Brexit and election will keep BoE playing waiting game

The pound was little changed on Friday as a snap election that could reshape Brexit and bring more public spending

Britain's central bank looks set to keep interest rates unchanged next week, despite a weak economy, following data on Wednesday that showed inflation hit a 31-month low of 0.1 percent and retail sales have weakened too, although the BoE is unlikely to make much change to its August forecasts for annual growth of 1.1 percent this year and next. That is about a percentage point below the growth rate before June 2016's Brexit referendum.

Despite the slowdown, BoE has hesitated to step away from its long-term message that it expects to gradually raise rates from post-financial crisis lows as a job boom and rising wages suggest there is not much slack in the economy.

Complicating the outlook for the BoE has been the risk Brexit might leave the European Union without a transition deal on October 31, requiring decisive action by the central bank.

The UK's ruling Conservative Party on Thursday called a snap general election, which could extend the political uncertainty and pressure on sterling, that was little changed at $1.3055 on Friday after rising 1.9 percent on Wednesday.

The British currency is trading around the level of $1.3050, within the band of $1.2950 to $1.3150 in which it traded on Thursday.

If the opposition Labour Party wins, it will seek to negotiate a new deal and hold a referendum on it, potentially even turning the decision to leave the EU.

Even if Johnson wins a majority in the election, it is far from clear he will be able to pass through Parliament his legislation to leave the EU

EU adds 128,000 jobs in October

The US labor market took a punch in October from an extended strike at General Motors but the economy continued to add jobs at a solid pace, according to official data released yesterday. The steady hiring showed demand for workers remained robust despite President Donald Trump's protracted trade war with China, further suggesting that an additional US-China tariff hike in December will likely add to the jobs picture even stronger.

America's employers added 128,000 net new jobs, the Labor Department reported in a closely-watched monthly employment report, defying many economists who expected a sharp slowdown. And gains in the prior months were revised up sharply and wages continued to climb, making the jobs picture even stronger.

The unemployment rate fell to 3.6 percent, the lowest since 1969.

Somalian Minister of Planning and Investment in Turkey

Turkish National Defense Minister Hulusi Akar (third left) meets Somalian Minister of Planning, Investment and Economic Development Gahmed Mohamed Hassan (right) in Ankara, Turkey.

Qatar auto finance market projected to grow stronger

The Qatar auto finance market is expected to grow at a positive rate of 4.8 percent in 2023, driven by the expected increase in car sales.

Qatar auto finance market was expected to have a positive trend over the forecast period 2014-2023, with used cars in the country witnessing a slight decline over the same period.

The Qatar auto finance market witnessed a slight decline in the volume of sales over the same period. The market is in its growth stage with vehicle sales beginning to follow a normal trend after continued exponential growth till 2014, followed by a rapid decline after that. Trends in the market were largely stimulated by decline in oil prices and few other reasons. These trends led to decline of new vehicle sales in Qatar but spawned the growth of used vehicles, especially in passenger cars segments in the country.

The primary lending institutions in the Qatar auto finance market include Banks, Captives & Non-Banking Financial Com-panies (NBFCs). Banks hold a major share in the market owing to their reliable lending and extensive network of branches across the country. In used vehicles finance, borrowers face greater difficulties in getting the required finance. Prepayment of finance is required for used vehicles is much lower than the global average of 50.0 percent. Captives and NBFCs are struggling in gaining traction.

Cars accounted for a major share in the number of vehicles financed in the market owing to high volume of SUVs on Qatar roads, while the share of Light Commercial is lower than Cars and higher than Bikes. This was due to low preference of bikes by population in Qatar.

Vehicles are financed for different tenures in the market, with the share of loans lasting for 3-4 years the highest. The overall trend in the market is the lengthening of loan terms with car buyers preferring to make payments over a longer period of time to distribute their financial burden evenly over a longer period. Borrowers provide increased interest rates for longer periods loans with lower monthly payments. The trend towards longer loan terms is evident both in New and Used Vehicle finance with borrowers opting for longer loan terms progressively.

Multiple fintech startups are also expected to enter the landscape which could pose a threat to conventional financing companies and banks. These start ups would primarily work towards developing products to augment the existing players in the banking sector.

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Southeast Asian leaders push for progress on China-backed trade pact

Leaders are hoping for a breakthrough at RCEP talks at this weekend's meeting of the Association of Southeast Asian Nations (Asean). But members risk losing steam after dozens of negotiations and several missed deadlines to sign the pact.

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New Delhi's foreign ministry said Thursday 'critical issues remain to be ironed out.'

Indian farmers planned massive protests on Monday in New Delhi to demand more input into the deal's terms.

The week's Asean summit comes as Washington and Beijing push for the 16 countries to conclude a partial agreement in a bid to roll back the US-China trade war.

For thousands of dollars of worth that had ruffled both economies.

China says US businesses need to understand the structural issues that underpin critiques of Beijing's trade and economic policies.

For the US, which will host more than 50 companies and several foreign leaders at the event - including French President Emmanuel Macron - it is partly a chance for the US to repair its strained relationship with the global economic superpower.

The meeting will discuss the multilateral trade system and WTO reform, which China is keen to promote, state media have said.

China is trying to play a more important role within the WTO, especially given the US, its 'known' partner, is not taking the lead.

But Trump's failure to sign this year is a "missed opportunity," said analyst Thanin Kiatpanich of Thammasat University.

"Showing up counts for everything," he said.

Disputes over RCEP's financial services, trade in services, agriculture, telecommunication and sensitive sectors, will dominate the discussion.

The US, which has complained about China's "code of conduct" for the digital economy, has said it will not sign the deal if China does not meet its demands.

The US has been the world's biggest free trade nation.

Australia and New Zealand have called for better labour and environmental rights, without which RCEP critics fear could lower trade standards in Asia.

"China has long been accused of distorting trade rules and pushing up prices while Washington has taken little action against Beijing. It might be one of the last big multilateral agreements to be signed in a new era of global trade," said diplomat Thitinan Pongsakul of Chulalongkorn University.

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China to use import fair to highlight trade credentials

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Nissan picks American as finance chief; new generation takes helm

Nissan Motor Co yesterday named American Stephen Ma (above) as its new finance chief and said some veteran executives were stepping down, putting a new generation in charge at the company battling to recover from plunging profits and management scandal.

The announcement by Japan’s second-largest auto maker comes just weeks after it named a new chairman and CEO, putting a younger executive, Atsushi Chubu, in charge of key US operations. Ma, who had served as CFO of Nissan’s joint operations in 1996 and has been finance chief for Renault and Fiat Chrysler (FCA) for many years, will take up the new position on December 1.

Nissan’s new executive team will face the task of lifting profits, which have hit their lowest in more than a decade. Earnings have been undercut, particularly in the United States, a key market, by years of discounts and low-margin sales to rental firms as part of a strategy to raise market share, which has cheapened Nissan’s brand image.

They also need to repair Nis- sam’s relationship with Renault, which has soured since Ghosn’s arrest on charges of financial misconduct, which he denies. One official raised concerns about a lack of experience among the new executives in managing the alliance with its French partner.

“We expect Ma, who is going to face some difficulty in dealing with Ghosn,” said the official, who spoke on condition of anonymity as he was not authorised to speak publicly on the matter. “We need to make solid preparations for that.”

Since Ghosn’s arrest as chairman of both companies, Nissan and Renault have squabbled over the selection of Nissan’s board members and executives, as well as a proposed tie-up between Renault and Fiat Chrysler (FCA) earlier this year, whichulti- mately failed.

The French automaker, which holds a 41.4 per cent stake in Nissan after it saved the Jap- anese automaker from financial ruin two decades ago, for years has been pursuing closer ties with its bigger partner, only to be rebuffed by Nissan.

Germany, India sign wide-ranging agreements

German Chancellor Angela Merkel and Indian Prime Minister Narendra Modi signed wide-ranging agreements in New Delhi yesterday in deepening strategic coop- eration and exchanged notes on ways to boost bilateral trade.

Merkel, accompanied by several cabinet colleagues and a business dele- gation, is in India on a three-day visit that began on Thursday.

“We are encouraging our private sectors to give impetus to our growing bilateral trade and Chancellor Merkel and I will meet some of the top businessmen and industry leaders,” Modi said.

Bilateral trade between the two countries was $24 billion in 2018-19 fiscal year ending in March from $22 billion the previous year while German com- panies have invested nearly $12 billion in India since 2000.

Germany is India’s largest trading partner in Europe and more than 1,700 German companies are operating in India. The agreements struck on stra- tegic cooperation, included agriculture, cybersecurity and artificial intelligene.

Merkel said the two countries would also bolster ties to combat “terrorism and extremism.”

Germany and India also agreed to join hands in the area of education.

“As many as 20,000 Indian nationals are studying in Germany and we would like to see more of that,” Merkel said.

Although Merkel and Modi didn’t mention anything about restarting talks on finalising a free trade agreement between India and the European Union, sources earlier said the two leaders could take up the trade deal.