lower bound, he said: "Now that we're in a more normal economy, those concerns are still in the back of my mind, but in the current situation, the focus has got to be on keeping the expansion going and also getting inflation right on our 2% goal."

On world growth: "China's growth has come in better, in part because of policy actions. Europe is still a mixed picture, we've seen some weakness in Japan. On the global growth side, there are some downside risks. One thing we don't want to lose track of is the US is still steaming ahead through this."

Gloom deepens on Britain's utility industry as profit evaporates

Bloomberg
Berlin

Three of Europe's biggest utilities are highlighting the challenge of making money in Britain's notoriously difficult retail energy market.

Innogy SE yesterday posted a loss for its UK unit in the first quarter following an earlier write down of more than €1.5bn ($1.7bn). On Monday, EON SE said profit for its retail arm in the country slid as much as 60%.

The market value of Centrica Plc, which is Britain's biggest supplier of energy to homes, has slumped by more than a quarter this year, and the utility warned of challenging times ahead.

They are not alone in finding trading difficult in the UK The market was traditionally dominated by six big suppliers, but their share is eroding as smaller, more nimble competitors steal away customers. The largest utilities also have lawmakers on their back, and they regularly cite Prime Minister Theresa May's price cap on tariffs as a reason for deteriorating conditions.

"We need to get to grips with the difficult situation in the UK," Innogy Chief Financial Officer Bernhard Guenther said yesterday on a call with reporters. "We're looking at all options."

Centrica said it will announce the results of a strategic review of its businesses on July 30, taking into account the regulatory environment, efforts to sell its nuclear reactors and broader dynamics in the UK market.

"External factors have presented challenges for Centrica during the first four months of 2019," Centrica CEO Iain Conn said in a statement on Monday. "We continue to focus on those things we can control."

Npower has troubled its owner for years and is now in the hands of Innogy. In addition to fleeing customers, Npower was beset with computer problems that led to faulty billings. It regularly scored among the lowest of its peers in customer satisfaction surveys. Innogy in April confirmed it had been approached about selling parts of the UK subsidiary but said it didn't plan on entering talks. A plan to merge with SSE Plc's retail arm was abandoned last year.

The options for Npower now include winding down the unit. But its fate could also become a question for EON Chief Executive Officer Johannes Teyssen. Last year, he struck Germany's biggest ever utility carve-up with RWE boss Rolf Schmitz, a move that would leave EON taking over Npower as part of a broader division of assets between the three companies. The deal may not be completed until the autumn, since the European Commission has opened an extended probe of the transaction.

All that leaves analysts gloomy about the future of those operating in the UK. "With continued risks in retail operations, relatively expensive adjusted multiples (post nuclear) and a lack of short-term catalysts, we see limited upside potential," John Musk, a utilities analyst at RBC Europe Ltd, said in a note to clients responding to EON's earnings.

Another option is to integrate Npower into EON's other British operations, where profit slid to €50mn in the first quarter on an earnings before interest and tax basis. EON CFO Mark Spieker said on Monday that the price cap and competition regulations were "systematically destroying" the UK market. He added that the company would probably be forced into another round of cost-cutting this year.

"The sharp decline in the UK sales business, particularly at Innogy, and both companies' customer losses in this difficult market are obviously challenges that we must and will address," Teyssen said yesterday in speech at the company's annual general meeting in Essen, Germany.

Salvini says Italy could break EU debt rules to boost employment

Bloomberg
Rome

Deputy Premier Matteo Salvini said Italy would be ready to break European Union fiscal rules as a way to boost employment, sending ripples through financial markets.

"If we need to break some limits, like the 3% or the 130-140%, we'll go ahead," Salvini told reporters in Verona, while campaigning ahead of this month's European parliamentary elections, in reference to the bloc's limits on budget deficits and government debt.

Italian 2-year bonds fell, with yields touching the highest level since February following the comments by Salvini, who effectively runs Italy's populist coalition along with fellow Deputy Prime Minister Luigi Di Maio. The yield on the benchmark 10-year bonds rose 5 basis points to 2.75%.

Salvini, who has repeatedly lambasted Brussels during the campaign, said earlier this month that taxes should be cut even if that breaches the EU's deficit-GDP limit of 3%. The European Commission sees Italy's budget gap reaching 3.5% in 2020, assuming no change to fiscal policy.

"Until unemployment is halved in Italy, until we reach 5%, we'll spend everything that we have to spend," Salvini said. "If someone in Brussels complains, that's not our problem."

Amazon rolls out machines that pack orders and replace jobs

Reuters
San Francisco

Amazon.com Inc is rolling out machines to automate a job held by thousands of its workers: boxing up customer orders.

The company started adding technology to a handful of warehouses in recent years, which scans goods coming down a conveyor belt and envelopes them seconds later in boxes custom-built for each item, two people who worked on the project told Reuters.

Amazon has considered installing two machines at dozens more warehouses, removing at least 24 roles at each one, these people said.

These facilities typically employ more than 2,000 people.

That would amount to more than 1,300 cuts across 55 US fulfilment centres for standard-sized inventory.

Amazon would expect to recover the costs in under two years, at $1mn per machine plus operational expenses, they said.

The plan, previously unreported, shows how Amazon is pushing to reduce labour and boost profits as automation of the most common warehouse task — picking up an item — is still beyond its reach.

The changes are not finalised because vetting technology before a major deployment can take a long time.

Employees prepare orders for shipping at an Amazon Prime Now fulfilment centre in Singapore. Amazon has started adding technology to a handful of warehouses in recent years, which scans goods coming down a conveyor belt and envelopes them seconds later in boxes custom-built for each item.

Amazon is famous for its drive to automate as many parts of its business as possible, whether pricing goods or transporting items in its warehouses.

But the company is in a precarious position as it considers replacing jobs that have won it subsidies and public goodwill.

"We are piloting this new technology with the goal of increasing safety, speeding up delivery times and adding efficiency across our network," an Amazon spokeswoman said in a statement."We expect the efficiency savings will be re-invested in new services for customers, where new jobs will continue to be created."

Amazon last month downplayed its automation efforts to press visiting its Baltimore fulfilment centre, saying a fully robotic future was far off.

Its employee base has grown to become one of the largest in the United States, as the company opened new warehouses and raised wages to attract staff in a tight labour market.

A key to its goal of a leaner workforce is attrition, one of the sources said.

Rather than lay off workers, the person said, the world's largest online retailer will one day refrain from refilling packing roles.

Those have high turnover because boxing multiple orders per minute over 10 hours is taxing work.

At the same time, employees that stay with the company can be trained to take up more technical roles.

The new machines, known as the CartonWrap from Italian firm CMC Srl, pack much faster than humans.

They crank out 600 to 700 boxes per hour, or four to five times the rate of a human packer, the sources said.

The machines require one person to load customer orders, another to stock cardboard and glue and a technician to fix jams on occasion.

CMC declined to comment.

Though Amazon has announced it intends to speed up shipping across its Prime loyalty program, this latest round of automation is not focused on speed."It's truly about efficiency and savings," one of the people said.

Including other machines known as the "SmartPac," which the company rolled out recently to mail items in patented envelopes, Amazon's technology suite will be able to automate a majority of its human packers.

Five rows of workers at a facility can turn into two, supplemented by two CMC machines and one SmartPac, the person said.

The company describes this as an effort to "re-purpose" workers, the person said.

It could not be learned where roles might disappear first and what incentives, if any, are tied to those specific jobs.

But the hiring deals that Amazon has with governments are often generous.

For the 1,500 jobs Amazon announced last year in Alabama, for instance, the state promised the company $48.7mn over 10 years, its department of commerce said.

Amazon is not alone in testing CMC's packing technology.

JD.com Inc and Shutterfly Inc have used the machines as well, the companies said, as has Walmart Inc, according to a person familiar with its pilot.

Walmart started 3.5 years ago and has since installed the machines in several US locations, the person said.

The company declined to comment.

Interest in boxing technology sheds light on how the e-commerce behemoths are approaching one of the major problems in the logistics industry today: finding a robotic hand that can grasp diverse items without breaking them.

Amazon employs countless workers at each fulfilment centre who do variations of this same task.

Some stow inventory, while others pick customer orders and still others grab those orders, placing them in the right size box and taping them up.

Many venture-backed companies and university researchers are racing to automate this work.

While advances in artificial intelligence are improving machines' accuracy, there is still no guarantee that robotic hands can prevent a marmalade jar from slipping and breaking, or switch seamlessly from picking up an eraser to grabbing a vacuum cleaner.

Amazon has tested different vendors' technology that it may one day use for picking, including from Soft Robotics, a Boston-area startup that drew inspiration from octopus tentacles to make grippers more versatile, one person familiar with Amazon's experimentation said.

Soft Robotics declined to comment on its work with Amazon but said it has handled a wide and ever-changing variety of products for multiple large retailers.

Believing that grasping technology is not ready for prime time, Amazon is automating around that problem when packing customer orders.

SMEs & ENTREPRENEURSHIP OUTLOOK

Fintech: Digital opportunity and growing challenges for Qatar's SMEs

By Yanick Latil

The evolution of digital technologies and the new trends in customer behaviour have been disrupting financial institutions' classic business model during the last decade. Financial technology, or commonly known as FinTech, is a trendy word that denotes all aspects of this disruption, including the entrepreneurs and startups that are leading this movement.

Building on the new technologies in terms of Big Data analysis, the current capacity of mobile devices, social media and blockchain, FinTech entrepreneurs, with a solid knowledge of the financial system and the help of IT developers, are changing the landscape by providing a completely different customer experience.

Following the Internet boom in the 90's, financial institutions developed e-banking services, which evolved further in the 2000s, adapting the immense possibilities of mobile devices and the advent of social media channels. From 2008, FinTech startups became commonplace following the enforcement of regulations, which increased the cost of execution of classic financial institutions. FinTech startups evolve across the financial institution value chain, from lending and investment services to payment methods and insurance. Even new niche markets have been developed on other economic sectors such as the legal with LegalTech. The main objectives of FinTech are to reduce execution costs for customers, improve quality of financial services and reinforce services beyond physical channels.

Qatar is positioning itself to become a FinTech hub, led by the Qatar Central Bank with the major support of Qatar Development Bank and the Qatar Financial Centre. Financial innovation represents the second goal of the Qatar Central Bank Strategic Plan (2017-2022). Several initiatives have been launched to promote FinTech in Qatar: the QFC partnered with B-Hive, a European platform with strong links with financial institutions and startups; and QDB is collaborating with Finastra, one of the largest UK-based fintech collaborative platforms and solution providers. Other initiatives are being developed with the US, Singapore or Swedish Fintech entities. Several FinTech startups are being incubated in the Digital Incubation Center (DIC), Qatar Incubation Center (QBIC) or independently being developed with the Qatar Development Bank support.

FinTech development in Qatar represent a great opportunity for entrepreneurs and startups. But they have to overcome key challenges due to the complexity of business models, strong competition, a fast-evolving technology and un-adapted regulatory frameworks. Some points to be kept in mind that could support adoption of FinTech by these startups are:

■ **Do not forget the customer**: FinTech emerged based on technology evolution, mainly because there was customers' readiness to take the new offerings. Some great solutions could loose track of the main goals: Customer experience and needs should be kept as the main target and solutions worked.

■ **Don't go alone; co-create**: With the emergence of FinTech companies, several financial institutions saw these startups as a threat. Whereas the real threat is the inability to adapt to the new evolution. On the other side, FinTech companies bring the agility and culture to innovate but would benefit greatly on the experience and data and financial support of classic financial institutions. To disrupt is great, but you also need to sustain. FinTech startups could find their sustainability by partnering with strategic financial institutions and grow on the side as an independent subsidiary to maintain their key competitive skills.

■ **Regulatory wind of change**: Financial regulations are very strict and are evolving gradually, reinforced by key events such as the 2008 financial crisis. Today, some markets are leaving a gap for FinTech startups to enter requiring a regulatory evolution to ensure that there is no parallel financial system being built in the long run. FinTech startups should be aware of the regulatory changes that could impact their business sustainability.

■ **Be aware of the risks**: Digital evolution within financial systems has attracted in parallel a higher exposure to external threats as cyber-attacks to steal information or access banking transactions by unethical elements. Financial Institutions have invested a great amount of capital to manage their risk and protect their systems. Risks should not be underestimated by startups, but they have to manage them carefully.

■ **Fintech roadmap**: One of the components of the Qatar Central Bank Strategic Plan (2017-2022), the financial innovation goal is the development of FinTech strategy for Qatar. To support Qatari entrepreneurs and new FinTech startups with financial institutions and organisations playing a major role in FinTech development, such as QDB and the QFC, it would be of great value for the ecosystem to broadly communicate the main outcomes of the QCB FinTech strategy, designed as the main roadmap to guide and facilitate the whole sector to contribute to its implementation.

Qatar aims to become the FinTech hub for the region and the State is deploying a great amount of resources to achieve it. The SMEs in Qatar could play a strategic role, aligning themselves with the QCB's strategy, working closely with financial institutions to co-create new methods that will enhance the customer experience further. Challenges are not to be underestimated on the path to ensure a growth at a digital speed.

■ *The author is managing partner, Y&S Consulting LLP.*

Qatar's non-hydrocarbon private sector foresees strengthened business volumes in 2nd quarter

By Santhosh V Perumal
Business Reporter

Qatar's non-hydrocarbon private sector businesses foresee strengthened new business volumes in the second quarter of this year, indicating the growing optimism in the future, according to the Qatar Financial Center (QFC).

The overall sentiment regarding future output was the third-strongest since the Purchasing Managers' Index (PMI) survey began in April 2017, with more than three-quarters of respondents expecting growth at their business units over the next 12 months.

"As a consequence, while the level of the headline PMI figure ebbed slightly from March's reading, sustained growth in such new work orders supported firms' robust expectations for future total business activity," the QFC said.

The headline PMI for Qatar eased slightly to 48.9 in April, from 50.1 in March. Although the most recent reading continues to register above its average over the final quarter of 2018 (48.6), it is just below the trend observed over the first quarter of 2019 (49.7).

The month-on-month dip in the PMI mainly reflects the slower growth rate of new orders and declines in the output as well as employment indicators.

The PMI survey, which is compiled for the QFC by IHS Markit, provides an early indication of operating conditions in Qatar. The PMI readings of above 50 signal an improvement in business conditions on the previous month, while readings below it show a tightening.

"The headline PMI edged lower in April but remains indicative of overall growth in the Qatari economy, and at a faster rate than the mediocre performance seen at the end of 2018," said Sheikha Alanoud bint Hamad al-Thani, managing director (Business Development), QFC Authority.

Although the PMI does not directly monitor the energy sector, it correlates strongly with total quarterly gross domestic product (GDP) since the survey began in April 2017, and accurately signalled the weak growth in GDP during Q4 of just 0.3% on an annual basis, she said.

With new orders rising at a more balanced pace than in March, firms were able to resume backlog clearance with almost one-third of respondents reporting lower backlogs. Simultaneously, the volume of inputs ordered grew, mainly reflecting the manufacturing sector, while input inventories remained broadly stable, the index said.

Overall cost pressures faced by Qatari non-energy private sector firms eased in April, it said, adding the rate of input price inflation slowed from March's 12-month high. "This mainly reflected lower staff costs during the month, while raw material prices rose at a slightly weaker rate than in March," it added.

Although input costs continued to rise, firms cut their own prices for goods and services for the 15th month running in April. The rate of discounting was in line with those seen throughout the first quarter of 2019.

"The headline PMI edged lower in April but remains indicative of overall growth in the Qatari economy, and at a faster rate than the mediocre performance seen at the end of 2018," says Sheikha Alanoud bint Hamad al-Thani, managing director (Business Development), QFC Authority.

MSCI adds Woqod, MPHC and Qamco in its indices

By Santhosh V Perumal
Business Reporter

Global index compiler MSCI has added Woqod, Mesaieed Petrochemical Holding and Qatar Aluminium Manufacturing Company in its indices with effect from May 28 this year.

In its periodic revision, MSCI, which is considered to be one of the leading providers of international equity indices, deleted Ezdan Holding from its indices.

Mesaieed Petrochemical and Woqod have found place in MSCI Qatar Index from which Ezdan has been taken off.

The newly listed Qatar Aluminium Manufacturing Company has been included in the MSCI Global small cap segment.

The top 10 constituents in the MSCI Qatar Index are QNB, Industries Qatar, Qatar Islamic Bank, Masraf Al Rayan, Commercial Bank, Ezdan Holding Group, Qatar Electricity and Water, Qatar Insurance, Ooredoo and Barwa, together constituting about 85% of the free float-adjusted market capitalisation.

The MSCI All Qatar Index is designed to represent the performance of the broad Qatar equity universe, while including a minimum number of constituents. The broad Qatar equity universe includes securities that are classified in Qatar according to the MSCI Global Investable Market Index Methodology, together with companies that are headquartered or listed in Qatar and carry out the majority of their operations in Qatar. The index targets a minimum of 25 securities and 20 issuers at construction.

At the end of April 2019, MSCI All Qatar Index (in dollar terms) had delivered net returns of 1.57% (year-to-date). Its one-month performance shows 5.27% (net) returns.

In the review period, MSCI Qatar weighted price-earnings ratio stood at 12.97 and a dividend yield of 3.57%.

Financials constitute 73.1% of the total weight in the MSCI Qatar Index, followed by industrials (11.68%), real estate (8.05%), utilities (4.4%) and communication (2.77%).

MSCI, Standard and Poor's-Dow Jones and FTSE Russell had upgraded Qatar into 'emerging' market from 'frontier' status in view of many structural changes.

The Qatar Stock Exchange is eyeing further upgrade from emerging market to developed market status in MSCI and is all set to further develop an efficient market infrastructure.

Nebras Power reports 8% jump in operating profit to QR412mn in 2018

Nebras Power, a joint venture between Qatar Electricity and Water Company (60%) and Qatar Holding (40%), has reported an 8% year-on-year jump in operating profit to QR412mn during 2018.

Its comprehensive income exceeded QR366mn during 2018, up 10% from 2017, on the back of better operating performance of the asset portfolio, lower fixed costs and improved results from financial management.

"The steady growth in financial results since the company's inception is the reflection of the quality of our asset portfolio and the sustainability of our business model," according to Fahad al-Mohannadi, Nebras Power chairman.

The group's total assets stood at QR6.83bn in 2018, up 12% compared to that in 2017. The group's net assets were QR4.54bn, registering a growth of 9% year-on-year.

"The group is consistently delivering on its strategy and business plan and it has made its mark as a global power company in a short period of time," said Khalid Jolo, chief executive of Nebras Power.

Inflation in Qatar rises 0.51% month-on-month in April

By Santhosh V Perumal
Business Reporter

Substantially higher expenses towards transportation and restaurants, as well as costlier clothing and communication led Qatar's cost of living, based on consumer price index (CPI), rise 0.51% month-on-month this April, according to the official statistics.

The CPI inflation was, however, down 0.39% on a yearly basis despite increased expenses towards transportation, education and tobacco, the Planning and Statistics Authority data suggest.

Highlighting that the headline inflation remains subdued; the International Monetary Fund (IMF), after its officials concluded their visit to Qatar, said the proposed restructuring in the fiscal space, including taxation, may slightly lift price levels in the future.

Transport, which has 14.59% weightage, saw its group index surge 3.22% and 1.68% on monthly and yearly basis respectively this April. The sector has the direct linkage to the dismantling of administered prices in petrol and diesel, which have witnessed sustained increase in the recent past as part of lessening the subsidies.

The index of Clothing and Footwear, which has 5.11% in the CPI basket, grew 1.26% month-on-month and by a higher 3.11% year-on-year in April 2019. The index of Restaurants and Hotels, which have 6.08% weight, expanded 1.13% on monthly basis and 0.45% on yearly basis in April this year.

Communication, which carries 5.87% weight, saw its group index jump 1.07% month-on-month; whereas it witnessed 10.45% plunge year-on-year this April.

The index of health, which carries 1.79% weightage, grew 0.69% and 0.83% on monthly and yearly basis respectively in April 2019.

Recreation and Culture, which have 12.68% weightage in the CPI basket, saw a 0.59% growth month-on-month; while it saw 5.62% shrinkage on a yearly basis this April.

In the case of Furniture and household equipment, which have 7.7% weightage in the CPI basket, its index was up 0.11% on a monthly basis and 1.67% compared with April 2018.

However, Food and beverages, which has a weight of 12.58% in the CPI basket, witnessed a 1.42% plunge month-on-month and 0.67% year-on-year in April 2019.

Miscellaneous Goods and Services, which have 5.69% weightage, saw its index plummet 0.82% and 1.06% on monthly and yearly respectively in April this year.

The index of housing, water, electricity and other fuels – with a weight of 21.89% in the CPI basket – fell 0.34% contraction month-on-month and 2.68% year-on-year in April 2019.

The CPI of April 2019 excluding "housing, water, electricity, gas and other fuels showed an increase of 0.75% and 0.26% on monthly and yearly basis respectively.

Tobacco, which has 0.27% weight, saw its index tread a flat path on monthly basis but more than doubled with the government substantially hiking excise tax on cigarettes from January this year.

Education, with 5.75% weightage, saw its index expand 9.25% year-on-year in April this year and was unchanged month-on-month.