

## Business

# Asian equity markets surge; Sino-US trade tensions ease

## Policy support expectations lift China shares

SHANGHAI: Asian equity markets surged yesterday on signs of easing Sino-US trade tensions and expectations that China will step up efforts soon to support its cooling economy. After a quiet start, MSCI's broadest index of Asia-Pacific shares outside Japan was up more than 1 percent by midday, building on early gains made after British Prime Minister Theresa May survived a no-confidence vote.

Regional gains were concentrated in Chinese shares, with Chinese blue-chips up 1.9 percent and Hong Kong's Hang Seng index gaining 1.4 percent. Japan's Nikkei stock index was 1 percent higher, while Australian shares gained 0.4 percent. US stock futures rose 0.5 percent, pointing to a firmer opening on Wall Street. Markets are slowly growing less pessimistic about the chances of a Sino-US trade deal after a slew of news this week pointed to easing tensions between the two powers.

Reuters reported on Wednesday that Chinese state-owned companies have bought more than 1.5 million tons of US soybeans in the first major US soybean purchases in more than six months. The purchases are the most concrete evidence yet that China is making good on pledges made when Presidents Donald Trump and Xi Jinping met on Dec 1 and agreed to a 90-day detente to negotiate a trade deal. But markets have been stung by false signals in the past and Yoshinori Shigemitsu, a global market strategist at JPMorgan Asset Management, cautioned against reading too much into trade headlines.

"US-China trade negotiations are subject to very high uncertainty. So lots of headlines come and go, and markets come and go also," he said. "We

have to see the evolution of this negotiation." China also appears to be toning down its high-tech industrial development push, dubbed "Made in China 2025," which has long irked the United States, according to new guidance to local governments. But it remains to be seen if Beijing will meet Washington's demands for stronger protection for US intellectual property.

"In the scheme of things and were this to prove true, this is far more relevant than China agreeing to restart purchases of American soybeans, or even reducing the tariff on US car imports from 40 percent to 15 percent, as has been indicated in the last 24 hours," analysts at National Australia Bank said in a note. But China's economic woes are deeper rooted than just trade, and global investors are also banking that Beijing will roll out more support measures in coming months to reduce the risk of a sharper slowdown.

Zhang Gang, an analyst at China Central Securities, said investor expectations of further policy support were rising ahead of a key policy meeting. The Central Economic Work Conference (CEWC) is typically held in mid-December. Major economic growth targets and policy goals are discussed but typically not publicly announced until the National People's Congress in March. Some analysts expect China's economic growth could slow to around 6 percent next year, the slowest pace since 1990, from around 6.5 percent in 2018.

### Confidence vote

In the currency market, sterling gave up some gains after rallying from a 20-month low after



NEW YORK: Cusion Kar Shun Pang, CEO of Tencent Music Entertainment, (center) rings the opening bell of the New York Stock Exchange (NYSE) as the Chinese music-streaming service launches its IPO in New York City. Tencent Music priced its IPO shares late Tuesday at \$13 per American depository share. —AFP

May survived a party no-confidence vote. It was last trading down 0.04 percent at \$1.2624. But analysts expect gains in the pound will be fleeting, as May appeared no closer to getting her EU divorce agreement through parliament, raising the risk of a chaotic exit in March. "The fact remains that the EU is highly unlikely to offer the reassurance MPs are demanding on the Irish backstop," analysts at ING said, adding there was a risk that a parliamentary vote on the Brexit deal will not take place until later in the first

quarter of 2019.

"In the meantime, the lack of clarity and elevated risk of 'no deal' is set to see economic activity slow further," they said. ING expects UK growth to halve in the fourth quarter from the third. The euro was also higher, up 0.04 percent at \$1.1375 after Italy's government offered to lower its deficit target next year to 2.04 percent of gross domestic product, below the 2.4 percent level that the European Commission had rejected as too high. —Reuters

## Home comforts - and a curfew for Huawei executive on bail

VANCOUVER: Accused of sanctions busting and forced to abide by a curfew and wear an ankle bracelet as she awaits possible extradition to the United States, China's "Princess of Huawei" could be said to have fallen spectacularly from grace. But Meng Wanzhou, heiress to her billionaire father's global tech conglomerate, is managing to surround herself with a few home comforts. Huawei's chief financial officer was arrested on December 1 on a US warrant for alleged sanctions-breaking dealings with Iran, while changing planes in Vancouver.

She faces more than 30 years in jail if convicted, but was freed on Can\$10 million bail Tuesday night pending the outcome of an extradition hearing, which could take months, or even years, if appeals are made in the case. The following morning, Meng was spotted by AFP answering the front door of her Vancouver house to three visitors bringing flowers who arrived in a sedan with diplomatic plates. Outside, a handful of local residents walked their dogs past a group of journalists while a security guard watched from a car down the block. Later, Meng stepped out to offer reporters

slices of pizza that she'd had ordered in (they politely declined).

Meng's husband Liu Xiaozong in 2009 bought the six-bedroom house where she must stay in Vancouver's Dunbar neighborhood - a leafy quiet enclave of single-family homes a few blocks from an urban forest. Although valued at a hefty Can\$5.6 million, the house - on a large corner lot with a view of the Pacific coast city's majestic north shore mountains - does not stand out as particularly ostentatious. Colleen McGuinness, who lives in the neighborhood, said the reaction to the executive's arrival has been muted. "I don't think I'll see her at the grocery store," McGuinness told AFP. "She's obviously been here before, she's just another person in the neighborhood, but with a bit of an entourage."

### Chinese-Canadians divided

Meng's husband Liu resided at the 28th Avenue home up until 2012 while working on a Masters degree, and the couple's young son attended a local pre-school. Meng's in-laws have also spent several summers at the house, and her mother and eldest son visited too. "While my work obligations have typically required that I travel extensively, I always try to spend at least 2-3 weeks in Vancouver every summer," she said in court documents. The couple bought a second home in the tony Shaughnessy neighborhood worth an estimated Can\$16.3 million. —AFP

## Vitol, rival oil traders in spotlight of Brazil bribery probe

SAO PAULO: Brazil's epic "Car Wash" corruption investigation has taken down presidents and elite businessmen, and led to the largest corporate leniency deal ever signed. But graft allegations lodged by prosecutors last week against four of the world's largest oil trading companies - Vitol SA, Trafigura, Glencore PLC and Mercuria Energy Group - have opened an explosive new phase in the long-running probe. Federal prosecutors allege the European multinationals and some smaller players collectively paid at least \$31 million in bribes over a six-year period to employees at Brazil's state-led oil company Petrobras to sell them oil at sweetheart prices.

They said the firms' top brass had "total and unequivocal" knowledge that they were fleecing Petrobras and that the illicit activity may still be ongoing. More than 600 pages of legal documents reviewed by Reuters portray what prosecutors describe as a bustling criminal enterprise fueled by creativity, competition and greed. Authorities say the trading companies often used freelance middlemen in an effort to cover their tracks, allowing these businessmen to negotiate deals and pay off Petrobras collaborators using bank accounts in several countries.

Emails obtained by investigators show intermediaries hustling to profit from their connections, authorities said. Some shared spreadsheets divvying up

to the last cent their cut of the spoils from deals they allegedly sealed with crooked Petrobras employees. Prosecutors said the messages also show that rings of middlemen knew about one another and battled fiercely for the favor of the big oil-trading firms. Some discussed their attempts to woo top executives with promises of delivering more shady trades and fatter profits than rivals.

One intermediary griped that Vitol was "not at all sentimental" and would choose whomever could secure them the biggest returns. "Now you are the flavor of the month, next month there is a new flavor," the middleman lamented in the email. Brazilian authorities last week searched the Rio de Janeiro-area offices of Vitol, Trafigura and Glencore as well as other entities they allege participated in the scheme. Police said they could not locate a physical office in Brazil for Mercuria. No charges have been filed. Mercuria has denied wrongdoing. Mercuria, Vitol and Glencore said they would cooperate with the Brazilian investigation, while Trafigura said it was reviewing the allegations. Trafigura, Mercuria and Vitol said they have zero-tolerance policies for bribery and corruption. Glencore said it takes ethics and compliance seriously. Petrobras said it was cooperating with authorities and viewed itself as a victim of the alleged corruption. Eight people have been arrested, including two employees of Petrobras whom the oil firm has since fired because of "strong evidence against them that they were involved in irregularities," the company said in a written statement. Interpol alerts have been issued for three other suspects who are outside Brazil, including a Petrobras trader based in Houston. —Reuters