PREMIER BANK

Premier Bank Chairman HBM Iqbal virtually presided over its half-yearly Business Conference 2021 yesterday. Adviser Muhammed Ali and Managing Director and CEO M Reazul Karim were also present.

India's fuel demand recovers as lockdowns ease

REUTERS

India's fuel demand recovered last month after slumping to a nine-month low in May, as restrictions to curb the spread of the pandemic were eased and mobility picked up.

Fuel consumption, a proxy for oil demand, rose 8 per cent from May to 16.34 million tonnes, data from the Petroleum Planning and Analysis Cell (PPAC) of the Ministry of Petroleum & Natural Gas showed on Friday.

A second Covid-19 wave, which stalled mobility and dulled economic activity, dragged fuel consumption to its lowest since August in May.

Pandemic infections have, however, eased from May's peak, prompting a 1.5 per cent year-on-year increase in fuel demand last month.

"Going forward we see road fuel demand reaching pre-pandemic levels by the end of the year since the vaccination program has already come a long way," said Rystad analyst Simen Eliassen, adding that jet fuel could also recover by 115,000 bpd.

However, Eliassen cautioned that new coronavirus variants and mutations could pose a risk to the recovery.

A senior government official said on Friday India's devastating second coronavirus wave was not yet over. Concerns over a new Delta Plus Covid-19 variant has also clouded the nation's economic outlook.

Diesel consumption, which accounts for about 40 per cent of India's refined fuel sales, fell 1.6 per cent year on year to 6.20 million tonnes, but rose 12 per cent from May.

Sales of gasoline, or petrol, increased by about 5.7 per cent from the same period last year and jumped 21 per cent from May to 2.41 million tonnes.

Sales of cooking gas, or liquefied petroleum gas (LPG), rose 9.7 per cent to 2.26 million tonnes year-on-year, while naphtha sales dropped by about 3.1 per cent to 1.19 million tonnes.

Sales of bitumen, used for making roads, were down 32 per cent from a year ago, while fuel oil rose 1.9 per cent.

REUTERS/FILE

A worker holds a nozzle to pump petrol into a vehicle at a fuel station in Mumbai, India.

Chinese regulator blocks Tencent's $5.3b video games merger

REUTERS, *Hong Kong*

China's market regulator on Saturday said it would block Tencent Holdings Ltd's plan to merge the country's top two videogame streaming sites, Huya and DouYu, on antitrust grounds.

Tencent first announced plans to merge Huya and DouYu last year in a tie-up designed to streamline its stakes in the firms, which were estimated by data firm MobTech to have an 80 per cent slice of a market worth more than $3 billion and growing fast.

Tencent is Huya's biggest shareholder with 36.9 per cent and also owns over a third of DouYu, with both firms listed in the United States, and worth a combined $5.3 billion in market value.

Reuters first reported the State Administration of Market Regulation (SAMR) plan to block the deal on Monday, which came after the regulator reviewed additional concessions proposed by Tencent for the merger.

SAMR said Huya and DouYu's combined market share in the video game live streaming industry would be over 70 per cent and their merger would strengthen Tencent's dominance in this market, given Tencent already has over 40 per cent market share in the online games operations segment.

Huya and DouYu are ranked No. 1 and No. 2, respectively, as China's most popular video game streaming sites, where users flock to watch e-sports tournaments and follow professional gamers.

Tencent said in a statement it "will abide by the decision, comply with all regulatory requirements, operate in accordance with applicable laws and regulations, and fulfill our social responsibilities."

The deal termination comes amid an ongoing crackdown on Chinese tech companies from the government. Earlier this year, the anti-monopoly regulator placed a record $2.75 billion fine on e-commerce giant Alibaba for engaging in anti-competitive behaviour.

DouYu said it "fully respects the regulatory decision and actively cooperates with regulatory requirements to operate in compliance with applicable laws and regulations."

Huya did not immediately respond to a request for comment.

In a memo from SAMR published concurrently with the announcement, Zhang Chenying, a member of the state council's anti-trust committee, argued the deal would prevent fair competition.

"If Huya and DouYu are to merge, the original joint control of Douyu will become Tencent's complete control of a merged entity," Zhang wrote.

"Considering factors such as revenue, active users, livestreaming resources and other key indices, we can expect that a merger would eliminate or restrict fair competition."

REUTERS/FILE

A Tencent logo is seen at its booth at the 2020 China International Fair for Trade in Services (CIFTIS) in Beijing, China on September 4.

US to address concerns of tax deal holdout countries: Yellen

REUTERS, *Venice*

US Treasury Secretary Janet Yellen said on Saturday that she would work to try to address the concerns of holdout countries that have not signed onto a global corporate tax deal, but added that it wasn't necessary for all nations to adopt it.

Speaking to reporters alongside German Finance Minister Olaf Scholz, Yellen said she believed that some of the concerns of countries such as Ireland, Estonia and Hungary could be addressed in the run-up to a G20 leaders' summit in October.

"We'll be trying to do that, but I should emphasise it's not essential that every country be on board," she said.

"This agreement contains a kind of enforcement mechanism that can be used to make sure that countries that are holdouts are not able to undermine -- to use tax havens that undermine the operation of this global agreement."

Asked how she would bring a divided US Congress on board with the agreement, Yellen said she was working with the tax-writing committees in Congress on a budget resolution that would use budget "reconciliation" rules.

These rules would allow passage with a simple majority in the US Senate, where Democrats hold a one-vote majority if all members of their party are aligned.

"I'm very optimistic that the legislation will include what we need for the United States to come into compliance with Pillar 2," Yellen said, referring to the part of the Organisation for Co-operation and Development (OECD) that governs the minimum tax.

The Biden administration has proposed raising the existing US minimum tax on overseas intangible income to 21 per cent and instituting a new minimum tax that would deny deductions for companies making tax payments to countries that do not adopt the minimum tax.

Yellen said the OECD tax deal, agreed in principle by 131 countries and now endorsed by G20 governments, was good for all governments and would raise revenues by ending a "race to the bottom" with countries competing to cut corporate tax rates.

REUTERS

US Secretary of the Treasury Janet Yellen arrives to attend the G20 finance ministers and central bank governors' meeting in Venice, Italy on July 9.

Malaysia, 1MDB seeking more than $5.6b in damages from KPMG partners

REUTERS, *Kuala Lumpur*

Malaysia's government and state fund 1Malaysia Development Berhad (1MDB) are seeking over $5.6 billion in damages from KPMG partners for alleged breaches and negligence linked to a corruption scandal at the fund, court documents seen by Reuters showed.

Audit firm KPMG on Friday denied the allegations and pledged to "vigorously" contest the suit filed against 44 current and former partners and linked to its audit of 1MDB's financial statements between 2010 to 2012.

The suit, which the finance ministry confirmed had been filed on Tuesday, is the latest in a series of suits filed by Malaysian authorities to recover billions of dollars missing from 1MDB in a scandal that has implicated high-level officials, banks and financial institutions around the world.

"All allegations as reported in the news are refuted and the claim will be vigorously contested," KPMG said in an emailed statement to Reuters, noting it was "disappointed" with the suit. Malaysia's finance ministry declined to comment further due to sub judice. In June, it said it was negotiating a settlement with the auditor. Lawyers for 1MDB did not immediately respond to a request for comment.

According to the lawsuit, the plaintiffs allege that about $3.2 billion were misappropriated from 1MDB and its subsidiaries during the period KPMG served as the firm's auditor.

The amount was part of a larger sum of $5.64 billion allegedly siphoned from 1MDB between 2009 and 2014 – losses that could have been avoided if KPMG had obtained sufficient evidence to support its audit findings, the plaintiffs allege.

A proper audit by KPMG would have identified fraud risk warning signs which the firm would have had a duty to report and which would have led to the discovery of the fraud at 1MDB sooner, the plaintiffs said.

The plaintiffs said they would seek the full amount misappropriated, including interest accrued as well as additional costs.

The Malaysian government and MoF Inc, a statutory body under the finance ministry, would also seek 2.63 billion ringgit ($627.83 million) from the KPMG partners to cover losses incurred in bailing out 1MDB.

KPMG was sacked as 1MDB's auditor after it refused to sign off on the fund's 2013 accounts.

In June 2018, it said it had informed 1MDB to "immediately take all necessary steps to prevent any further or future reliance on the audit reports prepared by KPMG Malaysia for the financial years ended 31 March 2010 to 31 March 2012".

Deloitte PLT which took over as 1MDB's auditor after KPMG, paid $80 million to Malaysia's government last month to settle claims related to its dealings with 1MDB.

At least six countries have opened investigations into 1MDB, co-founded by former prime minister Najib Razak. Last year, Najib was found guilty of corruption and money laundering in a 1MDB-linked case. He denies wrongdoing and is appealing the verdict.

REUTERS/FILE

The KPMG logo is seen at their office at Canary Wharf financial district in London, Britain.

UK carves out exemption for gold clearing banks from Basel III

REUTERS, *London*

Banks clearing gold trades in London can apply for an exemption from tighter capital rules due in January 2022, a British regulator said on Friday, removing what some said was a threat to the functioning of the market.

London is the world's biggest physical precious metals trading hub. Its clearing system, operated by a handful of large banks with access to metal in vaults - JPMorgan, HSBC, ICBC Standard and UBS - settles gold transactions worth around $30 billion a day.

The upcoming rules, known as the net stable funding ratio, are part of Basel III regulations designed to make banks more stable and prevent a repeat of the financial crisis of 2008-09.

The rules treat physically traded gold like any other commodity, requiring banks to hold more cash to match their gold exposure as a buffer against adverse price moves. The London Bullion Market Association (LBMA), an industry body, has lobbied against them, saying they are unnecessary and could force some banks – including clearing banks - to stop trading.

Following a consultation, the Bank of England's Prudential Regulatory Authority (PRA) said on Friday it had "decided to amend its approach to precious metal holdings related to deposit-taking and clearing activities."

It said it had introduced an "interdependent precious metals permission" which would reduce the size of the required capital buffer.

"This is one of the key points that what we've been asking for all these years," said Sakhila Mirza, the LBMA's chief counsel. "Clearing will be exempt."

The PRA said it would not classify gold as a high-quality liquid asset, which would have freed other trades such as precious metals loans and leases from the high capital requirement.

The LBMA says gold is liquid enough not to need an additional liquidity buffer for clearing and settlement and short-term transactions.

JPMorgan and HSBC declined to comment. ICBC Standard did not immediately respond late on Friday.

A spokesperson for UBS said: "UBS welcomes the PRA's decision, which supports stability in bullion clearing and avoids disruption to the London market."