News in brief

Qatar National Bank net profit rises 13.4%

DUBAI: Qatar National Bank (QNB), the Gulf's largest lender, reported yesterday a 13.4 percent increase in second-quarter net profit, according to Reuters calculations, broadly in line with analysts' forecasts. The bank reported a net profit of 3.3 billion riyals ($906.3 million) in the three months to June 30, compared with 2.91 billion riyals in the corresponding period of 2015, Reuters calculations showed, using financial statements in lieu of a quarterly earnings breakdown. Three analysts polled by Reuters had on average forecast QNB would make a quarterly net profit of 3.20 billion riyals. For the first six months of 2016, the bank's net profit reached 6.2 billion riyals, up by 12 percent from the same period of last year, it said in a statement.

Boeing announces jet deals at Farnborough

FARNBOROUGH: US aerospace giant Boeing yesterday announced a string of deals for the sale of commercial aircraft, with China showing keen demand on the second day of Farnborough airshow. The planemaker said it has finalized an order with German travel giant TUI Group for ten single-aisle 737 Max 8 jets plus the option for a long-haul 787-9 Dreamliner. The TUI deal was worth $1.4 billion (1.3 billion euros) at catalogue prices, while airlines typically receive large discounts. Boeing added that Air Lease Corporation had doubled an order to six 737 MAX 8s worth a total of $660 million. ALC currently has 180 jets on order with Boeing, which represents the company's largest backlog for any leasing customer. Boeing added that China's Kunming Airlines has indicated an interest in purchasing ten 737 MAX 7 airplanes with a value of $902 million. Seattle-based Boeing added that another unnamed Chinese carrier has signed a commitment for 30 737 jets worth in excess of $3.0 billion. The planes are a mixture of 737 MAX and Next-Generation 737s.

Airline orders 25 Airbus A320neos worth $2.6bn

FARNBOROUGH: German airline Germania yesterday ordered 25 single-aisle fuel-efficient Airbus A320neos worth $2.6 billion (2.4 billion euros) at list prices in an announcement at the Farnborough air show. The firm aircraft order, for delivery from 2020 onwards, will double the Germania Group's current fleet of aircraft, the pair announced on the second day of Farnborough. Airlines typically negotiate sizeable discounts to catalogue prices so the actual cost of the aircraft is likely to be lower. The contact was signed at the air show by Germania boss officer Karsten Balke and Fabrice Bregier, president and CEO of Airbus. "We are delighted that Germania Group has renewed its confidence in Airbus to further expand its Airbus fleet," Bregier said in a statement. "By operating the A320neo, the airline will benefit from further fuel efficiency and latest cabin innovations with unmatched comfort for their passengers."

Qatar Airways targets 10% of LATAM Airlines

FARNBOROUGH: Qatar Airways has agreed to acquire up to 10 percent of Latin America's largest airline LATAM Airlines, in a $613 million deal that requires the consent of existing shareholders at the Chile-based carrier, the two companies said yesterday. The deal follows Qatar Airways' purchase last year of 15 percent of British Airways owner International Airlines Group , which like Qatar and LATAM is a member of the Oneworld airline alliance. The move is part of a rapid global expansion by the Doha-based airline, which is due to talk to Italian carrier Meridiana later on Tuesday about the proposed purchase of a 49 percent stake. "As a leading airline in Latin America, and key member of Oneworld, this investment provides potential opportunities for Qatar Airways' global network, alongside our successful investment in IAG," Qatar Airways chief executive Akbar Al Baker told a media briefing at the Farnborough Airshow. The two airlines said they had signed a subscription agreement that provides for Qatar Airways to acquire up to 10 percent of LATAM's total shares following a capital increase.

India's inflation notches up to 5.77 percent in June

NEW DELHI: India's consumer price inflation notched up marginally to 5.77 percent in June from a year earlier, official data showed yesterday, with hopes dimming of a possible slash in interest rates. The acceleration from May's 5.76 percent and 5.4 percent in April was mainly driven by higher food prices, economists said, adding the rate was uncomfortably higher than the central bank's target. Outgoing Reserve Bank of India (RBI) governor Raghuram Rajan has set a medium-term goal of controlling inflation at five percent by March 2017."Indian consumer price inflation held steady in June, but... the scope for further monetary loosening still looks very limited," said Shilan Shah, an economist at London-based Capital Economics. Rajan will be chairing his last monetary policy review meeting in Mumbai on August 9 before he steps down as governor. The popular RBI chief shocked markets last month when he announced that he would be returning to academia after his first term wraps up in September.

Citibank to close key Venezuela payment account

CARACAS: Citibank plans to close the account Venezuela uses to make international payments, President Nicolas Maduro said Monday, accusing the US-based bank of mounting a "financial blockade." "Citibank, with no warning or communication, says that it is going to close the Central Bank and Bank Of Venezuela account. That is what you call a financial blockade," the embattled president said in televised remarks. He said the move amounted to an "inquisition" by US President Barack Obama's administration.

Citibank did not immediately respond to a message by AFP seeking comment. Maduro said his South American nation, a major oil producer, uses the account to make payments "within 24 hours, to other accounts in the United States and worldwide." Maduro's socialist government has often claimed that US interests and local business elites were trying to undermine his state-led economy and prevent Venezuela's access to international credit.

'Nobody stops Venezuela!'

"Do you think they are going to stop us by putting in place a financial blockade? No, ladies and gentlemen, nobody stops Venezuela! With Citibank or without it, we are moving forward. With Kimberly or without, we are moving." Venezuela's government said just hours earlier that it would take over operations at facilities where US consumer goods giant Kimberly-Clark recently shut down, citing unworkable economic conditions.

The American company announced on Saturday it would cease production, saying that it was impossible to get enough hard currency to buy raw materials, and that inflation was surging. "We are going to sign, at the workers' request... to authorize immediate occupation of the workplace known as Kimberly-Clark de Venezuela... by its workers," Labor Minister Oswaldo Vera said at the facility's plant in the central city of Maracay. The country's economy has been hard hit by the plunging value of its main export, oil. Analysts also criticize its state-led economy of gross mismanagement leading to shortages of food and basic goods such as toilet paper and diapers.

Vera signed the document to loud cheers- he said machines would be back in operation within hours. Also Monday, Maduro announced that he and Defense Minister Vladimir Padrino were leading a new plan to reverse the severe shortages of basic goods in the country. "All control of supply in the county is in my hands and the hands of Padrino," Maduro said, adding that other ministers would answer to the "presidential command" of the "civic-military union." The project would concentrate on efficient production of commodities and new ways for distributing basics such as food and medicine. In a sign of Maduro's concern at mounting social unrest, the president on Thursday replaced the head of the National Guard.

CARACAS: View of cash machines at a branch of US Citibank in Caracas. Venezuelan President Nicolas Maduro has accused Citibank of mounting a 'financial blockade' on the country after the US bank decided to close the government's international payments account with it. —AFP

Months of political crisis

The Venezuelan opposition launched efforts to remove the president via a referendum after winning control of the legislature in January. But Maduro has challenged his rivals through the Supreme Court, which the opposition claims he controls. The government has already filed a case in the court against the referendum bid. The national electoral board has said it will announce by July 26 whether enough signatures have been authenticated in an initial petition calling for the recall referendum. If that happens, Maduro's opponents must, in the next stage of the months-long process, collect four million more signatures to call a full referendum on his removal. The opposition is rushing to complete the recall process by January 10, the cutoff date to trigger new elections. After that date, a successful recall vote would simply hand power to Maduro's hand-picked vice president. —AFP

BoE's Carney hints again at more stimulus after Brexit

Bank of England could act to head off slowdown

LONDON: Bank of England Governor Mark Carney said yesterday that a hit to Britain's economy from last month's decision by voters to leave the European Union could prompt the Bank to act, hinting again that more stimulus is on the way. "If the outlook has worsened, to use that term, in the judgment of the MPC there always could be monetary response if that is consistent with its remit," Carney told lawmakers. Carney and his fellow members of the Bank's Monetary Policy Committee, who have previously warned of a material hit to Britain's economy from a Brexit vote, are meeting this week, meaning they are not supposed to talk about the outlook for interest rates in detail.

The Bank is due to announce whether it has cut rates or taken other action tomorrow. Carney has previously given a more explicit signal that the BoE will act to cushion the impact of the vote. A week after the June 23 referendum, he said he expected the Bank to pump more stimulus into the economy over the summer. Sterling, which hit a one-week high against the US dollar earlier yesterday buoyed by the quicker-than-expected appointment of a new British prime minister, added to its gains as Carney and other BoE officials spoke yesterday.

Investors expect the BoE to cut interest rates below their already record low of 0.5 percent as soon as tomorrow. However, many economists have said the Bank might wait until its next policy announcement on Aug 4 when it will have a better sense of the impact of the "Leave" decision on the economy. Sam Hill, an economist with RBC Capital Markets, said he believed Carney's comment, within the limits of what he can say immediately before a policy announcement, was in line with his previous steer about further stimulus soon. "I don't discern a change in stance from the speech," Hill said.

LONDON: Governor of the Bank of England Mark Carney, speaks during the Bank of England Financial Stability Report press conference, at the central bank in central London. —AFP

Extraordinary criticism

Carney also said yesterday that some of the pre-referendum criticism of the BoE, for its decision to spell out the economic risks of leaving the EU, had been "extraordinary in all senses of the word". He denied being influenced by finance minister George Osborne, one of the leaders of the "Remain" campaign, and said he did not decide in advance what position the Bank's most important policy-making committees should take on the vote which resulted in a decision to leave the bloc.

"I did not prejudge the minds of those policy committees, nor could I. That's not the way the system works, that is not the way the system is set up," he said. Before the referendum, the Bank said a Brexit vote could cause a material slowdown in the economy. Carney said in May there was a chance of a recession, angering some leading "Leave" supporters. One pro-Brexit lawmaker called on him to resign although senior "Leave" campaigners quickly sought to defuse the tensions after the vote.

The chief investment officer of BlackRock, the world's largest asset manager, said yesterday that Britain will fall into recession over the coming year. In his appearance in parliament, Carney said it remained to be seen whether the BoE's decision to reduce a capital burden on banks and encourage lending would be met with increased demand for loans from businesses and households. "It won't be supply constrained, it won't be a credit crunch, it will be a function of the overall economic outlook, which will be determined by decisions away from the financial sector," he said.—Reuters

HAVANA: Shoppers walk through the aisles of a new bulk goods store in Havana, Cuba. Called Zona +, the high-ceiling space has racks stacked with large tins of tomato sauce, toilet paper and cooking oil by the gallon. —AP

Cuba opens 'first wholesale store'

HAVANA: Cuba has opened a shop in Havana that could eventually operate as the Communist-ruled island's first wholesale store for the fledgling private sector, offering products in bulk at lower prices than in expensive retail outlets. So far, Zona+, where produce is piled up to the ceiling like in a warehouse, is offering only a handful of goods in large quantities at slightly discounted rates. Shop employees said that was an experiment.

They said the plan was for Zona+ to sell everything in bulk at a discount, catering in particular to the small businesses that have flourished since President Raul Castro started reforming the Soviet-style command economy. Officials at CIMEX, the state commercial corporation that owns Zona+, declined to comment and the store manager said he had been asked to give no more interviews, after he told local media the aim was to become a wholesale store. Cuban authorities are often secretive about their economic plans.

"Some products already have a 20 percent discount, not all," said shop employee Ulysses Abreu, 26, pointing to the 2.5-kg (5-pound) tins of tomatoes. "But they are studying whether to sell all products at 20 percent in the future." One employee, who declined to be named for fear of retribution, said one idea was to offer a 10 percent discount on purchases worth between $500 and $1,000, and a 20 percent discount on purchases above $1,000.

Shoppers at Zona+ said it already had an advantage on other stores because it was uncharacteristically well-stocked. Cuba's supermarkets are often half-empty and supply problems look set to increase as the government said last week it would cut planned imports this year by 15 percent. Cuba's new entrepreneurs have long complained that a gaping hole in Castro's reforms is the lack of a wholesale market. Restaurant owners, hairdressers and snack-store owners have to buy their produce in supermarkets at the same marked-up prices as consumers.

The government announced in April that some cooperatives would be able to buy supplies directly from government producers and wholesale outlets for the first time but it did not say the reform would extend to the private sector. Cuba often likes to experiment with measures before making them official and extending them across the country. Reforms can also be reversed. Cuba decided at a secretive Communist Party congress earlier this year to eliminate licenses for private wholesale agricultural food distribution. —Reuters

EU launches sanctions procedure against Spain, Portugal on deficits

BRUSSELS: Euro-zone finance ministers agreed yesterday to officially begin a sanctions procedure against Spain and Portugal for doing too little to fix their rule-breaking deficits. The ministers "found that Portugal and Spain had not taken effective action in response to its recommendations on measures to correct their excessive deficits", a statement said. The decision "will trigger sanctions under the excessive deficit procedure."

Spain and Portugal now have 10 days to lobby the EU to impose no penalty. The European Commission, the EU's executive arm, will consider their arguments and must decide on sanctions within 20 days. Under EU rules, the commission could impose fines of up to 0.2 percent of gross domestic product on euro-zone countries that repeatedly ignore the deficit limits-but to date it has not dared to use its full power.

The ministers took the unprecedented step despite fears that too much austerity by Brussels will further stoke anti-EU populism after the Brexit vote. "The rules are the rules," said French Finance Minister Michel Sapin, ahead of the talks with his EU counterparts. However, he said these should only be applied "intelligently" as he urged the EU to take the specific situation of each country into consideration. Hit hard by the euro-zone debt crisis, Spain and Portugal have been under the EU's excessive deficit procedure since 2009 because of recurrent fiscal holes. —AFP

Carmakers' shares zoom

FRANKFURT: Shares in German carmakers were leading the pack yesterday, driving the overall stock market higher on the back of better-than-expected results for Daimler and strong sales for BMW. Daimler shares shot up 4.87 percent to an intraday high of 57.91 euros, BMW shares jumped by 4.53 percent to 73.21 euros and Volkswagen shares raced ahead by 3.89 percent to 117.70 euros. The overall blue-chip DAX 30 index was up 1.3 percent. Daimler, which owns the prestigious Mercedes brand, had surprised the markets late Monday with a better-than-expected operating profit for the second quarter.

While consensus forecasts had been penciling in earnings before interest and tax (EBIT) of 3.65 billion euros ($4.0 billion) for the period from April to June, Daimler said it booked a quarterly profit of 3.97 billion euros, despite various one-off charges. "Compared to the first quarter, EBIT soared by 48 percent," said Equinet analyst Holger Schmidt. "After a weak start into the year which had been burdened by a couple of issues and most notably the ramp up of the new E-class, it looks like Daimler is now running at full steam," Schmidt said.

Daimler is scheduled to publish its full second-quarter results on July 21. Close rival BMW announced that it sold 1.16 million vehicles worldwide in the first six months, an increase of 5.8 percent over the same period a year earlier, driven by robust demand in Europe and Asia. —AFP