

# Americans blame uprisings, speculation for gas hikes

AFP, Washington

Faced with skyrocketing oil prices as they struggle to emerge from a deep recession, Americans are blaming speculators and the unrest roiling the Arab world.

As of Sunday, the national average price of regular unleaded gasoline stood at \$3.86 per gallon (3.78 liters), while a handful of states such as California (\$4.21 average) and New York (\$4.07) broke the \$4 barrier, according to the AAA motor club. Overall, prices are up \$1 from a year ago.

The last record dates back to July 2008, when the price of gas reached a national average of \$4.11 per gallon.

In parts of the US capital, the pricetag already runs as high as \$4.99 per gallon.

That's still a far cry from Europe's long history of high gas prices and taxes.

Europeans pay nearly twice more than Americans, about 5.78 euros (\$8.41) per gallon.

Yet in a sprawling country where cars are ubiquitous and people rely heavily on them, Americans are looking for a scapegoat.

A McClatchy poll released Wednesday found 36 percent blamed the upheaval sparked by pro-democracy movements in the Middle East and North Africa for the price hikes, while 33 percent laid blame on greedy oil companies.

Another 11 percent said it was President Barack Obama's fault while six percent found Congress to be responsible.

"There's plenty of blame to go around for high fuel prices in the



A woman fills the gas tank of her car at a station. High gas prices could certainly turn into political liability for Obama, who is renewing his push for renewable energy and fuel-efficient vehicles.

minds of Americans," concluded Lee Miringoff, head of Marist College's Institute for Public Opinion, which conducted the poll.

But voters may also turn against Obama with his reelection bid gearing up.

Prices are going through the roof at a time when a CBS News/New York Times poll found 70 percent of Americans believe the country is on the "wrong track" -- a 20 percent increase since Obama took office in January 2009 -- while more than half disapproved of

his handling of the economy.

Aware of the danger to his hopes to secure another four-year term in car-loving America, Obama discussed the concerns unprompted with voters as he toured the country this week in California, Nevada and Virginia.

"My poll numbers go up and down depending on the latest crisis, and right now gas prices are weighing heavily on people," he told Democratic donors in Los Angeles.

In Palo Alto, he acknowledged that "these gas prices are killing you right now."

And a National Journal poll of political insiders found that most senior analysts, including 75 percent of Democrats, agreed that Obama's Democratic Party will be "hurt more by rising gas prices."

High gas prices could certainly turn into political liability for Obama, who is renewing his push for renewable energy and fuel-efficient vehicles.

"Instead of subsidizing yesterday's energy sources, we need to invest in tomorrow's," Obama said in his weekly address on Saturday. "We need to invest in clean, renewable energy. In the

long term, that's the answer."

Earlier this week, he pointed the finger at what he called oil "speculators," before announcing the creation of a Department of Justice working group that will probe oil price fraud and speculation.

Some 44 percent of Democrats also blamed speculators for the high prices in the McClatchy poll, while Republicans laid blame on Arab uprisings.

The Energy Information Administration predicts US consumption of oil -- 75 percent of which it uses for vehicles and aircraft -- will slow to a 1.1 percent annual increase this year, down from two percent in 2010.

The McClatchy survey also noted an increase in carpooling and the use of public transportation. Keen on using down to the last drop of oil they can spare, more and more American drivers are running out of gas behind the wheel.

AAA's Auto Club of Southern California, home to some of the country's highest gas prices, noted a 13-percent increase in servicing drivers who ran out of gas in just the first three months of 2011.

Across the nation, the auto club is now providing service to some 16,000 drivers each month who let their tanks run completely dry, said spokeswoman Marie Montgomery.

"It's so painful to go to the gas station they just put it off and they can make it," she said.

"People say 'it's so expensive, I thought I could make it' and they don't."

## India's Reliance admits gas output boost problems

AFP, Mumbai

India's Reliance Industries said Monday that boosting gas output was proving "more complex than envisaged" as it comes under pressure to raise offshore production.

The country's largest private sector firm said it was pressing ahead with attempts to extract gas from the D6 deepwater block, its largest oil field, located off the Bay of Bengal in eastern India.

Increased output is seen as vital for both the company and to fuel India's red-hot economic growth.

But it warned: "Based on over two years of production data, the reservoirs appear to be more complex than earlier envisaged."

"Continuous and significant efforts are underway for understanding these reservoirs," Reliance said in a presentation to analysts, who have expressed concern about the company's falling gas output.

"Efforts are underway to identify (oil) well locations for incremental production and sustenance," the company added in the document posted on its website.

The explanation comes amid growing concerns about Reliance's ability to boost gas production from the field, which has seen the company's stock price underperform.

Reliance, which is seen as a bellwether for Indian stocks, has seen output from the block fall in the past year, prompting talks with India's upstream regulator about how to lift production.

Gas output from the block touched a peak of 60 million metric standard cubic metres a day last year but has since fallen to 50 million, according to Indian energy regulatory officials.

Earlier this year, Reliance chairman Mukesh Ambani signed a multi-billion-dollar tie-up with British energy giant BP aimed at helping the Indian firm develop hard-to-exploit reserves.

BP has agreed to pay \$7.2 billion for a 30-percent stake in Reliance's 23 largely unexplored deepwater oil and gas fields, including D6.

## Apple's iPad miss prompts cuts in forecast

REUTERS, San Francisco

Apple Inc surprised no one with yet another quarter packed with spectacular numbers. But a miss in sales targets on the iPad may prompt some to temper their lofty views.

Apart from the iPad hiccup, investors appeared uniformly delighted with the near-doubling of the company's profit, sending its stock up 2 percent.

The stunning showing -- again -- alleviated Wall Street's main concern: pressure on margins from Japan's disaster. And it seemed a sterling report card for Tim Cook, the heir apparent to Steve Jobs, now on his third medical leave and widely expected not to return.

But Apple will face some tough year-over-year comparisons in coming quarters. Its double-digit growth rate on sales, which skyrocketed 83 percent to nearly \$25 billion last quarter, may be hard to sustain.

"They are going to have comparison issues on the growth side," said Michael Walker, portfolio manager at WP Stewart. "They can't grow 83 percent forever. There's no way."

Apple sold fewer-than-expected iPads, at a little under 5 million versus estimates of up to 6 million, as the transition to a new model and Japanese supply chain tangles triggered shortages of critical components.

IHS iSuppli now estimates Apple will ship 39.7 million units for all models of the iPad this year, slashing 9.2 percent off its February figure of 43.7 million.

"While Apple is now on track to significantly increase its production volume in the second quarter, the company reportedly is still falling substantially short of its target production goal for April," said Rhoda Alexander, director of monitor research at IHS.

Still, at 39.7 million, IHS' forecast is on the higher side of Street estimates. BofA Merrill Lynch took down its forecast for iPad sales a tad to 26.4 million from 26.8 million. JPMorgan now estimates Apple selling 27.3



Music from the legendary band The Beatles is seen on Apple's iTunes music store website seen on an iMac computer in New York.

million, down from 28.9 million.

Investors remain wary of the dangers a prolonged logistics disruption in Japan -- which supplies more than one-tenth of the world's electronics -- pose to the global tech supply chain. Apple is said to rely on Asia's second-largest economy for crucial touch-screen and internal components.

Shares of Apple ended last week up 2.4 percent at \$350.70. But that only brings the world's most valuable technology company back to where it was before the March 11 earthquake.

Cuts aside, the company is on a tear and demand has never been an issue. Sales of the iPhone more than doubled, and made up almost half of revenue in the March quarter. On the iPad 2, Apple said it sold every one it could make.

On Thursday, more than 10 brokerages raised their price target on the stock, with Ticonderoga Securities expecting the shares to touch \$612 in the next year.

"Is (Apple) a grown-up company? Yes. Is it a well managed company? Absolutely," Alex Gauna, analyst with JMP Securities, said. "Does it have talent internally beyond Steve Jobs? It sure does."

Under Cook, Apple embarked on a global roll-out of one of its most

high-profile products, the iPad2, that was largely successful despite a slow global economy and a major earthquake in Japan, which houses hundreds of its parts suppliers.

Apple saw a limited impact in the quarter on supply or component pricing from the disaster and said it did not see any unsolvable problems.

"The fact that they keep performing quarter in, quarter out, is a testament to the bench strength of management talent," said Barry Jaruzelski, a partner with Booz and Co who leads its global technology practice.

The big growth story, though, is causing him to wonder if the law of large numbers may soon catch up.

"To grow 10 percent of a \$100 billion company, which is now their run rate ... you need to find \$10 billion of new revenue," Jaruzelski said. "That means you need to find one and half Fortune 500 companies each year just to grow 10 percent."

But investors are not too worried for now, given its enviable place with well-designed products and market dominance.

"People who worry about the size of Apple don't understand the sheer size of the markets they are selling in," Walker said. "One way we look at it is that there is about \$950 billion spent on IT every year."

## Asia to buoy Australia in clean energy shift: PM

AFP, Sydney

Insatiable Asian demand for energy will ensure Australia's mining industry thrives despite a carbon tax, Prime Minister Julia Gillard said Monday, defending her plan to tax greenhouse emissions.

Gillard has pledged to charge polluters from July 2012 under a fixed-price scheme that would move to a full cap-and-trade model linked to international carbon markets within five years.

But she is facing stiff opposition from her political rivals and the business community, with the powerful coal industry warning the plan will drive investment offshore and damage Australia's mining-powered economy.

But Gillard, who is currently on a whirlwind tour of major trading partners China, Japan and South Korea, said intense Asian demand for energy resources would ensure the vital resources sector continued to boom.

"Our region is hungry for energy," Gillard told The Australian newspaper on the sidelines of her Asian visit.

"We are a reliable supplier to each of the countries that I'm visiting on this trip."

"The prospects in each country is for growth -- for wanting more of our resources, particularly more of our LNG. I'm absolutely confident that we will have a bright future for our energy exports with a price on carbon."

## Samsung, Sony joint venture to cut capital

REUTERS, Seoul

S-LCD, a flat screen joint venture between Sony Corp and Samsung Electronics, said it would reduce capital by \$555 million, as Sony struggles with perennial losses from its TV business and Samsung seeks to shift to a new type of display.

The global liquid crystal display (LCD) market is struggling with faltering demand, with some analysts forecasting the \$100 billion LCD TV industry had already peaked last year and would shrink by 3-4 percent annually, as consumers in advanced countries have already traded their bulky tube TV sets to flat screens.

LCD is widely expected to give way to new displays such as energy-efficient active matrix organic light-emitting diode (AMOLED), which is increasingly used in high-end smartphones and tablets and touted as a future large-sized TV display.

In a statement on Monday, S-LCD, which supplies panels to Samsung and Sony, said the move was aimed at improving its capital structure.

The 50-50 LCD joint venture announced its first capital reduction of 600 billion won (\$555 million) after more than

tripling its capital to 3.9 trillion won since Sony and Samsung formed the venture in 2004 with 1.26 trillion won to ensure smooth supply of flat screens for Sony.

"The decision reflects shrinking demand from Sony after the devastating earthquake in Japan last month and the sector's overall shift in focus to OLED display," said Kim Sung-in, an analyst at Kiwoom Securities.

"Sony has bought around 1.1-1.2 million units of LCD panels every month from the venture but it can't buy that much any more due to weak sales in Japan. With the overall demand for LCD displays set to shrink further, Samsung and Sony are likely to gradually wind up the business and focus instead on OLED," Kim said.

Sony will not raise its stake in a separate LCD venture with Sharp Corp for at least a year, a Sony source said last week, a move that reflects the industry's growing caution over growing exposure to the LCD industry, which has been in a glut since last summer.

Sony needs to slash costs as it heads for a seventh straight year of losses in its TV business. Highlighting soft demand from TV makers, Philips Electronics said this month it would transfer its TV business into a joint venture with TPV Technology.



A motorcyclist stops to buy vegetables from a street vendor in Hanoi yesterday. Consumer prices climbed to 17.51 percent in April from a year earlier, the Vietnam's fastest pace of inflation since 2008, according to official statistics.