

Vivendi becomes Ubisoft's biggest shareholder

French media company Vivendi on Thursday stepped up its bid to increase its interests in content providers by becoming the main shareholder in French video-game makers Ubisoft and Gameloft.

A week after it snapped up around six percent of the two companies' stock Vivendi increased its stake to 10.39 percent in Ubisoft and 10.2 percent in Gameloft for a total 278.41 million euros (\$315 million). The investments make it the biggest shareholder

in Ubisoft, ahead of US financial services corporation FMR LLC and French gaming empire family Guillemot, both of which hold around nine percent. Even so, the Guillemot brothers, who founded Ubisoft in the 1980s, remain the main decision makers because of their voting rights, broker Gilbert Dupont pointed out.

Vivendi's initial investment saw it spend 160 million euros for a 6.6-percent stake in Ubisoft and 19.7 million more for a similar stake in Gameloft.

Ubisoft is largely known for its Rabbids Invasion video games and made first-half sales of 96.6 million euros, down 73.2 percent on last year when they scored a major hit with "Watch Dogs". The French group did not respond to AFP's request for comment on Vivendi's move but last week dubbed Vivendi's opening gambit as "unsolicited" and stressed they intend "to remain independent", fearing a takeover would harm the brand. (AFP)

Daimler sales, profits rise on C-Class, SUVs

Booming demand for Mercedes-Benz luxury cars in China helped boost third-quarter profits at German automaker Daimler.

The Stuttgart-based company saw a 39 percent increase in sales of its luxury brand there despite fears that the Chinese economy may be slowing after years of rapid growth.

The company said Thursday it had a strong sales contribution from its new C-Class sedan and its SUV

models. Sales of Mercedes-Benz cars rose also strongly in European markets led by Britain, Italy and Spain.

Chief financial officer Bodo Uebber credited the company's efforts to renew and broaden its model line and the increased profits and sales figures show that "we have the right products in the market."

Uebber said on a conference call with reporters that the company was

not seeing customers turn away from vehicles with diesel engines.

Competitor Volkswagen is facing fines and lost sales after the U.S. Environmental Protection Agency said it had installed engine control software that could detect when the vehicle was being tested, and adjust controls accordingly.

Uebber said Daimler was seeing "no hesitation" among customers and said it was confident in its diesel technology. (AP)

ECB hints of new stimulus amid deflation fears

Bank keeps key rates steady

VALLETTA, Oct 22, (AFP): European Central Bank chief Mario Draghi on Thursday held out the possibility of further economic stimulus for the eurozone as soon as December as he fends off a deflation threat and battles the headwinds of a Chinese slowdown.

The central bank for the 19-nation eurozone agreed after a two-day meeting in Malta to keep its powder dry, holding its key interest rate steady at a record low 0.05 percent and taking no immediate new measures.

But in a news conference after the decision, Draghi gave a broad hint that the powerful bank is ready to use its ammunition if needed, sending financial markets higher as they anticipated more action to stimulate economic activity.

"The degree of monetary policy accommodation will need to be re-examined at our December meeting," Draghi told a news conference.

"No decoding was required - this was an uncharacteristically clear statement of intent," said David Lamb, head of dealing

at foreign exchange specialists FEXCO.

"The ECB is still deeply concerned about the threats to the eurozone's patchy recovery, and is planning to announce more QE before the end of the year," he said.

In the eurozone's main markets, Frankfurt's DAX 30 climbed 1.25 percent and Paris's CAC 40 gained 1.83 percent.

Draghi revealed that the ECB's decision-making governing council had discussed a possible further rate reduction on the bank's so-called deposit facility, which is already negative at minus 0.2 percent.

"No decision was taken just yet. It was an open discussion," the central bank chief said.

Analysts say the strong euro, falling consumer prices and fears of a global economic slowdown as China's once booming expansion cools, provide ample argument for the ECB to ease monetary conditions still further in the 19 countries that share the euro.

Markets have begun to speculate that the ECB could soon accelerate or increase its programme of so-called quantitative easing (QE), given that consumer prices declined by 0.1 percent in the euro area in September, raising fears of a dangerous downward spiral of deflation.

Top court rules Bitcoin exchange tax-free in Europe

EU takes 6 nations to court over laws on failing banks

BRUSSELS, Oct 22, (Agencies): The European Union is taking six countries to court for failing to bring their laws into line with EU rules aimed at stopping banks from going bust and creating another financial crisis.

The EU's executive Commission said Thursday that it was referring the Czech Republic, Luxembourg, the Netherlands, Poland, Romania and Sweden to the European Court of Justice. The so-called bank recovery and resolution legislation gives national authorities powers to manage the collapse of a bank or large investment firm.

The EU rules were supposed to be made national law by the end of last year. All other countries have fully or

partially complied.

Commission spokeswoman Vanessa Mock said "it's high time that we got this moving."

The six could face daily fines until the legislation is adopted.

Also:

LUXEMBOURG: The EU's top court ruled Thursday that the exchange of Bitcoin and other virtual currencies should be treated just like traditional money in Europe and not incur any sales tax.

According to European Union law, all transactions relating to currency, bank notes and coins used as legal tender across the 28-nation bloc are exempt from value-added tax (VAT).

In court, Swedish authorities argued that because it was not a real currency, Bitcoin did not meet the EU's tax free standard.

But the Luxembourg-based European Court of Justice disagreed.

"The court ... holds that those transactions are exempt from VAT under the provision concerning transactions relating to 'currency, bank notes and coins used as legal tender,'" it said in a statement.

The decision will be welcomed by Bitcoin's backers who say virtual currencies provide an efficient and anonymous way to store and transfer funds online.

But critics argue that the lack of a legal framework governing the cur-

rency, the opaque way it is traded and its volatility make it dangerous.

Unlike a real-world currency such as the US dollar or the euro, Bitcoin has no central bank and is not backed by any government.

Bitcoin's initial success has since met with a number of highly-publicised setbacks.

One of Bitcoin's biggest exchanges, the Tokyo-based MtGox, shuttered last year after admitting 850,000 coins — worth \$480 million at the time — had disappeared from its digital vaults.

Bitcoin's reputation was also damaged when US authorities seized funds as part of an investigation into the online black market Silk Road.

range of other policy measures — unprecedented amounts of liquidity and historically low interest rates — still only gradually making themselves felt, it was "premature to discuss" a new QE programme, Coeure said.

Nevertheless, "it is certainly our duty to be prepared to cope with all kinds of contingencies," he added.

More BoE powers eyed

UK seeks to regulate buy-to-let mortgages

LONDON, Oct 22, (RTRS): British finance minister George Osborne said on Thursday he wanted to give the Bank of England powers to regulate a type of mortgage used by landlords to buy a growing share of homes.

The proportion of Britons who own their own home has fallen to a 26-year low as house prices have outstripped wage growth in recent years and banks have tightened lending rules.

Some prospective home-buyers say landlords have an unfair advantage as they can access tax-deductible mortgages that do not require capital repayments. These policies now account for almost a fifth of new mortgage lending.

Osborne set out plans to limit landlords' tax exemptions in a budget statement in July, and on Thursday he said he wanted to give the BoE powers over buy-to-let mortgages that he initially rejected last year.

Powers

"The governor of the Bank and the FPC (Financial Policy Committee) have asked for additional powers over buy-to-let mortgages ... and we have granted those powers," he told a parliamentary committee.

Asked by a lawmaker if this was a new announcement, Osborne said: "I'd better wait until we actually make the announcement, but (this will be) as soon as possible."

A finance ministry source said the details of the new powers remained subject to a consultation that was due to start before the end of the year. In 2014, the BoE asked for the power to cap the size of landlords' mortgages as a multiple of their expected rental income, similar to the loan-to-income cap it had imposed on residential mortgages. At the time, Osborne said more consultation was needed before any change was made.

In September the BoE said it was closely monitoring the buy-to-let sector. It is due to make its next major statement on financial regulation on Dec. 1, when it could give lenders non-binding guidance to limit buy-to-let mortgages.

However any BoE intervention will not necessarily make it much easier for Britons to buy a home. The central bank's existing mortgage rules are focused on avoiding risks to wider financial stability if there is a bubble in property prices, rather than boosting home ownership rates.

Britain's Conservative government has taken steps to require builders to ensure a proportion of new homes are 'affordable', but has yet to fully tackle the web of local planning rules that make it harder to build new homes than in many other countries.

Bumper tourism boosts jobs

Spain's unemployment hits four-year low before polls

MADRID, Oct 22, (RTRS): Spain's unemployment rate has fallen to its lowest level in over four years and is now lower than when Prime Minister Mariano Rajoy took office, potentially boosting his chances in an election less than two months away.

But with one in five still out of a job, many feel left out of the economic recovery on which the government is pinning its hopes of a second term.

Frustration over an enduring jobs crisis will weigh on the Dec 20 vote, with many Spaniards divided over whether their prospects are improving after a double-dip recession that sent unemployment soaring to nearly 27 percent in 2013.

The jobless rate fell to 21.2 percent in the third quarter, its lowest level since mid-2011 and a sharper drop than many economists had expected, data from the National Statistics Institute (INE) showed on Thursday.

Yet the pace of job creation showed some signs of slowing in the July to September period, and 4.9 million people remain out of work, meaning the recovery is yet to trickle down to many.

"Rajoy will have a strong card to play in the election campaign, but we're talking about macroeconomic indicators, which is different from real people feeling a real recovery," said Vincenzo Scarpetta, political analyst at Open Europe.

Spending

Rajoy's centre-right People's Party (PP) is struggling to win back voters after forcing through deep spending cuts, even as the government projects the economy will grow 3.3 percent this year.

Tarnished by corruption scandals, the PP is still far from being able to secure a majority, and polls show newer political forces such as business-friendly Ciudadanos or leftist Podemos grabbing votes from other parties.

Spain's long-term unemployed have been among the hardest hit by the crisis, and the number out of work

for over a year is still higher than it was four years ago.

"Things seem to be worse than ever," said Beatriz Gonzalez, 36, a single mother from Granada who has been unable to find work since 2007.

A bank clerk and a dietician in the past, she now also cares for her sick mother, whose pension and welfare benefits form the family's main income.

"I'm going to vote for a change. You might as well take a risk," she said. She added that she hadn't decided yet whether to support Podemos or Ciudadanos, but would not back the opposition Socialists as she had previously.

Trend

Economy Minister Luis de Guindos said on Thursday the jobs trend was encouraging, though more needed to be done.

In the third quarter, 182,200 jobs were created, the INE data showed, more than in the same period a year ago, helped by a record tourism season which extended to September with a new all-time high for that month.

But that was less than the nearly 412,000 created in the second quarter. Even when stripping out seasonal effects, the quarterly pace of jobs growth in the third quarter slowed.

The bulk of jobs created were also part-time and temporary ones, thus not fully feeding into domestic consumption which is still by far the main driver of the Spanish economy.

Results in the past two days from power company Iberdrola and lender Bankinter have shown that activity remains subdued and far below its pre-crisis levels, while foreign trade data, also out on Thursday, pointed to slower exports growth.

This chimes with signs the broader economic recovery cooled off in the third quarter, and comes amid warnings from Brussels that the government is overly optimistic about growth next year as momentum in emerging markets falters.

Russia official: economy not 'in tatters' as Obama claims

MOSCOW, Russia, Oct 22, (AP): One of Russia's top officials says the economy is "not in tatters," as President Barack Obama claimed earlier this year.

The Russian economy, battered by Western sanctions and lower oil prices, is expected to contract by 3.9 percent this year and grow by only 0.7 percent next year, according to the government. The average income has declined this year for the first time in President Vladimir Putin's 15 years in power.

"The Russian economy is not in tatters, despite what several of our partners have said, but I can't say the economy is feeling well," Deputy Prime Minister Igor Shuvalov told the Russian parliament on Wednesday, according to Russian news agencies.

Officials bristled at President Barack Obama's claim in this state of the union address that Russia's economy was "in tatters."

"Of course we are expecting a slump and a curtailment of real incomes for Russians," Shuvalov said, but the situation is "completely under the government's control."

Shuvalov quoted government statistics saying that the labor market is stable and the unemployment rate is down to 5.2 percent, from 5.3 percent in September. The unemployment rate in October last year was 5.1 percent.

Due to the decrease in disposable income and a slump in consumption, the World Bank expects the national poverty rate in Russia to increase from 10.8 percent in 2013 to 14.2 percent in 2015 and 2016.



In this handout picture released by the European Central Bank, Mario Draghi (center), president of the ECB, presides the Governing Council Meeting Malta 2015, on Oct 22, in Malta. The European Central Bank held its key interest rate steady today, as speculation grew that it could take

additional policy measures to counter chronically weak inflation in the euro area. The ECB's governing council voted, as expected, to keep the benchmark 'refi' refinancing rate at its current all-time low of 0.05 percent, an ECB spokesman said. (AFP)

Latest version on EA 288 unaffected, says company

VW examining if newer engine 'involved'

BERLIN, Oct 22, (RTRS): Volkswagen is looking into whether earlier versions of its current diesel engine contained software capable of rigging emissions tests, it said on Thursday, potentially widening a scandal that has rocked Europe's biggest carmaker.

The German company said last month that software used to cheat US diesel emissions tests could be in up to 11 million vehicles worldwide fitted with its older EA 189 diesel engine.

It said in a brief statement on Thursday it was examining whether the software might also be in earlier versions of its latest EA 288 diesel engine.

That could add millions more to the number of affected vehicles, said Ferdinand Dudenhoefler, head of the Center of Automotive Research at the University of Duisburg-Essen.

The more vehicles that include illegal software, the higher the costs Volkswagen could face for retrofitting them, as well as for potential regulatory fines and lawsuits.

"I think it is a big problem," Dudenhoefler said, adding the lack of information from Volkswagen made it impossible to know for sure how many more vehicles might be affected.

"It suggests it doesn't know it's product, which is a tragedy."

Almost five weeks after it admitted to cheating diesel emissions tests in the United States, Volkswagen is still grappling to get to the bottom of a scandal that has wiped about a third off its stock market value, forced out its long-time CEO and rocked the global car industry and German establishment.

"The way this is all coming out ... is amazing," said Bernstein analyst Max Warburton. "Perhaps they can change their advertising slogan from 'Das Auto' to 'Das Motor: Engines so complicated even we don't understand how they work!'" he said.

Volkswagen said in its statement there was no banned software built into vehicles with its latest EA 288 Euro 6 diesel engine, adding this had been

Ex-Porsche CEO denies VW share manipulation in 2009

STUTTGART, Germany, Oct 22, (RTRS): Porsche SE's former chief executive denied manipulating Volkswagen shares during a failed takeover of VW in 2008 in a trial that revives an earlier scandal at the carmaker battling an emissions-cheating



Former CFO of Porsche, Holger Haerter, arrives at a court in Stuttgart, Germany, on Oct 22. (AP)

confirmed by Germany's KBA automotive regulator.

"Other generations of the EA 288 are currently being examined," it added, without elaborating.

US regulators have already said they are investigating Volkswagen's "generation 3" vehicles in the United States, which contain the EA 288 diesel engine.

But analysts said that would be small number compared with the volume of vehicles with EA 288 engines on European roads.

saga.

German prosecutors accuse Wendelin Wiedeking of pursuing plans for the sports car manufacturer to take over much larger VW while making public statements to the contrary. His former finance chief Holger Haerter also faces the same charges.

Porsche SE's former top managers could face a sentence of up to five years in prison if they are found guilty of breaching securities trading laws, which is a criminal offence.

"I will fight the accusations raised against me with vigour," Wiedeking said on Thursday, the opening day of a case being heard in the regional court in Stuttgart where Porsche is based. "I am innocent."

Wiedeking and Haerter, who also denies wrongdoing, are the two highest-ranking German auto executives to go on trial.

Porsche SE, a publicly traded holding company that owns 52.2 percent of VW ordinary shares, is the biggest shareholder in VW, Europe's largest car company.

VW admitted last month it used illegal software to rig emissions tests on diesel vehicles in the United States, sparking the biggest business crisis in its history.

Wiedeking hit back at Ferdinand Piech, the Porsche family patriarch and chairman of Volkswagen at the time, who was behind the dismissal of Wiedeking as Porsche CEO in 2009.

"Ferdinand Piech once let himself be quoted as saying that he 'would not allow his life's work at VW and Audi to be ruined by a hired manager,'" Wiedeking told the court.