RANCON AUTOMOBILES

Shoeb Al Ashraf, CEO of Rancon Automobiles Ltd, the importer of Landwind cars, hands over the keys of a Landwind X5 to its first customer, Mridha Sakib Md Talha, at a programme in Dhaka on Sunday.

Russia wants to help Syria relaunch oil production

AFP, *Moscow*

Russia, the Syrian regime's main backer, plans to help Damascus relaunch its energy industry which has been devastated by years of conflict, Energy Minister Alexander Novak said Tuesday.

"We have signed a roadmap, not only in the field of electricity, but also oil and gas, covering the restoration of oil fields and the development of new deposits," Kovak was quoted as saying by Russian news agencies.

He did not name any Russian companies that may be involved.

As the main international backer of Syrian President Bashar al-Assad's regime, Russia has committed itself to aiding in the country's reconstruction.

Last week an agreement was signed on the "rehabilitation, modernisation and construction of new energy facilities in Syria" Russia's energy ministry said on its website.

"We attach great importance to restoring the Syrian economy, especially the oil and gas sectors which will certainly contribute to the normalisation of the economic and social situation in the country," said Novak.

In December a Russian business and political delegation visited Damascus to discuss investment and reconstruction with Assad, including oil and gas projects but also electricity, phosphates, transport and trade. "Syria is a land of unlimited riches," Russian Deputy Prime Minister Dmitry Rogozin, who led the delegation, said at the time.

"Russian companies have the moral right to develop large-scale economic projects here," Rogozin said then.

Russia intervened in the Syrian conflict in September 2015 in support of Assad.

In December last year, President Vladimir Putin ordered the partial retreat of Russian troops from Syria.

US household debt rises for 5th year in 2017

AFP, *Washington*

Total debt held by US households surged in 2017 to more than $13 trillion, the fifth straight annual increase, amid a continued rise in home mortgages and auto loans, according to data released Tuesday.

But nearly 10 years after the start of the global financial crisis, the hangover from the US housing market collapse is still evident in some areas of the country, the New York Federal Reserve Bank said in its quarterly report.

Total credit and debt jumped by $572 billion, nearly all of that or $402 billion, was due to the increase in mortgages as buyers continue to come off the sidelines to purchase homes and prices recover.

Student loan balances, auto loans and credit card debt all increased as well, while home equity lines of credit were the sole category to show a decline, the report said.

Delinquency rates for debt more than 90 days past due continued to improve for most categories, or at worst remain steady, while foreclosures remained at record low levels, the data showed.

While total household debt last year surpassed the peak hit in the third quarter of 2008, just before the start of the crisis, mortgage balances remain more than four percent below the peak.

However, state level data show wide differences with those areas hardest hit by the housing bubble still seeing lasting effects.

"Despite recovered house prices, mortgage balances remain far below their previous peaks in the states that were hardest-hit by the Great Recession," said Donghoon Lee, research officer at the New York Fed.

There are eight states with mortgage balances at least 10 percent below their earlier peak, and most, including Florida, Arizona, Nevada, and California "were severely impacted during the Great Recession," New York Fed researchers said in a blog post about the underlying data.

But some states, such as Texas, Colorado, North Dakota, and Delaware, have balances more than 10 percent above their previous peak, they said, since they did not suffer the severe housing collapse.

"Echoes of the Great Recession are clearly visible" and "well aligned with the state-level variation of the housing boom and bust cycle."

Asia's soaring gas demand opens window for new LNG projects

REUTERS, *Indonesia/Singapore*

Soaring gas demand from China, India and Southeast Asia is sucking up an LNG supply glut previously expected to last for years, opening opportunity for new production from East Africa to North America that had been deemed part of the overhang.

Trade flows in Eikon show global liquefied natural gas (LNG) imports have risen 40 percent since 2015, to almost 40 billion cubic meters (bcm) a month. Growth accelerated in 2017, with imports up by a fifth, largely due to China, but also South Korea and Japan.

Asia's LNG market has been glutted since 2015, following massive development that began in the early 2000s. But a gasification program in China last year and strong economic growth across Asia pushed up demand, contributing - along with a cold winter - to a doubling of LNG spot prices from mid-2017.

The market is expected to remain relatively tight for the remainder of 2018, with China's gas program continuing and delays at several export projects.

"The tight market is going to continue simply because demand is growing and expected projects have been delayed," said Jun Nishizawa, senior vice president at the energy division of Japan's Mitsubishi Corp's.

Nishizawa cited delays in projects at Cameron LNG export terminal in Louisiana, in which Mitsubishi has a stake, and Freeport LNG in Texas.

Freeport's first LNG train is scheduled to be completed in November 2018 and no delays have been announced.

"I don't think substantial LNG will be produced by these two projects by end of the year," Nishizawa said, speaking at an LNG industry conference last week in Bali, Indonesia.

In Australia, the Ichthys project developed by Japan's Inpex and France's Total has seen several delays and cost blowouts. Total's CEO said first exports now may not come until the second quarter.

The LNG tanker market is also tight, with few ships ordered in recent years.

"The global LNG tanker market looks increasingly bullish for 2018 and 2019, as strong demand growth and a thinning order-book pressure the available supply," BMI Research said this week.

This unexpected tightening potentially opens the way for new projects for the first time in several years. Many projects were delayed or axed when oil and gas prices started tumbling in mid-2014. Now energy companies are returning to health as prices have improved.

"The entire Asian LNG market will increase. It will stimulate more producers to take the risk to develop projects to get into Asia," said Jarand Rystad, chief executive of consultancy Rystad Energy.

REUTERS/ FILE

A liquefied natural gas tanker is tugged towards a thermal power station in Futtsu, Japan.

In East Africa, U.S. energy firm Anadarko Petroleum is getting closer to a final investment decision (FiD) as it lines up potential buyers for its Mozambique gas field.

Tokyo Gas is the latest to near an offtake agreement, according to three sources with direct knowledge of the matter, who asked not to be named as they could not talk about ongoing contractual negotiations. Anadarko and Tokyo Gas declined to comment.

Anadarko's Mozambique concession holds an estimated 75 trillion cubic feet (2.1 trillion cubic meters) of gas, its website says, four times 2017's globally imported LNG volumes.

Several export projects in North America also hope for FiD this year. They include LNG Canada, or Kitimat, a $40 billion, 6.5 million-tonnes-a-year venture involving Royal Dutch Shell, PetroChina, Korea Gas Corporation and Japan's Mitsubishi.

In the United States, Cheniere Energy plans to expand, and Pembina Pipeline hopes for FiD on its 7.8 million-tonne-a-year Jordan Cove plant in Oregon.

Also, top LNG exporter Qatar plans to expand output to over 100 million tonnes a year by 2024, from 77 million tonnes now.

Other projects and expansions are planned from West Africa to Papua New Guinea.

Just a few of these projects would lift specialist LNG firms like Norway's Hoegh LNG.

"Now that they (China) are setting up (import) terminals, more demand could emerge," said Parth Jindal, managing director of Hoegh LNG Asia.

One risk to new projects, though, are emerging price disputes between buyers and sellers, with importers demanding cheaper and more flexible terms.

German economy books strong finish to 2017

AFP, *Frankfurt*

Europe's largest economy Germany expanded 0.6 percent between October and December, official data showed Wednesday, highlighting the country's economic strength as politicians struggle to form a government.

The figure follows up growth of 0.9 percent in the first quarter of 2017, 0.6 percent in the second, and 0.7 percent in the third -- all adjusted for price, seasonal and calendar effects.

Combined, the quarterly results add up to 2.2-percent expansion over the full year, the fastest rate since 2011.

Wednesday's data confirmed a preliminary estimate of full-year growth Destatis released in January.

The final three months of the year saw exports contribute more strongly to growth than they had between July and September.

Meanwhile, private consumption remained roughly flat quarter-on-quarter, while government spending increased.

Investments in capital goods increased, while construction spending fell back.

"Looking ahead, the same fundamentals which have supported growth in 2016 and 2017 should still be in place" this year, economist Carsten Brzeski of ING Diba bank said, pointing to low interest rates, a strong labour market and a synchronised upturn across the 19-nation eurozone.

"The economy could continue at its current pace for at least one or two more years without showing signs of overheating," he added.

Germany's economy ministry in January forecast slightly faster expansion of 2.4 percent this year.

Risks to the stable outlook remain, including protectionist impulses from President Donald Trump's administration in the United States, increased geopolitical tensions in the eurozone and further afield, and the danger of a domestic political upset.

The centre-left Social Democratic Party has struck a deal to renew its left-right "grand coalition" with Chancellor Angela Merkel's conservatives after both suffered an election battering in September.

But members in the bitterly divided labour movement could reject the pact in a postal ballot by early March, leaving Merkel with equally unappealing options of a minority government or new elections. "Following German politics is currently better than binge viewing TV series like 'House of Cards'," Brzeski quipped.

AFP/FILE

Employees work on a Porsche sports car on the assembly line in the factory of German luxury car producer Porsche in Stuttgart, southwestern Germany.

In high-priced Manhattan, more and more empty stores

AFP, *New York*

The New York borough of Manhattan is richer and more populated than ever, but a growing number of businesses are closing their doors under the pressure of exorbitant rents and online commerce.

On Wednesday -- which happens to be Valentine's Day -- Steven Telvi will close down his Upper East Side drugstore, The Source, after nearly 37 years.

It fell victim to slower business and high rent, he says.

"The whole island is going down the tube," Telvi says of small business in Manhattan.

From Soho to the Upper West Side, passing Fifth Avenue or the Meatpacking District, it is no longer rare to see two or three deserted storefronts on the same block, right in the middle of the Big Apple, a shopper's paradise.

Nearly all the economic indicators of America's largest city look positive: historically low unemployment; per capita income 34 percent above the national average; more than 61 million tourists last year.

Business people and property agents interviewed by AFP all cite skyrocketing rents as the primary cause of the business closures.

Rents rose 68 percent between 2009 and 2016 in Soho, 70 percent in parts of the Upper West Side, and 175 percent in places on Fifth Avenue, according to the Real Estate Board of New York (REBNY).

"This is a classic example of pricing outstripping demand and fundamentals in a market," said Brian Klimas, REBNY's vice president in charge of research.

Prices have finally started to fall over the past few months in numerous parts of Manhattan.

But the proportion of vacant businesses is still rising, to nearly a quarter of spaces in Soho at the end of 2017, according to property firm Cushman & Wakefield.

"Landlords have been slow to change the price point of their retail offering," said Kenneth Hochhauser, executive vice president of Winick Realty Group.

For the shopkeepers who remain, sometimes in tenuous financial circumstances, "it's not helping" to see neighbors disappear, says Clara, a salesperson at ready-to-wear clothes retailer Variazoni on the Upper West Side.

"Business is not very good. There's no (foot) traffic" because there aren't enough businesses, said Jennifer Sun, who opened the Magical Kids store for children's clothing on the Upper East Side in May 2016.

After an "OK" first year, Sun says many surrounding stores have closed "over the last five or six months" -- and activity slowed.

"I don't even have a salary," she said.

Steven Soutendijk, executive director of retail sales at Cushman & Wakefield, said, "it's going to take some time" before the market adjusts.

He talks of "two or three years before it really swings back," but isn't worried.

AFP

Pedestrians walk past empty retail space on Madison Avenue in New York on February 8.