Rebound in global gas demand threatens international climate targets

REUTERS, London

A rebound in global gas demand to 2024 following a record fall last year is poised to knock the world off track for a climate goal of achieving net zero emissions by 2050, the International Energy Agency (IEA) said on Monday.

More than 190 countries have signed the Paris agreement designed to limit global warming to 1.5 deg C, which will require a huge reduction in the use of fossil fuels such as coal and gas.

"Natural gas demand is set to rebound strongly in 2021 and will keep rising further if governments do not implement strong policies to move the world onto a path towards net-zero emissions by mid-century," the IEA said in its latest gas outlook.

Gas demand in 2021 is expected to rise by 3.6 per cent as global economies recover following a record fall in 2020 due to restrictions to limit the spread of the novel coronavirus.

From 2022 to 2024, demand growth is expected to average 1.7 per cent per year, meaning gas demand would be too high to keep to the IEA's road map towards meeting global net zero emissions by 2050.

The IEA in May published a pathway for the energy sector to meet the net zero emissions target and said investors should not fund new oil, gas and coal supply projects.

But new demand could be met by projects already approved or under development before the pandemic, the latest report said.

Global gas prices have soared to multi-year highs over the past month, with high temperatures driving demand for power generation in the northern hemisphere for air conditioning and as some regions such as Asia seek to boost stocks before winter.

The report said Europe's benchmark Dutch gas prices are expected to average US$9.5 per million British Thermal Units (MBtu) in 2021, their highest since 2013, while Asian spot LNG prices are expected to average US$11/MBtu, the highest since 2014.

In Monday's report, the IEA said the gas industry should ramp up efforts to reduce emissions such as addressing methane leaks.

REUTERS/FILE

The sun rises behind a gas-fired power station in Minsk, Belarus on February 5, 2020.

India's Paytm to file draft prospectus next week for $2.3b IPO

REUTERS, New Delhi

One97 Communications Ltd, the parent of Indian payments firm Paytm, will file a draft prospectus as early as July 12 for a domestic initial public offering (IPO) that seeks to raise $2.3 billion, two sources close to the matter said on Monday.

The money will be raised via sale of new Paytm stock as well as a secondary offering of shares at an expected valuation of $24 billion to $25 billion with an option to raise the amount at a later stage if required, the sources said, declining to be named as the matter is not public.

Paytm's proposed $2.3 billion IPO will make it India's third-biggest public listing in dollar terms after state-run miner Coal India in 2010 and Reliance Power in 2008.

The prospectus will be filed shortly after Paytm's extraordinary general meeting (EGM) of shareholders in Delhi on July 12, possibly on the same day, the sources added.

Paytm declined to comment.

Paytm, which counts China's Alibaba and Japan's SoftBank as backers, is seeking shareholder approval at the EGM to sell up to 120 billion rupees ($1.61 billion) in new stock and have an option to retain an over-subscription of up to 1 per cent, Reuters reported previously.

There were $3.6 billion worth of IPOs in India in the first half of 2021, up from $1.1 billion at the same time last year, according to Refinitiv.

The level so far this year is the highest since 2008, the data showed. Sona BLW Precision Forgings raised $757.4 million in its June IPO which was the biggest listing in India this year.

Paytm has hired JPMorgan Chase, Morgan Stanley, ICICI Securities, Goldman Sachs, Axis Capital, Citi and HDFC Bank for the IPO, the sources said.

Citi and ICICI Securities declined to comment. Other banks did not respond to requests for comment.

Beijing prices up cost of e-commerce data abuses

REUTERS, Hong Kong

Chinese regulators have sent e-commerce companies yet another reminder that they are being closely scrutinised.

The powerful State Administration for Market Regulation on Friday proposed rules to punish illegal pricing, adding a chapter specifically addressing subsidies and the practice of charging different prices based on algorithms that help analyse customers' purchasing behaviours.

The draft rules cast a wider net compared to antitrust guidance finalised in February targeting monopolistic behaviour by internet platforms.

It should herald speedier investigations, while proposing fines equivalent to up to 0.5 per cent of a company's annual sales, and even the confiscation of key operating licences.

Regulatory risks are flying thick and fast at Chinese technology companies spanning e-commerce to fintech to mobility; Beijing is determined to curb monopolistic behaviour and reduce financial risk and, as the slapdown on new US debutante Didi shows, is increasingly fretting about data, both in terms of how it is used and its security. Everyone is on their toes.

REUTERS/FILE

People browse online shops for belts in Beijing, China.

Business is soaring for UK services firms, and so are prices

REUTERS, London

The post-lockdown bounce-back for British services firms eased only slightly in June but price pressures jumped by the most on record, adding to signs of a further rise in inflation ahead, a survey showed on Monday.

The IHS Markit/CIPS Purchasing Managers' Index for the sector edged down to 62.4 from 62.9 in May but was slightly higher than a preliminary June reading of 61.7.

Job creation was the fastest for seven years but even so staff shortages contributed to the highest level of backlogs since the survey began in 1996. That in turn helped to push up prices by the most on record for inputs and prices charged.

Britain's economy slumped by nearly 10 per cent last year as the country suffered one of the world's highest Covid-19 death tolls.

But this year it is expected to grow faster than the United States and other advanced economies, helped by its early Covid-19 vaccination rollout and huge monetary and fiscal stimulus.

Despite the growth spurt and inflation running above its 2 per cent target, the Bank of England has signalled it is in no rush to ease off on its support. It is waiting to see if unemployment rises as the government winds down its job subsidies over the next three months.

IHS Markit said there was a small fall in exports due to travel restrictions and uncertainty about quarantine policies. Some firms also said Brexit-related issues had dampened export orders to the European Union.

The composite PMI, including previously released manufacturing data, also eased back, slipping to 62.2 from May's 62.9 which was the highest reading since the series began in January 1998.

REUTERS/FILE

The City of London financial district can be seen as people walk along the south side of the River Thames, amid the coronavirus disease outbreak in London, Britain on March 19.

Daimler, Volvo and Traton plan $600m truck-charging JV

REUTERS, Frankfurt

Three major European truck manufacturers - Daimler Trucks, AB Volvo and Traton - said on Monday they plan to form a joint venture (JV) to develop an electric battery-charging network for long-haul trucks and buses.

Charging infrastructure expansion has been a central hurdle to the mass adoption of battery-powered vehicles, with the lack of expansion fuelling so-called range anxiety, the fear of not having enough charging spots to make the trip.

"The key ingredient in the future rolling-out of electric vehicles will be the infrastructure. It will be the big bottleneck," Martin Daum, chief executive of Daimler Trucks, to be spun off from Daimler later this year, told Reuters.

The three companies, which are all building electric trucks and are normally competitors, will jointly invest 500 million euros ($593 million) in the venture that they will own equally and that will start operations in 2022.

"And thereafter we are very open in all directions to let other parties partner with us and actually bring equity into the joint venture," Traton CEO Matthias Gruendler said, adding he expected a lot of outside interest once the JV has been set up.

The aim is to install and operate at least 1,700 charging points within five years. The joint company will be based in Amsterdam and will over time seek further partners and public funding.

European car industry association ACEA has called for up to 50,000 high-performance charging points by 2030. Gruendler said that roughly 10 billion euros would be needed to build out Europe's infrastructure to be fully electrified by 2050.

"In order to accelerate further, we need additional partners, additional networks and public funds," AB Volvo CEO Martin Lundstedt said. "We will continue to be very fierce competitors. But we need a new platform to compete upon."

REUTERS/FILE

Daimler AG's FUSO Super Great truck is pictured at the 45th Tokyo Motor Show in Tokyo, Japan.

Britain proposes company listing reforms to catch up with NY

REUTERS, London

Britain's financial watchdog proposed on Monday making it easier for tech companies to list in London to strengthen the capital's ability to compete with New York and the European Union following Brexit.

The Financial Conduct Authority (FCA) has proposed allowing "dual class share structures" for "innovative, often founder-led companies" listing on the London Stock Exchange's premium segment. Dual class share structures are popular in New York, allowing founders of companies to maintain control at the expense of ordinary shareholders.

They are already available in London on the standard segment, but shareholder rights groups who back "one share, one vote" oppose their introduction on London's premium segment where top companies list.

The FCA also proposed cutting the amount of shares that must be made available to the public or free-float to 10 per cent from 25 per cent.

The minimum market capitalisation, however, for both the premium and standard segments for ordinary commercial companies would be raised to 50 million pounds ($69 million) from 700,000 pounds.

The proposals stem from a government-backed review of listing rules by former European Commissioner Jonathan Hill, who said they would help London catch up with what was already happening in New York and elsewhere.

"These proposals are essential if we intend for the UK to continue to be a modern and dynamic market. Today, we are acting assertively to meet the needs of an evolving marketplace," said Clare Cole, the FCA's director of market oversight. "Our proposals should result in a wider range of listings in the UK, and increased choice for investors while we continue to ensure appropriate levels of investor protection." A public consultation on the proposals will close in September, with final rules due before the end of 2021.

The FCA is also due to announce final rules for easing listings of SPACs or special purpose acquisition companies to catch up with a flurry of listings in New York and Amsterdam.

Indonesia sets coal benchmark price at highest in a decade

REUTERS, Jakarta

Indonesia set its coal benchmark price at the highest in more than a decade, an official document published by its energy and minerals ministry showed on Monday, supported by sustained demand from China.

The ministry set the benchmark coal price at $115.35 per tonne in July, higher than the $100.33 per tonne in June and the highest since $117.6 per tonne in May, 2011, Refinitiv data showed.

"China's domestic coal supply capacity continues to run low while power generation activities resume," energy and mineral resources ministry spokesman Agung Pribad said in a statement, adding demand also increased from Japan and South Korea.

"This has an impact on the increase in global coal prices," he said.