Singapore hotels see best month in years amid Hong Kong turmoil

REUTERS, *Singapore*

Singapore's hotel occupancy rates have climbed to their highest in over a decade as travelers and business events switched from Hong Kong, where pro-democracy protests have slammed tourist numbers and wider business sentiment.

Data released on Monday by Singapore's tourism board showed average occupancy rates in the city-state's hotels hit 93.8 percent in July, the highest in records going back to 2005, and up from 92.5 percent a year ago.

The data also showed the highest revenue per room in almost four years, a trend analysts and hoteliers said was helped by conferences switching from rival business hub Hong Kong as protests that started in mid-June turned increasingly violent.

"Singapore may benefit twice as much from the Hong Kong fallout as both these destinations share similar traits," said Derek Tan, an analyst at Singapore's biggest bank DBS, citing businesses switching conference venues from Hong Kong.

The Global Wellness Summit, a gathering of around 600 health and beauty industry delegates scheduled for mid-October recently said it was moving to Singapore from Hong Kong. The event's spokeswoman said this was "to ensure travel is as seamless as possible."

Marcus Hanna, general manager of Singapore hotels, Fairmont Singapore and Swissotel The Stamford, said he had a 60-strong business group last month switch from Hong Kong for a five-night stay.

Hanna said his hotels, which offer conference and meeting facilities, have received a number of inquiries from companies looking to move events out of Hong Kong amid the unrest.

Jefferies analyst Krishna Guha said events in Hong Kong would have been a factor in lifting Singapore's hospitality sector. Revenue per available room, a key performance metric for the hotel industry, rose to S$203.7 in July, its highest since October 2015, and from S$200.2 in July 2018.

He said the unrest would have weighed on tourists' summer travel plans, while other factors included tightening hotel supply in Singapore during its peak season for North Asian visitors and a weaker Singapore dollar.

In Hong Kong, the city's airport has suffered repeated disruptions due to demonstrations and hotel operators have reported lower occupancy rates and booking cancellations. Many countries such as Singapore have advised their citizens to defer non-essential travel to the former British colony.

"The outlook remains bleak for September and the rest of the year for destination Hong Kong," said Alicia Seah of travel agency Dynasty Travel, adding that inquiries and bookings have come to a "standstill" since last month's airport shutdown.

"There are now spillover effects... with both leisure and business travelers opting to travel to Singapore instead of Hong Kong."

REUTERS/FILE

A tourist bum boat passes by the Marina Bay Sands hotel in Singapore.

MEGHNA GROUP OF INDUSTRIES

Tanzima Mostafa, director of Meghna Group of Industries (MGI), receives a certificate from Hasan Murad Chowdhury, head of business of Greencert, at a programme at the head office of MGI in Dhaka on August 26. MGI's concern Tanveer Paper Mills has become an FSC recycled certified manufacturer of liner, medium and kraft paper.

Saudi replaces Aramco chairman ahead of potential IPO

AFP, *Riyadh*

Saudi Arabia on Monday named the head of its sovereign wealth fund as chairman of oil giant Aramco, replacing Energy Minister Khalid al-Falih as the state-owned company prepares for a much-anticipated initial public offering (IPO).

"I congratulate... Yasir al-Rumayyan, governor of the Public Investment Fund, on his appointment as chairman of the board of directors of Saudi Aramco, which is an important step to prepare the company for the public offering," Falih said on Twitter.

Rumayyan, already an Aramco board member, is the head of the vast Saudi sovereign wealth fund that is spearheading an ambitious plan to diversify the kingdom's oil-reliant economy.

The news comes after Falih, who has long headed both Aramco and the energy ministry, has seen his portfolio shrink as the kingdom reels from low oil prices.

Saudi Arabia on Friday announced the creation of a new ministry of industry and mineral resources, separating it from the energy ministry as it steps up efforts to boost non-oil revenue.

"All this shows that in Saudi Arabia there has been some dissatisfaction at the highest levels on how things have been going," Olivier Jakob, from the consultancy Petromatrix, told Bloomberg News.

"Falih has not really fully delivered on oil prices. There's speculation that prices and the IPO are linked and they need higher prices to get the valuation they want for the IPO."

Aramco has said it plans to float around five percent of the state-owned company in 2020 or 2021, in what could potentially be the world's biggest stock sale.

It aims to raise up to $100 billion based on a $2 trillion valuation of the company, but amid low oil prices investors have debated whether Aramco is really worth that much.

Failure to reach a $2 trillion valuation as desired by Saudi rulers is widely considered the reason the IPO, earlier scheduled for 2018, has been delayed.

Earlier this month, Aramco said its first half net income for 2019 slipped nearly 12 percent to $46.9 billion on lower crude prices.

It was the first time the company has published half-year financial results, and comes after Aramco opened its secretive accounts for the first time in April, revealing itself to be the world's most profitable company.

Xiaomi plans $1.5b buyback to arrest stock tumble

REUTERS, *Shanghai*

Chinese smartphone maker Xiaomi Corp announced a HK$12 billion ($1.53 billion) share buyback plan on Tuesday, in a reversal of its cash-management strategy that is aimed at boosting its floundering stock.

Xiaomi shares responded to news of the buyback, its biggest, by climbing nearly 7 percent.

Just last week the company scrapped an already delayed plan to offer equity in China, a move aimed at attracting mainland investors hungry to buy into global companies. The company said then it had enough money and would focus on business development.

Shares of Xiaomi, which listed in Hong Kong last year, have lost nearly a third of their value this year and are at half their initial public offering price, hurt by the company's sharply slowing growth and increased competition.

The stock has also been hit by losses at the Hong Kong stock market, which has plunged since massive anti-government protests started in the city in June. Companies on the city's exchange have collectively bled $152 billion in value since June.

"I think it should give investors more confidence to buy the stock because it shows how confident management is in the sustainable cash generating capabilities of the company," said Morningstar analyst Dan Baker, referring to the buyback.

Baker said the plan to offer shares in the mainland was likely aimed at getting a higher valuation in the Chinese market than it was about raising funds. The buyback announcement shows the company has enough cash, he said.

Xiaomi had cash and cash equivalents of 34.9 billion yuan ($4.92 billion) as of June 30 and total borrowings of 13.8 billion yuan. The company generated positive cash flow of roughly 11 billion yuan in the June quarter.

"The board believes that a share repurchase in the present conditions will demonstrate the company's confidence in its own business outlook and prospects," Xiaomi said in a stock exchange filing.

Xiaomi's current financial resources will enable it to implement the repurchase while maintaining a solid financial position, it said. Growth at the Beijing-based company has slowed sharply as the global smartphone market has shrunk and local competition has increased.

Xiaomi's market share in China declined by a fifth in the April-June quarter even as that of smartphone giant Huawei Technologies surged by 31 percent, according to research firm Canalys.

Xiaomi's efforts to push into higher-margin internet services - to complement razor thin margins on its smartphones - has also disappointed investors as it has struggled to wring more money out of its growing number of users.

But its cheap smartphones have stayed popular among Indian consumers, who are buying more phones thanks to easier access to data. The company is also set to launch a consumer lending business in the country soon, but faces data privacy concerns and competition from U.S. tech giants.

REUTERS/FILE

The logo of Xiaomi is seen outside the brand's store in central Kiev, Ukraine.

EBL

M Khorshed Anowar, head of retail and SME banking at Eastern Bank, and Md Shafiqul Islam, head of marketing and sales at US-Bangla Airlines, exchange the signed documents of a deal in Dhaka recently facilitating offers on air tickets for the bank's cardholders.

Oil falls 1pc, pressured by trade war and swelling output

REUTERS, *Tokyo/London*

Oil prices fell by 1 percent on Tuesday, weighed down by the protracted US-China trade dispute that has dragged on the global economy as well as rising OPEC and Russian

US crude CLc1 was down 65 cents, or 1.19 percent, at $54.45 a barrel by 0857 GMT, while Brent LCOc1 was down 47 cents at $58.19 a barrel.

The United States this week imposed 15 percent tariffs on a variety of Chinese goods and China began to impose new duties on a $75 billion target list, deepening the trade war that has rumbled on for more than a year.

US President Donald Trump said both sides would still meet for talks later this month.

South Korea's economy turned out to have expanded less than estimated during the second quarter as exports were revised down in the face of the prolonged US-China trade dispute, central bank data showed on Tuesday.

Brexit crisis spurs collapse in UK construction orders

REUTERS, *London*

British construction companies suffered the sharpest drop in new orders since the depths of the financial crisis last month as the Brexit crisis scared away potential customers, a survey showed on Tuesday.

The IHS Markit/CIPS UK Construction Purchasing Managers' Index (PMI) fell to 45.0 from 45.3 in July, confounding expectations for an improved reading of 45.9 in a Reuters poll of economists.

Overall, the survey is likely to add to questions over Britain's ability to bounce back from an economic contraction in the second quarter, a hangover from the stockpiling boom in advance of the original March Brexit deadline.

Another contraction in the current quarter would officially herald a recession.

The growing signs of a wilting economy — similar to elsewhere in Europe — raise the stakes for Prime Minister Boris Johnson in his standoff with Brussels.

The PMI's new orders index fell to its lowest level since March 2009, when Britain was deep in its last recession.

"Domestic political uncertainty continued to hold back the UK construction sector in August, with survey respondents indicating that delays to spending decisions had contributed to the sharpest fall in new work for over 10 years," IHS Markit economist Tim Moore said. Business expectations across the construction industry as a whole, which accounts for around 6% of economic output, fell to their lowest level since December 2008.

Brexit doubts hit the commercial construction sector hardest, IHS Markit said.

Investors will be watching Wednesday's PMI for the much larger services sector to see if the weak readings from the manufacturing and construction surveys are reflective of the whole economy.

British manufacturing contracted last month at the fastest rate in seven years, IHS Markit said on Monday.

REUTERS/FILE

Construction cranes are seen above a refurbished mill building in the city centre of Manchester, Britain.