

Apple's profit largest in corporate history

REUTERS

APPLE Inc quarterly results smashed Wall Street expectations with record sales of big-screen iPhones in the holiday shopping season and a 70 percent rise in China sales, powering the company to the largest profit in corporate history.

The company sold 74.5 million iPhones in its fiscal first quarter ended Dec 27, while many analysts had expected fewer than 70 million. Revenue rose to \$74.6 billion from \$57.6 billion a year earlier.

Profit of \$18 billion was the biggest ever reported by a public company, worldwide, according to S&P analyst Howard Silverblatt. Apple's cash pile is now \$178 billion, enough to buy IBM or the equivalent to \$556 for every American.

Apple Chief Executive Officer Tim Cook said the Cupertino, California-based company would release its next product, the Apple Watch, in April.

Shares rose about 5 percent to \$114.90 in after-hours trade.

Daniel Morgan, senior portfolio manager at Apple-shareholder Synovus Trust Company in Atlanta, Georgia, said that the report was a good sign in a quarter where big tech companies such as IBM and Microsoft Corp have disappointed.

Apple Chief Financial Officer Luca Maestri told Reuters in an interview that the company did not sell more iPhones in China than the United States, despite some earlier predictions by research analysts.

But the big-screen iPhone 6 and 6 plus drove revenues in China were up 70 percent in the quarter from a year earlier. The company's success



REUTERS

Workers prepare for the opening of an Apple store in Hangzhou, Zhejiang province, in China on January 23.

in the competitive Chinese market can be attributed to its partnership with China Mobile Ltd, the largest global mobile carrier, and the appeal of the larger screen size of the iPhone 6 and 6 Plus.

Maestri said he does not expect Apple to struggle because of China's slipping economic growth. "We haven't seen a slowdown," he added.

Maestri also said the company doubled iPhone sales in Singapore and Brazil.

Apple will reach 40 company stores in greater China by mid-2016, Maestri told analysts on a conference call.

Carolina Milanese, an analyst

with Kantar Worldpanel ComTech, also lauded a 14 percent rise in unit sales of Apple Macintosh computers and sales of older iPhone models.

Apple was well positioned for the current quarter in China, she added, which will include the Chinese New Year holiday and reflect Apple's attempts to sell through new channels.

Apple reported net profit of \$18.02 billion, or \$3.06 per diluted share, compared with \$13.07 billion, or \$2.07 per share, a year earlier. That topped expectations of \$2.60 per share, according to Thomson Reuters I/B/E/S.

Analysts had expected revenue of

\$67.69 billion.

Maestri said that Apple faced "a clear headwind" from the strong dollar but that it had included the challenge in its forecasts. Apple predicted revenue of \$52 billion to \$55 billion in its fiscal second quarter, compared with Wall Street's average target of \$53.79 billion.

Cook said that the company's new mobile payment service, Apple Pay, which lets customer buy products from select merchants with their phones, was in its "first inning" and the company would consider adding new features as it looked at expanding outside the United States.

China's yuan now world's 5th payments currency: SWIFT

AFP, Beijing

CHINA'S yuan has become the world's fifth most widely used payments currency, with the value of cross-border deals settled in it more than doubling in 2014, data from transactions organisation SWIFT showed Wednesday.

The data comes as China looks to make the yuan used more internationally in line with its standing as the world's second-largest economy, while at the same time keeping its value tightly controlled.

The yuan, also known as the renminbi (RMB), overtook the Canadian dollar and the Australian dollar to enter the top five of world payment currencies in November, according to a SWIFT statement.

It has climbed eight spots in fewer than two years, having been in 13th place in January 2013.

The yuan's share of global payments by value reached a new high of 2.17 percent in December, SWIFT said, closing in on the Japanese yen's 2.69 percent.

Total yuan payments rose 102 percent

last year, the statement added, dwarfing the overall annual rise of 4.4 percent for all currencies. Some analysts predict the yuan will one day rival the US dollar in international markets.

"It is a great testimony to the internationalisation of the RMB and confirms its transition from an 'emerging' to a 'business as usual' payment currency," Wim Raymaekers, head of banking markets at SWIFT, said in the statement.

The US dollar remains the top payments currency with a share of 44.64 percent last month, followed by the euro (28.3 percent) and the British pound (7.92 percent), SWIFT data showed.

China has set up yuan clearing arrangements with 10 countries and regions and signed currency swap agreements with 28 central banks.

The commerce ministry said last week it will only issue figures for inward and outward investment in yuan, dropping the dollar statistic, a move that the agency acknowledged was partly an effort to push the local currency's greater international role.



AFP

A woman takes a selfie on the Victoria harbour waterfront in Hong Kong yesterday. According to local reports citing the US think tank Heritage Foundation, Hong Kong has been ranked the world's freest economy for the 21st year in a row but is weighed down by perceived corruption and eroding public trust.

Singapore eases monetary policy in surprise move



AFP

The photo illustration shows Singapore banknotes. Singapore has become the latest country to ease monetary policy as plunging oil prices hit inflation and the central bank looks to boost the tepid economy.

AFP, Singapore

SINGAPORE on Wednesday became the latest country to ease monetary policy in a surprise move as plunging oil prices hit inflation and the central bank looks to boost the tepid economy.

The Monetary Authority of Singapore (MAS), the city-state's central bank, said it would slow the appreciation of the local dollar against a basket of other currencies by reducing the slope of its policy band. The MAS also lowered its inflation outlook "largely due to the decline in global oil prices".

The news sent the local dollar plunging. The greenback bought Sg\$1.3569 at one stage, its highest since August 2010 and well up from Sg\$1.3441 on Tuesday.

Singapore uses the exchange rate as a key monetary policy tool, guiding the local dollar against a basket of currencies of its main trading partners within an undisclosed band.

"This measured adjustment to the policy stance is consistent with the more benign inflation outlook in 2015 and appropriate for ensuring medium-term price stability in the economy," the MAS said in an unscheduled policy statement.

It normally issues policy statements twice a year in April and October.

"The reason the MAS decided to reduce the slope of the band is the sharp recent drop in inflation," research house Capital Economics said in a commentary.

Consumer prices shrank 0.2 percent year on year in December and 0.3 percent

in November, while official figures showed the economy expanded at a slower-than-expected 2.8 percent last year.

The MAS predicted prices could fall as much as 0.5 percent this year or grow 0.5 percent, compared with previous an October forecast of 0.5-1.5 percent growth.

Inflation rates around the world have been falling as the price of oil has sunk more than 50 percent since June to sit at almost six-year lows.

Wednesday's decision by the central bank follows similar moves in South Korea, China and India where governments are fighting to ward off deflation and kickstart their economies. Canada, Turkey and Denmark have also lowered their rates recently.

And last week the European Central Bank, which already has rates at record lows, unveiled an unprecedented bond-buying scheme in response to data showing prices fell in December for the first time in five years.

Howie Lee, an investment analyst with Phillip Futures in Singapore, said a weaker local dollar will be good for the trade-reliant island's exports, making them more competitive in the international market.

"Singapore's exports have been carrying the weight of a strong Singapore dollar and high pass-through labour costs," he said in a market commentary.

"With the reduction in band slope, one load is at least taken off Singapore's shoulder. Singapore stocks could be boosted as goods and services become more competitive regionally."

German consumer confidence hits 13-year high

AFP, Frankfurt

Consumer confidence in Germany is at its highest since late 2001, as rising optimism over the economy and income expectations persuade German shoppers to open their wallets, a poll found on Wednesday.

"Consumers are noticeably more confident as they enter the new year and the consumer climate is continuing to improve," market research company GfK said in a statement.

"Economic and income expectations, as well as the propensity to spend have all increased tangibly."

Looking ahead to next month, GfK's headline household confidence index was forecast to rise to 9.3 points in February from 9.0 points in January.

"That is the highest level since November 2001. The upward trend is continuing in the consumer climate. The outlook for consumer spending is looking increasingly brighter," GfK said.

Domestic demand would therefore be a major factor in overall recovery this year, the institute predicted.

Sentiment in Europe's top economy is on the rise, as a weaker euro and falling oil prices provide a boost the country's exporters.

Earlier this week, the widely-watched Ifo business climate index rose for the third time in a row to its highest level in six months.

Regulator blasts Alibaba for illegal business on its websites

REUTERS

A China regulator has accused Alibaba Group Holding Ltd of failing to clean up what it called illegal business deals on the e-commerce titan's platforms, in an unusually strong government criticism of one of the country's biggest private firms.

The State Administration for Industry and Commerce (SAIC), in a report published on its website on Wednesday, said many products sold on Alibaba's e-commerce websites and services infringed upon trademarks, were substandard or fake, were banned or endangered public security.

The report was later removed from the main page of the SAIC website.

Alibaba declined to comment on the report. SAIC said the report summarised a July 16, 2014, meeting between government business regulators and Alibaba, and that it had delayed releasing the report to avoid affecting the e-commerce firm's initial public offering, which took place in September.

SAIC did not elaborate. Alibaba, which raised a record-setting \$25 billion from its New York IPO, is due to release its quarterly results on Thursday.

"Alibaba Group has long paid insufficient attention to the illegal business activities on Alibaba platforms," the SAIC report said. Alibaba "let that abscess fester until it became a danger", it added.

The report said Alibaba officials, for their part, pledged during the July meeting to take the necessary steps to rectify the problems. The SAIC has a broad supervisory role over online trading platforms and business in China.

Alibaba, which until a few years ago was on a US list of "notorious markets" for intellectual property infringement, has fought hard to tackle counterfeit products to keep its reputation from being tarnished in the run-up to, and after, the IPO, the world's biggest ever listing.

Earlier this month, it agreed with the US Consumer Product Safety Commission to stop the sale of up to 15 illegal or dangerous toys in the United States.

Online fakes, however, remain a big problem in China.

Joe Simone, director of Hong-Kong based intellectual property consultancy SIPS, said the regulator's comments about counterfeit goods were no surprise. "The frankness of the report and its condemning tone are unprecedented and speak volumes about what the SAIC found in its inspection," he added.

In the report, the regulator said Alibaba had misled consumers during sales events, including its popular Nov 11 annual "Singles Day" shopping extravaganza.

At last year's event, Alibaba reported a surge in sales transactions to a record high of \$9 billion, but merchants told Reuters in they felt pressure from Alibaba's Tmall to boost their figures on the day with heavy discounts and delayed recognition of earlier sales.

On Wednesday, Alibaba's consumer-to-consumer shopping website Taobao said it would lodge a complaint with the SAIC over a separate investigation by the regulator that allegedly uncovered a range of counterfeit products on the site.



REUTERS

In this file photo taken on November 10, 2014, people ride a double bicycle past a logo of the Alibababa Group at the company's headquarters on the outskirts of Hangzhou, Zhejiang province.