REFORM PLAN | Page 3

PNB is eyeing control of 3 Indian banks

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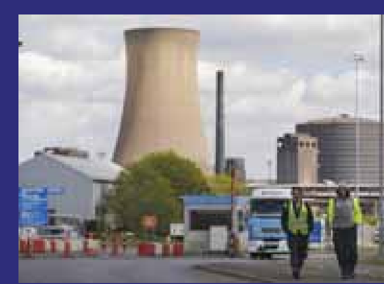


LOAN PLEA: Page 12

British Steel risks collapse with 25,000 jobs at stake

Qatar made investments in 25 outbound projects in 2018, according to a report based on the fDi Markets database of the *Financial Times*, which tracks greenfield investment projects. **PICTURE:** Shaji Kayamkulam

Qatar's outbound FDI total $6.9bn in 2018: Report

By Santhosh V Perumal
Business Reporter

Qatar's outbound foreign direct investment (FDI) amounted to $6.9bn in 2018, according to the FDI Report 2019.

Doha's outbound FDI constituted more than 13% of the total FDI outflows from the Middle East and Africa (MEA) region; said the report based on the fDi Markets database of the *Financial Times*, which tracks greenfield investment projects. The outbound FDI from the MEA region totalled $51.7bn in the review period.

Qatar made investments in 25 outbound projects in 2018 and the region as a whole witnessed 565 such projects. The FDI into the MEA by project numbers increased 7% year-on-year to 1,253 in 2018 with capital investment expanding 14%.

The FDI projects into the Middle East remained "stable" by number of projects with a 2% annual increase to 586, while capital investments shot up 64% to $61.1bn.

On the global front, greenfield FDI strengthened with the number of FDI projects increasing 7% to 14,845 in 2018 with capital investments growing 42% to $917.3bn and a 25% jump in job creation to 2.3mn.

China replaced the US as the highest ranked country for FDI by capital investment with $107.2bn recorded, boosted by major announcements from Faxconn and BASF totalling $19bn.

The US was the highest ranked country for FDI by number of projects, witnessing 1,581 announcements compared with China's 796 projects.

The report found that coal, oil and natural gas maintained the top spot for capital investment in 2018 with $134.6bn of FDI recorded.

The FDI in real estate increased to 1,146 projects mainly due to the rising popularity of co-working locations, it said, adding the top three sectors by number of projects in 2018 were software and IT services, business services and real estate, with realty replacing financial services, which was the third ranked sector of 2017.

Software and IT services maintained its place as the top sector for project numbers with 2,360 in 2018, down 1% year-on-year.

The hotels and tourism sector witnessed a "significant" increase of 120% by number of projects, rising from 234 in 2017 to 514 in 2018. The sector also registered an increase of 187% in capital investment.

The number of FDI projects in the renewable energy sector hit their highest level since 2008, with 364 projects recorded globally and a cumulative capital investment of $82.4bn.

Just Real Estate expands service portfolio with UK Property Management Service

Qatar-based leading property service provider Just Real Estate (JRE) has launched UK Property Management Service, exclusively designed for tenants who are looking for a "fuss-free" stay at JRE properties and cherish precious moments with their friends and family.

Some of the value-added features of the service include co-ordination with the agent to find a suitable tenant, check the referencing and negotiate the terms of the Assured Short hold Tenancy with the agent and the client. The team can also assist the client, if required, to obtain additional insurance to protect against the non-payment of rent and to cover legal cost.

On the launch of the service, Nasser al-Ansari, JRE chairman, said, "With the aim to offer an unmatched service experience to customers, we continuously strive to enhance our portfolio. In line with the constantly changing consumer demands, our property management services aim to manage our customers' property as if it is our own.

"From one property to an investment portfolio, our experienced residential property management team deals round the close quickly and efficiently with day-to-day maintenance problems, pre-tenancy preparation, landlord legal obligations, emergencies and end of tenancy deposit claims. We are confident that this service will be appreciated by our customers and will help in easing their property related concerns."

He said, "Regular site visits, deposit claims, negotiation of deductions with tenants, and a rapid response to emergencies will offer our customers real peace of mind, while an assigned manager will be the single point of contact, reducing the stress of dealing with tenants themselves. All the managers in our property management team are based locally, ensuring faster turnaround time and when our customers need them, and are connected to our network of approved contractors on the Safe Contractor scheme. Through this service, we will also provide VIP services like home maids and airport pick-up and drop off to ensure a comfortable stay at its properties."

The service will assist in establishing connection with the agent for a checking in and out and inventory checks. Regular visits will ensure that the property is being maintained well.

The property management service will also be managing urgent and non-urgent repair work and maintenance and will make sure that the urgent repair work is carried out within 24 hours.

JRE is offering three different service packages for residential properties: silver, gold and platinum. Based on their specific requirements, buyers can select the best suited plan to make their stay at JRE properties a treasured one.

Moreover, JRE also provides legal services such as real estate residential conveyancing services; tax advisory services; and financial advisory, to become a one-stop-real-estate solution provider for its esteemed customers.

JRE's UK Property Management Service is exclusively designed for tenants who are looking for a "fuss-free" stay at JRE properties and cherish precious moments with their friends and family

US temporarily eases curbs on Huawei; China firm stays defiant

Huawei considers rivals to Android

Bloomberg
Brussels

Huawei Technologies Co said it's working on its own operating system for its mobile handsets and will consider rivals to Google's Android, after the US blacklisted the company, threatening its partnerships with chip, component and software suppliers.

The Chinese telecom equipment giant said yesterday it was in talks with the Alphabet Inc unit about how to proceed after Google confirmed it would cut access to some of Huawei's operating system features for the company's new devices in response to the announcement.

Should Google's system no longer be available, "then the alternative option will naturally come out – either from Huawei or someone else," Abraham Liu, Huawei's representative to the European Union institutions, said at an event in Brussels yesterday.

Liu said Huawei had been working on its own operating system but that he didn't have the details about when this would be ready. Huawei would do everything in its power to mitigate the impact of the US decisions, Liu said.

The Trump administration late last week signed an order that could restrict Huawei – which it says is obliged to support Beijing spying – from selling equipment in the US. Washington also put Huawei on a blacklist, threatening its supply of American components from semiconductors to the Google apps that run on its smartphones.

"Obviously there is a challenge here," said Liu. "I hope that very soon that the leaders from my consumer business group will be able to share with you our new strategy based on the new situation."

Android continues to power Huawei's smartphones globally, and the Chinese company depends on Google's most popular apps to win mobile phone shoppers. Huawei phones outside China have used a version of Android that comes with a package of Google services, including search, Maps, YouTube and – crucially – the Play store for downloading a range of apps.

Huawei still prohibited from buying American-made hardware and software to make new products without further, hard-to-obtain licences

Reuters
Shanghai/New York

The US has temporarily eased trade restrictions on China's Huawei to minimise disruption for its customers, a move the founder of the world's largest telecoms equipment maker said meant little because it was already prepared for US action.

The US Commerce Department blocked Huawei Technologies from buying US goods last week, a major escalation in the trade war between the world's two top economies, saying the firm was involved in activities contrary to national security.

The two countries increased import tariffs on each other's goods over the past two weeks after US President Donald Trump said China had reneged on earlier commitments made during months of negotiations.

The trade blacklist has added to its woes, following which Alphabet Inc's Google suspended some business with Huawei, Reuters reported on Sunday citing a person familiar with the matter, raising worries about the Chinese firm's smartphones that run on Google's Android operating system. Monday's temporary license is likely to allow companies such as Google to continue providing service and support, including software updates or patches, to Huawei smartphones that were available to the public on or before May 16.

"Keeping phones up to date and secure is in everyone's best interests and this temporary licence allows us to continue to provide software updates and security patches to existing models for the next 90 days," a Google spokesperson told CNBC in an email yesterday.

The licence also allows Huawei to engage in the development of standards for fifth-generation (5G) telecom networks.

On Monday, the Commerce Department granted Huawei a licence to buy US goods until August 19 to maintain existing telecoms networks and provide software updates to Huawei smartphones, a move intended to give telecom operators that rely on Huawei time to make other arrangements.

Shares of US suppliers to Huawei including Qualcomm, Intel Corp and Lumentum Holdings Inc rose on Tuesday morning, with the Philadelphia Chip Index up more than 1%.

Radio frequency chipmaker Qorvo was the latest US supplier after mobile parts maker Lumentum to halt shipments to Huawei.

It is unclear what the US government extension permits, but if it allows Huawei to keep purchasing components, the company will likely order more to build inventory, said Mark Kelleher, an analyst at DA Davidson.

Huawei is still prohibited from buying American-made hardware and software to make new products without further, hard-to-obtain licenses.

Huawei founder Ren Zhengfei yesterday told Chinese state media that the reprieve bore little meaning for the company as it had been making preparations for such a scenario.

"The US government's actions at the moment underestimate our capabilities," Ren said in an interview with CCTV, according to a transcript published by the Chinese state broadcaster.

The temporary licence suggests changes to Huawei's supply chain may have immediate, far-reaching and unintended consequences for its customers.

The Commerce Department said it will evaluate whether to extend the licence period beyond 90 days.

China's yuan firmed versus the dollar yesterday as news of the reprieve eased some worries that trade tensions would be further inflamed and inflict deeper losses on the currency. Beijing has struck an increasingly defiant tone as the trade war has escalated, saying it will take measures to safeguard the interests of its companies, but has not said whether or how it may retaliate over the US action against Huawei. **Pages: 2, 4, 5, 6, 10**

A man takes a picture of the Huawei logo at the Huawei European Cybersecurity Centre in Brussels yesterday. The trade blacklist has added to its woes, following which Google suspended some business with Huawei.

How the Huawei ban threatens to throttle global 5G rollout

Bloomberg
London

Huawei Technologies Co looked like it would survive a US campaign to persuade its allies to block the supplier from their new mobile networks. Now, Trump's move to put the company on an export blacklist threatens to shake the entire telecom industry.

The US move threatens cut off the world's largest provider of networking gear and No 2 smartphone vendor from the US software and semiconductors it needs to make its products. It couldn't come at a worse time for phone carriers, which are preparing the shift to fifth-generation networks that promise to lay the foundation for future technologies from autonomous cars to smart cities. Here's a run-down on how the ban could throttle the global rollout of 5G:

Cost and delays

Huawei has been trying to race ahead of its rivals to become the top player in 5G, and has signed 40 5G commercial contracts so far, with over half in Europe, according to Huawei chairman Liang Hua.

Early movers like the UK's Vodafone Group Plc and BT Group Plc have spent months erecting thousands of 5G antennas in the centres of the biggest cities across the UK, many supplied by Huawei, for 5G launches in the coming weeks and months. This means they'll be ready for customers to buy and use the first next-gen handsets.

Huawei has already been excluded from the "cores" of many European telecommunication networks – that is, the layer privy to sensitive information and control privileges. But it's become a dominant force in the lucrative remaining segment mainly made up of radio antennas.

The new sanctions have inflamed the dilemma faced by phone companies: whether to stick with Huawei through the growing storm, or bite the bullet and abandon it in favour of other vendors like Nokia Oyj, Ericsson AB or Samsung Electronics Co.

Ditching the Chinese company and switching to these firms could mean ripping out the Huawei-built 4G foundations they'd planned to bolt its 5G radios onto, a move that they say would cost billions as well as choke competition and innovation in the market.

That would be "almost impossible," said Reza Hagel, managing director at telecom procurement consultancy FOCUS. "It's like setting off a bomb under a building and then rebuilding it."

Huawei has won about a third of Europe's network equipment market. Throwing out all Huawei infrastructure is a nuclear option that would cost the industry billions, according to Deutsche Telekom AG, as well as incur delays to 5G as long as 18 months, said Three UK's CEO David Dyson.

Handsets and software

A number of handset makers have begun launching 5G phones. If carriers are forced to ditch Huawei entirely, then having a decent 5G network to service these handsets will be delayed considerably.

Even if the networks withstand the infrastructural earthquake, Huawei is still one of the only manufacturers to have 5G-capable smartphones ready for consumers, but they're reliant on Google's Android and most aren't on sale yet. Under Trump's export ban the Alphabet Inc unit isn't allowed to give Huawei access to the most popular version of its mobile operating system. This leaves the Chinese company with a choice as potentially costly as those felt by networks: ship its phones with software mainstream consumers don't want, or just don't ship them at all.

The latter option would benefit Korean rival Samsung, which has a 5G version of its popular Galaxy line ready to go. Huawei may decide to use an open-source version of Android that doesn't require Google's blessing to use, or even build its own, but this will lack key features that drive sales, such as the Google Play app store, Gmail, and YouTube.

Users who've already bought one of Huawei's existing phones shouldn't be affected, as Google can keep pushing security updates for now. But as none of those models contain 5G technology, it won't help Huawei capitalise on any next-generation mobile networks it's helped build.

Components

Huawei also makes laptops and tablets, enterprise computer hardware, 5G home routers and smart watches, in addition to the telecom infrastructure at the heart of international security concerns. All are threatened by the Trump administration's move because Huawei depends on US-made components to manufacturer them.

Chipmakers including Intel Corp, Qualcomm Inc, Xilinx Inc and Broadcom Inc have told their employees they will not supply Huawei until further notice. But smaller tech companies may be harder hit.

Chipmaker NeoPhotonics relies on Huawei for about 40% of its sales, according to data compiled by Bloomberg, while Qorvo Inc and Skyworks Solutions Inc support its smartphone and base-station businesses and count on Huawei for 11% and 10% of their sales respectively.

Seagate Technology Plc is a supplier of hard drives and has about a 5% exposure to Huawei, according to Bloomberg data, and even the durability of smartphones is at risk: Huawei is a customer of Corning Inc, which manufactures a resilient type of glass used to protect delicate portable displays.

Smaller carriers hurt most

Like the impact to tech companies, the potential for collateral damage may spread beyond the big carriers. In the US, purchases of Huawei network gear are confined to smaller companies attracted to lower costs after pledges not to use the supplier by four nationwide carriers AT&T Inc, Verizon Communications Inc, T-Mobile US Inc and Sprint Corp.

Huawei customers such as Eastern Oregon Telecom – which provides broadband and telephone service to 4,000 customers in a remote corner of the Northwest – are now trying to figure out how their operations may be affected.

For now, carriers are unsure whether Huawei will stay on the US export blacklist, or whether Trump's escalations are a negotiating gambit in the broader US-China trade war which could later be discarded. On Monday, the Commerce Department granted a 90-day reprieve for certain US broadband companies and wireless customers using Huawei equipment. Meanwhile, European governments are still weighing security restrictions of their own.

Members of the media gather in front of a screen displaying information on 5G security inside Huawei's Cyber Security Transparency Centre in Brussels on March 5, 2019. Trump's move to put the company on an export blacklist threatens to shake the entire global telecom industry. The US move threatens cut off the world's largest provider of networking gear and No 2 smartphone vendor from the US software and semiconductors it needs to make its products.

Bloomberg QuickTake Q&A

Why 5G mobile arrives with a subplot of espionage

By Ian King and Scott Moritz
San Francisco/New York

The 5G wireless technology now being introduced by phone companies promises to bring a world of innovations to mobile service – from connected appliances to self-driving cars – just as cable transformed TV generations ago with hundreds of new channels. It also promises to bring a new global round of technology competition – one that overlaps with arguments over security that have pitted the US against China and have raised tensions in the industry, to the dismay of telecom executives who fear that 5G's rollout could be delayed.

1. What's 5G?

The name stands for fifth-generation mobile networks or fifth-generation wireless systems. It's the successor to 4G, the current top-of-the-line network technology first introduced commercially in 2009. 5G could end up being 100 times faster than its predecessor, with data speeds reaching 10 gigabits per second. That would allow consumers to download a full-length high-definition movie in seconds. 5G will also offer more radio frequency bandwidth, which is needed to accommodate the ballooning "Internet of things" – the ballooning number of linked products, from smart refrigerators to traffic lights to dog collars, that will be sending and receiving data.

2 Is it in use yet?

It's early days. South Korea switched on nationwide 5G networks in April and is expected to achieve the highest usage rate by year end, with China and Japan not far behind. While US carriers have begun limited services in some cities, 5G handsets will only reach stores in mid-May. Verizon is targeting 30 cities by year end. British carriers plan limited 5G services in 2019, while Germany wants the technology to underpin its push to digitalize industry. But the path to adoption in Europe is unclear. Some operators question the business case for an all-out push to 5G. And security concerns over their biggest telecom equipment supplier, China's Huawei Technologies Co, threaten to upset the 5G rollout and inflate costs.

3. When will 5G be the new normal?

Not for a while. Even if you live in one of the countries where carriers are already rolling out 5G services, it will be a couple of years at least before the geographic reach of services will be great enough to let you use your 5G phone without relying on current 4G or even 3G wireless networks much of the time. 5G phones are coming from Huawei, ZTE Corp, LG Corp, Lenovo Group Ltd and OnePlus. Apple Inc isn't likely to offer a 5G-compatible iPhone until 2020 at the earliest.

4. What are the security worries?

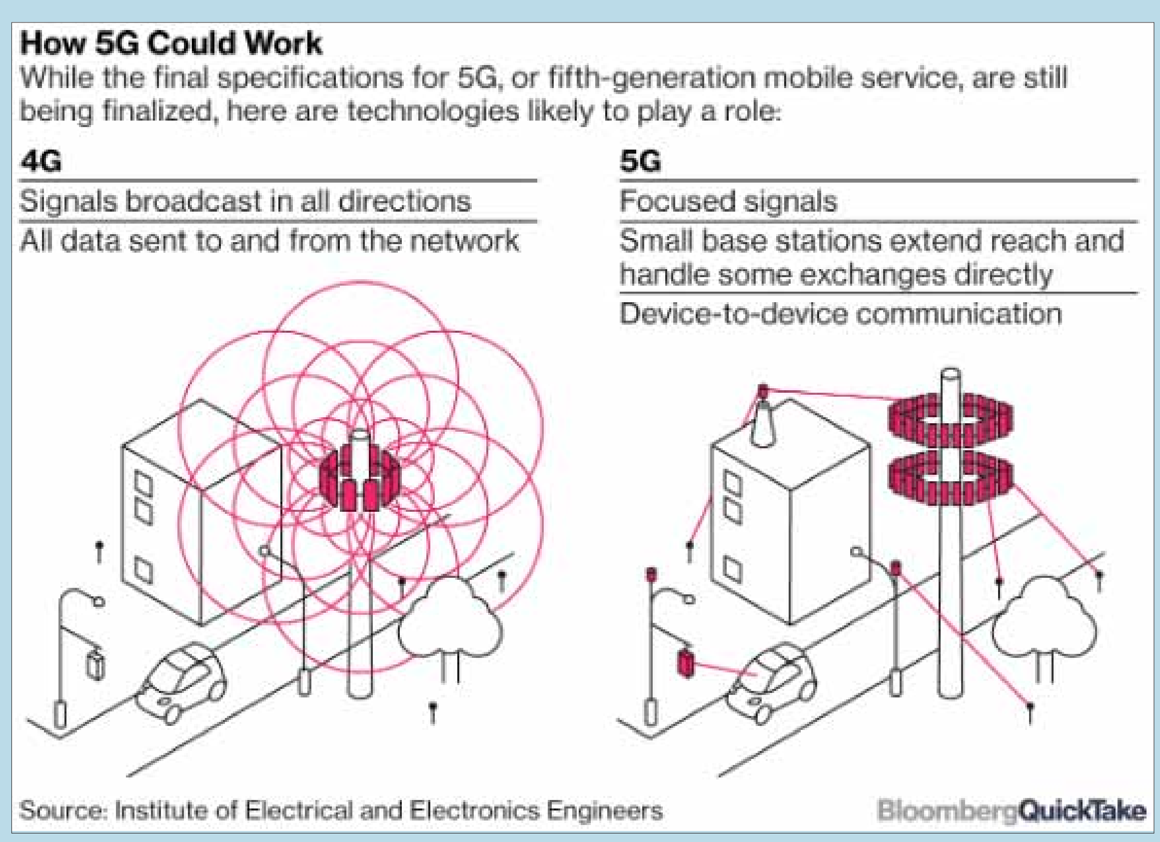
They relate first to the new network's expected ubiquity. 5G isn't necessarily easier to hack than its predecessors, but eventually it will connect many more devices, so protection from malign actors becomes a larger concern. The US and some other nations fret that Chinese 5G equipment, chips and software could be outfitted to spy on customers in other countries - a kind of Trojan horse into the world's information infrastructure. Similar concerns lay behind the 2018 decision by President Donald Trump to block Broadcom Ltd from acquiring Qualcomm Inc, the biggest maker of mobile-phone chips. The US was worried the merger would give China an edge in the race to develop 5G.

5. How is this affecting the market?

Many phone companies favour Huawei's networking and telecommunication equipment for its technological edge and low cost. But the US wants to keep the company away from 5G and Trump signed an order that could expected to restrict Huawei and fellow Chinese telecommunications company ZTE Corp from selling their equipment to US carriers. The US administration has also put Huawei on a blacklist that may bar it from buying components from American suppliers, a potentially devastating blow to its global ambitions. The Trump administration has also pushed its allies: Australia last year banned Huawei and ZTE Corp from supplying 5G equipment to its telecom operators, citing national security. European countries have stopped short of an outright ban on Huawei for now. German authorities are proposing tighter security rules for data networks, while the UK is planning closer oversight of the vendor's systems and a possible exclusion from sensitive parts of mobile networks. France plans to put equipment through tests tantamount to asking suppliers to hand over their industrial secrets to be eligible for contract bidding.

6. Are there other issues with 5G?

Some critics warn that 5G's pervasiveness could create vulnerabilities in public infrastructure and ask what might happen in the event of a widespread failure. While today's wireless systems connect a few devices like phones and computers, 5G promises a radio wave-rich environment where billions of chips, sensors, cameras, appliances and electronics all around us will be interconnected, pinging information back and forth. By 2024, the amount of data carried by mobile networks will be five times greater than it is today and 5G networks will cover more than 40% of the world's population, according to Ericsson AB, the Swedish maker of wireless equipment. It estimates that more than 22bn gadgets will be connected to the internet of things by 2024.



Billionaire Hinduja brothers weigh bid for India's Jet Airways

Reuters
Bengaluru

India's Hinduja Group said yesterday it was considering a bid for debt-laden Jet Airways Ltd, boosting shares in the grounded airline by 15% for their best day since January.

India's *Economic Times* newspaper said earlier the family-run Hinduja Group would start the process of bidding this week. The group is led by billionaire brothers Gopichand and Srichand Hinduja, who were named Britain's wealthiest people for a third time in this year's *Sunday Times* Rich List.

Their interests range from banking and oil and gas to power. Media reports said the group had looked at a possible stake in Air India when the state-run airline came up for privatisation, but a deal failed to materialise.

The Hindujas also tied up with German airline Lufthansa's air cargo services business in the 1990s, before ending the agreement in 2000.

"The markets would like to see a serious player get into Jet at this juncture," Siddhartha Khemka, head of retail research at Motilal Oswal Securities, said. "The Hindujas have the financial strength to support Jet." The Mumbai-based Hinduja Group is in talks with Jet founder Naresh Goyal and investor Etihad, as well as bankers led by SBI Capital Markets which is leading the search for potential investors, the *Economic Times* said, citing sources.

SBI Capital Markets declined to comment, while Etihad did not respond to a Reuters query.

Sources close to Naresh Goyal and the Hindujas told the *Economic Times* that the businessmen shared ties that went back more than two decades.

A source close to the matter told Reuters that meetings were ongoing.

Jet, once the biggest private airline in India, owes vast sums to its lessors, employees, fuel suppliers and other parties. It stopped all flights from April 17 after lenders refused to give it any more funds to keep flying. The airline, which has 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.

For months, Jet tried to convince investors, including Etihad, to pump in money.

However, suitors had some qualms, while a deadline for any interested parties to submit binding bids for Jet ended on May 10.

The State Bank of India (SBI), Jet's leading lender, said at that stage that it had received three conditional offers, including one from Etihad.

Etihad, which holds a minority stake in Jet, is interested in re-investing in the airline subject to certain conditions, a spokesman for the Middle Eastern carrier said then, adding that it could not be the sole investor.

Jet has been rapidly shedding aircraft in recent weeks, as lessors have rushed to deregister and repossess planes.

It has also seen the departure of its chief executive and other senior officials, lost hundreds of pilots, cabin crew and engineers to rivals and seen its valuable slots reallocated to competitors, making any rescue harder for a new investor.

Jet's shares closed up 15% at Rs150.85 in an otherwise weak Mumbai market.

PNB set to take control of 3 state-run Indian banks

Signage for Punjab National Bank is displayed outside a branch in Mumbai. The bank is looking to merge with two or three government-owned banks that could include Oriental Bank Of Commerce, Andhra Bank and Allahabad Bank, sources familiar with the situation said yesterday.

Reuters
New Delhi

India's Punjab National Bank is looking to merge with two or three government owned banks that could include Oriental Bank Of Commerce, Andhra Bank and Allahabad Bank, two sources familiar with the situation told Reuters, as New Delhi tries to cut the number of state-owned lenders.

This could be the one of the first decisions to be taken by the new government after election results to be announced on May 23.

Exit polls showed that the alliance led by India's Prime Minister Narendra Modi could win with a big majority.

Banking sector reform is unfinished business from the last five-year term of Modi's government as banks struggle under a huge debt pile than of more than Rs9tn ($130bn), or nearly 5% of the nation's gross domestic output. The proposal to merge PNB with 2-3 other banks would be put before the cabinet for its nod, according to a government source.

Currently, there are 20 state-run banks following mergers of small banks with State Bank of India and Bank of Baroda, and with IDBI Bank taken over by state-run Life Insurance Corp. PNB could start the process of taking control of the banks in the next three months, according to the sources, who declined to be named, as they are not authorised to speak to the media. PNB shares fell as much as 4% after Reuters reported the news.

Its shares ended down 2.55% at Rs86.10 on India's National Stock Exchange yesterday.

Allahabad Bank fell 2.6% to close at Rs45.15 a share, while Oriental Bank of Commerce ended down nearly 1% at Rs95.20 per share.

PNB declined to comment, while the other banks did not immediately reply to an e-mail from Reuters seeking further information.

India's finance ministry also declined to comment on the story.

To revive the banking sector the government of India has injected about $36bn of tax payers money in the last five years and also initiated an asset quality review of banks by the central bank.

According to another official, the government is considering injecting another $7bn into state-run banks to help them offer cheaper loans to their customers.

The Modi government introduced new bankruptcy resolution rules in 2016 to help with faster resolution of bad loans, but litigation has tied down some big restructuring deals.

Only about 5% of the stressed assets of banks have so far been dealt with through the bankruptcy process.

China rebuffs Trump claim US tariffs are making firms leave

Reuters
Beijing

Foreign investors remained enthusiastic about China, the foreign ministry said yesterday, following US President Donald Trump's claim that his tariffs are causing companies to move production away from the world's second largest economy.

Trump said in an interview aired on Sunday that his tariffs on Chinese goods are causing companies to move manufacturing out of China to Vietnam and other Asian countries, and added that any agreement to end a trade war with China cannot be a "50-50" deal.

No further trade talks between top Chinese and US trade negotiators have been scheduled since the last round ended on May 10 – the same day Trump raised the tariff rate on $200bn worth of Chinese products to 25% from 10%.

Trump took the step after China sought major changes to a deal that US officials said had been largely agreed.

Since then, China has struck a sterner tone in its rhetoric, suggesting that a resumption of talks aimed at ending the 10-month trade war was unlikely to happen soon.

Chinese foreign ministry spokesman Lu Kang, responding to a question on Trump's claim at a daily news briefing, said foreign investors were "still bullish" on China.

"Even though over the past year or more the United States has continued to menace Chinese products with additional tariffs, everyone can see that the enthusiasm for foreign investors in China remains high," Lu said. Lu listed companies, including Tesla, BASF and BMW, as all having recently increased their investment in China.

He added that China would continue to improve business and investment conditions for foreign companies.

But foreign firms have grown weary of what they say are China's piecemeal economic reforms.

HSBC plans more China tech jobs in push for market share

Reuters
Hong Kong

HSBC Holdings PLC plans to add more than a 1,000 jobs this year at its technology development centres in China, as the Asia-focused lender seeks to bolster its presence in the world's second largest economy.

Europe's biggest bank by assets will boost headcount at its technology centres in Guangzhou, Shanghai and Xi'an by 14% from a current 7,000-strong workforce, said HSBC chief information officer Darryl West.

In recent years the London-based bank has spent $3bn annually on its group technology operations which employ 40,000 people worldwide, and West said annual investments of $3bn-$3.5bn are planned over the next few years.

Many global banks set up low-cost hubs in China and India more than a decade ago to maintain their complex worldwide information technology networks, but these centres have now become a core part of their operations.

The centres develop and implement risk and fraud management technologies, as well as digital applications that make it easier for banks to attract customers and deliver faster and more secure services.

HSBC's expansion plan in China, a key market for the bank, comes amid growing use of technology in the financial sector – from payments to transactions. At stake is a bigger share of the billions of dollars worth of retail and corporate banking business in a major financial market with a growing customer base.

"There is a lot more we can do with technology in mainland China. The level of technology adoption and innovation in China is way ahead of other markets," West told reporters during a tour of HSBC's technology centre in the southern city of Guangzhou last week.

"We see mainland China as a tremendous source of talent, not just for the local market but our technology operations globally.

We are hiring very aggressively here," he added. About 30% of the work done at the Guangzhou centre, the largest HSBC tech facility in China with more than 5,000 employees, is for the mainland market and that share is expected to grow over the next couple of years.

HSBC is also using China-based tech centres to develop banking products for its global network, such as the bank's UK mobile app which was developed in the northwestern city of Xi'an.

Outside China, HSBC employs more than 10,000 people at technology centres in India, with the rest in countries such as Britain, Canada, Hong Kong and the United States.

HSBC has in recent years lifted investment in China, including the prosperous southern Pearl River Delta region.

Mainland China and Hong Kong together accounted for nearly 40% of the bank's revenue in 2018.

The bank will invest $15bn-$17bn in the next three years in areas including technology and China, its chief executive John Flint said last year.

The limited physical presence of foreign banks in China compared to dominant domestic rivals has been a challenge.

Pedestrians stand outside an HSBC Holdings bank branch in Hong Kong. The bank plans to add more than 1,000 jobs this year at its technology development centres in China, as the Asia-focused lender seeks to bolster its presence in the world's second largest economy.

India watchdog probes allegations of anti-competitive conduct by Maruti

Reuters
New Delhi

India's antitrust regulator is looking into allegations that Maruti Suzuki, the country's biggest car maker, resorted to anti-competitive practices by controlling how its dealers discounted cars, three people aware of the matter said.

Maruti, majority-owned by Japan's Suzuki Motor Corp, is a household name in India where it commands a 51% market share. It sold 1.73mn passenger vehicles in the year to March and has nearly 3,000 dealers in the country.

The Competition Commission of India (CCI) is looking into allegations that Maruti forces its dealers to limit the discounts they offer, effectively stifling competition among them and harming consumers who could have benefited from lower prices if dealers operated freely, the people told Reuters.

It was not clear over which period Maruti allegedly engaged in this conduct, but one of the people with direct knowledge of the case said the CCI has been reviewing the allegations for about 10 months.

A final decision on whether there needs to be a full investigation has not been reached, the person added. The sources declined to be identified as details of the case were not public. Maruti Suzuki and the CCI did not respond to Reuters' requests for comment. Automakers typically sell cars at wholesale prices to dealers, who sell them to customers at a higher retail price that includes their commissions. It is up to the dealer to offer discounts and take a lower profit margin, which they often do. Car makers at times set a limit on discounts its dealers could offer to ensure there is no price war among them, two of the sources said, but Indian law says the practice, described as "resale price maintenance", is prohibited if it causes "appreciable adverse effect on competition in India".

In 2017, South Korean firm Hyundai Motor Co's India unit was fined $12.5mn by CCI for antitrust violations including resale price maintenance.

The CCI found Hyundai fixed the maximum amount of discount for its cars and restricted competition among dealers.

Hyundai was also penalising dealers who breached the set discount controls, the CCI said at the time. "The Maruti case is similar to Hyundai, it's a resale price maintenance issue," the person with knowledge of the case said.

An appeals court overturned the fine on Hyundai last year, citing lack of evidence, but the CCI has challenged the ruling at India's Supreme Court. The case is still pending.

Karan Singh Chandhiok, a lawyer who represented Hyundai in the case, said the company had argued at the time that it was a smaller player with about a 14% market share and its alleged conduct could not hurt the broader passenger car market.

If the CCI finds merit in allegations against Maruti and launches a full probe, the case could be far stronger than the one against Hyundai as Maruti accounts for more than half of India's car market, an antitrust official told Reuters.

Car makers like Hyundai, Tata Motors and Japan's Toyota Motor Corp all sell cars in India, but Maruti has for decades been the dominant player.

Pain in Asia pushes dollar to 2-1/2-week high as investors seek safety

Reuters
London

Signs that Asia is already feeling the pinch from a trade conflict between the United States and China triggered some safe haven flows into the US dollar yesterday, while higher US Treasury yields helped the move.

Data showed economic growth in Singapore was its lowest in nearly a decade in the first quarter, while in Thailand it was at its lowest in four years, raising worries that major Asian economies will be hurt by global trade tensions.

Elsewhere, Australia's top policymaker Philip Lowe said yesterday the Reserve Bank of Australia would consider the case for lower interest rates at its June policy meeting, pushing the Aussie dollar half a per cent lower to $0.6873.

"The situation in Asia is difficult – Thailand, Singapore, export decline in Korea – which shows that the trade conflict is hurting even without a further escalation," said Commerzbank FX strategist Esther Maria Reichelt.

"This is the main cause behind the dollar strength, if anything I was little bit surprised we didn't see a more pronounced risk movement," she added.

The dollar hit a 2-1/2 week high against a basket of six major currencies, rising 0.2% to a high of 98.11.

"The Fed turned (dovish) and you would expect the dollar to weaken but for the fact that every central bank and his dog are doing the same, so the upside to the dollar is reinforced by the other central banks," said Neil Mellor, an FX strategist at BNY Mellon.

"Also the dollar rightly or wrongly does have a reputation as a safe-haven play.

Every country will be expected to suffer on back of the trade war but the dollar has a status as a liquid safe haven."

The greenback may have also been helped by higher US Treasury yields, with the 10-year yield rising to a one-week high of 2.428% on the back of some positive comments on the US economy from policymakers.

Yields also rose as the US government temporarily eased trade restrictions imposed last week on China's Huawei, a move aimed at minimising disruption for its customers. Conversely, the euro – which makes up a significant chunk of that basket – hit a 2-1/2 week low of $1.1142, down 0.2% on the session.

The single currency is being hurt by dollar strength and also by upcoming European parliamentary elections in which euro-sceptic parties may fare well.

A successful outing for right-wing Italian parties in particular could mean new domestic elections in the eurozone's third-largest economy, and potentially a new coalition of right-wing parties led by Matteo Salvini's League. "That would be decidedly negative for the euro, because Salvini has been much less willing to abide by EU rules — he recently said he'd break the EU's budget deficit rules if necessary to get employment up," said Marshall Gittler, a strategist at ACLS Global.

Sterling fell below $1.27 for the first time since mid-January ahead of a UK cabinet meeting in which senior ministers will consider the merits of whether lawmakers should hold indicative votes on Brexit options.

India stocks down from record as exit poll euphoria wanes

Bloomberg
Mumbai

Indian equities fell, reversing gains that pushed key indexes to a record, as euphoria around exit polls that predicted Prime Minister Narendra Modi's re-election ebbed.

The benchmark S&P BSE Sensex dropped 1% to 38,969.80 at the 3:30pm close in Mumbai, after rising to a high earlier in the day. The NSE Nifty 50 Index declined by same magnitude.

Many investors are of the view that local stocks have already priced in Modi's re-election and the extended rally has been overdone. The MSCI gauge of Indian shares trades at almost 18 times its estimated one-year earnings compared with the MSCI Emerging Market Index's 11.5 times. The national election vote count is on May 23.

"Given that the numbers are better than the base case discounted in markets, we would expect at least a modest rally if the official results are not materially different from exit polls," said Sriyan Pietersz, an investment strategist at Matthews Asia in Singapore.

Having said that, valuations are not cheap after gains of more than 3% on Monday as "improved sentiment is getting priced in quickly," Pietersz said. Seventeen of the 19 sector indexes compiled by BSE Ltd retreated, paced by a gauge of automakers.

Twenty-eight of the 31 Sensex members and 43 of the 50 Nifty companies declined.

India's top truckmaker – dropped 7%, the steepest among Nifty members, even after reporting a January to March net income that topped analyst estimates.

The company's Jaguar Land Rover unit cut its profit margin and cash flow outlook, according to an investor note from Jefferies India Pvt.

Asia markets mostly rise but Huawei, trade war loom large

AFP
Hong Kong

Asian markets mostly rose yesterday but concerns about the Huawei row and broader China-US trade war kept investors on edge, with analysts warning the crisis could rumble on for some time.

Regional investors were spooked by a sharp drop in New York's tech-rich Nasdaq after Google said it was beginning to sever ties with the Chinese telecoms giant, days after Donald Trump's decision to bar it from the US market and put it on a sales blacklist.

The Huawei development – with the US citing national security concerns – has muddied the waters in the tariffs stand-off between Washington and Beijing, which was thought to have been close to conclusion at the start of the month.

And now some observers are warning that stalled talks between the economic superpowers might not see any progress before a hoped-for meeting between Trump and China's Xi Jinping at the G20 in June.

"The market was a little optimistic that a trade deal would just get done here this month," Brett Ewing, chief market strategist at First Franklin Financial Services, told Bloomberg News.

Dealers have "definitely come to terms with a longer term trade negotiation process".

While the Commerce Department issued a 90-day reprieve on the ban on dealing with Huawei, saying breathing space was needed to avoid huge disruption, the two appear to be digging their heels in.

And on Monday China's envoy to the European Union called the Huawei move "wrong behaviour", adding "there will be a necessary response".

Zhang Ming warned: "Chinese companies' legitimate rights and interests are being undermined, so the Chinese government will not sit idly by."

The developing crisis had a mixed impact on Asia's tech firms, with Samsung Electronics, a rival to Huawei in the smartphone market, rallying 2.7%.

Analysts say the US ban will damage Huawei's ability to sell phones outside China, offering Samsung a chance to consolidate its position at the top of the global market.

But in Tokyo, Sony shed more than 4% and Sharp was off 2.5%, while Taiwanese chip giant TSMC shed 1.7%.

"As trade wars hurt demand in the US and China, Asian electronics manufacturers will feel considerable pain, in our view," Tieying Ma, an economist at DBS Group, said.

After an initial sell-off, Shanghai's composite index ended 1.2% higher at 2,905.97, with some observers concurring with Huawei boss Ren Zhengfei that the firm could absorb the impact of the ban.

"The global telecom supply chain can still work perfectly without the US suppliers," said Sun Jianbo, president of China Vision Capital Management in Beijing.

"China and US are unlikely to allow the worst-case scenario, which involves putting up trade barriers on all fronts, as it will mean great losses for both parties.

So the worst possible case may have been priced" into markets.

Sydney rose 0.4%, Seoul added 0.3% and Taipei was 0.7% higher, with Manila, Mumbai, Bangkok and Jakarta all in positive territory.

But Tokyo ended down 0.1% at 21,272.45, Hong Kong dropped 0.5% at 27,657.24 and Wellington closed off 0.2%. "The US-China trade war is in danger of assuming Brexit-like characteristics – long and drawn out with a series of false dawns, but with no discernible progress made after a lot of emotional noise," said OANDA senior market analyst Jeffrey Halley.

On currency markets the pound fell again and remains lodged around four-month lows against the dollar as Prime Minister Theresa May struggles to get opposition Labour backing for her Brexit deal, meaning it is likely to fail on her fourth attempt to pass it through parliament next month.

There is growing concern May will step down if she loses again, leaving the path open for a hardliner who is keen for a no-deal divorce, which many experts say will be economically destructive.

Australia's dollar sank 0.6% against the greenback after central bank officials hinted at an interest rate cut to record lows when it holds its policy meeting next month.

Oil prices rose after major producers said supplies were sufficient and stockpiles still rising, but gains were capped by the China-US tensions.

Investors sit in front of an electronic stock board at a securities brokerage in Shanghai. The Shanghai Composite Index rose 1.2% to 2,905.97 points yesterday.

What soaring iron ore and faltering copper say about China

By Andy Home
London

The iron ore market is on a surge, the price last week punching up through the $100-per tonne level for the first time in five years.

Copper, by contrast, is under pressure, with the London Metal Exchange (LME) price for three-month delivery sliding 10% over the last month and currently struggling to hold the $6,000-per tonne level.

The fortunes of two commodities are beholden to China, the world's biggest importer and user of both iron ore and copper. Yet the two have followed starkly different price paths so far this year.

Iron ore is up 39%, while copper is up by just 3% and working hard to retain even those meagre gains.

Supply differentials can explain only some of the divergence. Iron ore has been rocked by the rolling dam-related closures of Vale's Brazilian mines as well as weather-related losses in Australia. Copper was in small surplus over the first two months of 2019, according to the International Copper Study Group.

However, the headline balance assessment masks a 1.8% fall in global mine production, which at other times would have enthused copper bulls.

Not so right now, though.

That's down to demand, with rampant iron ore and faltering copper also reflecting very different usage dynamics in China.

Super-strong steel

Iron ore is caught in a perfect bull storm with constrained supply running up against super-strong demand from China's giant steel sector.

China's steel production grew by 10% in the first quarter of this year, according to the World Steel Association. Production accelerated again in April to 85.03mn tonnes, the highest monthly run rate on record and equivalent to an annualised rate of over 1bn tonnes. Not bad for an economy that is supposedly struggling with an internal slowdown and trade tensions with the United States.

True, net exports of steel products have picked up this year, but the difference in tonnage terms was a marginal 2.3mn over the first four months.

Rather, steel production is booming because Chinese steel demand is booming.

This is down to Beijing's most recent stimulus package, which has in part travelled down the old-economy channels of infrastructure and property.

Property and associated activities account for around one third of China's metals demand, according to analysts at Citi.

"Arguably the single most-followed indicator for the health of demand for metals from property is floor space starts," they note. And new starts are running at a fast pace, up 15.5% in April and up 13.1% in the first four months of 2019, according to Citi.

Look no further to understand why China's steel mills are churning out record amounts of product.

Copper waiting for completion

Which rather begs the question of what is happening to copper demand in China. Not much, according to Citi. The bank notes that apparent copper consumption actually fell by 2% over the first quarter.

Citi's proprietary "China Copper End-use Tracker" points to anaemic growth of just 1% in April with continuing weakness in the automotive sector but little offset from construction.

The contrast with steel is down to the difference in how the two metals are used in the property sector.

Steel is used at the first stage of construction, meaning it is closely tied to the pace of new housing starts. Copper is used towards the end of the construction cycle when wiring is installed and empty space is filled with consumer durables such as kitchen appliances. And while new starts have been booming, new property completions are lagging way behind.

They were down by 10% in the January-April period, according to Citi. There is, in other words, a Chinese property supply bulge with lots of new houses started but not yet completed.

That's depressing demand for copper and other base metals such as aluminium, which is a popular material in China both for cladding and internal fixtures such as doors and windows.

Closing the gap

The yawning gap between property starts and completions implies that at some stage copper usage in China's construction sector will rise as completions start catching up with starts.

Analysts such as Citi are looking for this to happen some time in the second half of 2019, meaning a pending demand boost for copper. However, there is another factor at work in this iron ore-copper conundrum, namely escalating trade tensions.

The United States on May 10 raised tariffs on $200bn of Chinese imports to 25% from 10%, with China responding in kind on a shorter list of $60bn of US goods.

Steel and iron ore are for now benefiting from this tit-for-tat tariffs game since Beijing can be expected to renew its stimulus impetus in response to any trade-induced slowdown.

More infrastructure spending and more loosening of property market regulations mean more steel.

Copper, by contrast, is vulnerable to the hit on exports of manufactured goods occasioned by rising tariffs even while it waits for the strength in construction activity to translate into completions.

It's this demand disconnect that has left copper and other base metals out of favour with investors, even as iron ore punches out new price highs.

The gap will close.

Iron ore supply will over time normalise and China's current new-build boom will abate.

Copper's supply tensions lie ahead and demand from property completions should rise. Until that happens, though, the ferrous and non-ferrous parts of the industrial metals complex will each follow their own distinctive Chinese-determined path.

■ *Andy Home is a columnist for Reuters. The opinions expressed here are those of the author.*

Emerging market shares, FX soften as trade war concerns persist

Reuters
London

Emerging market shares yesterday gave up early gains logged on some relief on the Sino-US trade front, while developing world currencies also weakened on fears the protracted trade war may have already begun to impact Asian economies.

Currencies in the developing world fell across the board as poor economic growth data from Singapore and Thailand dented sentiment and boosted appetite for the dollar. MSCI's index of emerging market shares gave up gains of up to 0.6% to trade flat, even as mainland China shares – index-heavyweights – closed more than 1% higher after Washington temporarily eased trade restrictions imposed last week on China's Huawei. The trade relief gave a fillip to stocks of other trade reliant economies such as South Korea and Taiwan as well as to commodity giant South Africa's blue-chips index, but some others fell.

Shares in Turkey fell 0.8% and the lira slipped 0.6% after the country's banking watchdog imposed a settlement delay for FX purchases by individuals of more than $100,000.

"Not a particularly encouraging sign – people will worry that this is beginning down the road towards capital controls," said Timothy Ash, head of emerging market research at Blue Bay Asset Management. Indian shares turned to losses after scaling all-time highs earlier in the session on election optimism.

Tata Motors was the worst performer after it provided a disappointing outlook, taking the broader indexes lower after three strong sessions. The Indian rupee fell 0.26% to 69.757 per dollar after Monday's 1% rise posted on exit polls suggesting Prime Minister Narendra Modi could retain power. Analysts at DBS Group Research warn the rupee will weaken past 70 again because the next government formed will need to get fiscal consolidation back on track and rely on monetary policy to support growth.

Among emerging European currencies, Hungary's forint fell 0.2% to a more than eight-month low ahead of a central bank meeting next week when it is unlikely to tighten policy despite a rise in inflation.

QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	120.70	-0.62	2,546
Widam Food Co	57.50	0.86	16,861
Vodafone Qatar	7.10	-2.07	416,523
United Development Co	13.82	-0.58	196,295
Salam International Investme	4.00	-5.88	1,308,047
Qatar & Oman Investment Co	5.97	0.67	5,366
Qatar Navigation	63.00	-0.17	36,534
Qatar National Cement Co	61.81	-2.65	12,023
Qatar National Bank	168.50	-2.38	228,315
Qatar Islamic Insurance	52.50	-0.76	376
Qatar Industrial Manufactur	38.10	0.26	657
Qatar International Islamic	65.50	-0.44	59,915
Qatari Investors Group	21.72	1.40	98,872
Qatar Islamic Bank	149.02	-2.80	60,174
Qatar Gas Transport(Nakilat)	21.00	-2.33	507,840
Qatar General Insurance & Re	40.59	10.00	141
Qatar German Co For Medical	5.48	-6.48	24,608
Qatar Fuel Qsc	211.98	-0.43	216,451
Qatar First Bank	4.12	-2.60	821,567
Qatar Electricity & Water Co	160.00	0.00	23,560
Qatar Exchange Index Etf	97.85	-0.36	5,873
Qatar Cinema & Film Distrib	18.60	0.00	-
Al Rayan Qatar Etf	22.77	-1.00	36,172
Qatar Insurance Co	35.02	-2.18	203,973
Qatar Aluminum Manufacturing	9.82	-4.20	1,951,798
Ooredoo Qpsc	60.43	0.23	50,559
National Leasing	7.74	-2.64	134,699
Mazaya Qatar Real Estate Dev	7.75	-0.64	326,583
Mesaieed Petrochemical Holdi	26.77	-9.99	6,250,237
Al Meera Consumer Goods Co	139.90	-0.33	108,950
Medicare Group	58.50	-0.09	10,943
Mannai Corporation Qsc	41.00	0.49	1,167
Masraf Al Rayan	34.00	-1.45	433,241
Al Khalij Commercial Bank	11.40	-0.87	30,759
Industries Qatar	108.00	-1.20	94,952
Islamic Holding Group	20.09	-5.68	65,621
Investment Holding Group	5.36	-3.60	454,138
Gulf Warehousing Company	44.44	-5.43	23,459
Gulf International Services	18.25	-4.70	1,277,573
Ezdan Holding Group	7.99	-3.27	4,003,492
Doha Insurance Co	11.00	-0.90	24,743
Doha Bank Qpsc	22.15	0.00	201,648
Dlala Holding	9.17	-0.22	19,989
Commercial Bank Pqsc	43.02	-3.43	81,110
Barwa Real Estate Co	33.00	-0.03	204,686
Al Khaleej Takaful Group	14.97	-6.38	107,782
Al Ahli Bank	7.85	-1.88	355,500

KUWAIT

Company Name	Lt Price	% Chg	Volume
Sultan Center Food Products	52.50	0.00	-
Kuwait Foundry Co Sak	250.00	0.00	4,990
Kuwait Financial Centre Sak	90.00	0.00	-
Ajial Real Estate Entmt	144.00	0.00	-
Kuwait Finance & Investment	37.00	-2.63	171,611
National Industries Co Ksc	185.00	-2.63	45,000
Kuwait Real Estate Holding C	30.00	0.00	-
Securities House/The	44.10	0.23	344,680
Boubyan Petrochemicals Co	925.00	-0.32	173,367
Al Ahli Bank Of Kuwait	309.00	2.32	85,923
Ahli United Bank (Almutahed)	293.00	0.69	679,339
National Bank Of Kuwait	966.00	0.94	4,660,217
Commercial Bank Of Kuwait	505.00	0.40	77
Kuwait International Bank	256.00	0.79	1,947,477
Gulf Bank	301.00	0.33	19,014,945
Al-Massaleh Real Estate Co	35.00	0.00	-
Al Arabiya Real Estate Co	30.20	2.03	15,128
Kuwait Remal Real Estate Co	21.70	-12.85	12,863,355
Alkout Industrial Projects C	840.00	0.00	-
A'ayan Real Estate Co Sak	55.30	-2.64	119,209
Investors Holding Group Co.K	9.90	0.00	5,328,218
Al-Mazaya Holding Co	57.50	0.52	548,692

KUWAIT

Company Name	Lt Price	% Chg	Volume
Al-Madar Finance & Invt Co	153.00	5.52	805,983
Gulf Petroleum Investment	22.00	0.46	854,400
Mabanee Co Sakc	662.00	2.00	1,295,971
Inovest Co Bsc	75.00	0.00	-
Al-Deera Holding Co	12.30	0.00	254,990
Mena Real Estate Co	35.20	-1.12	45,000
Amar Finance & Leasing Co	30.80	0.00	-
United Projects For Aviation	410.00	-3.53	8,030
National Consumer Holding Co	30.00	0.00	-
Amwal International Investme	55.60	0.00	-
Equipment Holding Co K.S.C.C	21.20	-16.21	298,010
Arkan Al Kuwait Real Estate	76.00	-0.65	51,988
Gfh Financial Group Bsc	68.00	1.49	131,872
Energy House Holding Co Kscp	27.00	-3.57	211,150
Kuwait Co For Process Plant	210.00	-1.87	572
Al Maidan Dental Clinic Co K	1,220.00	0.00	-
National Shooting Company	12.90	-0.77	201
Al-Ahleia Insurance Co Sakp	412.00	0.00	-
Wethaq Takaful Insurance Co	27.00	-6.90	13,192
Salbookh Trading Co Kscp	46.00	0.00	-
Aqar Real Estate Investments	59.00	0.00	-
Hayat Communications	50.00	65.02	5,000
Soor Fuel Marketing Co Ksc	119.00	0.85	66,798
Tamkeen Holding Co	11.30	0.00	-
Alargan International Real	132.00	10.00	1,000
Burgan Co For Well Drilling	90.00	0.00	-
Kuwait Resorts Co Kscc	52.00	-6.47	5,000
Oula Fuel Marketing Co	119.00	1.71	38,889
Palms Agro Production Co	40.00	0.00	90,000
Mubarrad Holding Co Ksc	59.20	0.85	1,535
Shuaiba Industrial Co	165.00	0.00	-
Aan Digital Services Co	11.20	5.66	427,249
First Takaful Insurance Co	43.50	-1.14	2,070
Kuwaiti Syrian Holding Co	42.30	-7.03	345,749
National Cleaning Company	66.50	2.31	30,010
United Real Estate Company	56.00	0.00	-
Agility	712.00	0.71	1,036,351
Kuwait & Middle East Fin Inv	35.00	0.00	1,500
Fujairah Cement Industries	47.40	1.28	30,252
Livestock Transport & Tradng	193.00	0.00	-
International Resorts Co	20.30	0.00	-
National Industries Grp Hold	228.00	-0.44	3,870,878
Warba Insurance Co	71.00	0.00	-
First Dubai Real Estate Deve	28.70	-7.42	694,586
Al Arabi Group Holding Co	80.00	0.00	-
Kuwait Hotels Sak	100.00	0.00	-
Mobile Telecommunications Co	483.00	1.90	3,898,891
Effect Real Estate Co	20.30	0.00	1,603,000
Tamdeen Real Estate Co Ksc	400.00	0.00	-
Al Mudon Intl Real Estate Co	18.40	-2.13	5,500
Kuwait Cement Co Ksc	295.00	0.00	-
Sharjah Cement & Indus Devel	64.80	0.00	-
Kuwait Portland Cement Co	1,254.00	0.00	-
Educational Holding Group	315.00	0.00	-
Bahrain Kuwait Insurance	200.00	0.00	-
Asiya Capital Investments Co	35.50	0.00	-
Kuwait Investment Co	123.00	-1.60	679,403
Burgan Bank	308.00	-0.32	787,971
Kuwait Projects Co Holdings	210.00	0.00	597,584
Al Madina For Finance And In	17.70	3.51	5,466,863
Kuwait Insurance Co	330.00	0.00	-
Al Masaken Intl Real Estate	70.00	0.00	-
Intl Financial Advisors	23.00	0.00	-
First Investment Co Kscc	35.80	-0.56	2,546,993
Al Mal Investment Company	16.90	0.60	39,992
Bayan Investment Co Kscc	35.90	-5.53	70,100
Egypt Kuwait Holding Co Sae	455.00	0.00	-
Coast Investment Development	34.90	2.65	428,117
Privatization Holding Compan	57.00	-0.87	80,500
Injazzat Real State Company	83.90	0.00	-
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	242.00	-6.20	130,254
Arzan Financial Group For Fi	31.00	0.00	277,220
Ajwan Gulf Real Estate Co	12.90	0.78	188,895
Kuwait Business Town Real Es	40.80	3.03	68,000
Future Kid Entertainment And	103.00	0.00	-
Specialities Group Holding C	67.20	-0.44	71,820
Abyaar Real Eastate Developm	12.20	-0.81	1,802,766
Dar Al Thuraya Real Estate C	179.00	0.00	-
Kgl Logistics Company Kscc	40.40	-1.22	461,755
Combined Group Contracting	224.00	1.82	253,511
Jiyad Holding Co Ksc	53.90	0.00	36,307
Warba Capital Holding Co	85.00	7.59	93,500
Gulf Investment House Ksc	57.00	3.64	22,672
Boubyan Bank K.S.C	551.00	2.04	1,817,016
Ahli United Bank B.S.C	245.00	-0.41	7,661,236
Osos Holding Group Co	101.00	1.00	18,000

KUWAIT

Company Name	Lt Price	% Chg	Volume
Al-Eid Food Ksc	44.00	0.00	-
Qurain Petrochemical Industr	388.00	0.52	362,328
Advanced Technology Co	1,000.00	0.00	-
Ekttitab Holding Co Sak	17.00	8.97	49,047
Real Estate Trade Centers Co	22.10	-7.92	97,500
Acico Industries Co Kscc	136.00	0.00	11,600
Kipco Asset Management Co	65.70	0.00	-
National Petroleum Services	973.00	0.00	-
Alimtiaz Investment Group	125.00	0.81	1,826,696
Ras Al Khaimah White Cement	62.00	0.00	-
Kuwait Reinsurance Co Ksc	140.00	0.00	-
Kuwait & Gulf Link Transport	82.40	0.00	-
Humansoft Holding Co Ksc	3,400.00	0.06	48,039
Automated Systems Co Kscc	96.40	0.00	-
Metal & Recycling Co	88.00	0.00	-
Gulf Franchising Holding Co	59.00	0.00	-
Al-Enma'a Real Estate Co	36.00	1.41	77,141
National Mobile Telecommuni	670.00	2.76	26,268
Sanad Holding Co Kscc	110.00	0.00	-
Unicap Investment And Financ	52.90	-0.19	76,585
Al Salam Group Holding Co	31.80	-0.63	26,518
Al Aman Investment Company	58.90	8.47	107,589
Mashaer Holding Co Ksc	63.90	-0.16	39,300
Manazel Holding	22.80	1.33	610
Tijara And Real Estate Inves	49.50	0.00	-
Jazeera Airways Co Ksc	880.00	0.00	59,612
Commercial Real Estate Co	92.00	1.10	11,105,534
National International Co	72.00	2.86	12,090
Taameer Real Estate Invest C	39.50	7.63	265,323
Gulf Cement Co	57.00	-2.90	6,000
Heavy Engineering And Ship B	381.00	-6.85	236,760
National Real Estate Co	70.30	-0.99	399,350
Al Safat Energy Holding Comp	21.50	3.86	199,425
Kuwait National Cinema Co	840.00	0.00	-
Danah Alsafat Foodstuff Co	28.10	0.00	-
Independent Petroleum Group	424.00	1.92	60,075
Kuwait Real Estate Co Ksc	72.80	0.41	1,549,950
Salhia Real Estate Co Ksc	335.00	0.00	2,205,200
Gulf Cable & Electrical Ind	372.00	0.00	68,757
Kuwait Finance House	652.00	1.09	7,705,503
Gulf North Africa Holding Co	53.90	1.70	134,811
Hilal Cement Co	111.00	-9.76	1,500
Osoul Investment Kscc	58.10	-5.53	10,843
Gulf Insurance Group Ksc	625.00	1.63	100
Umm Al Qaiwain General Inves	91.00	28.35	1,100
Aayan Leasing & Investment	41.00	0.99	3,352,213
Alrai Media Group Co Ksc	43.80	9.50	61,270
National Investments Co	111.00	1.83	845,025
Commercial Facilities Co	208.00	1.46	75,000
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	2.68	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	5,000
Sweets Of Oman	0.55	0.00	-
Sohar Power Co	0.11	0.00	50
Sohar International Bank	0.11	0.00	79,786
Smn Power Holding Saog	0.09	0.00	-
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	1.07	0.00	74
Sharqiyah Desalination Co Sa	0.30	0.00	-
Sembcorp Salalah Power & Wat	0.11	-0.88	6,000
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	0.00	20,760
Raysut Cement Co	0.32	0.00	1,200
Phoenix Power Co Saoc	0.08	-2.38	23,317
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.45	-0.87	398,288
Ominvest	0.31	0.65	50,937
Oman United Insurance Co	0.25	0.00	-
Oman Telecommunications Co	0.54	-1.47	67,154
Oman Refreshment Co	1.66	0.00	346
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	5,000
Oman Intl Marketing	0.52	0.00	-
Oman Flour Mills	0.60	0.00	3
Oman Fisheries Co	0.06	0.00	309,638
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	0.43	5,923
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	-
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	1.28	50,000
Muscat Thread Mills Co	0.08	0.00	-
Muscat Insurance Co Saog	0.84	0.00	-
Muscat Gases Company Saog	0.16	0.00	12,784
Muscat Finance	0.07	0.00	-
Muscat City Desalination Co	0.11	0.00	3,478
Majan Glass Company	0.18	0.00	-
Majan College	0.18	0.00	-
Hsbc Bank Oman	0.12	0.00	240
Hotels Management Co Interna	1.25	0.00	-
Gulf Stone	0.12	0.00	-
Gulf Mushroom Company	0.31	0.00	-
Gulf Investments Services	0.05	-1.82	25,202
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	-
Galfar Engineering&Contract	0.08	-2.53	852,497
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	2,362
Computer Stationery Inds	0.26	0.00	-
Bankmuscat Saog	0.40	0.50	243,916
Bank Nizwa	0.09	0.00	55,144
Bank Dhofar Saog	0.14	0.00	-
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	2,814,000
Al-Fajar Al-Alamia Co	0.75	0.00	-
Al-Anwar Ceramic Tiles Co	0.10	1.03	390,332
Al Suwadi Power	0.08	0.00	4,000
Al Sharqiya Invest Holding	0.08	0.00	409
Al Maha Petroleum Products M	0.81	0.00	594
Al Maha Ceramics Co Saoc	0.19	3.83	45,000
Al Madina Takaful Co Saoc	0.09	0.00	5,000
Al Madina Investment Co	0.02	4.35	106,363
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	66,710
Al Izz Islamic Bank	0.08	0.00	23,028
Al Buraimi Hotel	0.88	0.00	-
Al Batinah Power	0.08	0.00	293
Al Batinah Hotels	1.13	0.00	-
Al Batinah Dev & Inv	0.08	0.00	378
Al Anwar Holdings Saog	0.10	0.00	243,254
Al Ahlia Insurance Co Saoc	0.36	0.00	-
Ahli Bank	0.12	0.00	1,041
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

Yuan slump derails the big year of foreign buying in China's markets

Bloomberg
Singapore/Beijing

Expectations that $200bn of foreign money would flow into China's capital markets this year are looking nothing short of optimistic.

For overseas investors, a weaker currency is the latest factor making yuan-denominated assets less attractive. They've been selling mainland-listed stocks at a record pace and their demand for Chinese bonds has been relatively tepid: monthly inflows have averaged at just 6.8bn yuan ($984mn) this year, versus the 44.4bn yuan seen in 2018, ChinaBond data show.

What had started as a promising year in China's markets is quickly turning sour as the country's trade stand-off with the US takes a toll on sentiment. The swift correction in stocks and concern that the yuan could tumble to dangerous levels is creating volatility in a market that – for foreign investors – remains difficult to hedge. It comes at a sensitive time for policy makers, who have been accelerating efforts to open the country's financial sector to the world.

Sydney-based Nader Naeimi, who started selling China equities in April, said he won't be lured back until China's economic data significantly improves or the government announces large fiscal stimulus.

"There are a lot of options outside China," said Naeimi, who oversees about $1bn at AMP Capital Investors Ltd, adding that foreigners remember last year's rout and the current volatility might keep them away. "It's two years in a row we've seen that – starting well and then a big crash."

The Shanghai Composite Index, which was up more than 30% for the year at its peak in April, has given up about a third of those gains and trading volume keeps dwindling. More than 42bn yuan of A shares have been sold through trading links with Hong Kong in May, more than double the monthly record set in April.

An investor watches stocks at a securities exchange in Shanghai (file). For overseas investors, a weaker currency is the latest factor making yuan-denominated assets less attractive.

The offshore yuan has declined about 3% against the dollar this month and investors are debating whether it will weaken past 7 for the first time since the financial crisis. A breach of that level could result in consequences from financial instability to a deterioration in China's balance of payments and derail efforts to open capital markets, according to Citigroup Inc.

Investors should be cautious about capital outflows given expectations the yuan will fall more, Jianghai Securities said in a note dated Monday.

While risk-off environment in China has helped government debt rebound since April, foreign flows into the nation's bond market are lagging expectations. Overseas investors bought just $2.7bn worth of Chinese notes last month even as sovereign debt was included in a major global index for the first time. Inflows would need to pick up significantly to reach Societe Generale SA's forecast of as much as $100bn in the 12 months after inclusion.

Foreigners have increasingly opted to buy dollar-denominated Chinese and emerging-market debt rather than onshore bonds, according to Paul Sandhu, BNP Paribas Asset Management's head of multi-asset quantitative solutions for Asia-Pacific.

"The premium of going into China bonds over getting the hard currency outside of China is not enough to outweigh the risks of, for example, currency depreciation," he said.

Tuan Huynh, Deutsche Bank Wealth's chief investment officer for Asia Pacific who called the China stocks rally late last year, is also staying put for now. "In the short term we would rather be more cautious," he said.

The offshore yuan fell 0.06% to 6.9441 a dollar as of 4.40pm in Hong Kong after gaining as much as 0.28% earlier. The Shanghai Composite Index added 1.2%.

Markets zero in on yuan as Huawei ban meets 'unwavering resolve'

Bloomberg
Beijing/London

Investors fretting the escalation of trade tension between the US and China are honing in on a new barometer of stress across global financial markets: the Asian nation's currency.

The good news is that the yuan has stabilised against the dollar after a precipitous two-week slide. The People's Bank of China set its daily fixing for the exchange rate on the stronger side of expectations for two days running, helping feed a sense of equilibrium across assets even as tougher trade war rhetoric plays havoc with market nerves.

The bad news is that the unease is palpable. Chinese state media is urging unified resistance to foreign pressure, with an editorial from the nationalist *Global Times* calling the trade dispute a "people's war." Anti-US sentiment is also brewing on social networks, where a privately produced song about the trade war is going viral. After US President Donald Trump's decision to blacklist Huawei Technologies Co, the Chinese ambassador to the European Union said on Monday that China has an "unwavering resolve" to defend its rights and interests.

Against that festering backdrop, the exchange rate suddenly matters a great deal. Further depreciation would threaten Chinese assets prices, in turn risking capital flight. And that's the kind of event that carries repercussions for investors from Beijing to Boston.

As analysts at Nordea put it, the yuan is currently "the most important gauge worldwide."

Financial markets were buffeted this month as the White House stepped up its protectionist showdown with China, first by listing about $300bn worth of Chinese goods that could be hit with a 25% tariff and then by issuing an order that could effectively ban Huawei and sister firm ZTE Corp from the US market. Trump also placed Huawei on a blacklist that means American suppliers will need licenses to sell the company components.

The onshore yuan has weakened 1.3% since May 10 and is now near the 7 per dollar level it hasn't breached in more than a decade. That drop has spurred a debate among analysts over whether it was orchestrated to offset the US tariffs, or a sign of investors pulling back from Chinese assets.

The currency will pass 7 only if China wants it to, said Jason Daw, head of emerging markets strategy at Societe Generale SA. Any breach will be a strong signal from Beijing that it can tolerate further weakening, he said, so investors should bet on further appreciation of the US dollar if the yuan crosses that mark.

For some investors, there remain glimmers of hope that a compromise can be reached. The US Commerce Department on Monday granted a 90-day relief for certain American broadband companies and wireless customers using Huawei equipment.

BUSINESS

DJIA

Company Name	Lt Price	% Chg	Volume
Apple Inc	187.19	2.24	3,942,602
American Express Co	120.25	0.34	235,887
Boeing Co/The	357.42	1.31	245,420
Caterpillar Inc	124.12	1.38	290,452
Cisco Systems Inc	56.20	0.34	2,315,856
Chevron Corp	121.53	0.57	317,789
Walt Disney Co/The	134.10	0.14	282,700
Dowdupont Inc	32.14	3.58	1,154,857
Goldman Sachs Group Inc	198.29	0.53	93,850
Home Depot Inc	190.49	-0.24	499,346
Intl Business Machines Corp	136.46	0.99	202,762
Intel Corp	44.53	2.23	4,112,498
Johnson & Johnson	138.83	0.30	282,435
Jpmorgan Chase & Co	111.36	0.01	843,810
Coca-Cola Co/The	48.52	-0.68	732,497
Mcdonald's Corp	199.17	0.09	192,820
3M Co	167.10	0.51	271,488
Merck & Co. Inc.	79.27	0.49	1,019,797
Microsoft Corp	126.98	0.60	2,000,408
Nike Inc -Cl B	83.32	0.57	484,907
Pfizer Inc	41.67	0.19	1,186,897
Procter & Gamble Co/The	106.69	-0.60	583,994
Travelers Cos Inc/The	147.39	-0.53	89,239
Unitedhealth Group Inc	248.55	1.04	462,733
United Technologies Corp	134.73	0.94	154,906
Visa Inc-Class A Shares	163.35	-0.07	372,853
Verizon Communications Inc	59.23	0.37	933,773
Walgreens Boots Alliance Inc	52.38	0.23	465,279
Walmart Inc	100.47	-1.03	511,018
Exxon Mobil Corp	76.24	0.45	742,457

FTSE 100

Company Name	Lt Price	% Chg	Volume
Anglo American Plc	1,942.60	0.49	3,062,549
Associated British Foods Plc	2,555.00	1.15	379,343
Admiral Group Plc	2,063.00	-0.05	954,085
Ashtead Group Plc	2,032.00	0.84	831,389
Antofagasta Plc	846.20	2.07	2,409,480
Auto Trader Group Plc	587.80	1.41	2,440,674
Aviva Plc	417.80	0.22	5,118,966
Astrazeneca Plc	5,868.00	0.76	1,860,088
Bae Systems Plc	461.00	0.37	7,634,763
Barclays Plc	157.00	0.41	30,237,905
British American Tobacco Plc	2,981.50	0.32	2,491,423
Barratt Developments Plc	597.00	1.74	5,219,675
Bhp Group Plc	1,790.00	-0.09	3,848,872
Berkeley Group Holdings/The	3,717.00	1.72	538,464
British Land Co Plc	555.20	0.04	3,890,164
Bunzl Plc	2,088.00	-0.90	985,242
Bp Plc	560.10	0.52	19,378,387
Burberry Group Plc	1,825.00	1.28	1,116,669
Bt Group Plc	203.40	0.07	20,548,195
Coca-Cola Hbc Ag-Di	2,769.00	3.63	1,544,096
Carnival Plc	3,991.00	0.58	305,222
Centrica Plc	94.70	1.24	18,738,795
Compass Group Plc	1,801.00	-0.17	2,180,570
Croda International Plc	5,070.00	-0.49	305,967
Crh Plc	2,512.00	0.24	811,935
Dcc Plc	7,066.00	0.77	568,533
Diageo Plc	3,324.50	-0.58	3,172,891
Direct Line Insurance Group	322.10	0.53	2,606,908
Evraz Plc	589.20	2.36	3,532,628
Experian Plc	2,330.00	1.26	2,119,344
Easyjet Plc	984.60	-0.55	2,816,956
Ferguson Plc	5,436.00	0.74	494,991
Fresnillo Plc	736.80	-0.05	1,483,732
Glencore Plc	273.25	0.09	26,582,438
Glaxosmithkline Plc	1,544.60	-0.44	5,810,492
Gvc Holdings Plc	607.00	-0.03	2,949,265
Hikma Pharmaceuticals Plc	1,691.00	-0.94	747,637
Hargreaves Lansdown Plc	2,399.00	0.29	674,454
Halma Plc	1,810.00	0.78	2,105,588
Hsbc Holdings Plc	652.50	0.37	15,355,626
Hiscox Ltd	1,666.00	0.42	387,736
Intl Consolidated Airline-Di	493.20	-1.83	6,022,210
Intercontinental Hotels Grou	5,022.00	0.73	212,941
3I Group Plc	1,068.00	-0.33	1,436,138
Imperial Brands Plc	2,143.50	-2.01	3,306,683
Informa Plc	769.60	-0.31	1,764,330
Intertek Group Plc	5,054.00	0.08	369,565
Itv Plc	111.70	-0.76	10,381,272
Johnson Matthey Plc	3,143.00	1.00	577,076
Kingfisher Plc	225.30	0.58	7,291,227
Land Securities Group Plc	866.60	-0.30	2,922,901
Legal & General Group Plc	272.10	0.04	15,029,162
Lloyds Banking Group Plc	60.52	1.71	273,914,252
London Stock Exchange Group	5,270.00	0.42	463,090
Micro Focus International	1,943.40	2.02	1,430,292
Marks & Spencer Group Plc	271.20	2.07	7,001,515
Mondi Plc	1,661.50	0.33	1,154,561
Melrose Industries Plc	177.40	1.57	7,414,165
Wm Morrison Supermarkets	211.10	0.76	6,481,649
National Grid Plc	815.20	-0.32	4,623,785
Nmc Health Plc	2,449.00	0.86	372,162
Next Plc	5,910.00	1.93	492,553
Ocado Group Plc	1,248.50	0.89	1,549,089
Paddy Power Betfair Plc	5,756.00	-1.00	176,073
Prudential Plc	1,649.00	0.64	2,599,101
Persimmon Plc	2,108.00	3.03	1,610,537
Pearson Plc	785.20	-1.92	2,390,469
Reckitt Benckiser Group Plc	6,269.00	0.02	808,077
Royal Bank Of Scotland Group	225.50	1.49	14,801,505
Royal Dutch Shell Plc-A Shs	2,538.50	-0.02	5,346,584
Royal Dutch Shell Plc-B Shs	2,547.50	0.30	2,445,388
Relx Plc	1,802.00	-0.44	2,322,112
Rio Tinto Plc	4,637.00	-0.84	2,778,304
Rightmove Plc	564.70	0.18	828,696
Rolls-Royce Holdings Plc	918.00	-2.46	3,720,804
Rsa Insurance Group Plc	567.00	0.57	5,381,583
Rentokil Initial Plc	383.00	-0.70	5,371,519
Sainsbury (J) Plc	207.10	4.70	13,143,874
Schroders Plc	3,073.00	0.49	223,718
Sage Group Plc/The	753.20	1.98	3,676,018
Segro Plc	719.00	0.90	2,614,279
Smurfit Kappa Group Plc	2,185.00	1.58	235,995
Standard Life Aberdeen Plc	265.00	2.04	14,382,500
Ds Smith Plc	321.00	0.82	6,251,985
Smiths Group Plc	1,487.50	0.40	545,805
Scottish Mortgage Inv Tr Plc	513.00	0.98	3,462,470
Smith & Nephew Plc	1,630.00	-0.21	1,281,056
Spirax-Sarco Engineering Plc	8,590.00	0.00	317,074
Sse Plc	1,045.00	0.53	3,393,265
Standard Chartered Plc	686.60	1.42	6,244,916
St James's Place Plc	1,120.00	0.45	1,266,678
Severn Trent Plc	1,940.00	1.07	708,922
Tesco Plc	236.90	0.94	12,186,920
Tui Ag-Di	785.60	1.37	2,391,730
Taylor Wimpey Plc	175.85	2.54	10,388,496
Unilever Plc	4,751.00	-0.76	1,227,527
United Utilities Group Plc	783.40	1.77	2,217,344
Vodafone Group Plc	126.02	-0.30	64,689,888
John Wood Group Plc	452.30	0.76	1,965,352
Wpp Plc	957.80	0.59	2,914,008
Whitbread Plc	4,549.00	0.53	385,972

TOKYO

Company Name	Lt Price	% Chg	Volume
Japan Airlines Co Ltd	3,593.00	0.17	1,278,300
Recruit Holdings Co Ltd	3,519.00	0.98	4,762,100
Softbank Corp	1,439.50	1.37	16,832,600
Kyocera Corp	6,806.00	-0.74	1,202,200
Nissan Motor Co Ltd	771.30	0.16	12,966,900
T&D Holdings Inc	1,164.50	0.95	3,507,400
Toyota Motor Corp	6,494.00	-0.51	4,382,400
Kddi Corp	2,725.00	-0.91	8,418,600
Nitto Denko Corp	4,936.00	-0.38	957,500
Hitachi Ltd	3,714.00	0.57	3,318,600
Takeda Pharmaceutical Co Ltd	3,975.00	-0.72	6,356,800
Jfe Holdings Inc	1,602.50	0.98	4,531,300
Sumitomo Corp	1,606.00	-0.59	2,520,400
Canon Inc	3,230.00	1.03	7,358,200
Eisai Co Ltd	6,423.00	0.45	634,800
Nintendo Co Ltd	37,980.00	-0.60	1,388,400
Shin-Etsu Chemical Co Ltd	9,248.00	-1.56	1,540,200
Mitsubishi Corp	2,862.00	-2.42	6,252,500
Smc Corp	36,870.00	-1.39	507,800

WORLD INDICES

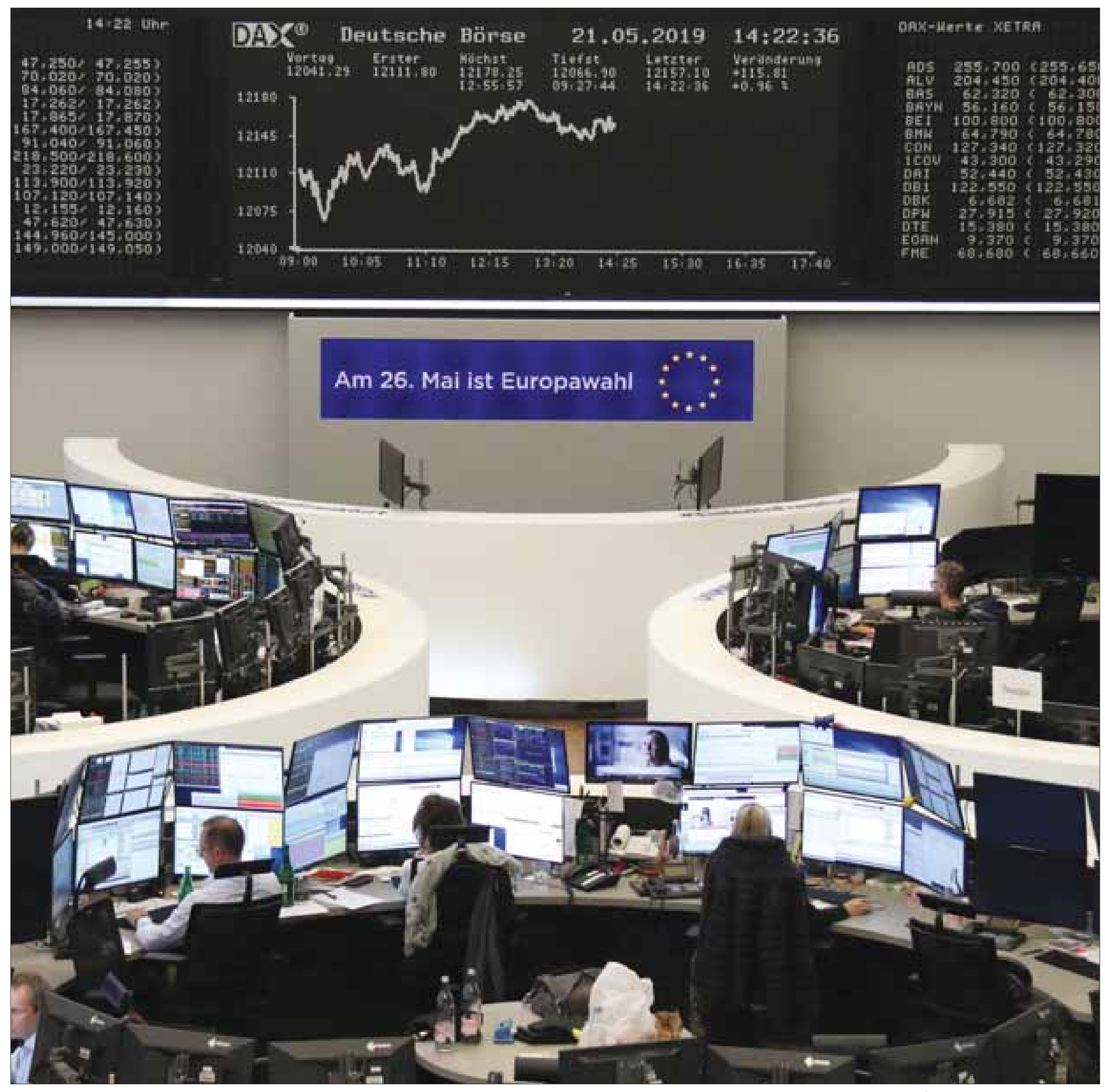
Indices	Lt Price	Change
Dow Jones Indus. Avg	25,816.53	+136.63
S&P 500 Index	2,861.10	+20.87
Nasdaq Composite Index	7,784.45	+82.07
S&P/Tsx Composite Index	16,372.01	-29.74
Mexico Bolsa Index	43,134.92	-384.30
Brazil Bovespa Stock Idx	93,512.32	+1,566.13
Ftse 100 Index	7,328.92	+18.04
Cac 40 Index	5,385.46	+26.87
Dax Index	12,143.47	+102.18
Ibex 35 Tr	9,239.10	+39.40
Nikkei 225	21,272.45	-29.28
Japan Topix	1,550.30	-4.62
Hang Seng Index	27,657.24	-130.37
All Ordinaries Indx	6,584.39	+19.69
Nzx All Index	1,741.19	-3.30
Bse Sensex 30 Index	38,969.80	-382.87
Nse S&P Cnx Nifty Index	11,709.10	-119.15
Straits Times Index	3,183.26	-22.20
Karachi All Share Index	24,817.39	+145.15
Jakarta Composite Index	5,951.37	+44.25

TOKYO

Company Name	Lt Price	% Chg	Volume
Nidec Corp	14,380.00	-0.66	567,400
Isuzu Motors Ltd	1,283.50	4.26	5,971,300
Unicharm Corp	3,375.00	-0.44	1,295,000
Nomura Holdings Inc	355.60	-0.11	13,383,600
Daiichi Sankyo Co Ltd	5,532.00	1.15	1,187,600
Subaru Corp	2,585.00	0.33	2,236,000
Sumitomo Realty & Developmen	4,169.00	-0.55	1,462,800
Ntt Docomo Inc	2,525.00	1.67	6,477,300
Sumitomo Metal Mining Co Ltd	2,843.50	0.37	1,449,300
Orix Corp	1,558.00	0.52	3,326,600
Asahi Group Holdings Ltd	4,843.00	1.42	1,667,700
Keyence Corp	64,220.00	-1.14	509,000
Mizuho Financial Group Inc	158.00	-0.50	95,143,300
Sumitomo Mitsui Trust Holdin	3,911.00	1.69	1,683,200
Japan Tobacco Inc	2,555.00	0.26	4,311,500
Sumitomo Electric Industries	1,367.50	-1.19	3,185,400
Daiwa Securities Group Inc	478.20	-0.38	3,780,900
Softbank Group Corp	10,705.00	3.53	7,748,000
Panasonic Corp	913.70	0.85	7,450,700
Fujitsu Ltd	7,640.00	1.96	1,142,200
Central Japan Railway Co	22,760.00	0.64	453,000
Nitori Holdings Co Ltd	12,625.00	-1.21	322,700
Ajinomoto Co Inc	1,953.00	0.21	899,800
Daikin Industries Ltd	13,760.00	-1.89	723,000
Mitsui Fudosan Co Ltd	2,684.00	1.67	3,611,000
Ono Pharmaceutical Co Ltd	1,922.50	0.52	1,425,900
Toray Industries Inc	745.90	-1.03	5,737,100
Bridgestone Corp	4,107.00	1.01	2,160,400
Sony Corp	5,610.00	-4.43	12,528,300
Astellas Pharma Inc	1,495.00	-0.96	6,535,800
Hoya Corp	7,840.00	-0.71	1,207,000
Nippon Steel Corp	1,847.00	0.30	2,685,600
Suzuki Motor Corp	5,416.00	4.33	4,029,400
Nippon Telegraph & Telephone	4,908.00	-1.03	4,665,100
Jxtg Holdings Inc	543.00	-1.38	14,258,100
Murata Manufacturing Co Ltd	4,574.00	-1.51	8,871,100
Kansai Electric Power Co Inc	1,281.50	0.16	2,239,200
Denso Corp	4,356.00	0.65	1,374,600
Sompo Holdings Inc	4,121.00	0.05	2,176,800
Daiwa House Industry Co Ltd	3,271.00	1.55	1,981,100
Dai-Ichi Life Holdings Inc	1,593.00	0.28	3,925,400
Mazda Motor Corp	1,192.50	-1.00	3,140,000
Komatsu Ltd	2,429.50	1.23	5,069,500
West Japan Railway Co	8,735.00	-0.06	879,800
Kao Corp	8,679.00	-3.44	2,246,900
Mitsui & Co Ltd	1,676.00	-1.06	4,491,400
Daito Trust Construct Co Ltd	13,880.00	1.65	574,100
Otsuka Holdings Co Ltd	3,892.00	-0.03	1,186,900
Oriental Land Co Ltd	13,445.00	1.28	722,600
Sekisui House Ltd	1,777.50	0.03	2,120,100
Secom Co Ltd	9,338.00	0.82	559,800
Tokio Marine Holdings Inc	5,381.00	-3.18	2,973,900
Aeon Co Ltd	2,042.00	0.15	2,166,100
Asahi Kasei Corp	1,170.00	1.56	4,302,400
Kirin Holdings Co Ltd	2,289.50	0.44	2,390,300
Marubeni Corp	696.40	-0.11	7,306,400
Mitsubishi Ufj Financial Gro	507.90	0.69	46,491,500
Mitsubishi Chemical Holdings	721.50	0.07	6,957,800
Fanuc Corp	18,705.00	0.27	1,098,800
Fast Retailing Co Ltd	65,080.00	0.20	641,500
Ms&Ad Insurance Group Holdin	3,463.00	-0.29	2,108,900
Kubota Corp	1,607.00	0.03	2,712,800
Seven & I Holdings Co Ltd	3,804.00	1.14	2,686,800
Inpex Corp	988.00	-2.66	6,545,400
Resona Holdings Inc	464.30	-0.68	15,316,400
Fujifilm Holdings Corp	5,371.00	2.29	1,983,000
Yamato Holdings Co Ltd	2,310.00	-1.01	1,236,400
Chubu Electric Power Co Inc	1,525.00	-1.90	2,232,400
Mitsubishi Estate Co Ltd	2,094.00	-0.85	4,510,700
Mitsubishi Heavy Industries	4,883.00	1.84	2,184,700
Sysmex Corp	7,655.00	-1.00	711,000
Shiseido Co Ltd	8,337.00	-0.75	1,480,700
Shionogi & Co Ltd	6,422.00	0.11	1,017,300
Terumo Corp	3,160.00	-0.82	2,079,100
Tokyo Gas Co Ltd	2,743.50	-0.51	1,888,600
Tokyo Electron Ltd	15,420.00	-1.88	1,617,400
East Japan Railway Co	10,440.00	0.87	839,200
Itochu Corp	2,026.00	0.55	3,863,900
Ana Holdings Inc	3,760.00	0.19	786,300
Mitsubishi Electric Corp	1,395.00	-1.83	4,631,200
Sumitomo Mitsui Financial Gr	3,849.00	-0.39	4,338,700

SENSEX

Company Name	Lt Price	% Chg	Volume
Adani Ports And Special Econ	387.60	-3.12	9,115,899
Asian Paints Ltd	1,357.75	-1.18	1,166,297
Axis Bank Ltd	772.95	-1.21	9,251,548
Bajaj Finance Ltd	3,433.30	0.76	2,884,997
Bharti Airtel Ltd	330.65	-2.78	4,237,059
Bharti Infratel Ltd	276.10	2.43	4,677,322
Bajaj Auto Ltd	2,979.30	-0.90	447,168
Bajaj Finserv Ltd	8,185.40	-0.60	379,115
Bharat Petroleum Corp Ltd	374.45	-4.43	8,378,443
Cipla Ltd	559.35	-1.08	4,286,383
Coal India Ltd	237.20	-0.21	5,817,365
Dr. Reddy's Laboratories	2,667.00	3.00	2,008,336
Eicher Motors Ltd	20,901.75	-1.86	60,326
Gail India Ltd	338.70	-2.00	2,503,954
Grasim Industries Ltd	865.60	-2.77	1,265,452
Hcl Technologies Ltd	1,056.10	-1.63	806,713
Housing Development Finance	2,114.50	-0.38	5,575,430
Hdfc Bank Limited	2,403.70	-1.18	2,581,294
Hero Motocorp Ltd	2,657.20	-2.07	445,944
Hindalco Industries Ltd	196.00	-1.38	5,194,195
Hindustan Petroleum Corp	284.55	-3.05	10,577,287
Hindustan Unilever Ltd	1,785.25	0.72	1,337,466
Icici Bank Ltd	400.15	-1.85	18,286,421
Indiabulls Housing Finance L	807.75	-0.83	15,058,819
Indusind Bank Ltd	1,447.75	-3.14	3,331,988
Infosys Ltd	709.30	-1.81	8,645,535
Indian Oil Corp Ltd	153.50	-2.63	8,646,559
Itc Ltd	305.90	-0.36	10,518,883
Jsw Steel Ltd	279.40	-2.14	4,196,280
Kotak Mahindra Bank Ltd	1,487.90	-0.98	3,224,278
Larsen & Toubro Ltd	1,449.10	-0.16	2,961,180
Mahindra & Mahindra Ltd	639.15	-2.16	2,150,188
Maruti Suzuki India Ltd	6,875.35	-2.95	973,836
Ntpc Ltd	128.60	-0.50	8,095,621
Oil & Natural Gas Corp Ltd	174.75	-0.71	7,135,887
Power Grid Corp Of India Ltd	183.95	-2.18	4,358,386
Reliance Industries Ltd	1,339.80	1.05	13,872,055
State Bank Of India	337.55	-2.07	33,457,162
Sun Pharmaceutical Indus	408.85	-1.12	6,228,488
Tata Steel Ltd	472.55	-2.33	6,337,058
Tata Consultancy Svcs Ltd	2,109.75	-1.60	1,863,157
Tech Mahindra Ltd	773.05	-0.81	1,669,926
Titan Co Ltd	1,244.40	1.04	3,218,291
Tata Motors Ltd	176.80	-7.02	57,822,527
Upl Ltd	999.85	-1.86	2,636,501
Ultratech Cement Ltd	4,639.75	-2.82	671,297
Vedanta Ltd	165.45	-0.99	7,394,826
Wipro Ltd	286.90	-1.15	2,514,667
Yes Bank Ltd	141.00	-1.78	59,499,614
Zee Entertainment Enterprise	347.70	-4.08	13,357,386



The German share price index DAX graph is seen at the Frankfurt Stock Exchange. The DAX 30 rose 0.9% to 12,143.47 points yesterday.

European stock markets recover from Huawei scare; pound jumps

AFP
London

Relief that the United States took a step away from imposing crushing restrictions on Huawei helped stocks recover yesterday, while the pound whiplashed on fresh Brexit drama.

After hitting a four-month low at $1.2685 the pound shot higher on speculation Prime Minister Theresa May was poised to offer lawmakers a chance to vote on holding a second Brexit referendum.

Sterling briefly jumped more than half a per cent yesterday after Prime Minister Theresa May set out yesterday a "new deal" for Brexit, offering sweeteners to opposition parties including a parliamentary vote on whether to hold a second EU referendum.

Three years since a 52-48% referendum vote in favour of leaving the European Union and almost two months after the planned exit date, May is mounting a last bid to try to get a deeply divided parliament to ratify her divorce deal with Brussels.

Despite offering what she described as "significant further changes", many lawmakers, hardened in their positions for or against Brexit, have already decided not to vote next month for the Withdrawal Agreement Bill – legislation which would implement the terms of Britain's departure.

Brexit uncertainty has grown in recent weeks after the breakdown of talks between May and the opposition Labour party.

That has set the stage for the thrice-rejected deal to fail again if, as now planned, it is put to vote in parliament next month.

Those concerns have weighed on the pound as the rejection of the deal yet again would probably pave the way for May to be replaced by a more hardline eurosceptic, possibly Boris Johnson.

"May's latest proposals seems to be aimed at wooing over some of the opposition to support her deal but the opposition from her cabinet is dampening some of the gains," said Lee Hardman, an FX strategist at MUFG based in London.

The pound rocketed 0.7% to $1.2815 from $1.2725, its highest since Friday. It later gave up most of those gains to trade at $1.2744, up 0.2% on the day.

Versus the euro, sterling jumped half a percent to 87.255 pence before settling at 87.58 pence, up 0.2% from its earlier level.

The jump in the pound rippled over to the wider foreign exchange markets, sending the British currency surging against the Japanese yen and the Swiss franc and pulling the broader dollar index back into negative territory.

Positioning indicators were broadly neutral, with long positions in the pound being pared back in recent weeks, leaving the pound vulnerable to large swings either way.

May outlined in a speech to lawmakers a series of incentives for MPs to support her Brexit deal, including the possibility of a vote on holding a second referendum, saying there was "one last chance" to end the deadlock.

Stocks took a hit on Monday after Google said it was beginning to sever ties with Chinese telecoms giant Huawei, days after US President Donald Trump's decision to bar it from the US market.

The Huawei development – with the US citing national security concerns – has ratcheted up pressure in the trade stand-off between Washington and Beijing, which was once thought to have been close to conclusion.

But the decision late Monday by the US Commerce Department to issue a 90-day reprieve on the ban on dealing with Huawei was greeted by markets yesterday with relief.

"Stock markets in Europe have rallied today on the back of the news that the US granted Huawei a 90-day extension before the ban will be implemented," said market analyst David Madden at CMC Markets UK.

"This is seen as a sign the US administration don't want to turn up the heat on China just yet, but the ball is in Beijing's court," he said.

"The trade standoff is still very much alive, but this appears to be a slight reduction in hostilities, and some traders are taking the opportunity to snap up equities."

Europe's main markets closed higher, while Wall Street was in the green approaching midday.

London's FTSE 100 gained 0.3% to 7,328.92 points, Frankfurt's DAX 30 rose 0.9% to 12,143.47 and Paris's CAC 40 was up 0.5% to 5,385.46 points at close yesterday.

In commodities trading, oil prices dipped after major producers said supplies were sufficient and stockpiles still rising.

HONG KONG

Company Name	Lt Price	% Chg	Volume
Ck Hutchison Holdings Ltd	75.70	-3.44	5,926,774
Hang Lung Properties Ltd	17.66	0.57	2,028,325
Ck Infrastructure Holdings L	62.15	0.57	1,497,043
Hengan Intl Group Co Ltd	61.15	-1.69	4,196,691
China Shenhua Energy Co-H	16.52	0.24	9,896,800
Cspc Pharmaceutical Group Lt	13.84	-0.14	19,756,431
Hang Seng Bank Ltd	201.80	-0.30	1,163,019
China Resources Land Ltd	31.85	-0.78	11,019,086
Ck Asset Holdings Ltd	59.90	-2.20	6,197,306
Sino Biopharmaceutical	7.66	-2.05	49,500,989
Henderson Land Development	48.30	-0.62	5,200,363
Aia Group Ltd	75.00	-2.28	22,023,108
Ind & Comm Bk Of China-H	5.60	0.36	281,227,645
Want Want China Holdings Ltd	5.90	-1.67	14,037,000
Sun Hung Kai Properties	133.90	-0.81	2,750,667
New World Development	12.20	-0.65	12,152,810
Geely Automobile Holdings Lt	12.60	-0.16	55,199,654
Swire Pacific Ltd - Cl A	93.80	-0.79	1,153,845
Sands China Ltd	37.80	-0.26	17,664,228
Wharf Real Estate Investment	56.60	-2.41	2,147,271
Clp Holdings Ltd	90.45	0.61	4,891,614
Country Garden Holdings Co	10.84	-2.52	37,720,261
Aac Technologies Holdings In	43.80	1.51	10,645,600
Shenzhou International Group	98.45	-1.65	2,247,276
Ping An Insurance Group Co-H	84.90	-0.53	32,070,359
China Mengniu Dairy Co	28.95	-1.70	11,540,001
Sunny Optical Tech	72.15	-0.35	18,392,174
Boc Hong Kong Holdings Ltd	30.70	-0.32	17,395,392
China Life Insurance Co-H	18.32	0.11	41,799,514
Citic Ltd	10.86	0.18	9,582,318
Galaxy Entertainment Group L	47.80	-0.31	25,777,894
Wh Group Ltd	7.26	1.68	71,025,346

HONG KONG

Company Name	Lt Price	% Chg	Volume
Hong Kong & China Gas	19.42	0.62	22,027,094
Bank Of Communications Co-H	6.16	0.49	19,209,560
China Petroleum & Chemical-H	5.73	-0.52	80,205,556
Hong Kong Exchanges & Clear	244.60	0.99	3,884,374
Bank Of China Ltd-H	3.56	1.42	644,630,364
Hsbc Holdings Plc	65.10	-0.15	13,357,735
Power Assets Holdings Ltd	53.75	-0.56	5,642,823
Mtr Corp	48.65	-0.61	3,367,605
China Overseas Land & Invest	28.15	-0.35	13,123,451
Tencent Holdings Ltd	341.20	-0.23	22,726,295
China Unicom Hong Kong Ltd	8.47	0.12	24,254,000
Link Reit	97.40	-0.10	4,379,574
Sino Land Co	13.04	-1.36	3,715,142
China Resources Power Holdin	10.44	-0.76	6,360,000
Petrochina Co Ltd-H	4.60	-0.22	62,217,777
Cnooc Ltd	13.38	-2.05	51,241,160
China Construction Bank-H	6.31	0.32	486,834,190
China Mobile Ltd	73.50	0.55	22,569,551

GCC INDICES

Indices	Lt Price	Change
Doha Securities Market	9,700.77	-197.81
Kuwait Stocks Exchange	4,708.54	+10.86
Oman Stock Market	3,842.47	-2.16

Are you ready for a cold war in technology?

By Peter Garnry

The US-China trade war shows no signs of cooling off after Washington's latest broadside against Chinese technology giant Huawei.

Huawei has been at the centre of the current US-China trade friction with the December arrest of Huawei CFO Meng Wanzhou and the US government's advising strategic partners to ban Huawei 5G equipment due to security concerns. Last week, US president Donald Trump made an executive order committing the US to a national emergency on information security that saw the Department of Commerce add Huawei and 70 affiliates to a list of national security threats.

Google responded on Monday, freezing Huawei smartphones' access to certain Google apps. Existing users will receive security fixes and access to some apps, Huawei users may be excluded entirely when the new Android operating system is rolled out later this year. In addition, Qualcomm, Xilinx and Broadcom will also stop supplying Huawei with hardware, hampering Huawei's ability to deploy 5G internationally. This is effectively the starting signal of a technology Cold War. The Chinese government has still not retaliated for the actions against Huawei, but we expect its response to be proportional.

Global supply chain under attack

What we are witnessing is a potential reconfiguration of global trade as it has stood since World War II. The World Trade Organisation has been put under pressure by Trump's threatening a US withdrawal unless WTO terms are changed; Washington also blocked judicial appointments at the WTO's appellate body.

The upcoming G20 meeting in Osaka had a specific agenda regarding WTO and global trade but with the US-China trade war escalating, the focus is now entirely on the rumoured meeting between Trump and Chinese president Xi Jinping. CPB's estimate on world trade volume is down 3.5% since October 2018, with this marking the largest decline since 2008 as global trade slows down on worsening economic activity as well as friction from tariffs.

US companies with significant revenue exposure to Greater China (both the mainland and Hong Kong) are the ones facing the most downside risk from any further escalation of the trade war. In the very short term, Apple is a likely candidate for direct retaliation from Beijing due to the US government's Huawei ban. Apple gets around 20% of its revenue ($52bn in FY'18) from Greater China and thus has the most nominal revenue exposure of any US company.

The table below shows the 33 companies with the largest revenue exposure to Greater China. Major corporate brands that are most likely to be exposed are highlighted in orange.

Aside from the direct downside risks for US companies with exposure to China, certain industries such as semiconductors, automobiles, shipping, steel, chemicals, aerospace, electronics and textiles are the most vulnerable to disruptions of the global supply chain. Investors should begin thinking about how sensitive their portfolios are to global supply chain-exposed shocks.

Rare earth minerals

Outside of the direct US-China technology conflict, China holds a "nuclear option" against the US as it controls 85% of the global rare earths industry. Rare earth minerals are critical to electronics (rechargeable batteries, smartphones, catalytic converters, magnets, fluorescent lighting, et cetera) and critical defence (night-vision goggles, precision-guided weapons, GPS equipment, and similar).

By controlling 85% of global production China could cause severe disruptions to the US economy and military by restricting access to rare earth minerals. Maybe friction is already happening under the surface as Australia-based rare earth miner Lynas announced yesterday a joint venture with US-based rare earth miners to build a processing plant the US. This is a sign that the US is already acting to secure supply of rare earth minerals in a worse-case scenario.

Lynas is the biggest privately-owned rare-earth miner controlling around 10% of the global market. We made an investment recommendation on Lynas back in September 2018 and updated it in March as Wesfarmers announced an acquisition bid for Lynas.

Will the CNH be allowed to go?

Another potential lever for China is its currency. Weakening the CNH against the dollar could offset weakness coming from US tariffs. Indeed, the USDCNH has moved significantly closer to the 7.0000 level long assumed to be the upper limit of Beijing's tolerance due to the signalling value related to currency manipulation.

Given the additional tariffs levied by the US, USDCNH should most likely trade above 7.0000 and if this happens it will be a game-changer for financial markets. Equities would likely tumble and the JPY would see significant gains.

Beyond CNH, the South Korean won is also weakening in a signal that the Chinese rebound is not as strong as was commonly assumed just a few months ago. Negative surprises related to Chinese economic weakness will mean more stimulus to offset the impact from US tariffs. The portfolio risk of an overweight exposure to equities is too high, and investors should begin preparing for big shifts in the market. Since 2008, we have seen such market shifts become more rapid and short-term, making options ideal for hedging.

EM equities scream 'sell!'

Emerging markets have declined almost 10% in just four weeks and we expect this trend to grow much worse given the current trajectory of the US-China trade headlines. Our tactical asset allocation view is to be underweight emerging markets. It also seems that the market is the least complacent on direct and indirect exposures to China, so the best way to express negative views on trade is via emerging market equities, KRW, JPY, oil, Australian equities and bunds.

■ *The author is head of Equity Strategy at Saxo Bank.*

Debut Dutch green bond lures more than €20bn of orders

Reuters
London

Investors piled into the Netherlands' inaugural, triple-A rated sovereign green bond yesterday, placing €21.2bn ($23.7bn) of orders for the environmentally friendly paper.

The Dutch debt agency said it had given preference to investors that could prove their ecological credentials.

Thirty-two investors had registered as green before the 20-year bond's auction, in which the Netherlands raised almost €6bn. It said that 82.5% of the bids came from what it called "green real money accounts", though such investors accounted for 28.5% of the allocated amount once the auction was over, the debt agency said in a statement on its website.

The Netherlands follows European Union peers Poland, France, Belgium and Ireland in selling green bonds, but yesterday's auction was the first by a triple-A rated sovereign borrower.

The initial price guidance was put in a range of 18 to 21 basis points (bps) over a benchmark German bond.

The spread was finally set at 18 bps over and the bond yields 0.557%. Investors and bankers said it was the first time they had seen the issuer, in this case the Dutch debt agency DTSA, explicitly prioritising investors with green credentials and offering them a more favourable allocation.

"That's an interesting step," said Ross Hutchison, a bond fund manager at Aberdeen Standard Investments in Edinburgh. Investors who could prove their green credentials were given an additional allocation of up to 10%, the Dutch agency said, which meant that a green investor placing an order for €50mn could expect up to €55mn.

The bond was offered at an auction in which there was no underwriting role for primary dealers and client bids were placed directly with the Dutch debt agency.

Other eurozone sovereign borrowers have issued green bonds via syndication.

With increasing regulatory scrutiny over the origin of funds, issuers are taking steps to know their end clients.

"A lot of people are now much more concerned about the sustainability aspect," said Roman Schmidt, divisional board member capital markets at Commerzbank, adding that regulators were introducing stricter know-your-client rules.

The increased scrutiny works both ways, with portfolio managers also increasing their dialogue with borrowers.

T-Mobile under pressure to sweeten Sprint Corp package for DoJ approval

Bloomberg
Washington

T-Mobile US Inc suffered a significant setback in its bid for regulatory approval of its takeover of Sprint Corp after failing to win over the US Justice Department with a remedy package, putting pressure on the companies to offer more concessions.

The wireless carriers could try to sell additional assets to resolve the department's concerns that the deal would harm competition. The question is whether there's anything the companies can propose, like selling airwaves or another business unit, that will sway the department's antitrust boss, Makan Delrahim.

"I don't see how any concessions short of somehow helping to set up a new fourth competitor could make this deal palatable to DoJ," said Gigi Sohn, an opponent of the merger and a former aide to a Democratic chairman of the Federal Communications Commission.

T-Mobile and Sprint cleared a key hurdle on Monday when Federal Communications Commission Chairman Ajit Pai said he would recommend approval of the $26.5bn merger after the companies offered a package of concessions, including spinning off Sprint's pre-paid brand, Boost, to win regulators' blessing.

The Justice Department, however, remains unsatisfied and is concerned the remedies don't go far enough to resolve concerns that the combination of the No 3 and No 4 wireless carriers would hurt competition, according to a person familiar with the matter. Delrahim, the head of Justice's antitrust division, is leaning against the merger, said the person, who asked not to be named because the review is confidential.

The antitrust division may be worried that the companies' promises to speed deployment of the next-generation of wireless technology known as 5G doesn't outweigh harm to consumers from combining two national carriers, said Amanda Wait, an antitrust lawyer at Norton Rose Fulbright in Washington.

Women walk past buses displaying T-Mobile logos in Seattle, Washington. T-Mobile and Sprint cleared a key hurdle on Monday when Federal Communications Commission Chairman Ajit Pai said he would recommend approval of the $26.5bn merger after the companies offered a package of concessions, including spinning off Sprint's pre-paid brand, Boost, to win regulators' blessing.

"Proving those kinds of consumer benefits is a really uphill battle," she said. "You can see the DoJ and the FCC going different ways on this because they have different standards of review."

Whether the companies can offer concessions that will satisfy the Justice Department depends on the nature of the antitrust division's concerns, said Blair Levin, an analyst with New Street Research and a former FCC chief of staff. If the division's concerns are limited to competition in the market for pre-paid phone plans, where wireless customers pay as they go rather than taking out subscriptions, that problem is fixable, Levin said. But if the Justice Department is concerned about a deal that would leave just three national players, that presents a bigger challenge.

"It is tough to thread the needle of a condition that the government would see as solving the problem and T-Mobile wouldn't see as too expensive," Levin said.

After a roller coaster day with news that whipsawed shares of both companies, investors ultimately cheered the news of Pai's approval. Sprint shares soared 19% to $7.34 while T-Mobile rose 3.9% to $78.29. The spread between T-Mobile's offer price for Sprint and Sprint's share price — an indication of the deal's risk — also dropped sharply, showing investors are more optimistic it will close.

Opposition to the deal by the Justice Department would mark a rare break with the FCC. The two agencies work side by side on merger reviews and typically emerge on the same page about whether to approve deals.

With Pai's support, the deal's fate rests with Delrahim. While the FCC considers whether a merger is in the public interest, the Justice Department's considers a different standard: whether a deal hurts competition and would raise prices for consumers.

If the Justice Department decides to challenge the merger, the government would have to persuade a federal judge to block it. The FCC approval makes that task more difficult, since the companies would be able to show the regulator determined the deal is in the public interest, said Andrew Jay Schwartzman at Georgetown University's Institute for Public Representation.

More than a dozen states attorneys general are also investigating the proposed merger and have raised concerns about harm to consumers. The states have signalled they may sue to block the deal even if the Justice Department clears it.

Delrahim shocked many antitrust experts when he sued in 2017 to block AT&T Inc's planned takeover of Time Warner Inc That deal was expected to win antitrust approval because it combined companies in different parts of a supply chain rather than uniting direct competitors.

While those deals are typically approved with conditions on how companies operate, Delrahim broke from the past and demanded asset sales and later sued the companies to block the deal. He lost on appeal.

"Makan Delrahim has proven to be unpredictable, so we don't assume anything regarding his ultimate decision," said Paul Gallant, a Washington-based analyst with Cowen & Co.

Maryland Attorney General Brian Frosh said Monday on the sidelines of a conference in Washington that he had to learn more about the details of T-Mobile and Sprint's proposed fixes but said he is "sceptical" they would address his objections to the consolidation the deal would entail.

"It's hard to say that our concerns could be alleviated by that kind of tinkering," Frosh said. "It means that consumers are going to suffer in terms of price, in terms of quality, in terms of opportunities."

Deutsche says money-laundering reports not waived for Trump

AFP
Frankfurt

Germany's largest lender Deutsche Bank failed to forward suspicious about transactions involving US President Donald Trump to American authorities, *The New York Times* reported, prompting the firm to issue a denial on Monday.

"At no time was an investigator prevented from escalating activity identified as potentially suspicious" to the Treasury Department, a spokesman for the bank told AFP.

"The suggestion that anyone was reassigned or fired in an effort to quash concerns related to any client is categorically false," he added.

The Times reported on Sunday that Deutsche did not follow recommendations from its own money-laundering specialists that some transactions by companies controlled by Trump and his son-in-law Jared Kushner should be flagged to authorities.

Certain dealings in 2016 and 2017, including some with entities and individuals outside the US, set off automated alerts in the bank's systems, prompting employees to prepare "suspicious activity reports" on some of them.

But executives "rejected their employees' advice" that they be sent to the Treasury, the *Times* reported.

Former employees interviewed by the newspaper, some speaking on condition of anonymity, alleged a culture of blocking suspicious activity reports to protect client relationships at Deutsche, with one saying she was fired after raising concerns.

Deutsche Bank was one of the few major banks to continue to lend to Trump following the bankruptcies of his casinos and other businesses in the 1990s, and has lent "billions" to him and to Kushner according to the *Times*.

"We have increased our anti-financial crime staff and enhanced our controls in recent years and take compliance with the anti-money-laundering laws very seriously," the Deutsche spokesman said.

While the lender has boosted its compliance staff to around 3,000 people spread around the world, its performance in pursuing financial crime has failed to satisfy some authorities.

Last year, German market watchdog Bafin took the unprecedented step of naming audit firm KPMG as an independent supervisor of Deutsche's progress on squeezing out money-laundering and other illicit activities.

That role has been extended to cover so-called "correspondent banking" after Deutsche was drawn into a massive money-laundering scandal around Denmark's Danske Bank.

News that Deutsche Bank is suspected of laundering billions of dollars of money from criminals connected to the Kremlin and the Russian secret services has added to the controversy over Trump's links.

Trump, who was negotiating construction of a skyscraper in Moscow well into his presidential run, has been dogged for two years by allegations of improper dealings with Russian entities.

While a huge investigation by special counsel Robert Mueller cleared him of allegations that his campaign deliberately colluded with Kremlin agents to help win the 2016 election, the president remains highly sensitive to suggestions of wrongdoing.

Responding to the *Times* report on Monday, he denied that Deutsche Bank was the only lender willing to deal with him or that Russia had anything to do with his wealth.

"Where did he get all of that cash? Could it be Russia? No, I built a great business and don't need banks, but if I did they would be there," Trump tweeted, adding that Deutsche Bank "was very good and highly professional to deal with."

"If for any reason I didn't like them, I would have gone elsewhere.... there was always plenty of money around and banks to choose from.

They would be very happy to take my money. Fake News!" he tweeted.

The Swedbank headquarters in Sundbyberg, Sweden. Swedbank issued euro-denominated covered bonds for a second time this year on Monday, offering €1.25bn ($1.4bn) of new notes backed by Swedish mortgages.

Swedbank capitalises on safest debt amid dirty-money scandal

Bloomberg
Helsinki

Sweden's biggest mortgage bank has returned to the safest corner of the debt market after a money-laundering scandal drove up funding costs for riskier bonds.

Swedbank AB, which is based in Stockholm, on Monday issued euro-denominated covered bonds for a second time this year, offering €1.25bn ($1.4bn) of new notes backed by Swedish mortgages.

But the lender, which is being investigated amid allegations it may have handled more than $100bn in potentially suspicious funds, is falling behind some of its peers when it comes to tapping markets for a new kind of debt needed to comply with European rules that protect taxpayers.

"At some point, Swedbank will also need to start issuing in senior non-preferred format," Sverre Holbek, an analyst at Danske Bank, said.

"From that perspective, raising covered bond funding at these levels can help mitigate the impact on overall funding costs."

Swedbank probably wants to "take advantage of the strong issuance conditions in the euro covered bond market at the moment, despite broader market turmoil affecting the spread of other funding instruments," he said. Gregori Karamouzis, Swedbank's head of investor relations, said issuance is in line with the bank's broader debt plans. In 2018, the bank only sold one euro benchmark covered bond.

The €1bn ($1.12bn) in covered bonds that Swedbank sold at the start of the year have continued to gain despite the bank's dirty-money scandal.

Swedbank Hypotek AB, the lender's mortgage arm, offered €1.25bn in six-year covered bonds on Monday at 2 basis points above the benchmark mid-swaps, according to a person familiar with the matter who asked not to be identified. At the final spread, the bank "paid hardly a concession," Rabobank analysts Ruben van Leeuwen and Cas Bonsemawrote in a May 21 note. Year-to-date sales in the euro-denominated covered bond market are up 12% from a year earlier.

Swedbank hasn't tested the market for senior unsecured debt since August 2018. Danske Bank A/S, which is at the centre of a $230bn money-laundering scandal, has opted to bite the bullet and last year started issuing the senior non-preferred bonds needed to meet European rules for bail-in-able debt.

It's roughly half-way through its issuance target.

Swedbank's covered-bond sale was arranged by BNP Paribas SA, Deutsche Bank AG, NatWest Markets Plc, Swedbank AB and UBS Group AG.

SocGen plans to pull back from trading in Brazil, Latin America

Bloomberg
Paris

Societe Generale SA plans to cut its corporate and investment banking operations in Brazil and reduce US trading desks focused on Latin America as part of an effort to refocus the business, people familiar with the matter said.

The French bank is reviewing its entire investment-banking presence in Brazil, and may decide to leave only a representative office, the people said, asking not to be identified because the matter is confidential. The US desks will see deep cuts, they said.

The bank declined to comment.

SocGen exited Brazilian consumer banking in 2015 dismissing more than 1,000 workers. The lender had about 350 people in the country at the end of 2018, down 15% from the previous year, its filings show. The company employed about 149,000 people at the end of March, data compiled by Bloomberg show.

The lender is seeking to protect its global leadership in equity derivatives while exiting or shrinking less-profitable businesses at its global banking and investor solutions unit. SocGen plans €500mn ($558mn) of cost cuts and 1,600 job reductions globally at the division, with fixed-income at the heart of the restructuring. Earlier this month, the bank indicated that it expected to close some emerging-markets desks in the US, without giving specifics.

The lender also announced plans to abandon its over-the-counter commodities business and shut down the proprietary trading subsidiary. It will also simplify the head office for international retail banking and financial services.

PayPal-backed German fintech brings its savings platform to US

Bloomberg
Frankfurt

A German fintech firm that counts PayPal Holdings Inc among its investors wants to expand its Internet platform for bank-savings products to the US. Raisin GmbH, which claims to be "first and only pan-European deposit marketplace," has hired Wealthfront's Paul Knodel to create its US business. If all goes to plan, the operation will go live within 12 months.

"We had initial discussions with potential American partner banks," chief executive officer Tamaz Georgadze said in an interview. "There's been great interest." He was born in Georgia and was once a partner at McKinsey & Co.

Raisin was founded by Georgadze, Frank Freund and Michael Stephan in 2012 and has raised almost $200mn in funding.

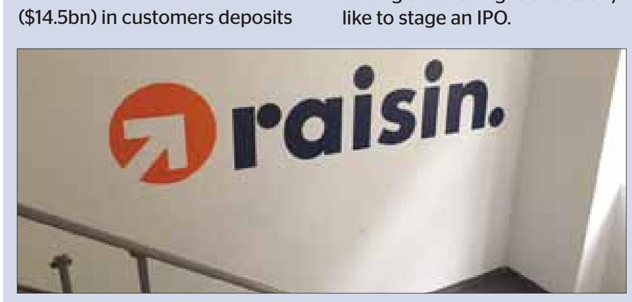
So far, the Berlin-based company has brokered more than €13bn ($14.5bn) in customers deposits to over 75 partner banks. Georgadze wants to increase that to €20bn by the end of 2019, and double that number next year.

On Raisin's website, financial institutions offer their savings products, mainly competing on interest rates.

The German capital has become a hotspot for ambitious German fintech firms: Peter Thiel-backed smartphone bank N26 also plans to expand to the US, while banking platform provider Elinvar recently won Goldman Sachs Group Inc as an investor.

Raisin's last round of funding was at the beginning of this year, when it raised 100mn euros. The company's investors also include Index Ventures, Ribbit Capital, Thrive Capital and Orange Digital Ventures.

"Our goal is to use the money from this financing to reach profitability, which should be achieved within the next two to three years," Georgadze said, adding that he might eventually like to stage an IPO.



Raisin has hired Wealthfront's Paul Knodel to create its US business. If all goes to plan, the operation will go live within 12 months.

Merck to buy Peloton for up to $2.2bn, one day before IPO

Bloomberg
New York

Merck & Co will acquire Peloton Therapeutics Inc for as much as $2.2bn in cash and additional payments, making the deal just a single day before the closely held developer of cancer therapies was to begin trading on the stock market.

Merck will pay $1.05bn in cash, plus $1.15bn in additional payments based on how the small company's experimental drugs fare as they are developed further by Merck, the firms said in a statement announcing the deal yesterday.

The deal offers an immediate payout for Peloton's investors, including Dallas-based venture capital firm Remeditex Ventures and San Francisco's The Column Group. At the $17 high range of Peloton's expected initial public offering, the market would have valued the company at $756mn. If Peloton earns all of the future payouts in the deal, Merck will have paid the equivalent of almost $50 a share.

Peloton is focused on development of treatments targeting a pathway that's activated by low levels of oxygen, according to a statement from the companies, and its lead experimental drug is aimed at kidney cancer.

Drug makers around the world are shopping for new treatments for cancer, one of the hottest markets in the pharma industry with about $133bn in global sales. Merck sells Keytruda, a mega-blockbuster drug that helps turn the immune system against cancer cells. It has been shopping for new therapies that will diversify its offerings, and Chief Executive Officer Ken Frazier said during an April conference call that the company would be looking for small to mid-size deals.

Peloton, which is based in Dallas, had said earlier this month that it was planning to raise up to $159.4mn in an initial public offering. That offering was set to begin trading publicly yesterday.

SSE's options narrow after failed merger and customers leave

Bloomberg
London

Squeezed by both government and more nimble competitors, Britain's leading utilities are having a torrid time, with SSE Plc set to provide the latest example yesterday.

While its retail unit is still expected to be profitable when the utility unveils earnings, the Scottish electricity provider sought to exit the business that serves about 6mn customers. First, it wanted to merge the operations with Npower, owned by the German utility Innogy SE, and then it sought to sell the enterprise valued at as much as £1bn ($1.3bn). Both efforts so far have come to nothing.

It's one of the "Big Six" energy suppliers in Britain that dominated the industry for almost two decades and are now facing storms ranging from Brexit to government-imposed price caps and customers leaving in their millions. If that wasn't enough, the threat of nationalisation also looms should the opposition Labour Party win the next general election, a prospect that sent utility shares tumbling last week. "If you think globally about the utility sector, these are quite exciting times," said Sam Arie, an analyst at UBS Group AG in London.

"But for the UK utilities this year, political risks are front and centre and may need to be resolved before investors can focus on the wider sector themes" of electrification, decarbonisation and cheaper renewables.

The company's shares recovered earlier losses and gained 0.3% to 1,043 pence at 9:46 a.m. in London, snapping a five day falling streak.

So where does SSE go from here? It has promised investors and analysts an update by the end of May. The company declined to comment beyond earlier statements.

The four main options are outlined below:

Listing

The prospect of Brexit and the changing regulatory landscape make going public unappetising for anyone in the UK energy business right now. Investors don't yet know what the real impact of the price cap, which came into force last year. Until then SSE will be a tough candidate for an initial public offering, some analysts believe.

"This is probably one of the most difficult times to do an IPO with a utility given the nationalisation talk and the regulatory risks," said Bartek Kubicki, a senior analyst at Societe Generale SA.

SSE executives had originally planned to list the new retail company it was creating with Innogy, and it probably remains an option under consideration, according to Andrew Moulder, a utilities analyst at CreditSights Inc in London.

Sale

Willing buyers seem hard to come by. SSE has been talking to potential purchasers including broadband and telecoms supplier TalkTalk Telecom Group Plc, according to reports. A buyer could come in the form of an oil major looking to make a move similar to Royal Dutch Shell Plc, which bought First Utility Ltd, or a larger player looking to grow even bigger by acquiring a huge retail operation, according to analysts.

The Reference Shelf:
British Nightmare for Utilities Goes From Bad to Worse
UK Utility SSE Held Talks on Retail Unit Sale, Sky News Says
UK Utility Nationalisation Plan Unveiled by Labour Party
SSE Pulls the Plug on UK Energy Retail Merger With Innogy

"An outright sale would probably be the best solution for SSE, but the difficulty here may be finding a buyer in the current market, particularly as there are potentially other options available," said Alex Leng, a UK utilities analyst at UBS.

"It's not a seller's market."

Merge

When the plans to create the UK's second-biggest utility collapsed, it became clear how difficult it would be to get any deal over the line. SSE's board decided it wasn't in the best interest of the company to proceed as more cash would be needed than previously thought. When they eventually pulled the plug, the deal had received final approval by the Competition and Markets Authority and an executive team was already in place. If they were to find another company of similar size, another try for a merger would take many months to complete.

"The most obvious solution is some kind of merger," said Iain Turner, an analyst at Exane BNP Paribas. "But it's not sure anyone else wants to take it on. It's a very difficult market at the moment."

Keep

In February SSE cut its earning outlook blaming the lack of income from the UK's suspended capacity market capping another gloomy reporting period for the firm. Chief executive officer Alistair Phillips-Davies has said that the retail unit will be profitable this year but as the price cap bites and customers continue to leave, making money has probably never been harder for the 21-year-old company.

Millions of consumers have switched to competitors since the start of the decade. Even with a smaller customer base and squeezed margins SSE could be forced to hold onto the unit.

"They really have no option but to keep it," said Lakis Athanasiou, a utilities analyst at Agency Partners LLP in London.

"Retrospect is a fine thing. But it was a bad idea to attempt the merger with such a low quality outfit as Npower, which has suffered from high costs and a destroyed sticky customer base because of its inept pricing."

Islamic finance at the core of Indonesia's Shariah economy master plan

By Arno Maierbrugger
Gulf Times correspondent
Bangkok

Indonesian President Joko Widodo last week launched the country's first master plan for a Shariah economy for implementation from 2019 to 2024, a remarkable push for the archipelago with a population of roughly 264mn people of which close to 90% identify themselves as Muslims. The plan combines four main strategies aimed at transforming the nation's economy into a production hub and market for halal goods and services.

One of the strategies is the strengthening of the Islamic finance and banking sector.

According to Widodo, who is expected to have won the April 17 general elections — whose results have not yet been published — to enter a second presidential term, the Shariah economy master plan should "underline the identity of Indonesia as a country with the world's largest Muslim population" and transform the country into a net exporter of halal goods and services.

Besides finance and banking, the plan aims at growing Islamic economic sectors such as manufacturing, food, fashion and tourism. To boost the latter, Islamic finance would be brought into the mainstream as a financing tool for the halal economy. It also should play a role as a funding vehicle for micro, small and medium enterprises, as well as in pushing the digital economy.

With regards to Islamic finance, the Shariah economy master plan extends the existing, so-called Indonesia Shariah Finance Architecture Master Plan which was implemented in 2016

Gulf Times Exclusive

to remove obstacles preventing Islamic finance from expanding in the country.

So far, Islamic banking as of June 2018 accounted for only 5.7%, or around $31bn of Indonesia's total banking assets, mainly owing to a shortage of Islamic finance services and products and skilled manpower and a lack of financial inclusion of large parts of the population. As a result, despite being the largest Muslim nation on Earth, Indonesia ranked only 10th in the 2018 State of the Global Islamic Economy report by Thomson Reuters in the category of Islamic finance.

Officials at Indonesia's National Development Planning Agency hope that through the improvement of the Islamic banking and finance ecosystem by the Shariah economy master plan, the sector would attract investment from Islamic investors from oil- and gas-rich Middle Eastern countries who are actively looking for quality Islamic investment opportunities for their abundant liquidity, regional Southeast Asian and international investors who are in search of new asset classes in order to diversify their investment portfolios, as well as Western investors who seek investments in ethical and socially responsible projects. If all goes to the master plan, this should bring the market share of Islamic finance to around 10% in the mid-term.

The planning agency also noted that Islamic finance was not just about religious preference, but —through the objectives of Shariah — it had the "inherent power of playing a key role in the empowerment of individuals and communities, promoting entrepreneurial culture, investing in a sustainable economy, hence benefiting the wider society and the country's economy."

This is why the master plan particularly seeks to enhance the capabilities of the digital economy in the form of e-commerce, marketplaces and financial technology (fintech). Interestingly, Indonesian startups and entrepreneurs are quickly adopting fintech with its substantial opportunities, and Indonesia has become one of the countries with the fastest growing fintech landscapes in Asia. In line with the growing Internet penetration of more than 171mn users as of end-2018, more than 150 fintech startups have been launched in Indonesia since 2015. This is definitely changing the financial ecosystem in Indonesia from the grassroots by increasing financial inclusion among a large unbanked population and spurring innovation by the quick adoption of mobile banking and digital payments.

British Steel risks collapse with 25,000 jobs at stake

British Steel wants £30mn government loan; administrators could be appointed soon; government says will leave no stone unturned

Reuters
London

British Steel, the country's second largest steel producer, is on the brink of collapse unless the government agrees to provide an emergency £30mn ($38mn) loan, two sources close to the situation said.

British Steel said negotiations had not concluded and it continues to work with all parties to secure the future of the business.

It also reassured employees that their salaries will be paid in full for May.

Owned by investment firm Greybull Capital, British Steel employs around 5,000 people, mostly in Scunthorpe, in the north of England, while 20,000 more depend on its supply chain.

Greybull, which specialises in trying to turn around distressed businesses, paid former owners Tata Steel a nominal one pound in 2016 for the loss-making company which they renamed British Steel.

British Steel had asked the government for a £75mn loan but has since reduced its demand to £30mn after Greybull agreed to put up more money, according one of the sources, who is close to the negotiations.

Greybull was also the owner of Monarch, an airline that went bust in October 2017. If the British Steel loan does not get approval by later yesterday, administrators EY could be appointed as early as today, the source said.

Greybull declined to comment.

Andrew Stephenson, a junior business minister, told parliament the government was in discussions with the company and will "leave no stone unturned in its support for the industry". He added the government has been in contact with former British Steel owner Tata Steel.

The second source said British Steel lost the backing of one of its four big lenders earlier yesterday, while some of the others had already exited.

"The (company's) cash was not big enough to sustain even one bank pulling the plug," he said.

The possible collapse of British Steel comes after Germany's Thyssenkrupp and India's Tata Steel ditched a plan this month to merge their European steel assets to create the EU's second largest steelmaker after ArcelorMittal.

The collapsed merger leaves the wider EU steel sector fragmented and vulnerable to economic downturns.

It also calls into question the fate of Britain's largest steelworks in Port Talbot, Wales, owned by Tata Steel.

Stephenson said he held talks with Tata Steel this week about issues relating to Port Talbot, and that the India-based steelmaker had painted a positive picture of the site.

EU steel company shares are currently trading at their lowest in nearly three years, driven down by poor demand, especially in autos, and cheap imports that can no longer reach the United States due to trade tariffs.

Making steel profitably is particularly difficult in Britain, where steelmakers pay some of the highest green taxes and energy costs in the world and are saddled with high labour costs and business rates.

They also face uncertainties surrounding Britain's planned exit from the European Union.

After making a profit in 2017, British Steel cut around 400 jobs last year, blaming factors such as the weak pound.

Earlier this month, it appeared to have secured the backing of lenders and shareholders to continue operating after the uncertainty around Brexit hammered its order book.

"The whole manufacturing sector is crying out for certainty over Brexit, unable to plan the trading relationship it will have with its biggest market. We can only state again the need to avoid a no-deal scenario at all costs," said industry group UK Steel.

British Steel secured a government loan of around £120mn ($154mn) this month to enable it to comply with the European Union's Emissions Trading System (ETS) rules.

In the event of a hard Brexit, Britain would leave the ETS so the government has not issued any free permits for 2019 to help companies comply with the scheme.

British Steel had banked on using 2019 permits to cover its scheme commitments for 2018.

"The collapse of British Steel would be devastating for thousands of jobs in Scunthorpe, as well as in the wider supply chain," opposition Labour Party leader Jeremy Corbyn said on Twitter. "The government must act to secure the long term future of the steelworks — protecting people's livelihoods and the community."

The second source said the British government was reluctant to hand over more cash, because Greybull could end up with the funds if the business fails.

"Greybull could walk out with millions because they secured all their loans against the assets.

At the holding level, Greybull are the only creditor.

The government wants Greybull out before putting money into the business," he said.

"Its going to be difficult to survive this afternoon."

The UK government has a chequered history with Greybull, after the collapse of airline Monarch in 2017 forced it to repatriate more than 100,000 stranded tourists at a cost of about £60mn.

The Mayfair-based firm also provided backing for the buyout of British high street electronics chain Comet before its collapse in 2012. Unions demanded the government give British Steel the loan. "They must now put their money where their mouth is," said Ross Murdoch, national officer for the GMB union for steelworkers.

Earlier this month, British Steel won approval from a French court to buy the Ascoval steel mill in northern France, pledging to invest €47.5mn and guarantee the jobs of the 270 workers employed at the site.

Workers leave British Steel plant in Scunthorpe, UK. British Steel says negotiations had not concluded and it continues to work with all parties to secure the future of the business.

Tesco to sell $4.7bn mortgage book as competition bites

Reuters
London

Britain's biggest retailer Tesco will stop mortgage lending at its banking business because of tough market conditions, it said yesterday, as rival lender Nationwide Building Society reported a drop in profit margins.

Tesco Bank, which serves more than 23,000 mortgage customers with total balances of £3.7bn ($4.7bn), said it would stop new lending and seek to sell its existing portfolio of home loans.

"In recent years, challenging market conditions have limited profitable growth opportunities," said Tesco Bank chief executive Gerry Mallon.

Bellwether mortgage lender Nationwide yesterday said that its net interest margin — a measure of underlying profitability — fell to 1.22% in the year to April 4, from 1.31% for the previous 12-month period, though it was able to stabilise income.

The statements from the two lenders show how competition and a subdued economy are squeezing margins in Britain's home loans sector, a key profit source for banks.

Nationwide said it expects margins to remain under pressure this year.

"As you can imagine, pricing remains extremely competitive. We have seen some stability in new business pricing over recent months, but overall trends in margins you will continue to see," said senior Nationwide executive Chris Rhodes.

Uncertainty over Britain's exit from the European Union has prevented interest rate increases that could have boosted loan margins, while a glut of new banks and rules pushing established players to lend more have increased the supply of mortgages.

Europe's biggest bank HSBC, in particular, has renewed its focus on home loans in Britain after the introduction of ring-fencing rules to insulate savers' money from riskier trading activity forced it to carve out its British retail bank.

The newly separated domestic bank had little choice but to boost mortgage lending to make money, intensifying competition in the market.

Credit ratings agency Fitch said it expects other lenders to follow suit and quit home lending as a result of the influx of lending from newly ring-fenced banks.

Fitch said it had also seen a rise in riskier mortgage lending at some banks, with higher loan-to-value ratios that could be exposed to any economic downturn or disruptive Brexit.

However, the agency said these higher-risk mortgages remained a low proportion of lenders' overall loan books.

Tesco bank said its priority would be to sell the entire mortgage portfolio for an acceptable price as it exits the business in favour of other unspecified opportunities.

Airbus curbs output of delayed A321 to avoid slowing other jets

Bloomberg
London

Airbus SE will limit production of its biggest single-aisle plane to two assembly lines as it seeks to stop engineering delays from hampering output of other models.

The switch at Airbus's plant in Hamburg, Germany, means construction of the A321neo will be officially slowed to one every three or four days. That compares with a plane every two days for the smaller A320 model, Philippe Mhun, the company's head of programmes, said in an interview yesterday.

The A321 has suffered snags with the rollout of Airbus's Cabin Flex product, which enables the jet to carry 240 people by lengthening the fuselage and changing the layout of exits to meet safety requirements. The modified plane will become standard by 2020 and is also the basis for the LR variant of the A321 designed for trans-Atlantic and other long-range routes.

US reiterates threat of Nord Stream 2 gas pipe sanctions

Bloomberg
Kiev

The US plans to sanction companies helping construct the Nord Stream 2 natural gas pipeline being laid from Russia to Germany under the Baltic Sea. Congress is expected to begin preparing a bill, Energy Secretary Rick Perry said yesterday in Ukrainian capital Kiev. That comes a day after the Gazprom PJSC-controlled company said that none of its contractors had pulled out because of the threat of US sanctions.

"The opposition to Nord Stream 2 is still very much alive in the US," Perry said. "I expect over the course of the not-too-distant future that the US Senate as well as the US House send a bill to the president of the US that will have some very, very onerous restrictions on companies that continue to do business with the Nord Stream 2 development. So stay tuned."

The US argues that Nord Stream 2 increases Europe's reliance on natural gas from Russia, which already provides more than a third of the region's fuel, while at the same time threatening supplies to Ukraine, a key transit nation. The controversial link is backed by Germany and is still scheduled to start by the end of the year, though it faces delays from permitting issues in Denmark.

Gazprom didn't immediately respond to a Bloomberg request for a comment. The "implementation of Nord Stream 2 is not subject to political sentiment" and Gazprom, as well as financial partners Uniper SE, Engie SA, Royal Dutch Shell Plc, OMV AG and BASF SE's Wintershall, "are fully committed to the project," Nord Stream 2 AG said.

QSE settles above 9,700 levels despite across-the-board profit booking

By Santhosh V Perumal
Business Reporter

An across-the-board profit booking — especially in industrials, banking, insurance and transport sectors — yesterday led the Qatar Stock Exchange to shed as much as 198 points and settle a tad above 9,700 levels.

Domestic institutions turned net sellers as the 20-stock Qatar Index plummeted 2% to 9,700.77 points.

The Gulf individuals were also seen bearish in the market, whose sensitive index is down 5.81% year-to-date.

Market capitalisation eroded more than QR12bn or 2.2% to QR536.7bn mainly owing to large, mid and small cap segments.

Islamic equities were seen declining relatively slower than the main index in the market, where the Gulf individuals' net buying was seen weakening.

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

The Total Return Index tanked 2% to 17,850.23 points, Al Rayan Islamic Index (Price) by 1.92% to 2,250.07 points and All Share Index by 2.07% to 2,889.41 points.

The industrials index declined 2.74%, banks and financial services (2.22%), insurance (2.16%), transport (2.06%), real estate (1.86%), telecom (0.68%) and consumer goods (0.47%).

About 78% of the traded constituents were in the red with major shakers being Mesaieed Petrochemical Holding, Gulf International Services, Industries Qatar, QNB, Qatar Islamic Bank, Commercial Bank, Nakilat, Islamic Holding Group, Qatari German Company for Medical Devices, Vodafone Qatar, Ezdan and Qatar National Cement; even as Ahlibank Qatar, Qatari Investors Group, Ooredoo and Qatar Oman Investment were among the prime gainers.

Domestic institutions turned net sellers to the tune of QR24.43mn against net buyers of QR12.75mn on Monday.

The Gulf individuals were also net sellers to the extent of QR1.09mn compared with net buyers of QR0.04mn on May 20.

Non-Qatari individuals' net buying declined influentially to QR3.85mn against QR7.05mn the previous day.

However, non-Qatari institutions' net buying increased noticeably to QR13.93mn compared to QR7.36mn on Monday.

Local retail investors turned net buyers to the tune of QR5.23mn against net sellers of QR17.19mn on May 20.

The Gulf funds were net buyers to the extent of QR2.57mn compared with net sellers of QR10.01mn the previous day.

Total trade volume rose 19% to 20.47mn shares, value by 6% to QR475.37mn and transactions by 10% to 10,820.

The consumer goods sector's trade volume almost doubled to 1.69mn equities, whereas value shrank 31% to QR68.26mn and deals by 19% to 720.

The industrials sector reported 40% surge in trade volume to 10.52mn stocks, 42% in value to QR252.71mn and 32% in transactions to 4,729.

The realty sector's trade volume expanded 15% to 4.73mn shares, value by 7% to QR43.6mn and deals by 33% to 3,314.

However, there was 42% plunge in the transport sector's trade volume to 0.57mn equities, 34% in value to QR14.11mn and 34% in transactions to 326.

The telecom sector's trade volume tanked 41% to 0.47mn stocks, value by 52% to QR6.05mn and deals by 46% to 343.

The banks and financial services sector saw 15% shrinkage in trade volume to 2.16mn shares, 8% in value to QR81.54mn and 17% in transactions to 1,217.

The insurance sector's trade volume was down 8% to 0.34mn equities, value by 9% to QR9.1mn and deals by 36% to 171.

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