FedEx to buy TNT Express for 4.4b euros

AFP, *The Hague*

US delivery service FedEx reached a deal Tuesday to buy Dutch rival TNT Express for 4.4 billion euros ($4.8 billion), ramping up its European presence as global e-commerce proliferates.

The companies "reached conditional agreement on a recommended all-cash public offer of 8.00 euros per ordinary TNT Express share," a joint statement said.

The offer represents a premium of 33 percent over the closing share price of April 2, 2015, and a premium of 42 percent over the average share price over the last three calendar months.

TNT's share price jumped by around 30 percent in mid-morning trade on the Amsterdam stock exchange's AEX index to 7.80 euros a share.

Dutch mail service PostNL, which owns 14.7 percent of TNT Express, has agreed to the offer.

The surprise announcement comes two years after a failed attempt by FedEx's US-based rival UPS to grab TNT Express for more than 5.0 billion euros.

That deal would have seen the creation of the biggest European group in the fight for the global parcel market.

The deal was torpedoed after European competition authorities failed to give it the green light saying it would have restricted competition on the continent.

On Monday, both FedEx Express chief executive David Bronczek and his counterpart at TNT Express Tex Gunning said they were confident the deal will be passed by regulatory authorities.

"The transaction will increase competition in Europe. We say a third strong competitor in this marketplace is essential," Bronczek told reporters via a teleconference call.

Bronczek said the FedEx and TNT Express networks are "extremely complementary".

"TNT has an exceptional European road platform. It will greatly improve our (FedEx's) ability to serve European customers," he said.

"FedEx has always been recognised to have a need for a stronger pan-European ground network to complement our strong intercontinental network," said Bronczek.

REUTERS

The headquarters of TNT Express in Hoofddorp, the Netherlands.

"This transaction allows us to quickly broaden our portfolio of international transportation solutions to take advantage of market trends - especially the continuing growth of global e-commerce - and positions FedEx for greater long-term profitable growth," FedEx CEO Frederick W. Smith said in the statement.

TNT Express boss Gunning said the unsolicited offer came at a time of "important transformations" for the company.

"Our people and customers can profit from the true global reach and expanded propositions, while with this offer our shareholders can already reap benefits today that otherwise would only have been available in the longer run," he said.

Gunning brushed off reports that the deal would lead to job cuts at TNT Express, which employs some 65,000 people worldwide.

"There is little overlap and therefore much less risk of redundancies," Gunning said via teleconference.

The two companies expect the deal to close in the first half of 2016.

The European regional headquarters of the combined companies will be at TNT Express's current headquarters at Hoofddorp outside Amsterdam, while the TNT Express hub in Liege, Belgium, will be maintained as "a significant operation for the group".

TNT Express, which operates in more than 200 countries and maintains a leading role in the road freight network in Europe, will sell its airline operations in compliance with applicable airline ownership regulations.

It went through extensive restructuring after the UPS bid failed, announcing in March 2013 that 4,000 jobs would be slashed -- or 6.0 percent of its total workforce -- over the next three years.

FedEx employs more than 320,000 people worldwide with an annual turnover of $47 billion.

India keeps interest rates on hold

AFP, *Mumbai*

India's central bank kept interest rates unchanged Tuesday, saying most commercial banks have yet to pass on two previous cuts to customers in Asia's third largest economy.

After meeting in the financial capital Mumbai, the Reserve Bank of India (RBI) said the benchmark repo rate -- the level at which it lends to commercial banks -- would remain unchanged at 7.50 percent.

The RBI's decision to hold rates had been widely anticipated by economists who said it would remain cautious due to inflation concerns, including the impact on food prices of crop damage from earlier than expected rains.

Rising food prices are a critical issue in India where even minor increases cause hardship for its tens of millions of poor.

But RBI governor Raghuram Rajan said the decision was also based on the fact that commercial banks have been reluctant to lower their own lending rates.

The RBI has already cut rates twice this year in an attempt to encourage lending to businesses and boost economic growth to help create jobs for millions of young people.

But only a few of India's banks -- saddled with bad loans and seeing lower profits -- have passed them on to customers.

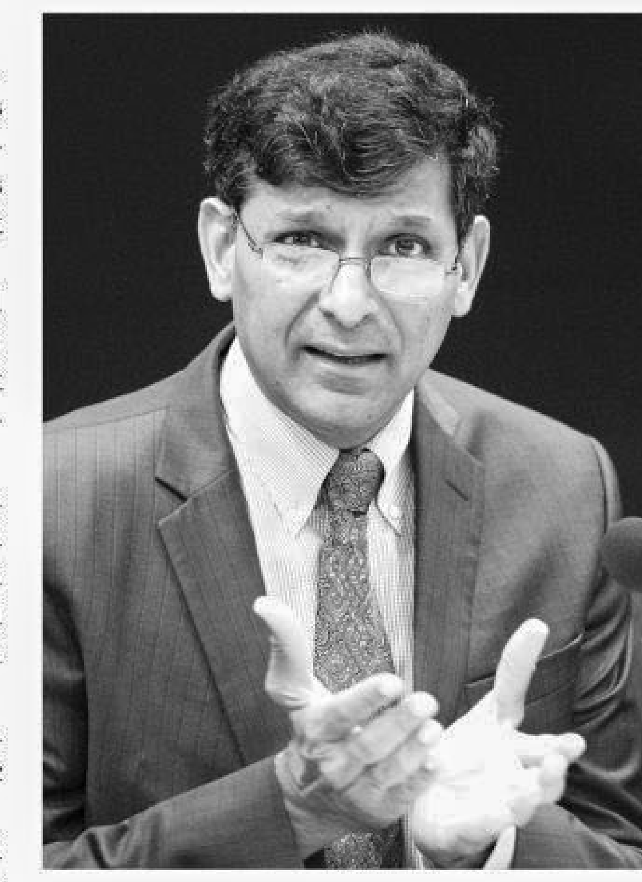
"Transmission of policy rates to lending rates has not taken place so far," said Rajan.

"With little transmission, and the possibility that incoming data will provide more clarity on the balance of risks on inflation, the RBI will maintain status quo in its monetary policy stance in this review," he said in a statement.

Rajan told reporters he was confident banks would eventually cut their rates because of competitive pressures "and the sooner they do, the better it will be for the economy".

"I do not see an environment where credit growth is tepid. Banks are sitting on money, so to speak, and their marginal cost of funding has fallen. The notion that it hasn't fallen is nonsense," he said.

Rajan has made controlling inflation a



Raghuram Rajan

priority since taking the helm of the bank, resisting calls to reduce interest rates.

Consumer price inflation inched up to 5.37 percent in February from a year earlier, but the figure is still within the RBI's target of between two and six percent.

As well as inflation, the RBI has previously said that further cuts were dependent on Prime Minister Narendra Modi's government containing the fiscal deficit.

The right-wing government swept to power at general elections last May pledging to reform and revive the economy.

The government has forecast growth for the last financial year at 7.4 percent, meaning the economy is now outpacing China.

"My feeling is the RBI will use an early June window to cut rates, because after that, uncertainty of the monsoon and impact of a likely Federal Reserve rate move will come into the picture," said Rupa Rege Nitsure, group chief economist with Indian engineering giant Larsen & Toubro.

International Monetary Fund chief Christine Lagarde, on a visit to India last month, warned emerging markets to prepare for the impact of a US rate rise.

DIAMOND WORLD

Tofail Ahmed, commerce minister, opens a branch of Diamond World on Road 27 in Dhanmondi on Friday. Hasanul Haq Inu, information minister, HT Imam, an adviser to the prime minister, and Dilip Kumar Agarwal, managing director of Diamond World, were also present.

Japan, China to hold finance minister meeting

AFP, *Tokyo*

Japan and China are aiming to hold a finance ministers' meeting in Beijing in June for the first time in more than three years, Japanese Finance Minister Taro Aso said Tuesday.

Such a meeting would further cement the growing impression that Tokyo and Beijing are looking to move past a bitter dispute over history and territory.

"We are trying to hold it, although I don't know the date," Aso told a regular press conference, asked whether such a plan is being organised.

Japan will ask for transparency if the issue of the China-backed Asian Infrastructure Investment Bank is brought up in the meeting, Aso said. The country last week ruled out any immediate plan to join the Beijing-backed institution.

Aso's comment comes after news that Ji Bingxuan, a vice-chairman of the National People's Congress (NPC) Standing Committee, will head to Tokyo on Wednesday for a four-day day trip, leading a delegation from the Communist-controlled Chinese parliament.

Oil falls as Iran, China discuss more supply

REUTERS, *London*

Brent crude oil fell below $58 a barrel on Tuesday on signs of growing oversupply as Iranian officials visited Beijing to seek more oil sales after a framework nuclear deal that could lead to the lifting of sanctions.

China is Iran's largest trade partner and has bought roughly half of its crude exports since 2012, when sanctions against the Islamic Republic were tightened.

Oil markets were also pressured by a Goldman Sachs report saying prices needed to remain low for months to slow US oil output growth.

Brent LCOc1 was down 50 cents at $57.62 a barrel by 1100 GMT. US crude CLc1 was down 60 cents at $51.54 a barrel.

Representatives of state-run National Iranian Oil Company will meet China's biggest crude buyers including Unipec, the trading arm of top Asian refiner Sinopec Corp (0386.HK), and state trader Zhuhai Zhenrong Corp, officials told Reuters.

Global oil markets already face a supply glut with producers pumping over 1.5 million barrels per day (bpd) more than demand in the first half of this year, analysts say.

"There is a massive oversupply, stocks are rising and now we have the prospect of more Iranian oil coming onto the market," said Carsten Fritsch, analyst at Commerzbank in Frankfurt.

Goldman said in a research note it expected U.S. crude inventories to top out in April and subsequently draw down at 350,000 bpd during May-September, when demand for fuel to power cars and air-conditioners is at its greatest.

Still, the bank said it saw little upside for its $40-a-barrel forecast over the next three months,

REUTERS/FILE

Pump jacks are seen in the Midway Sunset oilfield, California.

anticipating inventories would rise again by October, pressuring prices into 2016.

"Prices need to remain low in coming months to achieve a sufficient and sustainable slowdown in US production growth," the bank said, adding that the US outlook for 2016 made its forecast for $65-a-barrel oil next year look too high.

On Monday, energy information group Genscape said its data showed stocks at the Cushing, Oklahoma oil hub rose by 169,000 barrels in the week to April 3.

The American Petroleum Institute will release weekly oil inventories data on Tuesday at 4:30 pm EDT (2030 GMT), while the Energy Information Administration will publish its data on Wednesday at 10:30 am EDT.

US commercial stocks were seen extending their record build for the 13th consecutive week, a Reuters survey showed.

REUTERS

An aerial view shows the final assembly area at the Boeing plant in North Charleston, South Carolina, on March 26.

Boeing beats Airbus in first quarter net orders, deliveries

REUTERS, *Paris*

US planemaker Boeing beat its European rival Airbus in net new airplane orders and deliveries in the first quarter, according to figures released on Tuesday.

The two plane giants showed mixed results in the traditionally slow first quarter for new plane orders but the gap between them in deliveries widened after Boeing posted record first-quarter deliveries.

Airbus said it had booked gross orders of 121 aircraft between January and March, beating Boeing's total of 116.

After adjusting for cancellations and conversions between different models, it slipped behind Boeing with net orders for 101 aircraft as opposed to 110 for Boeing.

Airbus won the annual order race last year with 1,456 net orders, squeezing ahead of Boeing's total of 1,432. Both planemakers have set targets suggesting a slowdown this year.

In the first quarter, the bulk of Airbus's new business fell in March when Air Lease Corp finalised orders for 55 aircraft including 25 revamped A330 wide-body models.

Philippine Airlines upgraded orders for 10 A321 jets to the A321neo, a re-engined 185-seat variant of the Airbus narrowbody family due to enter service in late 2016.

Airbus logged 134 plane deliveries in the first quarter including one of its newest model, the A350, and four A380s.

Deliveries slipped from 141 in the first quarter of last year as A320-family volumes dipped to 109 aircraft from 111 a year earlier and the wide-body A330 slipped to 20 from 28.

Boeing last week posted 184 first-quarter deliveries, up from 161 a year earlier due partly to a jump in production of its 787 Dreamliner. Airbus is in the early stages of a sharp increase in production of its comparable A350 aircraft.

Deliveries at both planemakers traditionally accelerate during the year, peaking in the fourth quarter.

But at 42 percent in the first quarter, Airbus took the lowest quarterly market share against its rival since the first quarter of 2002, according to Reuters estimates. Airbus was not immediately available to comment.