WALTON

Goyna Begum, a resident of Moulvibazar, receives a cheque worth Tk 10 lakh from an official of Walton and a guest for purchasing a Walton-branded refrigerator under the company's 'Digital Campaign Season 7', at an event in the district recently.

ECB's Lagarde shifts burden to governments to aid recovery

REUTERS, *Frankfurt*

Euro zone governments must keep spending heavily to aid the bloc's recovery from its historic pandemic-induced recession, complementing already super-easy monetary policy, European Central Bank President Christine Lagarde said on Sunday.

With debt levels blowing past 100 per cent of GDP this year, concerns are rising that politicians will struggle to push through more support and some subsidies, raising the risk that employment and income schemes could abruptly end.

"Confidence in the private sector rests to a very large extent on confidence in fiscal policies," Lagarde said in a speech. "Continued expansionary fiscal policies are vital to avoid excessive job shedding and support household incomes until the economic recovery is more robust."

European Central Bank President Christine Lagarde

Employment subsidy schemes have already been extended in several countries but some are advocating longer, one- or two-year extensions to bolster confidence while the bloc recovers from recession that could slash 8 per cent from output this year.

"Keeping job support schemes in place is critical to avoid a sharp increase in unemployment later in the year," she added in a speech to the Annual Meeting of the Council of Governors of the Arab Central Banks and Monetary Authorities.

Lagarde also urged a final deal on the European Union's 750 billion euro recovery fund, which is still under negotiation and subject to political bickering.

For its part, the ECB is ready to adjust all of its instruments as needed since there is no place for complacency, Lagarde said, largely repeating the bank's standing message.

The ECB has eased policy several times this year and now estimates that its measures will add 1.3 percentage points to growth and 0.8 percentage point to inflation through 2022.

Lagarde also repeated her comments from Thursday that the ECB would "carefully" assess incoming data, including the euro's strengthening, which risked dampening both growth and inflation.

Gilead nears deal to buy Immunomedics for more than $20b

REUTERS

Gilead Sciences Inc is nearing a deal to buy biopharmaceutical company Immunomedics Inc for more than $20 billion in a deal that would further expand Gilead's portfolio of cancer treatments, the Wall Street Journal reported on Saturday.

A deal for Immunomedics, whose cancer therapy Trodelvy is FDA-approved as a third-line treatment for an aggressive type of breast cancer called Metastatic Triple-Negative Breast Cancer, could be announced Monday if not sooner, the Journal said here, citing people familiar with the matter.

Discussions between Gilead and Immunomedics were initially centered around a partnership before shifting to a full-fledged takeover negotiation, the Journal added. Gilead and Immunomedics did not respond immediately to emailed requests from Reuters for comment.

Shares of Immunomedics, which last month reported positive data from a late-stage confirmatory study for Trodelvy, have nearly doubled this year, giving the company a valuation of close to $10 billion.

India's secondary listing plan for firms joining foreign markets irks investors

REUTERS, *New Delhi/Mumbai*

Indian companies that list overseas will have to later launch on a domestic bourse under policy changes being considered by government officials, sources told Reuters, a move that global investors fear will harm valuations.

India said in March it would allow local firms to directly list abroad to better access foreign capital for growth, but the rules have yet to be decided. Currently only certain types of securities such as depository receipts are able to be listed in foreign markets, and only after the companies go public in India.

The new policy, aimed at helping local firms achieve better valuations, could be a shot in the arm for Indian unicorn start-ups valued at over $1 billion and Reliance's digital unit which is eyeing a US listing after raising over $20 billion from global names like KKR & Co.

But in recent weeks Indian officials told global investors and companies in meetings they were considering mandating a secondary listing for local companies on Indian bourses after they list abroad, five sources said.

The time period under consideration for such a requirement ranges from 6 months to 3 years, sources said. A separate senior regulatory source in India said "dual listing was being considered by the (finance) ministry for sure," but a final position on the matter has not been reached.

Japan's SoftBank and an Indian payment firm it backs, Paytm, as well as Reliance and US-based Sequoia Capital have conveyed to the government the secondary listing provision risks splitting trading volumes, hurting long-term valuations and raising compliance needs and costs, the sources added.

"To require companies to subsequently list in India will make these rules meaningless," said a senior executive working at a global venture-capital firm.

SoftBank and Sequoia have invested in various Indian firms like ride-hailing company Ola and hospitality firm Oyo. Foreign listings could provide exits for such investors at higher valuations but also allow Indian firms, especially from the tech sector, to access specialised investors abroad who can better value their companies.

REUTERS/FILE

A broker monitors share prices while trading at a brokerage firm in Mumbai.

The rules are being drafted by the finance and corporate affairs ministries, in discussion with the capital markets regulator Securities and Exchange Board of India (SEBI), and will be finalised in coming weeks.

Spokespeople for SEBI and the two ministries did not respond to a request for comment. A SoftBank spokeswoman said "we never comment on confidential policy discussions". Sequoia, Paytm and Reliance did not respond to requests for a comment.

Currently, Indian companies can list locally and then access foreign equity capital through instruments like American Depository Receipts (ADRs), a route used by India's Infosys and ICICI Bank.

India is concerned that the upcoming policy change will mean that companies hunting for higher valuations through access to a wider group of investors, would choose to only list abroad, the sources said. That risks hitting the growth ambitions of Indian capital markets and depriving local investors of the wealth-creation opportunity.

"The government needs to balance Indian aspirations so that (domestic) investors can invest in these companies," said Siddarth Pai, Founding Partner at Indian investment firm 3one4 Capital. "This is a trailblazing endeavour, if India plays its cards right."

India's equity market has a capitalisation of $2 trillion, compared with $39.3 trillion for the United States. Between January and June this year, companies raised $23.6 billion via 63 initial public offerings (IPOs) on the New York Stock Exchange and Nasdaq, compared with $2.3 billion raised on Mumbai's stock exchanges through 18 listings, data from Refinitiv showed.

Lobbying group USIBC, part of the US Chamber of Commerce, has this week been seeking feedback on the plan from members in an e-mail saying "the hope is" there will be no dual listing requirement.

A 2018 SEBI report listed 10 possible foreign markets for overseas listings, including the United States and the United Kingdom.

Apple revises App Store guidelines, loosening some in-app payment rules

REUTERS

Apple Inc on Friday published a revision of some of its App Store review guidelines here, loosening some restrictions on streaming game services, online classes and when developers must use its in-app purchase system, which charges a 30 per centcommission.

The company made the changes after criticism from developers over its App Store practices and after rivals such as Microsoft Corp and Alphabet Inc's Google declined to launch their streaming game platforms on the iPhone because of Apple's rules.

Apple has long barred catalogs of apps within apps but said Friday that it would allow streaming game companies to create such catalog apps. However, each game within the catalog must still be made into its own standalone app and use Apple's in-app payment system.

Google and Microsoft did not immediately return requests for comment.

Other rule changes include allowing one-on-one virtual classes to be paid for outside of Apple's payment system, though classes taught to a group still must use Apple's system and pay its fees. The change comes after the New York Times reported here that ClassPass, which had helped users book in-person appointments at gyms, became subject to Apple's fees.

The new rules also let business applications such as professional databases skip Apple's payment system when selling to organizations, but still require Apple's payment system for sales to individuals or families. Apple also said that free standalone apps connected to a paid service outside the app - such as email or cloud storage services - do not need to use its payment system "provided there is no purchasing inside the app, or calls to action for purchase outside of the app."

The change comes after makers of paid email service Hey publicly criticized Apple for refusing to allow its free companion app in the App Store.

With airline fleets grounded, plane recyclers bet on parts boom

REUTERS, *Montreal*

As COVID-19 grounds swaths of airline fleets, companies that profit off the dismantling and trade of aircraft parts are seeing early signs of an expected rebound in activity as carriers accelerate plane retirements.

While companies that store, dismantle, and buy and sell used aircraft parts see opportunity in parked planes, a sudden increase in the supply of used parts risks depressing prices in the estimated $3 billion a year industry, despite demand from airlines seeking to lower maintenance costs, executives and analysts say.

Even as aviation remains in a slump because of the pandemic, the head of US commercial aerospace company GA Telesis was made aware of five airlines calling for offers to dismantle planes. Across the border, Canada's Aerocycle is bidding to buy grounded planes for the first time to dismantle and resell for parts, instead of just recycling aircraft on consignment from carriers, its CEO said.

The fate of the world's pool of grounded planes is being closely watched by players in the market for used-serviceable material, with one report from consultants Oliver Wyman forecasting "a tsunami of demand" for such parts, as airlines seek to lower costs.

Used materials could compete with new parts and defer immediate airline demand for "aftermarket" spend, referring to the maintenance, repair and overhaul sector, now estimated by Naveo Consultancy at $50 billion.

As a result, one industry executive said he has avoided buying parts, fearing a slump if too many planes are dismantled.

"I think we're going to see a rapid decrease in pricing," said the executive, speaking on condition of anonymity.

The number of planes dismantled for parts or scrap could double to 1,000 annually through 2023, up from roughly 400 to 500 planes a year since 2016, according to data firm Cirium. Naveo estimates 60% of global passenger and cargo fleets are currently flying.

In 2020, Naveo expects 2,000 aircraft will be retired, or parked and not returned to service, up from 680 in 2019. But those planes would not all be immediately dismantled, as some carriers wait in case market conditions improve, Managing Director Richard Brown says.

Indeed, UK-based Air Salvage International, which normally dismantles between 40 and 50 aircraft a year, has parked more planes without a buyer for their parts since the COVID-19 outbreak. Founder Mark Gregory expects most will eventually be dismantled.

Before the pandemic, planes arrived at Air Salvage with a buyer, reflecting healthy demand for coveted parts like engines.

Airlines seek viable used parts from retired aircraft for their younger planes that are due for heavy maintenance. That allowed airlines to avoid costly repairs and keep their aircraft flying.

GA Telesis, which counts Tokyo Century Corp 8439.T as its largest shareholder, has seen airlines use spare parts from their grounded aircraft to put off maintenance at the company's repair business, chief executive Abdol Moabery said.

The pandemic, which is expected result in a 55% drop in 2020 passenger numbers, has prompted early retirements of older planes, including the grounding of B747 jets by British Airways, some of which are headed to Air Salvage.

Fewer twin-aisle planes flying internationally means less demand for their parts, with the exception of certain aircraft used to transport cargo.

Gregory said Air Salvage was approached by an aircraft leasing company about dismantling several A380s, but with only about 5% of the jumbo jets still active according to Naveo, demand is slim for their parts.

REUTERS/FILE

The cap for an engine casing sits on the tarmac behind an Airbus A-310 airplane at airplane recycling company Aerocycle in Quebec, Canada.