

## Business

# Heads roll at Aussie power giant AGL after green takeover bid

## Company scraps long-planned move to spin off its lucrative coal business

**SYDNEY:** Australia's biggest carbon emitter AGL abruptly announced on Monday the departure of its chairman, CEO and a string of board members, while scrapping a long-planned move to spin off its lucrative coal business. In a statement to investors, the company said Peter Botten would resign as chairman and Graeme Hunt would step down as CEO when a replacement is found.

Operations at AGL-Australia's largest energy company-have been under fierce scrutiny since billionaire green activist Mike Cannon-Brookes tried to buy the firm for about \$6 billion. AGL rejected the bid in March, saying the offer was "well below the fair value of the company".

Cannon-Brookes, a 42-year-old tech mogul, launched his audacious bid to acquire the company in order to shutter its highly-polluting coal-fired power plants and repurpose the network to focus on renewables. He had opposed a "demerger" of AGL's coal and retail business, saying if it was allowed to be spun off his takeover would no longer make sense.

Australia is one of the world's largest producers of coal and gas, and during a decade of conservative rule backed the building of new fossil fuel

projects. But Australians-hit by a series of intense droughts, floods and bushfires-overwhelmingly support more action to tackle climate change and recently voted in a centre-left government to do just that.

Cannon-Brookes described the news as a "huge day for Australia" and said there was a "better, greener path ahead". It was also welcomed by environmental group Greenpeace, who said AGL's outgoing leadership had "failed to understand the shifting political landscape towards climate action."

Monash University Energy Institute Director Ariel Liebman said preserving the company whole could help Australia pivot away from fossil fuels.

"The abandonment of the demerger is a great outcome not only for AGL shareholders, as it will preserve shareholder value, but also for energy consumers and Australia's transition to renewable energy," he said. A split company would have had less clout to raise financing for renewable projects and more incentive to keep coal and gas generators.

"AGL Energy, in its current state, can manage an accelerated retirement of its coal and gas fleet in a much more orderly manner," he added. —AFP



## Ferrari Portofino M: A voyage of rediscovery

**KUWAIT:** There is no shortage of technical innovation in the stunning new evolution of the Ferrari Portofino, the most notable being its redesigned powertrain, a brand-new eight-speed gearbox and the five-position Manettino that includes a Race mode, an absolute first for a Maranello GT spider. As a consequence of these and many other new features, the Portofino M guarantees an unprecedented combination of authentic GT performance, driving pleasure, agility and exceptional versatility in everyday driving contexts.

This latest design and engineering masterpiece from the Prancing Horse is the perfect evolution of the Ferrari Portofino. Sportier in character than its predecessor, it also delivers superior handling whilst not only maintaining but enhancing on-board comfort, courtesy of specific new optional features, such as ADAS, and ventilated and heated seats. The Ferrari Portofino M thus retains the Ferrari Portofino's twin soul and is the only car on the market that can rightfully be described as an authentic coupe with its top closed and a genuine spider when it is open. This is thanks, of course, to the Retractable Hard Top (RHT), the signature feature of all the Prancing Horse's convertibles.

The Portofino M's compact dimensions also make it ideal for all occasions. In fact, its unparalleled versatility and on-board comfort turn every trip into a voyage of (re)discovery.

### Powertrain

The Ferrari Portofino M's 3855cc engine belongs to the V8 turbo family voted "International Engine of the Year" on four consecutive occasions (2016-2019). The power unit can punch out 620 cv at 7,500 rpm, 20 cv more than the Ferrari Portofino. To achieve these performance levels, the Ferrari engineers used new cam profiles to increase valve lift and optimise combustion chamber filling.

A speed sensor was also added to the turbocharger assembly to measure the turbine revolutions. This in turn allowed the maximum revolutions per minute of the turbine to be increased



by 5,000 rpm.

Lastly, to comply with the strictest pollution emissions standards, a Gasoline Particulate Filter has been included in the exhaust system. The GPF allows the car to comply with the strictest European anti-pollution standards (Euro-6D) without compromising driving pleasure. This result comes thanks to a control logic that continuously regenerates the filter, limiting the amount of accumulated particulate matter. This is achieved by using two dedicated sensors per cylinder bank to accurately measure differential pressure deltas up- and down-stream of the GPF.

The 8-speed gearbox is a completely new unit compared to the previous 7-speed version and is based on a dual-clutch oil bath architecture. It differs from the SF90 Stradale's 8-speed transmission in its longer gear ratios and the introduction of a mechanical reverse gear. The new layout and integration of its components have also optimized the gearbox's size and its installation in the car.

Like all the other turbo cars in the range and in line with the "zero turbo lag" concept, the Ferrari Portofino M delivers instantaneous throttle response throughout the rev range. The car boasts Variable Boost Management, a control software developed by Ferrari that adjusts torque delivery to suit the gear selected. The result is increasingly powerful pick-up as revs rise, whilst optimizing fuel consumption. As the car goes up through the gears (from 3rd to 8th), the amount of torque delivered by the engine increases all the way up to 760 Nm in 7th and 8th gear.

On the one hand, this has allowed Ferrari to use longer gear ratios in the higher gears, which helps keep fuel consumption



and emissions down, while on the other, adopting a steeper torque curve through the rev range in the lower gears for a feeling of smooth and powerful pick-up. The introduction of the eighth gear and the improvement in transmission efficiency have resulted in a significant reduction in fuel consumption in urban and motorway contexts in addition to noticeably improving performance even under sportier, more press-on driving.

The new clutch module is 20 percent smaller but delivers 35 percent more torque, with up to a maximum 1,200 Nm of dynamic torque transmitted when gear shifting. The transmission software strategy has also been evolved with a more powerful ECU.

Lastly, particular attention was focused on gear change strategies aimed at improving the power unit's fuel consumption and emissions levels. Due to more efficient clutch torque control, the car is now also easier to drive in urban contexts during Start & Stop cycles. This guarantees that the car is smoother to drive at low speeds in traffic, as well as delivering a more intuitive experience and improved responsiveness. By tradition, every single Ferrari engine has its own particular soundtrack that makes it unique. The Ferrari Portofino M is no exception. In addition to the flat-plane crankshaft, the geometry of the entire exhaust line is new. The two rear silencers have been eliminated (which in addition to boosting sound also significantly reduces backpressure in the tailpipes) and the bypass valves are now oval in shape to enhance the exhaust sound. Both solutions significantly reduce exhaust backpressure and improve sound quality. The last notable modification is "proportional" by-pass valve control, which is continuous and progressive depending on the driving situation.



## LuLu Hypermarket opens 'Lulu British Food Week 2022' promotion

**KUWAIT:** LuLu Hypermarket, by far the foremost retailer in Kuwait and the region, launched its 'Lulu British Food Week 2022' shopping festival with a full slate of promotions and offers on British foods and goods.

The festival was inaugurated on 28 May at LuLu hypermarket Qurain outlet, by the Ambassador of the United Kingdom Belinda Lewis in the presence of top management officials of LuLu Hypermarket in Kuwait and a large gathering of shoppers and well-wishers of the brand.

A highlight of the inauguration ceremony was a reverberating performance by a special music band from the UK that riveted guests and shoppers with its high energy lively beats.

Adding to the gaiety and vibrancy of the week-long festival, and in keeping with the event's theme of 'British Food Week', all outlets of LuLu Hypermarket feature large cut out displays of iconic British monuments that underline the rich tradition and heritage of the United Kingdom. The 'Best of British 2022', which runs from 28 May to 3 June at all LuLu Hypermarket branches in Kuwait, provides promotions and special offers on a slew of branded British products throughout the festival period.

Among the British products on special offer are items from leading brands such as: Baker Street, Billington S, Biona, Birds Eye, Bisto, Blue Dragon, Branston, Coldpress, Comfort, Costa S, Delamere, Doves Farm, Groovy Food, Heinz, Heinz Imp, Ice King, Infinity Foods, Johnwest, Kingdom, Minvita, Nescafe Imp, Onken, Rachel S, Rowse, Saxa, Soysolei, Specialite Locale, St Pierre, The Berry, Tropicana, Vimto, Walkers, and Warrior Crunch among others.

The 'British Food Week 2022' is yet another initiative by LuLu Hypermarket to bring the best of products from around the world to customers in Kuwait, and to provide them with exceptional value with extremely competitive prices.

### NBK Money Markets Reports

## Markets calmed on signs of abating inflation

**KUWAIT:** Global economies have experienced a sustained rise in inflation since the late 2020s following the outbreak of COVID-19. As the outbreak began to subside, price levels were further intensified by the Russian military operation in Ukraine in February. Russia is the world's second-largest producer of crude oil and a key exporter of gas and aluminum, while Ukraine is a key exporter of wheat, resulting in both energy and food price increases in Europe. Additionally, China is now two months into harsh COVID lockdowns that have choked global supply chains. Today, price uncertainty, supply constraints, and an unclear end to the Russia-Ukraine conflict will continue to threaten the post-pandemic recovery. On a positive note, last week's Federal Reserve minutes and the release of PCE helped dampen fears regarding high interest rates, with global stocks marking their first weekly gain after seven straight weeks of declines.

The greenback lost 1.32 percent of its value last week, leaving the euro and pound above the 1.07 and 1.26 marks respectively. Meanwhile safe havens such as the Japanese yen and Swiss franc saw stronger support against the USD, ending the week 0.63 percent and 1.78 percent higher respectively. On Wall Street, the S&P 500 recovered all losses incurred in the previous two weeks after ending the week 6 percent higher. Moving to bonds, yields on 2-year and 10-year Treasuries marked their third week of declines.

### Fed minutes lack surprise

Minutes from the US Federal Reserve's May 3-4 meeting echoed Fed Chairman Jerome Powell's urgency to tackle inflation as voiced in his post-meeting press conference. The May meeting resulted in the central bank raising interest rates by a half point to a range

of 0.75 percent-1.0 percent, while unveiling plans to begin reducing the size of its \$9 trillion balance sheet consisting mostly of Treasuries and mortgage backed securities.

While hinting at similar hikes in the future, they further noted that policy may have to move past a "neutral" stance in which it is neither supportive nor restrictive of growth. Inflation was mentioned 60 times in the minutes as members expressed concern, noting that the war in Ukraine and Covid associated lockdowns in China would exacerbate inflation. Nevertheless, officials remained committed to raising rates and reducing the balance sheet. The minutes stated that doing so would leave the Fed "well positioned later this year" to reevaluate the effect policy was having on inflation. The Fed's minutes confirmed two more 50 bps hikes in June and July, with policymakers suggesting a potential pause later in the year. Markets cheered that the minutes did not take a more hawkish tone as inflation continues to run at a 40-year high.

### PCE increase

In an encouraging sign of abating inflation, the Federal Reserve's preferred measure of inflation rose just 0.2 percent in April, marking the smallest increase in a year and a half. Looking over the past year, PCE slowed to 6.3 percent in April from a 40-year high of 6.6 percent in March, demonstrating the first decline since November 2020. A narrower measure of inflation that omits volatile items such as food and energy rose a somewhat higher 0.3 percent in April. Nevertheless, even the increases in the core rate were the smallest since last summer. On a yearly basis, the core rate slowed to 4.9 percent from 5.2 percent - its second straight decline. The last time the core rate was seen declining back-to-back was in 2020, early pandemic.

Looking at GDP, US economic growth will exceed 3 percent in 2022 while strong inflation has peaked and will cool to around 2 percent by 2024, according to Congressional Budget Office estimates. The growth will be driven by consumer spending and demand for services. However, the upbeat report depends

on the notion that the Federal Reserve will be able to raise interest rates throughout 2022 and 2023 without tipping the US economy into a recession. "In CBO's projections, the current economic expansion continues, and economic output grows rapidly over the next year," the CBO said in its report. "To fulfill the elevated demand for goods and services, businesses increase both investment and hiring, although supply disruptions hinder that growth in 2022."

### German economy

Business activity in Europe's largest economy continued to grow, led by a strong post-lockdown recovery particularly across the country's service sector. Nonetheless, there are signs of waning demand due to market uncertainty, rising prices and supply issues evident by manufacturers reporting the steepest drop in new orders for almost two years. The headline PMI Composite Index came in at 54.6 in May, recording a slight improvement from April's 54.3 amid a sustained strong rebound in the service sector's business activity. Breaking it down, the flash PMI index for services was 56.3 in May, down from April's 57.6 level though still well above the 50-expansion mark. Meanwhile the flash PMI for manufacturing improved slightly this month to 54.7 from April's final reading of 54.6.

### Bailey defends BoE's approach

Last week, Governor Andrew Bailey sought to defend the Bank of England's cautious approach regarding monetary policy, noting policymakers are considering the wider picture of the inflation shock facing the economy. While the central bank concluded its fourth rate rise in a row, many are still questioning whether it should be acting more aggressively with larger hikes. Notably, the bank's Monetary Policy Committee approved the hike however faced three dissenters after UK inflation hit 9 percent in April, a figure expected to remain exacerbated by the war in Ukraine.

Bailey admitted he the BoE could not claim to have any "tremendous foresight" in the current situation, however added that regarding

### Asia-Pacific

New Zealand's central bank raised interest rates by half a percentage point for a second straight meeting while forecasting further aggressive hikes to come. The Official Cash Rate was lifted to 2 percent from 1.5 percent as widely expected. Moving ahead, the RBNZ projected the OCR to rise to at least 3.25 percent this year and peak to 4 percent next year. "It remains appropriate to continue to tighten monetary conditions at pace to maintain price stability and support maximum sustainable employment," the RBNZ said. "The Committee is resolute in its commitment to ensure consumer price inflation returns to within the 1-3 percent target." The move marks the first time the central bank delivered consecutive 50 basis-point increases since the OCR was introduced in 1999. Stable inflation expectations "will be a key indicator that the current monetary policy strategy is working," it added. Today, the RBNZ projects inflation will slow to 3 percent in the second half of 2023 from a peak of 7 percent in the current quarter, and prices are not seen returning to the 2 percent midpoint of the target band until 2025.

### Commodities

After gaining nearly 50 percent YTD, oil prices remain supported by the prospect of a tight market due to rising consumption in the US over the summer and the possibility of an EU ban on Russian oil. US gasoline stocks fell by 482,000 barrels last week to 219.7 million barrels just before the start of summer season in the US, which normally entails increased consumption.