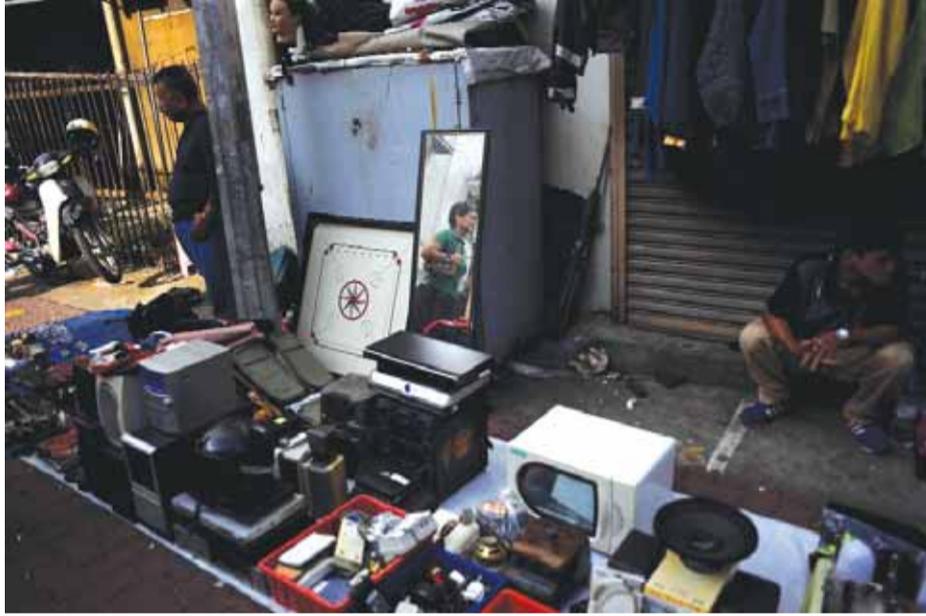


# OIL PRICES NEAR ONE-MONTH HIGHS

## STOCKS OFF LOWS, OIL RALLIES AFTER US MISSILE STRIKE ON SYRIA

**LONDON:** Oil prices held near one-month highs yesterday after the United States attacked a Syrian air base but stocks and the dollar recovered early falls when a US official played down the risks of an escalation. The US dollar recouped all of its losses against a basket of major currencies and was last trading little changed. S&P 500 futures were flat. European stocks fell 0.2 percent weighed down by weakness in mining stocks as investors locked in some profits following the sector's stellar run this year. The United States fired dozens of cruise missiles at a Syrian air base from which it said a chemical weapons attack was launched this week, an escalation of the US military role in Syria that swiftly drew sharp criticism from Russia.

A US defense official told Reuters the missile strike was a "one-off", helping to calm market nerves. "The US missile strike on a Syrian air base overnight caused a knee-jerk shift into safe havens, although the impact was moderate as it is being interpreted as a one-off proportionate response," said Ian Williams, a strategist at Peel Hunt in London. Oil prices hovered near one-month highs though prices pared some gains as there seemed no immedi-



**KUALA LUMPUR:** A Malaysian woman (center) is reflected in a mirror as dealers wait for customers at a flea-market in an alley in downtown Kuala Lumpur yesterday. — AFP

ate threat to supplies. Brent crude futures which surged more than 2 percent after the US attack were last up 1.5 percent at \$55.72 a barrel. US West Texas Intermediate (WTI) crude futures were up 1.6 percent.

The strength in crude oil lifted shares on major oil and gas producers in European with BP, Royal Dutch Shell and Total all up about 0.5 percent. Focus was also shifting to US payrolls later in the day for further cues on the strength of the economy. Job growth likely slowed in March after unseasonably mild weather boosted hiring over the prior two months. Non-farm payrolls probably increased by 180,000 jobs last month, according to a Reuters survey of economists. Elsewhere, euro zone finance ministers are due to meet with a discussion on Greece's progress in implementing reforms needed to unlock aid as part of the agenda. While risky-assets were off their lows on the day, demand for safe-haven assets such as gold remained intact. Investors had already been on edge with talks poised to begin between Donald Trump and Chinese leader Xi Jinping over flashpoints such as North Korea and China's huge trade surplus with the United States. — Reuters

## JAPAN URGED TO PUSH BACK ON ANY US ATTACK ON YEN POLICY

**TOKYO:** Japan should push back against any US suggestion that it is suppressing the yen's value for trade advantage, an adviser to Prime Minister Shinzo Abe said, in a bid to preempt criticism of Japan's currency policy. Koichi Hamada, Cabinet adviser and emeritus professor of economics at Yale University, told Reuters in an interview that Tokyo should stress that Japan has a different currency policy from China.

With President Donald Trump criticizing the trade policies of Japan, China and other major economies, Tokyo fears that trade friction could return for the first time in years, harming Japan's interests and its deep relations with Washington. A senior US official told Reuters that the administration is shifting its attention from countries that "manipulate" their currencies to currencies that are "misaligned," even if the imbalance is unintentional.

"What Japan should argue is that Japan and China have totally different stances towards currency manipulation," Hamada said on Thursday. "Japan has not intervened in the currency market under Abenomics, and Japan's monetary policy is targeted strictly at domestic economic targets." Tokyo has not entered the market to sell yen for dollars since November 2011. However, the weak yen has been one of the most prominent outcomes of Prime Minister Shinzo Abe's "Abenomics" stimulus policies, helping to boost exporters' profits and lift Japanese stocks sharply higher.

Inflation, however, is still anaemic and is well behind the Bank of Japan's 2 percent target. "The current level of yen is not extremely strong against the dollar for Japanese businesses. The BOJ does not need to ease further," Hamada said. The dollar was trading around 110.50 yen when Hamada spoke. It stood around 110.60 yen in volatile market on Friday in Asia after news of US missile strikes on Syria. Since Trump's election victory in November, the dollar has rallied to hit above 118.60 yen on expectations he will deliver stimulus-enhancing policies, but has since

retreated as the new US administration faced early hurdles in Congress.

Hamada said sensitive trade issues such as exchange rates, cars and agriculture, will likely come up in high-level bilateral economic talks set to start this month. But he portrayed this as a way for the two governments to seek mutually beneficial agreements after the failure of an Asia-Pacific trade deal. "It is natural to talk about these issues in the dialogue to seek criteria for win-win situations for both countries bilaterally," after Trump pulled America out of an ambitious Pacific trade agreement, he said.

### Bank of Japan

Hamada echoed BOJ Governor Haruhiko Kuroda who recently said the central bank won't raise its long-term bond yield targets simply because overseas long-interest rates rise. He said that a central bank should manage monetary policy solely to influence its domestic economy. "The BOJ does not need to raise its 10-year Japanese Government Bond yield target just because yields in the US increase," he said. "But if the BOJ keeps the long-term bond yield low regardless of the high US yield, then it will naturally accelerate the yen's falls, and cause mild inflationary pressure in Japan." The BOJ pledges to keep the 10-year JGB yield around zero percent but analysts predict the BOJ's next move would be to start scaling back its ultra-easy policy and they expect the central bank will raise the yield target.

"If the Japanese economy gets over-stimulated, the BOJ will have to raise its 10-year JGB yield target to calm down the economy," Hamada said. He also reiterated the BOJ does not have to stick to its 2 percent inflation target in an environment where the job market is tight and the economy is on a recovery trend. "Ultimately, as long as employment is full and production is in favorable condition, the price inflation is hardly any longer the fundamental target. The price target is, in my opinion, a merely secondary target." — Reuters

## TRIAL OF SAMSUNG HEIR FOCUSES ON FATHER-TO-SON SUCCESSION

**SEOUL:** The scion of South Korea's Samsung business empire, Lee Jae-yong, appeared in court yesterday to face trial for bribery and other charges. Lee sat quietly and did not speak as South Korean prosecutors presented a slew of evidence they said showed why and how the 48-year-old used 43 billion won (\$38 million) in corporate funds to bribe the country's impeached president, Park Geun-hye, and a close confidante of hers, mainly in exchange for supporting a smooth leadership transition at Samsung.

The prosecutors focused on Lee's alleged motivation for seeking government help with a father-to-son leadership transition in the country's largest business group. Samsung has denied any wrongdoing and Lee, who was arrested in February, has pleaded not guilty. Lee assumed de facto leadership of the conglomerate after his father Lee Kun-Hee, who is Samsung Electronics' chairman, fell sick in May 2014.

Stakes in the trial are high for both sides, since it involves the princeling of South Korea's richest family. Prosecutors blamed close ties between the government and big business for the scandal that toppled Park and has implicated dozens of other people at a number of chaebol, or big business conglomerates. Such relations may have aided South Korea's rapid economic ascent but now are a source of growing public discontent and a key target of contenders in a May 9 snap presidential election.

For Samsung, a conviction could hurt Lee's stature as future leader of the company founded by his grandfather. The prosecutors said their evidence includes 39 handwritten notebooks where a former economic adviser of the impeached South Korean president scribbled down her orders. They argued that the huge sum of corporate money was used for Lee's personal benefit - to secure a business merger and lobby regulators to help strengthen his control over Samsung. Lee is "the biggest beneficiary

who reaped enormous profits," said special prosecutor Yang Jae-sik, according to a media pool report. Yang denied Lee's argument that Samsung was coerced into giving Park and Choi money, saying the victims of the dealings were national pension fund holders, affiliates of Samsung and its shareholders, who suffered losses due to a merger allegedly engineered for Lee's sake.

Lee faces five charges that could entail at least five years in prison if he is found guilty. A ruling is expected by late May. One of his lawyers, Song Woo-chul, presented about 70 slides in a presentation, contending the prosecutors' argument was unreal and "full of contradictions." Song said Samsung was unaware of Park's friend, Choi Soon-sil, until after the scandal over their relationship and allegations of influence-peddling surfaced late last year. Samsung did not need Park's help with the 2015 merger, which was aimed at helping Samsung's future growth, not aiding the leadership succession, Song contended.

"Prosecutors argue that Lee Jae-yong needed to take excessive measures for the leadership succession due to the sudden illness of Chairman Lee Kun-Hee. But there was no such need," Song said. Even as the Samsung de facto leader and four other executives face corruption charges, the latest earnings preview showed the company's business is thriving. Samsung Electronics, the world's largest maker of smartphones and display panels, said yesterday is expecting its best quarterly profit in more than three years thanks to the booming memory chip business.

The company's stock is trading near historic highs, despite Lee's troubles and the scrapping last year of its flagship Galaxy Note 7 smartphone due to fire-prone batteries. Samsung's January-March operating income rose 48 percent to 9.9 trillion won (\$8.8 billion), from 6.7 trillion won a year earlier. — AP