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UK orders sweeping changes

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Japan regulator ends LNG resale restrictions

Construction sector in Qatar weathers blockade by streamlining operations

By Santhosh V Perumal
Business Reporter

The economic blockade imposed by Gulf neighbours appears to have helped Qatar's mammoth construction sector in streamlining operations and enhancing efficiency by way of lower inventory costs and faster shipments of raw materials from elsewhere, according to retailers in the sector.

Although the retail traders and distributors of raw materials for the construction sector was "baffled" by the unexpected economic blockade amid fears of shortage, market sources said Qatar "brilliantly executed its alternative plans that never allowed room for panic;" in fact the government and their related entities have now sped up payments for them.

Highlighting that 80 trucks of raw materials used to come from Saudi Arabia and the UAE through Abu Samra border to Doha; they said the companies from those countries that imposed blockade are now in "dire straits" as they might lose an important market in Doha, which has outlined some $200bn investments in its infrastructure, ahead of 2022 FIFA World Cup.

With Qatar Ports Management Company announcing the direct services to Oman, container services are being restored with Doha. Milaha Maritime and Logistics is offering a three times a week feeder service between Hamad Port and Salalah. Maersk Line had announced it was accepting cargo to and from Qatar that will be transshipped through Salalah once in 10 days.

Similarly, Qatar's Ministry of Transport and Communications also launched a new direct maritime line 'India Qatar Express Service', linking the new Hamad Port with Mundra (Gujarat) and Nhava Sheva (Mumbai) ports on a weekly basis.

"We feel the (construction) market is up as it is now payments-based and there is relatively faster sourcing of raw materials," an official of trading company said.

Earlier, retail traders and distributors of raw materials for the construction sector used to source materials from the UAE and Saudi Arabia on a credit basis, which meant stocking up excessively. But now the situation has changed to 'pay as you order' with Oman and Indian firms, multiple sources in the sector confided.

Labourers working on a construction site Doha (file). Qatar "brilliantly executed its alternative plans that never allowed room for panic" in the construction sector following the economic blockade, according to local retail traders and distributors of raw materials.

Payments are also not that an issue now since they are done basically through funds transfer, which means instant earnings for those from Oman and India.

The earlier credit-based approach led retail traders and distributors place larger orders, forcing them to stack up the materials in the warehouses and then transport it as and when needed to the project sites; implying higher costs towards inventories and transportation.

Now, the orders are rational and in tandem with expected demand for the existing projects, they said, adding the situation as they see now is not that of shortage of raw materials but lower unwarranted excess stockpiling.

"Of course, the room for bargaining is limited with Oman; but with India, it is possible, considering that for them it is a new market," said a top official of a trading company, which is into building auxiliary materials.

For the new trade corridor, the sources said, import prices of raw materials are marginally higher but the considerable savings in inventories and the resultant secondary transport, as well as the time taken in bringing them to Qatar, have more than made up for the opportunity costs, hence the (profit) margins have not been impacted, rather they are improving.

"We will like to see it (economic blockade) more as a blessing in disguise," an official of a trading company, which deals with building materials, said, adding they have been assured of receiving the cargoes in 7-9 days compared to about three weeks earlier.

No immediate threat to Qatar building sector: BMI

Qatar's construction sector does not face an immediate "threat" from the ongoing economic blockade as the building materials supply chain is expected to be "secure" for at least two months, according to BMI, a Fitch company.

"Our decision is underpinned primarily by the government's efforts over the past three years to secure at least a two-month supply of building materials as it prepares to host the 2022 FIFA World Cup, which we believe will forestall any significant shocks to the construction supply chain over the short term," BMI said in a report.

Expecting that it is unlikely that the major projects in the pipeline with the involvement of Saudi Arabia or the UAE-based firms will face disruption, given that their operations abroad are an important stream of revenue, it said governments would be cautious not to jeopardise this, given the important role the firms play in developing projects in their domestic markets.

BMI said over the past three years the government has taken steps to secure the supply of building materials to avoid disruptions to construction development given the hard deadline of the World Cup and to counter price inflation (the latter the result of the market's reliance on imported building materials).

Historic data on cement imports shows the government in 2015 imported a much larger quantity than needed – enough to cover roughly two months' demand in 2016 – to cover the gap between production and consumption, prompted by the desire to temper inflation in view of the negative impact on the supply chain after a similar diplomatic rift in 2014.

Observing the damaging effect a similar rift would have on the progression of the project pipeline and with preparations for the major sporting event of paramount importance, it said "we expect the government to have continued stockpiling cement to withstand any sudden shocks to supply."

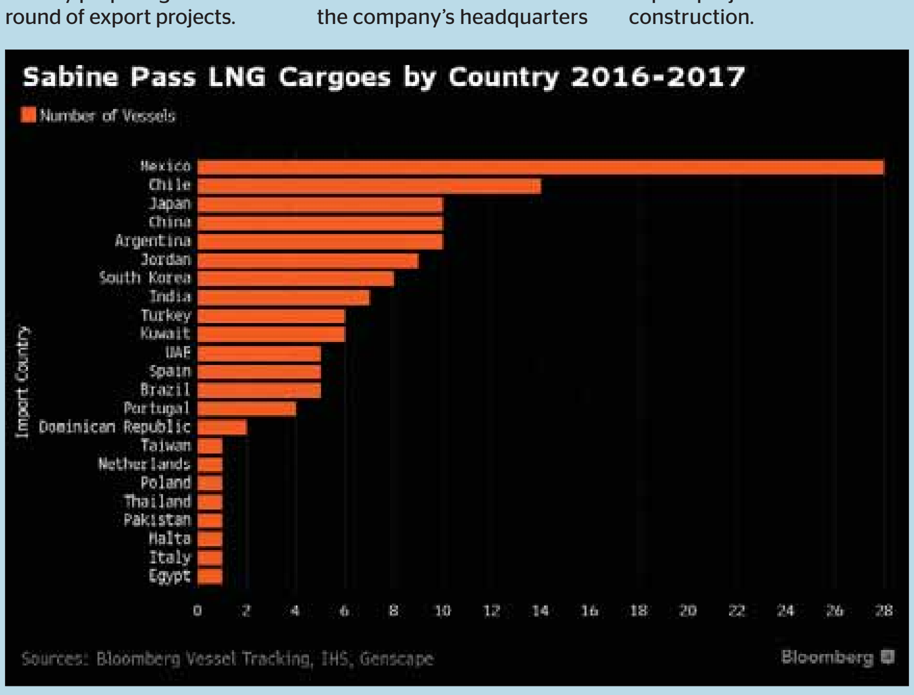
In tandem with the rise in import volumes, BMI said it has seen efforts to increase the cement storage capacity take shape with the state-owned Qatar Primary Materials Company inaugurating two cement silos in December 2016, increasing Qatar's storage capacity by 60,000 tonnes.

Cheniere getting ready for 'next round' of LNG projects

Bloomberg
Houston

Sixteen months after finishing a terminal and sending the first cargo of US shale gas overseas, Cheniere Energy is already preparing for its next round of export projects.

Cheniere is looking at new ways to finance more terminals that chill gas to a liquid and ship it across the globe, including skipping banks altogether and seeking out other capital sources, chief executive officer Jack Fusco said in an interview at the company's headquarters in Houston. The company has room to grow: It's leased additional acres at its flagship Sabine Pass terminal in Louisiana and has the option to purchase more land at a Corpus Christi, Texas, site, where another export project is under construction.



Major cyber attack disrupts businesses around world

Reuters
Frankfurt/Moscow/Kiev

A cyber attack wreaked havoc around the globe yesterday, crippling thousands of computers, disrupting operations at ports from Mumbai to Los Angeles and halting production at a chocolate factory in Australia.

The virus is believed to have first taken hold on Tuesday in Ukraine where it silently infected computers after users downloaded a popular tax accounting package or visited a local news site, national police and international cyber experts said.

The malicious code locked machines and demanded victims post a ransom worth $300 in bitcoins or lose their data entirely.

More than 30 victims paid up but security experts are questioning whether extortion was the goal, given the relatively small sum demanded, or whether the hackers were driven by destructive motives rather than financial gain.

A number of the international firms hit have operations in Ukraine, and the virus is believed to have spread within global corporate networks after gaining traction within the country.

Shipping giant AP Moller-Maersk, which handles one in seven containers shipped worldwide, has a logistics unit in Ukraine.

Other large firms affected, such as French construction materials company Saint Gobain and Mondelez International Inc, which owns chocolate brand Cadbury, also have operations in the country.

Maersk was one of the first global firms to be taken down by the cyber attack and its operations at major ports such as Mumbai in India, Rotterdam in the Netherlands and Los Angeles on the US west coast were disrupted.

The company said yesterday it was unable to process new orders and its 76 terminals around the world were becoming increasingly congested.

Other companies to succumb included BNP Paribas Real Estate, a part of the French bank that provides property and investment management services.

"The international cyber attack hit our non-bank subsidiary, Real Estate. The necessary measures have been taken to rapidly contain the attack," the bank said yesterday.

Production at the Cadbury factory on the Australian island state of Tasmania ground to a halt late on Tuesday after computer systems went down.

Russia's Rosneft, one of the world's biggest crude producers by volume, said on Tuesday its systems had suffered "serious consequences" but oil production had not been affected because it switched to backup systems.

The introduction of security patches in the wake of the May attack that crippled hundreds of thousands of computers also helped curb the latest malware, though its rapid spread underlined concerns that some businesses have still failed to secure their networks from increasingly aggressive hackers.

Ukraine, the epicentre of the cyber strike, has repeatedly accused Russia of orchestrating attacks on its computer systems and critical power infrastructure since its powerful neighbour annexed the Black Sea peninsula of Crimea in 2014.

The Kremlin, which has consistently rejected the accusations, said yesterday it had no information about the origin of the global cyber attack, which also struck Russian companies such as oil giant Rosneft and a steelmaker.

ESET, a Slovakian company that sells products to shield computers from viruses, said 80% of the infections detected among its global customer base were in Ukraine, with Italy second hardest hit with about 10%.

The aim of the latest attack appears to be disruption rather than ransom, said Brian Lord, former deputy director of intelligence and cyber operations at Britain's GCHQ and now managing director at private security firm PGI Cyber.

"My sense is this starts to look like a state operating through a proxy…as a kind of experiment to see what happens," Lord told Reuters yesterday.

While the malware seemed to be a variant of past campaigns, derived from code known as Eternal Blue believed to have been developed by the US National Security Agency (NSA), experts said it was not as virulent as last month's WannaCry attack. **Page 3**

Libya crude gushes into tankers as output picks up

Bloomberg
London

Libyan oil shipments are poised to hit the highest in at least three years in the latest sign the North African country is managing to sustain a production revival.

Exports are on course to reach about 715,000 bpd this month, the most since July 2014, when Bloomberg began monitoring Libyan shipments, tanker-tracking data show. With relatively limited capacity to process that crude in its domestic refineries, the shipments have been moving in lock-step with production.

Libya's surging output is a key factor helping to undermine the Organisation of Petroleum Exporting Countries' efforts to reduce global supply and increase oil prices. The group met last week in Vienna to discuss how to deal with rising production in Libya and Nigeria – both Opec nations exempt from supply curbs – rather than deepening output cuts by other members. US production climbing to the highest since August 2015 has further derailed Opec's efforts.

Exports from Libya are recovering with Sharara, the country's largest oil field, resuming output, as well as the fields operated by Wintershall. The country was pumping 902,000 bpd as of June 20, according to the state National Oil Corp It would be the highest level since June 2013.

The NOC and Germany-based Wintershall agreed earlier this month to restart production in some areas, allowing for crude to flow again from the Agkhara deposit. The deal also allowed Libya's Sarah oil field to resume output, according to a person familiar with the situation. Sharara was pumping 270,000 bpd as of the start of last week.

So far this month, 30 cargoes comprising 25 Aframax-class tankers and five Suezmaxes have loaded from Libyan ports, totalling 20.03mn barrels, according to Bloomberg estimates. An additional five tankers are set to load in the coming days.

Italy is the most popular destination for Libyan barrels, accounting for 10 of June's shipments. A further six headed to Spain, and two cargoes each were shipped to France, Greece, the UK and the US.

Opec and allied non-Opec producers agreed on May 25 to extend an existing supply cut into 2018, but oil has fallen sharply then on rising production from the US and from Nigeria and Libya, two Opec members exempt from cutting output

Despite weak oil prices, Opec still pockets more dollars

Reuters
London

With world oil inventories swelling despite a global pact on cutting output and crude prices falling by a fifth in the past month, Opec appears to be losing its battle to balance the market.

But there is one crucial fight the oil-exporting group has been winning so far: its members have earned more money this year than last and the prospect of higher revenues is likely to motivate Opec to stick with output cuts or even deepen them.

Opec's first output cut in eight years has earned the group $1.64bn a day so far this year, up more than 10% from the second half of 2016, according to Reuters calculations based on Opec figures for average production and its crude basket price up until June 20.

Compared with the first half of 2016, when oil prices sank to a 12-year low near $27 a barrel, the increase in income is a dramatic 43%, even though production by the Organisation of the Petroleum Exporting Countries was little changed. Income could rise in the rest of the year if, as Opec hopes, a supply glut is banished.

Opec plus Russia and other non-Opec producers agreed on May 25 to extend supply cuts to March, after an initial deal to keep them in place for the first half of 2017.

"I expect the gains for Opec to be higher during the second semester 2017 due to a tight market in the third and fourth quarter, despite an oversupply from non-Opec not tied to the Opec agreement and higher-than-expected production from Libya and Nigeria," said Chakib Khelil, Algeria's former oil minister.

He estimated Opec revenues rose about 8% in the first half of 2017, following its move at the end of 2016 to cut overall output by about 4%.

"The overall gain in revenues for Opec would be in the 9% to 10% range for the whole of 2017 compared to 2016," the former minister said.

Opec's decision in late 2016 to return to a policy of limiting supply, in cooperation with Russia and other non-members, marked the end of a two-year period in which the group pumped at will in a shift to curb rival output and boost market share, which accelerated a drop in prices.

Opec in no rush on deeper output cut, 'to look at in July'

Deeper cut possible, no real discussions now: delegate; Opec and non-Opec panel to discuss options at July meeting; some delegates cite Libya-Nigeria exemptions as drawback

Reuters
London

Opec will not rush into making a further cut in oil output or end some countries' exemptions to output limits, Opec delegates said, although a meeting in Russia next month is likely to consider further steps to support the market.

Opec and allied non-Opec producers agreed on May 25 to extend an existing supply cut into 2018, but oil has fallen sharply then on rising production from the US and from Nigeria and Libya, two Opec members exempt from cutting output.

"I doubt it will be considered soon," said an Opec delegate, referring to the chance of a larger cut. "They will look at this issue most probably in the upcoming meeting in Russia in July."

Oil ministers from five countries monitoring the deal plus Saudi Arabia as Opec president are scheduled to meet in Russia on July 24.

They could make a recommendation to the wider group, which holds its next meeting in November, on adjusting the pact.

"A larger cut could be an option," said another Opec delegate, adding that further steps could be to place caps on further growth in Nigerian and Libyan output, rather than requiring them to cut back their supply.

A third source familiar with the matter agreed that removing more crude from the market was an option but said it was not being actively considered.

"It is possible but there are no real discussions now," this source said, and added that a drawback of the current supply-limiting deal was Nigeria and Libya being exempt.

Comments from key oil ministers also suggest the Opec-led group is in no rush.

Iran said last week Opec was considering further cuts but should wait until the effect of the current reduced level of production became clear.

Saudi Energy Minister Khalid al-Falih was quoted on June 19 as saying the market was heading in the right direction, while Russia said on June 11 there was no need to review the deal.

Al-Falih also said it would be "inappropriate" to pressure Libya to slow its output recovery.

The Organisation of the Petroleum Exporting Countries, Russia and other producers initially agreed to cut production by 1.8mn bpd for six months starting on January 1.

Nigeria and Libya were exempted from the cut because of production losses caused by unrest.

Iran was given a small increase so it could recover market share lost while under Western sanctions.

While the participating countries have delivered high compliance with their cut pledges, Opec output has been rising led by recovering output in Libya and Nigeria.

In May, this tipped the global market back into surplus according to Opec's monthly report. Nigeria has said it would be willing to join Opec cuts if production rose to around 1.8mn bpd.

The country is nearing that rate and planned exports in August imply production of at least 2mn bpd.

Libya is targeting production of 1mn bpd by the end of July, up from an average of 650,000 bpd in the first quarter.

Traders send most Mideast, US diesel to Europe

Bloomberg
London

The US and Middle East are set to boost supply of fuels such as diesel to Europe to the highest level in at least six months, helping to offset reduced flows from Russia and India.

Refiners in the US Gulf Coast are shipping more to European ports as refinery runs have risen to seasonal highs and as growth in Latin America's import needs starts to slow. Total imports of so-called clean products including diesel from the Americas and Middle East plus India and East Asia will rise to more than 1mn bpd in June for the first time this year, ship-tracking and fixture compiled by Bloomberg show.

The increase in deliveries to European ports coincides with signs that the region's diesel market is tightening as the euro-area economy records its fastest expansion in six years. Tankers are returning to Hamburg for the first time since March as part of Germany suffers a shortage of supply. Time-spreads on Europe's ICE gasoil futures that are among the region's best indicators of supply and demand have strengthened markedly compared with where they were a year earlier, a signal of improving conditions.

"European economies are picking up," Ehsan Ul-Haq, an analyst at KBC Advanced Technologies, said on Monday, also noting recent declines since March in inventories of middle distillates, referring to a category comprising diesel and jet fuel.

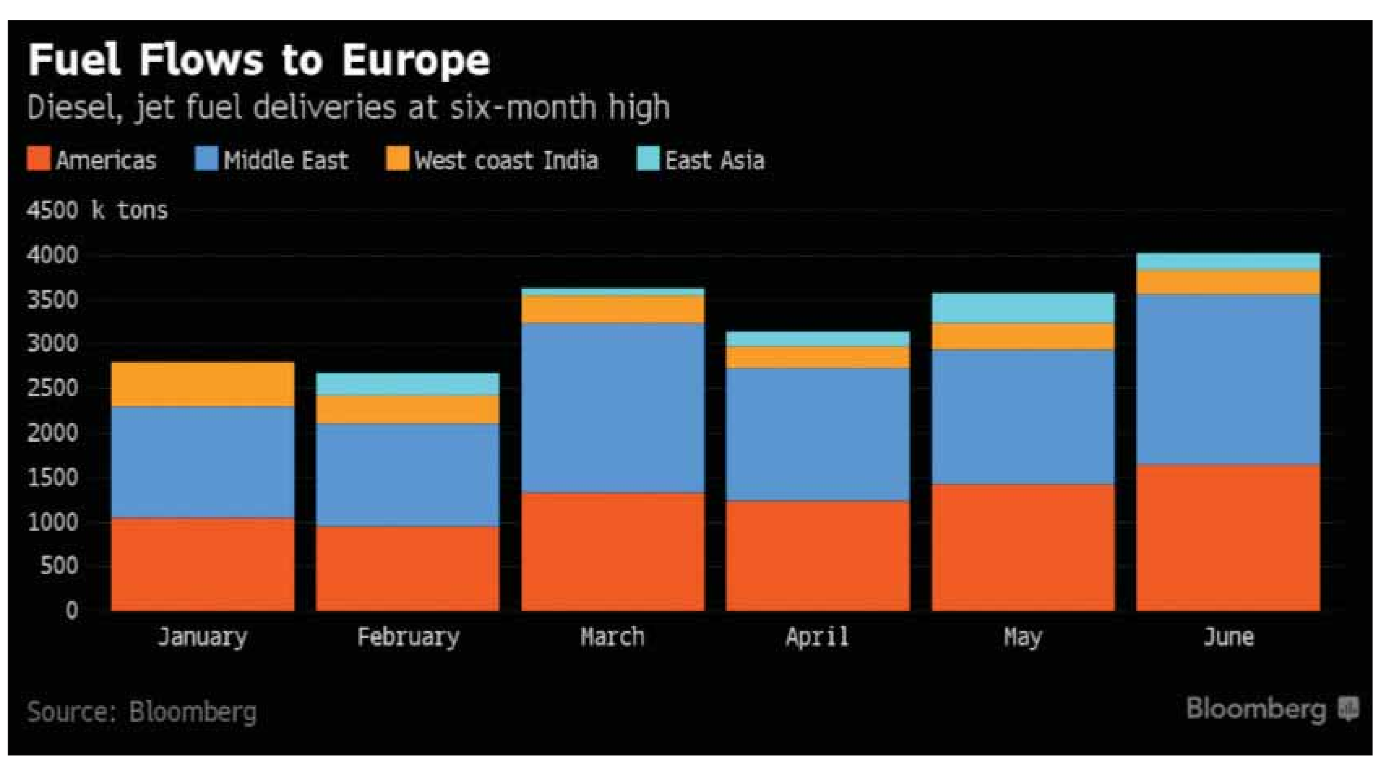
Inventories of diesel in Europe's Amsterdam-Rotterdam-Antwerp hub have slumped since the start of May. The drop was partly because of a lack of Russian and US inflows, according to JBC Energy. Russia was to cut supply from its Baltic Sea terminal at Primorsk this month after carrying out heavy maintenance on its diesel-making units in May. The drop in European inventory is in contrast to stockpiles in the US and on the Gulf Coast which remain near seasonal highs.

"The structure is pretty strong," said Olivier Jakob, managing director of Petromatrix, referring to ICE gasoil timespreads which have narrowed from a year ago. The market flipped into backwardation on an intraday basis on Wednesday, signalling supply constraint. Since early 2015 it has mostly traded in the opposite structure known as contango, where near-term supply is priced below later-dated deliveries.

The north German city of Hamburg is to take three cargoes this month, receiving its first deliveries from the Middle East or the US since March. Parts of East Germany have suffered shortages this month after a fire at Total's Leuna refinery and supply is being brought into the area by barge from Hamburg, according to Riverlake Barging.

The Middle East accounts for nearly half of the supply from the four main regions tracked by Bloomberg at 1.9mn tonnes, its refiners having invested in capacity in recent years.

Qatar and the UAE boosted supply. Indian refineries cut deliveries to the lowest level this year as domestic demand is rising, with diesel demand in May growing at the fastest pace since November.



India, which also cut exports this year as it moves to tighter fuel standards, will deliver 270,000 tonnes to Europe this month, well below the 500,000 tonnes unloaded in January.

While diesel should benefit from better demand in Europe, the market remains at risk from rising supply, Energy Aspects said in a report sent on June 21.

"With Asia looking balanced for the moment, the main problem area for middle distillates is the Atlantic Basin, where the supply problem will persist as long as crude is weak enough to keep refining margins afloat," the researcher said. "With Latin American import requirements stagnating, the US Gulf Coast will need to find new outlets" and "surplus US supply will be forced to Europe."

The logo of Russian oil giant Rosneft is seen at a petrol station in Moscow yesterday. A wave of cyber attacks hit Russia and Ukraine before spreading to western Europe and North America on Tuesday, in the second global outbreak of so called ransomware in less than two months. Rosneft was among the victims along with a string of multinational companies.

Ransomware becomes go-to hack as bitcoin rallies, NSA tools leak

Tuesday's extortion hacks locked computers from Europe to US; ransomware demands rising as payouts top seven figures

Bloomberg
Washington

A recent outbreak of ransomware attacks, from the WannaCry worm in May to Tuesday's infection of thousands of computer systems around the globe, shows that digital stickups are becoming the go-to hack for cybercriminals, fuelled by powerful leaked US government exploits and the rise of bitcoin and other anonymous digital currencies.

Tuesday's attack showed no signs of slowing down, as cyber security researchers had not found a kill switch similar to the one that allowed them to stop WannaCry after it had infected hundreds of thousands of computer in more than 150 countries, preventing it from becoming one of the worst attacks on record.

The new infections, which appeared concentrated in Ukraine before spreading globally, are a sign that ransomware is becoming a routine risk of doing business, as other forms of attacks get less profitable. Banks and retailers have strengthened their defences, driving the price for stolen credit card numbers down to as little as 50 cents apiece, according to research from Symantec Corp, the biggest cyber security software maker.

But ransomware demands are on the rise, nearly tripling from an average of about $300 per computer infected in 2015 to more than $1,000 each last year, Symantec said. Earlier this month, a South Korean web hosting company agreed to pay more than $1mn to unlock its servers in what's believed to be the biggest ransomware payout on record.

"The new versions of ransomware are the perfect crime," said Jack Danahy, co-founder of Barkly Protects Inc, a Boston-based cyber security firm. "It's super-easy to do – monkeys could do it – and the profits are remarkably high. And the third thing that makes it perfect is anonymity, because nobody wants to get caught. That's why this thing is growing."

It's possible that Tuesday's outbreak may not spread as quickly or be as damaging as WannaCry, whose early victims included hospitals in the UK that had to shut some services while dealing with cleanup. The new malware uses an exploit called EternalBlue to spread by taking advantage of vulnerabilities in Microsoft Corp's Windows operating system, similar to WannaCry. But many of those weaknesses have been patched for months – meaning that many computers already have protection against its key propagation mechanism.

Ransomware demands are on the rise, nearly tripling from an average of about $300 per computer infected in 2015 to more than $1,000 each last year. Earlier this month, a South Korean web hosting company agreed to pay more than $1mn to unlock its servers in what's believed to be the biggest ransomware payout on record

The new malware does have additional capabilities that let it spread by other means through internal networks, so anyone who clicks on a malicious e-mail attachment could put their entire organisation at risk.

The rise of ransomware has coincided with two other major changes in the cyber black market. The first is the growing amount of leaked attack tools from the US government available online. The second is the growing use of digital currencies, which give hackers an easy and potentially anonymous way to get paid. The malware unleashed Tuesday demands payment of $300 in bitcoin.

The reason many ransomware operators ask for relatively small payments is that the amount needs to be low enough that enough people will pay, but high enough that it's worth the effort to attack. Given the secretive nature of crypto currencies and the shadowy world in which cybercriminals operate, it's virtually impossible to get an accurate read on exactly how much the hackers rake in.

Because there's a glut of credit card and identity data for sale on the black market, it's gotten harder for criminals to get paid, said Jeremiah Grossman, chief of security strategy for SentinelOne. But rather than try to sell data to a third party, attackers instead encrypt it – demanding that the victim pay to get it back.

"Who better to value the data than the owner of the data?" Grossman said. "It's market forces at work."

There are signs that hackers are shifting tactics in favour of ransomware. According to a study by IBM, the amount of spam containing ransomware surged to 40% by the end of 2016 from just 0.6% in 2015. While many ransomware attacks are blocked by security software, the number of infections getting through is growing. Symantec said it detected 463,000 ransomware infections in 2016, 36% higher than the year before.

But Tuesday's attack contained some puzzling elements to security experts, raising concerns that it may not have been about payment at all.

Like WannaCry, which the US government has reportedly linked to North Korea, the new attack does not have the usual characteristics associated with hackers who want to maintain control of the infected computers and facilitate payment and easy decryption of locked files. The hardest hit country is Ukraine, whose power grid and other critical systems have been the target of repeated high-level hacking attacks blamed on the Russian government, raised suspicions among some researchers that another motive could be at play.

Anton Gerashchenko, an aide to the Interior Ministry in Ukraine, wrote on Facebook that the goal appeared to be "the destabilisation of the economic situation and in the civic consciousness of Ukraine" even though it was "disguised as an extortion attempt."

"There's something weird about this one," added SentinelOne's Grossman.

Bloomberg QuickTake Q&A

How ransomware, paying bitcoin demands work

By Adam Satariano and Nate Lanxon
London

A laptop displays a message after being infected by a ransomware as part of a worldwide cyber attack on Tuesday in Geldrop, the Netherlands. Once a niche area for hackers, the attacks are now affecting government agencies and some of the world's biggest corporations.

An increasingly popular and disruptive form of cybercrime is ransomware, which makes files and data stored on computers inaccessible unless a fee is paid. Once a niche area for hackers, the attacks are now affecting government agencies and some of the world's biggest corporations. Companies hit in 2017 included AP Moller-Maersk, FedEx Corp, Nissan Motor Co, Russia's largest oil producer Rosneft and advertising giant WPP. The UK National Health Service and a number of Ukrainian agencies were also harmed. With sophisticated ransomware software available online for hackers to use and the rise of anonymous digital currencies such as bitcoin, there are fears the attacks will only continue.

What is ransomware?

It's a form of malicious software, "malware" for short, that essentially holds a device hostage until a fee is paid to restore it to normal. In the case of the WannaCry worm in May, the ransom was $300 in bitcoin, payable within 72 hours. In June, a South Korean web hosting company agreed to pay more than $1mn to unlock its servers, the largest known payout. The virus spreads from machine to machine on a network, often via e-mail attachments from rogue senders. The targets are usually older computer operating systems that have not been properly maintained with up-to-date security software.

What happens if you don't pay?

Typically one of two things: Either you restore your files from a backup, or you lose them forever. Hackers often give victims a deadline – say 72 hours to pay the $300 in bitcoin; after that, the price doubles. If the targets refuse to pay, their computers will be permanently locked – a serious problem for people who haven't backed up their data.

Who is doing this?

The identity of the hackers is hard to learn because they can act anonymously online and the ransom is paid with digital currencies. But the most recent forms of ransomware used a technique purportedly stolen from the US National Security Agency, and affected computers running on older versions of Microsoft Corp's operating system.

Why does this keep happening?

The simple answer is that it's expensive to keep operating systems with the best security up to date. Microsoft issued a security patch in March that it labelled "critical," but many users of personal computers either couldn't or didn't download it. Machines still running the long-outdated Windows XP are even more at risk, since Microsoft ended support for that several years ago. An organisation with hundreds or thousands of computers would need to spend a lot of money to upgrade all of their systems. When budgets are limited and no problems are occurring, performing costly upgrades is often considered a lower priority. Another reason is software compatibility. Many companies use bespoke software that was designed many years ago and which is incompatible with modern computer operating systems. Keeping hold of those old, vulnerable systems may be preferable than rewriting or upgrading.

Why are the ransoms so small?

Hackers make the ransom small enough that companies may conclude it's cheaper to pay it than to hire expensive specialist teams to restore their data. The low cost, combined with the threat of doubling after three days, may have felt to the perpetrators like the most practical way to get paid.

If you want to pay, how do you send bitcoin?

You can purchase bitcoin via a broker or specialist exchange. There are many available online for use with numerous currencies. Once the money has been verified and transferred from a bank to the exchange, the user is granted a bitcoin or fraction of a bitcoin in a digital wallet, which can then be sent anonymously to any other registered wallet.

Can the bitcoin help find the perpetrators?

Maybe. Some government agencies perform forensics on bitcoin purchases to try to learn more about the perpetrators. But the tools aren't likely to lead to a particular person or group unless the money is touched or withdrawn. Some experts believe withdrawal might not happen, since the world's cyber-intelligence forces will be watching the bitcoin account for any sign of activity. The perpetrators may choose to leave the money and count their losses, but remain anonymous. It's perhaps more likely that clues within the malware itself will provide more intelligence on the identities or location of the attackers.

Could this happen again?

Yes. And experts believe it will. It's not difficult for an attacker to alter the code of this malware in order to deploy it once more, although the threat of such action may motivate companies and individuals to protect themselves better, thereby reducing the potential damage, and appeal, of a repeat attack. The advice of some security specialists is simple: Don't pay the ransom – it just encourages copycats.

What can be done for protection?

The most effective form of prevention – for businesses or individuals – is to back up files. If data is backed up regularly to an external source, a computer can be reset to its factory settings and then the backed-up files can be reinstalled, essentially wiping the ransomware from the system. Ransomware worms are easy for hackers to modify so even if a fix is found for one bug it won't necessarily safeguard against a future attack.

Toshiba misses self-imposed deadline for sale of chip unit

Reuters
Chiba, Japan

Japan's Toshiba Corp has pushed back its timeline to clinch a sale of its prized flash memory chip unit, saying the $18bn deal was being held up due to differences of opinion within the consortium chosen as preferred bidder.

The delay came as the conglomerate sued its chip business partner Western Digital Corp for interfering in the sale, one day after the US firm resubmitted a bid for the unit.

The lawsuit pushes acrimony between the two to new heights and further complicates prospects for a deal.

Scrambling to cover billions of dollars in cost overruns at its bankrupt Westinghouse nuclear unit, Toshiba had pledged to have a signed agreement for the sale of the unit – the world's No 2 producer of NAND chips – by yesterday, the day of its annual shareholders meeting.

The hotly contested auction has seen a consortium, led by Japanese government investors and including US private equity firm Bain Capital, chosen as preferred bidder but the group's offer was only hastily and awkwardly put together this month.

That bid has been largely orchestrated by Japan's trade ministry, which is keen to keep semiconductor technology under domestic control.

Chief executive Satoshi Tsunakawa said the firm was now aiming for an agreement with the preferred bidder consortium as early as possible and a completed transaction by the end of the financial year in March.

"It is taking time to smooth out differences in opinion among members of the consortium," he said, after apologising for a string of humiliating setbacks that include Toshiba's demotion to the second section of the Tokyo bourse. There appears, however, to be little likelihood of a quick and smooth conclusion to the deal.

Western Digital, which jointly runs Toshiba's main semiconductor plant, claims that its partner is breaching joint venture contracts and is seeking a US court injunction to prevent any deal that does not have its consent – actions that prompted Toshiba's lawsuit yesterday. Toshiba executives continued to offer a string of mixed messages on their willingness to resolve the spat with the California-based firm.

On one hand, Tsunakawa lambasted the Western Digital at the shareholders meeting, saying it had been interfering in the sale.

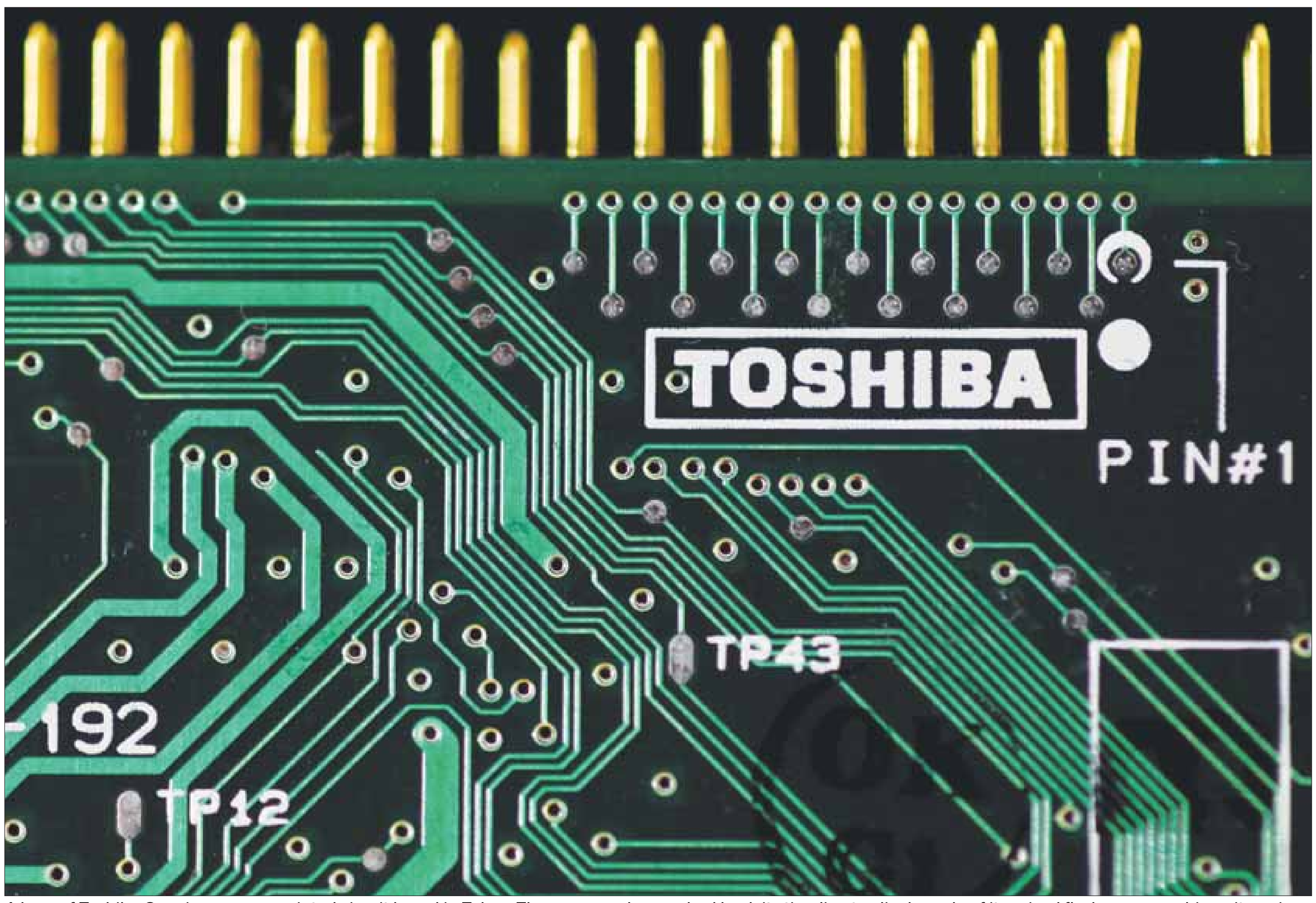
But the head of Toshiba's chip unit also said the Japanese company was prepared to make concessions and hoped to resolve the dispute as soon as possible. Toshiba argues that Western Digital's bid for the memory unit presents anti-trust issues and is too low in price.

Western Digital has said it offer meets the ¥2tn ($18bn) minimum demanded by Toshiba – a figure that appears to match the amount offered by the preferred bidder. It is not clear if the terms of the bid that Western Digital resubmitted on Tuesday with partner US private equity firm KKR & Co LP had significantly changed. Western Digital said it will provide debt financing to facilitate a sale.

Sources with knowledge of the matter have said a state-backed fund, the Innovation Network Corp of Japan (INCJ), and the Development Bank of Japan (DBJ) which are currently part of preferred bidder consortium – would be invited to join the resubmitted offer.

While it was not immediately clear what parts of Toshiba's talks with the preferred bidder consortium were taking time, sources have said some Toshiba board members are concerned about technology leaks to South Korean chip rival SK Hynix Inc, which is part of the consortium and will provide Bain with financing.

Western Digital has also said it is strongly opposed to SK Hynix's participation and has threatened further legal action. Toshiba's lawsuit, filed with the Tokyo District Court, seeks around $1bn in damages.



A logo of Toshiba Corp is seen on a printed circuit board in Tokyo. The company has pushed back its timeline to clinch a sale of its prized flash memory chip unit, saying the $18bn deal was being held up due to differences of opinion within the consortium chosen as preferred bidder.

Takata bankruptcy a question mark for consumer lawsuits

AFP
Washington

The bankruptcy of Japanese auto parts giant Takata may frustrate the legal challenges by victims harmed by the company's exploding airbags, which were part of the largest auto safety recall ever.

The United States has been by far the hardest hit by the scandal over the defective airbags, which in some cases exploded with deadly force and are tied to 11 deaths on US soil out of the 16 recorded worldwide. Of the 100mn airbags involved in the recall, some 70mn were sold in the United States.

So it is not surprising to see such a large amount of litigation against Takata in US courts.

The Japanese company, which announced the bankruptcy on Sunday, plead guilty to fraud in January.

It is also in the United States that the bankruptcy by the world's number two airbag maker – whose assets will be bought up by US-based Key Safety Systems – creates the most uncertainty.

"Takata chose a cowardly way to escape its responsibilities. They'll eventually get held accountable but it's going to be a significant delay," said Kevin Dean, a lawyer representing 25 plaintiffs in the United States.

For those injured and the families of those killed, the major question is what happens to their legal cases while a bankruptcy court sorts through competing claims from Takata creditors. For now, Takata has set aside $125mn to compensate the victims and pledged again on Monday to honour that commitment, which it made in January as part of its guilty plea. But this could fall far short of the total liabilities, estimated at more than $1bn.

Japan plots delay to balancing budget without spooking markets

Reuters
Tokyo

Japanese Premier Shinzo Abe is looking to quietly ditch a pledge to balance the budget by fiscal 2020 in favour of a looser debt-to-GDP ratio target, a move that gives him a free hand to delay again an unpopular sales tax hike, government sources say.

Any fiscal slippage would mean Japan keeping its money printing presses running longer, and would break a commitment to G20 countries.

That could risk provoking fresh accusations of currency manipulation from the United States and other G20 countries if they saw Japan's move as a further attempt to keep the yen weak.

Abe also has to be careful of the potential market reaction.

Any reduction in the commitment to whittling down a public debt, that at twice the size of the economy is the worst among major economies, could risk damaging investor confidence in Japan.

While Abe is unlikely to have decided yet on whether to proceed with a scheduled sales tax hike in 2019, there are plenty of reasons to postpone it, the government sources say.

Abe's aides say the premier, who twice delayed a hike to 10% after an increase to 8% in 2014 pushed Japan to the verge of recession, won't risk cooling the economy again.

"I think the prime minister understands that putting off the sales tax hike is in the best interest of fiscal consolidation," said Satoshi Fujii, a special adviser to Abe.

Having seen his support slump from a series of scandals, Abe must decide whether to move ahead with the tax hike by mid-next year – around the time he could call a general election that must be held by late 2018.

But, even the International Monetary Fund said last week that sustaining economic growth should take priority over consolidating the budget for now.

"What's most important is to maintain growing momentum in the economy so that growth becomes sustained," IMF deputy managing director David Lipton told Reuters on Monday.

"It's a good time to make sure that there's not a premature consolidation that halts the economy," he said after annual Article 4 consultations with Japan. Having notched five straight quarters of growth, Japan's economy is on its best run in a decade, but it is hardly impressive.

Growth in the first quarter of this year was an annualised 1%, and the economy face numerous structural challenges, notably over-reliance on exports, slow wage growth handicapping domestic demand, and an ageing population.

Abe came to power in 2012 promising to wrench Japan's economy out of nearly two decades of deflation, but the jury is still out on whether he is succeeding.

With that in mind, Abe has repeatedly said Japan should fix its finances by boosting growth and tax revenues, rather than resorting to fiscal austerity steps, and has set a target to raise Japan's nominal gross domestic product (GDP) to ¥600tn.

Rather than risk a market backlash, the government kept a reference to the budget-balance target in its annual fiscal guidelines for this year, even though sources say there is a near-consensus in the administration that it won't be met. But in the clearest sign yet that Abe was back-tracking on the budget goal, the guidelines – announced on June 9 – also included a pledge to simultaneously lower the debt-to-GDP ratio, which could help save face over any slippage on fiscal reform.

The debt-to-GDP ratio is easier to meet as it improves as long as nominal GDP grows more than borrowing costs, and those can be contained by the Bank of Japan's ultra-easy policy, the government sources said.

"Even if the budget-balance target cannot be achieved, the government can argue it passed the grade if the debt-to-GDP ratio improves temporarily," said one of the sources.

This year's guidelines also made no mention of the need to raise the sales tax, contrary to past years when the government referred to it as key to restoring fiscal health.

"There wasn't even discussion on the tax hike in government panels," one source said.

Another source said the reference may have been removed to give Abe room to delay the tax hike.

Abe's aide Fujii said such changes to the guidelines meant the government is no longer committed to the budget-balance target and will instead focus on lowering the debt-to-GDP ratio.

"You could say the government is obligated to increase spending by 3% to 4% this year and next year, because it is targeting a ¥600tn economy," said Fujii, a professor at Kyoto University.

Watering down the fiscal target is not without risks.

The Bank of Japan could be forced to delay its exit from a massive stimulus, the sources say. That, in turn, could provoke fresh allegations of currency manipulation from US President Donald Trump, and leaders of other G20 countries.


Abe: Looking to quietly ditch a pledge to balance the budget by fiscal 2020 in favour of a looser debt-to-GDP ratio target.

India okays Air India stake sale

India's cabinet approved yesterday plans to sell a stake in state-run Air India as the debt-saddled carrier struggles to compete with low-cost rivals in one of the world's fastest-growing airline markets.

"A civil aviation ministry proposal was received by the cabinet which was given an in principle approval for the disinvestment of Air India," finance minister Arun Jaitley said after the meeting.

The cabinet also set up a separate group, headed by Jaitley, to decide how to move forward with the sale, including the amount of divestment and other matters related to its assets and debt. Once the country's monopoly airline, Air India lost market share to new private players, especially low-cost carriers.

Hit by delayed and cancelled flights and a generally poor service record the flagship carrier began accumulating debts as passengers flocked to an ever-growing market of competitors.

The carrier received a $5.8bn bailout package from the government in 2012.

India could import more sugar as global prices plunge, rupee strengthens

Reuters
Mumbai

World No.1 sugar consumer India could be set to ramp up imports of the sweetener as a sharp drop in international prices and a stronger rupee make overseas purchases viable despite stiff duty charges, industry officials said.

Increased appetite from India, which typically churns out its own sugar to use in everything from fizzy drinks to sticky snacks, could support benchmark global prices that have been trading near their lowest in 16 months.

However, it would pressure Indian prices, potentially making it difficult for mills that process sugar cane to pay farmers rates stipulated by the government.

"At the current (international) price level, refiners can import sugar for domestic consumption and make profit," said Rohit Pawar, chief executive of Baramati Agro, which operates sugar mills in the western state of Maharashtra.

Dealers estimate the cost of sweetener produced from raw sugar shipped in from abroad, including the 40-percent import duty, is around Rs32,000 ($496) per tonne, around 8% cheaper than local sugar at Rs34,600.

A stronger rupee also makes the dollar-denominated price tag on overseas cargoes more affordable for Indian mills. The rupee has risen more than 5% against the greenback so far this year.

That comes after the government in April allowed the duty-free import of 500,000 tonnes of sugar to keep a lid on prices after local production fell by a fifth from a year ago.

"Right now refiners are processing duty-free imports.

From the next month they could start importing (duty-paid) sugar for local consumption," said a sugar miller based at Kolhapur in Maharashtra.

He declined to be identified as he was not authorised to speak with media.

Traders said predicting the scale of potential imports was tricky.

"It is difficult to estimate how much Indian refiners will import... (while) paying tax," said a New Delhi-based dealer with a global trading firm.

"The market has not anticipated additional imports.

Once imports start, local prices could crash and could make larger imports unviable."

Local sugar prices have already fallen to their lowest level in three months in the wake of the duty-free imports and due to cooler summer than usual, which curbed appetite for cold treats such as ice cream.

"There is a need to raise import duty on sugar to 70%.

Otherwise imports will pull down prices further and make it impossible for mills to pay the government fixed cane price," said Baramati Agro's Pawar.

The South Asian country has increased by nearly 11% the price sugar mills must pay cane growers in the next sugar season beginning in October.

"Mills cannot pay higher prices for cane unless they manage to sell sugar at higher prices," said Sanjeev Babar, managing director of the Maharashtra State Co-operative Sugar Factories Federation. "There is need to stop imports as next season we will be self-sufficient in sugar production."

Japan's regulator ends LNG resale restrictions

Reuters
Tokyo

Japan's anti-monopoly regulator ruled yesterday that all new contracts for liquefied natural gas (LNG) should not contain restrictions on reselling cargoes of the fuel, adding momentum to a push to liberalise the LNG market.

The decision, which was in line with growing market practice, is likely to lead to more trading of LNG cargoes by buyers in Japan, the world's biggest importer of the fuel, and could see challenges to similar restrictions elsewhere in Asia.

Asian LNG buyers have long complained that having destination clauses in LNG contracts unfairly restricts trading of the fuel at times when it would make more economic sense for buyers to on-sell supplies to other markets.

The ruling comes as new LNG projects have boosted supply and many producers have already relented on the issue, offering contracts without resale or destination restrictions.

"It is not unexpected…this is very much consistent with Japan's efforts to liberalise the gas market," said Neil Beveridge, oil and gas analyst at AB Bernstein in Hong Kong.

"By removing the destination clauses, the idea is to increase liquidity in the market which is going to be a key step towards market liberalisation and development of a pricing hub," he said.

A spokesman for Jera, a joint venture between Tokyo Electric and Chubu Electric that is the world's single biggest LNG buyer, said that easing or scrapping destination clauses was essential to boosting liquidity of LNG and developing a healthy LNG market in Asia.

Japan is in a strong position to renegotiate supply terms given it spent about $30bn to import nearly 85mn tonnes of LNG in the year to end-March, according to official trade data, about a third of globally traded LNG.

"This is obviously a reflection of a market where buyers have a lot of power over sellers at the moment given the oversupply that we are seeing," Beveridge said. The move is a reprise of the upheaval in Europe in the early 2000s when the European Union found certain gas market practices anti-competitive.

Japan's Fair Trade Commission late last year ordered the country's LNG buyers to provide details on contract requirements that prevent them from reselling the liquefied fuel to third parties.

"They had been talking about this for quite a while. A lot of the sellers already loosened their restrictions."

Liquefied natural gas storage tanks and a membrane-type tanker are seen at Tokyo Electric Power Co's Futtsu Thermal Power Station, east of Tokyo. Japan's anti-monopoly regulator ruled yesterday that all new contracts for liquefied natural gas (LNG) should not contain restrictions on reselling cargoes of the fuel, adding momentum to a push to liberalise the LNG market.

China puts more sectors in play to show investors open door

Bloomberg
Beijing

China has shortened the list of assets that foreign investors are barred from acquiring, in a move designed to show the government is honouring its commitment to stay open for global business.

The world's second largest economy has reduced restrictive measures in its 2017 foreign investment catalog to 63, compared with 93 in the previous version in 2015, according to a joint statement released yesterday by the National Development and Reform Committee and the Ministry of Commerce.

Policymakers have lifted bans on foreign investment in service sectors including credit rating, accounting, auditing and produce wholesale markets, and in high-end manufacturing businesses including new energy vehicle batteries and ethanol fuel, according to the catalog, which is set to take effect from July 28.

The catalog also used a negative list for the first time to name all off-limits sectors – those not on the negative list are theoretically open to foreign investors, according to the statement.

A separate list also detailed 348 sectors, including virtual reality and augmented reality equipment, mining, nursing homes, and sports training, where foreign investment is encouraged.

China is supportive of foreign investors taking part in its "Made in China 2025" plan, a road map which targets 10 industries to transform its lower-value manufacturing economy into a high-end one based on services, according to a statement posted on the NDRC website.

Premier Li Keqiang said yesterday China was not closing its doors. He said foreign investors were welcome to take part in the M&As of Chinese companies when meeting business leaders at the World Economic Forum's Annual Meeting of the New Champions gathering that runs from June 27-29, according to state-run Xinhua News Agency's official Weibo.

That said, not all the changes were aimed at an opening of China's economy, according to Lester Ross, managing partner in the Beijing office of law firm WilmerHale.

The changes are "very modest" and "some of the few changes are in the direction of tightening control over foreign investment in information and entertainment," he said by e-mail.

Alibaba spending $1bn to raise stake in Lazada

Reuters
Singapore

Chinese e-commerce company Alibaba Group Holding is investing an additional $1bn in Southeast Asian online retailer Lazada Group, boosting its stake by nearly a third to 83% and amplifying its focus on the region.

Alibaba's announcement comes as its rivals such as Chinese e-commerce firm JD.com Inc are expanding operations in Southeast Asia and amid media reports that Amazon is eyeing an entry into the region of 600mn people where only a fraction of total retail sales are currently conducted online.

The region may be the first market where Amazon and Alibaba will go head-to-head, if the US firm confirms the plans.

"It is a clear signal from (Alibaba) that, now having learnt the market better, that they really believe in the opportunity of e-commerce in southeast Asia," Lazada chief executive Maximilian Bittner told Reuters in an interview.

The move doubles Alibaba's investment in Lazada after last year's deal to buy a controlling stake in it for about $1bn and is a part of its efforts to boost its global sales. Alibaba had the option to buy the remaining stakes from some Lazada investors, 12-18 months after the deal closed.

Besides financial support, Alibaba's investment has provided Lazada with several benefits, including access to a wider range of merchants and improving its logistics capabilities.

Lazada has been expanding its offerings over the last year, buying Singapore-based online grocer RedMart and tying up with companies such as Netflix and Uber for a membership programme.

Bittner said having Alibaba as a backer was "very helpful" in distinguishing itself from Amazon and other competitors.

"It will be easier to take on one 800 pound gorilla when you have the other 800 pound gorilla behind you," he said, when asked about a potential Amazon entry. Yesterday, Alibaba said it will purchase the shares from certain Lazada shareholders at an implied valuation of $3.15bn.

Germany's Rocket Internet and Sweden's Kinnevik confirmed in separate statements that they were among the selling shareholders.

Last year's deal had included partial stake sales by investors, including British supermarket operator Tesco Plc, Rocket and Kinnevik.

Bittner said Lazada management and Singapore state investor Temasek Holdings were the only other remaining shareholders, besides Alibaba.

Lazada, founded in 2012, is headquartered in Singapore and also operates in Malaysia, Indonesia, the Philippines, Thailand and Vietnam.

In the twelve months ended March 31, 2017, Lazada had about 23mn annual active buyers, according to Alibaba's annual report.

"The e-commerce markets in the region are still relatively untapped, and we see a very positive upward trajectory ahead of us," Daniel Zhang, CEO of Alibaba, said in a statement. "We will continue to put our resources to work in Southeast Asia through Lazada to capture these growth opportunities."

Alibaba shares were down 0.4% in pre-market trading, while Rocket shares were 2.3% lower.

Employees at online retailer Lazada fill orders at the company's warehouse in Jakarta. In the twelve months ended March 31, 2017, Lazada had about 23mn annual active buyers, according to a report.

China's natural gas output, imports surge, beating target

By Clyde Russell
Launceston, Australia

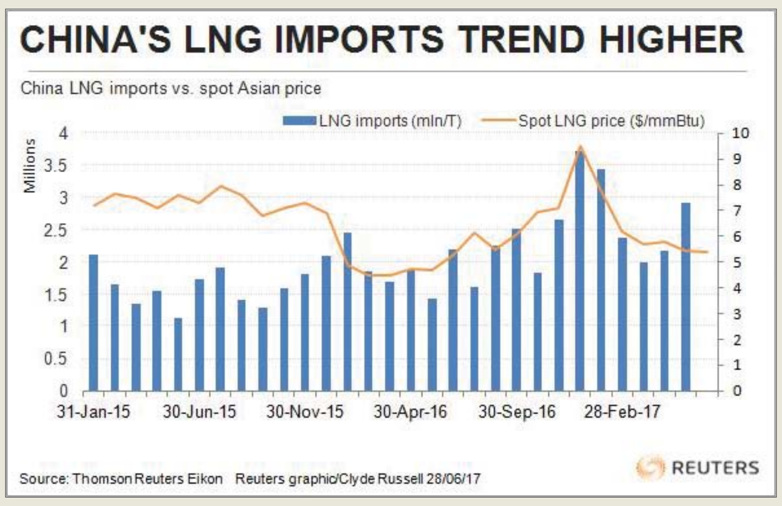
China is ramping up both imports and domestic production of natural gas, with the combined rate of growth running well ahead of the government's target for boosting the use of the cleaner-burning fuel.

Official data for domestic production, imports via pipelines and imports of liquefied natural gas (LNG) show the total amount of natural gas available in China in the first five months of the year was the equivalent of 72.01mn tonnes of LNG.

This was up 9%, or 5.94mn tonnes, on the 66.07mn tonnes that were either pumped domestically or imported in the first five months of 2016.

China has set a target of increasing the share of natural gas in energy consumption from 5.9% in 2015 to 10% in 2020, an average annual increase of 4.1%.

So far this year, China's output and imports of the fuel are running at more than double the annual rate needed to reach the official target.



The biggest gainer has been imports of LNG, which are up 38.4% in the first five months of 2017 to 12.86mn tonnes, while pipeline imports have dropped 4.4% to 12.65mn tonnes.

Domestic natural gas production has been a strong gainer, rising almost 7% in the January to May period to 62.88bn cubic metres, equivalent to 46.5mn tonnes of LNG.

The rise in natural gas output stands in sharp contrast to the decline in crude oil production, which fell to the lowest on record in May as output declines from older fields. Natural gas has also outperformed coal, with domestic output of the polluting fuel up 4.3% to 1.4bn tonnes in the first five months of the year.

The jump in imports of LNG shows how the super-chilled fuel is becoming more competitive with pipeline imports from central Asia.

Customs data from May shows that the average landed cost of LNG was $7.28 per million British thermal units (mmBtu).

This is higher than the $5.25 per mmBtu of pipeline imports, however, the customs price excludes the cost of internal pipeline and distribution, meaning imports from central Asia still have to pay to get from the border to demand centres.

In contrast, much of the LNG is consumed near to where it is offloaded and re-gasified, meaning it doesn't suffer from the additional costs associated with the pipeline imports.

Among China's LNG suppliers Australia has fared best, with imports rising 42.7% in the first five months to 5.39mn tonnes.

Malaysia is the third-biggest supplier to China, with 1.82mn tonnes in the first five months, up 90% from the same period in 2016. The price being paid by China for LNG tells part of the story, with cargoes from Australia landing at $6.80 per mmBtu in May, slightly ahead of the $6.49 for Malaysia.

Australia's price advantage is still largely tied to the 25-year supply deal from the North West Shelf venture, signed in 2002 at a fixed price of $3.80 per mmBtu.

At the time it was Australia's biggest export deal and hailed as a breakthrough in accessing China's markets, with former prime minister John Howard calling deal a "gold medal performance."

Since then, as spot LNG prices first rose dramatically to peak at over $20 per mmBtu in 2014, the deal was seen as too generous to the Chinese, given it lacked any mechanism for re-negotiation or linking the price to crude oil, as is common in most long-term LNG contracts.

The spot price of Asian LNG was $5.40 per mmBtu in the week to June 23, down from the northern winter peak this year of $9.40 in early January.

This means China is still paying more for its LNG than the spot price, but not so much as to make LNG imports uncompetitive against pipeline supplies.

LNG imports in June appear set to remain robust, with vessel-tracking and port data compiled by Thomson Reuters Supply Chain and Commodity Forecasts showing 2.7mn tonnes has already been discharged, or is discharging, at Chinese ports as of Tuesday.

With three days still remaining in the month, the data suggests that an additional eight vessels carrying 560,000 tonnes may discharge before the end of June, taking total imports for the month to around 3.26mn tonnes.

While natural gas has policy support boosting its use in China, it remains more expensive than coal when used to generate electricity.

The best chance for natural gas to continue to make inroads is not only for LNG prices to remain relatively low, but also for the authorities in Beijing to push for natural gas to be used more in areas like residential heating and smaller factories, many of which still use coal.

■ *Clyde Russell is a Reuters columnist. The views expressed here are his own.*

Hedge funds hold record short positions in petroleum

By John Kemp
London

Oil prices have been rising gently during the past four trading sessions despite concerns about the continued rise in the US rig count and enormous excess inventories.

Front-month Brent futures prices are up by about $2 a barrel since touching a low of $44 on June 21, which could herald a break in the downtrend that had been in place since late May.

Rising prices most likely reflect hedge funds covering some short positions rather than a fundamental reappraisal of the outlook for supply, demand and inventories.

Hedge fund managers have become progressively more bearish about petroleum prices in recent weeks.

By June 20 hedge funds had amassed 480mn barrels of short positions in the five main futures and options contracts linked to crude, gasoline and heating oil, up from only 350mn barrels on June 6.

Fund managers have only held a larger number of short positions in petroleum once before, in January 2016, when their combined shorts in the five contracts totalled 484mn barrels. The position in January 2016 coincided with the trough of the oil price cycle and marked the start of the recovery.

The question is whether the large number of shorts now will mark a similar turning point.

In crude, hedge fund long positions still outnumbered short positions by a ratio of 2.1 to 1 on June 20, but this was one of the lowest ratios recorded in recent years.

The attempt to accumulate a large number of long positions tends to push prices higher, while efforts to accumulate short positions has the opposite effect. But once the positions have been established, the existence of large concentrations of long or short positions and a stretched ratio have often signalled the price trend is about to reverse.

With so many shorts now in crude, gasoline and heating oil, the risk of a short-covering rally when fund managers attempt to lock in some of their profits has increased significantly.

And with relatively few long positions left to close, the downside threat from further liquidation has been reduced.

From a pure positioning perspective, the balance of risks in the oil market has therefore shifted to the upside, with the probability of a short-covering rally now much greater than further liquidation-driven price falls. The fundamental outlook remains uncertain, meanwhile, with an unsustainable increase in the number of rigs drilling for oil in the United States and doubts about whether global inventories will fall to their five-year average in 2018 and stay there.

If the US rig count continues rising beyond the end of July, oil prices may need to fall further to bring the drilling boom back under control. In the meantime, however, the huge number of short positions in the market could help to put a short-term floor under prices and potentially trigger a rally.

■ *John Kemp is a Reuters columnist. The views expressed here are his own.*

Trump economic agenda fears hit Asian markets

AFP
Hong Kong

Asian markets turned negative yesterday as Republicans' struggle to push through controversial healthcare legislation fuels concerns about the chances of Donald Trump passing his much-vaunted economic agenda.

Global markets soared in the months after the tycoon's November election victory as traders bet his plans to slash taxes and red tape while ramping up infrastructure spending would fire the world's top economy.

But his failure to pass an overhaul of Obamacare – a key campaign promise – despite his party controlling Congress has led many to question his ability to deliver his major promises.

The president's lack of detail on his economic plans led the International Monetary Fund to cut its 2017 and 2018 US growth projections.

"US lawmakers have withdrawn the Senate Health Care Bill till after the summer recess.

This is a blow to the Trump agenda because it makes tax cuts all the more difficult," said Greg McKenna, chief market strategist at AxiTrader.

All three main indexes on Wall Street ended sharply lower and the losses filtered through to Asia, with the technology sector taking a hit.

Big-name giants including Seoul-listed Samsung, Japan's Sony and Tencent in Hong Kong were all lower.

Tokyo's Nikkei ended 0.5% lower at 20,130.41, while Hong Kong lost 0.6% at 25,683.50, Singapore gave up 0.1% and Seoul dropped 0.4%.

Wellington, Taipei and Manila also retreated but Sydney rose 0.7%.

Adding to the selling were concerns about another wave of global cyberattacks reminiscent of May's WannaCry virus that crippled organisations and companies in 150 countries.

On currency markets the euro extended gains against the dollar after European Central Bank boss Mario Draghi said the EU was enjoying a newfound confidence that could unlock demand and investment.

And while he cautioned against winding down the bank's easy money policy, analysts said the Italian was more hawkish than expected.

Stephen Innes, senior trader at OANDA, said in a note: "An emphatically hawkish Mario Draghi suggests the ECB policy is on track while all but declaring victory over the eurozone inflation conundrum.

Apparently, the ECB has taken a giant leap towards ending (its) ultra-loose monetary policy."

The euro surged more than 1% above $1.13 and yesterday it pushed to highs not seen since May last year.

The single currency was also up about 1.4% against the yen at levels not seen since early 2016.

The greenback was also down against the pound on concerns about Trump's agenda. It held gains above 112 yen after top Federal Reserve officials indicated interest rates would rise further this year.

Oil prices eased slightly after jumping around 2% Tuesday as the commodity bounces back from sharp losses that saw it hit a 10-month low.

A view of the Tokyo Stock Exchange. The Nikkei index ended 0.5% lower at 20,130.41 yesterday.

Emerging markets retreat as German, US bond yields rise

Reuters
London

Emerging stocks retreated yesterday, taking their cue from Wall Street losses amid rising US and German bond yields and expectations that the Fed and ECB will soon cut back on stimulus.

European Central Bank chief Mario Draghi has signalled that a stimulus reduction could get underway as soon as September, while the US Federal Reserve has kept a hawkish stance on interest rates despite a recent run of soft inflation data.

The 10-year German yield has almost doubled in the past two days, boosting the euro against the dollar, while US yields are at two-week highs.

The US S&P 500 posted its biggest one-day fall in almost six months, the losses filtering through to Asia where markets slipped about 0.5%.

MSCI's benchmark emerging equity index fell 0.8%.

"It's a combination of Draghi and the Yellen comments – Draghi pushing up US Treasury yields and Yellen highlighting stretched risky asset prices," said Simon Quijano-Evans, a strategist at L&G Investment Management.

He was referring to comments by Fed chair Janet Yellen who said on Tuesday that rates would rise gradually and that "some asset valuations look high".

The German bond sell-off will likely take a toll on eastern European debt markets, with Polish yields rising to one-month highs.

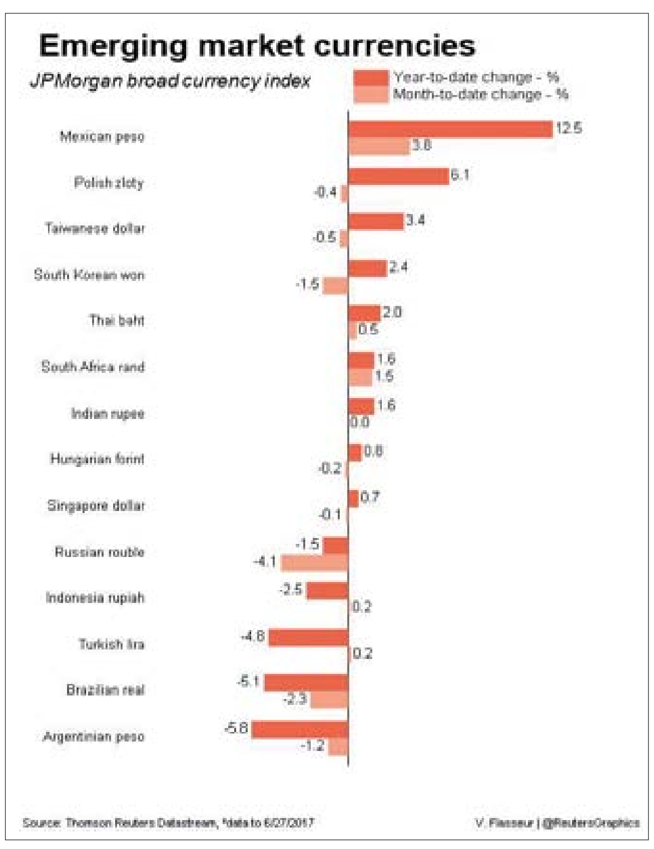
Quijano-Evans said the main impact could be on the Czech crown, by bringing forward the timing of the first rate rise.

The central bank is expected to hold rates near zero today but a Reuters poll found the first rise could come this year instead of previous expectations of 2018. The crown rose slightly against the euro.

While euro gains pushed the dollar index down 0.2% lower, most emerging currencies were flat, although the rouble pulled back 0.3%, hit by renewed oil weakness.

Russian equities slipped 0.2% with shares in embattled conglomerate Sistema down another 0.3%, following falls of 7% and 6% respectively on Monday and Tuesday.

A court on Tuesday froze more than $3bn of Sistema assets as it started hearing a lawsuit brought by state oil firm Rosneft. In the Gulf, the Qatari riyal rose in forward markets versus the dollar to trade as firm as 3.686, the strongest level since mid-June. One-month forwards jumped back to levels seen at the start of the month, when a diplomatic spat with its neighbours first erupted.



Sensex drops for third day; rupee weakens

Bloomberg
Mumbai

India's benchmark stock index dropped for a third day, reaching a fresh one-month low, amid weakness in consumer shares and energy producers ahead of the derivatives expiry today.

The S&P BSE Sensex fell 0.4% to close at 30,834.32 in Mumbai, a fifth decline in the past six sessions. Consumer durables was the biggest sector decliner among the 13 sub-indexes. Asian Paints Ltd fell 2.2% amid expectations of higher costs following the implementation of a goods-and- services tax beginning July 1.

The roll cost, or the price traders pay to replace current month futures with July securities, was 39 basis points in Mumbai a day before expiry, compared with the three-month mean of 37 basis points, data compiled by Bloomberg show. The higher cost implies investors are prepared to pay more to buy new contracts on the NSE Nifty 50, underpinning an index which has reached record highs several times this year. The Nifty fell 0.2%.

"The derivatives expiry is keeping markets choppy," Soumen Chatterjee, head of research at Guiness Securities Ltd, said by phone. "We are advising clients to buy on dips. Large cap stocks look better as mid-caps are likely to remain under pressure due to deleveraging."

On the currency front, the rupee weakened by 2-3 paise to 64.55-56 to US dollar from its previous close at 64.53.

Hong Kong stock market rout foreseen by activist investor

Reuters
Hong Kong

Six weeks ago, David Webb, an activist investor and former director of the Hong Kong exchange, issued a report titled "The Engima Network: 50 stocks not to own". On Tuesday, most of the shares he named abruptly plunged, pointing to chronic regulatory problems over small-cap shares in the Asian financial hub.

Webb's report mapped out a complex web of cross-shareholdings between companies listed on both the main board and its sibling, the Growth Enterprise Market, which he said created a breeding ground for volatility.

Tuesday's biggest decliners showed characteristics that have long worried regulators and which Webb highlighted in his report: high shareholding concentrations, unrealistic valuations, and complex relationships between companies and listed brokerages.

The Hong Kong government and regulators are growing increasingly concerned that a series of company scandals, many of them centred on mainland companies listed in Hong Kong, have tarnished the territory's reputation as a financial centre as it marks the 20th anniversary of its handover to China this weekend.

Webb, a successful investor and author who studied mathematics at Oxford, told Reuters yesterday he had come across the network through his own research into annual reports and company disclosures.

"I picked up on this network years ago when they started building it. The meltdown shows these stocks are closely related," he said.

His report only covers cross-shareholding relationships but the companies also have many directors in common as well as related transactions, Webb said.

The purpose of such networks, Webb said, "is to defraud investors – extract and misappropriate money and part of that involves manipulating stocks."

Webb, an outspoken critic of the Hong Kong market since he quit the HKEX board in 2008, said it was unclear what triggered Tuesday's sell-off. "I can only speculate. But it's possible margin calls have been triggering the sell-off. It's possible the brokers involved have been told to stop lending against those shares... Maybe the people operating the network have decided to dump and run." Webb said he never shorts Hong Kong shares.

"The bigger picture here is that this again reminds us that the current regulatory system is not working and these problems have been allowed to build up by the Hong Kong exchange (HKEX)." He also blamed the independent market regulator, the Securities and Futures Commission (SFC), "for not stopping it."

An SFC spokesman declined to comment on whether the regulator was investigating any of the companies in the network.

In a statement, the SFC said: "The stocks which have experienced large price declines yesterday occupy a market segment characterised by thin turnover, small public floats, high shareholding concentrations, and multiple relationships between different companies and listed brokerage firms.

These characteristics can be especially conducive to extreme volatility and also to market misconduct."

The exchange denied speculation on Tuesday it was planning to delist thinly traded shares.

WLS Holdings, which had a market value of HK$409mn, was the biggest loser yesterday with its shares sliding 47%, while Greaterchina Professional Services Ltd dropped 34% after a 93% drop on Tuesday.

Webb said he opposed a recent HKEX proposal to add a third board, catering to start-ups, and argued the two existing boards should be merged and put under the jurisdiction of the SFC.

The investor activist said Hong Kong also needs a class action legal provision so investors can hold boards accountable.

He said all companies should be compelled to file results on a quarterly basis, with restrictions on how many companies can invest in other stocks. Webb, a member of the SFC's takeover panel, has been a thorn in the side of the establishment and Hong Kong's mega-rich business elites through his public commentary and eponymous "Website" for much of the past 26 years he has been resident in the city.

BUSINESS

DJIA

Company Name	Lt Price	% Chg	Volume
Apple Inc	145.04	0.91	10,281,090
Microsoft Corp	69.36	0.22	11,514,543
Exxon Mobil Corp	81.44	0.40	3,540,458
Johnson & Johnson	134.80	-0.16	1,656,494
General Electric Co	27.29	0.29	8,555,825
Jpmorgan Chase & Co	89.27	1.39	5,993,320
Procter & Gamble Co/The	88.79	0.20	1,359,438
Wal-Mart Stores Inc	76.55	0.71	2,071,939
Verizon Communications Inc	44.98	0.31	4,342,603
Pfizer Inc	33.75	-0.07	5,158,829
Visa Inc-Class A Shares	95.75	0.90	1,999,935
Chevron Corp	104.69	0.60	1,261,252
Coca-Cola Co/The	45.48	0.95	3,460,848
Intel Corp	33.94	0.86	7,101,113
Merck & Co. Inc.	65.58	0.06	1,839,453
Cisco Systems Inc	32.05	0.91	6,058,620
Home Depot Inc	153.40	0.76	815,221
Intl Business Machines Corp	155.46	0.46	729,615
Walt Disney Co/The	107.50	1.98	3,435,306
Unitedhealth Group Inc	186.12	0.82	718,645
3M Co	211.10	0.63	396,341
Mcdonald's Corp	154.44	0.47	451,915
Nike Inc -Cl B	53.33	0.72	2,017,616
United Technologies Corp	122.54	0.78	472,874
Boeing Co/The	200.83	0.97	488,809
Goldman Sachs Group Inc	222.33	0.93	1,195,511
American Express Co	84.03	1.14	1,192,871
Du Pont (E.I.) De Nemours	81.48	0.98	383,224
Caterpillar Inc	105.75	1.75	1,379,416
Travelers Cos Inc/The	128.08	0.55	253,421

FTSE 100

Company Name	Lt Price	% Chg	Volume
Wpp Plc	1,650.00	0.55	4,390,510
Worldpay Group Plc	312.80	-0.35	4,344,423
Wolseley Plc	4,752.00	0.13	771,702
Wm Morrison Supermarkets	241.90	0.29	6,241,866
Whitbread Plc	3,963.00	-0.30	411,046
Vodafone Group Plc	219.70	-0.86	47,695,417
United Utilities Group Plc	898.00	-0.22	3,831,567
Unilever Plc	4,272.50	-0.67	3,575,165
Tui Ag-Di	1,124.00	-0.27	1,431,722
Travis Perkins Plc	1,461.00	1.04	1,821,790
Tesco Plc	171.75	1.63	41,655,737
Taylor Wimpey Plc	179.30	0.45	18,085,793
Standard Life Plc	395.90	1.36	4,717,108
Standard Chartered Plc	763.50	0.85	7,340,604
St James's Place Plc	1,183.00	-0.17	1,357,953
Sse Plc	1,477.00	-0.61	3,953,108
Smith & Nephew Plc	1,343.00	-0.30	2,999,139
Sky Plc	956.50	-0.62	7,848,699
Shire Plc	4,406.00	-2.52	2,271,388
Severn Trent Plc	2,243.00	-0.93	1,675,430
Schroders Plc	3,101.00	-0.10	746,788
Sainsbury (J) Plc	258.40	1.69	7,813,277
Sage Group Plc/The	702.50	-1.26	3,184,878
Sabmiller Plc	0.00	0.00	-
Rsa Insurance Group Plc	607.50	-1.14	2,480,000
Royal Mail Plc	427.80	0.33	10,213,214
Royal Dutch Shell Plc-B Shs	2,113.50	-0.56	6,037,853
Royal Dutch Shell Plc-A Shs	2,074.00	-0.69	5,776,877
Royal Bank Of Scotland Group	252.20	0.16	10,943,891
Rolls-Royce Holdings Plc	910.00	-0.98	5,828,634
Rio Tinto Plc	3,155.50	-0.05	5,755,891
Rexam Ltd	0.00	0.00	-
Relx Plc	1,675.00	-0.89	3,491,098
Reckitt Benckiser Group Plc	7,837.00	-0.60	993,112
Randgold Resources Ltd	6,970.00	-0.92	724,259
Prudential Plc	1,792.50	-0.36	4,778,215
Provident Financial Plc	2,413.00	0.92	583,512
Persimmon Plc	2,274.00	0.13	1,401,595
Pearson Plc	703.00	-0.42	1,893,504
Paddy Power Betfair Plc	8,345.00	-1.30	119,305
Old Mutual Plc	197.10	-0.05	5,596,986
Next Plc	3,952.00	-0.08	864,424
National Grid Plc	971.40	-1.34	8,965,150
Mondi Plc	2,022.00	0.05	1,553,567
Merlin Entertainment	481.60	-0.10	1,675,245
Mediclinic International Plc	749.00	0.88	1,027,013
Marks & Spencer Group Plc	340.80	1.25	9,651,520
London Stock Exchange Group	3,730.00	0.16	538,127
Lloyds Banking Group Plc	66.60	-0.18	162,430,572
Legal & General Group Plc	259.20	0.12	11,377,403
Land Securities Group Plc	1,006.00	-1.28	2,431,538
Kingfisher Plc	303.40	0.80	9,711,597
Johnson Matthey Plc	2,915.00	-0.51	682,204
Itv Plc	182.90	1.22	14,862,334
Intu Properties Plc	268.90	-0.07	3,461,273
Intl Consolidated Airline-Di	630.00	3.87	13,259,307
Intertek Group Plc	4,335.00	-0.78	269,517
Intercontinental Hotels Grou	4,294.00	-1.08	436,119
Inmarsat Plc	773.00	0.65	1,734,187
Informa Plc	691.50	0.51	2,135,351
Imperial Brands Plc	3,530.00	-1.27	1,842,693
Hsbc Holdings Plc	686.40	-0.51	23,356,096
Hargreaves Lansdown Plc	1,306.00	-2.32	2,143,826
Hammerson Plc	578.00	-1.62	3,152,991
Glencore Plc	284.05	-1.25	40,993,078
Glaxosmithkline Plc	1,663.50	-2.00	8,627,242
Gkn Plc	332.10	0.27	8,223,787
Fresnillo Plc	1,555.00	-0.38	898,251
Experian Plc	1,613.00	-0.62	2,574,791
Easyjet Plc	1,360.00	2.18	2,476,199
Dixons Carphone Plc	293.70	-0.74	10,920,049
Direct Line Insurance Group	354.80	0.00	2,297,054
Diageo Plc	2,311.50	-0.84	3,798,733
Dcc Plc	6,960.00	-1.56	234,381
Crh Plc	2,777.00	-0.29	3,749,245
Compass Group Plc	1,647.00	-0.96	4,252,200
Coca-Cola Hbc Ag-Di	2,336.00	-1.43	672,161
Centrica Plc	203.40	-0.44	18,657,224
Carnival Plc	5,125.00	-0.58	494,178
Capita Plc	700.50	0.94	3,205,991
Burberry Group Plc	1,705.00	-3.45	2,538,058
Bunzl Plc	2,343.00	1.47	1,876,870
Bt Group Plc	294.10	1.94	28,704,150
British Land Co Plc	604.00	-1.15	4,670,243
British American Tobacco Plc	5,351.00	-1.42	2,799,621
Bp Plc	455.30	-1.09	23,979,217
Bhp Billiton Plc	1,179.00	0.86	9,725,278
Berkeley Group Holdings/The	3,275.00	0.28	1,168,445
Barratt Developments Plc	571.50	1.42	7,482,986
Barclays Plc	203.45	0.32	38,029,338
Bae Systems Plc	640.50	-0.47	9,387,061
Babcock Intl Group Plc	895.00	0.34	1,180,340
Aviva Plc	531.00	-0.09	5,653,790
Astrazeneca Plc	5,240.00	-2.00	1,777,346
Associated British Foods Plc	2,973.00	0.51	824,707
Ashtead Group Plc	1,587.00	0.76	1,883,827
Arm Holdings Plc	0.00	0.00	-
Antofagasta Plc	788.00	1.74	3,165,510
Anglo American Plc	1,012.00	0.60	7,687,563
Admiral Group Plc	1,984.00	-0.50	656,240
3I Group Plc	915.50	0.00	1,514,472
#N/A	0.00	0.00	-

TOKYO

Company Name	Lt Price	% Chg	Volume
East Japan Railway Co	10,990.00	0.27	700,800
Itochu Corp	1,647.50	0.27	4,746,200
Fujifilm Holdings Corp	4,038.00	-1.17	1,735,000
Yamato Holdings Co Ltd	2,297.50	-1.27	1,204,300
Chubu Electric Power Co Inc	1,499.00	0.54	1,422,000
Mitsubishi Estate Co Ltd	2,102.00	0.91	3,709,700
Mitsubishi Heavy Industries	441.70	0.23	10,821,000
Toshiba Corp	287.60	-3.78	72,039,000
Shiseido Co Ltd	4,002.00	-1.16	1,268,200
Shionogi & Co Ltd	6,265.00	-0.78	877,400
Tokyo Gas Co Ltd	583.80	-0.43	6,118,000
Tokyo Electron Ltd	15,410.00	-4.26	1,950,000
Panasonic Corp	1,562.50	0.19	9,890,000
Fujitsu Ltd	839.50	-2.11	13,409,000
Central Japan Railway Co	18,340.00	0.14	316,300
T&D Holdings Inc	1,661.00	1.25	4,474,400
Toyota Motor Corp	5,904.00	0.48	6,937,500
Kddi Corp	2,990.00	-0.08	4,608,000
Nitto Denko Corp	9,023.00	0.41	482,100

WORLD INDICES

Indices	Lt Price	Change
Dow Jones Indus. Avg	21,473.30	+162.64
S&P 500 Index	2,438.29	+18.91
Nasdaq Composite Index	6,206.77	+60.15
S&P/Tsx Composite Index	15,335.73	+54.51
Mexico Bolsa Index	49,239.67	+151.93
Brazil Bovespa Stock Idx	61,924.75	+249.29
Ftse 100 Index	7,387.80	-46.56
Cac 40 Index	5,252.90	-5.68
Dax Index	12,647.27	-23.75
Ibex 35 Tr	10,702.70	+54.80
Nikkei 225	20,130.41	-94.68
Japan Topix	1,614.37	-4.65
Hang Seng Index	25,683.50	-156.49
All Ordinaries Indx	5,796.07	+43.54
Nzx All Index	1,393.37	-0.06
Bse Sensex 30 Index	30,834.32	-123.93
Nse S&P Cnx Nifty Index	9,491.25	-20.15
Straits Times Index	3,215.70	-3.83
Karachi All Share Index	32,247.64	+473.65
Jakarta Composite Index	5,829.71	+11.16

TOKYO

Company Name	Lt Price	% Chg	Volume
Rakuten Inc	1,327.50	-1.81	5,392,700
Kyocera Corp	6,598.00	-0.87	858,400
Nissan Motor Co Ltd	1,100.50	1.43	13,092,900
Hitachi Ltd	681.00	-0.82	18,378,000
Takeda Pharmaceutical Co Ltd	5,765.00	-0.81	1,588,600
Jfe Holdings Inc	1,871.00	2.13	4,797,200
Ana Holdings Inc	390.80	1.40	16,499,000
Mitsubishi Electric Corp	1,602.50	-1.02	4,491,500
Sumitomo Mitsui Financial Gr	4,314.00	2.18	12,333,900
Honda Motor Co Ltd	3,073.00	-0.03	3,509,800
Fast Retailing Co Ltd	37,620.00	0.11	427,700
Ms&Ad Insurance Group Holdin	3,778.00	-0.11	1,432,800
Kubota Corp	1,872.50	-0.03	2,618,600
Seven & I Holdings Co Ltd	4,701.00	-0.91	1,542,400
Inpex Corp	1,069.00	1.52	4,559,900
Resona Holdings Inc	604.80	3.37	19,449,200
Asahi Kasei Corp	1,216.00	0.91	4,142,000
Kirin Holdings Co Ltd	2,326.00	-0.87	3,287,100
Marubeni Corp	714.50	1.87	8,939,000
Mitsubishi Ufj Financial Gro	747.20	2.60	110,670,200
Mitsubishi Chemical Holdings	919.60	3.13	11,578,800
Fanuc Corp	21,785.00	-0.77	605,200
Daito Trust Construct Co Ltd	17,525.00	-1.04	219,800
Otsuka Holdings Co Ltd	4,817.00	-1.41	977,800
Oriental Land Co Ltd	7,510.00	0.01	1,133,800
Sekisui House Ltd	1,975.00	-0.23	2,028,900
Secom Co Ltd	8,615.00	-0.12	515,100
Tokio Marine Holdings Inc	4,656.00	-0.09	2,384,300
Aeon Co Ltd	1,710.00	-0.09	1,474,100
Mitsui & Co Ltd	1,569.00	2.28	7,680,200
Kao Corp	6,746.00	-1.60	1,797,100
Dai-Ichi Life Holdings Inc	1,967.00	1.44	6,637,100
Mazda Motor Corp	1,549.00	1.57	6,481,500
Komatsu Ltd	2,783.00	0.25	4,068,400
West Japan Railway Co	8,043.00	-0.69	541,300
Murata Manufacturing Co Ltd	17,270.00	-2.54	964,000
Kansai Electric Power Co Inc	1,588.00	1.18	2,680,100
Denso Corp	4,722.00	0.45	1,168,400
Sompo Holdings Inc	4,310.00	0.51	1,334,000
Daiwa House Industry Co Ltd	3,832.00	-0.42	1,280,300
Jxtg Holdings Inc	490.40	0.74	16,640,900
Nippon Steel & Sumitomo Meta	2,479.00	2.48	4,671,000
Suzuki Motor Corp	5,370.00	1.23	1,209,500
Nippon Telegraph & Telephone	5,428.00	-1.13	3,348,100
Ajinomoto Co Inc	2,452.50	-0.81	1,776,200
Mitsui Fudosan Co Ltd	2,660.50	1.01	3,089,700
Ono Pharmaceutical Co Ltd	2,473.00	-1.61	2,578,400
Daikin Industries Ltd	11,620.00	1.04	999,000
Bank Of Yokohama Ltd/The	0.00	0.00	-
Toray Industries Inc	948.80	0.75	4,538,800
Astellas Pharma Inc	1,374.00	-0.43	9,011,300
Bridgestone Corp	4,862.00	-1.44	2,589,100
Sony Corp	4,328.00	-0.48	6,907,300
Hoya Corp	5,846.00	-0.37	1,055,200
Sumitomo Mitsui Trust Holdin	3,928.00	2.69	2,294,100
Japan Tobacco Inc	4,065.00	-1.53	3,908,900
Osaka Gas Co Ltd	465.80	0.54	7,112,000
Sumitomo Electric Industries	1,719.00	-0.12	2,444,700
Daiwa Securities Group Inc	669.30	0.53	5,380,000
Softbank Group Corp	9,193.00	-0.58	6,426,600
Mizuho Financial Group Inc	204.00	3.03	221,422,300
Nomura Holdings Inc	674.20	-0.13	16,043,000
Daiichi Sankyo Co Ltd	2,541.00	-0.27	1,678,100
Subaru Corp	3,728.00	1.53	3,721,000
Ntt Docomo Inc	2,715.50	-0.18	2,894,000
Sumitomo Realty & Developmen	3,461.00	-0.49	1,777,000
Sumitomo Metal Mining Co Ltd	1,486.50	2.13	6,176,000
Orix Corp	1,765.00	-0.70	5,078,900
Asahi Group Holdings Ltd	4,251.00	-0.54	1,569,500
Keyence Corp	49,980.00	-1.36	249,300
Nidec Corp	11,680.00	-1.06	681,800
Isuzu Motors Ltd	1,379.00	1.43	2,278,000
Unicharm Corp	2,882.50	-1.17	1,001,300
Shin-Etsu Chemical Co Ltd	10,220.00	0.99	807,700
Smc Corp	34,600.00	-1.65	216,400
Mitsubishi Corp	2,334.50	1.83	6,440,800
Nintendo Co Ltd	37,870.00	-3.69	4,055,900
Eisai Co Ltd	6,285.00	-0.05	690,100
Sumitomo Corp	1,462.50	0.65	2,893,500
Canon Inc	3,811.00	-3.18	6,923,800
Japan Airlines Co Ltd	3,436.00	-0.35	1,728,000

SENSEX

Company Name	Lt Price	% Chg	Volume
Zee Entertainment Enterprise	484.55	-1.47	3,046,638
Yes Bank Ltd	1,449.70	2.42	2,881,922
Wipro Ltd	258.40	0.72	1,817,077
Vedanta Ltd	242.55	2.28	9,595,465
Ultratech Cement Ltd	3,958.25	2.07	320,927
Tech Mahindra Ltd	392.25	3.20	2,048,140
Tata Steel Ltd	520.60	1.90	7,497,220
Tata Power Co Ltd	81.65	0.68	3,434,283
Tata Motors Ltd	442.50	0.05	5,252,136
Tata Consultancy Svcs Ltd	2,350.05	0.31	936,287
Sun Pharmaceutical Indus	545.45	0.26	5,481,154
State Bank Of India	276.40	-1.16	18,520,569
Reliance Industries Ltd	1,398.50	-2.69	3,764,781
Punjab National Bank	136.50	-0.36	11,725,835
Power Grid Corp Of India Ltd	207.60	0.90	4,100,866
Oil & Natural Gas Corp Ltd	158.10	-1.16	8,064,064
Ntpc Ltd	159.65	1.11	6,367,105
Maruti Suzuki India Ltd	7,225.05	0.58	680,423
Mahindra & Mahindra Ltd	1,356.05	-1.04	860,627
Lupin Ltd	1,064.70	0.22	1,726,040
Larsen & Toubro Ltd	1,703.25	0.09	2,139,595
Kotak Mahindra Bank Ltd	972.20	-0.26	1,356,231
Itc Ltd	308.35	-1.28	8,295,799
Infosys Ltd	924.70	-0.25	3,382,314
Indusind Bank Ltd	1,490.65	0.03	1,022,675
Idea Cellular Ltd	83.50	2.90	9,023,329
Icici Bank Ltd	290.35	0.85	17,736,169
Housing Development Finance	1,629.00	-1.34	1,722,810
Hindustan Unilever Ltd	1,090.00	-0.19	1,979,759
Hindalco Industries Ltd	189.85	1.12	9,017,720
Hero Motocorp Ltd	3,688.45	-0.18	538,317
Hdfc Bank Limited	1,666.45	-0.07	1,148,713
Hcl Technologies Ltd	848.40	0.98	1,269,736
Grasim Industries Ltd	1,205.65	-0.91	1,218,464
Gail India Ltd	356.05	-1.01	3,328,257
Dr. Reddy's Laboratories	2,651.75	-0.05	211,544
Coal India Ltd	245.75	0.57	3,698,782
Cipla Ltd	536.85	0.41	630,019
Cairn India Ltd	0.00	0.00	-
Bosch Ltd	23,309.05	0.26	9,042
Bharti Airtel Ltd	377.20	1.55	3,974,049
Bharat Petroleum Corp Ltd	616.70	0.76	3,640,171
Bharat Heavy Electricals	136.30	1.41	3,294,699
Bank Of Baroda	155.60	0.48	7,548,912
Bajaj Auto Ltd	2,777.05	-0.08	294,602
Axis Bank Ltd	492.00	-0.17	12,960,664
Asian Paints Ltd	1,109.15	-2.20	1,001,342
Ambuja Cements Ltd	245.65	2.04	3,607,133
Adani Ports And Special Econ	364.50	-0.87	2,529,579
Acc Ltd	1,580.05	0.10	714,582

Traders work at the Frankfurt Stock Exchange. The DAX 30 closed down 0.2% to 12,647.27 points yesterday.

Europe markets end lower; euro surges to new high

AFP
London

European stock markets were lower yesterday, mirroring falls across Asia. In London, the FTSE 100 closed down 0.6% at 7,387.80 points; Paris — CAC 40 fell 0.1% at 5,252.90 points and Frankfurt — DAX 30 ended down 0.2% at 12,647.27 points yesterday.

The euro extended its run higher versus the dollar yesterday, hitting a year-high, following an upbeat outlook on the eurozone economy this week from ECB chief Mario Draghi.

Meanwhile, the US Republicans' struggle to push through controversial healthcare legislation was fuelling concerns about the chances of President Donald Trump passing his much-vaunted economic agenda, traders said.

The euro went over $1.14 at one point, its highest level since a year earlier.

"Wednesday's trading continued to be driven by Tuesday's news, with little to challenge either Draghi's…comments or the latest US healthcare reform stumble for market dominance," said Connor Campbell, analyst at Spreadex trading group.

"The euro had already managed a strong Tuesday performance after Draghi subtly hinted at a slight shift in the ECB's approach to stimulus.

Yet the currency soon received a second wind, hitting a 12-month high against the dollar following news that the Republicans had pushed back the Senate healthcare vote due to intra-party opposition," he added.

Draghi on Tuesday said the EU was enjoying a newfound confidence that could unlock demand and investment.

While he cautioned against winding down the bank's easy money policy, analysts said the Italian was more hawkish than expected.

"We think that the euro's latest rise against the US dollar was a justified reaction to Mario Draghi's hints," analysts at Capital Economics said.

The European single currency was also up against the yen at levels not seen since April 2016, while the dollar was lower also on concerns about Trump's agenda.

Global stock markets soared in the months after the tycoon's November election victory as traders bet his plans to slash taxes and red tape while ramping up infrastructure spending would fire the world's top economy.

But his failure to pass an overhaul of Obamacare — a key campaign promise — despite his party controlling Congress has led many to question his ability to deliver his major promises.

Notable gainers among individual stocks in Europe included Nestle, up 1.1%, after the company said it will buy back 20bn Swiss francs worth of stock, only days after an activist fund took a stake in the food conglomerate, demanding more returns for shareholders.

"This is an additional step towards speeding up the creation of value for shareholders," said Andreas von Arx, an analyst at Baader Helvea.

Wall Street was firmer, lifted by a strong performance of financials ahead of the result of Federal Reserve stress tests for banks.

The oil price rose meanwhile on its fifth consecutive day of recovery, shrugging off the US government's announcement of rising oil inventories, concentrating instead on a drawdown of gasoline stocks.

HONG KONG

Company Name	Lt Price	% Chg	Volume
Aluminum Corp Of China Ltd-H	3.97	2.32	32,346,829
Bank Of East Asia Ltd	33.60	0.60	945,469
Bank Of China Ltd-H	3.82	-0.26	303,792,529
Bank Of Communications Co-H	5.56	-0.71	33,018,660
Belle International Holdings	6.16	0.16	15,135,868
Boc Hong Kong Holdings Ltd	37.70	0.80	15,531,217
Cathay Pacific Airways	12.08	-0.82	7,617,800
Ck Hutchison Holdings Ltd	98.85	0.51	4,200,757
China Coal Energy Co-H	3.73	-1.06	20,564,116
China Construction Bank-H	6.06	-0.98	232,131,198
China Life Insurance Co-H	23.95	-0.62	31,663,009
China Merchants Port Holding	21.75	-2.03	4,543,903
China Mobile Ltd	82.90	-0.12	11,465,798
China Overseas Land & Invest	22.90	-0.65	18,623,662
China Petroleum & Chemical-H	6.08	-0.98	88,521,413
China Resources Beer Holdin	20.40	0.74	7,790,045
China Resources Land Ltd	22.30	-0.45	15,307,508
China Resources Power Holdin	15.10	0.00	5,216,397
China Shenhua Energy Co-H	19.76	-2.90	61,459,697
China Unicom Hong Kong Ltd	11.62	-0.51	26,313,750
Citic Ltd	11.90	-0.67	5,108,544
Clp Holdings Ltd	83.75	0.06	1,243,557
Cnooc Ltd	8.53	0.35	69,174,874
Cosco Shipping Ports Ltd	8.96	-1.10	886,249
Esprit Holdings Ltd	4.01	1.26	7,726,209
Fih Mobile Ltd	2.42	-1.22	5,676,373
Hang Lung Properties Ltd	18.70	-1.89	3,334,100
Hang Seng Bank Ltd	160.90	0.12	882,970
Henderson Land Development	44.15	-0.67	3,840,612

HONG KONG

Company Name	Lt Price	% Chg	Volume
Hong Kong & China Gas	14.74	-0.54	6,239,634
Hong Kong Exchanges & Clear	200.60	-0.50	2,996,818
Hsbc Holdings Plc	68.50	0.44	17,170,408
Hutchison Whampoa Ltd	0.00	0.00	-
Ind & Comm Bk Of China-H	5.20	-0.38	319,258,115
Li & Fung Ltd	2.84	2.16	28,981,691
Mtr Corp	44.15	0.00	2,361,528
New World Development	9.95	-1.09	21,095,526
Petrochina Co Ltd-H	4.84	0.21	68,064,893
Ping An Insurance Group Co-H	52.00	-1.79	40,706,592
Power Assets Holdings Ltd	69.90	-0.92	3,555,794
Sino Land Co	12.76	-0.78	4,371,178
Sun Hung Kai Properties	114.00	-1.47	7,527,658
Swire Pacific Ltd - Cl A	75.65	-0.85	1,133,144
Tencent Holdings Ltd	282.80	-1.81	25,379,040
Wharf Holdings Ltd	65.35	-1.28	1,940,918

GCC INDICES

Indices	Lt Price	Change
Doha Securities Market	9,030.44	+252.71
Saudi Tadawul	7,425.72	+90.85
Kuwait Stocks Exchange	6,769.06	-3.03
Bahrain Stock Exchage	1,310.04	-2.93
Oman Stock Market	5,118.31	-3.16
Abudhabi Stock Market	4,449.68	+18.11
Dubai Financial Market	3,379.01	-23.30

CURRENCIES

	DOLLAR	QATAR RIYAL	SAUDI RIYAL	UAE DIRHAMS	BAHRAINI DINAR	KUWAITI DINAR
US DOL	1.000000	3.640000	3.750000	3.672700	0.377000	0.303600
EURO	1.116500	4.064060	4.186875	4.100570	0.420921	0.338969
AUS DOL	0.755500	2.750020	2.833125	2.774725	0.284824	0.229370
CAN DOL	1.330200	2.736431	2.819125	2.761013	0.283416	0.228236
SING DOL	1.389500	2.619647	2.698813	2.643181	0.271321	0.218496
HKG DOL	7.800200	0.466655	0.480757	0.470847	0.048332	0.038922
STERLING PD	1.267300	4.612972	4.752375	4.654413	0.297483	0.384752
EGY.POUND	18.050000	0.201662	0.207756	0.203474	0.020886	0.016820
NEW ZEALAND DOL	0.726200	2.643368	2.723250	2.667115	0.273777	0.220474
LBP	1504.000000	0.002420	0.002493	0.002442	0.000251	0.000202
SWISS FR	0.974000	3.737166	3.850103	3.770739	0.387064	0.311704
DANISH KR	6.662500	0.546341	0.562852	0.551250	0.056585	0.045568
SWEDISH KR	8.740500	0.416452	0.429037	0.420193	0.043133	0.034735
NORWEGIAN KR	8.472900	0.429605	0.442588	0.433464	0.044495	0.035832
INDIAN RUP	64.560000	0.056382	0.058086	0.056888	0.005840	0.004703
SRILANKA	153.000000	0.023791	0.024510	0.024005	0.002464	0.001984
PAK RS	104.700000	0.034766	0.035817	0.035078	0.003601	0.002900
JORDAN DINAR	0.709500	5.130374	5.285412	5.176462	0.531360	0.427907
OMANI RIAL	0.385000	9.454545	9.740260	9.539481	0.979221	0.788571
JAP YEN	111.260000	0.032716	0.033705	0.033010	0.003388	0.002729
BANGLA TAKA	80.730000	0.045089	0.046451	0.045494	0.004670	0.003761

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COMPOUND

BEVERLY HILLS GARDEN 10 (AL WAAB): Semi furnished 4 bedroom villa: 3 bathroom, guest toilet, laundry room, living & dining area, kitchen w/ split AC's. PROPERTY AMENITIES: Swimming pool, Billiard, Children's play area, Gymnasium. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33521713 / 66002356 / 55855271 / 55342680 or EMAIL: alwaab.leasing@alasmakhrealestate.com

AIN KHALID GATE: Fully furnished 4 bedroom villa with 2 Master's bedroom with attached bathroom, shared bathroom, guest toilet, maid's room, laundry room, 2 living room, dining area, kitchen w/ centralized AC's, backyard area & private swimming pool. PROPERTY AMENITIES: Swimming Pools, outdoor Jacuzzi, modern Gym, indoor Jacuzzi, sauna room, steam room, outdoor tennis court, indoor squash room, mosque, supermarket, laundry shop, nursery school & car wash service. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 55617926 / 55850413 / 55541608 / 55715382 or EMAIL: ainkhaled.leasing@alasmakhrealestate.com

BEVERLY HILLS GARDEN 15 (AL WAAB): Semi furnished 4 bedroom villas + maid`s room: 3 bathroom, guest toilet, living & dining area, laundry room & kitchen. PROPERTY AMENITIES: Swimming pool, Billiard, Children's play area, Conference room, Jacuzzi, Male & Female Sauna, Gymnasium, Theatre, Squash & Tennis court. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33521713 / 66002356 / 55855271 / 55342680 or EMAIL: alwaab.leasing@alasmakhrealestate.com

VILLA D`ESTE 1 (AL WAAB): Semi furnished 5 bedroom villa: Master's bedroom w/ attached bathroom, shared bathroom, guest toilet, living & dining area. PROPERTY AMENITIES: Swimming pool, gym & billiard. PROPERTY SERVICES: 24 hours maintenance & security. FOR MORE INFORMATION PLEASE CALL: (+974) 33521713 / 66002356 / 55855271 / 55342680 or EMAIL: alwaab.leasing@alasmakhrealestate.com

VILLA D`ESTE 2 (AL WAAB): Semi furnished 3 bedroom villa: Master's bedroom w/ attached bathroom, shared bathroom, guest toilet, living & dining area. PROPERTY AMENITIES: Swimming pool, gym & billiard. PROPERTY SERVICES: 24 hours maintenance & security. FOR MORE INFORMATION PLEASE CALL: (+974) 33521713 / 66002356 / 55855271 / 55342680 or EMAIL: alwaab.leasing@alasmakhrealestate.com

Q BEL AIR COMPOUND (LAQTAH): Semi furnished 3 bedroom villa: Master's bedroom with attached bathroom, shared bathroom, guest toilet & close kitchen. PROPERTY AMENITIES: Swimming pool, gym, tennis court, billiard & multipurpose hall. FOR MORE INFORMATION PLEASE CALL: (+974) 33294321 / 66002356 / 55855271 / 66885799 or EMAIL: alrayyan.leasing@alasmakhrealestate.com

Q BEL AIR COMPOUND (LAQTAH): Semi furnished 5 Bedroom villa: 2 Master's bedroom with attached bathroom, shared bathroom, closed kitchen & guest toilet. PROPERTY AMENITIES: Swimming pool, gym, tennis court, billiard & multipurpose hall. FOR MORE INFORMATION PLEASE CALL: (+974) 33294321 / 66002356 / 55855271 / 66885799 or EMAIL: alrayyan.leasing@alasmakhrealestate.com

AL BEDAIYA RESIDENTIAL COMPOUND (RAYYAN): Fully furnished 4 bedroom villa: 3 bathrooms, guest toilet, living & dining area, kitchen, maid's room & centralized AC's. PROPERTY AMENITIES: 2 Swimming Pool, Gym, Children's Play area, Children's Swimming Pool, Sauna room, Steam room & Jacuzzi. PROPERTY SERVICES: 24 hours Help desk, security, maintenance & Limousine service. FOR MORE INFORMATION PLEASE CALL: (+974) 33294321/ 55890462 / 66004636 / 66885799 or EMAIL: alrayyan.leasing@alasmakhrealestate.com

DOHA GARDEN (AL WAAB): Semi Furnished 4 bedroom plus maid`s room villa: 2 Master's bedroom with attached bathroom, shared bathroom, guest toilet, 2 halls, closed kitchen, living & dining area, maid's room with attached bathroom & backyard. PROPERTY AMENITIES: Billiard, Children's play area, Gym, Sitting lounge, Swimming pool, Tennis court. FOR MORE INFORMATION PLEASE CALL: (+974) 33521713 / 66002356 / 55855271 or EMAIL: alwaab.leasing@alasmakhrealestate.com

HYATT REGENCY: Semi furnished 4 bedroom villa with Master's bedroom with attached bathroom, shared bathrooms, living & dining area, kitchen w/ split AC's. PROPERTY AMENITIES: Children's play area, Gym, Outdoor Swimming Pool & Tennis court. PROPERTY SERVICES: 24 Hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33567156/ 55541608 / 66002394 / 55511429 or EMAIL: doha.leasing@alasmakhrealestate.com

AZGHAWA COMPOUND : Semi furnished 5 bedroom villa with 3 Master's bedroom with attached bathroom, shared bathroom, maid's room with attached bathroom, guest toilet, living & dining area, 2 hall, open kitchen & private swimming pool. PROPERTY SERVICES: 24 Hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33294321 / 55898292 / 33433168 / 66885799 or EMAIL: rayyan.leasing@alasmakhrealestate.com

10 VILLA COMPOUND (ALFOROSIA ROUNDABOUT) : Unfurnished 5 bedroom villa: 5 bathooms, kitchen, living & dining area. PROPERTY AMENITIES: Swimming pool and designated parking slot. FOR MORE INFORMATION PLEASE CALL: (+974) 6600 1329 or EMAIL: g.tamer@alasmakhrealestate.com

AIN KHALID COMPOUND (AIN KHALID) : Semi furnished 5 bedroom villa: 5 bathooms, guest toilet, living & dining area, 2 hall & 2 kitchen. PROPERTY AMENITIES: Swimming pool, gym,restaurant, supermarket & kid's play area. FOR MORE INFORMATION PLEASE CALL: (+974) 33521713 / 66002356 / 55512734 / 55715382 or EMAIL: alwaab.leasing@alasmakhrealestate.com

COMPOUND APARTMENT

AIN KHALID GATE (AIN KHALID): Fully furnished 2 bedroom flat with bathroom, guest toilet, living and dining area, laundry room & kitchen w/ centralized AC's. PROPERTY AMENITIES: Swimming pools, outdoor Jacuzzi, gym, indoor Jacuzzi, sauna room, zone & indoor game. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 55617926 / 55850413 / 55855271 / 55715382 or EMAIL: ainkhaled.leasing@alasmakhrealestate.com

AIN KHALID COMPOUND (AIN KHALID): Fully furnished 1 bedroom flat: bathoom, living & dining area & kitchen. PROPERTY AMENITIES: Swimming pool, gym, restaurant, supermarket & kid's play area. FOR MORE INFORMATION PLEASE CALL: (+974) 33521713 /55526140 / 66002394 / 55342680 or EMAIL: alwaab.leasing@alasmakhrealestate.com

AIN KHALID COMPOUND (AIN KHALID): Fully furnished 2 bedroom flat: 2 bathoom, living & dining area & kitchen. PROPERTY AMENITIES: Swimming pool, gym, restaurant, supermarket & kid's play area. FOR MORE INFORMATION PLEASE CALL: (+974) 33521713 / 55890207 / 55850413 / 55342680 or EMAIL: alwaab.leasing@alasmakhrealestate.com

AIN KHALID COMPOUND (AIN KHALID): Fully furnished 3 bedroom flat: 2 bathoom, living & dining area & kitchen. PROPERTY AMENITIES: Swimming pool, gym, restaurant, supermarket & kid's play area. FOR MORE INFORMATION PLEASE CALL: (+974) 33521713 / 55855271 / 6600 4636 / 55342680 or EMAIL: alwaab.leasing@alasmakhrealestate.com

AL BEDAIYA RESIDENTIAL COMPOUND (RAYYAN): Fully furnished 3 bedroom flat, 2 bathroom, large living & dining area, kitchen w/ balcony & centralized A/C .PROPETY AMENITIES: 2 Swimming pool, gym, massage Centre, Sauna room, Steam room & Jacuzzi. PROERTY SERVICES: 24 hours Help desk, security, maintenance & Limousine service. FOR MORE INFORMATION PLEASE CALL: (+974) 55878193/ 66885799 / 66885799 or EMAIL: alrayyan.leasing@alasmakhrealestate.com

TOWERS

REGENCY PEARL 1 (THE PEARL): Fully furnished Studio type, bathroom, living & dining area, kitchen w/ centralized AC's. PROPERTY AMENITIES: Swimming pool, gym, coffee lounge, & kid`s play area. PROPERTY SERVICES: 24 hours Help desk, security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 55878193 / 55898292 / 55895091 / 55892510 / 33838164 or EMAIL: thepearl.leasing@alasmakhrealestate.com

REGENCY PEARL 1 (THE PEARL): Fully furnished 1 bedroom flat, bathroom, guest toilet, living & dining area, kitchen w/ centralized AC's. PROPERTY AMENITIES: Swimming pool, gym, coffee lounge, kid`s play area. PROPERTY SERVICES: 24 hours Help desk, security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 55878193 / 55898292 / 55892510 / 33838164 or EMAIL: thepearl.leasing@alasmakhrealestate.com

REGENCY PEARL 1 (THE PEARL): Fully furnished 1 bedroom + office, bathroom, guest toilet, living & dining area, kitchen w/ centralized AC's. PROPERTY AMENITIES: Swimming pool, gym, coffee lounge, kid`s play area. PROPERTY SERVICES: 24 hours security, maintenance & concierge . FOR MORE INFORMATION PLEASE CALL: (+974) 55878193 / 55898292 / 66001329 / 55892510 / 33838164 or EMAIL: thepearl.leasing@alasmakhrealestate.com

REGENCY PEARL 2 (THE PEARL): Fully Furnished studio type apartment: bathroom, kitchen, living & dining area. PROPERTY AMENITIES: Gym, outdoor swimming pool, kid's pool, Jacuzzi, kid's play room & entertainment area. PROPERTY SERVICES: 24 hours security,maintenance & concierge. FOR MORE INFORMATION PLEASE CALL: (+974) 33854323 / 33994266 / 33838164 or EMAIL: thepearl.leasing@alasmakhrealestate.com

REGENCY PEARL 2 (THE PEARL): Fully furnished 1 bedroom flat: guest toilet, living & dining area & kitchen. PROPERTY AMENITIES: Fully equipped gym, outdoor swimming pool, kid's pool, Jacuzzi, kid's play room & entertainment area. PROPERTY SERVICES: 24 hours security, maintenance & concierge. FOR MORE INFORMATION PLEASE CALL: (+974) 33854323 / 33994266 / 66001329 / 33838164 or EMAIL: thepearl.leasing@alasmakhrealestate.com

REGENCY PEARL 2 (THE PEARL): Fully furnished 2 bedrooms, Master's bedroom with attached bathroom, guest toilet, living & dining room & kitchen. PROPERTY AMENITIES: Fully equipped gym, outdoor swimming pool, kid's pool, Jacuzzi, kid's play room & entertainment area. PROPERTY SERVICES: 24 hours security, maintenance & concierge. FOR MORE INFORMATION PLEASE CALL: (+974) 33854323 / 33994266 / 66001329 / 33838164 or EMAIL: thepearl.leasing@alasmakhrealestate.com

TOWER 7 (THE PEARL): Semi furnished 1 bedroom flat: Master's bedrooms, guest toilet, walk in closet & kitchen. PROPERTY AMENITIES: Swimming pool and gymnasium. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 5587 8193 / 5589 5956 / 33433168 / 33838164 or EMAIL: thepearl.leasing@alasmakhrealestate.com

BEVERLY HILLS TOWER (WEST BAY): Fully furnished 1 bedroom flat w/ centralized A/C, bathroom, guest toilet, living & dining room & kitchen. PROPERTY AMENITIES: Swimming pool, gym, biggest spa in Qatar w/ treatment rooms, massage centre, children's play area, children's swimming pool, sauna room, steam room, coffee shop, beauty salon for men & women. PROPERTY SERVICES: 24 hours help desk, security, maintenance & limousine service. FOR MORE INFORMATION PLEASE CALL: (+974) 55540779/ 55890462 / 55541608 / 33838164 or EMAIL: westbay.leasing@alasmakhrealestate.com

BEVERLY HILLS TOWER (WEST BAY): Fully furnished 2 bedroom flat w/ centralized A/C, 2 bathroom, guest toilet, living & dining room & kitchen. PROPERTY AMENITIES: Swimming pool, gym, biggest spa in Qatar with treatment rooms, massage centre, children's play area, children's swimming pool, sauna room, steam room, coffee shop, beauty salon for men and women. PROPERTY SERVICES: 24 Security, maintenance, limousine service & concierge . FOR MORE INFORMATION PLEASE CALL: (+974) 55540779 / 66004636 / 55895956 / 33838164 or EMAIL: westbay.leasing@alasmakhrealestate.com

BEVERLY HILLS TOWER (WEST BAY): Fully furnished 3 bedroom flat w/ centralized A/C, 3 bathrooms, guest toilet, maid's room w/ attached bathroom, living & dining area & kitchen . PROPERTY AMENITIES: Swimming pool, gym, biggest spa in Qatar with treatment rooms, massage center, children's play area, children's swimming pool, sauna room, steam room, coffee shop, beauty saloon for men & women. PROPERTY SERVICES: 24 Security, maintenance, Limousine service & concierge. FOR MORE INFORMATION PLEASE CALL: (+974) 55540779/ 55895956 / 33838164 or EMAIL: westbay.leasing@alasmakhrealestate.com

REGENCY RESIDENCE (WEST BAY): Fully furnished 1 bedroom flat, bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY AMENITIES: Swimming pool, gym, children's play area, children's swimming pool, sauna room, steam room, Jacuzzi & library. PROPERTY SERVICES: 24 Security, maintenance & concierge. FOR MORE INFORMATION PLEASE CALL: (+974) 55540779/ 55890462 / 33433168 / 33838164 or EMAIL: westbay.leasing@alasmakhrealestate.com

REGENCY RESIDENCE (WEST BAY): Fully furnished 2 bedroom flat: 2 Master's bedroom with attached bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY AMENITIES: Swimming pool, gym, children's play area, children's swimming pool, sauna room, steam room, Jacuzzi & library. PROPERTY SERVICES: 24 hours Security, maintenance & concierge. FOR MORE INFORMATION PLEASE CALL: (+974) 55540779/ 5589 0462 / 33433168 / 33838164 or EMAIL: westbay.leasing@alasmakhrealestate.com

REGENCY RESIDENCE (WEST BAY): Fully furnished 3 bedroom flat: 3 Master's bedroom with attached bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY AMENITIES: Swimming pool, gym, children's play area, children's swimming pool, sauna room, steam room, Jacuzzi & library. PROPERTY SERVICES: 24 hours Security, maintenance & concierge. FOR MORE INFORMATION PLEASE CALL: (+974) 55540779/ 55890462 / 33433168 / 33838164 or EMAIL: westbay.leasing@alasmakhrealestate.com

UMM BAB TOWER (WESTBAY): Fully furnished 3 bedroom + maid' room w/ jacuzzi: 3 Master's bedroom with attached bathroom, guest toilet, kitchen, living & dining area. PROPERTY AMENITIES: Indoor swimming pool, fully equipped gym, laundry, children`s playground & basement parking. FOR MORE INFORMATION PLEASE CALL: (+974) 55564123 / 55540779 / 55541608 or EMAIL: westbay.leasing@alasmakhrealestate.com

BUILDING APARTMENT

QANAT QUARTIER APARTMENTS (THE PEARL): Semi furnished 2 bedroom flat, 2 bathroom, guest toilet, living & dining area, open kitchen w/ centralized A/C. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 55878193 / 55898292 / 66001329 / 33838164 or EMAIL: thepearl.leasing@alasmakhrealestate.com

REGENCY RESIDENCE AL SADD 1 (AL SADD): Fully furnished 1 bedroom flat: Master's bedroom with attached bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY AMENITIES: Swimming Pool, Gym, Sauna room, Jacuzzi & Steam room. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 / 55511429 or EMAIL: alsadd.leasing@alasmakhrealestate.com

REGENCY RESIDENCE AL SADD 1 (AL SADD): Fully furnished 2 bedroom flat: Master's bedroom with attached bathroom, bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY AMENITIES: Swimming Pool, Gym, Sauna room, Jacuzzi & Steam room. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 / 55511429 or EMAIL: alsadd.leasing@alasmakhrealestate.com

REGENCY RESIDENCE ALSADD 3 (AL SADD): Fully furnished 3 bedroom flat: Master's bedroom with attached bathroom, shared bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY SERVICES: 24 Hours security, maintenance & concierge. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 / 55511429 or EMAIL: alsadd.leasing@alasmakhrealestate.com

REGENCY RESIDENCE AL SADD 7 (AL SADD): Fully furnished 2 bedroom flat: shared bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 or EMAIL: alsadd.leasing@alasmakhrealestate.com

REGENCY RESIDENCE AL SADD 8 (AL SADD): Fully furnished 2 bedroom flat: shared bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 / 55511429 or EMAIL: alsadd.leasing@alasmakhrealestate.com

REGENCY RESIDENCE ALSADD 8 (AL SADD): Fully furnished 3 bedroom flat: Master's bedroom with attached bathroom, shared bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY SERVICES: 24 Hours security, maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 / 55511429 or EMAIL: alsadd.leasing@alasmakhrealestate.com

REGENCY RESIDENCE AL SADD 11 (AL SADD): Fully furnished 2 bedroom flat: shared bathroom, guest toilet, living & dining area & kitchen w/ centralized A/C. PROPERTY AMENITIES: Fully equipped gym. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 / 55511429 or EMAIL: alsadd.leasing@alasmakhrealestate.com

REGENCY RESIDENCE AL SADD 12 (AL SADD): Fully furnished 1 bedroom flat: bathroom, living & dining area & kitchen w/ centralized A/C. PROPERTY AMENITIES: Fully equipped gym. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 / 55511429 or EMAIL: alsadd.leasing@alasmakhrealestate.com

REGENCY RESIDENCE AL SADD 13 (AL SADD): Fully furnished 1 bedroom flat: bathroom, living & dining area & kitchen w/ centralized A/C. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 / 55511429 or EMAIL: alsadd.leasing@alasmakhrealestate.com

GULF RESIDENCE 10 (AL NASSER): Fully furnished 2 bedroom flat, shared bathroom, guest toilet, living & dining area & kitchen. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33102646 / 55890207 / 55890462 / 55511429 or EMAIL: alsadd.leasing@alasmakhrealestate.com

REGENCY RESIDENCE MUSHEIREB 1 (MUSHEIREB): Fully furnished 1 bedroom flat, bathroom, living & dining area & kitchen w/ centralized A/C. PROPERTY AMENITIES: Indoor Swimming Pool, Gym, Sauna and steam room, Jacuzzi, Billiard. PROPERTY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 55701724/ 66002394/ 55850413 / 55511429 or EMAIL: musherieb.leasing@alasmakhrealestate.com

REGENCY RESIDENCE MUSHEIREB 6 (MUSHEIREB): Fully furnished 1 bedroom flat, bathroom, living & dining area & kitchen w/ centralized A/C. PROPERTY AMENITIES: Outdoor Swimming Pool, Gym, Sauna & steam room & Jacuzzi. PROPETY SERVICES: 24 hours security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 55701724/ 66002394/ 55850413 / 55511429 or EMAIL: musherieb.leasing@alasmakhrealestate.com

REGENCY RESIDENCE AIRPORT 1 (DOHA AREA): Semi furnished 1 bedroom flat, bathroom, living & dining area kitchen w/ split AC's. PROPERTY AMENITIES: Swimming pool & Gym. PROPERTY SERVICES: 24 hour security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33567156 / 55850413 / 55541608 / 55342680 or EMAIL: doha.leasing@alasmakhrealestate.com

REGENCY RESIDENCE AIRPORT 2 (DOHA AREA): Semi furnished 2 bedroom flat, bathroom, living & dining area & kitchen w/ split A/C. PROPERTY AMENITIES: Swimming pool. PROPERTY SERVICES: 24 hour security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33567156 / 55850413 / 55541608 / 55342680 or EMAIL: doha.leasing@alasmakhrealestate.com

63 OLD SALATA (OLD SALATA): Fully furnished studio type flat, bathroom & kitchen w/ centralized A/C. PROPERTY AMENITIES: Gym. PROPERTY SERVICES: 24 hour security & maintenance. FOR MORE INFORMATION PLEASE CALL: (+974) 33567156 / 55850413 / 55541608 / 55511429 or EMAIL: doha.leasing@alasmakhrealestate.com

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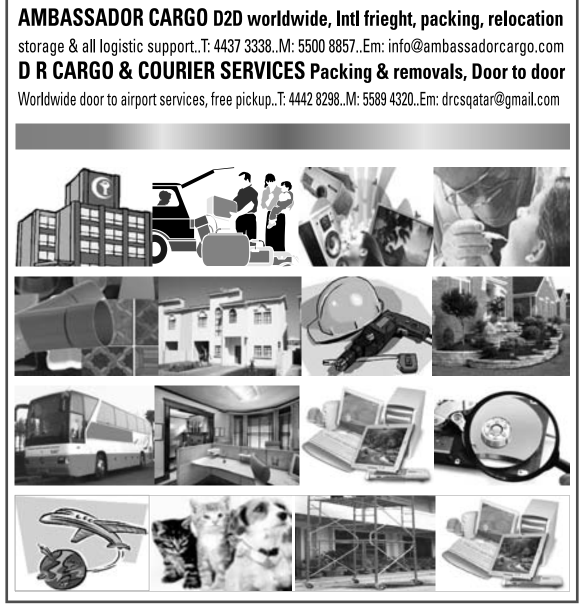

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BUSINESS

Britain's Co-Op Bank agrees $898mn capital plan with investors

Bloomberg
London

Britain's Co-Operative Bank reached an agreement with investors on a £700mn ($898mn) recapitalisation plan, enabling the UK lender to avoid being broken-up by regulators. The deal will involve a debt-for-equity swap for junior bondholders to raise £443mn, while £250mn of new shares will be sold, the Manchester, England-based bank said in a statement yesterday.

The bank will split its pension programme from the Co-Op Group supermarket chain. Co-Op Bank's recapitalisation helps the 145-year-old company avoid a similar fate to Spain's Banco Popular Espanol, which lost its independence in a fire sale directed by regulators earlier this month.

Four years after authorities identified a capital shortfall, the lender is plotting a path to mediocre profitability by 2021 with the support of bondholders.

"The board is pleased to confirm this proposal for a recapitalisation which will mean that the Co-Op Bank can continue as a viable standalone entity," chairman Dennis Holt said in the statement. "Our investors share our commitment to building our distinctive ethical franchise and see strong future growth potential for the Co-Op Bank."

The recapitalisation proposal has support from 47% of junior bondholders and 52% of shareholders, including Co-Op Group.

The lender's institutional junior debt investors will get shares representing about 17.4% of a new holding company. Consumers owning the bonds are expected to get about 45% of the nominal value of their 2023 notes, subject to an overall cap of £13.5mn.

The bank will also sell about £250mn of new shares in a process due to complete by the start of September.

The Co-Op Group's stake in the bank will fall to 1% from about 20%, meaning it will lose the right to nominate directors to the company and the promotion of the bank's services to its customers will "naturally fall away and come to a formal end in 2020," according to the statement.

The Bank of England's Prudential Regulation Authority said in an e-mail that it accepted the bank's plan to build greater financial resilience and "will remain closely engaged with the bank while the actions announced today are taken forward."

The deal comes after the bank on Monday scrapped plans to sell itself and said it's pushing for a "mid-single digit" return on equity, a measure of profitability, within four years. That's below targets of at least 10% set by other major British lenders. Co-Op Bank has said it doesn't expect to pay a dividend until at least 2021.

Co-Op Bank's debt investors – which include Silver Point Capital, GoldenTree Asset Management, Cyrus Capital Partners and Blue-Mountain Capital – had pushed to extricate the bank from the Co-Op Group's retirement plan.

That's partly because the burden of the pensions programme could have made it harder to sell the lender as a standalone operation in the future, according to people familiar with the matter.

The pension fund will be split into sections under the same plan so that 21% of the assets and liabilities will be allocated to the bank, while removing the lender's obligations to support the group's commitments to former staff.

Co-Op Bank will provide £100mn over 10 years in deficit recovery contributions to the programme, while it's also committed to provide initial collateral of £216mn from the point of separation.

Bank of America Corp, UBS Group AG and Houlihan Lokey Inc are advising the Co-Op Bank, while Paul Taubman's PJT Partners is acting for the bank's leading bondholders.

People walk past a branch of the Co-operative Bank in London. The bank has reached an agreement with investors on a £700mn recapitalisation plan, enabling the UK lender to avoid being broken-up by regulators.

Delivery Hero on track to raise €1bn with listing

Reuters
Frankfurt

Online takeaway food delivery group Delivery Hero is expected to price its initial public offering (IPO) at the top end of the range, people close to the deal said, meaning the listing would raise €996mn ($1.13bn). Investors have been told that anyone offering below €25.50 a share risks being left empty handed, the sources said.

The price range was set at €22.00 to €25.50 a share and trading is expected to start on Friday.

A successful listing for Delivery Hero is important for German e-commerce investor Rocket Internet, which holds a 35% stake in the firm and has failed to bring a company to market since 2014.

Meanwhile, New York-based Blue Apron Holdings, the online meal-kit company that is targeting similar investors to Delivery Hero, cut its valuation expectations for its IPO by a third amid concerns about the impact of Amazon.com's deal to buy Whole Foods.

A person close to the Delivery Hero IPO stressed the differences, arguing that Blue Apron's subscription-based business model was less attractive than that of Delivery Hero, which generates income by taking a commission on meal orders.

Rocket Internet's meal kit company HelloFresh has a similar business model to Blue Apron.

HelloFresh is also preparing for a flotation as early as this autumn if the Delivery Hero listing is successful, sources have told Reuters.

Delivery Hero has said it would use the proceeds to pay off debt and for organic growth and acquisitions as it seeks to stave off rising competition.

The listing is expected to value the company at up to €4.4bn.

The online takeaway business has been booming in recent years, prompting listings of firms such as Britain's Just Eat and the Netherlands' Takeaway.com, as well as the more recent entry of Amazon and Uber.

However, online food delivery is seen as a "winner takes all" game as most users usually only download and use one app, meaning there is only enough space in most markets for one or two major players, underlining the need to build scale quickly."When people have decided for a certain website they will stick to that," Jitse Groen, chief executive of Takeaway.com which is fighting for market leadership with Delivery Hero in Germany, said last week.

Delivery Hero says it is market leader in 35 of the more than 40 countries it operates in in Europe, the Middle East, North Africa, Latin America and Asia Pacific, and the total market it has access to is worth €72bn.

Nestle makes its first concession to Loeb with $21bn share buyback

Bloomberg
New York

Nestle made its first concession to activist investor Dan Loeb, announcing on Tuesday a $21bn share buyback plan to boost its stock price. Don't expect Loeb's Third Point to stop there.

Behind Loeb's campaign is a push for Europe's largest company to follow many of its blue-chip peers in sacrificing its top-notch credit ratings to capitalise on rock-bottom interest rates.

Two days after the hedge fund manager announced his stake in Nestle, the company announced the share repurchase plans, which would boost its leverage to 1.5 times a measure of earnings by 2020 from a ratio of about 1 time. That's unlikely to please Loeb, who is urging the packaged food giant to increase leverage to at least 2 times to "produce enormous capacity for share buybacks," according to a letter to investors in his hedge fund Third Point.

While Nestle's willingness to push up its leverage slowly is a reversal of chief executive officer Mark Schneider's previous policy on buybacks, it would put the company more in line with other corporate titans that have let credit ratings slip in an effort to boost a measure of profitability. Schneider said in February in his first public appearance as CEO that buying back stock is a lower priority than reinvesting in Nestle's business and paying dividends.

Nestle shares rose as much as 1.9% in Zurich yesterday.

"Third Point needs the success more than Nestle, as they haven't landed a real coup in a while," said Christian Zogg, head of equity and fixed income at LLB Asset Management in Vaduz, Liechtenstein, which holds Nestle shares. "From the outside, the impression is often that these giant tankers are moving slowly or not at all, but in fact there are permanent portfolio adjustments."

Loeb is betting that pushing Nestle's debt levels to at least two times earnings before interest, tax, depreciation and amortisation wouldn't have a dramatic impact on its credit rating and put its leverage ratio in line with its competitors. While the shares have rallied to a record high this year, his pitch to borrow to buy back stock is underpinned by a belief that Nestle can accelerate sales growth and boost earnings in coming years.

Negative interest rates in Switzerland also make repurchasing stock attractive. Cheap borrowing costs mean the company can buy back shares, reduce dividend payments, and thereby boost cash flow.

A representative for Vevey, Switzerland-based Nestle declined to comment. A spokesperson for Third Point in New York wasn't immediately available for comment.

The company generates enough cash that it won't need to sell assets or issue bonds to support the repurchases and will probably keep its near-perfect credit rating, said Bloomberg Intelligence analyst Duncan Fox. Methodology that Moody's Investors Service uses to assign grades shows a leverage ratio of 1.5 times Ebitda could be consistent with Nestle's current AA-tier grade.

"They're going to be generating a huge amount of free cash on an annual basis," Fox said in an interview. "They could have done this at any time, and I expect Mark Schneider was thinking of doing it."

Ratings across investment-grade issuers have declined in part because nearly a decade of ultra-low interest rates worldwide has already allowed legions of companies to pile on debt in an effort to increase their stock prices.

Less than 11% of corporate investment-grade debt outstanding carries top AAA or AA grades, according to Bloomberg Barclays index data. A decade ago, more than 35% did. The share of notes that are rated in the lowest tier, BBB, has jumped to more than 43%, from about 25% a decade ago.

Nestle has long had the highest ratings among its peers. Loeb wrote in his investor letter that such creditworthiness "serves no real business purpose" for a company like Nestle, which has strong cash flow and is in an industry that fares better in economic downturns. Unilever is rated two steps below Nestle, while Danone and Kerry Group Plc are ranked in the triple-B range, the lowest tier of investment-grade.

Debt financing remains cheap enough that companies don't face steep increases in their borrowing costs if their ratings slip, said Philip Zahn, an analyst at Fitch Ratings. The average non-financial company worldwide pays about 4.62% annually to borrow in the debt markets, compared with 9.84% for equity, according to data compiled by Aswath Damodaran, a finance professor at the Stern School of Business at New York University.

"It doesn't really cost you very much to move down the ratings scale given the current interest rate environment," Zahn said "That can and undoubtedly will change in time."

The average AA-rated bond yields about 1.94%, according to Bloomberg Barclays index data. Single-A notes yield an average of 2.32%.

Ratings companies have dinged issuers for buyback programs in the past. Moody's has a negative outlook on Microsoft Corp's top credit rating and said it could downgrade the company if it "continues with aggressive shareholder returns." Fitch Ratings cut the credit grades on Jack Daniel's producer Brown-Forman Corp and Chili's Grill & Bar operator Brinker International last year, citing their stock repurchases.

So far, Nestle's bondholders are shrugging off the risk. The company's 1.25% bonds due in 2018 gained 0.01 cent to 99.94 cents on the dollar in New York, according to Trace, the bond-price reporting system of the Financial Industry Regulatory Authority.

CEO Schneider seems more focused on boosting profit than rejiggering Nestle's balance sheet and risking a ratings downgrade, CreditSights analysts Simon Atkinson and Maryum Ali said. "We wouldn't be lightening up on a Nestle bond holding just yet," they wrote in a note to clients on Monday.

The headquarters of Nestle is seen in Vevey, Switzerland. Nestle made its first concession to activist investor Dan Loeb, announcing on Tuesday a $21bn share buyback plan to boost its stock price.

Red hot Iceland keeps some investors out in the cold

Reuters
London

Iceland spent nearly a decade trying to keep foreign money in the country after a financial collapse, now it is trying to keep some of it out.

The economy is booming again and hedge funds and other foreign investors want exposure to a surging tourism sector, banks, property, infrastructure and the soaring krona currency.

Most capital controls from the 2008 banking crisis were lifted in March allowing money to flow in and out of the country more freely.

But with over 20 financial crises since 1875 and warnings from economists about the risk of overheating again, the government is being cautious.

It has left in place restrictions making it prohibitively expensive to buy government bonds which offer returns of 4.5%, the highest of any developed economy.

On Monday, the central bank took another step to try and break the cycle of boom and bust on the isolated North Atlantic island, clamping down on derivatives and other avenues it was worried were being used to bet on the krona.

"There are a bunch of people I know who would love to put money into Iceland but they simply can't because of restrictions on the inflows," said Mark Dowding, who runs a hedge fund at BlueBay Asset Management and bought into the Icelandic government bond market in 2015, before the central bank rules were introduced.

The government is preparing other steps to make Iceland less attractive — a contrast to other economies recovering from crisis which have welcomed inflows of money.

The government is preparing to raise taxes for the tourism industry which has been growing at 20-25% a year as foreigners flock to its volcanoes, glaciers and geysers. It is also considering a currency peg for the krona.

Iceland offers other exciting investment opportunities. Growth of more than 6% is forecast this year and the krona is up 20% versus both the dollar and euro over the last 12 months. The central bank has cut interest rates four times in the last year and analysts say it would need to cut further if it wants to slow the rise of the currency.

That could further stimulate the economy. "Once every decade or two, I come across a market overseas which is most attractive and is worth considering," said Gervais Williams, a portfolio manager at London-based Miton Group.

"That last happened in 1995 in Ireland and Iceland is the market I now like."

Cumulative net capital inflows have gone from almost nothing to 150bn crown ($1.45bn) in two years.

New cars sales are at the highest in 10 years, Marriott will open Iceland's first five-star hotel next year.

Data centre firms are also moving in as the climate and cheap geothermal energy cut the costs of cooling huge server stacks. A potential float of Arion Bank, the domestic arm that emerged from the collapsed Kaupthing bank, meanwhile is expected to lead to a surge of new foreign money into the stock market which currently lists just 17 firms.

Several hedge funds — Och-Ziff Capital Management Group, Taconic Capital Advisors and Attestor Capital — bought stakes in Arion privately, after the bulk of capital controls were lifted earlier in the year.

On the back of the shifts, London and Iceland-based fund firm GAMMA Capital Management launched its first two funds --including one hedge fund — for foreign investors in November last year after requests from abroad.

"We have been getting a lot of interest... but investing in Iceland brings a lot of hurdles, so we created a simple conduit," said Hafsteinn Hauksson, economist at GAMMA. Both funds have more than doubled in size this year, he said.

Nevertheless, there are concerns that Iceland could overheat again. The International Monetary Fund said in a report last week that there was a need for "vigilance with regards to credit growth and the real estate sector, labour market tightening and wage increases".

It called for capital inflows to be managed carefully. Iceland has a history of spectacular booms and bust.

The head of Iceland's central bank regularly describes its 2007-2008 banking bust — when the top-three banks, Kaupthing, Glitnir and Landsbanki collapsed under heavy debts — as "the third biggest bankruptcy in the history of mankind".

A 2015 report by Bank of Iceland economists noted that this was not Iceland's first financial crisis.

"In fact, over a period spanning almost one and a half century (1875-2013), we identify over twenty instances of financial crises of different types," it said.

"Recognising that crises tend to come in clusters, we identify six serious multiple financial crisis episodes occurring every fifteen years on average."

The report said the crises typically involved a sudden collapse in the currency and capital inflows.

Wary of its history and nervous that the end of capital controls would bring a wave of foreign money, the central bank brought in a rule in May 2016 forcing buyers of its bonds to park additional money in a low interest account.

That costly 'special reserve ratio' arrangement has meant foreign investment in Icelandic debt has dropped close to zero.

Halliburton in talks to buy billionaire Kaiser's firm

Reuters
Houston

Halliburton Co is in late-stage talks to acquire a fast-growing US oilfield equipment supplier backed by Oklahoma energy and banking billionaire George Kaiser, according to sources familiar with the matter.

The move comes after the No 2 oilfield services company was rebuffed in two earlier efforts to acquire similar products.

Houston-based Halliburton has set its sights on Summit ESP Inc, said the sources, who spoke in recent days.

The people spoke on condition of anonymity because the discussions are not public.

Tulsa, Oklahoma-based Summit ESP makes pumps used to maintain well pressure to increase oil and gas production in ageing wells.

The devices, components in a business called artificial lift, increasingly are being used to prolong the life of shale wells.

Halliburton's 2014 attempt to buy Baker Hughes Inc was opposed by US regulators and its 2016 bid for a Russian company has been stalled by Russian regulators.

Halliburton declined to comment on Tuesday. Summit did not return calls seeking comment. Argonaut Private Equity, Kaiser's investment vehicle, declined to comment.

Summit ESP was founded in 2011 and is led by executives who had earlier held senior posts at Baker Hughes, including chief executive John Kenner.

It has expanded quickly in the United States and Canada, and in May announced it had installed its 8,000th electric submersible pump (ESP), an increase of 1,000 since November.

ESPs are a worldwide business of about $5bn a year, according to market researcher Frost & Sullivan. The main providers are Schlumberger, Baker Hughes and Weatherford International.

Halliburton, which has a small ESP business, "is trying to catch up to Schlumberger and Weatherford," Anand Gnanamoorthy, industry manager at Frost & Sullivan, said in an interview this month.

ESPs generally cost between $50,000 and $200,000 for a complete system, he said.

Summit, said one of the sources, wants to reach a deal soon to pre-empt the announcement of Baker Hughes' closing on its merger with General Electric Co oil and gas unit, which is expected at mid-year.

Kaiser, who controls Kaiser-Francis Oil Co and is the majority owner of BOK Financial Corp, which owns banks from Arizona to Missouri, financed Summit ESP through his Argonaut Private Equity investment firm.

It has more than $3bn of capital deployed in more than 100 investments.

Sales talks between Halliburton and Summit have been on and off several times in the last year over valuation differences.

Summit ESP's revenue last year was about $180mn, a decline of 10% from 2015, according to market researcher Spears & Associates.

Philips to buy cardiac firm Spectranetics in $1.7bn deal

Bloomberg
Paris

Royal Philips' $1.7bn deal to buy Spectranetics Corp, a US maker of devices to treat cardiac disease, shows the Dutch company is moving more aggressively to bolster its growing healthcare business.

Philips will offer $38.50 a share in cash for the Colorado Springs-based company, according to a statement yesterday.

The price is 27% above Spectranetics' closing level on Tuesday. Philips also will buy back as much as €1.5bn ($1.7bn) of its own stock to offset share dilution from an employee incentive programme.

Philips chief executive officer Frans van Houten has been on the hunt for acquisitions to fuel expansion in health care, already the company's largest business.

After spinning off a lighting division last year and selling another called Lumileds, the executive has made the market for medical equipment and services the company's focus. Spectranetics was on Philips's radar "for quite a while," he said on a call Wednesday, adding that, to his knowledge, Philips was the only suitor.

"With the ongoing sell down of light and the soon-to-be- sold majority in Lumileds, Philips is able to make the next move in its health-care strategy," Marcel Achterberg, an analyst at Degroof Petercam, said in a note. "Acquisitions should boost the growth rate."

Philips dropped 1.1% to €32.18 in Amsterdam, where the company is based. The stock has returned about 16% this year including dividends, compared with a 9.8% return for the AEX Index.

Spectranetics is growing at a double-digit percentage rate and forecasts sales this year of $293mn to $306mn, according to Philips.

The US company's so-called image-guided therapy devices to clear blocked arteries provide an alternative to stents, which are metal tubes widely used in cardiac procedures, van Houten said. One product, laser atherectomy catheters, treats blockages with laser energy, Philips said. "This is a nascent business, one which can replace stents, which is a very large market," Van Houten said, adding that Spectranetics is seeking approval for its catheters from the US Food and Drug Administration, following clinical trials to prove their effectiveness in treating people with coronary conditions.

While paying a high price for Spectranetics, the CEO said he's prepared to make additional acquisitions of a similar size as part of a wider growth strategy. The purchase values the unprofitable company at about 7.2 times revenue, compared with an average multiple of 5 times for similar deals, according to data compiled by Bloomberg.

The US cardiac device company will add to Philips's medical products that already include scanners and ultrasound machines. Separately, Philips said its buyback would cover about 46.1mn shares at the current stock price. The company aims to balance its capital allocation among investments in growth, maintaining an efficient balance sheet and providing returns to shareholders, Van Houten said.

Both the Spectranetics deal and the buyback were planned before a June 18 report in the Times newspaper that activist hedge fund Third Point had bought Philips shares, Van Houten said. The CEO said he has no knowledge of the situation, and there's been no contact with the fund. Under pressure from Third Point, Nestle on Tuesday announced a $21bn share buyback to boost its stock price.

"There's no comparison with what you are reading about Nestle," the CEO said. The update on capital allocation was timed with the closing of the sale of Philips's LumiLeds lighting business, and with progress in selling down Philips's stake in the light-bulb division that was spun off, he said.

The headquarters of Philips is seen in Amsterdam. The Dutch company is moving more aggressively to bolster its growing healthcare business.

EU antitrust ruling puts Google 'on parole' for years

Bloomberg
Paris

Google's record €2.4bn ($2.7bn) antitrust fine could just be the start of a troubling new phase in the company's seven-year tussle with the European Union's antitrust arm.

EU competition chief Margrethe Vestager warned on Tuesday that the clampdown on Google's shopping search service sets a "precedent" that could be used to scrutinise the search-engine giant's behaviour in other areas.

"The shopping reasoning applied to other services would totally impact Google's business model," said Ombline Ancelin, a lawyer at Simmons & Simmons in Paris. The decision means other specialised "vertical" Google search services such as maps, travel and restaurant reviews are effectively "on parole," she added.

Vestager said Google unfairly skewed its general search results to thwart smaller comparison-shopping services. Under threat of further fines, Alphabet's Google has 90 days to "stop its illegal conduct" and to give equal treatment to rival price-comparison services.

The EU is planning to spend as much as €10mn on technical expertise to monitor how Google obeys its order to give equal treatment to price-comparison sites, according to a tender it published yesterday. It's calling for help on search-engine optimisation and marketing to evaluate any changes Google makes.

Regulators have said the shopping decision "is a precedent which establishes the framework for the assessment of the legality of this type of conduct," cautioning that each situation – whether it be maps or Google images – would require a case-specific analysis to account for the characteristics of each market.

"All of the businesses closely connected to search must be at risk," said Matthew Hall, a lawyer at McGuireWoods in Brussels. Still, he said that Google's victory last year in a UK court case concerning mapping service Streetmap shows that "all is not always lost."

Google lawyer Kent Walker said in a blog post that "given the evidence, we respectfully disagree" with the EU findings.

Vestager's Google decision is a landmark in the seven-year probe fuelled by complaints from small comparison shopping websites as well as bigger names, including News Corp, Axel Springer SE and Microsoft Corp. Companies that helped trigger the probe will make their presence felt as Google tries to comply with the EU's order.

Thomas Vinje, a lawyer for the FairSearch coalition that includes Oracle Corp and TripAdvisor, said his clients "will seek interaction with the commission" to evaluate what Google offers and assess whether it makes a difference to price-comparison sites.

In addition to possible exposure in relation to maps and other services, the search-engine giant may face more immediate enforcement after being accused of antitrust breaches in relation to its Android mobile-phone software, bundled for free with Search and other Google services on handsets, and the AdSense online advertising platform. Jonas Koponen, a lawyer at Linklaters in Brussels, believes the shopping decision will give the EU extra impetus for both cases.

"The EU's identification of 'super-dominance' in internet search throughout the European economic area is confirmed and will provide a cornerstone for assessment of other ongoing cases, especially regarding Android and AdSense," according to Koponen.

Online travel companies welcomed the EU's decision.

"Google's conduct is significantly impacting on competition in the travel vertical, the single largest of the vertical search markets, at the expense of consumers and of Google's competitors," said Christoph Klenner, who represents Priceline Group, Expedia, TripAdvisor and Ctrip.com International as head of the European Technology & Travel Services Association.

Google has slowly encroached on the travel-booking companies' territory, making it easier to search for flights and hotels without going to sites like Expedia, Booking.com or Kayak.com. At the same time, the travel companies remain among Google's largest customers, spending billions on search advertisements to drive travellers to their own websites.

Ancelin said the overall message sent on Tuesday doesn't bode well for Google or other technology giants. "There seems to be a clear desire to get to the bottom of things and issue fines," Ancelin said. "Vestager chose to take a strong position and doesn't seem open to negotiation."

BoE may need to start raising interest rates, says Carney

Bloomberg
London

Mark Carney said the Bank of England's Monetary Policy Committee may need to begin raising interest rates soon.

"Some removal of monetary stimulus is likely to become necessary if the trade-off facing the MPC continues to lessen and the policy decision accordingly becomes more conventional," Carney said in prepared introductory remarks for a panel at the European Central Bank Forum yesterday in Sintra, Portugal.

The comments mark a shift in emphasis after the governor signalled last week that now was not yet the time to start that process. In his speech on Wednesday, he clarified that that was his position as of when the MPC last met on June 15. Lifting rates hinges on whether spare capacity in the economy erodes and the balance between supporting growth and tolerating faster inflation becomes less stark, he said.

"When the MPC last met earlier this month, my view was that given the mixed signals on consumer spending and business investment, it was too early to judge with confidence how large and persistent the slowdown in growth would prove," he said. "Moreover, with domestic inflationary pressures, particularly wages and unit labour costs, still subdued, it was appropriate to leave the policy stance unchanged at that time."

Policy makers voted 5-3 to keep interest rates on hold earlier this month, though officials as a whole noted that their "tolerance of above-target inflation" was being tested. The BoE expects the inflation rate to breach 3% within months, well above the 2% target.

Kristin Forbes, who leaves the bank this week, was joined by policy makers Michael Saunders and Ian McCafferty in voting for an increase to the benchmark rate. Chief economist Andy Haldane has since said he considered a hike.

Carney said yesterday he will look at three factors to inform his decision about the need to start raising rates: the extent to which weaker consumption growth is offset by other areas of demand such as business investment, wages and labour unit costs, and broadly how the economy reacts to Brexit.

German bond yields pull back from peaks

German short-dated bond yields pulled back from one-year highs yesterday after central bank sources smoothed over comments from the European Central Bank chief Mario Draghi that investors had interpreted as signalling a policy tightening was imminent.

The comments from Draghi on Tuesday, viewed as hawkish following his cautious tone at this month's ECB meeting, had sent government bond yields and the euro sharply higher.

He said deflationary forces had been replaced by inflationary ones, but any policy change should be gradual as considerable monetary support was still needed.

The sell-off in bonds, sensitive to any signs that the ECB may be getting closer to unwinding the massive stimulus that has pinned down borrowing costs, continued into Wednesday but abated after ECB sources said Draghi's comments had been over interpreted.

"At the moment markets are singing to the tune of central bankers," said Orlando Green, European fixed income strategist at Credit Agricole.

"The balance the ECB is trying to strike is removing policy accommodation slowly but surely and at the same time not allowing the market to get ahead of itself in pricing in rate hikes."

German two-year government bond yields dipped 1.5 basis points to minus 0.58%, retreating from a one-year peak of minus 0.53% hit earlier in the day. Germany's benchmark 10-year Bund yield was up 2.5 basis points on the day at 0.38%, but off one-month highs hit earlier in the session at around 0.41%.

French 10-year bond yields also pulled back from a one-month high at around 0.78%, while Spanish and Portuguese bond yields were 3-4 basis points lower on the day.

Britain orders sweeping changes to boost funds industry's transparency

Reuters
London

A visitor exits the offices of the Financial Conduct Authority in London. Britain's markets watchdog announced radical changes to the country's £7tn asset management industry yesterday, seeking to improve transparency and value for money for customers.

Britain's markets watchdog announced radical changes to the country's £7tn ($9tn) asset management industry yesterday, seeking to improve transparency and value for money for customers.

The Financial Conduct Authority (FCA) said it would strengthen the duty of fund managers to act in the best interests of investors and, as in the United States, require them to appoint independent directors to their boards.

Fund managers will also come under the FCA's individual accountability regime, making it easier to punish them when rules are not followed.

The reforms in a 112-page report follow an initial study last November that found a lack of competition and high profits for the industry.

The FCA will now consult on how best to implement its plans.

"This is really a major piece of work. It's a major step forward," FCA chief executive Andrew Bailey told reporters.

"We have put together a comprehensive package of reforms that will make competition work better and help both retail and institutional investors to make their money work well for them."

The FCA said it would also launch a study into investment platforms which offer a range of funds online.

That sent shares in platform provider Hargreaves Lansdown down more than 2% to the bottom of the UK's benchmark FTSE 100 index. The watchdog recommended too that the government's work and pensions department remove barriers to the pooling of pension schemes, which could cut investment costs for the schemes.

FEES The combination of measures taken by the FCA will drive down fees for investors, Bailey said.

The changes will be introduced in stages, which the industry will welcome as it faces other reforms, such as new European Union rules, and the unknown impact of Britain leaving the bloc on a sector with ties that criss-cross Europe.

On fees, the FCA said it would broaden new EU fee disclosure requirements that come into force in January.

The EU rules require intermediaries to publish a single, all-in fee, and the watchdog said this practice would be a requirement across all the sector.

"The result is from the start of next year investors will get a simple disclosure of the fees they are being charged or will be charge, expressed in pounds and pence," the FCA said.

It will consult later in the year on making the new EU rules work better.

Bailey said the FCA was not "gold plating" EU rules, but making them consistent across the funds sector.

"Many of the key recommendations work with the grain of European legislation already in the pipeline to introduce more clarity and transparency for consumers," the Investment Association industry body said.

Owen Lysak, a partner at Clifford Chance law firm, said introducing independent board members marked a partial move towards a more US-style approach to fund governance, that could mean a cultural shift in the market. However, some industry watchers said funds would be relieved the FCA didn't go further. "The FCA has delivered a report which spares them the harshest potential remedies flagged in their interim report last November," said Daniel Godfrey, founder of investment company The People's Trust and ex-head of trade body Investment Association.

"There's a big difference between supporting the 'disclosure of an all-in fee' and making managers actually charge an all-in fee." The regulator stopped short of an immediate referral to Britain's competition authority of the market for institutional advice, but is expected to do so later in the year after a public consultation launched on Wednesday.

"Postponing this decision until September, pending further consultation, is almost certainly a delaying of the inevitable," KPMG's Head of Investment Advisory, Nick Evans, said. It did, however, recommend the government consider bringing investment consultants under the remit of the FCA.

The FCA's November consultation paper raised hackles in the industry after it criticised asset managers for making hefty profits, and the watchdog said its final report confirmed those findings.

"This found that price competition is weak in a number of areas of the industry," the FCA said. "Despite a large number of firms operating in the market, the FCA's analysis found evidence of sustained, high profits over a number of years."

The FCA said it also found investors are not always clear what the objectives of funds are, and fund performance is not always reported against an appropriate benchmark.

David Morrey, a partner at Grant Thornton consultancy, said the FCA had backed away from the "frontal assault" it began in November on whether actively managed funds could ever be better than passive funds.

Brexit and new challenges to force change in EU budget

Reuters
Brussels

The European Union will have to change the way it collects and spends its funds to cope with Britain's leaving and with other challenges, the European Commission said yesterday.

It suggested the bloc could tap into new taxes and make savings.

Britain contributes around 16% to the overall EU budget, or €10bn to €11bn annually, so its exit in March 2019 will create a financing gap that will be difficult to fill.

"We will have to save money because it will not be possible to make up completely for the gap," Budget Commissioner Gunther Oettinger told a news conference.

He presented a paper to be debated by EU governments this year, laying out options. "The EU budget…will change after 2020. This is certain — the status quo is not an option," the Commission paper said.

The Commission outlined five scenarios, from a much lower to a significantly higher budget from 2020 under the headings of "carrying on", "doing less together", "those who want more, do more", "radical redesign" and "doing much more together". Only the "doing less together", which assumes a much lower budget, keeps the current financing sources and levels unchanged.

All others assume new revenue sources, or bigger national co-financing and a review of spending or both.

To fill the gap caused by Brexit, the document said, the EU could tap sources like corporate taxes, a tax on financial transactions, or levies on electricity, motor fuel, carbon emissions or proceeds from central bank currency issuance.

The taxes, collected nationally, could be passed on in part, or in full to the EU, especially if they were generated directly by EU policies — like revenues from auctions under the Emissions Trading System or emission premia for cars. The EU now gets its money from national contributions based on gross national income, from customs duties collected at all EU borders and from a tiny cut of national value added taxes.

The European Commission headquarters is seen in Brussels. The EU will have to change the way it collects and spends its funds to cope with Britain's leaving and with other challenges, the European Commission said yesterday.

To make savings for the EU budget, governments could take on some of the direct payments to farmers made by the EU under the bloc's Common Agricultural Policy, the paper said.

Governments could also put in more of their own money to finance projects funded by the EU under its cohesion policy — aid to less developed regions to equalise living standards.

The EU could also try to make better use of existing funds, leveraging them to finance projects, similarly to its investment fund EFSI which is to generate some €500bn of investment by 2020 by leveraging only €33.5bn of own funds.

All this would could help finance new areas of EU activity.

"In the future, migration management, internal and external security, external border control, the fight against terrorism and defence will need to be budgeted…alongside continuing investment to support stability and sustainable development in our partner countries," the Commission paper said.

Under pressure from the EU's biggest countries, who are also the biggest net contributors to the budget, the Commission put in the paper an idea that disbursements from the next budget could be linked to governments abiding by the rule of law.

This is a clear reference to Poland which is one of the biggest beneficiaries of the EU budget and the only country the Commission is monitoring if it observes the rule of law.

EU officials say Poland has been ignoring the Commission's recommendations under the rule of law procedure, which call on the nationalist-minded government to respect the independence of the judiciary, media and civil rights.