

Germany orders recall of 73,000 Opel diesels

Frankfurt am Main, Germany

Germany's KBA transport authority said Friday it had ordered carmaker Opel to recall 73,000 diesel vehicles worldwide that were configured to fool regulatory emissions tests.

The authority "ordered an obligatory recall on October 17" for Opel Insignia, Cascada and Zafira diesels meeting the latest Euro 6 emissions standard manufactured between 2013 and 2016, saying they were fitted with an "illegal 'defeat device'".

Such software is designed to make vehicles appear less polluting during regulators' tests than in real on-road driving.

French-owned Opel had already "voluntarily" refitted 23,000 of 96,000 manipulated cars in total, the KBA added, meaning that an officially-approved refit procedure exists that can quickly be applied to the recalled vehicles.

Opel became on Monday the latest German household name to suffer a police search at its headquarters in the wake of the "dieselgate" scandal, in which Volkswagen admitted in 2015 to installing defeat devices in 11 million vehicles worldwide.

Other prominent carmakers like Mercedes-Benz maker Daimler and BMW have already digested recalls of their own, while official probes into the emissions cheating are under way.

For its part, Opel has rejected the KBA's findings and said Monday it would contest any recall order.

Canada inflation at 2.2pc in September

Ottawa, Canada

Inflation in Canada rose 2.2 per cent in September compared to the same time a year earlier, the country's statistics agency said Friday, a jump owed to reduced "transitory pressures" on transportation prices.

Price increases slowed in September on a year-on-year basis after spiking to 2.8pc in August and 3pc in July, which beat a record held since 2011.

In September prices rose in all eight main categories followed by Statistics Canada. "The transportation index increased at a slower pace in September (+3.9%) than in August (+7.2%), but remained the largest contributor to the year-over-year increase," the government statistics agency said in a statement.

Compared to a 19.9pc spike in August gasoline price increases slowed in September, which saw a year-on-year jump of 12pc.

In early September the Bank of Canada had maintained its key policy rate at 1.5pc, despite a 2.9pc increase in gross domestic product in the second quarter -- the largest increase since 2014.

Eurozone retreat on Italy woes, China slowdown

AFP | London, United Kingdom

Eurozone equities slid yesterday after Brussels slammed Rome over its 2019 budget plans, with sentiment hurt also by weak Chinese growth, poor French corporate news and rising global interest rates, dealers said.

Milan's stock market slipped after the European Commission formally warned Italy late Thursday that its budget plans for 2019 were a serious concern, demanding "clarifications" over Rome's "unprecedented" deviation from EU rules.

"Italy is headed for a showdown with Brussels and I am not sure they have much to lose," Manulife equities head David Hussey said.

Avoid 'loss of Italy'

"Given how damaging Brexit is to the EU project, a loss of Italy would be devastating and to be avoided at all costs -- hence I think (that) Italy's hand is quite strong."

However, Italy is facing higher borrowing costs as investors sell off its bonds. In the secondary market, the yield on 10-year government bonds reached 3.726 per cent, its highest rate since 2014.

Italy's populist government has submitted its draft 2019



Traders work on the floor at the closing bell of the Dow Industrial Average at the New York Stock Exchange

budget to the European Commission in which it laid out plans to increase spending and end the austerity policies of recent years, despite deficit warnings.

Italy's deficit is now projected at 2.4pc of GDP, far higher than the 0.8pc estimate given by the earlier centre right government.

Brussels says Rome needs to cut the deficit in order to begin reducing its massive debt, which exceeds 130pc of annual economic output -- way above the EU's 60pc ceiling.

Paris stocks were weighed down by weak outlooks from

telecoms group Bouygues and tyre maker Michelin.

London, however, gained after upbeat state borrowing data.

On Wall Street the Dow index also posted gains at the opening bell, after losing 1.3pc on Thursday, with a number of strong corporate results bolstering sentiment.

'Hard to adapt'

But worries continue on several fronts, analysts said, including an expected series of Federal interest rate rises.

"Many investors have not experienced a rising rate cycle and will find it hard to adapt", said

Key figures around 1330 GMT

Milan - FTSE MIB:	▼ 0.5pc at 18,979.80 points
Frankfurt - DAX 30:	▼ 0.4pc at 11,538.98
Paris - CAC 40:	▼ 0.8pc at 5,077.67
London - FTSE 100:	▲ 0.3pc at 7,047.63
EURO STOXX 50:	▼ 0.2pc at 3,206.78
New York - Dow Jones:	▲ 0.2pc at 25,424.00
Tokyo - Nikkei 225:	▼ 0.6pc at 22,532.08 (close)
Hong Kong - Hang Seng:	▲ 0.4pc at 25,561.40 (close)
Shanghai - Composite:	▲ 2.6pc at 2,550.47 (close)
Euro/dollar:	▲ \$1.1468 from \$1.1453 at 2100 GMT
Pound/dollar:	▲ \$1.3041 from \$1.3018

Hussey at Manulife.

Investors fret over rising borrowing costs because they impact on loan repayments for both businesses and individuals -- and affect consumers' disposable incomes.

Earlier Friday, Asian stock markets traded mixed, with Shanghai bouncing back from early losses despite data showing Chinese economic growth slowed to its weakest level in nine years.

The world's second largest economy expanded 6.5pc on-year in July-September as a campaign to tackle mounting debt took its toll -- alongside trade frictions with the US.

The growth figure marked the worst performance since the

start of 2009.

Shanghai equities nevertheless finished the week with a rally after a rare joint intervention by some of China's top financial officials.

However the pronounced slowdown weighed on markets elsewhere because China is a crucial driver of global economic growth.

"The Chinese economy is slowing -- but that's down to a deleveraging process and concerns about trade and a global slowdown, as interest rates rise," CMC Markets analyst Michael Hewson said.

Oil prices rebounded after Thursday's sharp losses caused by a surprise jump in US energy stockpiles.

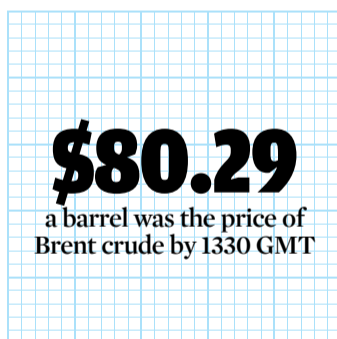
Oil set for weekly loss

Reuters | London

Oil prices rose yesterday on signs of surging demand in China, the world's second-biggest oil consumer, although the market was heading for a second week of losses on rising US inventories and concern that trade wars were curbing economic activity.

Benchmark Brent crude oil LCOc1 jumped \$1.14 a barrel, or 1.4 per cent, to a high of \$80.43 before easing back to around \$80.29, up \$1.00 by 1330 GMT. US light crude CLc1 was 60 cents higher at \$69.25.

For the week, Brent crude was 0.2pc lower while US crude was down 2.9pc, both on track for a second consecutive week-



ly decline, and down around \$7 a barrel from four-year highs reached in early October.

"After two consecutive days of slide the oil market is staging a half-hearted come-back," said Tamas Varga, analyst at London brokerage PVM Oil. "Maybe it

is down to some pre-weekend short-covering."

Refinery throughput in China, the world's largest oil importer, rose to a record high of 12.49 million barrels per day (bpd) in September as some independent plants restarted operations after prolonged shutdowns over the summer to shore up inventories, government data showed yesterday.

Undermining sentiment were official figures showing China's economic growth slowed in the third quarter. US crude stocks last week climbed 6.5 million barrels, marking a fourth straight weekly build and almost triple the amount analysts had forecast, the US Energy Information Administration said.

RBI eases bank lending limits to some NBFCs

Reuters | Mumbai

The Reserve Bank of India yesterday eased lending norms related to certain non-banking finance companies (NBFCs) as liquidity concerns in the sector persist and markets continue to question the viability of some of the firms following the IL&FS debacle.

The central bank said it would allow banks to allocate up to 15 per cent of their lending to NBFCs that do not finance infrastructure projects, up from an earlier limit of 10 per cent. The move is effective up to Dec. 31, the Reserve Bank of India said in a statement.

The relaxation in lending

norms by RBI follows worries over tightening credit lines to NBFCs after a series of defaults at India's Infrastructure Leasing & Financial Services Ltd (IL&FS), spooked markets and led to a major sell-off in the stocks of many NBFCs.

Earlier this month, the Indian government stepped in to take control of IL&FS saying it feared its collapse would cause "catastrophic" damage to the financial markets and the economy.

This week a loan default by real-estate developer Supertech, based in New Delhi, has further panicked investors, leading to further sell-offs in NBFCs with any potential exposure to real estate.

Cyprus refused to grant more time to Cobalt

AFP | Nicosia, Cyprus

Cyprus turned down appeals from the country's ailing airline Cobalt for more time to find investors as it withdrew the carrier's operating licence, officials said yesterday.

"We wanted more time, but our licence was revoked," Cobalt's chairman Grigoris Diakos told state radio, a day after the carrier's sudden collapse.

"We asked for a suspension (of the licence), we needed two months to find a strategic investor after the Chinese investor pulled out," he added.

Diakos said there were "one



Cobalt airline Chief Executive Officer, Andrew Pyne, walks past a Cobalt aeroplane at Larnaca airport

or two serious proposals" from potential investors.

But the Cyprus Air Transport Licensing Authority (ATLA) de-

clined to revoke the licence, senior transport ministry official Alecos Michaelides said.

A temporary suspension was

ruled out because there was no sign of a solid rescue plan.

"A company that is constantly posting losses, and especially losses of around \$34 million a year over a three-year period, cannot survive," Michaelides told ANT1 television.

He said the strategic Chinese investors were estimated to have ploughed in \$114 million, but losses had continued unabated.

Although the airline's licence has been revoked, it can reapply to resume operations once it finds the necessary financing, the government said, although it could also face legal action.

Cobalt Air ceased all opera-

tions at Wednesday midnight and entered an administration process, after only two years and three months of operations.

Transport Minister Vassiliki Anastasiadou has said \$2.3 million have allocated for the repatriation of thousands of passengers left stranded by Cobalt's collapse.

Cyprus said it will pay to ensure hundreds of Cobalt passengers stranded on the holiday island can return home safely.

Cobalt was launched in 2016, to become the Mediterranean island's biggest airline after state-owned Cyprus Airways went bankrupt in January 2015.