SM Shamsul Alam, chairman of Walton Hi-Tech Industries Ltd, and Ilias Kanchan, brand ambassador of Walton, pose with the company's distributors at the closing ceremony of a four-day "Walton International Distributors Conference-2018" in Gazipur on April 24.

WALTON

Saudi Aramco appoints first woman to the board

REUTERS, Dubai

Saudi Aramco, the world's top oil company which is preparing to go public, said on Sunday it has appointed new members to its board including a female executive, a milestone for Saudi Arabia and the oil industry where there are few women executives.

The appointments, which bring in more international experience, come as the Saudi government plans to float around 5 percent of Aramco in an initial public offering (IPO) - the world's largest - later this year or early 2019.

Saudi Arabian Minister of Finance Mohammed al-Jadaan and Minister of Economy and Planning Mohammed al-Tuwaijri were appointed as members of the board of directors, Aramco said in a statement.

They are joined by Lynn Laverty Elsenhans, the former chairwoman, president and CEO of US oil refiner Sunoco Inc. from 2008 to 2012.

Other new members also include Peter Cella, former president & CEO of Chevron Phillips Chemical Co LP, and Andrew Liveris, director of DowDuPont Inc, and the CEO of the Dow Chemical Company. Liveris's appointment is effective as of July 1, Aramco said.

The five new members of Aramco's board will join six returning members including Saudi Energy Minister Khalid al-Falih, who is also Aramco's chairman, and Amin Nasser, Aramco's CEO.

EU digital tax on corporate turnover faces uphill road

REUTERS, Sofia

A European Commission plan to tax the digital turnover of large companies drew scepticism on Saturday from the global rule-setting body on tax matters and some EU states, which called instead for an international solution.

The criticism came at the first meeting of EU ministers to discuss the plan, which was presented by the Commission last month and entails a 3 percent levy on the digital revenues of large multinational corporations such as Google, Facebook and Amazon.

Big Web companies are accused by the Commission and some EU states of paying too little tax in Europe, exploiting an outdated system that has allowed them to shift profits to low-tax countries.

Ministers from smaller nations, including Luxembourg and Malta, opposed the plan at a ministerial meeting in the Bulgarian capital, Sofia, arguing that an overhaul of digital taxation should be done globally and involve a long-term solution.

German Finance Minister Olaf Scholz, who took office last month, avoided taking a clear line on the issue, in what could be seen as a partial shift from Berlin's initial open support for a turnover tax.

He told a news conference making digital companies pay more taxes was a "moral question" that needed to be addressed. But he refrained from clarifying how to tackle the issue and did not take the floor during the ministerial debate on the matter.

European officials said Berlin fears several German companies could be hit by the tax, and that international partners may respond with retaliatory tax measures that could damage German exporters.

Some 200 companies would fall within the scope of the new tax, European officials said, estimating additional annual revenues of about 5 billion euros ($6 billion) at EU level.

The commission said a long-term, global solution based on a new method to calculate tax rights was the preferred option, but it would take a long time to be approved.

It pushed in the meantime for a temporary, shorter-term option that would quickly recoup part of the tax revenues lost by EU states to digital giants.

It has proposed a temporary levy on corporate turnover, which would be a major shift from existing rules, whereby companies are charged on their profits and pay no tax if they report losses.

Strong Asian demand continues to hold up thermal coal markets

REUTERS, London/Singapore

Asian thermal coal demand is defying its typical seasonal slowdown as well as the expanding use of renewables and natural gas, with prices holding not far off $100 a tonne despite the onset of the usual lull at this time of year.

Benchmark Australian thermal coal prices are at $93.40 a tonne, their highest seasonal level in five years and $15 per tonne above the five-year average price.

Coal's strength is also visible in the derivatives market, where API2 2018 coal futures are at around $83 a tonne, around 25 percent higher than in April 2017.

The firm prices are due to robust use in India, Japan, South Korea and even China, where coal consumption has held up despite huge programmes to boost the use of gas and renewable energy.

"Coal demand for the coming two years is expected to remain stable around current levels. Although headlines in the newspapers may suggest that coal demand will peak soon, in reality, demand will remain solid in the coming years," said Hans van Cleef, senior energy economist at ABN Amro.

Thermal coal remains the most-used fuel for power generation globally, especially in Asia which uses more than 70 percent of the world's thermal coal, up from under 50 percent in 2000, according to BP's latest Statistical Review of the World.

The strong demand comes despite coal's image as a dirty fuel which has left it increasingly

REUTERS/FILE

Coal workers travel on the back of their lorry at Barsana in India.

shunned by many investors.

However, cashing in on strong demand have been specialist thermal coal miners like Australia's Whitehaven Coal, Indonesia's Adaro Energy and Glencore, who have been outperforming their peers from the natural gas market like Santos or Woodside.

"Thermal coal is probably one of the most hated asset classes globally but if you look at demand, it's roughly flat while under-investment is leading to lower supply," said Per Lekander, portfolio manager at investment management firm Landsdowne Partners, which owns shares of US coal miner Peabody and global commodity trader and miner Glencore.

For the rest of the year, analysts expect prices to remain strong, with a slowdown in demand only starting to weigh on prices from the 2020s as renewables and natural gas gradually eat into coal's use.

Yet-to-be-finalised negotiations between Australian miners and Japanese utilities, who set annual supply prices which act as a guidance for the rest of Asia, show price levels in the mid-$90 per tonne for 2018, according to several sources with knowledge of the matter.

A Thomson Reuters poll of analysts in March shows an average forecast for spot Australian Newcastle physical coal at around $87 a tonne this year, $80 in 2019 and $73 in 2020.

One of the surprises over the past year has been China, where many analysts expected a decline in coal demand due to its drive to use more renewables and move millions of households to use natural gas for heating.

Although China's plans to switch to cleaner fuels has led to a gradual decline away from record coal consumption between 2012 and 2014, demand for coal is still firm, as many power stations and industrial facilities still rely on the commodity.

Restocking by utilities after the lunar new year prompted a 20 percent jump in coal imports in March from a year earlier, customs data showed.

However, several ports in China have introduced restrictions on coal imports as the government tries to support domestic coal prices and encourage more local production.

It is unclear how long the restrictions will last and whether they will reduce demand, but they are unlikely to affect Australian or Russian exports of coal, which are high-quality grades.

"Coal production in China dropped sharply in January-February due to the New Year holiday, but we expect output ... to rise this year as lower imports boost demand for domestic coal," said consultancy Capital Economics.

"Of course, government policy can significantly alter the dynamics of the market. Further interventions by the Chinese government on either the supply or demand side are a risk to our forecasts."

Elsewhere in Asia, imports by Japan and South Korea also remain strong. More than 40 percent of South Korea's nuclear generation is currently offline, which has driven the need for increased coal use.

Coal's rally since 2016 has revived companies like Peabody from bankruptcy. Tempted by high prices, many miners are now eyeing higher output.

SEVEN RINGS CEMENT

Asadul Haque Sufyani, chief marketing officer of Seven Rings Cement, hands over a cheque to Khandaker Shabbir Ahmed, head of the department of architecture at the Bangladesh University of Engineering and Technology, at a programme recently. The company has become a sponsor of the department's study tours for the next three years.

US judge temporarily blocks Xerox takeover by Fujifilm

AFP, New York

A US judge late Friday temporarily blocked the planned takeover of US photocopy maker Xerox by Japan's Fujifilm, saying the deal prioritized the interests of the Xerox CEO over that of the company's shareholders.

The opinion, issued by Judge Barry Ostrager of New York's Supreme Court in Manhattan, came after two days of hearings for a lawsuit brought by Darwin Deason, one of Xerox's biggest investors.

Deason -- who along with Carl Icahn controls 15.2 percent of Xerox shares -- sued Xerox in February opposing the deal and alleging fraud.

Ostrager said the takeover deal "was largely negotiated by a massively conflicted CEO in breach of his fiduciary duties to further his self-interest," The Wall Street Journal reported.

The deal was then approved by the Xerox board of directors, "more than half of whom were perpetuating themselves in office for five years without properly supervising Xerox's conflicted CEO."

Fujifilm Holdings said in a statement that it was "disappointed" with the ruling. "We strongly believe that all Xerox shareholders should be able to decide for themselves the operational, financial, and strategic merits of the transaction," it said.

Fujifilm said it is "considering all options, including whether to appeal the decision." Under the planned deal, announced in late January, Xerox would be absorbed by an existing joint venture known as Fuji Xerox, falling under the control of Fujifilm, which until now held a 75 percent stake in the joint venture.

After the transaction is completed, Fujifilm would hold 50.1 percent of Fuji Xerox, compared with 49.9 percent for current Xerox shareholders, who also would receive a special cash dividend of $2.5 billion.

Deason said Xerox made a secret deal in 2001 allowing Fujifilm to exit the Fuji Xerox joint venture if Xerox were taken over by any investor other than the Japanese firm.

US Fed to hold fire amid rising market sensitivity

AFP, Washington

Markets do not expect the US Federal Reserve to raise interest rates this week, as policymakers take time to assess how much pressure is building in world's largest economy.

The central bank's Federal Open Market Committee, which is due to begin a two-day meeting on Tuesday, has signalled it will keep lending rate at least twice more this year after kicking it up a notch last month.

But Wall Street since February has shown a tendency to swoon at the faintest hint the Fed might consider moving at a more aggressive pace.

And data that suggest the Fed might move four times this year under newly-installed Fed Chairman Jay Powell has generated wild volatility in share prices.

While the central bank will leave the benchmark lending rate untouched on Wednesday when it announces the outcome of the meeting, investors will be reading anxiously between the lines for signs of how concerned officials appear to be about rising wages and inflation.

After years at with interest rates at zero in the aftermath of the global financial crisis, the US central bank has nudged the rate up six times since the first move in December 2015, moving in increments of 0.25, or 25 basis points.

"There's just a level of disbelief that the Fed would actually raise rates a hundred basis points in a year, as if a hundred basis points is a lot," economist Joel Naroff told AFP.

"You've got this 10 years of low rates and people thinking it's almost a birth right," he added. "That's creating a lot of the uncertainty."

Powell's nomination to lead the Fed was widely seen as a White House signal of continuity with the end of Fed Chair Janet Yellen's era, which saw low interest rates, tame inflation, rallying markets and steady growth.

But since taking office in February, Powell has managed to spook the markets at virtually every turn.

At his debut congressional testimony that month, stocks turned negative, particularly on Powell's remark that the central bank's mandate did not include boosting Wall Street returns.

"We don't manage the stock market, we manage stable prices and

Federal Reserve Chair Janet Yellen

maximum employment," he said.

The Dow lost 1.2 percent that day.

The index also fell 0.2 percent following Powell's first post-FOMC press conference in March, when the central bank hiked and raised its long-term interest rate forecast by a tenth to 2.9 percent.

Two weeks later, Powell delivered his first speech as Fed chair, saying the central bank wanted to avoid raising rates either too quickly or too slowly.

Stocks fell 2.3 percent in the wake of his comments, seemingly disappointed he had not promised to slow future rate increases in light of a possible trade war with China.

Kathy Bostjancic, head of US macro investor services at Oxford Economics, said mounting inflation could indeed force the Fed to move faster than Wall Street likes, shattering hopes the central bank will act to protect stock prices.

"I do think Chair Powell will be careful as all Fed officials are but I don't believe that there's this so-called 'Powell Put,'" she said, referring to the idea the central bank chief would attempt to put a floor under stock prices.

"I don't think he could easily give deference to the equity market and enable this idea."

Since the FOMC raised rates in March, economic data have pointed to continued steady growth and signs wages are rising at long last, which would be expected to boost inflation.

GDP expanded by a better-than-expected 2.3 percent in the first quarter and is projected to return to around three percent in the second quarter, and job creation remained strong.

Inflation has turned up the heat. A quarterly measure of the core Personal Consumption Expenditures price index, the Fed's preferred measure, which strips out volatile food and fuel prices, surged above the Fed's two percent target to 2.5 percent, its strongest quarter since 2007.

Naroff said Powell would be careful not to send markets nosediving -- which could spill over into business confidence and hurt the real economy -- even though markets are not his primary concern.

"If the stock markets are totally flat this year and he gets a hundred basis points, he'll be a happy camper."