

Trump's tweets spark fear of 'currency war'

Trump attacked China and the European Union for keeping their currencies low

New York | United States

The dollar slid against the euro and pound yesterday as US President Donald Trump adopted an aggressive posture on trade and foreign exchange, stoking talk of a currency war in addition to a trade war.

In an interview with CNBC television broadcast Friday, Trump bluntly threatened to slap all Chinese imported goods with tariffs, saying the US has been "ripped off by China for a long time."

Later in a pair of tweets, Trump attacked China and the European Union for keeping their currencies low to gain a trade advantage, while again blasting the Federal Reserve for raising interest rates.

That came after CNBC on Thursday aired portions of a Trump interview in which he criticized the Federal Reserve's current course of interest rate hikes.

The dollar fell against most major currencies on Friday, adding to Thursday's declines.

"Currency is now part of the trade war, folks," said Greg McKenna, market strategist at AxiTrader.

"And it is worth pondering whether this is a president who is going to break with 25-30 years of tradition in not interfering in Fed policy deliberations going forward."

Yuan weakness hits imports

But Trump's comments did not do much to push the dollar down versus the yuan, however. The Chinese central bank implemented the sharpest one-day



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

Key figures at 2100 GMT

New York - Dow	▼ less than 0.1% at 25,058.12 (close)
New York - S&P 500	▼ 0.1% at 2,801.83 (close)
New York - Nasdaq	▼ 0.1% at 7,820.20 (close)
London - FTSE 100	▼ 0.1% at 7,678.79 (close)
Frankfurt - DAX 30	▼ 1.0% at 12,561.42 (close)
Paris - CAC 40	▼ 0.4% at 5,398.32 (close)
EURO STOXX 50	▼ 0.2% at 3,464.08 (close)
Tokyo - Nikkei 225	▼ 0.3% at 22,697.88 (close)
Hong Kong - Hang Seng	▲ 0.8% at 28,224.48 (close)
Shanghai - Composite	▲ 2.1 at 2,829.27 (close)
Euro/dollar	▲ at \$1.1723 from \$1.1642 at 2100 GMT
Pound/dollar	▲ at \$1.3135 from \$1.3014
Dollar/yen: DOWN	at 111.50 yen from 112.47 yen
Oil - Brent Crude	▲ 49 cents at \$73.07 per barrel
Oil - West Texas Intermediate: UP	\$1.00 at \$70.46 per barrel

lowering of the trading range for the yuan in two years.

The yuan, which has fallen about 10 percent since mid-

April, is expected to extend its steady decline, providing Beijing with a buffer against punitive US trade tariffs.

"Chinese authorities have been responding to Mr. Trump's threat of tariffs (by) continuously devaluing the yuan, a policy move that has the impact of making exports into China more expensive," said Boris Schlossberg, managing director at BK Asset Management.

Fears are growing over a fierce global trade war, after Trump's imposition of hefty import taxes on steel and aluminum from the EU, Canada and Mexico, in addition to levies already on goods from China worth tens of billions of dollars that have sparked retaliatory tariffs.

European stocks slid sharply in afternoon trading, buffeted by their stronger currencies, but clawed back much of their losses. London closed less than a tenth of a percentage point lower while Frankfurt ended the day down nearly 1.0pc.

India cuts sales tax

● Tax rate on lithium ion batteries was cut to 18 percent

● The revised tax rates will be applicable from July 27

Reuters | Mumbai

India slashed the sales tax rate on over 50 products yesterday in a move aimed at appealing to traders and the middle classes.

A nationwide goods and services tax (GST) was implemented a year ago that has hit businesses and public hard.

The GST council, headed by interim finance minister Piyush Goyal, agreed to lower the indirect tax slab on products such as paints, leather goods, bamboo flooring, stoves, televisions and washing machines from the highest rate of 28 percent to mostly 18pc.

"The exercise was to ensure simplification and rationalization of GST and extend relief to the common man," Goyal told a news conference in New Delhi on Saturday evening.

The tax rate on ethanol blended with petrol, footwear costing up to 1,000 rupees and fertilizer grade phosphoric acid has been cut to from 12 to 5pc, Goyal said.

The council cut taxes on sanitary pads and fortified baby milk to zero, Goyal said.

In a boost to mobile phone manufacturing and electric vehicles, the tax rate on lithium ion batteries was cut from 28 percent to 18pc.

"The decision taken today will increase compliance and the revenue impact on total tax collections will be marginal," said Goyal.

The revised tax rates will be applicable from July 27.

Revenue collections from GST are a crucial pillar of government's plan to cut its fiscal deficit in the current year. India's GST collection for the fiscal 2017/18 was 98pc of the budgeted target.

"The broad level reductions in rates could lead to lower tax collections," said M S Mani, partner at consulting firm Deloitte India.

However, the tax cut will lead to higher sales which could offset revenue losses, Mani added.

IMF warns G20 that tariffs hurting economy



Argentina's Economy Minister Nicolas Dujovne (L) and International Monetary Fund (IMF) Managing Director Christine Lagarde offer a joint press conference in Buenos Aires

Reuters | Buenos Aires

The International Monetary Fund (IMF) warned world economic leaders yesterday that a recent wave of trade tariffs would significantly harm global growth, a day after US President Donald Trump threatened a major escalation in a dispute with China.

IMF Managing Director Christine Lagarde said she would present the G20 finance ministers and central bank governors meeting in Buenos Aires with a report detailing

the impacts of the restrictions already announced on trade. "It certainly indicates the impact that it could have on GDP (gross domestic product), which in the worst case scenario under current measures ... is in the range of 0.5 pct of GDP on a global basis," Lagarde said at a joint news conference with Argentine Treasury Minister Nicolas Dujovne.

The IMF said global growth may peak at 3.9 per cent in 2018 and 2019, while downside risks have increased due to the growing trade conflict.

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Strategic Performance Management

Recognising their organisation's current performance measurement systems were based mainly on financial factors, measuring monthly revenue, profit and total costs against last year and budget, leadership decided there had to be a change. Most of their performance measurement frameworks focused on the needs of the owners and non-executive board members. Even their customer information was being collected to be reported upwards, not to aid in building stronger relationships with customers. It was clear these monitoring systems were no longer acceptable.

These performance measurement frameworks were too limiting, rigid and inflexible. Leaders felt they needed measurements enabling rapid shifts to the organisation's strategies, resource-allocation, process-development and capability-building; shifts which would help them tackle the volatility, uncertainty, changes and ambiguity in social, economic, political and technological environments.

The needs of other stakeholders such as employees, customers and suppliers had actually been forgotten, or at best, not systematically reviewed. The leadership did an about-turn in how they thought about other stakeholder groups, particularly employees.

All stakeholders, not just owners and the board, expect something from the organisation but the organisation also wants something in return. Performance measurement should therefore consider whether such stakeholders are delivering for the organisation and its needs and whether the leadership of the organisation is delivering for the stakeholders.

These leaders recognised they were not measuring the right things; what they were actually measuring were results. They reviewed some of the more common performance measurement tools, such as Six Sigma, Balanced Scorecards, Activity Based Costing, Total Quality Management, certain ISO Standards and the Five Prism Model.

All these are renowned strategic management performance measurement approaches attempting to improve companies' performance. Some of them are very detailed and data-heavy in their attempts to reduce the number of errors in individual business processes by using statistical measurements to find errors, then attempt to remove the problem.

Deciding to develop their own measuring processes based on a management-by-objectives approach, the leadership team believed most of

the reviewed models were unsatisfactory. They developed their own quantitative tools included using hard measures to determine how well the company was tracking over time to achieve explicit goals as well as qualitative analysis relying more on personal judgments from their experienced key managers and supervisors; releasing knowledge which exists in the enterprise and stimulating a learning-organisation approach.

Through goal-setting, employees and managers agreed realistic objectives to help focus on concrete action plans, with key performance indicators explicitly outlined, ensuring measurement of activity was possible when reviewed.

Alignment of employees against goals and objectives, their morale, individual competencies, how well they worked together and skills-gaps became the most important strategic performance management issues, linked with improvement of internal activities and processes.

Reviewing those factors which were outside the company's power to influence became part of the organisation's culture. This ensured early warning systems for both threats and opportunities from changes in the social, technological, political and economic influences on the company, particularly those of high importance, immediacy and impact.

Delivering, delighting and exciting customers became common language in the company, not just customer-satisfaction. Suppliers were treated as partners, not as enemies to be fought. Measuring quality of delivery and implementing incremental improvements became part of the company-culture, not because it was dictated from above and because a form needed to be filled in but because employees cared, management gave them freedom to act.

Strategic performance management involved the leadership taking a detailed look and re-setting specific goals and objectives for divisions, departments, managers, and employees, and then gathering information to measure performance, making changes and improving performance with the involvement of employees who are key players in achieving results for all stakeholders.

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