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BUSINESS

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Chicago Convention: 75 long years of connecting the world

Qatar and Cuba explore more opportunities in agricultural production

Officials from Qatar Chamber and Cuba held a meeting yesterday to explore co-operation opportunities in the field of agricultural production.

Qatar Chamber first vice chairman Mohamed bin Towar al-Kuwari and Cuba's Deputy Minister of Agriculture Hechavarria Bermudez held the meeting at the Qatar Chamber headquarters in Doha.

The meeting, which was attended by Qatar Chamber board member Mohamed bin Ahmad al-Obaidli, touched on trade and economic relations between Qatar and Cuba, ways to enhance co-operation between the private sector, and exploring investment opportunities in Cuba's agricultural sector.

Al-Kuwari said the chamber is keen on promoting relations between Qatari business owners and their counterparts from all over the world. He noted that both countries' relations are "good and the leadership in both sides is interested to develop such relations."

Food security is a priority to Qatar and the private sector is eager to learn about business opportunities in Cuba in agricultural and livestock production, al-Kuwari pointed out.

He stressed Qatar's efforts to achieve self-sufficiency and underlined the chamber's preparedness to promote opportunities offered by the visiting delegation before the Qatari business community.

Bermudez said Cuba and Qatar enjoy historic co-operation relations, noting that the objective of the visit was to inform Qatar on Cuba's investment climate and sectors in which Qatari investors could explore.

He noted that both sides have many successful partnerships in several fields, including the health sector. He pointed out that there are many promising sectors in Cuba, such as agriculture, tourism, livestock, technology, and construction.

The deputy minister invited Qatari businessmen to his country and identify available opportunities, as well as to meet with Cuban companies and discuss potential joint ventures. Al-Obaidli said Qatar has managed to achieve "great development" in the agricultural sector to achieve self-sufficiency. He affirmed that both sides could co-operate in producing coffee and livestock feeds.

Al-Kuwari handing over a token of recognition to Bermudez at a meeting at the Qatar Chamber headquarters in Doha. Food security is a priority for Qatar and the private sector is eager to learn about business opportunities in Cuba in agricultural and livestock production, al-Kuwari said.

QP may 'increasingly tap debt markets' in coming years to finance North Field expansion: Fitch

By Santhosh V Perumal
Business Reporter

Qatar Petroleum (QP) may "increasingly tap the debt markets" in the coming years to finance the expansion of liquefied natural gas (LNG) production capacity from the North Field, according to Fitch, a global credit rating agency.

"We expect QP's indebtedness to increase again in the coming years to finance the expansion of LNG production capacity from the North Field," Fitch said in a report.

In its forecasts for Qatar's longer-term debt dynamics, Fitch assumes a project cost of $40bn, or 20% of GDP (gross domestic product) spread over 2020-23, some of which would be covered out of QP's cash flow or by international partners.

QP is the largest contributor to Qatar's non-bank GRE (government related enterprises) debt, mainly reflecting the use of debt-financing for the expansion of gas production, which has doubled over the past decade.

The hydrocarbon bellwether has already announced its plans to expand its LNG production capacity by 43% to 110mn tonnes per annum.

HE the Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi, who is also the president and chief executive of QP, recently said Qatar has shortlisted international oil firms for a stake in its expanded North Field mega project, but he also hinted of going solo.

The Fitch report also said with a total balance sheet size of 190% of GDP in 2018, Qatar's banking sector is one of the largest in the region. QNB accounts for more than half of its estimate of government-related bank debt, reflecting its status as Qatar's flagship bank and reliance on wholesale non-resident funding.

The sector's large size reflects extensive lending to the government and GREs, rapid domestic credit growth (averaging 12%-13% over the past 3-10 years), as well as QNB's expansion abroad.

Non-bank debt has been on a slightly decreasing trend since 2015, reflecting debt repayment by QP and Qatar Diar. This has been partly offset by banks' incurrence of debt, the rating agency observed.

The public sector has an established record of supporting the bank and non-bank sectors: it took equity stakes and bought troubled assets from most Qatari banks in 2009-11, and injected $40bn in liquidity to offset the outflow of non-resident deposits in 2017.

The government has also taken out overdrafts against its deposits at banks in order to support their net interest margins. The government has in the past guaranteed the obligations of QP and Qatar Diar.

Qatar Airways has an ongoing sovereign guarantee, and it has increased its paid-up capital in each of the past five reporting years, Fitch said in the report.

Qicca, QU CCE sign agreement on arbitration training

The Qatar International Centre for Conciliation and Arbitration (Qicca) has signed an agreement with the Centre of Continuing Education (CCE) at Qatar University (QU), which aims to implement Arabic training programmes in arbitration and dispute resolution.

The training programmes will cover the fields of law, investment, and trade during the current Academic Year 2019-2020, and aim to provide a series of arbitration courses in sport, engineering, banking, and maritime disputes. The agreement was signed by Qicca board member Dr Sheikh Thani bin Ali al-Thani and QU head of Strategy and Development Dr Darwish al-Emadi, in the presence of QU director of Centre for Community Service and Continuing Education Dr Rajab Abdullah al-Ismail.

During a press conference held yesterday at Qatar Chamber, Sheikh Thani said the recently-launched training programmes stress Qicca's interest to spread the culture of conciliation and arbitration in the settlement of disputes by using alternative methods.

He added that the new programmes for 2019-2020 would include training courses for qualifying arbitrators through different phases that prepare participants to practise arbitration.

Sheikh Thani noted that following the success of programme of qualifying and preparing arbitrators, the new programme would include three phases that would educate a large number of trainees.

He said Qicca arbitrators who passed these programmes have managed to settle trading disputes estimated at QR50mn, and noted that there are more than 130 arbitrators that have completed the programme, 80 of which are Qataris.

Al-Emadi lauded Qatar Chamber and Qicca for their co-operation with QU, and assured that the new programme is in the context of the university's strategy to enhance community participation and to push development forward.

Al-Ismail added that there is an ongoing co-operation between Qicca and the CCE wherein the idea is to develop the programme to a professional diploma, in co-operation with several international organisations.

Dr Sheikh Thani and Dr al-Emadi shaking hands after signing the agreement.

Qatar Chamber takes part in joint Arab-Turkish chambers meeting

Qatar Chamber has participated in a joint meeting between Arab and Turkish chambers, as well as the board of directors' meeting of the Arab-Turkish Chamber of Commerce, which were held in Antalya.

The objective of the meetings was to review ways of promoting and developing Turkish-Arab economic and trade relations, according to a Qatar Chamber statement.

Qatar Chamber second vice chairman Rashid bin Hamad al-Athba and board member Mohamed Mahdi Ajayan al-Ahbabi attended the meetings, which was presided over by the president of the Union of Turkish Chambers and Commodity Exchanges, Rifat Hisarcikli Oglu, and was attended by a number of officials and representatives of Arab chambers.

Al-Athba said the two meetings focused on means of enhancing economic and trade co-operation relations between Arab countries and Turkey. He noted that it also stressed the importance of promoting ties between both sides in the trade, industry, and investment sectors.

He also noted that trade between Arab countries and Turkey "is still below aspiration despite the huge potentials each side enjoys." "Their trade volume reaches $50bn annually. This figure is possible to increase by strengthening co-operation between the private sector and forging mutual investments," al-Athba said. He added that Qatar-Turkey trade grew by 85% from $1.3bn in 2017 to $2.4bn in 2018, "which reflects robust trade and economic relations of the two countries."

Al-Ahbabi and al-Athba: Focus on enhancing economic and trade co-operation between Arab countries and Turkey.

BUSINESS

Sharaka Holdings wins awards

Sharaka Holdings has announced that it has been bestowed with two titles, 'Best Real Estate Development Company' and 'Business Holding Company of the year 2019', by the MEA Markets 2019 Qatar Business Excellence Awards. Sharaka chairman Sheikh Abdulla bin Ahmed al-Thani said, "Our plans for the future are very dynamic and exciting with an attractive portfolio of plans and projects in the pipeline. I am confident these new projects will further strengthen our position in the market." The Qatar Business Excellence Awards honour business ventures and enterprises of an acclaimed region for business acumen, outstanding achievements and their ability to create new strategic alliances. Amer Fares, CEO of Sharaka, added, "These awards assure and strengthen our team members' belief in our organisation and its strong roots. We are very proud to have been conferred with this honour and this motivates us to achieve even greater heights." Sharaka Holdings involves a partnership between eight diverse sectors across 31 companies in Qatar, which include real estate development, education, property management, restaurants, trading, manufacturing, contracting and specialised services. Pictured are officials and staff marking the occasion.

Correction

Just Real Estate has clarified that in the press release about investment opportunities in Turkey, it was erroneously mentioned Qatar National Bank in place of National Developer. Just Real Estate said the correction is issued in the interest of its clients and on the basis of the company's transparent operations.

Opec cuts 2020 oil demand forecast

Reuters
London

Opec yesterday cut its forecast for growth in world oil demand in 2020 due to an economic slowdown, an outlook the producer group said highlighted the need for ongoing efforts to prevent a new glut of crude.

In a monthly report, the Organization of the Petroleum Exporting Countries said oil demand worldwide would expand by 1.08mn barrels per day, 60,000 bpd less than previously estimated, and indicated the market would be in surplus.

The weaker outlook amid a US-China trade war and Brexit could press the case for Opec and its allies to maintain or adjust their policy of cutting output.

Iraq said ministers would today discuss whether deeper cuts were needed.

Opec, in the report, lowered its forecast for world economic growth in 2020 to 3.1% from 3.2% and said next year's increase in oil demand would be outpaced by "strong growth" in supply from rival producers such as the US.

"This highlights the shared responsibility of all producing countries to support oil market stability to avoid unwanted volatility and a potential relapse into market imbalance," the report said.

Opec, Russia and other producers have since January 1 implemented a deal to cut output by 1.2mn bpd.

The alliance, known as Opec+, in July renewed the pact until March 2020 and a committee reviewing the pact meets today.

Oil prices pared an earlier gain after the report was released to sit just below $63 a barrel.

In a monthly report, Opec said oil demand worldwide would expand by 1.08mn bpd, 60,000 bpd less than previously estimated, and indicated the market would be in surplus

Despite the OPEC-led cut, oil has tumbled from April's 2019 peak above $75, pressured by trade concerns and an economic slowdown.

The report said oil inventories in industrialised economies fell in July, a development that could ease Opec concern over a possible glut.

Even so, stocks in July exceeded the five-year average — a yardstick Opec watches closely — by 36mn barrels.

Opec and its partners have been limiting supply since 2017, helping to clear a glut that built up in 2014-2016 when producers pumped at will, and revive prices.

The policy has given a sustained boost to US shale and other rival supply, and the report suggests the world will need less Opec crude next year.

Demand for Opec crude will average 29.40mn bpd in 2020, Opec said, down 1.2mn bpd from this year. Opec said its oil output in August rose, however, by 136,000 bpd to 29.74mn bpd according to figures the group collects from secondary sources.

It was the first increase this year.

Saudi Arabia, Iraq and Nigeria boosted supply.

Saudi Arabia told Opec that the kingdom raised August output by just over 200,000 bpd to 9.789mn bpd.

Foreign funds help Qatar shares extend winning run

By Santhosh V Perumal
Business Reporter

Foreign funds' increased buying interests yesterday helped Qatar Stock Exchange inch near 10,500 levels.

The insurance, real estate and consumer goods counters witnessed higher than average demand as the 20-stock Qatar Index witnessed a 91-point, or 0.88%, accretion to 10,466.49 points.

Gulf institutions were also seen influentially bullish in the market, whose key benchmark settled 1.63% higher year-to-date.

Market capitalisation saw more than QR5bn, or 0.91%, gains to QR577.9bn mainly owing to large and small cap segments.

Islamic equities were seen gaining slower than the other indices in the market, where domestic institutions were increasingly net sellers.

Trade turnover and volumes were on the increase in the bourse, where the banking, realty and industrials sectors together accounted for about 87% of the total volume.

The Total Return Index gained 0.88% to 19,259.22 points, the All Share Index by 1.01% to 3,078.25 points and the Al Rayan Islamic Index (Price) by 0.71% to 2,352.59 points.

The insurance index shot up 3.47%, real estate (2.24%), consumer goods (1.4%), telecom (0.85%), banks and financial services (0.87%), industrials (0.4%) and transport (0.35%).

More than 67% of the traded constituents extended gains with major movers being Qatar Insurance, Qatar Islamic Insurance, Ezdan, Mazaya Qatar, QIIB, Masraf Al Rayan, Qatar First Bank, Alijarah Holding, Zad Holding, Woqod, Qatar Industrial Manufacturing, Qatar Electricity and Water, Ooredoo and Gulf Warehousing; even as Commercial Bank, Islamic Holding Group, Medicare Group, Aamal Company and Vodafone Qatar were among the losers.

Non-Qatari funds' net buying increased considerably to QR51.55mn compared to QR33.03mn on September 10.

Gulf institutions turned net buyers to the tune of QR2.7mn against net sellers of QR16.08mn the previous day.

Gulf retail investors' net buying grew marginally to QR0.77mn compared to QR0.72mn on Tuesday.

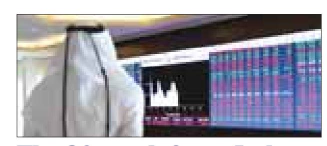
Local retail investors' net selling weakened noticeably to QR17.87mn against QR19.96mn on September 10.

However, domestic funds' net profit booking rose significantly to QR31.08mn compared to QR1.13mn the previous day.

Non-Qatari individuals turned net sellers to the extent of QR6.07mn against net buyers of QR3.43mn on Tuesday.

Total trade volume rose 30% to 156.87mn shares and value by 3% to QR306.48mn, while transactions were down 4% to 7,539.

The real estate sector's trade volume more than doubled to 53.09mn equities and value almost doubled to QR41.89mn on 52% increase in deals to 1,226.



The 20-stock Qatar Index witnessed a 91-point, or 0.88%, accretion to 10,466.49 yesterday

The transport sector reported a 51% surge in trade volume to 9.02mn stocks, 62% in value to QR32.41mn and 51% in transactions to 499.

The consumer goods sector's trade volume soared 30% to 3.17mn shares, value by 33% to QR26.07mn and deals by 47% at 744.

The banks and financial services sector saw an 11% jump in trade volume to 69.44mn equities but on a 15% fall in value to QR139.33mn despite 47% higher transactions to 2,343.

The insurance sector's trade volume was up 7% to 2.34mn stocks, value by 31% to QR8.06mn and deals by 22% to 320.

However, there was a 21% plunge in the industrials sector's trade volume to 13.59mn shares, 15% in value to QR34.04mn and 19% in transactions to 1,500.

The telecom sector's trade volume tanked 14% to 6.21mn equities, value by 10% to QR24.68mn and deals by 51% to 907.

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

Turkey puts last touches on its own rating firm in snub of Big 3

Turkish volatility drops as traders put rates-day worries aside

Bloomberg
Istanbul

After soaring to an eight-month high ahead of the central bank's July meeting, reduced volatility in Turkish stocks suggest investors are feeling relaxed ahead of this week's interest-rate gathering.

Both one-month and three-month realised volatility of Turkey's benchmark equity gauge have retreated as a more stable lira and favorable risk sentiment helped ease nerves ahead of today's rate decision. The 90-day realised volatility on the Borsa Istanbul 100 Index is close to a 5-month nadir, while 30-day volatility is at the lowest in three months. The index is up 5.3% so far this month, among the world's top 10 performing equity gauges.

"The low historical volatility is certainly the result of a positive trending market due to solid dovish expectations" on central-bank policy at coming meetings, said Ipek Ozkardeskaya, a market analyst at London Capital Group.

The Central Bank of the Republic of Turkey (CBRT) is expected to cut the one-week repo rate by 275 basis points when it meets today after a 425 basis-point cut in July, according to the median estimate of 31 economists.

Favourable inflation data and the prospect of monetary easing by the major central banks including the Federal Reserve and the European Central Bank are both giving the CBRT room to be more flexible

Going forward, "there is rising fear that another aggressive rate cut may not be welcomed as well as it did last time, which may lead to caution," Ozkardeskaya said.

The business and financial district of Levent, which comprises leading Turkish companies' headquarters and popular shopping malls, is seen from the Sapphire Tower in Istanbul (file). A group comprising Turkish banks, the nation's stock exchange and financial industry associations will jointly establish a rating firm by acquiring a majority stake in the local unit of Japan Credit Rating Agency, according to two people with knowledge of the matter.

Bloomberg
Istanbul

Turkey is planning to start its own national rating company after years of lashing out at foreign credit assessors.

A group comprising Turkish banks, the nation's stock exchange and financial industry associations will jointly establish a firm by acquiring a majority stake in the local unit of Japan Credit Rating Agency, according to two people with knowledge of the matter.

The group is in talks to buy more than 80% of JCR Eurasia Rating from shareholders including Orhan Okmen and Rafi Karagol for about $13mn, the people said, speaking on condition of anonymity due to the sensitivity of the issue. JCR is expected to retain a stake.

A JCR spokesman wasn't able to comment when contacted by Bloomberg in Tokyo. Turkey's Treasury declined to comment. Borsa Istanbul wasn't immediately available to comment.

Turkish politicians have long complained about what they perceive as unfair treatment at the hands of Moody's Investors Service, Fitch Ratings and S&P Global Ratings, all of which rank the country below investment grade. President Recep Tayyip Erdogan has accused them of political bias and likened them to circus jugglers.

"Don't ever believe in jugglers," state-run Anadolu Agency cited Erdogan as saying a year ago.

In April, Treasury & Finance Minister Berat Albayrak said a national credit rating firm would be established this year. In June, the banking regulator's chief, Mehmet Ali Akben, said the necessary regulatory work was already completed.

"Banks, private institutions and many foreign institutions – provided that there's no conflict of interest and that independence isn't harmed – may be partners" to the firm, Akben was quoted as saying by Anadolu on June 7.

Momentum grows for a digital watchdog to regulate tech giants

Bloomberg
Washington, DC

A signage is displayed in front of Google Inc headquarters in Mountain View, California. With Big Tech accused of everything from decimating industries to abusing privacy, calls are growing for the creation of a federal regulator.

With Big Tech accused of everything from decimating industries to abusing privacy, calls are growing for the creation of a federal regulator.

Presidential candidates, consumer advocates and some antitrust enforcers have focused on breaking up Amazon.com Inc, Apple Inc, Facebook Inc and Alphabet Inc's Google – or at least forcing them to unwind past acquisitions. Yet those moves could take years and face lengthy court challenges.

The desire for faster action is fuelling demands for a new agency to oversee the industry, an idea that's gaining traction among liberal and free-market economists in the US, Europe and Australia. They say there's plenty of precedent: The US and other countries have watchdogs for specific industries, such as aviation, medicine, financial services and the environment, so why not digital markets?

Advocates say a digital regulator could referee disputes between competitors, set standards for privacy, make it easier to move one's data between networks, and make sure the biggest companies aren't squelching innovation or smothering potential rivals.

"If the search engine discriminates against you vigorously enough, you're not alive for very long," said Fiona Scott Morton, a Yale University economist and a former antitrust official at the Justice Department. "You need a regulator to be alerted to the problem on Monday and be able to have a hearing the next Monday, figure it out and keep the victim alive rather than taking two or three years to bring a case."

The European Union on Tuesday took a big step in this direction when the president-elect of the EU Commission enlarged the portfolio of Margrethe Vestager, one of the world's toughest antitrust regulators as the bloc's competition commissioner. As the head of digital affairs, she will oversee such matters as big data, innovation, cybersecurity and artificial intelligence, along with antitrust.

In the US, efforts to establish such an agency would be met with many obstacles. Republicans, who opposed the creation of the Consumer Financial Protection Bureau in 2010, would likely fight another bureaucracy. Democrats may see it as diluting antitrust inquiries.

The tech companies, too, would likely try to stop it. An agency with the power to require changes to their business practices could be even more threatening to their bottom lines than budding federal and state antitrust investigations.

Besides Scott Morton, who led a University of Chicago panel that produced a report on the digital economy in July, supporters include Jason Furman, President Barack Obama's former chief economic adviser who was the lead author of a similar study for the British government.

President Donald Trump might welcome a digital authority, which could also monitor social-media companies for alleged bias. He has been a persistent critic of Facebook, Google and Twitter Inc for what he says is suppression of conservative political opinions, a charge the companies have denied.

It's notable that a digital agency was a key proposal in the report by the University of Chicago's Stigler Center for the Study of the Economy and the State. The so-called Chicago School's laissez-faire thinking on antitrust has dominated the approach of courts and enforcers since the 1970s. Many experts now think that stance went too far, clearing the way for industry overall to become more consolidated and for the tech giants to rise.

To foster more competition, a digital agency could, for example, mandate that companies can't discriminate against rivals that operate on their platforms. It might ban Amazon, on which many third-party merchants depend to sell their goods, from punishing a successful outside vendor by pushing it down in its search rankings. Or it might require that Apple lower its fee for app store purchases of third-party services, such as Spotify Technology SA's music-streaming service, which competes with Apple Music.

A digital authority was also the central recommendation in Furman's report. The UK's competition authority in July said a new regulator might be needed to police the digital platforms, mirroring Furman's recommendations. A version is under consideration in Australia, whose competition commission also issued a similar report in July.

Some American lawmakers are warming to the idea, including Senator Lindsey Graham, a South Carolina Republican and chairman of the Judiciary Committee, who is a close ally of Trump's. "It seems that a regulatory body is the right way to go," Graham told reporters after a hearing on technology and competition in May.

Advocates say a digital regulator could referee disputes between competitors, set standards for privacy, make it easier to move one's data between networks, and make sure the biggest companies aren't squelching innovation or smothering potential rivals

Even Facebook's Chief executive officer Mark Zuckerberg has called for global regulations on data ownership by consumers, policing harmful content, protecting the integrity of elections and guarding privacy rights. Erin Egan, Facebook's chief privacy officer, last week outlined areas where a regulator or other outside group could help improve choice and promote innovation – two goals of antitrust enforcement.

A regulator could oversee data portability, in which consumers move their data from one social-media site to another. It could establish standards to make sure Facebook users who want to move to an alternative network can easily take their lists of friends, photos and posts with them. Congress did something similar when it passed the 1996 Telecommunications Act, which forced carriers to let consumers keep their phone numbers when switching networks.

A related idea would have digital companies pay consumers for the use of their data. California is looking into it, while Democratic Senator Mark Warner of Virginia and a Republican colleague, Josh Hawley of Missouri, back legislation that would make companies publicise the value of the data they hold. If consumers are going to own and sell their own data, a regulator would have to set up a marketplace and establish basic rules.

Facebook and Google say users can already download their data for personal use, but critics have said the process is too cumbersome, or the data that users are allowed to move is too limited, to represent true portability.

All four companies have also said they face robust competition and don't monopolise their respective markets or block access to their platforms by competitors.

Amazon spokesman Jack Evans said the company represents 1% of global retail, including e-commerce and brick-and-mortar stores, and that it depends on third-party sellers for its success.

Apple referred to July testimony before the House antitrust panel by a company vice president who said Apple runs a fair marketplace that has allowed apps, including Spotify, to succeed, and that its own apps face tough competition.

Some doubt a single regulator could tackle the diversity of issues involved.

"The fact that the businesses are so different and that we would try to slam them all together in some sort of tech regulator" seems an impossibly hard legislative challenge, said Neil Chilson, a former Federal Trade Commission official who now serves as a senior research fellow in technology at the libertarian Charles Koch Institute. "It's just not clear to me how you achieve that."

Such hurdles aren't stopping digital agency proponents. Some are calling for urgent action not just to end the tech giants' dominance but also to prevent them from controlling the next tech revolution – artificial intelligence and machine learning.

"In every society a lot of the same issues are bubbling up," said Gene Kimmelman, one of the authors of the University of Chicago report and a former Justice Department antitrust official. "It's going to take quite a bit more than antitrust to actually drive competitive forces in these markets," he added.

Bloomberg QuickTake

Tech's new monopolies

By David McLaughlin
Washington

Technology superstars Facebook, Google, Amazon and Apple are in the crosshairs of US and European Union regulators who are zeroing in on the downside of their dominance. Their unquestionable size and power and (in the case of all but Apple) aggressive buyouts of would-be rivals are facing broader scrutiny from antitrust enforcers. Reigning over markets including Internet search, digital advertising, online commerce and mobile apps, they've become some of the most valuable companies in the world in part by exploiting so-called network effects — as they get bigger, they become ever more enticing to users.

The Situation

For more than a decade, the EU has been the most aggressive jurisdiction in regulating Big Tech, fining Google more than $9bn in three separate cases for using its dominance to disadvantage potential rivals. The EU has a lower bar for what constitutes harmful conduct by a monopoly and, in contrast to the US, its competition commissioner can move to block a merger without seeking a judge's approval. In mid-2019, US antitrust regulators at the Justice Department and the Federal Trade Commission began ramping up their oversight, and they were joined by the attorneys general of 48 states plus the District of Columbia and Puerto Rico, who opened an investigation into Google's advertising practices. In some quarters, there's talk of going beyond probes and fines to rewrite the rulebook or even break up the tech firms. A panel appointed by the UK government envisions a new regulator that could force tech companies to share data on customers with smaller competitors. US Senator Elizabeth Warren, campaigning for the Democratic Party's 2020 presidential nomination, called for unwinding mergers such as Amazon's purchase of grocer Whole Foods, Google's deal for ad network DoubleClick and Facebook's acquisitions of photo-sharing site Instagram and messaging service WhatsApp. Warren would also make companies choose between operating platforms and offering products on them. This would force Amazon, for example, to decide whether to keep its online marketplace or its private label, AmazonBasics.

The Background

Being a monopoly isn't illegal in the US or in most other countries, as regulators long ago stopped equating big with bad. Traditional antitrust enforcement focuses on whether a dominant company uses its power to thwart competition and raise prices — a mostly moot point in the case of free services such as Internet search and social media, which generate revenue through targeted advertising. The last major anti-monopoly case brought by the US was against Microsoft Corp in the 1990s. During the ensuing 20-year dry spell, the US mostly watched from the sidelines as tech juggernauts used their profits and big-data advantages to gobble up smaller rivals. Some economists, lawmakers and tech experts say enforcement has been too timid. They're urging wider scrutiny of dominant companies to take into account, for example, the effects of concentration on innovation, employment and consumer privacy. A fresh line of thinking labelled the New Brandeis School (and derided as "hipster antitrust" by critics) would rewrite the playbook entirely and prevent, for example, tech platforms from vertically integrating into other lines of business.

The Argument

The tech giants say rival services and products are springing up all the time, threatening their market dominance. Rather than stifle competition, they say, their platforms enable up-and-coming businesses to advertise and sell. But regulators and lawmakers worldwide appear to have run out of patience with those defences. In addition to new rules and fines over the use of personal data, the companies have been blamed for a litany of ills including killing off local retailers, enabling addictive online behaviour, disseminating dangerous propaganda and amplifying hate speech.

A growing body of research documents the relationship between rising corporate consolidation — a phenomenon not exclusive to tech — and worrying economic trends such as tepid wage growth, reduced business investment, fewer startups, a drop in the number of important patents and worsening wealth inequality.

The Evolving Language of Antitrust

Big Tech's dominance is driving a reevaluation of what's fair and what's not

	Platform bias	Killer acquisitions	Diminished quality	Kill zone	Data accumulation	Structural dominance	Vertical integration
What it means	Favoring certain products in search results	Buying would-be rivals	Poorly serving clients, for example by infringing on their privacy	Copying innovations by competitors who get too close	Coercing users to give up personal information for use in targeted advertising	Exerting control over entire markets	Branching into other businesses in one's supply chain
Who's accused	Apple, Google	Amazon, Facebook, Google	Facebook	Facebook, Google	Facebook, Google	Amazon	Amazon, Apple, Facebook, Google

BloombergQuickTake

US firms in China reject Trump's trade war tactics

Bloomberg
Hong Kong

US companies on the front line of the trade war are increasingly pessimistic about President Donald Trump's strategy to boost their sales in the Chinese market, according to a new survey by a leading business organisation.

Of the 333 members taking part in an annual survey by the American Chamber of Commerce in Shanghai, 75% said they opposed the US using tariffs, up from 69% a year ago. Only 14% said they supported Trump's levies, an increase of five percentage points.

The US business group conducted the survey with PwC Consulting Services in China from June 27 to July 25 and released the findings at a press conference in Shanghai.

Of the 333 members taking part in an annual survey by the American Chamber of Commerce in Shanghai, 75% said they opposed the US using tariffs, up from 69% a year ago. Only 14% said they supported Trump's levies

"We do support principally what the administration is trying to achieve here in terms of the US-China relationship – it is the tactic of tariffs that's actually what faces the most disagreement," AmCham Shanghai president Ker Gibbs told reporters. "The overall growth story, profit story, in the China market is fundamentally intact. Yes we have got some GDP growth issues, but this is an extremely attractive market," said Gibbs, adding that he will travel with a delegation to Washington this month and present the report to officials.

China removes many US products from tariffs list

AFP
Beijing

China yesterday said it would spare some US products from punitive new tariffs, an apparent olive branch ahead of high-level talks next month to resolve the two nations' protracted trade war.

However, the goods do not include big-ticket agricultural items that could be crucial to the ultimate success of any agreement between the two sides, whose stand-off is dragging on the global economy.

The exemptions will become effective on September 17 and be valid for a year, according to the Customs Tariff Commission of the State Council, which released two lists that include seafood products and anti-cancer drugs.

The lists mark the first time Beijing has announced products to be excluded from tariffs.

Other categories that will become exempt include alfalfa pellets, fish feed, medical linear accelerators and mould release agents, while the commission said it was also considering further exemptions.

In a tweet early yesterday, US President Donald Trump noted the tariff exemptions, saying the trade war was proving more costly for China than previously thought.

Trade negotiators have said they will meet in Washington in early October, raising hopes for an easing of tensions between the world's two biggest economies.

Both sides imposed fresh tit-for-tat tariffs on September 1 in the latest round of levies, which now cover goods worth hundreds of billions of dollars.

"These adjustments signal that China is more willing to make progress in the October trade talks, likely toward striking a 'narrow' agreement that involves China buying more US goods in exchange for the US suspending further tariff hikes," Barclays analysts said in a research note.

It said Beijing had been sounding a more "constructive" note in recent weeks over trade relations.

But US businesses in China are increasingly pessimistic about their prospects, with a report released yesterday saying growing numbers of companies expect their revenues and investment in the local market to shrink.

The American Chamber of Commerce in Shanghai said just 47% said they expected to increase their investments in China in 2019 – down from 62% last year – while three-quarters of businesses surveyed said they opposed the use of punitive tariffs by the United States to force China into a trade deal.

In a sign of the economic pressure being felt by China, the central People's Bank of China said on Friday it would cut the amount of cash lenders must keep in reserve, allowing for an estimated $126bn in additional loans to businesses.

China's economy grew 6.2% on-year in the second quarter, the lowest rate in nearly three decades.

Auto sales in China fell by 6.9% in August compared with the previous year, an official industry association said Wednesday, extending a slump in a massive auto market that has long been a cash cow.

This was the 14th consecutive monthly drop.

Trump has said the protracted trade war is damaging China more than the United States.

"China is eating the tariffs," he tweeted Friday, repeating his claim that higher duties mean Washington is collecting billions of dollars from the Asian nation, without passing costs on to US consumers.

But experts have warned there are signs the US is also feeling the pinch, with job creation slowing across major industries last month.

A ship passes in front of containers and gantry cranes at Haitian Terminal, operated by the Xiamen Port Authority. China yesterday said it would spare some US products from punitive new tariffs, an apparent olive branch ahead of high-level talks next month to resolve the two nations' protracted trade war.

China bank loans up in August; further policy easing expected

Reuters
Beijing

China's banks extended new yuan loans in August as policymakers ratcheted up support for the slowing economy, and further policy easing is expected in coming weeks as the Sino-US trade dispute takes a bigger toll on the economy.

Chinese regulators have been trying to boost bank lending and lower financing costs for more than a year, especially for smaller and private companies, which generate a sizeable share of the country's economic growth and jobs.

But some analysts say credit demand has not picked up as much as expected, possibly because of weak domestic orders and the deepening US-China trade war.

That has reinforced views the government must roll out more stimulative measures to spur investment and stabilise economic activity. "August lending data is in line with market expectations. It shows increased support for the real economy.

In the next step, monetary policy is expected to be preemptive and flexible, there is room for cutting interest rates and reserve requirements," said Wen Bin, economist at Minsheng Bank in Beijing.

Banks extended 1.21tn yuan ($170bn) in new loans in August, up from July and exceeding analyst expectations, People's Bank of China (PBoC) data showed yesterday.

Analysts polled by Reuters had predicted new yuan loans would rise to 1.2tn yuan in August, up from 1.06tn yuan the previous month and compared with 1.28tn yuan a year earlier.

Household loans, mostly mortgages, rose to 653.8bn yuan in August from 511.2bn yuan in July, while corporate loans climbed to 651.3bn yuan from 297.4bn yuan.

Broad M2 money supply in August grew 8.2% from a year earlier, above estimates of 8.1% forecast in the Reuters poll.

It rose 8.1% in July.

Outstanding yuan loans grew 12.4% from a year earlier – in line with expectations but slower than July's 12.6%. Some analysts say the annual comparison is a better way to assess trends in China's credit growth, rather than more volatile monthly readings.

Last week, China's central bank announced it would cut the amount of cash that banks must hold as reserves for the third time this year, releasing 900bn yuan ($126.35bn) in liquidity. Analysts expect more policy easing in coming weeks as the world's second-largest economy faces growing pressure from escalating US tariffs and sluggish domestic demand.

The central bank is widely expected to cut one or more of its key policy interest rates in mid-September – for the first time in four years – as it seeks to cut corporate funding costs. Growth of outstanding total social financing (TSF), a broad measure of credit and liquidity in the economy, rose 10.7% in August from a year earlier, unchanged from the pace in July.

"Looking ahead, credit growth should start to edge up again if, as we expect, the PBoC supplements last week's announced RRR cuts with lower rates on its lending facilities," analysts at Capital Economics said in a note, referring to the cut in the reserve requirement ratio.

"However, the pick-up is likely to remain smaller than during past easing rounds." TSF includes off-balance sheet forms of financing that exist outside the conventional bank lending system, such as initial public offerings, loans from trust companies and bond sales.

In August, TSF rose to 1.98tn yuan from 1.01tn yuan in July.

Analysts polled by Reuters had expected August TSF of 1.55tn yuan.

China has allowed local governments to issue more debt this year as part of a plan to accelerate infrastructure spending and stoke domestic demand.

Last week, the cabinet said local governments would be allowed to issue special purpose bonds earlier than normal next year to help steady growth.

The United States began imposing 15% tariffs on a variety of Chinese goods on September 1 – including footwear, smart watches and flat-panel televisions – as China began imposing new duties on US crude, the latest escalation in the trade war.

China's economic growth slowed to a near 30-year low of 6.2% in the second quarter, with analysts expecting some stabilisation as earlier stimulus measures start to kick in.

An employee counts 100-yuan notes at a bank in Nantong, Jiangsu province. China's banks extended 1.21tn yuan ($170bn) in new loans in August, up from July and exceeding analyst expectations, People's Bank of China data showed yesterday.

Attendees view the iPhone 11 Pro Max smartphone after an event in Cupertino, California. The iPhone 11, launched on Tuesday for $50 less than last year's base XR model, was met with a limp response from social media users in Asian markets that are dominated by Huawei Technologies and Samsung Electronics.

New and lower priced iPhone draws tepid response in Asia

iPhone 11 priced at $699, down from $749 XR launch price; new iPhones get tepid reaction on social media in Asia; iPhones still too pricey, not enough new features, social media

Reuters
Beijing/Seoul

Apple Inc's new, lower priced iPhone that comes with a faster processor but lacks 5G technology disappointed Asia, where cheaper and feature-packed handsets from rivals are already available.

The iPhone 11, launched on Tuesday for $50 less than last year's base XR model, was met with a limp response from social media users in Asian markets that are dominated by Huawei Technologies and Samsung Electronics.

Lowering the entry price point, a rare move from Apple, was likely an effort to attract buyers in China, where Apple has ceded ground to Huawei due to a surge in support from patriotic Chinese consumers after the Chinese brand was caught in the US-China trade standoff, said analysts.

Despite the reduction, the iPhone 11, and even the higher-end models with more camera lenses, are set to come up short in Asia.

"Apple's new phones were no surprise at all. Only tangible change is having an additional camera on their premium model," said Park Sung-soon, an analyst at Seoul-based Cape Investment & Securities.

"However, it is noticeable that Apple has made a price cut for the newest iPhone for about $50, which is a very rare move for the company.

The move might be aiming to manage and reduce potential risks drawn by the US-China trade war." The iPhone 11 will have two back cameras and is priced starting at $699, down from $749 for the XR last year.

On Tuesday, Apple also dropped the price of the XR by $150. The more expensive iPhone 11 Pro will have three cameras on the back and starts at $999.

The bigger screen iPhone 11 Pro Max starts at $1,099. "Since we still have to wait a year for 5G, why not just buy Huawei on Monday," said one user on China's Twitter-like service Weibo.

Huawei and smaller rival Vivo have already released 5G models in China, and Samsung in South Korea. A meme doing the rounds on Chinese social media featured Apple chief executive Tim Cook bragging about the new features and Richard Yu, CEO of Huawei's consumer business group, shutting him down by pointing out that Huawei has had those features for years.

"(Apple) just added one more camera lens and called it a new feature, meanwhile it is still too pricey," said a user on South Korea's Naver.com web portal.

One of the main draws of the new launch for US buyers – a $5 per month Netflix-like streaming service – will not be available in China.

Counterpoint analyst Neil Shah said the entry price, while lowered by Apple, remains high compared to local rivals.

Combined with the lack of 5G, that made the new iPhones "less attractive and future-proof" for Chinese consumers, Shah said, forecasting that Apple will sell 30mn-35mn iPhones in China this year, down from 63mn phones in 2015.

Emerging market stocks at five-week high; Turkey's lira slips

Reuters
London

Emerging market stocks rose yesterday as investors piled into riskier assets on the prospect of a ramping up of stimulus in major economies, while Turkey's lira extended its longest losing streak since May on bets of another super-sized interest rate cut.

MSCI's index of developing world stocks gained 0.6% to hold on to five-week highs as equities benefited from a broad "risk-on" mood in global markets.

Most Asian indexes rose, led by Hong Kong shares, up 1.6% as activists called off anti-government protests in remembrance for the September 11, 2001 attacks on the United States.

Stocks in South Korea and Taiwan followed suit.

Mainland China stocks lagged, ending lower despite the scrapping of quota restrictions in two major inbound investment schemes on Tuesday, as conflicting signals over progress in US-China trade negotiations kept investors on the sidelines.

In a conciliatory gesture, China said it would exempt 16 types of US products from additional retaliatory tariffs starting September 17, which will be valid for a year.

A senior White House adviser however, played down expectations for the next round of talks.

"There are still many uncertainties in the coming trade talks. An exemption list of just 16 items will not change China's stance," ING's Greater China economist Iris Pang wrote in a note.

"We believe that China will stand very firm in the negotiations, which will be similar to the last round of talks."

Outside Asia, Moscow and Istanbul stocks moved between 0.5% and 0.7% higher.

But Johannesburg's JTOPI dropped 1.8%, weighed down by a steep slide in shares of e-commerce group Naspers, which listed its global empire of consumer Internet assets under the name of Prosus on the Amsterdam exchange.

Most emerging market currencies made nominal moves as investors remained squarely focused on central bank meetings this week, starting with Poland's monthly decision on interest rates due later in the day.

The Polish zloty was little changed against the euro ahead of the rate decision, at which analysts expect interest rates to remain at 1.5%, according to a Reuters poll.

More closely watched will be the European Central Bank's monetary policy meeting on Thursday, with markets hoping for a stimulus package from outgoing President Mario Draghi.

"At the risk of sounding like a broken record, it's the fiscal bazooka that's needed now, not the worn out monetary one," said Kit Juckes, currency strategist at Societe Generale.

Turkey's lira fell 0.3% to extend its longest losing streak since May ahead of an expected interest rate cut today.

The central bank, which slashed its key interest rate by 425 basis points to 19.75% last month, is under pressure to continue the downward trend as President Tayyip Erdogan looks to achieve an economic growth target of 5% in 2020.

South Africa's rand shed 0.4%, having climbed nearly 1% in the previous session after ratings agency Moody's said on Tuesday the country was unlikely to suffer a credit downgrade to junk status in the short term.

HKEX makes a surprise $39bn offer for UK's LSE

Reuters
London

Hong Kong Exchanges and Clearing has made an unsolicited $39bn takeover approach for the London Stock Exchange, a proposal contingent on the LSE ditching its acquisition of data company Refinitiv.

The move comes at a time of political turmoil in both Hong Kong and London and is aimed at creating a global trading power better able to compete with US rivals such as ICE and CME.

The LSE has long sought to bolster its presence in Asia and recently launched a link scheme with HKEX competitor Shanghai.

"The board of HKEX believes a proposed combination with LSEG represents a highly compelling strategic opportunity to create a global market infrastructure leader," the Hong Kong exchange said in a statement yesterday.

The LSE said it would review the proposal but added that it was committed to and continued to make good progress on its planned acquisition of Refinitiv from a consortium led by US private equity firm Blackstone.

The approach by the Hong Kong company comes as Britain is set to leave the European Union, a step some politicians fear could weaken its status as a major financial centre.

HKEX, which already has a base in London as owner of the London Metal Exchange, said it had played a key role in underpinning the City of London's position as a pre-eminent global centre for metals trading.

"HKEX is fully committed to supporting and building the long term roles of both London and Hong Kong as global financial centres," it added.

The proposed £31.6bn cash-and-share transaction would only go ahead if the LSE's takeover of Refinitiv does not proceed, HKEX said.

Some analysts saw the Hong Kong offer as a defensive move to scupper the Refinitiv deal and prevent the London exchange becoming a bigger rival like CME and ICE.

HKEX, whose main shareholder is the Hong Kong government, said its proposal represented a 22.9% premium to the LSE's closing stock price on Tuesday.

After initially jumping more than 17% in reaction to the news, LSE shares were trading 5.4% higher at 1205 GMT.

"It looks uncertain whether shareholders will accept the offer, given that the Refinitiv deal is popular across the shareholder base for its potential to transform the business and add value over the long-term," said Guy de Blonay, a fund manager at Jupiter, a top-25 investor in the LSE.

The LSE announced in August that it had agreed to buy Refinitiv in a $27bn deal aimed at transforming the exchange into a market data and analytics giant. Refinitiv declined to comment.

Its majority shareholder Blackstone had no immediate comment, while minority shareholder Thomson Reuters declined to comment.

Reuters news agency is a unit of Thomson Reuters.

The proposed takeover of the LSE comes at a time when Hong Kong is beset by political upheaval.

Pro-democracy protesters lit fires and vandalised a metro station near the exchange on Saturday as increasingly violent clashes with police move into their fourth month.

"This is not helpful. As a financial centre, trust and confidence are important," HKEX boss Charles Li said of the protests last month, when HKEX reported a 21% fall in trading fees in the first half of the year.

HKEX has been the world's largest listings venue in five of the past 10 years, splitting the crown over that decade with the New York Stock Exchange, according to Refinitiv data.

But this year it has fallen behind, raising $10.8bn to the NYSE's $20.2bn, with activity suffering as the political turmoil deepened.

Last month, Alibaba delayed plans for a $15bn offering because of the unrest.

A top-10 shareholder in the LSE, who declined to be named in line with his company's policy during potential mergers, sounded a cautious note about the prospects of a successful takeover of the exchange.

"HKEX bought LME a few years ago to have a presence in the UK already, but clearly they are trying to diversify away from their Chinese exposure, which is why they are bidding now and not nine months ago," he said.

"Shareholders won't be rushed to make a decision as we like the Refinitiv deal," he added.

People walk out of the stock exchange offices in the central district of Hong Kong. The Hong Kong Stock Exchanges and Clearing has bid almost $40bn for its London rival to bring together the largest financial hubs in Asia and Europe, it said yesterday.

Asset World to raise up to $1.6bn via IPO

Reuters
Bangkok

Thai billionaire Charoen Sirivadhanabhakdi's hospitality and retail arm, Asset World Corp (AWC), aims to raise up to 48bn baht ($1.6bn) next month in Thailand's biggest corporate listing in nearly two decades.

AWC, which announced its IPO plan in June, said yesterday that it will sell up to 8bn shares in the initial public offering, at 6 baht per share, between September 25 and October 3.

That would make it the country's largest IPO since Thailand's largest energy company PTT's share offering in 2001.

Thirteen cornerstone investors have subscribed to half of AWC's shares, including Singaporean sovereign wealth fund GIC.

AWC expects to list on October 10, it said in a statement.

The underwriters include Kasikorn Securities, Bualuang Securities, Phatra Securities, and Siam Commercial Bank.

The proceeds will be used for acquiring assets, developing and renovating existing assets and repaying debt.

AWC's hospitality business makes up 61% of revenue, with 21.15% from offices and 17.8% from its retail unit.

Across its 10 hotels, occupancy was 77% in January-June, down from 72% from a year earlier.

The firm's commercial office businesses, in Bangkok, had a combined net leasable area (NLA) of 270,594 square metres and an occupancy rate of 84%.

It plans to increase NLA for retail and wholesale operations by 151% from current levels of about 165,628 square metres to 415,481 sqm by 2025.

The group's retail and wholesale business, which includes community malls and a wholesale trading centre, mostly in Bangkok, had occupancy of 72% in the first half of the year, down from 76% in the same period of last year.

India equities advance on more stimulus hope

Bloomberg
Mumbai

Indian stocks rose as investors anticipated more government steps to revive consumer sentiment ahead of the festival season that accounts for a bulk of the nation's sales.

The S&P BSE Sensex gained 0.3% to 37,270.82 at the close in Mumbai, advancing for a third consecutive session.

The NSE Nifty 50 Index also climbed 0.3%. The nation's financial markets were closed for a holiday on Tuesday.

Waning consumption has deepened a slowdown in Asia's third-largest economy, nudging the government to supplement the efforts of the Reserve Bank of India, which has cut policy rates four times this year in the region's most aggressive monetary easing.

The government's "full focus" now is to see how growth can rise in the next quarter, Finance Minister Nirmala Sitharaman said Tuesday.

The administration is also identifying infrastructure projects it can invest in, she added.

"If the government announces some more stimulus measures, it will help lift sentiment and clear the path for recovery," said Sanjay Sinha, founder of Citrus Advisors. "There has been a lot more decline in prices than warranted as the weak sentiment is overpowering."

Asian markets extend gains as optimism slowly returns

AFP
Hong Kong

Asian markets mostly rose yesterday with a broadly upbeat tone across trading floors ahead of major meetings at the European and US central banks, while there is also a growing sense of optimism over China-US trade talks.

News that Donald Trump had fired his fervently hawkish national security adviser also lifted sentiment with analysts saying it could see the White House take a less strident approach and ease geopolitical tensions.

With the global economy stuttering, attention has turned increasingly to central banks as investors look for more stimulus.

Today the European Central Bank holds one of its most anticipated gatherings and hopes are for a series of fresh measures including a possible interest rate cut, fresh bond-buying quantitative easing (QE) or other loosening tools.

That is followed by the Federal Reserve's board meeting next week, where it is tipped to announce another reduction in borrowing costs as the world's top economy – which has so far been the strongest globally – stutters.

"With the expectation of the resumption of quantitative easing by the ECB... and a rate cut by the Federal Reserve next week, the risk environment has solidified and tempted investors out of hiding from the bond markets and back into equities," said Jeffrey Halley, senior market analyst at OANDA.

Hong Kong led gains by rallying 1.8% at 27,159.06 as investors made the most of the upbeat mood to pick up cheap stocks after months of sometimes violent protests in the city weighed on the stock market.

Property firms were among the biggest gainers.

Tokyo finished 1% higher at 21,597.76, Singapore put on more than 1%, Seoul rose 0.8%, Sydney gained 0.4% and Taipei added 0.3%, while Manila, Mumbai, Bangkok and Jakarta also posted gains. However, Shanghai was fell 0.4% to 3,008.81, with little major reaction to news that China had listed 16 US categories of goods it would exempt from tariffs, ahead of planned top-level trade talks next month.

Dealers also appeared to brush off Beijing's decision Tuesday to lift limits on foreign investment in the country.

Wellington tumbled almost 2% as Prime Minister Jacinda Ardern's government was rocked by its handling of sexual assault allegations against a top Labour Party staffer.

Trump's decision to sack John Bolton as leading security adviser raised the possibility of an easing of tensions between the US and several nations, particularly Iran.

The controversial Bolton was closely linked to the invasion of Iraq and other past aggressive US foreign policy decisions, and was seen as one of the main driving forces in Trump's muscular approach to Tehran, North Korea and Venezuela, among others.

Stephen Innes at AxiTrader said that while the move did not necessarily mean a huge change in policy direction, "it does eliminate the most vocal advocate for US military-enforced regime change in the Trump administration".

He added that "from a geopolitical risk perspective, it does lessen war risk premiums, especially in Syria, Venezuela, and Iran and opens the door to more friendly discussion with North Korea".

However, the possibility of a dialling down in the stand-off between the US and Iran led to a plunge Tuesday in the price of oil, with WTI diving almost 3% from an intraday high and Brent shedding 2.5%.

The two contracts later clawed back some of the losses on bargain-buying expectations for more output cuts by leading producers led by Saudi Arabia.

In share trading companies linked to Apple enjoyed healthy buying after the US tech giant unveiled new iPhones, including a lower-priced offering, and set launch dates for its original video offering as well as its game subscription service.

In Tokyo, Alps Alpine surged more than 3%, Japan Display put on more than 4% and Sharp rallied more than 3.9%, while LG Display in Seoul was up 3.9% in Seoul.

Taipei-listed Foxconn rose 0.3%.

On forex markets the positive vibe helped the dollar up against the safe-haven yen, while higher-yielding, riskier currencies edged up against the greenback.

The pound held its recent gains as Prime Minister Boris Johnson said he was pushing to strike a divorce agreement with the European Union, having lost a series of key votes to MPs opposed to a no-deal Brexit.


A man takes a photograph of a stock board inside the Tokyo Stock Exchange. Japanese stocks rose 1% higher at 21,597.76 points yesterday.

BUSINESS

QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	13.69	2.24	15,510
Widam Food Co	6.29	0.64	544,358
Vodafone Qatar	1.25	-0.79	3,542,991
United Development Co	1.37	0.00	2,420,507
Salam International Investme	0.42	0.96	509,122
Qatar & Oman Investment Co	0.52	2.38	107,056
Qatar Navigation	5.80	0.69	3,009,356
Qatar National Cement Co	5.72	-0.17	223,953
Qatar National Bank	19.49	0.98	2,847,157
Qatar Islamic Insurance	6.20	2.99	421,148
Qatar Industrial Manufactur	3.30	3.13	60,399
Qatar International Islamic	8.98	2.63	3,352,958
Qatari Investors Group	1.93	0.52	215,680
Qatar Islamic Bank	16.15	0.25	794,582
Qatar Gas Transport(Nakilat)	2.45	0.00	5,906,013
Qatar General Insurance & Re	3.95	0.00	-
Qatar German Co For Medical	0.63	0.80	772,283
Qatar Fuel Qsc	23.00	2.00	721,391
Qatar First Bank	0.33	1.23	55,028,225
Qatar Electricity & Water Co	15.25	2.35	263,816
Qatar Exchange Index Etf	10.31	1.15	131
Qatar Cinema & Film Distrib	2.16	-1.82	35,000
Al Rayan Qatar Etf	2.34	0.26	17,045
Qatar Insurance Co	3.30	3.77	1,402,491
Qatar Aluminum Manufacturing	0.82	0.49	2,627,728
Ooredoo Qpsc	7.60	1.60	2,669,447
National Leasing	0.71	3.68	1,071,445
Mazaya Qatar Real Estate Dev	0.76	3.27	1,970,757
Mesaieed Petrochemical Holdi	2.80	0.00	2,851,045
Al Meera Consumer Goods Co	15.44	0.26	146,073
Medicare Group	7.34	-1.48	368,420
Mannai Corporation Qsc	3.43	0.00	58,098
Masraf Al Rayan	3.65	1.39	3,318,703
Al Khalij Commercial Bank	1.18	0.00	120,216
Industries Qatar	11.10	0.18	1,206,524
Islamic Holding Group	1.98	-1.00	571,432
Investment Holding Group	0.52	-0.57	1,223,350
Gulf Warehousing Company	4.80	1.27	106,496
Gulf International Services	1.64	-0.61	511,471
Ezdan Holding Group	0.67	3.88	46,971,823
Doha Insurance Co	1.07	0.94	25,000
Doha Bank Qpsc	2.69	0.75	584,358
Dlala Holding	0.69	0.00	-
Commercial Bank Psqc	4.55	-0.44	1,643,414
Barwa Real Estate Co	3.43	0.88	1,729,676
Al Khaleej Takaful Group	1.82	0.55	495,294
Al Ahli Bank	0.73	-1.08	4,404,690

KUWAIT

Company Name	Lt Price	% Chg	Volume
Sultan Center Food Products	45.00	0.00	70,500
Kuwait Foundry Co Sak	400.00	1.78	99,195
Kuwait Financial Centre Sak	100.50	-0.50	1,113,994
Ajial Real Estate Entmt	136.00	0.00	1,500
Kuwait Finance & Investment	47.40	1.28	9,909,164
National Industries Co Ksc	175.00	0.00	-
Kuwait Real Estate Holding C	27.70	0.00	-
Securities House/The	44.50	0.00	1,150,679
Boubyan Petrochemicals Co	768.00	-0.52	472,648
Al Ahli Bank Of Kuwait	303.00	-1.30	26,860
Ahli United Bank (Almutahed)	325.00	-1.22	725,492
National Bank Of Kuwait	937.00	-3.30	9,842,884
Commercial Bank Of Kuwait	500.00	0.00	61,500
Kuwait International Bank	270.00	-1.10	2,403,546
Gulf Bank	288.00	-1.71	4,805,270
Al-Massaleh Real Estate Co	37.90	0.00	-
Al Arabiya Real Estate Co	26.00	-1.52	316,922
Kuwait Remal Real Estate Co	26.50	1.92	110,810
Alkout Industrial Projects C	840.00	0.00	-
A'ayan Real Estate Co Sak	63.50	-0.47	809,012
Investors Holding Group Co.K	9.40	-2.08	3,263,911
Al-Mazaya Holding Co	54.10	-1.64	1,071,125

KUWAIT

Company Name	Lt Price	% Chg	Volume
Al-Madar Finance & Invt Co	109.00	0.93	166,100
Gulf Petroleum Investment	23.80	-1.24	46,001
Mabanee Co Sakc	731.00	-4.44	1,268,225
Inovest Co Bsc	62.80	-0.32	52,000
Al-Deera Holding Co	12.60	0.80	196,402
Mena Real Estate Co	38.00	-2.06	4,316,098
Amar Finance & Leasing Co	41.00	0.00	-
United Projects For Aviation	440.00	0.00	-
National Consumer Holding Co	55.00	0.00	-
Amwal International Investme	50.00	-9.09	125,655
Equipment Holding Co K.S.C.C	18.90	-0.53	27,000
Arkan Al Kuwait Real Estate	78.50	0.00	18,275
Gfh Financial Group Bsc	73.50	-0.68	86,500
Energy House Holding Co Kscp	22.50	2.27	14,050
Kuwait Co For Process Plant	210.00	-1.87	65,600
Al Maidan Dental Clinic Co K	1,240.00	0.00	-
National Shooting Company	10.70	-0.93	13,010
Al-Ahleia Insurance Co Sakp	430.00	0.23	11,200
Wethaq Takaful Insurance Co	28.00	0.00	-
Salbookh Trading Co Kscp	42.80	-1.38	282,728
Aqar Real Estate Investments	77.70	0.00	-
Hayat Communications	60.00	0.00	6,529
Soor Fuel Marketing Co Ksc	118.00	-0.84	166,991
Tamkeen Holding Co	5.20	0.00	-
Alargan International Real	129.00	0.00	-
Burgan Co For Well Drilling	93.50	0.00	-
Kuwait Resorts Co Kscc	58.80	-0.34	22,751
Oula Fuel Marketing Co	119.00	0.00	42,042
Palms Agro Production Co	59.00	0.00	-
Mubarrad Holding Co Ksc	60.90	-0.65	52,800
Shuaiba Industrial Co	160.00	0.00	-
Aan Digital Services Co	16.70	-4.57	8,774,893
First Takaful Insurance Co	42.50	0.00	-
Kuwaiti Syrian Holding Co	37.50	-6.25	735,001
National Cleaning Company	59.90	-0.17	30,001
United Real Estate Company	62.40	0.00	104,500
Agility	724.00	-2.43	1,965,881
Kuwait & Middle East Fin Inv	79.00	-9.20	1,889,371
Fujairah Cement Industries	49.60	-2.75	437,800
Livestock Transport & Tradng	180.00	-5.26	35,000
International Resorts Co	13.50	3.05	100,000
National Industries Grp Hold	219.00	-4.37	5,845,698
Warba Insurance Co	64.70	7.65	5,500
First Dubai Real Estate Deve	34.30	-3.92	924,792
Al Arabi Group Holding Co	78.00	0.65	230,200
Kuwait Hotels Sak	100.00	0.00	-
Mobile Telecommunications Co	548.00	-1.97	2,754,245
Effect Real Estate Co	20.50	0.00	-
Tamdeen Real Estate Co Ksc	300.00	-1.64	20,000
Al Mudon Intl Real Estate Co	18.00	0.00	280
Kuwait Cement Co Ksc	271.00	0.37	8,726
Sharjah Cement & Indus Devel	62.00	-1.59	100,211
Kuwait Portland Cement Co	1,200.00	-0.74	4,000
Educational Holding Group	320.00	0.00	-
Bahrain Kuwait Insurance	200.00	0.00	-
Asiya Capital Investments Co	34.30	-0.29	22,020
Kuwait Investment Co	138.00	-2.82	460,000
Burgan Bank	332.00	-1.19	3,384,966
Kuwait Projects Co Holdings	227.00	0.44	2,268,556
Al Madina For Finance And In	16.90	-0.59	555,103
Kuwait Insurance Co	333.00	0.00	-
Al Masaken Intl Real Estate	63.10	0.00	-
Intl Financial Advisors	51.20	-4.30	758,516
First Investment Co Kscc	33.50	-1.18	6,227,410
Al Mal Investment Company	12.90	-2.27	939,323
Bayan Investment Co Kscc	39.00	-6.02	520
Egypt Kuwait Holding Co Sae	450.00	0.00	-
Coast Investment Development	32.70	-0.61	670,845
Privatization Holding Compan	54.90	3.78	1,203,500
Injazzat Real State Company	80.00	0.00	-
Kuwait Cable Vision Sak	20.00	0.00	-
Sanam Real Estate Co Kscc	37.50	0.00	-
Ithmaar Holding Bsc	22.30	0.00	-
Aviation Lease And Finance C	255.00	-1.54	129,709
Arzan Financial Group For Fi	25.80	-3.01	7,306,234
Ajwan Gulf Real Estate Co	13.40	-4.29	1,833,852
Kuwait Business Town Real Es	40.80	4.62	166,440
Future Kid Entertainment And	86.60	0.00	-
Specialities Group Holding C	74.10	-1.07	147,319
Abyaar Real Eastate Developm	13.70	-1.44	3,028,852
Dar Al Thuraya Real Estate C	162.00	0.00	-
Kgl Logistics Company Kscc	39.90	-0.99	658,626
Combined Group Contracting	232.00	0.00	2,766,511
Jiyad Holding Co Ksc	43.70	0.00	-
Warba Capital Holding Co	70.40	5.07	38,299
Gulf Investment House Ksc	50.00	-0.99	15,832
Boubyan Bank K.S.C	545.00	-2.50	1,736,818
Ahli United Bank B.S.C	277.00	-2.81	11,086,272
Osos Holding Group Co	103.00	0.98	20,000

KUWAIT

Company Name	Lt Price	% Chg	Volume
Al-Eid Food Ksc	56.00	-8.50	15,000
Qurain Petrochemical Industr	340.00	0.89	496,286
Advanced Technology Co	900.00	0.00	-
Ekttitab Holding Co Sak	15.50	-8.82	627,509
Real Estate Trade Centers Co	23.00	-8.00	20,200
Acico Industries Co Kscc	144.00	-0.69	690
Kipco Asset Management Co	94.00	0.00	-
National Petroleum Services	1,100.00	0.00	-
Alimtiaz Investment Group	124.00	-3.88	1,793,524
Ras Al Khaimah White Cement	63.00	0.00	20,000
Kuwait Reinsurance Co Ksc	158.00	0.00	-
Kuwait & Gulf Link Transport	77.90	3.87	63,863
Humansoft Holding Co Ksc	3,141.00	-0.60	208,731
Automated Systems Co Kscc	71.00	-1.39	7,199
Metal & Recycling Co	60.00	0.00	-
Gulf Franchising Holding Co	160.00	0.00	-
Al-Enma'a Real Estate Co	46.90	1.96	2,493,926
National Mobile Telecommuni	711.00	-2.47	20,764
Sanad Holding Co Kscc	0.00	0.00	-
Unicap Investment And Financ	46.00	3.37	10
Al Salam Group Holding Co	32.50	-2.99	5,191,931
Al Aman Investment Company	56.00	0.00	373,496
Mashaer Holding Co Ksc	68.50	-2.14	1,218,894
Manazel Holding	29.50	-7.23	536,326
Tijara And Real Estate Inves	42.00	0.00	-
Jazeera Airways Co Ksc	970.00	0.10	328,396
Commercial Real Estate Co	92.80	-0.75	573,110
National International Co	66.80	0.00	-
Taameer Real Estate Invest C	17.90	-0.56	485,357
Gulf Cement Co	55.00	-2.83	30,500
Heavy Engineering And Ship B	400.00	0.25	291,622
National Real Estate Co	82.20	0.00	549,149
Al Safat Energy Holding Comp	18.60	-4.12	80,000
Kuwait National Cinema Co	790.00	-4.70	867
Danah Alsafat Foodstuff Co	25.40	-2.31	3,623,538
Independent Petroleum Group	483.00	0.00	-
Kuwait Real Estate Co Ksc	82.20	-0.36	129,639
Salhia Real Estate Co Ksc	336.00	-0.30	54,198
Gulf Cable & Electrical Ind	432.00	0.70	325,802
Kuwait Finance House	707.00	-2.88	14,713,587
Gulf North Africa Holding Co	58.50	0.00	202,063
Hilal Cement Co	100.00	0.00	-
Osoul Investment Kscc	71.00	0.00	70,000
Gulf Insurance Group Ksc	670.00	0.00	458,852
Umm Al Qaiwain General Inves	71.90	0.00	-
Aayan Leasing & Investment	56.30	-2.09	12,534,265
Alrai Media Group Co Ksc	42.20	-1.63	133,201
National Investments Co	129.00	-0.77	823,067
Commercial Facilities Co	195.00	1.04	174,600
Yiaco Medical Co. K.S.C.C	66.50	0.00	-
Dulaqan Real Estate Co	350.00	0.00	-
Real Estate Asset Management	95.40	0.00	-

OMAN

Company Name	Lt Price	% Chg	Volume
Voltamp Energy Saog	0.18	0.00	-
Vision Insurance Saoc	0.12	0.00	-
United Power/Energy Co- Pref	1.00	0.00	-
United Power Co Saog	2.50	0.00	-
United Finance Co	0.07	8.33	32,470
Ubar Hotels & Resorts	0.13	0.00	-
Takaful Oman	0.12	0.00	-
Taageer Finance	0.10	0.00	-
Sweets Of Oman	0.55	0.00	-
Sohar Power Co	0.10	0.00	-
Sohar International Bank	0.11	0.00	493,472
Smn Power Holding Saog	0.08	-2.44	105,893
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	1.06	2.91	10,000
Sharqiyah Desalination Co Sa	0.29	0.00	-
Sembcorp Salalah Power & Wat	0.12	5.31	287,093
Salalah Port Services	0.60	0.00	-
Salalah Mills Co	0.50	0.00	-
Salalah Beach Resort Saog	1.38	0.00	-
Sahara Hospitality	3.09	0.00	-
Renaissance Services Saog	0.27	8.06	391,518
Raysut Cement Co	0.35	0.00	42,000
Phoenix Power Co Saoc	0.09	0.00	1,287,986
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.52	0.39	271,570
Ominvest	0.35	0.00	55,000
Oman United Insurance Co	0.22	2.36	330,591
Oman Telecommunications Co	0.59	-0.34	224,500
Oman Refreshment Co	1.30	0.00	-
Oman Qatar Insurance Co	0.09	-1.12	48,700

OMAN

Company Name	Lt Price	% Chg	Volume
Oman Packaging	0.27	0.00	-
Oman Oil Marketing Company	1.07	0.00	-
Oman National Engineering An	0.13	3.97	85,328
Oman Investment & Finance	0.12	2.65	1,826,583
Oman Intl Marketing	0.52	0.00	-
Oman Flour Mills	0.66	0.00	-
Oman Fisheries Co	0.08	0.00	124,675
Oman Europe Foods Industries	1.00	0.00	-
Oman Education & Training In	0.23	0.00	-
Oman Chromite	3.64	0.00	-
Oman Chlorine	0.36	-1.10	10,048
Oman Ceramic Company	0.42	0.00	-
Oman Cement Co	0.24	2.61	110,341
Oman Cables Industry	0.81	0.00	-
Oman & Emirates Inv(Om)50%	0.07	0.00	136,668
Natl Aluminium Products	0.19	10.00	8,220
National Real Estate Develop	5.00	0.00	-
National Mineral Water	0.09	0.00	-
National Life & General Insu	0.31	1.31	61,500
National Gas Co	0.19	9.83	499,769
National Finance Co	0.14	-1.43	1,000,000
National Detergent Co Saog	0.70	0.00	-
National Biscuit Industries	3.92	0.00	-
National Bank Of Oman Saog	0.18	0.55	391,909
Muscat Thread Mills Co	0.08	0.00	-
Muscat Insurance Co Saog	0.78	0.00	-
Muscat Gases Company Saog	0.16	0.65	5,175
Muscat Finance	0.07	1.52	64,522
Muscat City Desalination Co	0.12	0.00	-
Majan Glass Company	0.18	0.00	-
Majan College	0.17	0.00	-
Hsbc Bank Oman	0.13	0.00	330,000
Hotels Management Co Interna	1.25	0.00	-
Gulf Stone	0.12	0.00	-
Gulf Mushroom Company	0.31	0.00	-
Gulf Investments Services	0.07	1.37	1,015,213
Gulf Invest. Serv. Pref-Shar	0.11	0.00	-
Gulf International Chemicals	0.14	0.00	-
Gulf Hotels (Oman) Co Ltd	9.50	0.00	-
Global Fin Investment	0.07	0.00	-
Galfar Engineering&Contract	0.08	1.20	2,036,054
Galfar Engineering -Prefer	0.39	0.00	-
Financial Services Co.	0.05	0.00	5,030
Financial Corp/The	0.10	0.00	-
Dhofar Tourism	0.49	0.00	-
Dhofar Poultry	0.18	0.00	-
Dhofar Intl Development	0.30	0.00	-
Dhofar Insurance	0.17	-2.91	29,000
Dhofar Generating Co Saoc	0.19	0.00	8,800
Dhofar Fisheries & Food Indu	1.28	0.00	-
Dhofar Cattlefeed	0.13	0.00	4,000
Dhofar Beverages Co	0.26	0.00	-
Construction Materials Ind	0.04	2.63	149,000
Computer Stationery Inds	0.26	0.00	-
Bankmuscat Saog	0.45	0.00	1,009,000
Bank Nizwa	0.09	0.00	1,060,163
Bank Dhofar Saog	0.14	0.00	142,769
Arabia Falcon Insurance Co	0.10	0.00	-
Aloula Co	0.53	0.00	-
Al-Omaniya Financial Service	0.09	3.41	156,900
Al-Hassan Engineering Co	0.02	0.00	-
Al-Fajar Al-Alamia Co	0.75	0.00	-
Al-Anwar Ceramic Tiles Co	0.10	1.05	817,200
Al Suwadi Power	0.07	1.37	100,000
Al Sharqiya Invest Holding	0.09	6.25	4,837,711
Al Maha Petroleum Products M	0.80	0.00	400
Al Maha Ceramics Co Saoc	0.17	-1.76	56,000
Al Madina Takaful Co Saoc	0.08	0.00	1,075,100
Al Madina Investment Co	0.03	0.00	185,084
Al Kamil Power Co	0.38	0.00	-
Al Jazerah Services -Pfd	0.55	0.00	-
Al Jazeera Steel Products Co	0.23	0.00	-
Al Jazeera Services	0.13	3.25	116,641
Al Izz Islamic Bank	0.07	1.39	19,951
Al Buraimi Hotel	0.88	0.00	-
Al Batinah Power	0.07	0.00	129,000
Al Batinah Hotels	1.13	0.00	-
Al Batinah Dev & Inv	0.08	0.00	335,582
Al Anwar Holdings Saog	0.09	1.12	708,508
Al Ahlia Insurance Co Saoc	0.32	0.00	-
Ahli Bank	0.12	0.00	-
Acwa Power Barka Saog	0.66	0.00	-
Abrasives Manufacturing Co S	0.05	0.00	-
A'saffa Foods Saog	0.60	0.00	-
OMan Oil Marketing Co-Pref	0.25	0.00	-
#N/A Invalid Security	0.00	0.00	-
#N/A Invalid Security	0.00	0.00	-

LATEST MARKET CLOSING FIGURES

Naspers spin-off Prosus surges 25% on market debut in Amsterdam

Reuters
Amsterdam

Shares in the spin-off of South African e-commerce group Naspers surged more than 25% in the first minutes of their market debut in Amsterdam yesterday.

Prosus comprises Naspers' global empire of consumer Internet assets, with the jewel in the crown a 31% stake in Chinese tech titan Tencent.

There is "way more demand than is even available, so that's good," said the CEO of Euronext Amsterdam, Maurice van Tilburg. "It's going to be an interesting hour of trade after opening this morning."

Euronext had given an indicative price of €58.70 per share for Prosus, implying a market value of €95.3bn ($105bn).

The shares jumped to €76 on opening and were trading at €75 at 0719 GMT.

The spin-off in Amsterdam marks the end of an era for Naspers as it looks to move beyond the legacy of former chief executive Koos Bekker's prescient investment of just $34mn in Tencent when it was a startup in 2001, one of the most lucrative bets in corporate history.

Bob van Dijk, CEO of Naspers and Prosus Group poses at Amsterdam's stock exchange, as Prosus begins trading on the Euronext stock exchange in Amsterdam yesterday.

The stake in Tencent, the world's biggest videogame company and home to China's hugely popular WeChat social media platform, is now worth $130bn and has buttressed Naspers' rapid growth towards becoming Africa's most valuable listed company.

That would make Prosus the third-largest stock on the Amsterdam exchange after Shell and Unilever, and Europe's No 2 tech firm after Germany's SAP.

European players are still, however, dwarfed by the likes of Facebook and Amazon in the United States.

The Tencent stake has been worth more than Naspers itself for years, and dominated the $103bn group's finances.

One motivation for spinning off Prosus is to narrow that value gap.

The Prosus listing should see about a quarter of Naspers' value move to Amsterdam.

"We believe Prosus will present a new and attractive opportunity for global tech investors to access our unique portfolio of Internet businesses, providing a strong foundation for our future growth plans," said Naspers' CEO Bob van Dijk.

"The listing is also designed to reduce our weighting on the Johannesburg Stock Exchange, which we believe will maximise shareholder value over time."

Naspers will retain a stake of about 25% in Prosus, with the other 25% distributed to Naspers shareholders and making up the free float.

Prosus also has stakes in fast-growing food delivery, social media and payments companies in China, India, Brazil and Russia. In the food and delivery sector, it owns stakes in Delivery Hero, Takeaway.com, Latin America's iFood, and India's Swiggy.

For the fiscal year ended in March 2019, Prosus reported a 15% rise in revenue to $2.65bn, and its operating loss narrowed to $418mn from $615mn.

Prosus accounts for its Tencent stake as an "equity accounted investment", which added $3.41bn to 2019 pre-tax profit.

Prosus' net profit ended up being $4.25bn, thanks to a $1.6bn windfall on its sale of a 10% stake in Flipkart to Walmart.

Jasper Jansen, an analyst at the Dutch shareholders' rights group VEB, said he welcomed the listing of Prosus.

"We love the fresh blood – finally there's a real company listing here that's active in the new economy," he said.

However, he criticised Naspers' decision to maintain a two-class share structure system which gives its biggest shareholders extra voting rights in some circumstances.

A fund manager lesson from Japan: Buy growth stocks when there is none

Bloomberg
Hong Kong

The message to investors from Aisa Ogoshi is clear: buy growth stocks when there is no growth.

To the fund manager at JPMorgan Asset Management, what happened in Japan over the past 20 years backs up her call to stick with faster-growing companies.

When the country's economy was struggling, it was investors who bet on growth that made money through the cycle, not those who went bargain hunting, according to Ogoshi, whose Pacific Securities Fund has beaten 97% of peers over the last five years, according to data compiled by Bloomberg.

"In a low growth environment, people want to stick to quality where they could trust the management," she said in an interview in Hong Kong. "And if there is any type of growth, all the money will chase that."

Over the past 15 years, a basket of stocks with the highest valuations, which includes many growth stocks, significantly outperformed shares with the lowest valuations, according to a Bloomberg factor analysis on Japan's benchmark Topix Index.

The former saw a return of over 350%, with the latter rising by about 105%. Growth stocks "tend to have high multiples, but over the cycle, we have witnessed some of them are able to deliver growth and keep growing their market share," said Ogoshi, naming examples such as sensor manufacturer Keyence Corp which has risen more than 600% over the past ten years.

Still, it's inevitable that an economic slowdown would also affect companies in growth universe, and valuations also have reached a level that investors should be more selective, Ogoshi said.

Her fund recently trimmed a position in pharmaceutical company CSL Ltd and some Chinese healthcare names, as their valuation leaves them "no room for mistakes or bad news", she said.

While growth stocks have been trouncing their value peers in recent years globally – in Japan the factor is close to at least a ten-year relative high – this month has seen the trend showing signs of losing steam.

Though at an early stage, the reversal has raised questions over whether there could be a comeback for the least-loved investment factor.

"A trigger for a reversal of this trend would be a rise in interest rates, however, a lot of people think that the markets have factored in monetary easing globally and there's no sign of inflation anywhere," said Yoshinori Shigemi, a global market strategist for JPMorgan Asset Management Japan Ltd in Tokyo. "Given that, it's difficult to see this trend will end."

For now, Ogoshi is sticking with what has worked best for her.

"There are brief periods that there is a value rally, so growth stocks would underperform," said Ogoshi. "But over the past 20 years we have seen being overweight these growth quality names in a low growth environment has worked in our favour."

DJIA

Company Name	Lt Price	% Chg	Volume
Apple Inc	222.01	2.45	6,027,379
American Express Co	117.00	-0.26	244,746
Boeing Co/The	381.71	3.31	527,115
Caterpillar Inc	131.82	1.17	329,928
Cisco Systems Inc	49.61	0.81	2,107,148
Chevron Corp	120.98	-0.71	388,068
Walt Disney Co/The	135.67	-0.09	646,097
Dow Inc	46.36	0.09	760,000
Goldman Sachs Group Inc	215.77	0.06	100,368
Home Depot Inc	233.02	0.01	185,735
Intl Business Machines Corp	143.66	-0.96	234,402
Intel Corp	52.40	1.12	1,980,097
Johnson & Johnson	130.49	0.73	500,981
Jpmorgan Chase & Co	116.77	-0.09	897,566
Coca-Cola Co/The	54.59	0.35	585,378
Mcdonald's Corp	209.50	-0.09	309,358
3M Co	167.20	-0.98	211,022
Merck & Co. Inc.	82.67	1.19	669,888
Microsoft Corp	135.52	-0.41	2,985,460
Nike Inc -Cl B	86.80	-0.03	410,619
Pfizer Inc	37.13	-0.67	1,263,650
Procter & Gamble Co/The	120.11	0.19	682,517
Travelers Cos Inc/The	145.16	-0.96	99,862
Unitedhealth Group Inc	231.71	-0.32	215,780
United Technologies Corp	133.79	-0.09	115,286
Visa Inc-Class A Shares	175.24	-0.63	738,315
Verizon Communications Inc	59.97	0.44	950,211
Walgreens Boots Alliance Inc	57.25	0.65	719,200
Walmart Inc	116.08	0.03	262,500
Exxon Mobil Corp	72.08	0.01	1,068,754

FTSE 100

Company Name	Lt Price	% Chg	Volume
Anglo American Plc	1,883.00	1.44	4,079,861
Associated British Foods Plc	2,239.00	0.22	660,896
Admiral Group Plc	2,099.00	-0.05	853,380
Ashtead Group Plc	2,324.00	3.06	1,311,375
Antofagasta Plc	893.20	-2.87	2,258,794
Auto Trader Group Plc	514.80	2.39	3,677,320
Aviva Plc	392.70	1.37	10,011,425
Astrazeneca Plc	6,917.00	1.02	2,515,494
Bae Systems Plc	574.60	1.16	6,682,235
Barclays Plc	148.70	0.69	51,860,542
British American Tobacco Plc	3,043.00	2.67	3,577,101
Barratt Developments Plc	624.40	2.60	4,622,135
Bhp Group Plc	1,777.00	0.11	4,992,658
Berkeley Group Holdings/The	4,023.00	1.44	411,145
British Land Co Plc	553.60	4.02	3,594,760
Bunzl Plc	2,162.00	2.61	990,659
Bp Plc	512.10	-0.12	32,365,964
Burberry Group Plc	2,186.00	0.28	1,504,555
Bt Group Plc	173.00	2.77	26,599,046
Coca-Cola Hbc Ag-Di	2,718.00	2.26	681,536
Carnival Plc	3,802.00	1.68	887,154
Centrica Plc	72.86	3.44	19,975,197
Compass Group Plc	2,010.00	1.01	3,253,113
Croda International Plc	4,910.00	2.51	380,797
Crh Plc	2,766.00	1.39	1,053,372
Dcc Plc	7,034.00	1.21	261,390
Diageo Plc	3,362.50	0.98	3,180,032
Direct Line Insurance Group	296.90	2.27	7,614,976
Evraz Plc	523.40	4.39	6,105,469
Experian Plc	2,481.00	0.45	2,460,201
Easyjet Plc	1,033.50	4.23	2,621,180
Ferguson Plc	6,274.00	0.90	519,494
Fresnillo Plc	729.20	3.73	2,014,101
Glencore Plc	251.95	1.25	34,209,739
Glaxosmithkline Plc	1,650.00	0.51	6,879,137
Gvc Holdings Plc	711.40	1.17	2,079,919
Hikma Pharmaceuticals Plc	1,954.50	2.28	511,263
Hargreaves Lansdown Plc	2,025.00	2.71	718,436
Halma Plc	2,001.00	3.54	861,565
Hsbc Holdings Plc	625.50	1.94	28,681,205
Hiscox Ltd	1,595.00	2.31	736,387
Intl Consolidated Airline-Di	451.70	2.50	5,375,763
Intercontinental Hotels Grou	5,167.00	2.66	623,229
3i Group Plc	1,126.00	-0.09	1,682,985
Imperial Brands Plc	2,213.00	1.89	2,183,266
Informa Plc	826.60	-0.98	2,821,541
Intertek Group Plc	5,398.00	-0.70	392,596
Itv Plc	125.60	0.40	14,973,943
Johnson Matthey Plc	3,214.00	1.42	385,771
Kingfisher Plc	204.10	-0.68	6,430,037
Land Securities Group Plc	823.40	2.77	2,604,811
Legal & General Group Plc	247.50	1.56	23,330,108
Lloyds Banking Group Plc	52.60	0.54	223,301,775
London Stock Exchange Group	7,206.00	5.91	3,659,198
Micro Focus International	1,118.20	-0.59	2,599,682
Marks & Spencer Group Plc	203.00	0.94	7,256,510
Mondi Plc	1,650.00	1.26	2,426,434
Melrose Industries Plc	208.00	1.56	11,926,409
Wm Morrison Supermarkets	194.00	1.38	9,391,020
National Grid Plc	826.10	1.19	6,377,949
Nmc Health Plc	2,918.00	-0.55	698,059
Next Plc	6,078.00	0.56	330,282
Ocado Group Plc	1,369.00	2.39	2,560,623
Paddy Power Betfair Plc	0.00	0.00	-
Prudential Plc	1,492.00	0.51	5,148,058
Persimmon Plc	2,030.00	4.02	1,948,358
Pearson Plc	866.80	0.30	2,394,616
Reckitt Benckiser Group Plc	6,398.00	0.30	801,063
Royal Bank Of Scotland Group	199.80	1.04	11,917,462
Royal Dutch Shell Plc-A Shs	2,305.50	-0.95	5,563,554
Royal Dutch Shell Plc-B Shs	2,298.50	-0.88	4,377,621
Relx Plc	1,871.50	0.51	2,920,294
Rio Tinto Plc	4,288.50	0.88	1,941,453
Rightmove Plc	527.70	1.77	1,396,889
Rolls-Royce Holdings Plc	832.00	2.16	7,781,169
Rsa Insurance Group Plc	535.80	2.41	5,479,188
Rentokil Initial Plc	437.30	0.34	4,729,139
Sainsbury (J) Plc	213.00	2.50	7,925,817
Schroders Plc	3,045.00	2.18	359,873
Sage Group Plc/The	669.00	0.69	2,812,754
Segro Plc	777.80	1.01	2,245,257
Smurfit Kappa Group Plc	2,650.00	0.99	464,928
Standard Life Aberdeen Plc	268.40	1.51	7,207,072
Ds Smith Plc	360.40	1.78	5,754,133
Smiths Group Plc	1,683.50	1.32	963,950
Scottish Mortgage Inv Tr Plc	524.00	2.34	1,753,306
Smith & Nephew Plc	1,898.50	0.77	2,307,384
Spirax-Sarco Engineering Plc	8,100.00	2.99	227,497
Sse Plc	1,160.00	1.35	3,211,429
Standard Chartered Plc	682.40	-0.09	8,048,736
St James's Place Plc	991.40	1.70	1,369,051
Severn Trent Plc	2,024.00	1.56	661,007
Tesco Plc	234.30	1.25	16,498,828
Tui Ag-Di	872.80	1.16	1,580,095
Taylor Wimpey Plc	157.60	2.67	9,392,740
Unilever Plc	4,962.50	0.18	2,521,498
United Utilities Group Plc	779.60	1.75	2,181,576
Vodafone Group Plc	159.00	0.81	51,294,270
John Wood Group Plc	429.30	1.01	3,373,952
Wpp Plc	1,036.50	1.77	3,085,416
Whitbread Plc	4,544.00	2.04	366,399

TOKYO

Company Name	Lt Price	% Chg	Volume
Japan Airlines Co Ltd	3,402.00	-0.18	1,587,500
Recruit Holdings Co Ltd	3,175.00	0.00	29,011,700
Softbank Corp	1,506.50	0.27	8,192,100
Kyocera Corp	6,772.00	1.36	1,124,400
Nissan Motor Co Ltd	718.40	3.00	19,723,200
T&D Holdings Inc	1,186.00	5.80	4,888,400
Toyota Motor Corp	7,355.00	2.39	8,188,200
Kddi Corp	2,839.00	1.54	6,893,300
Nitto Denko Corp	5,410.00	1.88	845,400
Hitachi Ltd	4,100.00	2.78	4,695,900
Takeda Pharmaceutical Co Ltd	3,746.00	3.22	6,027,400
Jfe Holdings Inc	1,383.50	3.59	4,086,200
Sumitomo Corp	1,755.50	2.60	6,417,200
Canon Inc	2,907.00	1.71	3,780,200
Eisai Co Ltd	5,507.00	2.40	1,005,000
Nintendo Co Ltd	41,100.00	-1.34	1,287,200
Shin-Etsu Chemical Co Ltd	11,385.00	0.89	954,500
Mitsubishi Corp	2,805.50	1.76	6,848,600
Smc Corp	45,750.00	2.67	445,100

WORLD INDICES

Indices	Lt Price	Change
Dow Jones Indus. Avg	27,012.33	+102.90
S&P 500 Index	2,989.53	+10.14
Nasdaq Composite Index	8,148.33	+64.17
S&P/Tsx Composite Index	16,590.39	+53.05
Mexico Bolsa Index	42,633.43	+45.33
Brazil Bovespa Stock Idx	103,531.30	+499.80
Ftse 100 Index	7,338.03	+70.08
Cac 40 Index	5,618.06	+24.85
Dax Index	12,359.07	+90.36
Ibex 35 Tr	9,059.50	-18.70
Nikkei 225	21,597.76	+205.66
Japan Topix	1,583.66	+25.67
Hang Seng Index	27,159.06	+475.38
All Ordinaries Indx	6,752.15	+24.14
Nzx All Index	1,842.56	-36.09
Bse Sensex 30 Index	37,270.82	+125.37
Nse S&P Cnx Nifty Index	11,035.70	+32.65
Straits Times Index	3,204.52	+48.81
Karachi All Share Index	22,729.60	+243.84
Jakarta Composite Index	6,381.95	+45.28

TOKYO

Company Name	Lt Price	% Chg	Volume
Nidec Corp	14,520.00	1.61	582,200
Isuzu Motors Ltd	1,237.00	3.51	2,810,000
Unicharm Corp	3,345.00	2.73	980,600
Nomura Holdings Inc	480.60	5.33	27,455,300
Daiichi Sankyo Co Ltd	6,678.00	-0.51	5,166,000
Subaru Corp	3,082.00	2.26	3,635,300
Sumitomo Realty & Developmen	3,888.00	-0.33	1,659,700
Ntt Docomo Inc	2,781.00	1.09	4,377,200
Sumitomo Metal Mining Co Ltd	3,435.00	3.03	1,961,400
Orix Corp	1,698.00	1.95	8,087,900
Asahi Group Holdings Ltd	5,181.00	1.53	1,434,500
Keyence Corp	65,260.00	0.29	349,500
Mizuho Financial Group Inc	167.40	1.95	196,484,800
Sumitomo Mitsui Trust Holdin	3,894.00	3.62	2,002,700
Japan Tobacco Inc	2,336.50	2.73	7,253,100
Sumitomo Electric Industries	1,386.50	3.82	3,142,300
Daiwa Securities Group Inc	511.60	3.15	10,745,000
Softbank Group Corp	4,677.00	-0.72	10,471,700
Panasonic Corp	901.60	2.29	10,135,800
Fujitsu Ltd	8,344.00	-1.23	1,213,600
Central Japan Railway Co	21,020.00	1.13	513,400
Nitori Holdings Co Ltd	15,415.00	1.78	367,700
Ajinomoto Co Inc	1,924.50	1.99	1,595,900
Daikin Industries Ltd	13,680.00	-0.51	998,400
Mitsui Fudosan Co Ltd	2,471.00	-1.61	5,565,700
Ono Pharmaceutical Co Ltd	1,990.50	1.50	1,315,600
Toray Industries Inc	788.00	1.31	5,194,100
Bridgestone Corp	4,233.00	2.84	2,386,300
Sony Corp	6,451.00	1.29	5,363,400
Astellas Pharma Inc	1,552.00	1.07	6,110,600
Hoya Corp	8,940.00	-0.25	1,646,000
Nippon Steel Corp	1,560.50	1.17	4,747,100
Suzuki Motor Corp	4,330.00	2.58	2,710,800
Nippon Telegraph & Telephone	5,204.00	1.52	3,774,400
Jxtg Holdings Inc	486.70	2.72	18,101,300
Murata Manufacturing Co Ltd	4,977.00	2.26	5,764,600
Kansai Electric Power Co Inc	1,323.50	3.52	2,880,600
Denso Corp	4,822.00	3.50	2,598,700
Sompo Holdings Inc	4,636.00	2.25	1,750,000
Daiwa House Industry Co Ltd	3,403.00	0.38	1,829,500
Dai-Ichi Life Holdings Inc	1,650.00	6.14	11,791,800
Mazda Motor Corp	1,007.50	3.35	8,296,600
Komatsu Ltd	2,456.00	1.74	6,636,400
West Japan Railway Co	9,164.00	1.27	552,600
Kao Corp	7,770.00	1.74	1,498,600
Mitsui & Co Ltd	1,830.50	2.38	7,898,300
Daito Trust Construct Co Ltd	14,005.00	-0.60	307,800
Otsuka Holdings Co Ltd	4,534.00	1.66	1,236,000
Oriental Land Co Ltd	15,490.00	0.88	1,385,700
Sekisui House Ltd	2,024.50	1.76	4,459,700
Secom Co Ltd	9,268.00	1.30	489,900
Tokio Marine Holdings Inc	5,793.00	1.01	2,393,300
Aeon Co Ltd	1,999.00	2.36	3,357,700
Asahi Kasei Corp	1,062.00	4.73	5,777,600
Kirin Holdings Co Ltd	2,166.50	3.41	4,756,000
Marubeni Corp	740.50	2.08	9,085,900
Mitsubishi Ufj Financial Gro	570.00	4.43	136,874,000
Mitsubishi Chemical Holdings	815.30	1.39	10,640,800
Fanuc Corp	19,840.00	1.90	1,114,600
Fast Retailing Co Ltd	64,780.00	-1.20	537,900
Ms&Ad Insurance Group Holdin	3,548.00	2.42	1,925,400
Kubota Corp	1,642.00	4.55	4,457,900
Seven & I Holdings Co Ltd	4,041.00	1.38	2,721,100
Inpex Corp	984.00	4.98	9,515,800
Resona Holdings Inc	475.90	6.25	32,304,100
Fujifilm Holdings Corp	4,752.00	1.58	1,790,500
Yamato Holdings Co Ltd	1,948.00	4.51	2,095,100
Chubu Electric Power Co Inc	1,536.00	1.92	4,568,300
Mitsubishi Estate Co Ltd	2,000.50	-1.62	4,916,500
Mitsubishi Heavy Industries	4,385.00	4.38	2,103,700
Sysmex Corp	6,883.00	0.57	606,300
Shiseido Co Ltd	8,364.00	0.32	2,148,000
Shionogi & Co Ltd	5,908.00	2.16	1,310,600
Terumo Corp	3,147.00	1.48	1,648,600
Tokyo Gas Co Ltd	2,617.50	1.41	1,210,800
Tokyo Electron Ltd	20,400.00	0.12	1,405,500
East Japan Railway Co	10,115.00	1.26	998,200
Itochu Corp	2,246.50	0.63	4,791,500
Ana Holdings Inc	3,661.00	0.58	1,634,500
Mitsubishi Electric Corp	1,425.00	3.34	5,867,600
Sumitomo Mitsui Financial Gr	3,772.00	3.14	11,676,800

SENSEX

Company Name	Lt Price	% Chg	Volume
Adani Ports And Special Econ	373.35	1.03	3,341,392
Asian Paints Ltd	1,561.45	1.35	1,541,300
Axis Bank Ltd	681.70	1.51	5,966,906
Bajaj Finance Ltd	3,416.40	-0.61	1,301,112
Bharti Airtel Ltd	355.10	-0.38	4,810,430
Bharti Infratel Ltd	253.20	0.10	1,822,217
Bajaj Auto Ltd	2,908.40	3.22	1,253,636
Bajaj Finserv Ltd	7,354.20	0.41	348,066
Bharat Petroleum Corp Ltd	386.10	1.07	4,693,876
Cipla Ltd	471.80	-0.67	996,410
Coal India Ltd	196.70	-1.33	8,755,389
Dr. Reddy's Laboratories	2,761.00	0.43	634,349
Eicher Motors Ltd	17,013.65	4.98	259,782
Gail India Ltd	128.45	-2.80	12,366,789
Grasim Industries Ltd	711.50	0.81	1,293,216
Hcl Technologies Ltd	1,057.70	-2.46	2,662,753
Housing Development Finance	2,071.85	0.37	4,003,713
Hdfc Bank Limited	2,251.30	0.08	3,802,279
Hero Motocorp Ltd	2,760.15	2.55	1,063,773
Hindalco Industries Ltd	193.45	2.22	5,904,788
Hindustan Petroleum Corp	266.00	1.55	4,606,154
Hindustan Unilever Ltd	1,824.30	-0.53	1,055,039
Icici Bank Ltd	394.60	-0.21	17,463,978
Indiabulls Housing Finance L	431.45	1.61	16,213,230
Indusind Bank Ltd	1,372.15	2.78	2,958,610
Infosys Ltd	820.10	-1.09	7,981,036
Indian Oil Corp Ltd	126.05	-0.47	7,651,186
Itc Ltd	243.75	-0.71	8,968,683
Jsw Steel Ltd	227.70	3.74	11,404,495
Kotak Mahindra Bank Ltd	1,475.20	0.27	2,604,896
Larsen & Toubro Ltd	1,363.65	0.49	2,545,642
Mahindra & Mahindra Ltd	545.75	2.48	3,224,627
Maruti Suzuki India Ltd	6,597.30	4.13	2,492,039
Ntpc Ltd	124.50	-1.46	5,473,674
Oil & Natural Gas Corp Ltd	125.75	-2.82	11,398,745
Power Grid Corp Of India Ltd	201.40	-0.74	4,344,370
Reliance Industries Ltd	1,234.40	1.00	5,544,468
State Bank Of India	285.25	2.61	20,999,669
Sun Pharmaceutical Indus	422.20	-1.54	7,742,635
Tata Steel Ltd	367.05	3.75	13,650,027
Tata Consultancy Svcs Ltd	2,154.00	-1.32	2,627,440
Tech Mahindra Ltd	703.70	-1.29	2,702,792
Titan Co Ltd	1,101.05	1.17	1,432,923
Tata Motors Ltd	134.35	10.21	96,568,372
Upl Ltd	577.70	-1.66	5,104,552
Ultratech Cement Ltd	3,903.40	-0.06	690,633
Vedanta Ltd	146.30	3.58	10,023,394
Wipro Ltd	248.15	-2.91	9,799,112
Yes Bank Ltd	71.60	13.47	332,938,591
Zee Entertainment Enterprise	354.45	-2.34	4,379,279

The German share price index DAX graph is seen at the Frankfurt Stock Exchange. The DAX 30 gained 0.8% to 12,359.07 points yesterday.

Europe stock markets rise as investors await ECB update

AFP
London

Wall Street stocks edged higher yesterday after China removed some US goods from its tariff list while in Europe stocks ended higher despite investors giving a lukewarm response to a takeover bid for the London Stock Exchange by its Hong Kong rival.

News that US President Donald Trump had fired his hawkish national security adviser John Bolton also lifted sentiment, with analysts saying it could see the White House take a less strident approach and ease geopolitical tensions.

"Equities in Europe are higher... as traders look ahead to today's European Central Bank (ECB) update, and Beijing's decision to soften its stance on the US has helped sentiment too," noted David Madden, market analyst at CMC Markets UK.

London's FTSE 100 rose 1% to 7,338.03, Frankfurt's DAX 30 gained 0.8% to 12,359.07 and Paris's CAC 40 was up 0.4% to 5,618.06 points yesterday. China yesterday said it would spare a number of US products from punitive tariffs in what is seen as an olive branch by Beijing in the protracted trade war ahead of high-level talks next month.

That could be enough to help shore up chances of global growth given that "four weeks back the market still feared a recession," noted Jochen Stanzl, analyst at CMC Markets.

However, the goods do not include major agricultural items that could be crucial to the ultimate success of any agreement between the two sides, whose stand-off is dragging on the global economy.

Attention has also turned increasingly to central banks as investors seek more stimulus.

"While trade war optimism has been given as a reason to explain yesterday's gains, it wasn't enough for the Dow Jones to come out of the gates hot," observed Connor Campbell at Spreadex.

Nevertheless, the US index was able to pull into positive territory, up 0.4% some three hours into trading.

Campbell added the LSE takeover bid had "provided the main thrust of the UK index's afternoon gains".

Today's ECB gathering is much anticipated amid hope of fresh measures including a possible interest rate cut, fresh bond-buying quantitative easing (QE) or other loosening tools.

Next week, the Federal Reserve's board is tipped to use its own meeting to announce another reduction in borrowing costs as the world's top economy shows signs of stalling.

"With the expectation of the resumption of quantitative easing by the ECB... and a rate cut by the Federal Reserve next week, the risk environment has solidified and tempted investors out of hiding from the bond markets and back into equities," said Jeffrey Halley, senior market analyst at OANDA.

The Hong Kong Stock Exchange earlier said after the Asian close it had bid almost £32bn for its London rival.

The blockbuster proposal including debt, worth $40bn or €36bn, is however dependent on the London Stock Exchange Group (LSEG) scrapping a planned $27bn takeover of US financial data provider Refinitiv.

In reaction, LSEG said it would "consider the proposal" but stressed that it "remains committed" to buying Refinitiv.

The surprise news initially sent LSEG shares surging 10% before falling back to close 5.9% up at £72.06, still far below the offer price of more than £83 per share as analysts doubted the likelihood of a deal being struck amid LSEG's commitment to Refinitiv.

"It's a bold move and one that appears to have a low chance of success," said Neil Wilson, chief market analyst at Markets.com, noting also that the London exchange had a history of failed tie-ups.

HONG KONG

Company Name	Lt Price	% Chg	Volume
Ck Hutchison Holdings Ltd	73.15	2.09	8,175,246
Hang Lung Properties Ltd	18.46	3.36	4,181,917
Ck Infrastructure Holdings L	53.75	2.48	6,714,258
Hengan Intl Group Co Ltd	54.25	2.65	3,090,683
China Shenhua Energy Co-H	17.00	3.91	27,800,528
Cspc Pharmaceutical Group Lt	15.24	-1.55	24,641,165
Hang Seng Bank Ltd	179.00	4.56	5,514,432
China Resources Land Ltd	32.50	0.00	9,263,675
Ck Asset Holdings Ltd	57.10	2.98	8,211,563
Sino Biopharmaceutical	10.76	-1.65	53,065,042
Henderson Land Development	38.80	4.30	14,284,722
Aia Group Ltd	80.35	0.82	23,112,226
Ind & Comm Bk Of China-H	5.37	2.87	287,533,040
Want Want China Holdings Ltd	6.47	-0.31	17,993,955
Sun Hung Kai Properties	117.80	3.24	7,160,166
New World Development	10.46	2.75	33,938,342
Geely Automobile Holdings Lt	13.48	0.45	37,956,552
Swire Pacific Ltd - Cl A	78.00	1.96	3,175,090
Sands China Ltd	38.40	0.52	8,033,239
Wharf Real Estate Investment	45.90	4.56	6,614,302
Clp Holdings Ltd	80.75	0.69	3,760,096
Country Garden Holdings Co	10.46	2.35	24,658,746
Aac Technologies Holdings In	39.60	0.51	8,142,987
Shenzhou International Group	108.20	-2.26	2,340,344
Ping An Insurance Group Co-H	93.30	1.36	22,890,801
China Mengniu Dairy Co	30.00	-0.66	14,651,741
Sunny Optical Tech	115.20	0.52	4,600,899
Boc Hong Kong Holdings Ltd	28.30	3.66	29,494,625
China Life Insurance Co-H	19.40	1.89	34,339,125
Citic Ltd	10.06	1.41	12,264,579
Galaxy Entertainment Group L	53.70	0.85	8,944,089
Wh Group Ltd	6.95	2.36	34,907,192

HONG KONG

Company Name	Lt Price	% Chg	Volume
Hong Kong & China Gas	15.56	0.52	28,504,352
Bank Of Communications Co-H	5.42	1.31	20,075,575
China Petroleum & Chemical-H	4.91	2.72	202,930,978
Hong Kong Exchanges & Clear	246.00	0.33	7,821,852
Bank Of China Ltd-H	3.17	2.26	300,537,140
Hsbc Holdings Plc	60.75	3.14	49,652,434
Power Assets Holdings Ltd	52.95	0.47	2,721,708
Mtr Corp	47.60	3.37	11,156,419
China Overseas Land & Invest	26.10	2.15	16,711,030
Tencent Holdings Ltd	346.00	1.70	15,794,903
China Unicom Hong Kong Ltd	8.46	0.24	46,138,135
Link Reit	90.00	1.47	7,848,485
Sino Land Co	12.08	3.07	11,108,655
China Resources Power Holdin	10.90	2.44	5,945,103
Petrochina Co Ltd-H	4.25	0.95	133,784,014
Cnooc Ltd	12.28	0.99	72,034,716
China Construction Bank-H	6.20	2.82	333,980,356
China Mobile Ltd	67.30	1.66	17,591,030

GCC INDICES

Indices	Lt Price	Change
Doha Securities Market	10,466.49	+90.82
Kuwait Stocks Exchange	4,748.31	-31.35
Oman Stock Market	4,017.25	+19.37

Banks wince as ECB set to inflict more rate pain

Bloomberg
Frankfurt

The European Central Bank is about to turn the screws again on financial institutions by diving even deeper into negative interest rates.

Lenders including Deutsche Bank AG and UBS Group AG are bracing for another blow to their profitability after five years of sub-zero monetary policy. While the ECB's strategy is to boost growth and inflation by lowering borrowing costs for companies and households, squeezing banks too much could hamper their ability to supply the credit that fuels the economy.

"The interest-rate policy is an enormous burden," Christian Sewing, chief executive officer of Deutsche Bank, said at a conference in Frankfurt last week. "In the long run, negative rates ruin the financial system." Such pleas are unlikely to stop the ECB.

It began a two-day meeting to prepare stimulus to respond to risks including US protectionism and Brexit. The most Sewing and rivals can hope for is accompanying measures to soften the blow.

The ECB's deposit rate used to be the interest banks received for keeping their excess cash at the central bank overnight. Now at minus 0.4%, it has become a charge, one that Deutsche Bank says could cost it hundreds of millions of euros this year.

Many lenders already pass the charge onto corporate and institutional clients, but doing so with ordinary people – whose savings are a key source of bank financing – could prompt them to withdraw their cash.

"Retail is really a difficult area because there the trust comes in," said Kees van Dijkhuizen, CEO of ABN Amro Bank.

So banks suck up the cost, at least until their profitability is eroded so much that they're forced to retrench, hurting the economy. That's the point known to economists as the reversal rate. "Banks would have to reflect that on deposits, and that of course would create a big backlash," former ECB vice president Vitor Constancio told Bloomberg Television last week. "My personal view is we're already close to the limit." Former ECB vice president Vitor Constancio discusses the impact of negative rates on banks (scroll to 2'52").

Scope Ratings reckons euro-area banks have incurred €23bn ($25bn) of charges at the ECB since negative rates started in 2014, and are currently paying almost €7bn a year. Return on equity is about 40 basis points lower than it would otherwise have been.

The ECB says the cost to lenders is small – Executive Board member Benoit Coeure called it "peanuts" – and outweighed by the profit on increased lending in a stronger economy.

That argument may be reaching its limit. President Mario Draghi said after July's policy meeting that "we are not at the reversal rate" but "certainly there is a danger." He's considering whether to grant banks relief such as exempting some reserves from the charge – a system known as tiering – as the Swiss National Bank already does. Bank stocks have rallied over the past month on the prospect that Draghi may offset at least some of the pain, with one key index up more than 7%. "Improvements like a tiering system are necessary to soften the detrimental consequences," said Sewing. "But they don't change the fundamental problem." Academic Arguments Academics have also questioned the policy. A recent study published by the University of Bath found negative rates decreased lending. Federal Reserve Bank of San Francisco research concluded the introduction of the policy in Japan actually lowered inflation expectations.

Since the Bank of Japan started negative rates in 2016, bank stocks have been the third-worst performers among 33 industry groups on the Topix index, and doubts have started to creep in on the BoJ's board over the impact of its extraordinary stimulus.

The Swiss National Bank's minus 0.75% rate netted it 2bn francs (€1.8bn) last year, but also plenty of criticism. Geneva-based private bank Pictet Group said the rate is at the "pain threshold."

The Federal Reserve has steered clear of negative interest rates during the last downturn, even though the policy occasionally comes up as an option in the public debate. Yesterday, US President Donald Trump suggested it should be considered to bolster the economy.

According to Gilles Moec, chief economist at Axa, what the eurozone really needs is fiscal stimulus – and while governments have so far been reluctant to go down that route, negative rates could help. The pressure from banks and pension funds in nations where the government has room to spend, such as Germany, could tip the balance towards action.

Negative rates are certainly a rising political issue. In Germany, Bavarian Premier Markus Soeder called for a ban on negative rates on deposits of up to €100,000. Lenders rejected the idea, saying bans don't ultimately help clients and could destabilise markets.

That debate reflects the reality that with sub-zero rates likely to last for years to come in Europe, the pressure is mounting on the financial industry – and on governments – to find a way to cope.

"It's not good for banks, but one could argue, OK so what?," Sergio Ermotti, CEO of UBS, said in Frankfurt last week. "The truth of the matter is the most profound changes that are really starting to affect society and the economy are the impact on the social system, and social savings, and this perception of people being totally concerned about their future."

The headquarters of the European Central Bank in Frankfurt. The ECB is about to turn the screws again on financial institutions by diving even deeper into negative interest rates.

Danish central bank expected to mirror ECB and cut its key rate

Reuters
Copenhagen

Denmark's central bank could cut its key deposit rate to a record low among developed economies today if the European Central Bank eases policy earlier in the day via a rate cut and other tools, as expected.

The triple-A-rated country was among the first to introduce negative interest rates in 2012 to keep investors from hoarding its safe-haven currency, which is pegged to the euro.

It has since seen mortgage rates fall to record lows and its entire government bond yield curve dip into sub-zero territory.

Danish banks last month offered homebuyers 30-year mortgages at a fixed rate of 0.5%, the cheapest ever in Denmark.

The central bank, which usually moves monetary policy in lock-step with the ECB, says negative rates have stabilised the economy and supported economic growth in the wake of the financial crisis that hit in 2008.

A majority of economists expect the ECB to cut its deposit rate today by 10 basis points to -0.5% to stoke eurozone growth and boost inflation.

"We expect Denmark's central bank to match the rate cut by ECB one-to-one, but the entire package from ECB could be tough to match," Sydbank's chief analyst Soren Kristensen said in a note, referring to other expected easing measures by the eurozone's central bank.

As a result, Kristensen expects more investors to place money in Danish bonds, which in turn would strengthen the crown in the next couple of months.

Unlike most central banks, Denmark's does not adjust rates to control inflation.

Instead its sole mandate is keep the crown within 2.25% of the parity rate of 7.46038 crowns to the euro.

This year has seen the currency hit its weakest levels since early 2015, although it currently trades at around 7.4603, close to the parity rate.

Kristensen expects the ECB to cut its key rate by 20 basis points to -0.6%, above the market consensus, and the Danish central bank to follow with a reduction in its key rate to -0.85% from -0.65%, where it has held since January 2016.

That would set a new record low among developed economies, taking the Danish benchmark below the -0.75% key rate currently in place in Switzerland.

Analysts at Nordea and Jyske Bank both predict a smaller 10 basis point cut to the Danish deposit rate today — to match the Swiss level — and a further 10 point reduction following ECB's next meeting in December.

Danske Bank expects the central bank to cut the deposit rate by 10 basis points, but suggests it could then intervene in foreign exchange markets to steady the crown.

US corporate bond, IPO markets heat up as recession fears persist

Reuters
New York

Corporate America appears to be rushing to get the most out of the decade-long bull market in stocks and bonds before a possible recession and election-year stock market volatility slam the IPO and credit windows shut.

Approximately 70 companies have registered with the US Securities and Exchange Commission to go public, according to estimates from Renaissance Capital, while $72bn in investment-grade corporate debt — a figure nearly as large as the total issuance in August — was issued last week, according to data from Dealogic.

The rash of new deals comes as the US-China trade war weighs on the global economy, helping push 30-year Treasury yields to record lows and increasing fears of a global economic slowdown.

US manufacturing activity contracted for the first time in three years in August, while construction spending barely rose in July, helping send business confidence lower, according to the Institute for Supply Management.

As a result, even companies like Apple Inc and Walt Disney Co that have billions of cash on hand are taking on new corporate debt, taking advantage of the opportunity to lock in historically low borrowing costs while investor demand for yield remains high.

"Companies might as well take advantage while they can.

Corporations are getting in while the credit window remains wide open as you just never know when it slams shut," said Greg Peters, head of multisector and strategy at PGIM Fixed Income, which oversees more than $809bn in assets under management.

The increase in corporate debt on the heels of a 24% decline in borrowing in 2018 will likely be a key topic of discussion at the Federal Reserve's policy meeting scheduled to begin September 17.

While the market is currently predicting a 91% chance that the Fed cuts interest rates, according to data from the CME Group, signs that corporate lending remains robust may undermine the economic need for lower rates, fund managers and analysts say.

"From where I sit obviously money is very cheap right now and bond prices reflect a full-blown recession, but I don't think that's in the offing," said Eddy Vataru, a portfolio manager at the Osterweis Total Return fund."We are going through a weak patch now but it feels like as the days pass and it's clear that inflation is not obsolete, the market will have to re-price for that."

Expectations for increased stock market volatility and a desire for liquidity on the part of venture capital and private equity firms are helping fuel the packed slate of upcoming IPOs through the end of the year, said Kathleen Smith, principal at Renaissance Capital, a provider of institutional research and IPO ETFs.

Food delivery company Postmates Inc and fitness startup Peloton Interactive are among the companies expected to go public by the end of 2019.

"The IPO market hasn't shut down, and won't shut down until returns are poor," she said, as companies such as plant-based meat maker Beyond Meat Inc and video conferencing company Zoom Video Communications Inc have helped send Renaissance Capital's IPO-focused ETF up nearly 30% for the year to date.

Jordan Stuart, a client portfolio manager at Federated Kaufmann who focuses on newly-public companies, said that any volatility around the 2020 presidential election could weigh on healthcare companies that have their stock market debuts next year, prompting some companies to go public by the end of this year instead.

Healthcare is widely seen as the industry most likely affected by a Democratic victory in the presidential election.

Yet more companies are making the call that they have a "window of liquidity" through the end of this year, and are rushing at the chance to take it, Stuart said. "These companies are looking for capital to grow and they're reasonably certain that they can get it now," he said.

The pushback on IPO valuations in the wake of the disappointing performance of hyped debuts from Uber Technologies Inc and Lyft Inc is also putting pressure on companies to go public now because they do not expect to get a better deal in the future, said Kevin Landis, a portfolio manager at Firsthand Funds.

The We Company, for instance, could go public with a valuation as low as $18bn, roughly a third of the $47bn the company was valued at in a previous private funding round.

"There's a natural bias towards taking the money when it's available," he said.

Factors or fundamentals, quant tremor is field day for the geeks

Bloomberg
New York

For a stock market that has sat almost completely still for days, this one is proving an irresistible laboratory for a brand of geeky equity analysis that has been gaining influence over the past decade.

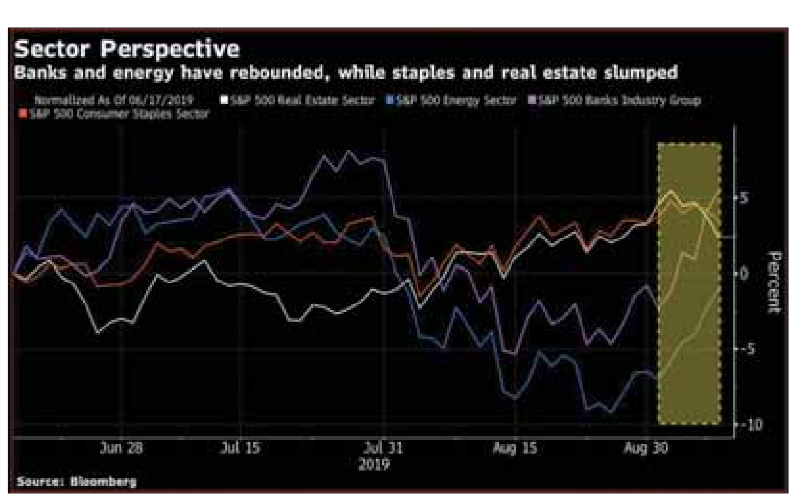
You wouldn't know it from benchmarks, but beneath a tranquil surface violent swings are lashing traders along obscure fault lines. Companies like real-estate firms that rose the most in 2019 are plunging, and some that have trailed are being pushed out front. It's been a mild reckoning for hedge funds and others who have bet on the status quo persisting.

Amid all the churn has been a renewed focus on a quantitative concept known as factor investing, which groups companies not by industry but traits such as how fast their prices move or profits rise. A question gaining currency in the past few days is whether these categories are just handy descriptions of twists in the market – or are at some level guiding them.

"It seems very mechanical right now," said John Swarr, investment specialist at Penn Mutual Asset Management, which has $27bn under management. "If you look within some of these stocks that are being hit the hardest, some are in much better shape than others and yet they're all being affected similarly," he said. "It does feel like it's a rules-based rotation."

Whatever the cause, some of the moves approach the historic and have cast an interesting lens on how the 2019 market evolved. Take the momentum factor, which collects stocks that are rising the fastest. Right now, that means owning groups like REITs and utilities that shone brightest amid a protracted Treasury rally, while betting against oil explorers and banks that have fallen behind.

Both those trends reversed this week. A Dow Jones market neutral momentum index fell more than 4% two days in a row, notching its biggest plunge in a decade. On the flip-side, a similar index tracking value or cheap stocks just registered its best two-day streak since at least 2002, when the gauge was created.



All of it happened while benchmark indexes barely budged. The S&P 500 moved less than a point on Monday and Tuesday.

The popularity of factor investing has exploded since the turn of the century as firms like AQR Capital Management and Dimensional Fund Advisors built empires on the proposition that groups selected by traits like size and value would beat the market over time. Assets devoted to the strategy's public-facing incarnation, smart-beta exchange traded funds, have risen 10-fold from 2009 to almost $900bn.

So much money is tied to the strategies that a cottage industry has formed on Wall Street to analyse how changing tastes for factors are affecting institutional investors and even the path of individual stocks.

But distinguishing the dog from its tail is hard because every time factor preferences are used to explain a swing in shares or groups of companies, a simpler, more fundamental explanation tends to exist alongside it.

Sure, industries like real estate, utilities and healthcare may suddenly be falling because people turned sour on "momentum" – or simply because Treasury yields are up.

Banks and energy companies may be getting lifted by a rotation into their cheap-stock "value" cohort – or it may just be people betting on a stronger economy. "It's an odd set of bedfellows," Sameer Samana, senior global market strategist for Wells Fargo Investment Institute, said by phone. "You've got a sell-off going on, but defensives like utilities and REITs are underperforming.

Best I can tell is there's this rotation from, call it growth stocks, high-momentum stocks, to more value-oriented parts of the market that were left behind."

To be sure, the danger of a stock or industry moving because it has fallen in or out of favour with big investors has always existed, but any time quants get mentioned, concern will be voiced in certain quarters that correlated trades will amplify swings.

It doesn't usually play out. One episode that routinely – many would say lazily – gets trotted out in times of factor duress is a period in late 2007 when many systematic firms got caught on the wrong side of momentum trades and the market briefly buckled.

US producer prices rise in August; Fed rate cut still expected

Reuters
Washington

US producer prices unexpectedly rose in August, but the overall trend in producer inflation remains tame, cementing financial market expectations that the Federal Reserve will cut interest rates again next week to support a slowing economy.

The Trump administration's year-long trade war with China, which has sapped business confidence, is threatening to derail the longest economic expansion in history.

Fed chair Jerome Powell reiterated last week that the US central bank would continue to act "as appropriate" to keep the expansion, now in its 11th year, on track. President Donald Trump on Wednesday renewed criticism of the Fed and urged policymakers to push interest rates down to zero or into negative territory.

"The Federal Reserve should get our interest rates down to zero, or less, and we should then start to refinance our debt," Trump tweeted. "No Inflation! A once in a lifetime opportunity that we are missing because of Boneheads."

The Labor Department said its producer price index for final demand edged up 0.1% last month as a jump in the cost of services offset the largest drop in the price of goods in seven months.

The PPI gained 0.2% in July. In the 12 months through August, the PPI advanced 1.8% after increasing 1.7% in July.

Economists polled by Reuters had forecast the PPI would be unchanged in August and rise 1.7% on a year-on-year basis.

Excluding the volatile food, energy and trade services components, producer prices jumped 0.4% last month after dipping 0.1% in July, the first decline since October 2015.

The so-called core PPI climbed 1.9% in the 12 months through August after increasing 1.7% in July.

"Underlying producer price pressures are quite modest and will not give Fed officials any confidence that there is any daylight yet in that long tunnel of stubbornly low inflation," said Chris Rupkey, chief economist at MUFG in New York.

"We expect the soft patch for inflation and inflation expectations will allow Fed officials to give the White House the rate cuts it wants starting at next week's meeting."

The Fed, which has a 2% annual inflation target, tracks the core personal consumption expenditures (PCE) price index for monetary policy.

The core PCE price index rose 1.6% on a year-on-year basis in July and has undershot its target this year.

The dollar rose against a basket of currencies on hopes of further stimulus from the European Central Bank today to boost the euro zone economy.

US Treasury prices largely fell. Stocks on Wall Street were trading higher after China's finance ministry said some US goods would be exempted from additional retaliatory tariffs ahead of a planned meeting between trade negotiators.

Financial markets have fully priced in a rate cut at the Fed's September 17-18 policy meeting against the backdrop of simmering US-China trade tensions, which have tipped both US and global manufacturing into recession. The Fed lowered borrowing costs in July for the first time since 2008.

US tariffs on Chinese goods were this month broadened to include consumer goods. There are fears the manufacturing downturn could spill over into the broader economy.

A separate report from the Commerce Department yesterday showed wholesale inventories increased slightly in July, suggesting inventory investment could remain a drag on economic growth in the third quarter.

The economy is being supported by robust consumer spending via a strong labour market. In August, wholesale energy prices fell 2.5% after rebounding 2.3% in the prior month.

They were weighed down by a 6.6% drop in gasoline prices, the most since January, which followed a 5.2% jump in July. Goods prices declined 0.5% last month, also the largest drop since January, after rising 0.4% in July. Energy prices accounted for more than 80% of the drop in the cost of goods.

Wholesale food prices fell 0.6% in August after gaining 0.2% in the prior month.

Core goods prices, excluding energy and food, were unchanged last month after edging up 0.1% in July. Core producer goods inflation remains muted despite duties on imported Chinese goods.

"That suggests that any inflationary impact from tariffs has been offset by a weakening renminbi and substitution away from Chinese imports towards other low-cost producers in the region," said Michael Pearce, a senior US economist at Capital Economics in New York.

The cost of services increased 0.3% after decreasing 0.1% in July.

Services were boosted by a 6.4% surge in the cost of guestroom accommodation such as hotels and motels, the largest gain since April 2009.

The cost of healthcare services rose 0.2% last month after edging up 0.1% in July. Hospital inpatient care prices increased 0.4% and the cost of doctor visits shot up 0.5%, reversing July's 0.5% decrease.

But the cost of hospital outpatient care dipped 0.1%. Portfolio management fees increased 0.5% after rebounding 0.8% in July.

Those fees and healthcare costs feed into the core PCE price index.

Trump reverses course, seeks negative interest rates to refinance debt

Reuters
Washington

US President Donald Trump called on the Federal Reserve to push down interest rates into negative territory, a move reluctantly used by other world central banks to battle weak economic growth as it punishes savers and banks' earnings in the process.

Trump, in a pair of Twitter posts, said negative rates would save the government money on its debt.

He did not address the risks or financial market tensions that central banks in Europe and Japan have confronted as a result of their negative rate policy, or the larger issue that negative rates have not done much to boost growth or raise inflation as intended.

"The Federal Reserve should get our interest rates down to zero, or less, and we should then start to refinance our debt. Interest cost could be brought way down, while at the same time substantially lengthening the term," Trump tweeted. "We have the great currency, power, and balance sheet...The USA should always be paying the...lowest rate. No Inflation!"

"It is only the naïveté of (Fed chairman) Jay Powell and the Federal Reserve that doesn't allow us to do what other countries are already doing," added Trump, who has repeatedly noted that rates are negative in Germany, Europe's trading powerhouse.

The Republican president has long called for lower interest rates and blasted Powell and the Fed for not quickly and drastically cutting them, which he sees as necessary to boost US economic growth as he eyes re-election next year.

Last month, however, Trump told reporters at the White House that he did not want to see negative rates in the United States.

On Friday, Powell said the Fed would act appropriately to help maintain the US economic expansion and that political factors played no role in the central bank's decision-making process.

Trump: Stepping up pressure on Powell and the Fed.

Federal Reserve policymakers cut interest rates in July for the first time in more than a decade.

Financial markets expect the Fed to again lower its benchmark rate, currently at 2.00-2.25%, when it meets next week.

Trump also kept up his attack on Powell and the Fed in his tweets yesterday: "A once in a lifetime opportunity that we are missing because of 'Boneheads.'"

Despite Trump's name-calling, US Treasury Secretary Steve Mnuchin told reporters at the White House on Monday he expected Powell's job was safe, despite months of speculation that the president could seek to oust him.

Fed officials have downplayed the idea of setting their target policy rate below zero as politically untenable and not worth the risks. The policy is meant to account for extremely weak economic conditions by, in effect, charging banks to hold reserve deposits at the Fed.

In theory those banks would put the money to more productive uses.

But it raises risks. Banks might pay less to savers as a result, and it can make it more difficult to operate at a profit.

In addition, while the Fed's policy rate influences other borrowing costs, the interest rate on long-term government bonds Trump alluded to in his Tweet are set by larger market forces and depend mightily on perceptions about economic growth.

The yield on 10-year Treasury notes has collapsed by half in recent months to a near record low — a reflection of doubts about the global economy and the impact of Trump's trade war as much as of Fed policy. Trump has cited the negative yield on Germany's 10-year bond approvingly, but it is a product of an economy nearing or perhaps in recession.

Representatives for the White House did not respond to a request for comment on Trump's tweets.

The Washington Post, citing public filings and financial experts, reported last month that Trump, a real estate developer, could also personally save millions of dollars a year in interest if the Fed lowers rates, given the outstanding loans on his hotels and resorts.

Apple may steal Netflix streaming crown, but only for a year

Reuters
New York

Apple Inc's move to offer a free TV+ subscription for a year with every new device may briefly crown the iPhone maker as the biggest streaming service by user numbers, leapfrogging Netflix Inc. But it doesn't mean Apple will keep the lead.

Under the company's plans announced on Tuesday, any purchaser of an iPhone, Macbook, iPad, or iPod Touch will now get the Apple TV+ streaming service free and will be charged $5 a month only if they decide to continue after the year is over.

Given Wall Street expects Apple to sell at least 130mn iPhones outside of China in the next 12 months, and that last year it sold more than 60mn Macbooks and iPads, that should allow TV+ to easily top Netflix's almost 160mn users.

Thereafter, however, all bets will be off, with Apple facing the same need for fresh shows to make subscribers pay, which drove Netflix to sink a reported $12bn into new programming last year.

While the company has spent months assembling a roster of Hollywood talent and planned shows, analysts say the $2bn Apple plans to spend this year is a long way from a guarantee of the hits it would need to pull in viewers, regardless of the cheaper $5 per month price tag for TV+.

"We believe Netflix's 10-year head start, scale, breath of content and customer engagement is unlikely to be dented by an Apple TV+ subscription service with a relatively light content slate and no library content," Credit Suisse analysts said.

The video streaming market is on the verge of becoming a very crowded space, with the new services from Apple and Walt Disney set to compete with Hulu, Amazon.com Inc's Prime Video and HBO Max.

Analysts say that will change the nature of a business where the relatively limited number of services and the idiosyncrasy of them — Prime for example is bundled with Amazon's free delivery service — meant users rarely had to choose.

Whereas Netflix in the past took content from a wide range of studios and networks, now many of them will have their own streaming services and keep franchises like, for example, the Marvel cinematic universe, to themselves.

Launching on November 1 in 100 countries, Apple TV+ promises to launch a new show every week and has already announced drama *See* starring Jason Momoa, *The Morning Show*, with Reese Witherspoon and Jennifer Aniston, and *Helpsters*, a children's series from the makers of Sesame Street.

But that still leaves it way short of the 700 separate shows Netflix made last year, including dozens in the US list of top 100 most-watched.

The streaming pioneer also reportedly plans to up spending to $15bn this year.

"Apple is primarily focused on selling subscriptions to other services (HBO, Showtime) and modestly focused on original content," said Daniel Morgan, a portfolio manager at Synovus Trust Company in Atlanta who currently owns Apple shares.

"It seems unlikely that new entrants such as Apple TV Plus will be able to find a footing given how crowded the field has become."

In that light, Apple's main focus with the project may prove to be as much keeping iPhone and iPad sales rolling as wading into a costly streaming war.

Analysts from another Wall Street brokerage, Wedbush, said Apple's base of 900mn global iPhone users could allow it to steal 100mn streaming subscribers within 3-4 years.

But they also pointed to iPhone sales, particularly in China, as the company's bigger priority.

"Apple is offering Apple TV+ free for a year...to help stimulate demand for its trifecta of (new) smartphones," Wedbush said."Cook & Co recognize this is a crucial product cycle."

WeWork founder's fortune plunges as angst spreads ahead of IPO

Bloomberg
San Francisco

Adam Neumann was poised to become one of the world's richest entrepreneurs. This year, more than a decade after he launched WeWork, the space-sharing real estate company planned to go public with some bankers privately touting a valuation as high as $65bn.

That would have pegged Neumann's current 22% stake in the unprofitable business at $14bn, at least on paper, catapulting him into the ranks of the world's 150 richest people.

But Neumann, 40, may have to make do with a more modest fortune after a rough run-up to WeWork parent We Co's initial public offering that has left creditors questioning where the firm will turn next for financing as it continues to burn cash and its bonds tumble. The IPO prospects soured further after the disclosure of unorthodox financial dealings between Neumann and the company, including personal loans, real estate leases and stock sales.

The predicted valuation is now as low as $15bn, according to people with knowledge of the matter. That would leave Neumann with a stake of about $3bn – not enough for a listing in the 500-member Bloomberg billionaires Index.

Still, that's nothing to sneeze at, particularly for someone who spent part of his childhood on a kibbutz.

Neumann moved to New York in 2001 to have fun and make a lot of money, as he put it in a commencement address at Baruch College, his alma mater. Then he met Rebekah, his future wife, who's listed in a prospectus as a co-founder, chief brand and impact officer, and a "strategic thought partner." Adrian Zamora, a company spokesman, declined to comment.

Neumann and co-founder Miguel McKelvey started WeWork after sharing an office space in Brooklyn. McKelvey, like Neumann, spent part of his childhood in a communal environment: a collective in Oregon. "We are making

Neumann: Bleak future.

a capitalist kibbutz," Neumann said in a 2017 interview with newspaper *Haaretz*.

He moved to New York after five years in the Israeli Navy and, in 2002, enrolled at Baruch College, where he studied entrepreneurship and marketing. After a couple of failed product launches, including a women's shoe line and baby pants with knee pads, he dropped out to focus on entrepreneurial ventures full time.

Rebekah Neumann has studied under the Dalai Lama and "Mother Nature herself," according to a profile on the website of WeGrow, a private elementary school network she founded. WeGrow tuition costs as much as $48,000 for the 2020-21 school year, with a curriculum that includes yoga and meat-free community lunches.

Since its founding, We Co has raised more than $12bn and opened locations in more than 100 cities. The company – formerly known as WeWork Co – bought its current name from Neumann and McKelvey for $5.9mn, one of several arrangements that have drawn scrutiny over the years. Neumann maintains voting control through a three-class share structure and also has been criticised for borrowing the firm's money, leasing properties he owns back to the company and selling chunks of equity ahead of the planned IPO.

The firm rents space in four buildings owned by Neumann, according to the prospectus. It signed a lease on three of them the day he obtained his stake, and committed to being a tenant in them within the next year.

Such disclosures – and the billions of dollars of losses the firm has racked up in recent years – increased unease among investors already frustrated by the lacklustre market debuts of Silicon Valley darlings such as Uber Technologies. WeWork is considering major changes to governance to assuage such concerns, according to people with knowledge of the situation.

The company already has taken some steps, such as adding a woman to its board and having Neumann return the $5.9mn of partnership interests initially granted to him as compensation for trademarks used in the rebranding.

The company and its biggest backer, SoftBank, are also discussing whether to delay the IPO, people with knowledge of the talks have said.

Neumann probably isn't hurting for cash, even with a delay. He has already pledged some of his stock to secure a line of credit of as much as $500mn from affiliates of UBS Group AG, JPMorgan Chase & Co and Credit Suisse Group AG, according to last month's prospectus. About $380mn of that total was outstanding at the end of July.

Chicago Convention: 75 years of connecting the world

By Pratap John

The landmark agreement on aviation – Chicago Convention has allowed air transport to increase global connectivity and boost economies and job creation.

It remains the essential framework for commercial aviation, but as Chicago Convention turns 75, there are challenges ahead for the global aviation industry, especially in relation to 'Open Skies'.

The Chicago Convention established International Civil Aviation Organisation (ICAO) to "promote co-operation and create and preserve friendship and understanding" among the nations and peoples of the world.

Seventy-five years later, the International Civil Aviation network carries more than 4bn passengers annually. The air transport sector supports 65.5mn jobs and accounts for $2.7tn in global economic activity.

More than 10mn people are now working within the industry to ensure 120,000 flights and 12mn passengers a day are carried safely to their destinations.

The wider supply chain, flow-on impacts and jobs in tourism made possible by air transport show that at least 65.5mn jobs and 3.6% of global economic activity are supported by the aviation industry, according to research by the Air Transport Action Group (ATAG).

Global standards, facilitated by ICAO, are often cited as Chicago Convention's "most important gift" to the world.

While every State retains the authority to regulate airlines based in its territory, each signatory to the Chicago Convention has agreed to adhere to the standards and recommended practices adopted pursuant to the Convention, points out the International Air Transport Association, the global trade body of airlines.

"Whether it is about the licensing of aircraft and crew members, or the framework for global air traffic management, or the regulation of safety, ICAO has been the beacon," Jeff Shane, IATA's General Counsel, noted recently.

The Chicago Convention was signed on December 7, 1944, by some 52 signatory states. It was ratified in March 1947 and went into effect in April of that year.

There have been changes to the Convention's Articles over the years. Eight revisions have been ratified since its inception.

Nevertheless, analysts say, the next 75 years may well see significant changes in civil aviation that will force further revisions.

Passengers stand with their luggage as they queue at a boarding gate inside Charles de Gaulle airport in France. As the Chicago Convention turns 75, there are challenges ahead for the global aviation industry, especially in relation to 'Open Skies'.

Drones and commercial space travel are two obvious areas that may need to be addressed. There was a provision for unmanned aircraft in the Convention, but this undoubtedly was addressed to rockets and missiles and not the proliferation of small drones.

Questions have surrounded the Chicago Convention's suitability since its inception. Most notable, perhaps, is why there isn't a commitment to Open Skies.

In 1944, the then US President Franklin D. Roosevelt sent a message to the Chicago gathering to specifically warn against "great blocs of closed air" and yet that is precisely what happened.

Article 6 of the Convention says a country can't operate scheduled international air service into the territory of another contracting state without its permission.

This, of course, runs contrary to accepted trading wisdom where liberalisation has brought the greatest benefits to consumers and the economy.

But, Shane points out that any agreement that facilitated global open access for commercial flights was simply inconceivable at the time.

Proof is in the restrictive 1946 Bermuda Agreement between the United Kingdom and the United States, arguably the two most advanced countries at the time in terms of commercial fleet, and so the two countries that stood to gain most from a liberalised market.

The fact that these two giants of the fledgling aviation world were cautious "tells you everything you need to know," says Shane.

The Bermuda Agreement set the precedent for the many bilaterals that followed. More than 3,500 are now in place and for years most were carefully calibrated – through enabling the strict regulation of entry, capacity, routes, and fares – to protect the interests of each country's airlines.

This "restrictive" approach proved a stumbling block to aviation growth for decades as it "artificially limited" competition, analysts maintain.

The United States and the Netherlands forged the first Open Skies agreement in 1992.

"This was an accord that eliminated most of the regulatory constraints on air services between the two countries and created a wholly new model for international aviation," an IATA dossier said.

The United States today has more than 120 Open Skies agreements with trading partners around the world, and the liberalised approach is finding its way into many other markets as well. "Aviation must continue to follow the path set out by the Chicago Convention to ensure the industry's future growth," noted International Air Transport Association Director General and CEO Alexandre De Juniac at the recent IATA's Wings of Change Americas conference in Chicago.

While safety remains the industry's top priority, he said aviation stakeholders must also consider environmental sustainability, competitive policy framework and efficient, affordable infrastructure as the sector heads into the future.

Undoubtedly, Chicago Convention has helped establish the rules and regulations of global air transport, commercial aviation in particular.

Since inception, it remains focused on laying down the boundaries and defining the notion of 'state sovereignty' in civil air travel – creating a balance between the various rights of states to manage their aviation activities; while ensuring that aircraft and air travel follow a set of universal guidelines to ensure the safety of their operations.

But if commercial aviation is to grow further, we must have adequate, affordable airport and air traffic infrastructure in place besides liberal policies, fair competition and open access to support future travel demand.

Pratap John is Business Editor at Gulf Times.

Beyond the Tarmac

Survival of the fittest

By Alex Macheras

The airline industry is cyclical, and it continues to remain vulnerable to external factors including economic downturns, geopolitical disputes and even natural disasters. But several man-made factors are killing off airlines in Europe faster than any other external factor, including overcapacity.

In 2017, three large European carriers went bankrupt in quick succession: Monarch, Air Berlin and Alitalia (although Alitalia continues flying to this day). Primera Air, a low-cost, long-haul hopeful, Cobalt Air of Cyprus, Lithuania's Small Planet Airlines, British regional carrier flyBMI, Germany's Azur Air, Switzerland's SkyWork and Iceland's WOW Air have also recently collapsed.

In fact, we've lost so many European airlines over the past 24 months that passengers are increasingly checking on the financial stability of an airline prior to booking for fear the company may no longer be flying by takeoff time.

Overcapacity has driven out the weaker players, while at the same time, the failures have triggered a new wave of consolidation.

Ryanair CEO Michael O'Leary warned that the European airline industry faced more consolidation and bankruptcies while recognising his own airline recorded its first quarterly loss in five years earlier this year, following 'unsustainable low-fares'. In essence, there are simply too many airlines flying too many seats to the same destinations — without enough passengers.

Will we see a European airline collapse over the next few months? Potentially. In summer, airlines tend to be cash-rich given the sudden increase in travel demand.

But come September, the cracks start to show in weaker players that may not have secured enough bookings for the upcoming winter period.

French leisure airline 'Aigle Azur' suspended all operations last week, filing for bankruptcy.

Airline executives at more fragile carriers will be working to determine the amount of cash needed to carry the airline through the quieter winter period where demand lowers and they can struggle to break even.

For operators such as Britain's Monarch Airlines, overcapacity was a mere contributor in a flawed business model for a viciously competitive 2019. Monarch was present in both the low-cost airline market and the leisure airline market, while failing to be a market leader in either.

The airline faced fierce competition from both sides and collapsed amid its flawed strategy.

If overcapacity heats competition in Europe up to unsustainable levels, an airline's exposure to the oil price can often be enough to send it over the edge.

Over the past 12 months, the global state of aviation — not just in Europe — has been widely determined by the oil price. It's wiped off profits for some airlines, while completely killing off others. If weaker, smaller airlines were able to survive 2017, oil decided their fate in 2018.

Fuel costs have consistently topped the list of expenses for most of the world's airlines, and Brent crude prices have risen over 55% in the past year — with oil recently soaring to record highs after crude prices hit a four-year high of $82.16, the highest level since November 2014. As a result, the International Air Transport Association (IATA) cut its outlook for airline profitability for the current year by 12% from an earlier estimate.

In the Middle East, Emirates Airline said that, "Fuel remained the largest component of the airline's cost, accounting for 33% operating costs", last year.

Similarly, Qatar Airways said that the airline may, too, consider a fuel surcharge on tickets, to compensate for the higher oil price. IATA forecasts that this year, the fuel bill for the world's airlines will be $206bn, accounting for 25% of operating expenses at around $70 per barrel Brent.

Finally, an additional large contributor to determining the survival of a carrier includes the effects of the pilot shortage that's already being felt this year. Multiple larger airlines have not invested enough in cadet pilot training programmes in order to ensure an influx of new pilots to replace all those retiring.

Consequently, larger airlines are actively poaching pilots from smaller airlines by being able to offer higher salaries.

Not only are the smaller airlines suffering from losing a significant portion of their pilots, but many are not planning for staff shortages, which causes flight disruptions and hefty EU261 compensation bills. For passengers, ensuring your travel insurance policy covers 'airline failure/collapse' is key to protecting your booking from the overcrowded European aviation climate.

The author is an aviation analyst. Twitter handle: @AlexInAir

Airbus commences in-flight trials of connected cabin technologies

Airbus has commenced in-flight trials of Internet of Things (IoT) connected cabin technologies on board an 'A350-900 Flight Lab' aircraft – to be shortly revealed to customers.

In doing so, Airbus becomes the first aircraft manufacturer to undertake such flight-testing of actual connected cabin innovations.

The platform, known as the 'Airspace Connected Experience', was unveiled at the APEX Expo last year. It will usher in a new personalised experience for passengers and provide opportunities for improving airlines' ancillary revenues and operational efficiencies.

The Flight Lab is one of the original A350-900 certification flight-test aircraft – MSN002 – and is fitted with an Airspace cabin, which now serves as the "ideal" platform to evaluate the new connected cabin technologies in flight.

To this end, and in conjunction with Airbus' best-in-class cabin partners, an initial set of working elements have been installed. These include prototypes of the connected iSeat (Recaro), the Connected Galley (gategroup), a remote wireless cabin management control system, a large OLED display and importantly, the first step of Airbus' new "IoT backbone" which includes an open software platform. These innovations are all now being tested in flight - together with others to be revealed in due course to customers.

The connected cabin ecosystem will enable significant value-adding services for passengers, airlines and crews. Possible examples include:

Passengers will receive a more personalised travel experience specifically targeted to the individual needs and preferences, based on the available data. In particular this covers pre- and remote ordering of preferred meals, booking of private bin space, setting of individual seat positions as well as a tailor-made inflight IFE offer.

Airlines will be able to generate additional ancillary revenues through personalised retail and advertisement as well as new services, all enabled by the IoT approach. Furthermore, airlines will be able to improve their operational efficiency applying predictive maintenance, avoiding waste and making crew services more efficient. Other opportunities can easily be created and applied via apps.

Crews will find a better working environment and more efficient tools, digitally enabled by real-time data from the IoT platform throughout the cabin. A mobile smart device will allow crews to monitor and operate all components.

The in-flight tests are part of our customer-centric approach, which began with workshops to create and prioritise innovative concepts, followed by an extensive phase of on-ground testing and customer evaluation of the connected elements. The subsequent testing of these innovations in an Airbus Flight Lab environment is key to bringing an integrated Connected Experience to fruition – being able to validate and refine them in a real airborne cabin.

In particular, the tests allow the various elements to be operated and monitored during a normal flight cycle, especially with regard to the end-to-end data flow robustness within the systems and between them. The next steps will continue testing of the current setup, then close the feedback loop with airlines using Airbus' Customer Experience Teams (CET) forum, by the year-end.

An A350-XWB in flight. Airbus has commenced in-flight trials of Internet of Things (IoT) connected cabin technologies on board an 'A350-900 Flight Lab' aircraft – to be shortly revealed to customers.

Cathay Pacific to cut capacity as demand for Hong Kong travel falls

Reuters
Hong Kong

Cathay Pacific Airways said yesterday it would cut capacity for the upcoming winter season after reporting an 11.3% fall in passenger numbers for August as anti-government protests in Hong Kong hit demand.

The airline said inbound traffic to Hong Kong in August had fallen by 38% and outbound traffic by 12% compared with the previous year, and it did not anticipate September would be any less difficult.

Hong Kong's finance secretary reported earlier this week that visitor arrivals plunged nearly 40% in August, deepening from July's 5% fall, as sometimes violent anti-government protests took a rising toll on the city's tourism, retail and hotel businesses.

The weak demand and cuts to capacity will place more pressure on Cathay Pacific at a time when it is grappling with management upheaval and is trying to complete a three-year financial turnaround plan driven by boosting revenue and slashing costs.

"Given the current significant decline in forward bookings for the remainder of the year, we will make some short-term tactical measures such as capacity realignments," Cathay chief customer and commercial officer Ronald Lam said in a statement yesterday.

"Specifically, we are reducing our capacity growth such that it will be slightly down year-on-year for the 2019 winter season (from end October 2019 to end March 2020) versus our original growth plan of more than 6% for the period."

Cathay has become the biggest corporate casualty of anti-government protests after China demanded it suspend staff involved in, or who support, demonstrations that have plunged the former British colony into a political crisis.

Chairman John Slosar announced plans last week to step down in November, less than three weeks after CEO Rupert Hogg left amid mounting regulatory scrutiny.

Cathay said yesterday demand for premium class travel had fallen more significantly than for leisure travel, with demand from mainland China and Northeast Asia severely hit, although Australia and New Zealand were more positive.

The carrier said lower travel demand, an increased mix of transit passengers and the negative impact of a strengthening US dollar had placed passenger yields, a measure of the average fare paid per kilometre per passenger, under further pressure.

"We expect airfares to continue to fall in coming months as Cathay struggles to maintain load factors within reasonable bounds," BOCOM International analyst Luya You said, in reference to a measure of the percentage of seats filled.

"In terms of earnings, the second half may be notably dismal considering plummeting yields across all classes."

Transit passengers are typically less lucrative for airlines because they face competition from more rival carriers than for non-stop flights, which places pressure on pricing.

The load factor fell by 7.2 percentage points to 79.9% in August, Cathay said.

The amount of cargo carried fell by 14% amid a weak global market for air freight and the effects of tropical storms and disruptions at Hong Kong airport.