

Oil above \$42 as possible OPEC+ cut extension offsets demand concern



Representative picture (Courtesy of ET EnergyWorld)

Reuters | London

Oil rose further above \$42 a barrel yesterday, heading for a weekly drop, as demand concerns raised by surging coronavirus cases in the United States and Europe were offset by the prospect of an extension to OPEC-led supply curbs.

Several US states reported record daily increases in infections on Thursday, while France extended curfews for about two thirds of its population as the second wave of the COVID-19 pandemic sweeps across Europe.

Brent crude LCOc1 rose 20 cents, or 0.5 per cent, to \$42.66 a barrel by 1140 GMT, having gained 1.7pc on Thursday. US crude CLC1 added 15 cents, or 0.4pc, to \$40.79. Both contracts are heading for a weekly loss.

"There is little in the way of support from the demand side in view of the extremely high number of new COVID-19 cases," said Commerzbank analyst Eugen Weinberg. "There is also pressure on prices from the supply side."

Libyan output, which had been mostly offline since January, has reached 500,000 barrels

per day (bpd) and will rise further by the end of October.

Oil gained some support from comments by Russian President Vladimir Putin on Thursday that Moscow did not rule out extending OPEC+ oil output cuts.

"The only bullish piece of news comes from Russia," said Bjornar Tonhaugen of Rystad Energy.

OPEC+, a group that includes Russia and the Organization of the Petroleum Exporting Countries (OPEC), is due to increase production by 2 million bpd in January 2021 as part of a plan to pump more as demand recovers.

However, the second wave of the pandemic and resulting slowdown in the demand recovery have raised the question of whether the increase is premature.

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Britain, Japan ink first major post-Brexit deal

● 99pc of UK exports to Japan will be tax free

● Removes Britain's tariffs on Japanese cars in stages to zero in 2026

Reuters | Tokyo

Britain and Japan formally signed a trade agreement yesterday, marking Britain's first big post-Brexit deal on trade, as it continues to struggle to agree on a deal with its closest trading partners in the European Union.

"How fitting it is to be in the land of the rising sun to welcome in the dawn of a new era of free trade," British Trade Secretary Liz Truss told reporters after the signing ceremony in Tokyo.

"This is the first new free trade deal to be agreed since the UK once again became an independent trading nation."

The signing comes after Truss and Japanese Foreign Minister Toshimitsu Motegi reached a broad agreement in September.

Motegi pointed out that the signing came about in just four and a half months since the start of negotiations.

"This is a manifestation of the determination of Japan and the United Kingdom to carry on vigorously promoting free trade," the minister said.



Britain's International Trade Secretary Elizabeth Truss and Japanese Foreign Minister Toshimitsu Motegi pose with documents at a signing ceremony of the UK-Japan Comprehensive Economic Partnership Agreement in Tokyo, Japan



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LIZ TRUSS
BRITISH TRADE SECRETARY

Britain has said the deal meant 99 per cent of its exports to Japan would be tariff-free, and that it could increase trade by 15.2 billion pounds (\$19.9 bil-

lion) in the long run, compared with 2018.

The deal removes Britain's tariffs on Japanese cars in stages to zero in 2026, which is the same as in the Japan-EU trade agreement.

Motegi said after the signing that he had agreed with Truss to work together so that the deal will come into force on Jan. 1, 2021.

He also said Japan welcomes Britain's interest in joining the 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) free trade deal, and intends to provide necessary support. Japan is already a member of

the CPTPP, which also links Canada, Australia, Brunei, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

In a meeting with Japanese Economy Minister Yasutoshi Nishimura later in the day, Truss said there would be a bigger opportunity with Britain's presidency of the G7 and Japan's chairmanship of the TPP-11 next year to challenge rising protectionism and make the case for free trade. Truss also expressed Britain's strong interests in joining the 11 member TPP trade pact, Nishimura said.

"If UK submits an application to join the TPP-11 next year, Japan will fulfil our role as a chair nation," he said.

Truss has already said Britain hoped to formally apply to join the CPTPP early next year.



Britain formally left the EU in January and it has focused on negotiating new trade pacts with countries around the world as its status-quo transition period ends on Dec. 31.

Euro zone at risk of double-dip recession: PMIs

Reuters | London

Euro zone economic activity slipped back into decline this month as a second wave of the coronavirus sweeps across the continent, heightening expectations for a double-dip recession, surveys showed yesterday.

"The euro zone PMI confirms that the second wave of the coronavirus is weighing more and more on the economy. A double-dip in the fourth quarter is becoming more likely at this rate," said Bert Colijn at ING.

IHS Markit's Flash Composite Purchasing Managers' Index,



The skyline with its financial district is photographed during sunset as the spread of the coronavirus disease (COVID-19) continues in Frankfurt, Germany,

seen as a good gauge of economic health, fell to 49.4 from September's final reading of 50.4.

That was below the 50-mark separating growth from contraction and only fractionally

better than the 49.3 predicted in a Reuters poll.

That headline PMI was dragged down by the service industry's PMI, which sank more than expected to 46.2 from 48.0.

"The further decline in the euro zone Composite PMI in October adds to the evidence that the second wave of infections, and the new wave of containment measures, is taking a heavy toll on the economy," said Jack Allen-Reynolds at Capital Economics.

Yesterday's surveys showed the bloc's economy is running at two speeds, with manufacturing benefiting from strong global demand but services - which make up the bulk of the economy - struggling to remain active as lockdowns force consumers to stay home and businesses to close.

Flipkart to buy 8pc stake in Aditya Birla's fashion unit

Reuters | Bengaluru

Walmart Inc's Flipkart will buy a 7.8 per cent stake in Aditya Birla Fashion and Retail Ltd for 15 billion rupees (\$204 million), giving the ecommerce company a bigger foothold in the high-margin fashion business as it battles it out with rival Amazon.com in the country.

The investment comes at a time when Amazon.com Inc, billionaire Mukesh Ambani-led Reliance Industries and Flipkart are in a race to gain market share in India's

With the COVID-19 pandemic keeping most people indoors, more Indians are shopping online, especially ahead of the key festive season.

fast-growing online market for everything from food and groceries to electronics and clothes.

For Flipkart, which already owns the popular Myntra fashion website, the deal is a way to add more merchandise from international brands to its roster.

Gold gains on weaker dollar, virus woes ahead of US election

Reuters

Gold firmed above \$1,900 an ounce on Friday, en route to a weekly gain, as the dollar weakened and as investors hedged against uncertainties surrounding the coronavirus pandemic and going into the Nov. 3 US presidential election.

Spot gold rose 0.3 per cent to \$1,909.10 per ounce by 0946 GMT and was up 0.5pc for the week. US gold futures gained 0.4pc to \$1,912.

"Gold is getting some boost from the dollar weakening and we have the US elections and there's still a lot of uncertainty. Also, there are talks about the



Representative picture (Courtesy of Orobel)

US stimulus package in negotiation," said Bank of China International analyst Xiao Fu.

The dollar index fell 0.2pc against its rivals, making dollar-denominated gold less expensive for holders of other currencies.

House Speaker Nancy Pelosi on Thursday reported progress in talks with the Trump administration for another round of fiscal aid and a deal could be reached "pretty soon".

Even once the US election results were known, "there still could be uncertainty about policies and implementation running until the end of the year,

in turn supporting gold", Bank of China International's Fu said.

There could also be additional inflows into gold exchange traded funds - often a gauge of investor sentiment - on renewed uncertainties over pandemic-re-

1,909

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lated restrictions and the US election outcome, UBS analysts said in a note.

The final debate between US President Donald Trump and his Democratic challenger Joe Biden included contrasting views on the pandemic.

Countries across Europe implemented fresh restrictions as coronavirus cases more than doubled over the last 10 days, while the global tally touched about 41,178,000.

Silver fell 0.2pc to \$24.70 per ounce, but was set for a weekly rise. Platinum rose 0.2pc to \$886.50 and palladium was flat at \$2,372.99.