

British designers pin hopes on growing demand for UK-made clothing

When Christian Murphy was looking for a location to build a knitwear manufacturing company a year ago, he decided that London's reputation for building luxury brands made it the ideal place to start his new business.

The founder of Albion Knitting Company, with clients like LVMH, Gucci and Richemont Group, is back in London after 18 years in China, and aims to offer something different to the plethora of young UK designers: a factory on their doorstep.

"I thought it would be unique to be able to build a knitting company that could be on the doorstep of that creative hub and could give the designers the opportunity to just to get on the tube and be in a first class knitting facility," he told Reuters.

Demand for British-made luxury goods is growing as consumers — particularly the Chinese who account for 30 percent of the global luxury market according to luxury goods consultancy Bain and Company — grow more demanding about the heritage

and provenance of products.

Over a quarter of British consumers have also said they prefer buying British brands when purchasing fashion and footwear products, according to a report by research firm Mintel.

Knitwear designer brand John Smedley, which makes all of its clothing in Britain, is another company betting on a resurgence in British textile manufacturing, which has seen output rise in the first half of the year, according to the Office of National Statistics. (RTRS)

Smiths confirms CEO appointment

Smiths Group Plc, a British engineering conglomerate, confirmed the appointment of Andrew Reynolds Smith as its chief executive effective Sept. 25.

Present CEO Philip Bowman will step down on Sept. 24 but remain on garden leave until the expiry of his notice period on Dec 31, the company said.

Smiths, which also announced its annual results on Wednesday, said it expected operating margins at its largest division, John Crane, to be in the lower

half of a previously disclosed medium-term range of 22 to 25 percent for the coming year.

Smiths said revenue slipped 2 percent to 2.89 billion pounds (\$4.44 billion) in the year ended July 31, in line with analysts' expectations. Headline operating profit rose 1 percent to 511 million pounds.

Shares in the company were up 2.6 percent at 1056 pence in early trading on the London Stock Exchange. (RTRS)

Representatives from Twitter, Facebook and Google missing from event

Investment treaty key business goal of Xi's US visit

SEATTLE, Sept 23, (AP) — When Chinese President Xi Jinping addresses some of the top names in Chinese and American business Wednesday in Seattle, they may be most interested in what he says about progress toward a treaty that would provide a framework for broader investment in each nation's economy.

Apple Chief Executive Tim Cook, Microsoft CEO Satya Nadella, Amazon founder Jeff Bezos, billionaire investor Warren Buffett and Jack Ma of Chinese e-commerce giant Alibaba are among the 30 executives attending a closed-door discussion moderated by former US Treasury Secretary Henry Paulson, who has advocated for such a treaty. All of the American CEOs participating signed a letter to Xi and US President Barack Obama urging them to support an agreement.



Chinese President Xi Jinping (center), addresses a US-China business roundtable, comprised of US and Chinese CEOs, on Sept 23, in Seattle. From left are Yang Jiechi, US commerce Secretary Penny Pritzker, Wang Huning, Xi, Li Zhanshu, former US Treasury Secretary Henry Paulson and Jiang Zengwei. The Paulson Institute, in partnership with the China Council for the Promotion of International Trade, co-hosted the event. (AP)

Bilateral investment treaties provide rules for companies doing business in other countries. They can help ensure that the rights of foreign investors are protected and that foreign companies operate on a level playing field with domestic ones. An agreement with China would open up more of that

nation's massive market to American companies, provide clearer rules for Chinese investment in the US and create jobs on both sides, supporters say.

Such treaties "can be a powerful catalyst for more economic growth," said Evan Feigenbaum, vice chairman of the Paulson Institute, which is co-host-

ing Wednesday's meeting. Representatives from Twitter, Facebook and Google will be notably missing from the event, where Xi is expected to make brief remarks before the session closes to the media. China blocks those companies' websites.

Xi arrived in Seattle on Tuesday for a three-day visit before he heads to the White House later this week. In a speech Tuesday evening, the Chinese president spoke about a variety of issues, including the need for a bilateral investment deal.

Xi told dignitaries such as former US Secretary of State Henry Kissinger, former Treasury Secretary Hank Paulson and Commerce Secretary Penny Pritzker that reaching agreements to ensure continued robust international trade was a top priority.

"China will never close its open door to the outside world," Xi said, according to a translation of his remarks.

US Treasury Secretary Jacob Lew said this summer that the sides had a long way to go in negotiating a treaty but had agreed to narrow their respective lists of sectors that would be

exempted from foreign investment by this month.

In his speech, Xi also said China and the US could work together to address cybercrimes, a problem that has sparked mutual tension. He said China was a staunch defender of cybersecurity but also had been a victim of hacking.

Acknowledging that the countries don't always see eye to eye, Xi said China is ready to set up a joint effort to fight cybercrimes.

Cyberattacks are a sensitive issue between the two nations. American officials say hacking attacks originating from China are approaching epidemic levels.

As Xi spoke, protesters gathered near his downtown hotel, objecting to issues such as China's policies in Tibet.

Earlier Tuesday, meetings with governors from five US states and local Chinese officials produced a deal to work on clean energy.

"We can be the core for our national leaders to learn from," Michigan Gov. Rick Snyder, who has made five trips to China in five years, told his counterparts.

It came a year after Xi and Obama announced their nations would cooperate to fight climate change.

"These are the largest economies in the world, and we're the biggest emitters of greenhouse gases, so improving cooperation and collaboration is really a necessity," said Brian Young, Washington state director of economic development for the clean technology sector.

China invested a record \$83 billion in renewable energy last year, according to the Frankfurt School's Center for Climate and Sustainable Energy Finance in Germany.

The other governors who met with Xi were Jay Inslee of Washington, Jerry Brown of California, Terry Branstad of Iowa and Kate Brown of Oregon. All five signed an accord in which they agreed take actions to reduce transportation emissions, support clean energy technologies and exchange ideas.

Xi had a busy schedule planned for Wednesday. Besides his meeting with business leaders, he was slated to tour the Boeing and Microsoft campuses and visit a high school in Tacoma, south of Seattle.

Fed delay could spur more debt issues to fund share buybacks

Companies' move could put credit rating at risk: analysts

NEW YORK, Sept 23, (RTRS): A record year for debt-funded stock buybacks may soon become even more rewarding for shareholders. The Federal Reserve's decision to delay raising interest rates for the first time since the 2008 financial crisis will likely encourage companies to take out more debt to repurchase their own shares or issue special dividends before the end of the year, adding to the almost \$1 trillion that companies were already on pace to return to investors this year, fund managers and analysts say.

That's because, with historically low interest rates now likely to extend to at least December, companies are "now in a sort of borrowing nirvana," said a bond strategist, who asked not to be quoted

by name because he recently left one firm and has not yet officially started at his new position.

While there is no way to track debt taken out for share buy-backs alone, U.S. corporations have taken out \$59.4 billion in debt this year - or about 8 percent of the total amount of U.S. corporate debt issued - to fund special dividends to shareholders, according to data from Dealogic. That is more than double the \$28.4 billion issued for special dividends in 2014, which are another way that companies reward shareholders and tend to parallel buyback purchases.

Interest rates at near zero have increasingly prompted companies flush with cash to issue debt to fund share buybacks. Apple Inc, for instance, has issued \$23.6 billion in debt this year despite having more than \$200 billion in cash, part of its plan to buy-back up to \$140 billion in shares by the end of March 2017. MetLife Inc., meanwhile, sold \$1.5 billion in bonds in June to fund share buybacks, while having more than \$10 billion in cash on its balance sheet.

Only energy sector hit
No recession in Canada - finmin

TORONTO, Sept 23, (AP) — Canada's finance minister says Canada is not in recession now and wasn't in recession in the first half of the year despite data showing otherwise.

Joe Oliver said in an interview with The Associated Press the downturn was largely confined to the energy sector. Canada fell into a recession in the first six months of the year, dragged down by falling energy prices and economic troubles in China.

The Canadian economy retreated at an annual pace of 0.5 percent from April through June after sliding 0.8 percent the first three months of the year. Two consecutive negative quarters are the technical definition of a recession.

"We don't believe that the economy was in fact in a recession," said Oliver, whose Conservative party is seeking reelection on Oct 19.

"We're really talking about a contraction in the energy and resource sector of the economy which is less than 20 percent of the economy. Granted there is a spillover but the other 80 percent was growing."

Oliver noted the economy grew at 0.5 percent pace in June, the first monthly gain in six months. He said whether Canada was in recession is a matter of continuing debate.

Effect of low rates

Draghi sees no risks to stability

FRANKFURT, Sept 23, (AFP) — European Central Bank chief Mario Draghi said Wednesday he saw no risks to financial stability at the moment arising from the very low interest rates currently applied in the euro area.

"I am aware that many of you closely scrutinise the potential effect of the low interest rate environment on financial stability," Draghi told a hearing by the EU parliament's committee for economic and monetary affairs in Brussels relayed via webcast.

"Let me underline that we are closely monitoring risks to financial stability, but we do not see them materialising for the moment."

The ECB has held its key interest rates at their current all-time lows since September 2014 as part of a wide range of policies to kickstart economic recovery in the 19 countries that share the euro.

But critics argue that extended periods of ultra-low rates could lead to asset price bubbles.

In addition, the ECB has made available unprecedented volumes of cheap loans to banks in the hope they will lend it on to businesses.

And in an attempt to push up the region's chronically low level of inflation, the central bank has embarked on a programme of so-called quantitative easing, or QE, buying up 60 billion euros (\$67 billion) of bonds per month.

Earlier this year, the measures seemed to show signs of working, with modest recovery clicking in and inflation slowly moving back up.

But there are fears that falling oil prices and a slowdown in emerging economies such as China could throw a spanner in the works.

"The macroeconomic environment has become more challenging," Draghi said.

The central bank's updated macroeconomic projections released earlier this month "indicated a weaker economic recovery and a slower increase in inflation rates than we had expected earlier this year."

More time was needed "to determine... whether the loss of growth momentum in emerging markets is of a temporary or permanent nature," he said.

"Should some of the downward risks weaken the inflation outlook over the medium term more fundamentally than we project at present, we would not hesitate to act," he pledged.

The QE, or asset purchase programme, had sufficient in-built flexibility said Draghi.



Secretary of State John Kerry, joined by (from left), India's External Affairs Minister Sushma Swaraj, India's Minister of State for Commerce and Industry Nirmla Sitharaman and Commerce Secretary Penny Pritzker, speaks to media at the State Department in Washington on Sept 22. (AP)

China looms over Kerry, Swaraj talks

India, US seek to deepen economic ties

WASHINGTON, Sept 23, (AFP) — The world's two largest democracies, India and the United States, held talks Tuesday to deepen their strategic and economic ties and perhaps better counterbalance great power rival China.

The senior US and Indian officials meeting in Washington did not single out Beijing by name, but China loomed over the talks as the United States prepares to host India's Prime Minister Narendra Modi, on the heels of a state visit by Chinese President Xi Jinping.

US Secretary of State John Kerry said Tuesday will see a "very in-depth discussion about our economic and security agenda" with his US colleagues from the commerce and energy departments and their Indian counterparts.

But first he and Indian foreign minister Sushma Swaraj would "meet privately to talk about some of the complicated issues of the region."

This would set up a meeting in New York next week on the sidelines of the United Nations General Assembly between US President Barack Obama and Modi, whose four-day visit begins September 24.

"And then we have a very robust disc-

ussion regarding counterterrorism, the Indian Ocean, maritime security, the South China Sea, the South Asian challenges of the moment," he said, in a nod to the challenge from China.

Officials from both countries approvingly cited Obama's declaration earlier this year that the once stand-offish pairing of the United States and India would become "the defining relationship of the 21st century."

Strategic

"The key pillars of our strategic partnership are shared values of democracy, freedom of speech and rule of law," Swaraj said.

"It is not what US can do for India but what US can achieve together with India," said India's minister of state for commerce and industry, Nirmla Sitharaman, herself recalling remarks by US Vice President Joe Biden.

Kerry, Swaraj and Sitharaman were joined by US Commerce Secretary Penny Pritzker and Energy Secretary Ernest Moniz as they began a day of high-level talks on tariffs, trade, technology, law and investment.

Aside from China, which is expanding

its deep-water naval presence in the broader Asian region and staking a claim to dispute areas of the South China Sea, the other looming issue is that of climate change.

As India's economic rise drags more of its huge population of 1.3 billion people into the middle class and the industrialized world its historically low emissions levels are set to rise — just as the world is seeking cuts.

Indian officials made it clear before the talks that they will resist any pressure ahead of this year's Paris climate summit to act alone, but came to Washington keen to work with US firms on renewable energy technology.

Modi agreed with Obama during the US leader's visit to India in January that the "strategic dialogue" be re-baptized "strategic and commercial," and Swaraj said she hoped the meeting would be "very productive."

The two countries have set themselves the goal of increasing their trade in goods and services from around \$120 billion per year now to around \$500 billion, an ambitious sum similar to existing US and Chinese trade.

Buyback

While there is no way to quantify exactly how much share buyback have helped stock performance, approximately 20 percent of the companies in the S&P 500 have "significantly" decreased share counts year over year for the past 6 quarters, Silverblatt said.

As a result of cutting the number of shares available, these companies have bolstered such metrics such as earnings per-share, helping to make companies look like they are doing better even if their absolute performance remained the same, he said.

The companies that have been buying back stock the most aggressively have not outperformed this year, however. The S&P 500 Buyback Index, which tracks the performance of the 100 stocks with the highest buyback ratios in the S&P 500 — a group that includes Coca-Cola Enterprises Inc, Cameron International Corp, and Motorola Solutions Inc — is down 6.8 percent for the year to date, a performance about 1 percentage point worse than the benchmark as a whole, according to Thomson Reuters data.

Through August, companies in the S&P 500 had authorized \$598.5 billion in share buybacks, the largest on record and more than the full-year totals from 2008 to 2012, according to Robert Leiphart, an analyst at Birinyi Associates. Companies are on pace to announce \$897 billion in buybacks for the full year, which would top the \$863 billion authorized in 2007 as the largest of all time, he said.

Robust

"But I can tell you this, we don't believe we're in a recession at all now," Oliver said. "The trade numbers are robust. Consumer confidence is good and we returned a budget surplus."

Canada is the world's 11th-biggest economy and the United States' biggest trading partner. The Canadian economy suffered far less damage from the financial crisis and Great Recession than its southern neighbor. But news this month of a recession spelled trouble for Prime Minister Stephen Harper. Polls show the election is a three-way toss-up. Harper is campaigning for a rare fourth term on a record of economic growth.

Beata Caranci, Chief Economist for TD Bank, said while the Canadian economy did technically contract in the first half of 2015 but the job and housing markets held up well and she said forward indicators show Canada is looking at a "pretty nice rebound. I feel confident that we're on a pretty good expansion path right now," Caranci said.

Craig Wright, Chief Economist at the Royal Bank of Canada, called the first half of the year a "soft patch" rather than a recession and said conditions have improved. "You are looking at a 0.1 percent drop on a two trillion economy. It's kind of a rounding error and it may be reversed away," Wright said.

Oliver, however, said they are mindful of the external risks to the Canadian economy.



In this file photo, Joe Oliver leaves Rideau Hall in Ottawa on March 19, 2014. Oliver says Canada is not in recession now and wasn't in recession in the first half of 2015 despite data showing otherwise. (AP)