Britain's Royal Mint launches gold-backed securities tradable on London Stock Exchange

LONDON: Britain's 1,100-year-old Royal Mint said on Monday it will launch an exchange-traded product this week backed by physical gold held in its vault in Wales, which will trade on the London Stock Exchange. Gold exchange-traded products, which issue securities backed by metal they buy and store on behalf of investors, have become big business since the first was launched in the early 2000s. They now hold almost 3,000 tonnes of gold worldwide, worth around $140 billion at current prices, according to the World Gold Council. The mint said its product will have a management fee of 0.22% per year of the value of an investment, putting it toward the low-cost end of the market. The Royal Mint was forced in 2018 to freeze plans for a digital gold token after the UK government vetoed a proposal to have it trade on a cryptocurrency exchange, Reuters reported at the time. **—Reuters**

Thailand raises $3.2b in 5G licence auction

BANGKOK: Thailand has raised more than $3.2 billion in an auction of 5G licences, as operators race to snap up high-frequency spectrums needed for a commercial rollout of the next-generation technology. A subsidiary of Advanced Info Services, the country's top mobile operator, dominated Sunday's bidding, securing 23 of the nearly 50 licences up for grabs. Governments around the world are rolling out 5G networks, which offer vastly faster mobile internet speeds. Washington has been pressing countries to ban Chinese tech giant Huawei from providing equipment for the networks, saying it is a security risk. Key US allies in Europe, notably Britain and France, have said they will not ban Huawei but will impose restrictions. Thailand, like other Southeast Asian countries with close ties to China, has mostly shied away from the issue. Thailand's National Broadcasting and Telecommunications Commission (NBTC) hailed the auction as a "good day" for the country. "We are becoming a 5G country, which will help Thailand to lead in (the Association of Southeast Asian Nations)," NBTC secretary general Thakorn Tantasit said in a statement. It is not clear when the 5G network will be rolled out, but Fitch Ratings said Advanced Info Services was clearly aiming for this year. **—Agencies**

HK stocks higher at break

HONG KONG: Hong Kong stocks ended the morning session higher on Monday, as investors mull the potential economic fallout from the spreading coronavirus. The Hang Seng Index rose 0.45 percent, or 125.21 points, to 27,940.81 by the break. **—Agencies**

Tullow Oil shares slip as empty offshore Peru well adds to woes

GUYANA: Tullow Oil said it will plug and abandon its Marina-1 well in offshore Peru after drilling reached maximum depth without finding oil, in another sign of trouble for the British oil and gas explorer that sent its shares 8% lower.

The company's shares, which have lost nearly 80% of their value since November, have been pressured by weak output in Ghana, delays in East Africa and lower-than-hoped-for oil quality in Guyana.

Tullow, which has operations in more than 15 countries, counts its operations in the South American nation as one of its new ventures. The Marina well is located in 350 meters of water and was the first well to target deep water plays in the Tumbes Basin.

"The well tested the La Cruz and Mal Pelo formations, where minor gas shows were encountered," Tullow said in a statement. "However there were no indications of hydrocarbons in the primary targets in the Tumbes formation."

Shares of company recovered slightly by 0900 GMT to trade about 5% lower at 43.3 pence after falling more than 8% immediately after Monday's announcement. "Tullow is building an extensive exploration position in Peru and, while this result is not what we had hoped for, we remain positive about Peru's wider offshore exploration potential," Tullow's Chief Operating Officer Mark MacFarlane said.

Analysts at Peel Hunt said the Marina-1 well was a relatively important well for Tullow, as it accounted for one-third of the company's exploration budget and half of its wildcat drilling program. "There is significant work to be done if a successful well is to be drilled in Peru," Peel Hunt added. The London-listed company holds a 35% interest in the well, while Australia's Karoon Energy holds a 40% operating equity interest through a subsidiary and Pitkin Petroleum owns the remaining 25%. Shares of Karoon Energy dropped by as much as 6.7% to A$1.045.

In January, Tullow said it would take a $1.5 billion writedown after cutting its long-term oil price assumptions, downgrading reserves in Ghana and disappointing exploration wells. A source earlier this month told Reuters Tullow plans to cut a third of its staff to save about $20 million. Industry sources have also said the Africa-focused firm aimed to sell its Kenya projects, once vaunted as an engine for growth.

Tullow has yet to announce a new chief executive after CEO Paul McDade resigned in December. **—Reuters**

UAE issues operating license for Arab world's first nuclear plant

ABU DHABI: The United Arab Emirates has issued an operating license for the Arab world's first nuclear power plant, a senior official at the nuclear regulator said on Monday, paving the way for it to start production later this year. The multi-billion-dollar Barakah nuclear power plant in Abu Dhabi, which is being built by Korea Electric Power Corporation (KEPCO), was originally due to open in 2017, but the start-up of its first reactor has been delayed several times.

The UAE, a key OPEC oil producer, wants to diversify its energy mix, adding nuclear power to meet rising demand for electricity and to help free up more crude for export. The country wants nuclear energy to provide 6% of its total energy needs by 2050. The license granted to the plant's operator Nawah Energy Company will be for 60 years, Hamad al-Kaabi, deputy chairman of Federal Authority for Nuclear Regulation (FANR) told a news conference. Nawah can now start preparing for commercial operations as trials will last for a few months, Kaabi said.

When completed Barakah will have four reactors with a total capacity of 5,600 megawatts (MW), and all with the same capacity. The UAE has not disclosed the total final investment in the project. "Today marks a new chapter in our journey for the development of peaceful nuclear energy with the issuing of the operating license for the first (unit of) Barakah plant," Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed wrote on his official twitter account.

Christer Viktorsson, director-general of FANR, told Reuters that the license would allow Nawah to start loading the nuclear fuel into the reactor which would take between 2-3 weeks. After that the operator would need to perform tests and can start initial power production by May or June of this year. Reaching the first reactor's full production capacity would take between 8-12 months if all the tests went well, he added. Kaabi said that construction of the second reactor was "95% finished" and that FANR has started looking into an operating license for it.

Last month, state news agency WAM reported that an operational readiness assessment performed by the Atlanta Center of the World Association of Nuclear Operators (WANO) concluded that the first of the four planned reactors was fit for its start-up phase. **—Reuters**

Oil traders rent South Korean storage after virus hits China demand

LONDON/SINGAPORE: Several top trading houses have rented millions of barrels of crude storage in South Korea this month to hold excess oil supplies after the coronavirus outbreak dampened demand in China, the world's largest importer, trading sources said.

Supplies in the region are piling up after Chinese refineries cut output by about 1.5 million barrels per day (bpd) over just two weeks. Trading firms Trafigura Glencore and Mercuria as well as the trading division of French oil major Total have rented close to 15 million barrels of storage tanks from South Korea's state oil firm Korea National Oil Corp they said. The traders took on new storage leases for three or six months, with a contango market structure - in which longer-dated oil futures trade at a premium - defraying some costs while they wait for a rebound in demand after China recovers from the outbreak, the sources said. The virus has severely hit prompt demand, causing a build-up of crude meant to be sold to Chinese refiners after the Lunar New Year holidays, traders said. Cargoes arriving in Asia from late February to April are being offered in the market, they said. Lower demand from China caused the Brent and Dubai market to flip into contango earlier this month for the first time since July 2019, as prompt prices fell below forward prices.

Traders are also betting on a buying spike once the virus is contained and China's major refiners ramp up operations, the sources said. Crude cargoes are being diverted to South Korea, Malaysia, Singapore and some locations in China where storage tanks are filling swiftly, sources have said. Storage leased in South Korea won't be sufficient to hold the overhang in the market, a Chinese trader said, which has already caused spot premiums for Russian ESPO crude, a popular grade among Chinese buyers, to hit a 2-1/2 year low. Trading firms have also been booking some short-term floating storage. **—Reuters**

China approves imports of live poultry from US

BEIJING: China has approved the import of all poultry products from the United States, the Ministry of Agriculture and Rural Affairs said on its website on Monday, including breeding birds in addition to poultry meat approved late last year.

Beijing had banned all trade in poultry products from the United States since 2015 due to outbreaks of avian influenza there. But it lifted the ban on poultry meat imports in November 2019 as a concession to the United States ahead of finalizing a limited trade deal.

The new announcement would also allow for the import of live birds, said Li Jinghui of the China Poultry Association, benefiting companies including Aviagen and Cobb-Vantress Inc, both based in the United States and among the world's biggest poultry breeding companies. Nobody at the China offices of Aviagen or Cobb could immediately be reached by phone. Imports of live poultry from the U.S. were worth $38.7 million in 2013, dwarfed by other poultry products such as chicken feet.

However, the U.S. ban had a significant impact on China's poultry producers, who needed the breeders to replenish their stock. Opening up imports of live birds again is part of the trade deal, said Li, although he added that it may not have a major impact. Both Aviagen and Cobb have increased production of their birds, known as 'grandparent stock', in other locations such as New Zealand to meet demand from China. Two of China's leading poultry firms, Shandong Yisheng Livestock and Poultry Breeding Co Ltd (002458.SZ) and Fujian Sunner Development Co Ltd. (002299.SZ), have also begun their own breeding programs to reduce their reliance on imports. China is the world's second-largest poultry producer and has been ramping up output to fill a huge meat shortage after a disease epidemic decimated its pig herd.

But prices have plunged in recent weeks because of measures taken by Beijing to tackle a coronavirus outbreak that has killed more than 1,700 people. Restrictions on moving livestock and extended holidays in many areas have paralyzed the supply chain, leaving farmers stuck with large inventories of birds and eggs and slashing demand as restaurants

Trudeau scraps Barbados trip to try to resolve anti-pipeline protests

TORONTO: Canadian Prime Minister Justin Trudeau has canceled his planned trip to Barbados to help resolve widespread rail disruptions caused by indigenous rights activists opposing the construction of a natural gas pipeline, his office said.

Indigenous communities across Canada have been blocking some key railway lines for nearly two weeks in protest against the Coastal GasLink pipeline in British Columbia, which has forced Canada's biggest railroad, Canadian National Railway Co, to shut operations in eastern Canada.

Indigenous Services Minister Marc Miller, who held talks with some indigenous communities on Saturday, told a talk show on Sunday the unrest and its impact on the economy amounted to a national crisis. "Following the government's ongoing efforts to address infrastructure disruptions across the country, the Prime Minister will convene the Incident Response Group tomorrow to discuss steps forward," Trudeau's office said in a statement.

The C$6.6 billion ($4.97 billion) pipeline at the heart of the dispute would move natural gas from northeastern British Columbia to the Pacific Coast, where the liquefied natural gas Canada export facility led by Royal Dutch Shell Plc is under construction. The pipeline will be operated by TC Energy Corp. In December, private equity firm KKR & Co Inc and Alberta Investment Management Corp agreed to buy a majority stake in Coastal GasLink. The protests were sparked by the arrests of people opposing the pipeline's construction on traditional land of the Wet'suwet'en community. Some 28% of the 670-km (420-mile) route passes through Wet'suwet'en lands.

The most damaging protest is near Belleville in Ontario, the most-populous Canadian province. Canadian National has won court injunctions to end the action but the Ontario Provincial Police, responsible for enforcing the measures, has so far not acted. The Canadian Broadcasting Corp reported that at least 66 shipping vessels were stalled in British Columbia's waters because of rail blockades.

Trudeau was set to attend the Conference of Heads of Government of the Caribbean Community (CARICOM) in Barbados this week. Instead, Canada will be represented by Foreign Minister François-Philippe Champagne, the statement added. **—Reuters**

Qatar delays partnerships for natural gas expansion amid price collapse

LONDON: Qatar has delayed choosing Western partners for the world's largest liquefied natural gas (LNG) project by several months after surprising the industry with a big expansion plan despite a collapse in global gas prices, four sources said.

State-run Qatar Petroleum (QP) declined to comment on the reported delay, which comes as the global gas industry faces the major challenge of a supply glut due to booming U.S. production and a drop in Chinese demand.

Qatar, the lowest cost producer of LNG, sits on the world's largest gas field and offers terms that led oil majors ExxonMobil (XOM.N) and Royal Dutch/Shell (RDSa.L) to invest tens of billions of dollars in the past.

The big energy firms have waited a decade for a new opportunity to invest in Qatar after the country put further development on hold to ensure the giant North Field could sustain production. The moratorium was lifted two years ago and QP shortlisted six Western majors for the next phase of expansion. QP didn't disclose the names but said it would announce partners in the first quarter of 2020.

But late last year QP said it had decided to expand LNG production by 60% to 126 million tonnes a year by 2027 instead of the original plan for a 40% increase. QP did not say it would delay the partnerships, but four sources involved in the talks said the company planned to take more time. "I think Qatar has decided to firm up the capex of the project before they go to international oil companies. I think the decision should be ready by the end of 2020," one of the sources involved in talks said. Three other sources familiar with the talks confirmed a delay to at least the middle of 2020 because the scaling up of the expansion combined with a much lower gas price outlook were affecting every aspect of potential partnerships. "The conversation is centered on the valuation of the project which affects equity and financing," said one source. "Qatar's cost base is very low compared to other projects but in today's environment, every project has to compete for capital," said another source. Qatar, which has a wealth fund in excess of $320 billion, has said it would build the facilities alone if necessary, but would prefer to have partners to share risks and costs as well as give access to new customers.

TOO MUCH GAS: Global LNG prices collapsed to an all-time low in Asia in January as China reduced energy consumption because of the spread of coronavirus. Lower demand from China undermined hopes that the biggest user of the fuel would soak up excess supply to reduce its dependence on coal. The United States is rapidly increasing LNG export capacity to drain a large domestic surplus.

Gas prices have been so low for so long in the United States that many shale-gas firms have struggled to raise debt and pioneers such as Chesapeake Energy are battling to stave off bankruptcy. U.S. gas producers had hoped that exports would raise the value of their fuel, but instead they are contributing to a supply glut is pushing down prices worldwide. QP did not say how much it would cost to build six more LNG trains and develop offshore production facilities.

One standard LNG train with capacity of 8 million tonnes a year costs around $10 billion, meaning QP would need to spend at least $60 billion on the expansion. Exxon, Shell, Total (TOTF.PA) and ConocoPhillips (COP.N) have been partners in Qatar's existing LNG plants since the country began its journey toward becoming a top player only 20 years ago.

Some of these firms have signed deals over the past year giving Qatar stakes in their oil and gas projects. But the lower outlook for natural gas prices led energy majors to lower their projections for the rate of return on Qatar's expansion phase, making it less lucrative than previously expected, according to the three sources involved in the talks. A slew of LNG projects around the world from Canada to Mozambique and Nigeria is expected to lead to an even bigger oversupply later this decade. "People began to worry where all this gas is going to go," one of the three sources said. **—Reuters**