Sterling sinks as Germany's Merkel downbeat on Brexit deal outlook

AFP | London

The British pound dived yesterday after German Chancellor Angela Merkel reportedly warned that a Brexit deal was "overwhelmingly unlikely", further stoking fears of a disorderly and costly departure from the EU.

Merkel told British Prime Minister Boris Johnson that a deal was doomed to fail unless London agreed to keep British-run Northern Ireland that borders EU-member Ireland in the bloc's customs union, a Downing Street source said.

The host of next week's European summit, EU Council president Donald Tusk, in turn accused British Prime Minister Boris Johnson of trying to shift blame for the failure of the Brexit talks.

"Markets are having to focus on the various potential outcomes which are now imminent," Interactive Investor analyst Rebecca O'Keeffe said

"A deal looks very unlikely unless the EU blinks first."

Merkel told Johnson that a deal was doomed to fail unless London agreed to keep British-run Northern Ireland in the bloc's customs union

'Greater chance of no-deal'

She added: "For many, the word of the PM is government policy, hence the global market is moving towards pricing in an ever greater chance of a no-deal."

Losses were exacerbated by official data showing that British productivity tumbled at its fastest rate in five years in the second quarter of 2019.

Stock markets on both sides of the Atlantic meanwhile posted losses on growing investor doubts over chances of success in this week's China-US trade talks.

Losses for London stocks were limited thanks to the weak pound, which boosts multinationals earning in stronger currencies, but Paris and Frankfurt fell more than one percent.

Meanwhile on Wall Street the Dow Jones index was also down more than one percent in late morning trading.

There had been a general feeling in recent weeks that a solution to the long-running US-China tariffs saga may be found, providing some much-needed support to equities in the face of worsening economic data.

Trade talks

Beijing's top trade envoy Liu He is due to meet US Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin on Thursday.

But observers warn it is unlikely progress will be smooth, with reports this week saying China had cut back on the number of areas it is willing to discuss, suggesting leaders sense weakness in the White House as Donald Trump faces impeachment proceedings and a slowing economy.

The US on Monday announced it would blacklist 28 Chinese firms that it says are implicated in rights violations and abuses targeting Uighurs and other mostly Muslim minorities, which could futher complicate the trade talks.

The trade meeting comes just over a week before a new round of punitive tariffs is due to be imposed on China. "There is a feeling the trade talks are over even before they have begun," said market analyst David Madden at CMC Markets UK.

Further dampening sentiment was the statement by the IMF's new head, Kristalina Georgieva, that trade disputes had helped push the global economy into a "synchronised slowdown".

While trade tensions had been talked about as a danger to the economy, "now, we see that they are actually taking a toll," she said.

Key figures around 1530 GMT

New York - Dow Jones:	▼ 0.4pc at 26,017.31 points
London - FTSE 100:	▼ 0.6pc at 7,516.03 (close)
Frankfurt - DAX 30:	▼ 0.5pc at 12,494.24 (close)
Paris - CAC 40:	▼ 0.4pc at 5,478.06 (close)
EURO STOXX 50:	▼ 0.7pc at 3,431.82
Tokyo - Nikkei 225:	▲ 0.1pc at 22,869.50 (close)
Hong Kong - Hang Seng:	▼ 0.9pc at 28,164.05 (close)
Shanghai - Composite:	▼ 1.1pc at 2,737.74 (close)
Euro/dollar:	▼ at $1.1646 from $1.1709 at 2100 GMT
Pound/dollar:	▼ at $1.3004 from $1.3028
Dollar/yen:	▼ at 111.24 yen from 111.68 yen

Nissan names executive Uchida as next CEO, Gupta as COO

Reuters | Tokyo/Paris

The board of Nissan Motor Co has picked Senior Vice President Makoto Uchida as its next chief executive and Ashwani Gupta as its chief operating officer, two sources said yesterday, following a board meeting of the scandal-hit automaker.

Directors at Nissan, including those from top shareholder Renault SA, voted unanimously in favour of the two executives, one of the sources said. Both of the sources spoke on condition of anonymity.

No one was immediately available for comment at Nissan. The automaker was due to hold a news conference at 1130 GMT.

The decision, earlier reported by the Nikkei newspaper, comes after months of turmoil at Japan's second-largest automaker following the downfall of former Chairman Carlos Ghosn last year and the departure of former CEO Hiroto Saikawa last month.

Ghosn is awaiting trial in Tokyo on financial misconduct charges that he denies.

Saikawa was forced to step down after he admitted to being improperly overpaid.

The internal strife also has implications for Nissan's often difficult relationship with Renault

Uchida was not seen as one of the frontrunners in the race to be the next chief executive, it was reported.

The India-born Gupta is currently COO of alliance junior partner Mitsubishi Motors Corp.

'Call of Duty Mobile' smashes records with 100m downloads

Reuters

The mobile version of videogame franchise "Call of Duty" racked up 100 million downloads in its first week, industry site Sensor Tower said yesterday, dwarfing the debuts of previous smashes including "Fortnite" and "PlayerUnknown's Battlegrounds" (PUBG).

"This is by far the largest mobile game launch in history in terms of the player base that's been built in the first week," said Randy Nelson, Head of Mobile Insights at Sensor Tower. The first-person shooter hit's publisher Activision Blizzard Inc launched Call of Duty: Mobile on Oct. 1. Sensor Tower said the numbers reflected worldwide unique downloads across Apple's App Store and Google Play in the period since. PUBG, Fortnite and Electronic Arts' Apex Legends respectively scored 26.3m, 22.5m and 25m in their first week of release.

Representative picture

IMF's new chief Georgieva warns of 'synchronised slowdown' in global growth

Reuters | Washington

New International Monetary Fund Managing Director Kristalina Georgieva issued a stark warning about the state of the global growth on Tuesday, saying trade conflicts had thrown it into a "synchronised slowdown" and must be resolved.

In her inaugural speech after taking over the global crisis lender on Oct. 1, Georgieva unveiled new IMF research showing that the cumulative effect of trade conflicts could mean a $700 billion reduction in global GDP output by 2020, or around 0.8 per cent.

The research takes into account US President Donald Trump's announced and planned tariff increases on remaining Chinese imports, or around $300 billion worth of goods. Much of the GDP losses will come from a decline of business confidence and negative market reactions, she said.

"In 2019, we expect slower growth in nearly 90 percent of the world. The global economy is now in a synchronized slowdown. This means that growth this year will fall to its lowest rate since the beginning of the decade," Georgieva said.

International Monetary Fund (IMF) Managing Director Kristalina Georgieva

The Bulgarian economist, a former European Union official who previously held the number two job at the World Bank Group, said that trade had "come to a near standstill."

She warned that fractures in trade could lead to changes that last a generation, including "broken supply chains, siloed trade sectors, a 'digital Berlin Wall' that forces countries to choose between technology systems.'"

She also referenced frequent complaints about China's trade practices, without specifically naming the country.

Hong Kong Stock Exchange drops bid for London rival

AFP | Hong Kong

The Hong Kong Stock Exchange yesterday dropped its multibillion-dollar takeover bid for the prized London Stock Exchange Group, which would have created a global markets titan.

Hong Kong Exchanges and Clearing Limited (HKEX) said in a statement that it was "disappointed" to pull its bid -- but that the move was in the best interests of its shareholders.

In a brief reaction statement, London Stock Exchange Group (LSEG) said it "remains committed to and continues to make good progress on its proposed acquisition of Refinitiv" that remains on track to complete in the second half of next year.

HKEX made its shock proposal on September 11 before LSEG formally rejected the offer the following day, citing "fundamental" flaws and concerns over its ties to the Chinese city's government.

The Hong Kong Stock Exchange made a shock bid of more than £30 billion for the London Stock Exchange Group last month

"HKEX under the helm of chief executive Charles Li has been on an expansion drive both East and West for years, acquiring the London Metal Exchange in 2012 and later expanding its trading link with mainland China," noted Fiona Cincotta, senior market analyst at City Index trading group.

"But the attempt to take over the LSEG proved a step too far as the London exchange fended off the bid that would have created a $70-billion company, suspecting that eventually HKEX's links to the local government would have led to political interference in the markets," she added Tuesday.

HKEX chairman Laura Cha said at the time of the offer that it represented a "compelling" opportunity and would bring together the largest and most significant financial centres in Asia and Europe.

On Tuesday, HKEX said that "despite engagement with a broad set of regulators and extensive shareholder engagement, the board... is disappointed that it has been unable to engage with the management of LSEG".

In a blog post, Li said the "goal is to keep moving forward, reinforcing HKEX's role and building Hong Kong's strength as a financial market".

Hong Kong lawmaker and HKEX shareholder Christopher Cheung criticised the unsolicited takeover bid, telling financial data and news provider Bloomberg the "whole offer was a farce".

"When HKEX announced the offer, I thought they've already had discussions with London Stock Exchange and their regulators.

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The HKEX cash-and-shares bid for LSEG worth £32 billion ($40bn, 36bn euros) had been dependent on the axing of the latter's planned acquisition of US financial data provider Refinitiv for $27bn

"It turns out they have not. HKEX now must address the danger of stagnant business growth," he added.

Since the HKEX unveiled its takeover offer last month, LSEG stock has held stubbornly below the bid level -- which stood at more than £83 per share -- as investors remained unconvinced.

Refinitiv meanwhile will help LSEG shift from generating revenue solely from the trading of securities to providing investors information about trading, which will put it in direct competition with Bloomberg.

The transformational Refinitiv deal comes two years after LSEG's failed £21-billion merger with Germany's Deutsche Boerse.

That proposal -- the third failed attempt at a tie-up between the British and German stock exchange operators -- was blocked by the European Commission on competition fears.