Quick Read

Italy Nov jobless rate edges down to 10.5 pc, youth unemployment falls

ROME: Italy's jobless rate declined marginally to 10.5 percent in November, national statistics bureau ISTAT said on Wednesday, as temporary jobs declined and permanent employment rose for the second month running. Overall employment levels were broadly stable compared with the month before, while the youth unemployment rate, measuring job-seekers between 15 and 24 years old, fell to its lowest level since July. November's headline jobless rate of 10.5 percent was down from an unrevised 10.6 percent in October. The decline in the unemployment rate was due to fewer people seeking work and therefore withdrawing from the labour market, rather than to more jobs being created. In the three months to November, job levels were little changed compared with the June-to-August period, ISTAT said, with a loss of 26,000 jobs, or 0.1 percent. In the three month period temporary employment increased slightly while permanent contracts and self-employed workers declined, continuing the trend of the last year. In November, the youth unemployment rate fell to 31.6 percent from 32.2 percent to post its lowest level since July. Italy's overall employment rate, one of the lowest in the euro zone, was stable at 58.6 percent for the third month running. **—Agencies**

Brent crude oil rises back to $60 per barrel

LONDON: Benchmark oil contract Brent North Sea crude climbed back to $60 per barrel on Wednesday, with OPEC cutting output and on easing concerns over weak demand growth. Around 0940 GMT, Brent crude for delivery in March hit $60 for the first time in 3.5 weeks and was up 20 percent compared with two weeks ago, prior to an oil production cut by the Organization of the Petroleum Exporting Countries and non-cartel producers from January 1. After reaching $60.05, Brent cooled slightly to $59.79, up $1.07 from Tuesday's close. Brent and the world's other key contract, WTI, slumped late last year, hitting 18-month low points at $49.93 and $42.36 per barrel respectively. WTI for February delivery was up $1.23 Wednesday to $51.01 per barrel. OPEC — a cartel of producer countries that has long manipulated output of the commodity, to influence global prices in members' favour – and non-OPEC members, notably Russia, in December agreed to trim production by 1.2 million barrels a day from the start of this year to shore up sagging prices. OPEC and its partners, which together account for around half of global output, have presided over a glut in the market which had led to oil prices tumbling by more than 30 percent between October and December. **—Reuters**

Turkey's central bank to transfer 37b lira to treasury

ANKARA: Turkey's central bank will transfer 37 billion lira ($6.7 billion) in profit to the treasury in January, Finance Minister Berat Albayrak said on Wednesday in a move aimed at providing liquidity to the market faster. Speaking at a conference in Ankara, Albayrak said the amount to be transferred had previously been expected to be 20 billion lira. The central bank said last week it was bring its annual general meeting forward to Jan. 18 from April. **—Reuters**

Venezuela congress slams oil deals with US, French companies

CARACAS: Venezuela's opposition-run congress on Tuesday issued a resolution calling deals between state-run oil company PDVSA and U.S. and French companies announced this week illegal, since they had not been sent to lawmakers for approval.

The body said the oilfield deals with France's Maurel & Prom (MAUP.PA) and little-known U.S. company Erepla violated article 150 of Venezuela's constitution, which requires that contracts signed between the state and foreign companies be approved by the National Assembly, as Venezuela's congress is known. "They are giving concessions that violate the law," said lawmaker Jorge Millan, mentioning the two contracts.

Congress, largely stripped of its power since the opposition took it over in 2016, is unlikely to be able block the deals from going forward. But the rejection could create legal complications under a future government. Maduro is set to be inaugurated for his second consecutive term on Thursday following a May vote considered a sham by the domestic opposition and many foreign governments. A regional bloc of Latin American countries last week called on Maduro, a protege of the late Hugo Chavez, not to take office. The deals are part of Maduro's effort to reverse a sharp decline in the OPEC nation's crude output that has crippled its economy. Erepla said it would invest up to $500 million in three fields, while Maurel & Prom said it would invest up to $400 million for a 40 percent stake in an oilfield joint venture. PDVSA did not respond to a request for comment. Maurel & Prom did not immediately respond to a request for comment outside of normal business hours in France. U.S-China trade talks wrap up in Beijing A spokesman for Erepla, registered in Delaware in November and part-owned by a prominent Florida Republican donor and shipping magnate, said Venezuela's hydrocarbons law "allows PDVSA to contract with companies like Erepla to execute field services without any additional approvals required." Referring to the Erepla deal during the congressional session earlier on Tuesday, Millan said that while PDVSA referred to the agreement as an oilfield service contract, "the company will be conducting oil exploration and production activities." **—Reuters**

Saudi private jet industry stalls after corruption crackdown

DUBAI: A crackdown on corruption in Saudi Arabia has severely dented the kingdom's private jet industry in a sign of the impact the campaign has had on private enterprise and the wealthy elite.

Dozens of planes, owned by individuals and charter companies and worth hundreds of millions of dollars, are stranded at airports across the kingdom including Riyadh and Jeddah, four people familiar with the matter told Reuters. Some were handed over to the state in settlements reached after the crackdown was launched in late 2017, when dozens of princes, businessmen and government officials were detained, they said.

Others belong to Saudis who either face travel bans or are reluctant to fly the planes because they are wary of displays of wealth that might be seen as taunting the government over the anti-corruption campaign, two of the sources said. The government media office did not respond to requests for comment. The General Authority of Civil Aviation said questions on the impact of the anti-corruption drive on the private jet industry were outside its mandate, adding that its relationship with private aviation covers operations, safety and regulations.

The crackdown's impact on the business community and private enterprise, which are already reeling from low oil prices and weakened consumer confidence, has shattered investor confidence and contributed to a sense of uncertainty around the policies of Crown Prince

Mohammed bin Salman. The idle aircraft, which one of the sources estimated at up to about 70, include Bombardier and Gulfstream jets, the sources said. There are also larger Airbus and Boeing aircraft that are more commonly associated with commercial airlines but are often used in the Middle East as private jets. A Boeing 737 MAX or Airbus A320neo can cost up to US$130 million, though the final cost depends on how the jet is fitted out with technology and amenities, including private bedrooms, meeting rooms, and even gym equipment. The number of registered private jets in Saudi Arabia stood at 129 as of December 2018 compared with 136 a year earlier, according to FlightAscend Consultancy data. Private jets offer users flexibility as, unlike commercial airliners, they are not constrained by arrival and departure time slots. They also enable users to travel more discreetly.

Saudi Arabia's finance minister, Mohammed al-Jadaan, said last month the state had collected more than 50 billion riyals (US$13.33 billion) from settlements reached under the crackdown.

Most of the detainees held at Riyadh's Ritz-Carlton Hotel last November were released after being exonerated or reaching financial settlements with the government, while it said it aims to seize more than US$100 billion in total in either cash or assets. It is unclear how the government would transfer ownership of the jets grounded across Saudi Arabia as many are owned through offshore firms or are mortgaged, two of the sources familiar with the matter said. Three of the sources said it was likely that the jets were still registered in the kingdom. Two of the sources said the government could absorb the aircraft into existing fleets used by ministries and state-owned corporations. A third source said the government had been looking to set up its own private jet company made up entirely of seized aircraft. The anti-corruption campaign launched by Prince Mohammed has won widespread approval among ordinary Saudis, partly because the government has said it will use some of the funds to finance social benefits.

Critics have said the purge was a power play by the prince as he moved to consolidate power in his hands. There have been few private jet flights in Saudi Arabia over the past year, largely because there are fewer planes readily available, including for charter, three of the sources familiar with the matter said. VistaJet Chief Commercial Officer Ian Moore compared it to the situation in China where an anti-corruption crackdown has also weakened the private jet market. "It's not really politically great to be seen flying privately at the moment, particularly owning your own aircraft," he told Reuters.

Some wealthy Saudi elite are taking commercial airlines to the United Arab Emirates, Bahrain and other destinations and then chartering private jets to avoid government scrutiny, two of the sources said. Plane manufacturers said the appetite for business jet sales in Saudi Arabia has dropped since the anti-corruption crackdown was launched in November 2017. **—Reuters**

China steel prices rise on consumption boost plans, trade talk hopes

BEIJING: Chinese steel futures prices inched up on Wednesday, buoyed by Beijing vowing to introduce policies to strengthen consumer spending and optimism that the months-long U.S.-China trade row is finally coming to an end.

China plans to introduce policies to boost domestic spending on items such as automobiles and home appliances this year as part of wider efforts to strengthen consumption, a senior official at the country's top state planner said. A variety of steel products, especially hot-rolled coil and cold-rolled coil, are widely used to make autos and household items.

"The main focus of fundamentals in the steel market is now on the demand side," a Shanghai-based steel trader said. "Some mills have already hiked prices for February and March delivery as they expect to see stronger demand after Chinese new year in February," he added.

The listed unit of China's largest steel firm, China Baowu Group, said on Sunday it would raise hot-rolled coil and cold-rolled steel coil prices for March delivery by 50 yuan ($7.31) a tonne. The most-active hot-rolled coil contract on the Shanghai Futures Exchange climbed 0.7 percent to 3,421 yuan a tonne when market closed at 0700 GMT.

Benchmark Shanghai rebar futures also rose marginally by 0.1 percent to 3,507 yuan.

Some Chinese industrial websites reported that the top steelmaking city of Tangshan has issued a smog alert, effective from Jan. 8 to Jan. 14, asking steel mills to cut sintering output by 30 percent to 60 percent, or shut completely depending on emission levels.

The Tangshan government declined to comment but said in a statement that it expects to see air quality worsen during Jan. 10-12.

"But investors are still cautious… they are waiting for progress in Sino-U.S. trade talks," said the Shanghai trader. Chinese and U.S. teams ended trade talks in Beijing on Wednesday that lasted longer than expected and officials said details will be released soon, raising hopes an all-out trade war that could badly disrupt the global economy can be avoided. The most-traded iron ore futures on the Dalian Commodity Exchange pared gains in the afternoon session after hitting a 10-week high at 517 yuan a tonne in early trade. It settled down 0.6 percent at 509.5 yuan. The Dalian coking coal contract for May delivery inched up 0.1 percent to 1,187.5 yuan a tonne, while coke futures dipped 0.4 percent to 1,946 yuan. **—Reuters**

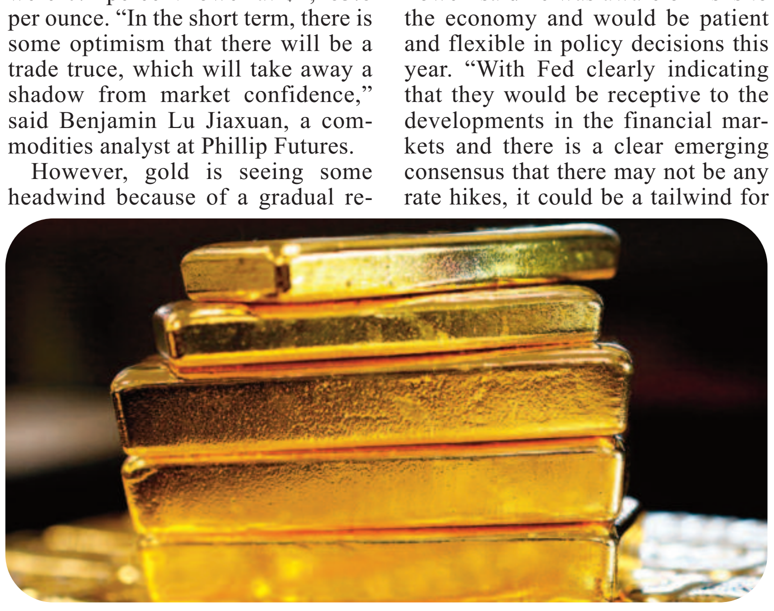
Gold edges lower on improved risk appetite; palladium at record high

BENGALURU: Gold prices edged lower on Wednesday as a likely end to a long-drawn Sino-US trade war boosted risk sentiment, outweighing expectations of a pause in interest rate increases by the Federal Reserve.

Meanwhile, palladium hit a record high at $1,340.50 an ounce during the session. Spot gold was down 0.2 percent at $1,282.75 per ounce as of 0804 GMT, while U.S. gold futures were 0.2 percent lower at $1,283.8 per ounce. "In the short term, there is some optimism that there will be a trade truce, which will take away a shadow from market confidence," said Benjamin Lu Jiaxuan, a commodities analyst at Phillip Futures.

However, gold is seeing some headwind because of a gradual recovery in risk assets, as well as investors pricing in the U.S. Federal Reserve's dovish signals, he added. Asian shares climbed to a 3-1/2-week high in early trade on optimism that Washington and Beijing could strike a trade deal to avoid an all-out confrontation that would severely disrupt the global economy.

The rally in riskier assets has accelerated since last Friday, when Federal Reserve Chairman Jerome Powell said he was aware of risks to the economy and would be patient and flexible in policy decisions this year. "With Fed clearly indicating that they would be receptive to the developments in the financial markets and there is a clear emerging consensus that there may not be any rate hikes, it could be a tailwind for gold," said Hitesh Jain, vice president, Yes Securities. "But, the ETF flows are not still, not bounding. On the sovereign front, there are lots of central banks buying gold. Once we see a momentum on the ETF front, that would be an inflection point for gold to move up." SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, said its holdings fell 0.03 percent to 796.53 tonnes on Tuesday from 796.78 tonnes.



Markets also await the release of minutes from the Federal Open Market Committee's Dec. 18-19 policy meeting at 1900 GMT for cues on future interest rate increases. "Sizing up the technical picture, a top may be taking shape in gold already," said Ilya Spivak, a currency strategist at DailyFX. "A daily close below initial support at $1,282.27 opens the door for a test of the $1,257.60-$1,266.44 area."

Spot palladium rose 0.7 percent to $1,325.49 per ounce. Standard Chartered, in a note, said that the demand for palladium remained robust, forecasting a continued supply deficit through 2020. "The recent rally appears to be investor-led rather than reflecting a further significant tightening in fundamentals," the bank said. Silver fell 0.2 percent to $15.62 per ounce, while platinum was up 0.8 percent at $820.74. **—Reuters**

US LNG producers face risk unless trade war resolved

WASHINGTON: The nascent U.S. liquefied natural gas export industry has been particularly vulnerable to the U.S.-China trade war, the head of the American Petroleum Institute industry group said on Tuesday, adding that he hopes negotiators will soon resolve the dispute.

Mike Sommers, the president and CEO of the American Petroleum Institute, told reporters an escalating trade dispute could harm U.S. LNG producers, as other countries move in to fill any gap.

"This is a leadership vacuum that will be filled by many of the United States' opponents," Sommers told reporters in a teleconference about LNG from other countries filling China's needs if the fuel does not come from the United States. The United States is the world's fastest-growing exporter of LNG. China, the fastest-growing importer, bought about 15 percent of U.S. LNG exports in 2017, worth about $447 million. Through much of 2018, China was on track to buy just 10 percent of the exports.

President Donald Trump imposed tariffs on hundreds of billions of dollars of Chinese imports last year and threatened to pressure Beijing more to change its practices on issues ranging from industrial subsidies to intellectual property and hacking. China has retaliated with its own tariffs. The trade dispute has also roiled crude oil markets since last year on worries it could harm consumer demand. Oil prices rose on Tuesday on hopes for successful negotiations. Sommers said countries that elbow their way in to supply LNG to China may not produce the fuel as environmentally responsibly as U.S. companies and in some cases they may be countries that are not favorable to Washington's foreign policy. US trade delegation leaves hotel ahead of second day of talks in Beijing

He did not mention any other countries but the United States has competed with Russia for LNG markets.

"A lot of times energy is used as a club by rogue nations and I think (the United States) has proven itself to be a reliable supplier," he said.

Sommers said the API was encouraged that the United States and China, the world's two largest economies, were having trade talks in Beijing that will continue for an unscheduled third day, as they look to resolve the dispute.

Last month Trump and Chinese President Xi Jinping agreed to a 90-day freeze on new tariffs to advance trade talks, declaring a truce following months of escalating tensions. US companies proposing new LNG export terminals, including Liquefied Natural Gas Ltd (LNG.AX), have been hoping the agreement could help advance their projects. **—Reuters**

Italy fines car finance cartel 678m euros

MILAN: Italy's anti-trust authority said Wednesday it has fined a swathe of top car makers, including BMW, Fiat-Chrysler, Ford and Toyota, 678 million euros ($776 million) for operating a financing cartel. The car manufacturers and their respective banks which offer financing to customers purchasing vehicles were found guilty of running a cartel from 2003 to 2017, the AGCM competition authority said in a statement. Cartel members also included General Motors, PSA (Peugeot-Citroen) finance institutions, Renault, Volkswagen, Santander Consumer Bank, and the Assofin and Assilea trade associations. They "put in place an anti-competition agreement, between 2003 and 2017, to alter the competitive dynamics in the market of car sales… through financing," it said. The AGCM noted "a single, complex and continuous agreement concerning the exchange of sensitive information on quantities and prices." Germany's Daimler and its Mercedes Benz Financial Services Italia unit reported the cartel, of which it was a member, and therefore received "total immunity" in return, the authority said. "Considering the gravity and duration of the infringement" the authority imposed a total fine of 678 million euros. **—AFP**

Hong Kong, Shanghai stocks post further gains

HONG KONG: Hong Kong stocks rose for a fourth straight day Wednesday as investors grow increasingly hopeful that talks between China and US officials will lead to a deal to end their long-running trade war. The Hang Seng Index jumped 2.27 percent, or 586.87 points, to end at 26,462.32 and has now gained around five percent since Thursday's close. The benchmark Shanghai Composite Index gained 0.71 percent, or 17.88 points, to 2,544.34 and the Shenzhen Composite Index, which tracks stocks on China's second exchange, added 0.54 percent, or 7.06 points, to 1,306.95. **—AFP**

Chesapeake Energy sees drop in 4th-quarter production

NEW YORK: US natural gas producer Chesapeake Energy Corp (CHK.N) said on Wednesday it expects fourth-quarter production drop to between 462,000 and 464,000 barrels of oil equivalent (boe) per day. The company had reported 593,200 boe in the year-ago period. Chesapeake said it would cut its 2019 capital expenditure by lowering its rig count by about 20 percent, without disclosing its allocation for the year.

The company now expects to have an average rig count of 14, down from the 18 rigs it currently operates. Oklahoma-based Chesapeake said it expects oil production to be in the range of 86,000 to 87,000 barrels (bbls) of oil per day. It said output growth from the Powder River and Eagle Ford Shale basins have made up for the sale of its Utica assets. **—Reuters**

European stock markets rally at open

LONDON: Europe's main stock markets were higher at the start of trade on Wednesday, aided by easing US-China trade war concerns, dealers said. In initial deals, London's benchmark FTSE 100 index was up around 0.8 percent at 6,919.42 points. In the eurozone, Frankfurt's DAX 30 and the Paris CAC 40 rose by similar amounts to 10,884.75 points and 4,811.18 points, respectively. Asian equities popped higher on growing optimism that China and the United States will be able to hammer out a deal to help ease their trade war. **—Reuters**