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UK economy pays price for growing chaos

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August exports shrink as US shipments fall

Monday, September 9, 2019
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BUSINESS

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Qatar banks' local currency time and savings deposits post 41% jump in July

Qatar Airways to launch direct flights to Luanda, Angola from March 2020

Luanda is the national airline's first gateway to the African nation

Qatar Airways will launch new service to Luanda, Angola, from March 29 next year.

The service, which operates up to five-times weekly to the capital and largest city of Angola will be operated by a Boeing 787 Dreamliner aircraft, featuring 22 seats in business class and 232 in economy.

Luanda is the "award-winning" airline's first gateway to the African nation.

Qatar Airways group chief executive HE Akbar al-Baker said, "We are excited to be announcing our new service to Luanda – the latest destination in our rapidly expanding African network connecting Luanda to key markets in the Far East, South East Asia and Europe.

"The new route to the coastal city of Luanda not only further solidifies the links between the State of Qatar and Angola, but will enable us to provide a seamless journey to and from this fascinating country and one of the world's fastest growing economies. Qatar Airways is committed to growing our presence in Africa and adding to the 24 destinations in 17 countries we already offer".

Perched on the Atlantic coastline, Luanda offers pristine beaches, sweeping ocean vistas and insight into a rich heritage. This up-and-coming destination is set to become a favourite with travellers looking to combine natural beauty, history and culture with a vibrant urban experience.

Qatar Airways currently operates a modern fleet of more than 250 aircraft through its hub, Hamad International Airport (HIA) to more than 160 destinations worldwide.

Qatar Airways new service to Luanda on March 29 will be operated by a Boeing 787 Dreamliner aircraft with 22 seats in business class and 232 in economy

The national carrier recently launched an "array of exciting new destinations" including Rabat (Morocco); Izmir (Turkey); Malta; Davao (The Philippines); Lisbon (Portugal); and Mogadishu, (Somalia).

The airline will add Langkawi (Malaysia) and Gaborone (Botswana) to its extensive route network in October 2019.

The multi-award-winning airline was named "World's Best Airline" by the 2019 World Airline Awards, managed by international air transport rating organisation Skytrax. It was also named "Best Airline in the Middle East", "World's Best Business Class" and "Best Business Class Seat", in recognition of its "ground-breaking business class experience" – Qsuite.

Qatar Airways is the only airline to have been awarded the coveted 'Skytrax Airline of the Year' title, which is recognised as the "pinnacle of excellence" in the airline industry, five times.

QBIC now accepting applications for 'LeanStartup Programme'

As part of its ongoing support and empowerment of local startups, the Qatar Business Incubation Centre (QBIC), a division of Qatar Development Bank (QDB), is now accepting applications for the 13th wave of the centre's redesigned LeanStartup Programme (LSP).

The LSP is one of the most successful programmes of its kind within the Mena region. By leveraging the "lean-startup" methodology, the trainers place significant emphasis on customer validation, which allows entrepreneurs to test their business ideas in real-time with potential customers.

The latest edition of the programme has been redesigned in order to best fit the needs of entrepreneurs that are in the early stages of product or service development. The LSP typically attracts hundreds of applicants each wave and has produced over 450 graduates to date. Notably, entrepreneurs are required to pass through several screening stages before securing a seat in the programme. Selected startups are the ones that display the greatest potential for innovation and are the most suitable for the competitive Qatari marketspace.

During the 10-week programme, entrepreneurs must develop their business ideas and build prototypes (MVPs) in preparation for 'Selection Day', which is a unique opportunity to pitch their ideas to an esteemed selection committee and, for the first time, potential early-stage investors. Selected startups receive smart funding, access to investors, office space, continuous coaching, and the opportunity to accelerate their growth.

QBIC general manager Hamad al-Qahtani said, "After the programme witnessed 12 successful waves, it is now time to redesign it based on the needs of startups, and to enhance their opportunity of connecting with potential investors.

"I would like to call on Qatar's aspiring entrepreneurs to join the new wave of LSP, as we are always looking forward to meeting innovative minds with the aim of helping them turn their business ideas into reality and becoming the next Qatari success story."

He added, "QBIC aims, with the support of QDB, to develop the next generation of successful entrepreneurs, who will support the private sector and contribute to building a prosperous future for a diversified, knowledge-based economy by developing a proactive mindset amongst the youth."

Promising entrepreneurs in Qatar can apply for the 13th wave of LSP, which will start on the September 29, through www.qbic.qa or by directly connecting with the QBIC through its social media platforms.

The LeanStartup Programme is one of the most successful programmes of its kind in the Mena region

'Qatar-China Investment Forum' kicks-off in Xiamen

Qatar Chamber and the Qatar Free Zones Authority are participating in the 'Qatar-China Investment Forum,' which kicks-off today in Xiamen, China.

The forum is being held on the sidelines of the 'China International Fair for Investment and Trade' (CIFIT 2019), which will run until September 11, Qatar Chamber announced in a statement yesterday.

Qatar Chamber first vice chairman Mohamed bin Towar al-Kuwari (***pictured***) is representing the country's private sector during the three-day conference, which is held every September.

"The Qatar-China Investment Forum is an important platform for reviewing the sectors that are at the top of investment priorities and offering promising investment opportunities for those interested to open the way for them to participate effectively in the active investment movement witnessed by the State of Qatar," the chamber said.

Qatar Chamber and the Qatar Free Zones Authority are also joining the management of the Xiamen Xiangyu Free Trade Zone and the China Council for the Promotion of International Trade (CCPIT) during the event.

With the themes 'Introducing FDI' and 'Going Global,' the CIFIT is China's only international investment promotion event aimed at facilitating bilateral investment. It's also the largest global investment event approved by the Global Association of the Exhibition industry.

The CIFIT focuses on investment and the promotion of investment policies and coordinated development of the national and regional economy, as well as economic and trade exchanges.

The event includes a series of inter-related activities, such as the Investment and Trade Fair, the International Investment Forum, a series of seminars on key investment issues, and seminars on the reconciliation of investment projects.

Al-Sayed leads QFZA delegation to China trade fair in Xiamen

HE Ahmad bin Mohamed al-Sayed, the Minister of State and chairman of QFZA, headed an official Qatari delegation participating in the China International Fair for Investment and Trade (CIFIT) 2019, which kicked off in Xiamen, Fujian Province in South-Eastern China yesterday.

The delegation includes representatives from the Ministry of Foreign Affairs (MoFA), Ministry of Commerce and Industry (MoCI), Qatar Free Zones Authority (QFZA) and the Qatar Central Bank (QCB).

Qatar Chamber is also part of the delegation and is representing the private sector, which plays an essential role in bolstering the national economy, and aims to create global partnerships with Chinese companies during the fair.

Al-Sayed, together with other members of the delegation, held high-level meetings with a number of provincial state governors of Shanxi and Fujian provinces and Xiamen City on the sidelines of the fair.

His delegation also met with Liu Shang-Ch'ing, governor of Shanxi Province, as well as Tang Dengjie, governor, Fujian Province, and Ni Zhao, member, Standing Committee of Political Bureau of CPC Central Committee, General Administration manager of Xiamen Area of China (Fujian) Pilot Free Trade Zone.

Meanwhile, QFZA representatives met with a group of leading Chinese technology companies to explore investment opportunities in Qatar and the free zones, in addition to bilateral meetings held by members of the Qatari delegation with a number of Chinese companies from various sectors. In the coming days, QFZA will organise the Qatari-Chinese Free Zones Forum, which sees the participation of members of the Qatari delegation alongside representatives from a number of Chinese companies operating in the technology, import and export, e-commerce, chemicals and industry, and other key sectors.

QFZA will sign a number of memorandums of understanding during the forum.

HE al-Sayed with Qatari dignitaries at the China International Fair for Investment and Trade (CIFIT) 2019.

Realty counter helps Qatar shares close marginally stronger

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday witnessed strong demand, particularly within the real estate counter, but overall it closed marginally stronger.
Foreign institutions were seen bullish as the 20-stock Qatar Index settled 0.21% higher at 10,274.85 points.
There was also lower net selling pressure from the Gulf funds and local retail investors in the market, whose key benchmark registered 0.23% declines year-to-date.
Market capitalisation saw more than QR2bn, or 0.36%, gains to QR567.36bn mainly owing to mid and small cap segments.
Islamic equities were seen gaining faster than the main index in the market, where non-Qatari and Gulf retail investors turned net sellers.
Trade turnover shank amidst higher volumes in the bourse, where the realty, industrials and banking sectors together accounted for about 89% of the total volume.
The Total Return Index gained 0.21% to 18,906.59 points, the All Share Index by 0.53% to 3,019.45 points and the Al Rayan Islamic Index (Price) by 0.34% to 2,324.87 points.
The real estate index soared 4.58%, industrials (0.56%), consumer goods (0.52%) and transport (0.27%); while insurance declined 0.29%, telecom (0.16%) and banks and financial services (0.1%).
As much as 50% of the traded constituents extended gains with major movers being Ezdan, Masraf Al Rayan, Qatar National Cement, Industries Qatar, Gulf International Services, Qatar Aluminium Manufacturing and Milaha; even as Al Khaleej Takaful, Doha Bank, QIIB, Islamic Holding Group, Qatar Industrial Manufacturing, Mesaieed Petrochemical Holding, Vodafone Qatar and Gulf Warehousing were among the losers.
Non-Qatari funds turned net buyers to the tune of QR2.47mn against net sellers of QR4.93mn last Thursday.
Gulf institutions' net selling declined substantially to QR9.89mn compared to QR15.82mn on September 5.
Local retail investors' net profit booking fell marginally to QR8.25mn against QR10.67mn the previous trading day.
However, non-Qatari individuals were net sellers to the extent of QR0.65mn compared with net buyers of QR0.46mn last Thursday.
Gulf individuals turned net sellers to the tune of QR0.18mn against net buyers of QR5.28mn on September 5.
Domestic institutions' net buying weakened noticeably to QR16.51mn compared to QR25.71mn the previous trading day.
Total trade volume rose 38% to 104.53mn shares, while value fell 40% to QR159.58mn and transactions by 24% to 4,757.
The insurance sector's trade volume plummeted 68% to 1.93mn equities, value by 67% to QR4.44mn and deals by 43% to 216.
The market witnessed a 50% plunge in the consumer goods sector's trade volume to 1.88mn stocks, 22% in value to QR22.13mn and 34% in transactions to 358.
The telecom sector's trade volume tanked 43% to 2.42mn shares, value by 56% to QR5.9mn and deals by 54% to 237.
The banks and financial services sector saw a 42% shrinkage in trade volume to 17.36mn equities, 68% in value to QR44.74mn and 54% in transactions to 1,082.
The transport sector's trade volume was down 8% to 5.74mn stocks, value by 18% to QR14.61mn and deals by 48% to 247.
However, the real estate sector's trade volume more than tripled to 47.79mn shares and value more than doubled to QR32.97mn on a 50% increase in transactions to 953.
The industrials sector's trade volume more than doubled to 27.39mn equities but value shrank 13% to QR34.8mn despite 22% higher deals at 1,664.
In the debt market, there was no trading of treasury bills and sovereign bonds.

S&P to S Africa: Beware what you say about Eskom's debt

Bloomberg
Johannesburg

Talks around restructuring Eskom Holdings SOC Ltd's bonds must be approached carefully to avoid spooking the market, according to S&P Global Ratings.

Public Enterprises Minister Pravin Gordhan said on Thursday the government will consult with the power utility's debt holders on any reorganisation and that there isn't any real concern about haircuts.

"Whether you are talking about a haircut or a re-profiling or a restructuring, one has to tread very carefully because it could possibly lead to what is seen as a distressed-debt exchange and be called a default," S&P's managing director and regional manager for Africa, Konrad Reuss, said in an interview on Friday. "That would be quite unsettling for the markets."

Eskom, which supplies about 95% of South Africa's power, has amassed 450bn rand ($30.5bn) of debt and turned to the government for bailouts to remain solvent as it confronts massive cost overruns at two partially completed coal-fired plants. The government has proposed splitting the utility into generation, transmission and distribution units under a state holding company – an option rejected by labour unions that fear it will lead to privatisation and job losses.

"We understand various options are being discussed to deal with Eskom's financial distress," Reuss said while attending the World Economic Forum on Africa in Cape Town. "For us, at this point, it is wait-and-see and get more information."

S&P in March changed the outlook on its CCC+ ratings of Eskom to stable from negative after Finance Minister Tito Mboweni announced the allocation of 69bn rand over three years to support the company. In July, Mboweni said the government will give Eskom an extra 59bn rand over two years.

"Eskom has various kinds of debt – domestic, foreign, government-guaranteed and unguaranteed – which makes it highly complex." Reuss said. "The last thing you'd want to see is that unintentionally a default is being triggered. That's why we are all quite keen to get more details."

Eskom is regarded as the biggest risk to South Africa's economy and the utility's drag on growth and the nation's finances has stoked fears that the country could lose its last remaining investment-grade credit rating with Moody's Investors Service.

Fitch Ratings Ltd has said the extra support for Eskom will widen the budget deficit for this fiscal year to 6.3% of gross domestic product, compared with the 4.5% of GDP the government projected in February.

S&P was the first major ratings company to downgrade South Africa's debt to junk status in 2017.

The National Treasury released an economic policy paper last week that proposed Eskom could sell some coal-fired power plants as part of a raft of reforms to boost the economy.

"The issues in the economy and from a ratings perspective are still the same: low growth and the fiscal trajectory in terms of deficit and debt ratios is still going in the wrong direction," Reuss said. "Whatever the economic plan is, there is urgency. We need to see implementation of measures that bring back growth and a fiscal turnaround."

A company logo sits on an Eskom Holdings maintenance truck door in Soweto, South Africa (file). Eskom, which supplies about 95% of South Africa's power, has amassed 450bn rand ($30.5bn) of debt and turned to the government for bailouts to remain solvent as it confronts massive cost overruns at two partially completed coal-fired plants.

Gender inequality is hurdle in fight against AIDS, says $14bn fund

Bloomberg
Johannesburg

The next hurdle that must be overcome to dramatically reduce the spread of HIV is gender inequality, said the head of a fund that expects to raise $14bn to tackle the world's deadliest infectious diseases.

An increasing proportion of the money that's available to fight HIV infections should be spent on prevention rather than treatment and testing, said Peter Sands, the executive director of The Global Fund to Fight AIDS, Tuberculosis and Malaria.

About 1,000 young women, mostly in east and southern Africa, are infected with the virus every day, he said.

"It's sexual violence, education disadvantages and economic inequality" that make young women susceptible to contracting the disease, Sands said in an interview at the World Economic Forum on Africa in Cape Town.

The Global Fund, which gets donations from the world's richest countries, funds programmes such as paying girls to stay in school. It's also increased investment in strengthening healthcare systems.

While the rate of infection worldwide has halved over the last decade, the number of young women affected is concerning, he said. There are also high incidences of infection in groups that face discrimination in accessing healthcare.

The Global Fund, which was created in 2002 at the initiative of Nobel Peace Prize laureate Kofi Annan, wants to end Aids, malaria and tuberculosis by 2030. About two-thirds of the country programmes it supports are in sub-Saharan Africa.

The fund typically raises and spends money in three-year cycles, and aims to raise $14bn at a so-called replenishment conference on October 10 that will be hosted by France's President Emmanuel Macron. That's 15% more than it raised in 2016 and it expects the private sector to contribute about $1bn, Sands said.

While the number of deaths from malaria are falling in some countries, more people are being affected, he said. Nigeria and the Democratic Republic of Congo are hit hardest by the disease.

As the Amazon burns, Brazilian agriculture faces backlash threat

Bloomberg
Sao Paulo

One of Brazil's biggest agriculture groups is sounding alarm bells for the nation's farm exports over fires in the Amazon rainforest.
Major importers could start snubbing purchases from the country because of environmental concerns, according to the key agribusiness group known as Abag. While shipments are still proceeding as normal, "things will get worse" if the government doesn't take the steps needed to fight deforestation, according to Marcello Brito, chairman of the group. "Brazil may be facing its worst reputation crisis," Brito said on Friday at a press conference in Sao Paulo.
Brazil is one of the world's most important agriculture exporters. The country ships huge amounts of sugar, coffee, soybeans, beef, poultry and orange juice, and production has surged in recent decades. That expansion came at an environmental cost. Large swaths of the Amazon forest have been cleared for logging and burned to make room for crops and cattle.
Brazil's far-right president Jair Bolsonaro has dismissed the fires after pledges of slashing deforestation restrictions, and Donald Trump has tweeted his support for the leader.
With the planet's biggest rainforest burning at a record rate, global leaders, environmental groups and consumers expressed sharp criticism in recent weeks. The world's largest Atlantic salmon producer, Mowi SA, said it was considering halting soybean imports from Brazil, and major leather importers indicated they could suspend purchases.
Speculation is mounting that bans on the nation's products could emerge, drawing comparisons to Southeast Asia's palm-oil industry: Borneo, home to endangered species such as the orangutan, has lost 30% of its forests in a little over four decades.
While drawing attention to the Amazon fires may be used by some companies as a "marketing strategy" to demonstrate their commitment to environmental protection, the crisis may affect the value of Brazil's products, Brito of Abag said.
The group represents companies such as grain exporters Cargill Inc and Cofco Agri Ltd, tractor maker Deere & Co and the seed and agrochemical company Bayer AG. Abag is taking part in a national campaign to call on Brazil's Justice Ministry to fight deforestation along with Brazil's beef exporters group Abiec.
In the meantime, trade relations are at risk. A group of Democratic senators is asking the Trump administration to postpone future trade negotiations with Brazil until Bolsonaro takes action to protect the Amazon. French President Emmanuel Macron recently threatened to scrap the trade deal between the European Union and Mercosur, the South American customs union.

Argentine bondholders pull out old guidebook to flee

Bloomberg
Buenos Aires

For the bravest, most risk-tolerant investors out there – shops like Franklin Templeton and Pimco – the Argentine trade the past few years was to dive into the local market and scoop up peso-denominated bonds. Paying out interest rates of up to 75%, it was a cash-generating machine.

But now, amid a collapse that has put the country on the verge of default once again, it is these bonds that have taken the worst of it. Not only have they plunged in value just like the country's dollar notes, but they have also been hammered by a 25% drop in the peso and gotten ensnared by capital controls the government imposed this week. That move, which came in a desperate bid to stabilise the peso, effectively blocked investors from taking money out of the country through traditional foreign-exchange markets.

A man shows Argentine pesos outside a bank in Buenos Aires' financial district (file). The effective peso exchange rate is currently about 8% weaker than the going price in the foreign-exchange market.

Which leaves many bond firms nursing losses and searching for alternative ways out. One method has immediately jumped to the fore, the same one used for years to skirt controls during the previous rule of the leftist version of Peronism that now appears poised to retake the presidency next month. It's called the blue-chip swap and it's predicated on the purchase – with pesos – of certain types of shares or bonds in the local market and the subsequent sale of those securities abroad for dollars. It's not cheap, though: The effective peso exchange rate is currently about 8% weaker than the going price in the foreign-exchange market.

"Old veterans who used to trade local-currency bonds from beforehand know the score," said Edwin Gutierrez, London-based head of emerging-market sovereign debt at Aberdeen Asset Management, who said he used the parallel rate during the capital controls implemented by Cristina Fernandez de Kirchner's government. "It's a return to the bad old days."

Beforehand means before President Mauricio Macri, a free-market reformer determined to return the slumping, state-controlled Argentine economy to normalcy, swept into office in 2015. One pledge was to overturn capital controls, and he achieved it in his first week in office. He assembled a star cabinet with Wall Street veterans to settle lawsuits with creditors and return Argentina to foreign bond markets.

Demonstrators remonstrate with police officers on Whitehall, during an anti-government protest calling for the prime minister's resignation, near Downing Street in central London on Friday. Warning lights are flashing red, with manufacturing and construction shrinking and even the dominant services sector losing momentum, prompting forecasts that the UK is heading for a recession.

UK economy quietly paying the price for growing politics chaos

Bloomberg
London

Behind the noise of another tumultuous few days in UK politics, the nation's economy quietly had one of its worst weeks this year.

Warning lights are flashing red, with manufacturing and construction shrinking and even the dominant services sector losing momentum, prompting forecasts that the UK is heading for a recession.

At the same time, the housing market is stuck in a rut, retail sales are disappointing and shoppers are worried that Brexit will push up prices. Last week has done little to lift the fog after Prime Minister Boris Johnson suffered a series of defeats, lost his Parliamentary majority and failed in a bid to force early elections. While the UK public was gripped by the political drama, including photographs of one lawmaker slouched in his House of Commons seat during a crucial Brexit debate, the reports highlight the economic cost of the chronic uncertainty surrounding Britain's departure from the European Union.

"The economy is rusting up quite visibly in the data," said Kit Juckes, chief global foreign-exchange strategist at Societe Generale. "It's just getting slowly worse, there's no momentum to anything."

A report today will give an early indication of how likely an imminent recession is. After contracting 0.2% in the second quarter, the economy probably grew just 0.1% in July.

A weaker reading could prompt economists, who currently see a bounce back in the third quarter, to start downgrading their outlooks.

Still, movements in the pound last week highlighted that traders are glued to political, not economic, news. On Tuesday, the currency slipped below $1.20 for the first time since 2017. Then, the passing of an opposition bill reducing the risk of no-deal Brexit subsequently gave sterling its best week since June.

Despite all that, the UK's future is far from certain – and the economy looks in an increasingly fragile state.

Even before the latest political turmoil, confidence among households was crumbling. A Bank of England survey on Friday showed that inflation expectations for the coming year stand at 3.3%, with over half of Britons saying that Brexit would push prices up. Inflation is currently just over 2%.

Businesses are also taking a hit.

A report last Monday showed manufacturing and construction shrinking last month, while services came close to stalling. If consumers start to tighten their belts, the economy's problems will deepen. Retail industry figures last week showed sales fell in August from a year earlier, a third drop in four months.

According to Schroder economist Azad Zangana, households didn't cut their spending as expected after the 2016 EU referendum. Instead they saved less and "ate into their safety buffer."

"Now we're in a situation where savings rates are near record lows," he said.

"If we get no deal and the pound falls again and inflation picks up, we'll definitely go into recession."

Amid the gloom, the UK economy got two potential boosts last week. First, Chancellor of the Exchequer Sajid Javid on Wednesday promised to end a decade of austerity with the biggest boost to government spending for 15 years. The same day, Bank of England Governor Mark Carney said the UK's preparations for a no-deal Brexit may help to limit the economic hit, though the fallout will still be considerable.

Still, right now, growth is meagre at best. "If you look through the underlying trend, our judgment is that the economy is growing very weakly," Carney said. "Slightly positive, but close to zero."

Bloomberg QuickTake Q&A

Baffled by Brexit? How to follow the latest twists

By Flavia Krause-Jackson
London

More than three years after Britain voted to break away from the European Union, the country is still tearing itself apart over Brexit. Parliament has moved to thwart Prime Minister Boris Johnson in his plan to leave the bloc by October 31 even if no formal agreement with the EU is in place. The murky outlook has the pound see-sawing, and there's a growing sense that only a general election can break the impasse.

1. Will the UK have an election?

It's certainly looking that way, but it's a matter of when. Johnson plans to propose a vote on October 15 to Parliament on Monday in a bid to secure a mandate for his Brexit approach. A ballot just two weeks before the October 31 Brexit deadline would leave a new government little time to reach or implement an exit deal with the EU. While the opposition has been clamouring for an election for months, they plan to deny Johnson a new vote until they can ensure the UK can't tumble out of the EU without a deal. Under legislation passed last week with backing from almost two dozen rebels from Johnson's Conservative Party, the premier must request a Brexit delay on October 19 if he hasn't secured a new divorce deal by then. That means no election is likely until November, because at least 25 days must pass after a vote is called.

2. Will an election solve the Brexit impasse?

That's the big question. Johnson is trying to cast himself as the hero determined to implement the will of the people who voted to leave the EU, gambling that Britons are so tired of the wrangling over the issue that they'll vote for him to get it done. Polls currently put the Conservative Party ahead, and Johnson is an accomplished campaigner and the most famous politician in the country. The opposition Labour Party leader Jeremy Corbyn, whose socialist agenda spooks investors, has been asking for an election since he narrowly lost the last one in June 2017. Johnson's predecessor, Theresa May, called that vote to seek a mandate for Brexit only to lose her majority in parliament, fuelling the impasse.

3. What's driving the timing?

An election date depends in part on the legal mechanism used to trigger the poll. Today, Johnson is expected to propose another motion for an election on October 15 under the Fixed-term Parliaments Act of 2011, which sets out rules for triggering a ballot sooner than the regular five-year gap. It requires a two-thirds vote in Parliament – 434 lawmakers. He has tried this once already, and lost. On Monday, he will have another go, but it is his last chance to get it done in the time frame he wants – before October 31. That's because he's suspended Parliament for five weeks starting from September 12. Johnson would fight an election arguing that he should be given a mandate to deliver Brexit, a message he wants to take to a meeting of the EU council on October 17. Another method for triggering a poll would be a vote of no-confidence in the government, which would require a delay of 14 days and push the election date later.

4. Will Brexit be delayed?

The measure passed by Parliament on September 4 requires Johnson to extend exit day to January 31, if he hasn't either reached a deal with the EU by October 19 that's approved by Parliament or secured MPs' agreement for leaving the bloc without a deal. But many lawmakers say they don't trust Johnson to abide by Parliament's will or follow constitutional norms. Johnson said on Thursday he'd "rather be dead in a ditch" than ask the EU for another extension.

5. How did it come to this?

It's a face-off between a combative new leader, who argues that threatening to walk away from talks with the EU gives him leverage, and a majority of MPs convinced that Britain crashing out of the bloc without any formal agreement would cause vast economic harm. The tussle has raised concerns that Britain is heading for a constitutional crisis. On August 28, Johnson asked Queen Elizabeth II to suspended Parliament from September 12 until the Queen's speech on October 14. That galvanised his opponents, who realized they had little time to act to prevent a no-deal Brexit. The manoeuvre reflects Johnson's do-or-die approach to getting Britain out of the EU by October 31. He has promised to renegotiate the divorce deal struck by former Prime Minister Theresa May who failed to win the backing of her own Conservative government. His focus is on stripping out the controversial Irish backstop, a fallback designed to prevent a hard border between the Republic of Ireland, which is staying in the EU, and Northern Ireland, which is leaving along with the rest of the UK.

6. What would a no-deal Brexit mean?

It would leave the UK lacking legal arrangements to smooth trade and other transactions with its neighbours. Bottlenecks could bring shortages of everything from food and drugs to manufacturing components. Both sides are preparing for the worst, including taking steps to prevent a financial-markets meltdown. Those measures can mitigate some of the more catastrophic outcomes – such as flights being grounded – but they won't address barriers to trade that would suddenly emerge. Both sides have said they would try to avoid a hard border in Ireland, but one would probably become necessary eventually.

7. Can Brexit be called off?

Yes, but there are still major obstacles. At least for now, there isn't a majority in Parliament behind proposals to hold a second referendum. Corbyn has come out in favour of another plebiscite, but with reservations. May was adamant that a re-vote would undermine faith in democracy and rip the country apart – a view many share. In any case, it's not clear what the result of a re-run would be – or even what question would be put to voters. Polls indicate that voters are now more in favor of remaining in the EU than leaving, but that's what surveys showed last time, too. The UK does have the legal right to cancel the divorce by revoking the Article 50 notification that triggered the exit process – but doing that without a referendum would be political dynamite.

8. What's the fallout?

Companies operating in Britain have bemoaned the lack of clarity over the impact of Brexit, warning that unanswered questions about everything from trade policy to immigration laws are throttling hiring and investment decisions. Global banks have already moved operations, assets and people to Frankfurt, Paris and other cities. Manufacturers and broadcasters have also started moving facilities, while companies and households have been stockpiling.

BUSINESS

QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	13.89	0.00	-
Widam Food Co	6.17	0.33	168,879
Vodafone Qatar	1.23	-0.81	1,929,459
United Development Co	1.39	0.72	18,528
Salam International Investme	0.42	0.48	3,317
Qatar & Oman Investment Co	0.51	0.20	7,780
Qatar Navigation	5.98	1.36	121,277
Qatar National Cement Co	5.80	2.65	87,500
Qatar National Bank	19.19	-0.42	628,159
Qatar Islamic Insurance	6.09	1.50	100,643
Qatar Industrial Manufactur	3.15	-2.78	113,178
Qatar International Islamic	8.45	-1.17	814,446
Qatari Investors Group	1.86	0.00	159,897
Qatar Islamic Bank	16.31	0.18	448,335
Qatar Gas Transport(Nakilat)	2.43	0.00	5,528,145
Qatar General Insurance & Re	3.97	-0.50	53,455
Qatar German Co For Medical	0.62	0.65	334,508
Qatar Fuel Qsc	22.14	0.87	654,605
Qatar First Bank	0.28	0.35	10,164,164
Qatar Electricity & Water Co	14.80	0.00	133,489
Qatar Exchange Index Etf	10.20	0.00	-
Qatar Cinema & Film Distrib	2.20	0.00	-
Al Rayan Qatar Etf	2.33	0.43	10,000
Qatar Insurance Co	3.05	-0.33	252,122
Qatar Aluminum Manufacturing	0.80	4.88	9,390,147
Ooredoo Qpsc	7.14	0.14	495,538
National Leasing	0.66	0.92	657,689
Mazaya Qatar Real Estate Dev	0.73	0.83	943,555
Mesaieed Petrochemical Holdi	2.76	-1.43	1,139,814
Al Meera Consumer Goods Co	15.48	0.32	155,511
Medicare Group	7.76	-0.51	477,092
Mannai Corporation Qsc	3.43	-0.87	88,633
Masraf Al Rayan	3.58	1.42	3,231,486
Al Khalij Commercial Bank	1.17	0.00	171,361
Industries Qatar	11.01	1.47	883,161
Islamic Holding Group	2.02	-1.46	393,034
Investment Holding Group	0.52	2.79	2,877,101
Gulf Warehousing Company	4.80	-0.83	93,294
Gulf International Services	1.63	1.88	658,977
Ezdan Holding Group	0.57	9.98	45,549,408
Doha Insurance Co	1.05	0.00	11,540
Doha Bank Qpsc	2.71	-1.09	561,965
Dlala Holding	0.70	0.00	200
Commercial Bank Psqc	4.39	0.00	238,011
Barwa Real Estate Co	3.37	0.00	1,277,967
Al Khaleej Takaful Group	1.86	-3.13	1,514,496
Al Ahli Bank	0.74	-0.27	11,946,287

KUWAIT

Company Name	Lt Price	% Chg	Volume
Sultan Center Food Products	46.00	3.37	29,500
Kuwait Foundry Co Sak	564.00	0.00	-
Kuwait Financial Centre Sak	100.50	0.50	914,170
Ajial Real Estate Entmt	138.00	8.66	21,500
Kuwait Finance & Investment	43.90	-0.23	228
National Industries Co Ksc	175.00	-2.78	44,000
Kuwait Real Estate Holding C	27.90	0.00	-
Securities House/The	46.00	0.00	25,050
Boubyan Petrochemicals Co	773.00	-0.39	28,274
Al Ahli Bank Of Kuwait	315.00	0.00	-
Ahli United Bank (Almutahed)	331.00	-0.30	180,355
National Bank Of Kuwait	979.00	-0.71	2,801,541
Commercial Bank Of Kuwait	500.00	0.00	819,411
Kuwait International Bank	274.00	-0.36	1,184,404
Gulf Bank	300.00	0.67	6,541,590
Al-Massaleh Real Estate Co	38.10	0.00	-
Al Arabiya Real Estate Co	27.10	2.65	909,826
Kuwait Remal Real Estate Co	27.60	-0.36	45,100
Alkout Industrial Projects C	840.00	0.00	-
A'ayan Real Estate Co Sak	64.50	-0.46	125,191
Investors Holding Group Co.K	9.70	-1.02	2,611,555
Al-Mazaya Holding Co	56.30	0.00	1,164,100

KUWAIT

Company Name	Lt Price	% Chg	Volume
Al-Madar Finance & Invt Co	109.00	-0.91	537,100
Gulf Petroleum Investment	24.50	1.66	1,330,062
Mabanee Co Sakc	777.00	-0.89	268,512
Inovest Co Bsc	63.00	-4.98	90
Al-Deera Holding Co	12.30	-2.38	607,553
Mena Real Estate Co	38.90	0.00	1,097,570
Amar Finance & Leasing Co	41.00	0.00	-
United Projects For Aviation	440.00	0.00	-
National Consumer Holding Co	55.00	0.00	-
Amwal International Investme	55.00	0.00	-
Equipment Holding Co K.S.C.C	19.80	1.54	56,304
Arkan Al Kuwait Real Estate	81.00	3.18	980
Gfh Financial Group Bsc	73.40	-0.14	277,620
Energy House Holding Co Kscp	21.50	0.00	-
Kuwait Co For Process Plant	216.00	3.35	239,317
Al Maidan Dental Clinic Co K	1,240.00	0.00	-
National Shooting Company	10.90	3.81	145,501
Al-Ahleia Insurance Co Sakp	429.00	0.00	-
Wethaq Takaful Insurance Co	28.00	0.00	-
Salbookh Trading Co Kscp	44.30	1.84	963,570
Aqar Real Estate Investments	77.70	3.60	2,000
Hayat Communications	60.00	0.00	-
Soor Fuel Marketing Co Ksc	119.00	0.85	205,764
Tamkeen Holding Co	5.20	0.00	-
Alargan International Real	129.00	0.00	-
Burgan Co For Well Drilling	93.50	0.00	-
Kuwait Resorts Co Kscc	59.00	-1.34	365,000
Oula Fuel Marketing Co	121.00	0.00	30,730
Palms Agro Production Co	59.00	0.00	-
Mubarrad Holding Co Ksc	60.80	-1.46	126,448
Shuaiba Industrial Co	150.00	0.00	-
Aan Digital Services Co	18.50	-0.54	1,336,000
First Takaful Insurance Co	42.50	0.00	-
Kuwaiti Syrian Holding Co	40.00	8.11	351,000
National Cleaning Company	59.90	0.00	20,000
United Real Estate Company	62.00	0.00	-
Agility	757.00	-0.66	690,220
Kuwait & Middle East Fin Inv	71.50	9.49	1,271,513
Fujairah Cement Industries	52.00	0.00	-
Livestock Transport & Tradng	187.00	3.31	630,000
International Resorts Co	13.10	0.77	31,000
National Industries Grp Hold	235.00	-0.84	3,183,297
Warba Insurance Co	64.60	5.73	129
First Dubai Real Estate Deve	36.70	-1.61	656,127
Al Arabi Group Holding Co	77.50	0.00	25,000
Kuwait Hotels Sak	100.00	0.00	-
Mobile Telecommunications Co	572.00	0.00	1,524,376
Effect Real Estate Co	20.50	0.00	-
Tamdeen Real Estate Co Ksc	308.00	0.00	-
Al Mudon Intl Real Estate Co	18.00	-2.17	1,021,388
Kuwait Cement Co Ksc	271.00	0.37	24,043
Sharjah Cement & Indus Devel	63.00	3.28	15,000
Kuwait Portland Cement Co	1,210.00	0.67	6,810
Educational Holding Group	320.00	0.00	-
Bahrain Kuwait Insurance	200.00	0.00	-
Asiya Capital Investments Co	36.90	7.58	3,645
Kuwait Investment Co	139.00	-1.42	1,035,775
Burgan Bank	335.00	-1.47	4,065,721
Kuwait Projects Co Holdings	225.00	-0.44	1,113,512
Al Madina For Finance And In	17.00	-2.86	311,000
Kuwait Insurance Co	316.00	0.00	-
Al Masaken Intl Real Estate	63.10	0.00	-
Intl Financial Advisors	51.30	4.48	4,314,458
First Investment Co Kscc	33.40	-0.60	6,320,606
Al Mal Investment Company	13.60	-2.16	1,772,810
Bayan Investment Co Kscc	40.10	-4.52	151,937
Egypt Kuwait Holding Co Sae	450.00	0.00	-
Coast Investment Development	33.00	0.30	541,000
Privatization Holding Compan	54.50	0.00	-
Injazzat Real State Company	80.00	0.00	-
Kuwait Cable Vision Sak	24.00	29.73	3,000
Sanam Real Estate Co Kscc	37.00	0.00	-
Ithmaar Holding Bsc	22.30	0.00	-
Aviation Lease And Finance C	263.00	1.15	84,330
Arzan Financial Group For Fi	26.90	-0.37	5,279,146
Ajwan Gulf Real Estate Co	13.80	-2.13	2,872,000
Kuwait Business Town Real Es	41.30	0.00	-
Future Kid Entertainment And	86.60	0.00	-
Specialities Group Holding C	75.00	-0.40	106,011
Abyaar Real Estate Developm	14.10	0.00	3,946,741
Dar Al Thuraya Real Estate C	162.00	0.00	-
Kgl Logistics Company Kscc	40.60	0.74	273,750
Combined Group Contracting	239.00	1.70	2,276,738
Jiyad Holding Co Ksc	43.70	0.00	-
Warba Capital Holding Co	72.30	-0.82	22,030
Gulf Investment House Ksc	51.00	1.80	14,160
Boubyan Bank K.S.C	571.00	-0.35	244,617
Ahli United Bank B.S.C	288.00	-0.69	6,074,604
Osos Holding Group Co	105.00	0.00	-

KUWAIT

Company Name	Lt Price	% Chg	Volume
Al-Eid Food Ksc	61.20	0.00	-
Qurain Petrochemical Industr	337.00	0.00	36,654
Advanced Technology Co	930.00	0.00	-
Ekttitab Holding Co Sak	16.50	-2.37	339,142
Real Estate Trade Centers Co	22.00	0.00	3,090
Acico Industries Co Kscc	145.00	1.40	1,030
Kipco Asset Management Co	94.00	0.00	-
National Petroleum Services	1,050.00	-4.46	500
Alimtiaz Investment Group	131.00	-0.76	631,691
Ras Al Khaimah White Cement	66.00	4.76	19,000
Kuwait Reinsurance Co Ksc	158.00	0.00	-
Kuwait & Gulf Link Transport	76.50	-1.29	45,175
Humansoft Holding Co Ksc	3,170.00	-0.94	17,071
Automated Systems Co Kscc	80.00	0.00	-
Metal & Recycling Co	60.00	0.00	-
Gulf Franchising Holding Co	160.00	0.00	-
Al-Enma'a Real Estate Co	46.00	-1.08	300,050
National Mobile Telecommuni	720.00	1.12	88,714
Sanad Holding Co Kscc	0.00	0.00	-
Unicap Investment And Financ	43.60	-5.63	148,000
Al Salam Group Holding Co	35.90	-3.75	10,878,230
Al Aman Investment Company	57.00	0.00	-
Mashaer Holding Co Ksc	71.90	-0.83	267,254
Manazel Holding	31.50	21.15	3,693,328
Tijara And Real Estate Inves	42.00	0.00	-
Jazeera Airways Co Ksc	980.00	0.00	45,971
Commercial Real Estate Co	93.80	0.75	41,825
National International Co	60.80	-9.79	50
Taameer Real Estate Invest C	17.30	-1.14	70,095
Gulf Cement Co	62.80	8.28	20,050
Heavy Engineering And Ship B	405.00	0.25	57,300
National Real Estate Co	82.50	-0.48	184,123
Al Safat Energy Holding Comp	19.70	-3.43	12,000
Kuwait National Cinema Co	830.00	1.84	102,401
Danah Alsafat Foodstuff Co	26.30	5.20	17,849,067
Independent Petroleum Group	483.00	0.00	-
Kuwait Real Estate Co Ksc	83.50	0.00	12,500
Salhia Real Estate Co Ksc	337.00	0.00	-
Gulf Cable & Electrical Ind	432.00	0.00	25,014
Kuwait Finance House	741.00	-0.54	3,985,513
Gulf North Africa Holding Co	59.00	0.00	-
Hilal Cement Co	96.00	0.00	-
Osoul Investment Kscc	71.00	1.43	100
Gulf Insurance Group Ksc	660.00	0.00	-
Umm Al Qaiwain General Inves	72.00	0.00	-
Aayan Leasing & Investment	57.80	0.87	9,404,890
Alrai Media Group Co Ksc	30.30	-2.88	14,843
National Investments Co	131.00	-1.50	428,000
Commercial Facilities Co	195.00	-0.51	121,000
Yiaco Medical Co. K.S.C.C	66.50	0.00	-
Dulaqan Real Estate Co	350.00	0.00	-
Real Estate Asset Management	95.40	0.00	-

OMAN

Company Name	Lt Price	% Chg	Volume
Voltamp Energy Saog	0.18	0.00	1,111
Vision Insurance Saoc	0.12	0.00	-
United Power/Energy Co- Pref	1.00	0.00	-
United Power Co Saog	2.50	0.00	-
United Finance Co	0.06	0.00	-
Ubar Hotels & Resorts	0.13	0.00	-
Takaful Oman	0.12	0.00	-
Taageer Finance	0.10	0.00	-
Sweets Of Oman	0.55	0.00	-
Sohar Power Co	0.10	0.00	-
Sohar International Bank	0.11	-0.88	643,671
Smn Power Holding Saog	0.08	0.00	-
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	1.03	0.00	60,000
Sharqiyah Desalination Co Sa	0.29	0.00	-
Sembcorp Salalah Power & Wat	0.11	0.00	331,800
Salalah Port Services	0.60	0.00	-
Salalah Mills Co	0.50	-1.96	6,250
Salalah Beach Resort Saog	1.38	0.00	-
Sahara Hospitality	3.09	0.00	-
Renaissance Services Saog	0.25	0.00	-
Raysut Cement Co	0.36	0.00	15,000
Phoenix Power Co Saoc	0.09	0.00	125,480
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.51	-1.16	71,000
Ominvest	0.35	0.00	111,000
Oman United Insurance Co	0.21	0.00	404,795
Oman Telecommunications Co	0.60	-0.33	6,259
Oman Refreshment Co	1.35	0.00	-
Oman Qatar Insurance Co	0.09	0.00	-

OMAN

Company Name	Lt Price	% Chg	Volume
Oman Packaging	0.27	0.00	-
Oman Oil Marketing Company	1.07	0.00	-
Oman National Engineering An	0.13	0.00	3,000
Oman Investment & Finance	0.11	0.00	125,000
Oman Intl Marketing	0.52	0.00	-
Oman Flour Mills	0.66	0.00	-
Oman Fisheries Co	0.08	0.00	70,343
Oman Europe Foods Industries	1.00	0.00	-
Oman Education & Training In	0.23	0.00	-
Oman Chromite	3.64	0.00	-
Oman Chlorine	0.36	0.00	-
Oman Ceramic Company	0.42	0.00	-
Oman Cement Co	0.23	0.00	21,859
Oman Cables Industry	0.81	0.00	1,000
Oman & Emirates Inv(Om)50%	0.07	0.00	115,000
Natl Aluminium Products	0.17	-5.00	213,118
National Real Estate Develop	5.00	0.00	-
National Mineral Water	0.09	0.00	-
National Life & General Insu	0.31	0.00	-
National Gas Co	0.16	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	0.18	1.14	342,864
Muscat Thread Mills Co	0.08	0.00	8,485
Muscat Insurance Co Saog	0.78	0.00	-
Muscat Gases Company Saog	0.14	0.00	-
Muscat Finance	0.06	1.59	6,000
Muscat City Desalination Co	0.11	3.85	10,128
Majan Glass Company	0.18	0.00	-
Majan College	0.17	0.00	-
Hsbc Bank Oman	0.13	0.00	455,873
Hotels Management Co Interna	1.25	0.00	-
Gulf Stone	0.12	0.00	-
Gulf Mushroom Company	0.31	0.00	-
Gulf Investments Services	0.07	0.00	190,000
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	0.07	0.00	-
Galfar Engineering&Contract	0.09	0.00	3,175,604
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	0.13	0.00	-
Dhofar Beverages Co	0.26	0.00	-
Construction Materials Ind	0.04	0.00	-
Computer Stationery Inds	0.26	0.00	-
Bankmuscat Saog	0.44	-0.45	118,827
Bank Nizwa	0.09	0.00	1,276,740
Bank Dhofar Saog	0.14	0.00	-
Arabia Falcon Insurance Co	0.10	0.00	-
Aloula Co	0.53	0.00	-
Al-Omaniya Financial Service	0.09	0.00	999,537
Al-Hassan Engineering Co	0.02	0.00	6,461
Al-Fajar Al-Alamia Co	0.75	0.00	-
Al-Anwar Ceramic Tiles Co	0.10	0.00	52,450
Al Suwadi Power	0.07	0.00	401,030
Al Sharqiya Invest Holding	0.08	-1.28	10,000
Al Maha Petroleum Products M	0.80	0.00	-
Al Maha Ceramics Co Saoc	0.17	0.00	14,691
Al Madina Takaful Co Saoc	0.08	0.00	190,000
Al Madina Investment Co	0.03	0.00	424,640
Al Kamil Power Co	0.38	0.00	-
Al Jazerah Services -Pfd	0.55	0.00	-
Al Jazeera Steel Products Co	0.23	0.00	1,030
Al Jazeera Services	0.12	0.00	-
Al Izz Islamic Bank	0.07	0.00	400
Al Buraimi Hotel	0.88	0.00	-
Al Batinah Power	0.07	0.00	647,117
Al Batinah Hotels	1.13	0.00	-
Al Batinah Dev & Inv	0.08	0.00	-
Al Anwar Holdings Saog	0.09	0.00	121,400
Al Ahlia Insurance Co Saoc	0.32	0.00	-
Ahli Bank	0.12	0.00	-
Acwa Power Barka Saog	0.66	0.00	-
Abrasives Manufacturing Co S	0.05	0.00	-
A'saffa Foods Saog	0.60	0.00	-
OMan Oil Marketing Co-Pref	0.25	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-

LATEST MARKET CLOSING FIGURES

Investors eye Italian comeback as populist threat recedes

Bloomberg
Rome

A pedestrian passes the Banca d'Italia, Italy's central bank, in Rome (file). Italy is again on the radar of international investors after the populist threat in the country has been put on hold.

Italy is again on the radar of international investors after the populist threat in the country has been put on hold.

The country's business elite, gathered at an annual summer lakeside meeting, are cheering premier Giuseppe Conte's second act. His new government has promised to dial down the confrontation with European partners and stop flirting with the idea of leaving the euro.

"With a new government that looks to Europe not for confrontation but for dialogue, the immediate reaction from markets is more confidence," Jose Ignacio Izquierdo Saugar, chief executive officer of Aviva Plc's Italian unit, said in an interview in Cernobbio, Italy. "Italy represents a good investment opportunity."

While leading representatives of the new government didn't take part to the Ambrosetti Forum, as Conte is still putting the finishing touches on his team and programme, optimism was in large supply. Financiers, focusing on the implication for investors of a more Europe-friendly coalition, expect deals put on hold for months to be revived as the country benefits from lower spreads and high liquidity.

"A government supporting pro-Europe policies drastically reduces the so-called redenomination risk that was weighing on the valuation of Italian assets after populists threatened to take the country out of the euro," said Roberto Nicastro, Europe senior adviser at New York-based private-equity firm Cerberus Capital Management. "Cerberus is looking positively at coming months, this is great opportunity that the country has to catch to attract more capital and investments from abroad."

Italian bond yields touched record lows and stocks rallied after the populist coalition of Five Star and Matteo Salvini's League collapsed, leading to a second pro-European Conte administration, this time with the support of the Democratic Party. Salvini still has polls in his favour, but his popularity is sliding just as he loses the spotlight of a ministerial position.

Under the previous government supported by Salvini and Five Star, Italy threatened to withdraw toll road concessions, sending Atlantia SpA's shares plunging, and quarreled over industrial projects from railroads to steel mills to pipelines. The anti-business rhetoric added to investors' concerns over the country's clash with the EU over its debt.

A string of upcoming deals, including some expected initial public offerings, will be a key test of investors' appetite for Italian assets.

"Now there is this opening by the market to the government, which cannot waste this opportunity," Fabrizio Pagani, head of economics and capital markets strategy at Muzinich & Co, said in a Bloomberg TV interview with Francine Lacqua.

A positive mood toward Conte's administration may give him more leverage with European partners at a time the priorities for Europe are being rewritten. Italy may even get away with some more leniency for its budget deficit, especially after it appointed Roberto Gualtieri, a Brussels insider, as finance minister.

Still, it's too early to say if confidence boost will have a lasting impact on Italy's stagnating economy. While Italy climbed one position to number 16 in Aviva's ranking of countries' business attractiveness, more work needs to be done to reduce bureaucracy and raise investments in a sustainable way. Conte's shaky coalition is unlikely to have the clout to tackle Italy's long-running structural problems.

"Italy needs to do reforms, all Italians are aware of that, and as a result I think this will facilitate" growth, said Davide Serra CEO of Algebris Investments.

A truck drives past shipping containers at a port in Lianyungang, Jiangsu province. China's exports unexpectedly fell in August as shipments to the US slowed sharply, pointing to further weakness in the world's second-largest economy and underlining a pressing need for more stimulus as the Sino-US trade war escalates.

China's August exports unexpectedly shrink as US shipments slump

Reuters
Beijing

China's exports unexpectedly fell in August as shipments to the United States slowed sharply, pointing to further weakness in the world's second-largest economy and underlining a pressing need for more stimulus as the Sino-US trade war escalates.

Beijing is widely expected to announce more support measures in coming weeks to avert the risk of a sharper economic slowdown as the United States ratchets up trade pressure, including the first cuts in some key lending rates in four years.

On Friday, the central bank cut banks' reserve requirements for a seventh time since early 2018 to free up more funds for lending, days after a cabinet meeting signalled that more policy loosening may be imminent.

August exports fell 1% from a year earlier, the biggest fall since June, when it fell 1.3%, customs data showed yesterday.

Analysts had expected a 2.0% rise in a Reuters poll after July's 3.3% gain.

That's despite analyst expectations that a falling yuan would offset some cost pressure and looming tariffs may have prompted some Chinese exporters to bring forward or "front-load" US-bound shipments into August, a trend seen earlier in the trade dispute.

China let its currency slide past the key 7 per dollar level in August for the first time since the global financial crisis, and Washington labelled it a currency manipulator.

"Exports are still weak even in the face of substantial yuan currency depreciation, indicating that sluggish external demand is the most important factor affecting exports this year," said Zhang Yi, economist at Zhong Hai Sheng Rong Capital Management.

Among its major trade partners, China's August exports to the United States fell 16% year-on-year, slowing sharply from a decline of 6.5% in July.

Imports from America slumped 22.4%. Many analysts expect export growth to slow further in coming months, as evidenced by worsening export orders in both official and private factory surveys.

More US tariff measures will take effect on October 1 and December 15.

"China-US trade friction has led to a sharp decline in China's exports to the United States," said Steven Zhang, chief economist and head of research at Morgan Stanley Huaxin Securities.

Exports to Europe, South Korea, Australia, and Southeast Asia (Asean) also worsened on an annual basis, compared with July, while shipments to Japan and Taiwan posted slightly better growth than the previous month.

Sunday's data also showed China's imports shrank for the fourth consecutive month since April.

Imports dropped 5.6% on-year in August, slightly less than an expected 6.0% fall and unchanged from July's 5.6% decline.

Sluggish domestic demand was likely the main factor in the decline, along with softening global commodity prices.

China's domestic consumption and investment have remained weak despite more than a year of growth boosting measures.

China reported a trade surplus of $34.84bn last month, compared with a $45.06bn surplus in July.

Analysts had forecast a surplus of $43bn for August.

August saw dramatic escalations in the bitter year-long trade row, with Washington announcing 15% tariffs on a wide range of Chinese goods from September 1. Beijing hit back with retaliatory levies, and let its yuan currency fall sharply to offset some of the tariff pressure. China and the United States on Thursday agreed to hold high-level talks in early October in Washington, the first in-person discussions since a failed US-China trade meeting at the end of July.

But there was no indication that any planned tariffs on Chinese goods would be halted, and markets expect a lasting peace between the two countries seems more elusive than ever.

White House economic adviser Larry Kudlow said on Friday the United States wants "near term" results from US-China trade talks in September and October but cautioned that the trade conflict could take years to resolve.

China's trade surplus with the United States stood at $26.95bn in August, narrowing from July's $27.97bn.

It still reached $195.45bn in the first eight months of 2019, highlighting continued imbalances which have been a core complaint of Trump's in his administration's negotiations with Beijing.

"The global economy is approaching the turning point of a recession, and external demand will for sure become worse and worse," Morgan Stanley Huaxin Securities' Zhang said.

China ships equipment for $1.7bn energy project in Pakistan

Internews
Islamabad

A Chinese company has shipped power equipment to Pakistan for the country's first $1.7bn worth of transmission project under the China-Pakistan Economic Corridor (CPEC) framework.

Fushun Electric Porcelain Manufacturing Company shipped 30 tons of direct current (DC) 660 kilovolts of Zinc Oxide Lightning Cooler to Pakistan for its grid project from Shen Fu new area.

Wang Youxue, member of the Party Work Committee of the Shen Fu New District of China's Liaoning province and deputy director of the Management Committee told China Daily News that the Fushun Electric Porcelain Manufacturing Company participated in the project as it was one of the key cooperation projects of the belt and road Initiative.

Youxue said the DC transmission project is also the first landing project for Pakistan to open foreign investment in the field of power transmission and transformation. The total investment of the project is $1.658bn and it will be officially put into operation in 2021.

Based on the technical advantages of its own ultra-high voltage products for many years, Shen Fu New District Fushun Electric Porcelain Manufacturing Company successfully won the bid for the alternating current and DC pillar insulators and metal zinc oxide surge arresters of the project, with a total contract value of more than 57mn yuan.

Shen Fu New District has been paying attention to and supporting the transformation and upgrading of traditional enterprises in the new district.

Youxue said Fushun Electric Porcelain Manufacturing Company is actively responding to the belt and road initiative and went abroad. "Shen Fu New District will serve the enterprise and help the rapid development of the enterprise." The enterprising spirit of struggle marked a significant progress in the belt and road national grid project of Fushun Electric Porcelain Manufacturing Company.

The Matiari-Lahore high-voltage direct current transmission line project has already secured financing. This is the country's first private sector transmission project under CPEC and will transmit more than 4,000 megawatts of coal-based electricity from projects in Sindh to the Punjab's main grid.

Besides the transmission project, the Private Power Infrastructure Board is currently facilitating implementation of power projects having cumulative capacity of 10,934 megawatts under CPEC, which include various hydel and coal-fired projects.

CPEC envisaged capital investment of $60bn to generate economic activities. Most of the committed investment is targeted at improving generation capacity and transmission capability in the energy sector of Pakistan.

Amid slowing economy, appliance sales paint a mixed picture

Internews
Karachi

Barring a big importer cum assembler of domestic appliances, local makers and their dealers are worried over slowdown in sales from July onwards blaming high prices and taxation measures. Besides, demand of air conditioners did not show any steep jump despite hot weather from April to August.

Commenting on air conditioner sale, an executive in a Lahore based company, who did not wish to be named, said the AC sales witnessed 20-30% drop in July-August as compared to same period last year due to high prices and some taxation measures taken by the government in Budget FY20 like CNIC condition on sale of above Rs500,00 for dealers.

He said AC price has risen by at least Rs8000-9,000 in the last one year due to rupee depreciation against the dollar.

On declining production and job cuts, he said his company had not sent home any workers and staffers so far.

"Like many companies, our company has also revised sales target this year anticipating depressed market scenario besides cutting production as per demand." However, many companies still had unsold stocks of last year which means that they would keep the production low, he added. "Our company has reduced its margins and also has not fully passed on the exchange rate impact to the consumers in order to keep price affordability to some extent." He said his company forecasts the slump to persist throughout the present fiscal year as well. Air conditioner sales dipped 1.37pc to 512,841 units in FY19.

Giving a contrasting view, business head B2B Solutions, LG Pakistan, Syed Farrukh Raza Alam said sales in July-August of AC, washing machines, TVs, double door fridge, etc were better than last year same period despite 15-20% increase in prices in the last one year. His sales of invertor ACs were also brisk.

He said the company is currently assembling LED TV in Pakistan and plans to roll out locally made air conditioners and washing machines next year.

However, he said import of completely built up (CBU) units of various items has come down as the company is not importing appliances because of available stocks of previous imports in the markets and issues connected with duties and taxes.

World's worst bad loan mess set to worsen on India's cash crunch

Bloomberg
Mumbai

A prolonged shadow-banking crisis and hurdles in bankruptcy rules are set to keep India atop the world's worst bad-debt pile, even as Italy, which held the title previously, quickens the clean-up of its lenders.

Moody's Investors Service to Credit Suisse Group warned that more loans may sour in the Asian nation's banking system.

More than 2.4% of total loans in India's banking system may be under stress on top of the 9.6% bad debt ratio as of June, the highest among major economies, Credit Suisse estimates shows. Italy, on the other hand, has nearly halved its ratio to 8.5% in the last three years.

The failure to slash stressed assets is undermining India's efforts to revive economic growth that has cooled to a six-year low.

A cash crunch in the shadow-banking sector that started with the collapse of IL&FS Group last year and the delays in the bankruptcy process are adding to the challenges faced by banks as they seek to tidy up their balance sheets. "When the economy decelerates like this we will see non-performing loans go up," said Saurabh Mukherjea, founder of investment advisory firm Marcellus Investment Managers. "You'll see more bad loans come through as we approach the first anniversary of IL&FS meltdown."

Of the nation's 12 largest delinquent borrowers which Reserve Bank of India asked lenders to push to bankruptcy in 2017, only six have been resolved so far, data compiled by Bloomberg shows. The delays highlight impediments to the process including conflicting regulations and lack of resolution infrastructure, which is derailing a 270-day resolution deadline set by the insolvency law.

Bolstering the pace of resolutions is crucial for Prime Minister Narendra Modi's efforts to spur fresh credit and jump-start the $2.7tn economy after growth slumped to 5% in the quarter through June. India has announced a slew of measures including merging weak state-run banks with stronger ones in recent weeks to reverse the economic slowdown and avoid a surge in bad loans.

Meanwhile, Italian banks including Banco, Unicredit SpA and Intesa Sanpaolo have cut the amount of toxic debt on their balance sheets by almost half from a peak of €341bn in 2015, data compiled by PricewaterhouseCoopers shows.

"Delays in the bankruptcy process, changes in stressed asset rules and a slowing economy are hindering India's cleanup efforts," said Mathew Antony, managing partner of Aditya Consulting, an advisory firm that's working with bankrupt companies. "Unlike in Italy, banks in India have been reluctant to sell down bad loans at discounts to tidy up the pile."

Hong Kong expatriates eye exit as protests threaten 'world city'

Bloomberg
Hong Kong

Like many expatriates in Hong Kong, Madeline Bardin is thinking more and more about leaving.

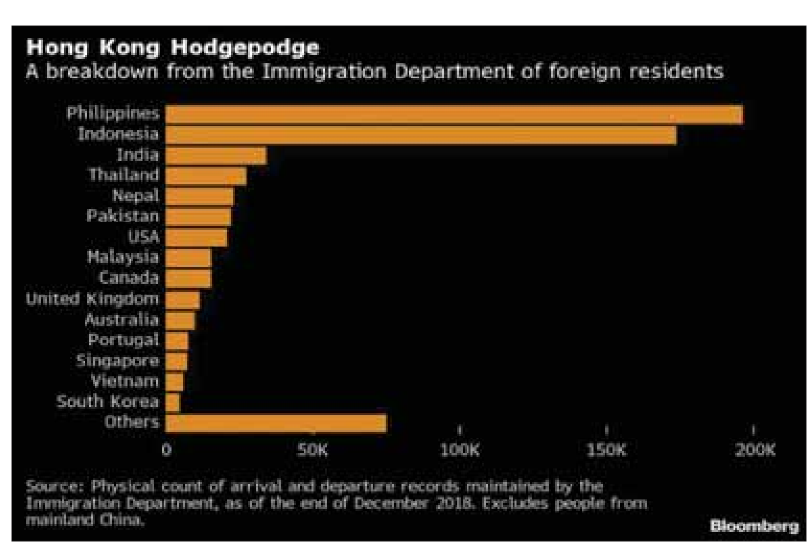
The 36-year-old entrepreneur has thrived in the city for seven years, but she worries that its summer of unrest isn't going away anytime soon. She won't go outside with her 8-month-old son without first checking chat groups and the news for reports of tear gas, and she recently cancelled a business trip on concern that protests at the airport might prevent her from returning home.

"We have a young family to think about and we think this is just the beginning of the changes in Hong Kong," said Bardin, who moved to the city from London in 2012. "Long term, it just doesn't make sense for us to stay here with the rising instability."

Hong Kong's ability to assimilate people from around the globe has helped turn the former British colony into one of the world's biggest financial and commercial hubs. But that status is increasingly under threat as expats and their employers weigh the costs of committing to a city mired in its worst political crisis since the handover to China in 1997.

If people like Bardin decide to leave, it could do significant damage to an economy that hosts the world's fourth-biggest stock market and regional offices for hundreds of foreign companies.

Fitch Ratings cited Hong Kong's deteriorating international reputation as one reason for downgrading the city's credit rating on Friday, saying that public discontent is likely to persist even after Hong Kong chief executive Carrie Lam withdrew the controversial extradition bill that first sparked the demonstrations three months ago.



Just a few hours after the Fitch statement on Friday, police used tear gas in a populated area to disperse protesters who dismantled traffic lights and started fires. On Saturday, protesters blocked a main road in Mong Kok, a busy shopping and residential district, and burned a barricade near the police station before being chased off by hundreds of riot cops.

Hong Kong has long attracted international bankers, lawyers and other professionals with its energetic urban lifestyle, negligible crime rate and low taxes – a combination that convinced expats to stomach sky-high rents and cramped living spaces. At the end of 2018, the territory had more than 650,000 foreign residents, in addition to the more than 1mn people from mainland China who have settled in the city of 7.5mn since 1997. While Hong Kong's government doesn't publish comprehensive immigration statistics frequently enough to gauge the full impact of this year's unrest, there are signs that foreigners are cooling on the city.

Applications for general employment visas dropped 7% in August from a year earlier, after rising on an annual basis for most of 2019, according to official figures. The number of mobile residents – those who recently spent between one and three months in the city – fell 4.1% in the first half, the biggest decline in a decade.

Online forums now often feature expats debating whether to leave Hong Kong to give birth, whether it's safe to let their kids take mass transportation, and whether to move out of the city for good. Many worry that Beijing is chipping away at the "one country, two systems" framework that gives Hong Kong certain freedoms unavailable in Communist China. The extradition bill would have exposed both Hong Kongers and foreigners to the risk of being sent to the mainland to face what the US State Department has called China's "capricious" legal system.

Hong Kong's status as "Asia's World City" was based on "values that are eroding quickly as Beijing exerts more and more influence in Hong Kong, especially in recent years," said Lo Kin-hei, vice chairman of Hong Kong's Democratic Party. "If these values are gone, those names and status Hong Kong enjoys now will be gone forever."

For all its challenges, Hong Kong has plenty of foreigners committed to the city for the long haul. Some argue that the turmoil has had minimal impact on their day-to-day lives and that Hong Kong will weather the storm just as it did during Asia's financial meltdown in the late 1990s and the SARS outbreak in 2003.

Several foreigners have been notable fixtures at the demonstrations, offering support to protesters, live-streaming clashes with police on Twitter, and in at least one case drawing the ire of pro-Beijing lawmakers.

Others are reluctant to leave for economic reasons. In a survey of 982 Filipino domestic helpers conducted by HelperChoice, a recruitment platform, 45% said they were worried about the protests but not enough to leave Hong Kong, where salaries are often far higher than in their home country.

Facebook is eyeing engineers at New York banks in hiring spree

Bloomberg
New York

Pedestrians pass the Facebook European headquarters in Dublin. The social media giant plans to double its headcount in New York City, aiming to hire more than 3,000 people over the next three to five years, according to a company spokesman.

Watch out Wall Street, Facebook is coming for your engineers. The Menlo Park, California-based social media giant plans to double its headcount in New York City, aiming to hire more than 3,000 people over the next three to five years, according to a company spokesman. About half of its existing staff in the city are engineers, or some 1,600, and poaching such workers from the finance sector is "quite common" at Facebook, he said.

The expansion could set up Facebook for a clash with some of the biggest firms in finance, like Goldman Sachs Group, which is looking to recruit more than 100 coders for tech-related roles over the next few months in its biggest hiring spree in years. Goldman has said it plans to raid rivals in technology and finance.

Facebook's plans further boost the Big Apple's profile as a leading technology hub. The city has been actively supporting the sector in recent years since it can no longer count on Wall Street as its business engine after it was hobbled in the financial crisis. Meanwhile West Coast tech giants have been bulking up in New York, snapping up real estate and adding thousands of employees.

Alphabet's Google has more than 8,000 people mostly in Manhattan and is planning to double that over the next 10 years. And, despite nixing New York for its proposed second headquarters, Amazon.com still employs around 5,000 workers in the city - and is actively hiring.

While the tech titans expand their footprint, the city's big banks are spending more than ever on technology. Bank of America Corp has said it plows roughly $10bn a year into technology, including $3bn dedicated to new initiatives. JPMorgan Chase & Co spends about $11bna year for a force of 50,000 technologists. Citigroup says technology takes up 20% of the firm's expenses – or about $8bn – a year.

"The battle for engineering talent in NYC in 2019 is the fiercest I've seen it," said Jovena Whatmoor, chief executive officer of Clutch Talent, an NYC recruitment firm that specialises in recruiting software engineers. "Engineers are becoming overwhelmed by the choices of which interview requests to accept."

In the last three years, the share of job postings for technology roles in the New York metro area has increased by almost 10%, according to data compiled by hiring website Indeed.com. The city is fertile ground for engineers. New tech courses and research institutes are being set up at the City University of New York, New York University and Columbia University.

Meanwhile, the new Cornell Tech graduate school on Roosevelt Island is churning out eligible employees – it now has more than 500 alumni, with 60% of graduates choosing to stay in the city. One advantage that tech companies can wield in a competitive and expensive city like New York is pay. Facebook offers a salary of about $150,000 on average for software engineers, while a bank like JPMorgan typically offers $100,000 in New York, according to data compiled by LinkedIn.

Whatmoor said her firm has seen engineering candidates receive offers as high as $200,000 from startups, a level she hadn't seen even as recently as a year ago. "There can be no doubt in the long run that this is good for every tech employer in New York," said Julie Samuels, executive director of the nonprofit network Tech:NYC.

By hiring more engineers, Facebook is "feeding an ecosystem" in New York, which is growing every year, Samuels said. It's getting harder for financial institutions to hire tech talent because of the increasing demand, she added. "We are incredibly bullish on the technical talent you are going to see coming out of New York.

At the end of the day, the decision to go into finance or big tech comes down to what they can pay." In order to recruit and retain top engineering talent banks often try to take on the trappings of the tech companies, with perks such as ping pong tables in offices and trendy snacks, without really trying to change their culture, said Rob Dicks, a principal at consulting firm Deloitte who focuses on compensation and staffing at financial services firms.

"What pops out to me is: You roll the ping pong table in but then it's considered completely verboten to go play ping pong," Dicks said. "The tech firms have done a much better job moving west coast to east coast than the banks have done in terms of changing the inherent culture." Wall Street banks and finance firms are notorious for impeccable suits and long hours but at least traditionally had generous pay packages to match.

Today's recruits have other priorities. In a blog on Facebook's website called Moving from Finance to Facebook, engineers who have made the leap outlined their reasoning – yes the perks, including a more flexible schedule, but also a social mission that typically goes hand-in-hand with working in tech.

Nadia Alshahwan spent four years as lead architect focused on data design and quality standards at JPMorgan before joining Facebook. "My technical skills transferred over easily," she wrote on the blog. "The big difference is now I'm solving bigger challenges, with even greater impact."

Poland rebukes banks as S&P warns of Swiss loan ruling risks

Bloomberg
Warsaw

Poland's government played down the risk of a European court ruling that looms over its banking industry and made clear it wasn't about to help lenders who doled out mortgages in foreign currencies.

Rating company S&P sounded more concerned, warning that some banks with exposure to such loans may suffer losses as a result of mounting lawsuits, forcing them to shore up depleted capital buffers and hedge currency positions.

All of this could weaken lending along with the outlook for the country's $586bn economy, S&P said.

While investors have for months ditched Polish bank stocks due to mounting legal risks, Development Minister Jerzy Kwiecinski said on Wednesday that lenders shouldn't expect the government to help them cope with potentially spiralling costs and reprimanded them for amassing $32bn in non-zloty loans, mostly in Swiss francs.

Prime Minister Mateusz Morawiecki said on Thursday the ruling won't trigger an economic crisis as local banks have "very solid" capitals. The situation is under control, he told money.pl website.

"One of the key tenets of banking is that you should take credit in the currency of your revenue stream," Kwiecinski said in an interview at an economic conference in Krynica, Poland.

"This rule is good for clients and banks, so it would be hard to expect that the country would quickly offer some big support program for such lenders."

The foreign loan portfolio is putting the government in a tight spot ahead of a general election on October 13. The cabinet seeks to bolster its credentials as the creator of Poland's "economic miracle," combining fast expansion, generous welfare spending and budget discipline, which a bank blowout could erode.

"The pre-election period makes it difficult to expect politicians to want to support banks instead of standing on the side of their clients," Marcin Petrykowski, S&P's director for central and eastern Europe, said in an interview in Krynica.

ING Bank Slaski SA analysts said on Thursday that even though politicians appear skeptical to help, banks may still be bolstered by the country's financial market regulator and the central bank. The institutions could reduce capital requirements for banks and possibly provide cheap financing, according to the research note.

The European Union's top court is due to decide this year about potentially abusive clauses in foreign-currency loan agreements.

Banks with hefty non-zloty loan portfolios have lost more than a quarter of their market value since June amid concerns that the ruling could trigger more litigation in Polish courts, forcing write-downs.

The Polish Bank Association estimated the costs of a negative verdict at 60bn zloty ($15.2bn), or about four years of the industry's total profit.

An index of Warsaw-listed banks advanced 0.5% on Thursday, curbing its third-quarter decline to 11%.

Polish regulators have been silent on the issue, other than saying that they're analysing the situation. Even at the Krynica forum, the year's biggest gathering of Polish executives and government officials, many refused to discuss the topic, signalling concern about potential negative developments ahead of the elections. Pawel Borys, the head of government's investment fund and co-author of the country's planned pension reform, said this week that the Swiss loan issue posed the biggest danger for Poland's economy.

On Wednesday, he clarified that he sees a low risk of the negative scenario materialising as banks have built up their safety buffers for years.

Asked about Borys's comments, Kwiecinski said: The verdict is a "much smaller risk for our economy than the external shocks that are visible on the horizon," such as slowdown in global trade.

S&P is awaiting the tribunal's ruling, as well as the reaction to the verdict by Polish courts, before deciding on the scale of the risks faced by the country's banks. "Certainly at this point, it isn't clear which scenario will materialise," Petrykowski said.

Russia oil firm is surging 33% and no one is saying why

Bloomberg
Moscow

Shares in Surgutneftegas PJSC, the Russian oil company sitting on a $51.6bn cash pile, are on a tear for the ages and nobody has a good explanation for why.

The ordinary shares are up 33% on massive volumes last week. Surgutneftegas's preference shares also have been on a wild ride, losing nearly a third of their value in July before recovering much of that decline over the past three days. Even after the surge, the company's market value is less than half its net cash position.

The increase came after Surgutneftegas created a new securities unit, Rion, potentially opening the door for it to invest some of the cash pile – which mostly sits as deposits in large state-owned banks, forming a critical part of their capital – in higher-yield vehicles.

But such exuberant gains seems premature given that little has been disclosed on Rion, a subsidiary with 10mn roubles ($150,000) in authorised capital, according to Luis Saenz, co-head of equities at BCS Global Markets. Surgutneftegas has always been viewed as Russia's "dark horse," said Saenz, who recommends investors stand pat until more details emerge.

Surgutneftegas's press service declined to comment on its plans for Rion or on the share price increase. Russia's market regulator didn't immediately reply to a request for comment. The silence around the mysterious move highlights the opaque nature of Russian capital markets.

"Where else in the world could a stock trade at one third of the value of the cash on its balance sheet?" said Julian Rimmer, a trader at Investec Bank Plc in London.

Surgutneftegas, Russia's fourth-largest oil producer, is among the country's most secretive companies, and who owns it is subject to wide speculation.

It has been run for more than three decades by Vladimir Bogdanov, who has been on the US Treasury's sanctions list since 2018, and is owned mostly by its employees, according to public statements from government officials.

The opaque ownership structure is reminiscent of a Russian nesting doll, with more than 75% of the company held at the end of 2016 by about two dozen firms with interlocking ownership that are all registered in the Siberian city of Surgut, where its main oil assets are located.

None of them have more than 5%, meaning the company doesn't need to disclose their names.

Analysts at Sberbank CIB raised Surgutneftegas shares to buy from hold Wednesday, saying it is "hard to ignore the size of its net cash position." They boosted the target price on the preference shares to the equivalent of about 73.10 roubles from 33.28 roubles, saying they will now factor in half of the company's cash pile into the target.

WeWork goes from hot to not as its dream value plunges

Bloomberg
London

A signage is seen at the entrance of the WeWork offices in the Manhattan borough of New York. The company is in talks with SoftBank Group for more financing that could delay the IPO further and force its valuation far lower than the $47bn it was worth at the beginning of the year, according to sources.

The pitch was beguiling: WeWork could soon become a $65bn company. That's what Goldman Sachs Group Inc bankers were saying only earlier this year. Banks up and down Wall Street were salivating at the prospect of steering the hipster office-sharing company onto the stock market. Never mind that it was losing billions.

Now, with questions swirling around WeWork's business prospects, the hype has run headlong into reality. By Thursday, Wall Street was putting a new value on WeWork: as low as $20bn. Maybe. And that's if the company even manages to go public in the months ahead.

Reports surfaced that the company was considering delaying the initial public offering as it assessed investor demand and explored seeking additional private funds.

But as of late Friday the company was planning to move ahead and will schedule meetings with potential investors, known as a roadshow, as soon as this week, according to people familiar with the situation. Still, the situation could easily change. Some people familiar with the deliberations have signaled a possible delay of months, if the IPO happens at all.

The company is also in talks with SoftBank Group Corp, its biggest investor, for more financing that could delay the IPO even further and force its valuation far lower than the $47bn it was worth at the beginning of the year, one of the people said. Co-founder Adam Neumann's preference is for the company to go public, one of the people said. The startup has a big incentive to complete the listing. Its access to a $6bn credit facility is contingent on it successfully raising $3bn in a stock listing.

WeWork and Goldman Sachs declined to comment. It's a remarkable comedown for WeWork, the signature grandiose-dreaming, money-chewing startup of these financial times.

Seemingly overnight, its initial public offering has gone from one of the most hotly anticipated IPOs in years to a referendum on the era of so-called unicorn startups. The New York-based venture, yet to turn a profit in its nine-year existence, is said to be considering a market debut at a valuation of $20bn to $30bn, Bloomberg News reported earlier last week. That's just a fraction of the $65bn valuation that Goldman Sachs, one of its lead bankers on the deal, told people close to WeWork that it could rise to after the listing, one of the people said.

Goldman Sachs made that prediction at a meeting where it was invited to pitch for a role on the future listing, according to another person with knowledge of the matter. SoftBank vice chairman Ron Fisher and Mark Schwartz, a WeWork director representing the Japanese conglomerate, arranged the meeting, held sometime in the first quarter, the people said.

At the time, $65bn seemed in the ballpark, at least based on the prevailing market mood. In January, SoftBank had injected more financing into the company at a valuation of $47bn. Investor demand to buy newly-listed stock of the largest unicorns was also still running hot.

But investors soon turned leery about investing in a promising but unproven company after Uber Technologies Inc and Lyft Inc fell substantially after their market debuts in the spring.

Then, last month WeWork filed its preliminary prospectus that revealed the company had racked up billions in losses, was burning through cash and had set up an arcane corporate structure riddled with potential conflicts. In just the first six months of 2019, WeWork lost $690mn, bringing its total losses to almost $3bn in the past three years, the filing showed.

Investors greeted the details with sometimes blistering criticism, questioning whether the company could ever find a way to make money. Given those results, some said, WeWork was hardly worth the $47bn valuation that SoftBank had put on it months earlier.

But even a $20bn valuation, which is roughly six-times its disclosed $3.3bn in run-rate revenue, is a stretch when compared to its largest publicly-traded rival, IWG Plc, which trades at about 1.3 times.

Indonesia nickel-ore export U-turn throws up investor red flag: Analysts

AFP
Jakarta

Indonesia's surprise plan to roll out a nickel-ore export ban two years early could scare foreign investors away from Southeast Asia's biggest economy, analysts say, as it cements a reputation for policy flip-flops.

Nickel prices soared this week on supply concerns after Indonesia, the world's top producer, announced the ban would start next year instead of 2022 in a bid to process more minerals at home.

Ending exports of bauxite, used to make aluminium, and copper concentrates is still slated for 2022.

The sprawling archipelago has some of the world's most abundant natural resources.

But critics say it repeatedly comes up with poorly thought-out and nationalistic economic policies that make it an uncertain place to invest.

"This decision casts huge doubt in people's minds about the reliability and consistency of Indonesian government policy," said Bill Sullivan, a Jakarta-based lawyer and mining expert.

"It's just a wonderful example of something that plays to the very worst fears of foreign investors…

Changing at the drop of a hat and without warning," he added.

The sped-up timeline has also alarmed some Indonesian miners who thought they had more time before the ban came into effect.

Indonesia implemented an ore export ban in 2014 only to reverse course and relax it in 2017, when the government said companies would have five years to prepare and start building homegrown smelters — which extract base metals from ore.

"There have been so many U-turns it would make your head spin," Sullivan said.

Indonesian officials said they want to speed up construction of smelters to churn out higher-value products, rather than just shipping raw ore abroad — including to top importer China which uses nickel to make stainless steel.

The move is also key for plans to turn the country into an electric-vehicle hub.

Nickel is used in lithium batteries that power gas-free cars.

"The government wants to become a global player and enter the lithium battery supply chain given the raw materials Indonesia has," Luhut Pandjaitan, co-ordinating minister overseeing mining, said this week.

Some foreign firms are investing in nickel-battery processing plants in Indonesia, including China's Tsingshan Holding Group, while construction is underway on some two dozen domestic smelters, according to the government.

"Accelerating the export ban is a good thing," said Marwan Batubara, executive director of think tank Indonesian Resources Studies.

"We need to maintain our stocks for domestic needs.

Many factories and smelters won't have enough raw materials otherwise."

But some foreign miners, including US-based Newmont, have been turning away from Indonesia in recent years, as it pushed overseas firms to comply with new ownership rules designed to give the country more control of its plentiful resources.

Last year, Indonesia finalised a deal with US mining giant Freeport-McMoRan to take a 51% stake in Grasberg, site of the world's biggest gold mine, after years of bitter negotiations.

Freeport continues to operate the giant gold-and-copper facility in easternmost Papua.

"This is not favourable for foreign investment," Sabrin Chowdhury, a senior commodities analyst at Fitch Solutions in Singapore, said of the latest move, adding that previous government policies had forced "a lot of foreign miners leave". Switching to higher-value mining exports could help plug a gap in Indonesia's trade balance, as it courts automakers to invest in electric-vehicle facilities, including Toyota and Korea's Hyundai.

The very immediate implication is that nickel prices are soaring and this benefits local miners," Chowdhury said.

"Indonesia is the world's largest producer of nickel ore which is used extensively in EV batteries so it makes sense to invest in the country if you are an electric-vehicle maker.

"But considering how uncertain Indonesian politics is, if I were an investor I'd think twice."

While the ban may help boost the economy as president Joko Widodo kicks off a second term, it also threatens to scare away firms in capital-intensive industries that may be eyeing investments in Indonesia, Sullivan said.

"The irony is that is precisely the kind of industry that Indonesia is trying to attract."

Record bitcoin-yuan divergence suggests new trade war fallout

Bloomberg
Madrid

Bitcoin is increasingly moving in an opposite direction to China's currency – suggesting it may have become a refuge for people hedging the yuan's depreciation.

The biggest digital coin reached a record inverse relationship in the past week, according to a Bloomberg analysis of their 30-day correlation.

"There's corroborating evidence for this, in that people in Asia were paying more for Bitcoin than elsewhere when the yuan fell," said Dr Garrick Hileman, a researcher at the London School of Economics and Blockchain.com's research director.

"You can see it in the premium price paid sometimes for bitcoin in exchanges like Huobi that primarily cater to Chinese." Speculation on the China effect has centred on factors that are weakening the yuan, from the trade war to the slowing economy.

It also has included a court ruling in July stating bitcoin is an virtual asset protected by Chinese laws, the first time any local court has reached such a decision, according to state mediareports.

The inverse correlation "became more evident also in April and May, and as the tensions ratcheted up with the deterioration on US-China trade relations," Hileman said.

For years, the question of what moves Bitcoin's price day to day has eluded enthusiasts, investors and Wall Street financial engineers who have begun creating futures and trusts on the world's best-known private money to make it easier to trade.

Its anonymous ownership and unregulated nature have kept big movers and shakers largely in the shadows.

The size of the inverse movement is of the order of gold versus Brent crude-oil futures, where the precious metal tends to climb when the most-traded commodity is sinking.

All this doesn't mean China will relax its treatment toward cryptocurrencies, to permit them as legal tender in competition with the yuan.

Since 2017, Beijing has shut down all China-based crypto exchanges and banned crypto-related crowdfunding schemes from targeting local customers.

Even as the People's Bank of China is looking to launch its own digital currency, this official offering is designed to let Beijing have better control of its financial system, defying the purposes of popular tokens like bitcoin to distribute financial power.

Bitcoin is increasingly moving in an opposite direction to China's currency, suggesting it may have become a refuge for people hedging the yuan's depreciation

Deutsche Bank cutting dozens of jobs in fixed income trading

Bloomberg
New York

The headquarters of Deutsche Bank in Frankfurt. Deutsche Bank is cutting dozens of traders and salespeople in its global fixed-income ranks, a unit that was largely spared from the first round of reductions in the firm's overhaul two months ago.

Deutsche Bank AG is cutting dozens of traders and salespeople in its global fixed-income ranks, a unit that was largely spared from the first round of reductions in the firm's overhaul two months ago.

The bank has let go employees in high yield, distressed and investment-grade debt teams in New York and abroad, according to people familiar with the matter, who asked not to be identified discussing personnel matters. The reductions are largely tied to the underperformance of some divisions, such as the credit business in Latin America, which is being eliminated entirely, one of the people said.

The job cuts are part of CEO Christian Sewing's turnaround plan. Bloomberg's Nick Comfort reports.

Deutsche Bank is undergoing a restructuring that will involve 18,000 job reductions across all of its businesses as chief executive officer Christian Sewing tries to turn around years of poor profitability. When executives laid out the plan in July, they slashed the equities-trading division but stayed committed to most of the fixed-income unit, under the strategy of focusing on businesses where the bank is a leader.

The bank's head of debt trading, Ram Nayak, even told staff at the time that the restructuring wouldn't lead to dismissals in his business. Those assurances were soon overridden when it became clear that Sewing isn't exempting any area as he scours the bank for unprofitable businesses he can weed out.

The bank has previously shown a willingness to shift its plans. In late July, it moved some equities revenue back into the investment bank from the wind-down division it had set up as it decided to keep more services from stock trading.

And despite the credit businesses's pullback in Latin America, the firm plans to maintain some services to provide continuity for clients there.

The firm has already parted ways with senior fixed-income veterans, including John Pipilis, who oversaw the entire unit globally, and Paul Huchro, a credit trading executive who Bloomberg reported this week was leaving.

Managing directors Eric Eisner and Paul Delaney in the Latin America unit, Timothy Fischer in leveraged credit sales, and Andrew Meany in credit trading are all leaving as part of the moves, the people said. Meany declined to comment, while the other three didn't return calls seeking comment.

Deutsche Bank hasn't broken down the geographical and divisional spread of the targeted cuts except saying it will affect all regions. The lender said in July that it has informed more than 900 staff – mostly in equities trading – that their employment will end since the restructuring announcement.

While Deutsche Bank undertakes the huge overhaul it is still hiring in areas where it sees the potential for growth, such as in wealth management. The lender hired a team of around a dozen private bankers from Credit Suisse this summer as it shifts resources.

The lender's wealth management business is small compared with Swiss rivals, but it's one area where Sewing wants to expand.

Initial optimism surrounding Sewing's sweeping revamp has quickly given way to doubts over whether the German lender can reach its profit goals in a competitive home market and an economic slowdown.

The bank has consistently disappointed shareholders in recent years, and after the overhaul will be focused on servicing companies' routine financing needs while also withholding dividends for this year and next.

SPOTLIGHT ON COMMODITIES

Markets remain bullish, but yellow metal loses its glitters

By Ole S Hansen

Commodities traded higher for a second week with energy and industrial metals catching a bid while the weeklong rally in precious metals paused. The week and the month of September kicked off with the market taking stock of the September 1 increase in tariffs by both the US and China. This resulted in the markets hitting a level of peak pessimism last Tuesday with the dollar temporarily breaking higher while safe -haven metals, led by silver and platinum surging higher.

Calmer conditions in Hong Kong, reduced risk of a hard Brexit and news that the US and China have agreed to resume talks in early October all helped kick off a major risk on rally.

US stocks and bond yields both broke higher thereby pulling the rug from underneath precious metals.

Gold witnessed the biggest one-day drop since the election of President Trump in November 2016 while silver and platinum, the recent highflyers, dropped hard after almost hitting $20/oz and $1000/oz respectively.

Agriculture commodities traded lower for a fourth week with the upcoming US harvest adding stocks to an already oversupplied market. The UN's Food and Agriculture Organisation raised its forecast for global grain production for the 2019-20 season which includes the southern hemisphere harvest in early 2020.

Such news is particularly troubling for US farmers as they struggle to ship their stock abroad amid Chinese tariffs and the strong dollar diverting overseas buyers to South America and Europe instead.

Gold suffered its biggest one-day setback since November 11, 2016 following the election of President Trump. The weakness occurred after gold had made three failed attempts to break above $1550/oz. The profit-taking that followed turned into a rout as US stocks and bond yields both broke higher.

Previous bull markets in gold, most noticeable the one from 2000 to 2010, were littered with aggressive

corrections which, despite the strong gains during that decade, made it a very difficult market to trade for short-term tactical traders. Despite being a painful experience for recent buyers, we view the upside potential as being enhanced by such a correction. The reasons why gold and other metals have rallied hard since early June have not gone away. Bonds worth trillions of dollars trade with a negative yield, the global economy is still slowing and the European Central Bank on September 12 as well the US Federal Reserve on September 18 look set to provide additional stimulus through rate cuts and renewed quantitative easing.

While a further deterioration on the trade front between the US and China looks unlikely before they meet in early October, we still view the path to a solution as being very long and difficult.

China wants calm into the National Day Golden Week and 70th anniversary of the PRC on October 1. What happens afterwards remains to be seen, especially given the need for compromise, something that neither side has shown much appetite for up until now.

From a technical perspective, a drop to $1450/oz will be viewed as a weak correction within a strong uptrend. Only a break below $1380/oz which coincides with the ceiling that prevailed for almost five years up until June would change the outlook to neutral.

We maintain a bullish view on gold with the short-term focus on US economic data and central bank meetings before the focus returns to trade in October.

HG copper hit a 28-month low following the September 1 tariff increase and strong dollar before mounting a recovery to reach resistance at $2.65/lb.

The recovery from what turned out to be a false breakout was driven by short covering from funds reacting to news about the resumption of trade talks.

The upside potential, apart from additional short covering at this stage, however, remains limited with economic growth and demand concerns weighing.

Crude oil reacted in the same fashion as copper with initial weakness being replaced by a strong rally. While the technical outlook shows sign of improving, both WTI and Brent crude continue to struggle to breaking away from $55/b and $60/b, respectively.

The spread between the first month and deferred contracts remains firmly in backwardation, normally a sign of a price supporting a tight market.

However, while the present supply and demand situation provides support, the market remains concerned by the risk of what lies ahead. Not least, the ongoing risk to demand growth should the economic slowdown develop into a recession. Increased non-Opec production from the US to Brazil and Norway looks set to create an oversupplied market into 2020.

A development which depending on the level demand growth could force the Opec+ group of producers to extend production cuts indefinitely.

Production surveys from Reuters and Bloomberg both found that Opec raised production last month for the first time since last November.

Despite these headwinds, crude oil, supported by another drop in US stocks, managed its biggest weekly rise since July. While the longer-term fundamental outlook remains challenging, the short-term technical outlook show signs of improving with Brent potentially targeting $65/b as the next level.

■ *Ole S Hansen is head of commodity strategy at Saxo Bank.*

Brent crude posts its fourth consecutive weekly gain

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Abdullah Bin Hamad Al-Attiyah International Foundation For Energy And Sustainable Development

WEEKLY ENERGY MARKET REVIEW

Oil

Oil prices rose above $61 a barrel on Friday after the head of the US Federal Reserve said the central bank will act "as appropriate" to sustain an economic expansion in the world's biggest economy that has been pressured by uncertainty over global trade.

Global benchmark Brent crude settled at $61.54 a barrel, while US West Texas Intermediate (WTI) crude ended at $56.52. Brent posted its fourth consecutive weekly gain, rising 1.8%, while WTI rose 2.6% last week, boosted mainly by Wednesday's upbeat economic data from China, the world largest oil importer.

WTI had an additional boost this week after the Energy Information Administration (EIA) said on Thursday that US crude inventories fell sharply – nearly double expectations – and for a third consecutive week.

The prolonged trade dispute between the US and China, has had a dampening effect on oil prices, though they have risen over the year thanks partly to production cuts led by Opec and Russia to drain inventories.

Beijing and Washington on Thursday agreed to hold high-level talks in October.

The news cheered investors hoping for an end to a trade war that has brought tit-for-tat tariffs between the world's two biggest economies, chipping away at economic growth.

US crude production remains close to weekly record highs, despite a record-tying nine months of cuts in the number of rigs drilling for oil. US oil companies cut the number of rigs by four last week, bringing the total count to 738, the lowest in almost two years.

Gas

Asian spot prices for LNG slipped last week, as European gas storage began to fill up and on higher US supplies. However, the lower prices attracted some buying interest from Indian and Chinese companies, helping to keep a floor on prices.

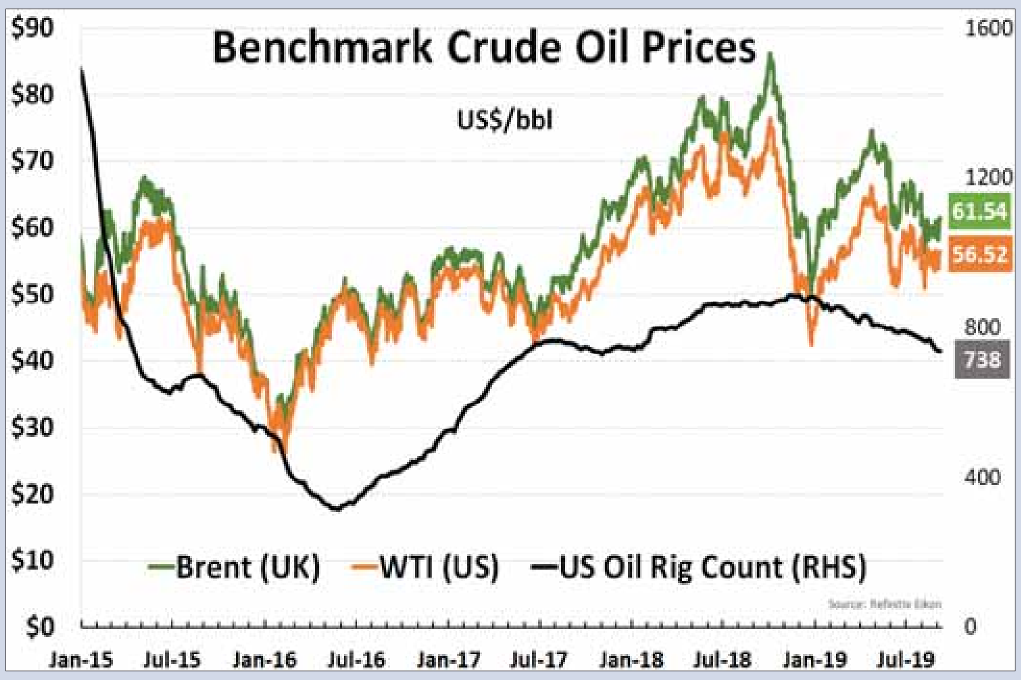
Spot prices for October delivery to Northeast Asia are estimated to be about $4.30 to $4.50 per mmBtu.

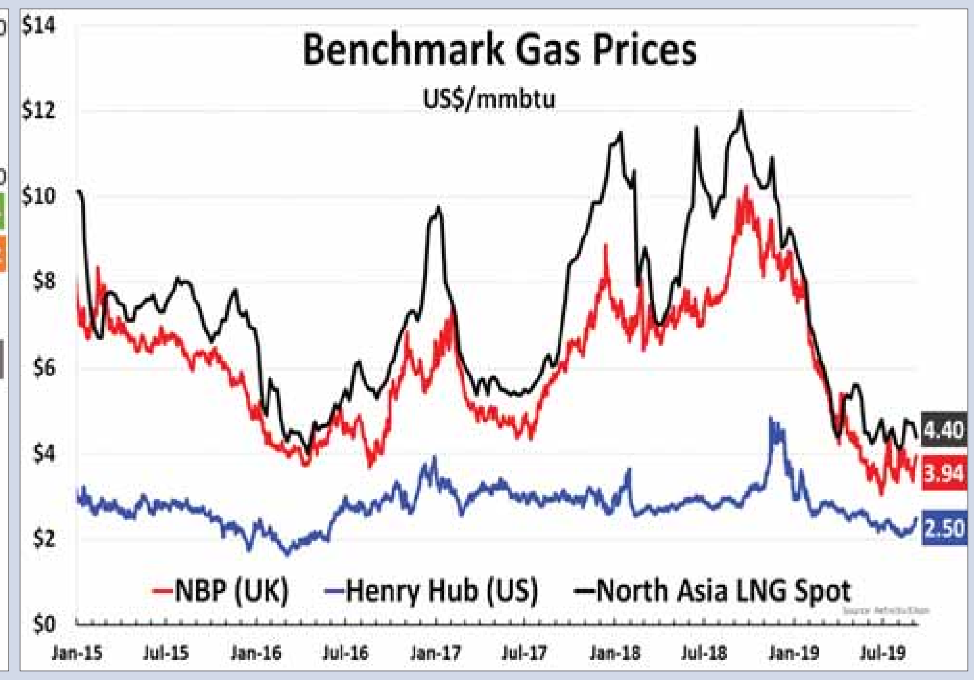
According to data from GIE, European storages are 93% full, with the Netherlands and Belgium at 96% and 97% respectively, while Britain's much smaller medium-term storage is 83% full. In supply, Australia's Ichthys and Angola LNG plants offered cargoes for late September to October, while KUFPEC likely sold a spot cargo for loading from the Wheatstone plant in Australia in October. In the US, natural gas spot prices rose at most locations last week. Henry Hub spot prices rose by over 9% from $2.28 per MMBtu the previous week to $2.496 MMBtu on Friday.

Futures rose to the 14-week high on forecasts for temperatures to remain warmer than normal over the next two weeks and projected higher flows to LNG export plants in mid-September.

The Freeport LNG project in Texas shipped its first commissioning cargo earlier in the week, with the tanker currently bound for Port Said in Egypt, according to ship-tracking data from Refinitiv. The shipping data had initially shown the destination as Jebel Ali in the United Arab Emirates.

■ This article was supplied by the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.





Banks' local currency time and savings deposits post 41% jump in July: QCB

By Santhosh V Perumal
Business Reporter

The local currency time and savings deposits of public sector in Qatar's commercial lenders registered a huge 41% year-on-year expansion in July 2019, substantially outpacing the marginal 0.06% overall deposit growth in the banking system, according to the Qatar Central Bank (QCB) data.

The local currency time and savings deposits of sovereign and government institutions were on the rise; whereas those of semi-government institutions were on the decline in the review period.

The public sector time and savings deposits (in local denomination) increased to QR124.19bn in July 2019 compared to QR88.1bn in the previous year period; while their local currency demand deposits plunged more than 16% year-on-year to QR25.34bn.

The overall deposit was up mere 0.06% to QR814.01bn in the review period on a yearly basis despite robust deposits by public sector.

In the case of public sector, foreign currency time and savings deposits however registered a 42% year-on-year plunge to QR90.88bn in July this and similarly demand deposits (in foreign currency terms) declined about 32% to QR11.47bn.

In the case of foreign currency deposits, the government saw more than 29% plunge in such deposits to QR29.31bn, government institutions by more than 47% to QR64.3bn and semi-government institutions by 8% to QR24.77bn in July 2019.

Fast expansion in the local currency time and savings deposits thus helped the banking sector to witness a double-digit growth in public sector deposits in July this year. The private sector saw more than 3% year-on-year growth in local currency demand deposits to QR96.42bn and more than 2% in time and savings deposits to QR191.25bn in July 2019.

Qatar commercial banks' public sector time and savings deposits (in local denomination) increased to QR124.19bn in July 2019 compared to QR88.1bn in the previous year period; while their local currency demand deposits plunged more than 16% year-on-year to QR25.34bn. **Picture:** Nasar K Moidheen

The private sector foreign currency demand deposits witnessed more than 15% year-on-year accretion to QR18.14bn; whereas foreign currency time and savings deposits shrank more than 9% to QR59.74bn. In the case of government, total deposits were down more than 3% year-on-year to QR75.12bn; whereas its local currency time and savings deposits soared about 32% to QR38.89bn and demand deposits by 6% to QR6.92bn in July 2019.

The government institutions' total deposits recorded about 19% decline year-on-year to QR151.98bn in July 2019. However, their local currency time and saving deposits shot up more than 63% to QR71.46bn; whereas demand deposits shrank about 23% to QR16.22bn.

In the case of semi-government institutions, their total deposits witnessed about 8% year-on-year fall to QR24.77bn. Both time and savings and demand deposits (in local currency terms) declined 7% and 19% to QR13.83bn and QR2.19bn respectively in July this year.

Within the private sector, local currency time and savings personal deposits grew about 9% year-on-year to QR121.11bn and demand deposits by 3% to QR51.85bn in July 2019.

The local currency time and saving deposits of companies and institutions saw 8% shrinkage to QR71.14bn; while demand deposits jumped more than 3% to QR44.57bn.

iPhone to share the spotlight with services at Apple's big event

AFP
San Francisco

The iPhone will be front and centre at Apple's upcoming media presentation even as the California tech giant steps up its efforts in content and services for its devices.

In its trademark, tight-lipped style, Apple disclosed little about its plans for Tuesday's event at its headquarters in the Silicon Valley city of Cupertino.

For years now, Apple has hosted events in the fall to launch new iPhone models ahead of the holiday shopping season.

Speculation is that Apple will introduce three upgraded iPhones, including "Pro" models, and a successor to its more affordable iPhone XR, as premium handset prices hover around $1,000.

Some analysts say services, subscriptions and online content will share the stage with the company's glitzy hardware as Apple seeks to shift its focus.

"I think it is going to be the first year the event is going to also be about services," Creative Strategies analyst Carolina Milanesi said.

"We might get to see what Apple looks like as a company when they are talking about services and hardware as one product."

Milanesi was curious to see whether Tuesday's presentation includes offers iPhone deals that "bundle" music, television or game services with new handsets.

"You have an opportunity to really bring value to the hardware with services," Milanesi said. Apple recently released a smartphone-generation credit card in the US and is keen to launch its TV+ streaming service before Disney goes live with a rival service in November.

Many wonder whether the launch of Apple TV+ will be among Tuesday's announcements.

With Hollywood stars galore, Apple unveiled streaming video plans along with news and game subscription offerings as part of an effort to shift its focus to digital content and services to break free of its reliance on iPhone sales.

The company also plans to launch a new game subscription service called Apple Arcade internationally by the end of this year.

Apple managed to grow its overall revenues, albeit by a modest 1%, to $53.8bn, even as iPhone revenues plunged nearly 12% in the April-June period.

The company delivered strong growth from digital content and services that include its Apply Pay and Apple Music, along with wearables and accessories like the Apple Watch and Air Pods.

Some of those accessories could also get upgrades on Tuesday.

Analysts warn that Apple still faces challenges as rivals chip away at the smartphone market, in which the iPhone's share is less than 12%. As the iPhone maker refines its handsets, other makers are pushing into new areas such as 5G devices and folding smartphones.

Wedbush Securities analyst Dan Ives said in a note to investors that he expected a "trifecta of iPhone 11s" that will help the company "put a fence around" its user base.

About a third of the 900mn iPhone users around the world are in an upgrade "window," meaning a strong potential for handset sales, according to Ives.

Eurogroup head warns new Italy govt over 2020 budget

Reuters
Cernobbio, Italy

Italy's new government should not challenge European Union fiscal rules when it submits its draft 2020 budget to Brussels next month, the head of the eurozone finance ministers, Mario Centeno, said.

A new coalition comprising the anti-establishment 5-Star Movement and the centre-left Democratic Party (PD) has put a more expansionary 2020 budget at the top of its agenda to head off recession risks.

It has also pledged not to endanger public finances in order to preserve markets' favour and rebuild relations with Brussels, damaged by frequent clashes over fiscal slippage under the previous executive made up of 5-Star and the eurosceptic League. Italy must "continue in the difficult task of promoting growth with a fiscal policy that faces the restrictions that we all face," Centeno said in an interview with Reuters late on Saturday on the sidelines of the Ambrosetti business forum.

The new administration's first challenge will be to find €23bn ($25bn) of extra funds to avoid an automatic sales tax hike previously agreed with the European Union to meet deficit rules.

Businessmen gathered on the shores of Lake Como for the annual forum to discuss the threats to the global economy also called on the new government to introduce fresh incentives to spur corporate investments.

With its hands tied by the second-largest debt burden in the EU as a proportion of economic output, it has urged Brussels to ease the "excessive rigidity" of current budget rules.

Centeno: Warning against using the 2020 budget as a pretext to push for changes.

In an unusual move on Saturday, President Sergio Mattarella also threw his weight behind calls for a revision of the EU Stability and Growth Pact in a message to the Como symposium. The president, who acts by moral suasion but has no policy powers, urged more spending on infrastructure, education and research.

Centeno said existing rules were flexible enough and warned the government against using the 2020 budget as a pretext to push for changes.

"That could create market difficulties in terms of (higher) interest rates that the Italian government will then have to bear," he said.

Italy's debt costs, which had been lifted by the previous coalition's anti-European stance, fell sharply last week as markets reacted positively to the new administration.

Centeno welcomed the appointment of Roberto Gualtieri at the helm of the Italian Treasury saying it was "absolutely key at this stage" to have a pro-European finance minister in Rome.

A prominent member of the mainstream PD, Gualtieri chaired the European Parliament's economic affairs commission.

"The 2020 budget is difficult but I think minister Gualtieri has the means to get things done," Centeno said.

He also expressed confidence that eurozone finance ministers would welcome the Italian candidate to succeed Benoit Coeure on the European Central Bank's executive board.

Ministers will in October recommend one candidate from those who have been put forward. So far, Bank of Italy Deputy Governor Fabio Panetta is the only name circulating in private discussions among officials, sources have said.

"I'm sure that the Italian candidate will be welcomed by my colleagues but we still have to start the process," he said.