

Global cyber attack could spur \$53b in losses: Lloyd's

REUTERS

A major, global cyber attack could trigger an average of \$53 billion of economic losses, a figure on par with a catastrophic natural disaster such as U.S. Superstorm Sandy in 2012, Lloyd's of London said in a report on Monday.

The report, co-written with risk-modeling firm Cyence, examined potential economic losses from the hypothetical hacking of a cloud service provider and cyber attacks on computer operating systems run by businesses worldwide.

Insurers are struggling to estimate their potential exposure to cyber-related losses amid mounting cyber risks and interest in cyber insurance. A lack of historical data on which insurers can base assumptions is a key challenge.

"Because cyber is virtual, it is such a difficult task to understand how it will accumulate in a big event," Lloyd's of London Chief Executive Inga Beale told Reuters.

Economic costs in the hypothetical cloud provider attack dwarf the \$8 billion global cost of the "WannaCry" ransomware attack in May, which spread to more than 100 countries, according to Cyence.

Economic costs typically include business interruptions and computer repairs.

The Lloyd's report follows a U.S. government warning to industrial firms about a hacking campaign targeting the nuclear and energy sectors.

In June, an attack of a virus dubbed "NotPetya" spread from infections in Ukraine to businesses around the globe. It encrypted data on infected machines, rendering them inoperable and disrupted activity at ports, law firms and factories.



A man holds a laptop as cyber code is projected on him in this illustration picture.

REUTERS

"NotPetya" caused \$850 million in economic costs, Cyence said.

In the hypothetical cloud service attack in the Lloyd's-Cyence scenario, hackers inserted malicious code into a cloud provider's software that was designed to trigger system crashes among users a year later.

By then, the malware would have spread among the provider's customers, from financial services companies to hotels, causing all to lose income and incur other expenses. Average economic losses caused by such a disruption could range from \$4.6 billion to \$53 billion for large to extreme events. But actual losses could be as high as \$121 billion, the report said.

As much as \$45 billion of that sum may not be covered by cyber policies due to companies underinsuring, the report said. Average losses for a scenario involving a hacking of operating systems ranged from \$9.7 billion to \$28.7 billion.

Lloyd's has a 20 percent to 25 percent share of the \$2.5 billion cyber insurance market, Beale said in June.

India's Religare says it suffers cyber attack

REUTERS, Mumbai

SEVERAL units of India's Religare financial services group suffered a cyber attack, but its systems, operations and sensitive client information were secure and unaffected, it said on Monday.

Religare, which offers a broad range of financial services including equities and commodity trading under holding company Religare Enterprises Ltd, added the attack was of "medium severity," and that "necessary damage control steps" had been taken.

The attack comes at a time of heightened attention on cyber security after global businesses were hit by two major infections containing ransomware requests in recent months. It was unclear what type of disruption had hit Religare.

A Religare spokesman declined to give more specific details, and said the company continued to assess the situation.

Three company sources from

different units of Religare told Reuters the cyber attack had affected servers on Monday, and that at least some of the internal IT systems at the brokerage had been shut down.

Some staff had lost access to computer systems as technical teams worked to fix the problem, these sources added. Last month, operations at one of three terminals at India's largest container port JNPT, near the commercial hub of Mumbai, were disrupted by the NotPetya global ransomware attack.

FedEx says cyber attack to hurt its fiscal 2018 results

REUTERS

PACKAGE delivery company FedEx Corp said its fiscal 2018 results would be hurt in part due to disruption of operations in its TNT Express unit following a cyber attack last month.

The Netherlands-based TNT Express is still experiencing widespread service delays following the attack, FedEx said in a regulatory filing on Monday.

FedEx said it was unable to estimate when services at the unit would be fully restored. (bit.ly/2uAnQKG)

FedEx added that no data breach or data loss to third parties is known to have occurred as of July 17.

The company said it was evaluating the financial impact of the cyber attack, but it was likely to be "material". Shares of FedEx fell as much as 2.7 percent to \$213.07 in early trading.



REUTERS

The TNT Express logo is pictured.

In June, a new cyber virus spread from Ukraine to wreak havoc around the globe, crippling thousands of computers.

FedEx said it has experienced loss of revenue due to decreased volumes

at TNT Express, incremental costs from contingency plans and remediation of affected systems.

The company said it did not have an insurance in place that covered the impact from the cyber attack.

Sterling slips back below \$1.31 as Brexit talks begin

REUTERS, London

STERLING slipped back below \$1.31 on Monday after soaring to its highest levels in 10 months at the end of last week on a broad dollar sell-off.

Traders were cautious as four days of Brexit negotiations began in Brussels.

The pound jumped almost 2 cents on Friday to hit \$1.3113 <GBP=D3, its strongest since last September, after U.S. inflation and retail sales data came in weaker than expected, putting into doubt the prospect of a further rate hike from the Federal Reserve this year.

But sterling started the week by edging down from those highs, trading down 0.1 percent on the day at \$1.3089 and flat against the euro at 87.50 pence, still close to a three-week peak hit on Friday.

Brexit Secretary David Davis, in the Belgian capital for talks with the European Union's chief negotiator Michel Barnier a month after a first meeting, said on Monday that having "made a good start" during their last encounter, "this week we'll be getting into the real substance".

With less than two years to settle divorce terms before Britain leaves, deal or no deal, on March 30, 2019, the 27 other EU national leaders want British Prime Minister Theresa May to rally her divided nation swiftly behind a clear, detailed plan that can minimise economic and social disruption across Europe.

Investors will be watching the talks closely, with any signs that Britain will lose preferential access to Europe's single market likely to weigh on the currency.

Australia wheat output may miss forecast by 20pc due to dry weather

REUTERS, Sydney

AUSTRALIAN wheat production is on course to miss official forecasts by more than 20 percent as dry weather crimps yields in the world's fourth-largest exporter, exacerbating fears of tightening global supplies.

The expectation of Australia's shortfall follows news that one of the worst heat waves in decades is devastating wheat crops in southern Europe. Output in the United States is also tumbling due to hot, dry weather.

Growing concerns about dwindling global supplies have already pushed benchmark global prices to a two-year high.

Australia's east and west coast regions - the country's largest wheat producing areas - have received less than half the average rainfall typical for the April 1 to June 30 quarter, data from the Australian Bureau of Meteorology (BOM) shows.

"It is probably too late in some areas for rain to make any difference, particularly in Western Australia. For the rest of the cropping belt, we are in desperate need of rain," said Matthew Pattison, trading manager at Nidera, the grains trader acquired this year by China's COFCO Group.

In coal-focused Pakistan, a wind power breeze is blowing

REUTERS, Islamabad

PAKISTAN is beginning to reap the benefits of Chinese investment in renewable energy infrastructure, with the opening of the first wind power project constructed as part of the huge China-Pakistan Economic Corridor, aimed at overhauling the country's transport and energy systems.

The nearly 50 megawatt wind farm is located on over 680 acres (275 hectares) of land in Jhimpir, near the shores of the picturesque Keenjhar Lake, around two hours' drive from the city of Karachi.

Jhimpir is part of the so-called "Gharo-Jhimpir wind corridor" in Sindh province, a 180 km (110 mile) stretch of coastal land that the Pakistan Meteorological Department says has the potential to produce 11,000 MW of electricity through wind power.

The corridor is home to Pakistan's earliest wind project, which began in 2009 with just a few turbines and was upgraded to an installed capacity of 56 MW by 2012.

The new wind farm, which opened last month, has been developed by Sachal Energy Development, with financing from the Industrial and Commercial Bank of China.

Pakistan and China have signed around \$57 billion of energy and infrastructure projects under the China-Pakistan Economic Corridor (CPEC). Most of this investment is going towards coal-fired power plants, fuelled both by imported coal and by coal mines in Pakistan's Thar Desert.

The CPEC projects aim to boost energy production in Pakistan to reduce shortages that lead to regular power outages.

The country can produce as much as 23,000 MW of power, but experts say that there is a shortfall of as much as 5,000 MW during periods of peak demand - and demand is increasing by the day given the rapidly growing population.

CPEC energy projects are expected to add around 17,000 MW to the national grid in the next few years through what are being called "early harvest" projects to overcome the energy crisis.

Most of these are coal-powered plants, such as the 1,320 MW Sahiwal plant in Punjab, which was inaugurated this month.

But CPEC also includes some renewable energy projects. The Quaid-e-Azam solar park in Bahawalpur, in southern Punjab, is due to generate 1,000 MW, while a further 250 MW will come from the wind corridor in Sindh.

Zeeshan Ashfaq, a research analyst who works for the World Wind Energy Association, told the Thomson Reuters Foundation in an interview that Pakistan's grid currently has more wind power capacity than solar power capacity.

"Today we only have 400 MW of grid-connected solar energy from Quaid-e-Azam solar park, whereas we have 640 MW of grid-connected wind energy already in Jhimpir", including previously installed wind projects, Ashfaq said.

The Gharo-Jhimpir wind corridor, mapped in 2013 by the U.S. National Renewable Energy Laboratory, contains vast stretches of saline land, unsuitable for agriculture and dotted only with a few bushes.

"Thirteen projects are already operational here and others are in the pipeline. By the end of this year, an additional 200 MW of energy will be added to the grid,"

Ashfaq said.

In June, the International Finance Corporation (IFC), a member of the World Bank Group, announced that it will provide \$66 million, and mobilize a further \$172 million, to help build three 50 MW wind power projects in the Gharo-Jhimpir wind corridor.

Triconboston Consulting Corporation, part of a Pakistani textile group that entered the renewable energy market in 2015, will operate the plants, which the IFC says will collectively form Pakistan's largest wind farm.

The World Bank has now started mapping Pakistan's entire wind potential, looking at wind corridors in Punjab as well.

"With global pricing coming down, the market for renewables is kicking off. There is a lot of interest from investors," explained Shabana Khawar, the IFC's principal country officer in Pakistan.

Khawar said the IFC is the largest private-sector investor in power in Pakistan and is focusing on hydro, wind and solar projects. She estimates that there are more than 2,000 MW of mid- to large-scale wind and hydro projects in the pipeline.

The wind projects include feed-in tariffs, which make them attractive to investors by guaranteeing payments for the electricity produced. In March, the National Electric Power Regulatory Authority (NEPRA) set the benchmark tariff at 6.7 U.S. cents per unit of power produced.

Amjad Awan, chief executive officer of the government's Alternative Energy Development Board, said that because wind power production depends on the strength of the wind at any time, it is important to create an energy mix, such as of wind and solar power or wind and natural gas.

"We are entertaining hybrid arrangements and will be able to manage intermittence soon," Awan said. "In Pakistan we have more than sufficient solar and wind potential to transform into energy. And with a 20 percent decrease in prices since 2014 the notion that wind energy is costly is a myth."

Ashfaq, of the World Wind Energy Association, said that "in some countries solar and wind energy is now cheaper than fossil fuels. We too can leapfrog and move towards decarbonising our energy sector," he said.

"It took seven years for Pakistan to commission its first big wind project in 2012 after introducing its renewable energy policy back in 2006. Now the market is gaining momentum," he said.

However, Ashfaq is concerned that the government's focus remains largely on expansion of fossil fuel power, which is helping drive climate change and worsening extreme weather in Pakistan, including more droughts and floods.

"The government's focus has shifted to coal power and liquefied natural gas (LNG) based generation. The world is moving towards renewables but (Pakistan is) finding solutions in dirty fossil fuel generation," he said.

Although Pakistan used to rely on oil-powered generation, Jamil Masud, an energy consultant who works for Hagler Bailly Pakistan, a consultancy group, said that coal is cheap at the moment, and new plants can be put up quickly with a predictable output.

Pakistan's first power plant fueled by domestic coal will become operational by June 2019, and once its second phase is completed in mid-2020 it will generate 1,300 MW. It has been fast-tracked due to financing available under the CPEC.



REUTERS/FILE

The China-Pakistan Economic Corridor is home to Pakistan's earliest wind project, which began in 2009 with just a few turbines and was upgraded to an installed capacity of 56 MW by 2012.