

HEDGE FUNDS PUSH OIL PRICES LOWER

LONDON: Continued hedge fund liquidation of former bullish bets on oil and the establishment of new short positions have kept crude prices on the defensive over the last month. Hedge funds and other money managers cut their bullish bets on crude oil by another 22 million barrels over the seven days ending on July 5. Hedge funds have cut their net long position in crude futures and options by almost a quarter, from 633 million barrels to 485 million, over the last four weeks. Hedge fund long positions have been cut by 77 million barrels from 769 million to 693 million barrels, according to the US Commodity Futures Trading Commission and Intercontinental Exchange. At the same time, short positions jumped by 72 million barrels from 136 million to 208 million barrels, as at least some managers anticipated the reversal in prices. In the most recent week, most of the adjustment came from the short side of the market, where hedge funds increased short positions by 23 million barrels. Hedge funds accumulated a record position in crude futures and options between the start of the year and the end of April.

Speculative positioning anticipated and helped accelerate the rebalancing of the oil market during the first half of the year. But the concentration of positions created a substantial risk of at least a partial reversal once prices stopped rising. Benchmark Brent crude prices have fallen by more than \$5 per barrel, 10 percent, over the last four weeks as positions have been liquidated. There has been a close correlation between the accumulation and liquidation of hedge fund positions and the movement in crude oil prices since the start of 2015. The correspondence between hedge fund short positions and the movement in US crude prices has been particularly pronounced.

Declining prices have been blamed on various factors including Britain's Brexit referendum as well as concerns about slowing oil demand and an easing of supply interruptions. In reality, momentum trading,

with traders chasing ever-rising prices, was an important contributor to the rise in oil prices between January and May. Once the momentum was broken, it was highly likely prices would pull back somewhat as traders sought to lock in past gains ("Oil prices under pressure as hedge funds adjust positions", Reuters, Jun 20). By late May and early June, it was clear the upward momentum in prices had stalled and the risk of reversal began rising ("Oil rally loses momentum", Reuters, May 10).

Price floor?

Hedge funds still have a relatively large net long position in crude oil futures and options, even after the recent wave of selling, so the current liquidation cycle could still have some way to run. But the underlying supply-demand balance has tightened significantly since the start of 2016 as a result of continued consumption growth and the impact of supply disruptions and investment cutbacks. Most analysts now see the market close to balance throughout the remainder of 2016 and 2017 with price risks tilted to the upside towards the end of the period. The tightening outlook for the supply-demand balance over the next 2-3 years should provide some support for oil prices even if hedge funds continue to cut their positions in the near term.

Nearly all the weakness in oil prices has been concentrated in nearby futures and options contracts, where most hedge fund positions are concentrated, while prices for contracts in 2018 and beyond have held steady. The price of the Brent calendar strip for 2018 has fallen by just \$1 per barrel over the last four weeks while the calendar strip for 2019 is basically unchanged and the strip for 2020 has actually risen by 50 cents. Provided the US and global economies avoid a recession, the rebalancing process is set to continue, which should limit the near-term downside for oil prices and point to further increases between 2017 and 2019. — Reuters



Blue Citizenship

NISSAN CUTS CARBON DIOXIDE EMISSIONS BY 22.4 PERCENT

DUBAI: Nissan Motor Co Ltd published its annual Sustainability Report showing that the global automaker's carbon dioxide (CO2) emissions have fallen by 22.4% over the past decade. Nissan's success in reducing emissions, promoting zero-emission vehicles and saving energy at its facilities has made it the highest-performing automotive company tracked by the Carbon Disclosure Project, which works with thousands of companies to tackle climate change.

Hitoshi Kawaguchi, Nissan Chief Sustainability Officer, said: "We aim to deliver further environmental progress in addition to promoting all electric vehicles and pursuing efficiency, on energy and resource diversity, efficiency and recycling in the current year, as part of the Nissan Green Program. This reflects the continued efforts of all Nissan employees and partners, in line with our mid-term corporate objectives."

Improvements in sustainability reflect initiatives such as the Nissan Energy Saving Collaboration (NESCO), which measures energy loss at Nissan plants. Last year, the company also formed a new team - Resource NESCO - with a mandate to improve water usage and increase the use of recycled materials by 25% for newly-launched models in fiscal 2016. Progress on sustainability at Nissan has accelerated thanks to the success of the Nissan Green Program, first introduced in 2002. The most recent version, NGS2016, set ambitious targets to cut Nissan's environmental impact and resource consumption by 2016.

Carbon footprint minimization

The latest Sustainability Report showed that the level of CO2 reduction at Nissan facilities represented a 22.4% improvement over the levels in FY2005. Nissan's measures to reduce emissions include the following: Nissan UK has installed 19,000 solar panels to join 10 wind turbines at its Sunderland plant, generating enough power to build more than 31,000 cars every year. The power derived from the solar panels and wind turbines accounts for 7% of the plant's total usage. Nissan Mexico's use of renewable energy sources, including wind power energy and biomass, accounts for 50% of the energy used at the Aguascalientes plant since 2013.

Among new methods to increase clean energy use in Japan by 8% to 16%, Nissan improved energy procurement at manufacturing plants that require a large volume of electricity, including the Technical Center, Tochigi Plant, Oppama Plant, Yokohama Plant and Zama Operation Center. Efforts to reduce energy consumption and emissions at facilities coincided with continued inno-

vation in the development of zero-emission vehicles. Nissan was among the first auto makers to address the world's environmental concerns, as well as the expectations of the next generation of customers, with the launch of the LEAF, the world's best-selling electric vehicle (EV).

Zero emission penetration

More than 200,000 Nissan LEAFs have been sold since the vehicle was introduced. The company has also enhanced the consumer appeal of zero-emission vehicles with initiatives such as: The "No Charge to Charge" program in the United States, which provides free access to charging stations for two years with the lease or purchase of a new LEAF, has expanded to 15 cities, including San Francisco, Los Angeles, Seattle and Portland.

In Europe, Nissan partnered with the power management specialists, Eaton, to ensure that the batteries that power electric vehicles work to mitigate the impact of climate change long after the life of the car. This is achieved by creating commercially viable energy storage and control centers that provide a sustainable 'second life' for Nissan's lithium-ion batteries after their automotive usage. Nissan partnered with Enel, Europe's second-largest power company, to develop an innovative Vehicle 2 Grid system that allows drivers as well as energy users to operate as individual "energy hubs" with the ability to use, store and return electricity in excess to the grid.

Electricity stored within the LEAF's high-capacity lithium-ion batteries can be supplied safely and conveniently to a home through the LEAF to Home power supply system. In FY2015, 1,119 charging stations were installed at domestic sites in Nissan throughout Japan to expand EV usage for commuting. In the Middle East, Nissan signed a historic MoU in June 2016 with the Greater Amman Municipality in Jordan as part of a landmark initiative to provide the Kingdom with its first 100 Nissan LEAF and Nissan e-NV200 electric vehicles. The vehicles will be operated by Amman's Al Mumayaz Taxi Company in Jordan and will be the first electric vehicles of their kind to be used in the Middle East.

Nissan is dedicated to improving in four main areas: zero-emission vehicle penetration, fuel-efficient vehicle expansion, corporate carbon footprint minimization and new natural resource use minimization. The Sustainability Report details the achievements of Nissan's eight sustainability strategies, covering environment, safety, philanthropy, quality, value chain, employees, economic contribution, corporate governance and internal controls.

YEN SHEDS POST-BREXIT GAINS JAPAN STIMULUS HOPES BOOST RISK PLAY

LONDON: The yen hit its lowest in nearly three weeks against the dollar yesterday and shed 1.4 percent versus the euro, as a weekend election victory by Japan's ruling coalition paved the way for more stimulus, bolstering risk sentiment.

Gains in global stock markets saw investors cut holdings in the yen, which rose on safe-haven demand after Britain's vote to leave the European Union fuelled worries about global growth. But yesterday's drop saw it erase those gains.

The dollar rose 1 percent to 103.92 yen, its strongest since June 24, when the British referendum result roiled global markets. The euro jumped to 115.37 yen also its highest since June 24. Japanese Prime Minister Shinzo Abe said on Monday that he will instruct Economy Minister Nobuteru Ishihara to start work on compiling a fiscal stimulus package. Ishihara said yesterday the government will submit a supplementary budget in the autumn. Ishihara said he would start discussions on the package's size. The minister said the

government may issue construction bonds, which are earmarked for public works projects. Ruling party sources had told Reuters before the election that the government was ready to spend more than 10 trillion yen. Another focus is whether the Bank of Japan will expand monetary stimulus at its meeting in late July. Traders said former Federal Reserve chief Ben Bernanke's presence in Tokyo had boosted expectations that the BOJ was preparing for more easing. The BOJ adopted negative rates earlier this year in addition to its asset buying program, but is far from achieving its inflation target. "Bernanke, who initiated QE3, is visiting the BOJ, inflating markets with expectations that the BOJ is accompanying the fiscal stimulus with ultra-loose policies," said Hans Redeker, head of currency strategy at Morgan Stanley.

Bigger risk appetite

Commodity currencies including the Australian and New Zealand dollar jumped as

stocks extended gains. The New Zealand dollar hit a 14-month high of \$0.7318 while the Australian dollar rose 1.5 percent against its US counterpart. Sterling rose sharply with interior minister Theresa May set to become Britain's prime minister today, easing political tensions that had ratcheted up after the Brexit vote.

The pound rose 1.5 percent to \$1.3188, pulling further away from a 31-year low of \$1.2798 struck last week, though investors remain uncertain about May's approach to negotiating Britain's exit from the EU. Bank of England Governor Mark Carney said yesterday the Bank, whose monetary policy committee meets tomorrow, was ready to provide more stimulus to cushion the economy. "We see more downside for the pound both tomorrow and the months ahead," said Josh O'Byrne, currency strategist at Citi, adding he expected a quarter-percentage-point interest rate cut this week and some liquidity or credit support next month. — Reuters



INDEPENDENCE DAY: RESURGENCE

SECOND CHAPTER FEATURES FOUR HAMILTON TIMEPIECES

KUWAIT: Hamilton Watches, recognized for their innovative and precise timepieces, as well as their leading role in the worlds of aviation and cinema return to the big screen this summer in 20th Century Fox's new blockbuster, Independence Day: Resurgence, twenty years after the first movie Independence Day.

Independence Day: Resurgence

We always knew they were coming back. After 'Independence Day' redefined the event movie genre, the next epic chapter delivers global spectacle on an unimaginable scale. Using recovered alien technology, the nations of Earth have collaborated on an immense defense program to protect the planet. But nothing can prepare us for the aliens' advanced and unprecedented force. Only the ingenuity of a few brave men and women can bring our world back from the brink of extinction.

The film is directed by Roland Emmerich, who directed the first chapter, as well as other blockbusters such as The Day After Tomorrow. Independence Day: Resurgence stars Liam Hemsworth, Jeff Goldblum, Bill Pullman, Maika Monroe, Travis Trope, William Fichtner, Charlotte Gainsbourg, Judd Hirsch, Jessie Usher, Sela Ward, Brent Spiner, Vivica A Fox, and Angelababy. Independence Day: Resurgence will be released globally in cinemas starting June 22nd.

#TimeMatters

Time matters as the world unites to save the planet against alien invasion and human destruction. Fighting from the skies is pilot Jake Morrison, played by Liam Hemsworth, and wearing a robust Khaki X-Wind automatic chronograph. Built for adventure and proudly supporting its military heritage, this powerful timepiece is perfectly adapted for all defense missions. The pushers on the 44 millimeter stainless steel case are uniquely built to form an X, while the brown calf leather strap adds a stylish vintage touch. Inside, its automatic movement powers chronograph and day-date functions, as well as a drift-angle calculator created specifically for pilots so they can measure crosswinds. Even when using alien technology, keeping track of time is essential, and the Hamilton Khaki X-Wind will scrupulously answer the need for precision.

The action-packed Independence Day: Resurgence also stars some other Hamilton time-

pieces worn by additional cast members, starting with Jeff Goldblum wearing an elegant Jazzmaster automatic with GMT function to keep track of time in the different cities during the alien invasion. A Thinomatic can be seen on the wrist of Bill Pullman, and James A. Woods will be wearing a Khaki Pilot Automatic Chronograph, selected for their timekeeping precision and military-inspired design - because #TimeMatters when the earth is under attack.



Hamilton's presence in Independence Day: Resurgence is the latest in over 450 movie placements for Hamilton. The first collaboration was 65 years ago when the brand's watches first appeared in The Frogmen. Since then, Hamilton has worked closely with costume designers and prop masters to supply watches to filmmakers. Due to its continued involvement with Hollywood, Hamilton recognizes the wide spectrum of opportunities associated to the red carpet. With this in mind, the brand created the Hamilton Behind The Camera Awards, held in both Los Angeles and Shanghai. The awards pay tribute to the brilliant off-screen talents that contribute to the quality of a motion picture and to the lasting impression it makes on its audience.

FROM WOODEN GLASSES TO HONEY, GREEKS INNOVATING TO SURVIVE

ATHENS: If necessity is the mother of invention, eight years of a crippling recession and dwindling work prospects has compelled at least some Greeks to reboot, switch professions and innovate to survive. From the island of Syros, handmade wooden spectacle frames are proving a hit with hipsters in Europe and beyond. Gold-infused organic honey from the rolling hills of Evoia in the east is finding favour with upmarket clients in the United States, London, Hong Kong and the United Arab Emirates.

And in an Athens suburb, a carpenter turned to his lifetime hobby of crafting fishing spearguns after his business faltered. His first client was from Russia. Dimitris Hatzirodos, whose spearguns retail between 450 and 1,500 euros, said the crisis is forcing Greeks to think outside the box. "When things get tough it gets you thinking, you start thinking differently. When things are easy nobody ever makes difficult choices," he says, sitting in the workshop that he and his brother inherited from their father.

More than 400,000 Greeks have emigrated abroad since the country's financial crisis started in 2009. Those who stayed are lucky to find jobs - a quarter of the population is unemployed, and earnings have fallen on average 40 percent. National output has fallen by a quarter since 2008. Periklis Therios, 36, briefly migrated to Canada. But home beckoned. He and his partner Eleni Vakondiou, 37, turned to making hand-crafted spectacle frames around 2012, some of them using

recycled materials. The idea came over a coffee, after earlier endeavours with furniture flopped.

"It was very difficult, and there were many times when we thought about giving up, but we believed in our efforts, we believed that we would make a product that could stand on its own in the market," said Vakondiou. "There were moments when our (food) cabinets at home were empty because whatever income we had went towards research and development," she says. From a small workshop on Syros the couple started with a production of 350 pairs a year. They say they are now on track to making 2,000 this year, retailing for between 250 and 300 euros.

At least we tried

In Evoia, in the heart of the Greek countryside, Yannis Karypidis and Stevi Theodorou administer beehives left by Theodorou's grandfather. Last year they sold 60,000 jars of organic honey. Production has already exceeded 70,000 jars for the first half of 2016. Former advertising executive and accountant Karypidis, 35, said the couple had decided to move to the United Kingdom, but a last trip to Evoia changed their minds. "We said to ourselves 'if it works it works, if it doesn't it doesn't, but at least we tried it and got it out of our minds and we could then move on to something else,'" said Karypidis. Stayia Farm now produces 16 different types of honey mixtures, probably most noted for one infused with gold flakes. "It's a product for refined tastes ... it's not something you can find in a

supermarket," Karypidis says. The product retails at between 35 and 50 euros overseas.

Ioannis Kaplanis, director general of the government-affiliated Hellenic Industrial Property Organization, known as OBI, says Greece has the talent but also needs an institutional framework for encouraging patents and financing start-ups. "There is a critical mass of inventors in the country which must be tapped, transformed into a commodity which will foster growth," he said, adding: "There needs to be financing from businesses or from funds. This link does not exist." Karypidis and other small business people who have made it agree their success has been all self-generated and speak of government involvement as more of a hindrance than a help.

In typical Greek style, Karypidis did not receive any financing and instead tapped the know-how of his and his wife's extended family. Therios and Vakondiou used crowd funding - mostly raised through Greek donations - to get started. "The difficulty in Greece right now is to maintain (a business)," said Karypidis. "The expenses, the taxes that exist make it really difficult to keep a small- or medium-sized business going." Speargun-maker Hatzirodos said he is happy to be "bringing even a euro" into Greece, but resents what many call a heavy-handed and shortsighted approach to taxes to keep the country financially afloat. "This country is the most blessed country there is, but the people who run it just don't deserve it," he said. — Reuters

SRI LANKA RAISES \$1.5 BN DESPITE BREXIT VOLATILITY

COLOMBO: Sri Lanka yesterday announced that it had raised \$1.5 billion through a bond issue which was nearly four times oversubscribed despite volatility triggered by Britain's vote to leave the European Union. The Central Bank of Sri Lanka said orders totaled \$5.5 billion for the \$1.5 billion bond issue on Monday. Sri Lanka offered \$500 million in bonds with a tenure of 5.5 years and \$1 billion for a period of 10 years. The shorter term debt was priced just below 6.125 percent while the longer tenure was at 7.125 percent, the bank said, adding that the rate was well within its anticipated interest rate.

"Despite the high volatility in the global financial markets following the historic United Kingdom referendum in June regarding their membership of the European Union, the bonds saw strong interests from a wide range of high quality investors," the bank said. Sri Lanka has already appointed a high-powered panel to study the effects of Brexit on its \$82 billion economy as 10 per cent of its exports to Britain are under European Union trade concessions. Sri Lanka's new government secured a \$1.5 billion IMF bailout last month to address its balance of payments crisis after a spending spree to increase public sector salaries last year.

President Maithripala Sirisena's administration sought an IMF bailout immediately after taking power in January last year, but the fund turned down the request, saying Sri Lanka's reserves were at a comfortable level then. However, the government faced a balance of payments crisis after it implemented its election pledges of lower fuel and utility prices. Sri Lanka enjoyed impressive economic growth rates averaging more than 8.0 percent for two years after a prolonged civil war ended in 2009. But the pace has since slowed, falling to 4.8 percent in 2015, down from 4.9 in the previous year, according to official data. — AFP