

Ineos starts testing UK's Forties North Sea oil pipeline after repairs

Britain's Forties oil and gas pipeline, one of the biggest in the North Sea, is being tested following repairs and full flows should resume in early January, its operator Ineos said on Monday.

The closure of the pipeline since Dec 11 has pushed oil prices above \$65 a barrel in recent weeks, their highest level since mid-2015.

Forties plays an important role in the global market as it is the biggest of the five North Sea crude streams underpinning Brent, a benchmark for oil trad-

ing in Europe, the Middle East, Africa and Asia.

"The repair of the pipeline ... is now mechanically complete and pressure testing is well under way," Ineos said in a statement.

"A small number of customers are now sending oil and gas through the pipeline at low rates as part of a coordinated plan that allows Ineos to carefully control the flow and pressure in the system."

The system, which carries about

450,000 barrels per day of crude to Britain, along with a third of the country's total offshore natural gas output, was shut down after a crack was found.

Ineos said the oil and gas processing facility Kinnell should restart in the next 24 hours.

"Based on current estimates the company expects to bring the pipeline and Kinnell progressively back to normal rates early in the new year," Ineos said.

Ineos was forced to declare force majeure on deliveries of Forties crude

oil, natural gas and condensate, suspending its contractual obligations to customers by citing circumstances beyond its control.

This is believed to be the first force majeure on a major North Sea production stream in decades. Ineos didn't say when it expected to lift the force majeure.

Ineos, a privately-owned chemicals company based in Switzerland, bought the pipeline system from BP in late October. (RTRS)

UAE lending picks up

Annual bank lending growth in the United Arab Emirates picked up slightly during November, central bank data showed on Monday.

UAE Money Supply End-Nov 17	End-Oct 17	End-Nov 16	
M1 change yrl/yr (pct)	3.7	4.1	3.3
M2 change yrl/yr	3.0	3.4	4.1
M2-M1 pct change yrl/yr	2.5	2.9	4.6
M3 pct change yr	7.8	7.7	4.0
Loans & advances yrl/yr*	1.2	0.9	5.8

Note: * gross.

Bank deposits, which totalled 1,600 trillion dirhams in October, rose by 32 billion dirhams month-on-month in November. (RTRS)

Market Movements

25-12-2017

INDIA	Change	Closing pts
- Sensex (Dec 22)	+184.02	33,940.30
- All Ordinaries (Dec 22)	+11.70	6,168.00
- Nikkei (Dec 25)	+36.42	22,939.18
- KRX 100 (Dec 22)	+27.03	5,083.87
- All Shares (Dec 22)	+28.61	4,921.41
- Hang Seng (Dec 22)	+210.95	29,578.01

GERMANY	Change	Closing pts
- DAX (Dec 22)	-36.95	13,072.79
- CAC 40 (Dec 22)	-21.25	5,364.72
- EUROPE	-17.39	3,553.39

Business

But faces snag on foreign patents

Apple Inc wins big with US tax amendment bill

NEW YORK, Dec 25, (RTRS): The US Republican tax overhaul passed by Congress this week will allow Apple Inc to bring back its \$252.3 billion foreign cash pile without a major tax hit — a long-standing company goal.

Other provisions of the bill, namely the cut in the corporate tax rate from 35 percent to 21 percent, are also a big boon for Apple.

But not everything went the company's way. A critical difference between the Senate version of the bill and the final version could actually raise the amount of cash taxes that Apple pays on profits from patents held abroad, tax experts said.

The treatment of foreign patent profits is important to Apple because shifting those profits overseas was a cornerstone of its tax practices for decades.

In effect, the company attributes a large portion of the value of its products to patents and other intellectual property such as trademarks. Apple then assigns some of that IP, proportional to overseas sales, to subsidiaries in countries with low tax rates and assesses substantial patent royalties on sales. Those royalties then

flow back to those low-tax locations, like Ireland.

The bill has a pair of provisions designed to make that maneuver less alluring. One creates a minimum tax on foreign patent income that is expected to come to about 13 percent, said Gavin Ekins, a research economist with the Tax Foundation.

At the same time, a tax break for patents held in the United States will lower the tax on licensing income from the standard corporate rate of 21 percent to 13.1 percent — about the same as if the patents were held abroad.

Congressional Republicans "don't want the tax rate to be a consideration in where you put your intellectual property," Ekins said. "The whole intention (of the measures) is to bring back that intellectual property to the United States."

Parts of the scheme are similar "patent boxes" employed in countries like the United Kingdom to encourage firms to generate and keep their innovations at home.

But the final bill omits any explicit way for patents held overseas to be returned to the United States without being taxed.

US tax reform promises big income boost for German carmakers

BERLIN, Dec 25, (AFP): German carmakers Daimler and BMW said Friday a new sweeping US tax reform giving major breaks to corporations will add hundreds of millions of euros to their 2017 earnings.

The controversial tax overhaul signed into law Friday by billionaire President Donald Trump will slash the US corporate tax rate from 35 percent to 21 percent.

As a result, Daimler projected its net income to grow by around 1.7 billion euros (\$2 billion) this year.

"The reduction of the federal corporate income tax rate ... results in an income tax benefit increasing the net income of the group for the year 2017 by approximately 1.7 billion euros," the company announced in a statement.

BMW also said it expected the

tax changes to have a "positive impact" on its 2017 net profit, boosting it by between 950 million and 1.55 billion euros.

Trump this week celebrated his first major legislative victory since taking office a year ago as Congress passed the \$1.5 trillion overhaul, set to impact every corner of the economy.

Making good on a vow to push

through the tax cuts before Christmas, the 71-year-old endorsed the bill Friday shortly before departing for a year-end break at his Mar-a-Lago resort in Florida, pulling forward a formal signing initially planned for January.

Opposition Democrats have branded the tax plan a giveaway to the wealthiest that risks blowing a hole in the national debt.

Congress "screwed it up," said Ed Kleinbard, a tax professor at the University of California and former chief of staff of the US Congress's Joint Committee on Taxation. "It's kind of weird that they created the patent box, but didn't give a pass to bring things back."

For those patents that remain overseas, the minimum tax on foreign patent profits means Apple might actually face higher cash taxes abroad.

"I'm willing to bet a dollar that 13.1 percent is higher than Apple's actual non-US tax rate," said Kleinbard. "It's entirely possible their cash tax bill going forward would go

up based on this alone."

Apple Chief Executive Tim Cook has said the company intends to bring some overseas cash home, but the company declined to comment on precisely how much or how it would use the funds.

Gary Hufbauer, a fellow with the Peterson Institute for International Economics, said the tax cut is not likely to spur Apple to start building iPhones in the United States. However, Apple's US suppliers, which the company said it spent \$50 billion with in 2016, will also see lower taxes.

If those suppliers pass their tax sav-

ings along in the form of lower prices offered to Apple, it could make them more competitive against foreign rivals and entice Apple to spend more with them, Hufbauer said.

The repatriation rules will change the way Apple manages its cash, analysts said. Companies now have to pay a one-time 15.5 percent tax on their overseas cash to bring it back.

After that, companies will pay 21 percent tax on US profits and a minimum 10.5 percent tax on foreign profits, but they will be able to deduct foreign taxes already paid on those profits, so in many cases the foreign profits can be brought home

with no additional US taxes paid.

At 15.5 percent, Apple would owe about \$39.1 billion on its \$252.3 billion in overseas cash. Unlike many other large companies, Apple has already set aside \$36.3 billion for that purpose.

With the remaining cash, Apple could attack its \$97 billion in long-term debt, much of which it has used to fund its dividend and share buy-back program.

"The (foreign cash) overhang for Apple is just an enormous issue," Kleinbard said. "Even Apple has finite borrowing capacity. This removes the issue."

Wages likely to go up

What to expect for your personal finances in '18

NEW YORK, Dec 25: No one wants to be caught off-guard when it comes to their finances. So The Associated Press asked several experts to share their opinion on what will happen with some key issues in 2018 that will directly impact your personal financial well-being. Here's a look at their forecasts:

Question: What should I expect from gas prices?

Answer: Gas prices are still quite low, historically speaking, and were fairly steady in 2017. But 2018 may be a bit more rocky, according to Tom Kloza, global head of energy analysis at the Oil Price Information Service.

Kloza estimates the average price for regular gasoline will end 2017 around \$2.39 a gallon. A typical family might consume 90 gallons of regular gas each month, so their cost in 2017 has been around \$215 per month.

Overall, Kloza expects the average price nationwide to rise to around \$2.45 for 2018. That's still well below the more than \$3 a gallon that Americans faced from 2011 to 2014. Like every year, prices will vary greatly by region and season.

A word of warning though — hurricanes or recessions could disrupt even the best estimates.

Q: What will the job market look like in 2018?

A: The current strength in the job market should carry into 2018. This is particularly true if you are in a high-demand field like health care, technology or e-commerce, said Andrew Chamberlain, chief economist at jobsite Glassdoor.

"Today's labor market is probably the tightest in a generation so that puts workers in a strong bargaining position with employers," said Chamberlain.

Companies in high-demand fields should offer pay raises and other incentives to help attract and retain workers. Those not in high-demand fields may see improvements in workplace conditions too.

Experts like Chamberlain are warning job-holders not to get lulled into complacency by the unusually long US economic expansion. As economists say: times are good until they aren't. Chamberlain said this is a good time to prepare for an inevitable downturn by socking away money in savings, polishing your resume and keeping your list of work accomplishments handy.

Q: What about tax changes?

A: This is the big question mark for many. The tax overhaul bill, which would take effect in 2018, is on the verge being passed in Congress.

You may see changes almost immediately in your withholdings from your paycheck. The IRS said earlier this month that it is closely monitoring the bill and expects to issue initial withholding guidance in January, which would allow taxpayers to begin seeing the benefits of the change as early as February.

However, other big changes from the overhaul — such as a low-

er tax rate or elimination of some deductions — won't be fully evident until you complete your taxes in the spring of 2019.

Generally speaking, the legislation reduces levies on the wealthiest Americans, while making more modest tax reductions for most others. The tax cuts for individuals are temporary, expiring in 2026. And while it doubles the standard deduction used by most Americans, that will also end in eight years.

Q: Will wages go up next year?

A: In short: most likely.

Ian Shepherdson, chief economist at Pantheon Macroeconomics, said that the tight labor market is expected to remain tight. That means companies will be hard pressed to find and retain workers, and in turn, will likely raise pay.

Unemployment in the US is already at a 17-year low of 4.1 percent and the economy is growing at a good clip, over 3 percent at last measure. But Shepherdson and other economists think this growth period is near its end, which is typically when the best gains come for workers.

He describes next year as the "sweet spot" for individuals to get raises that leave them feeling better off.

The only thing that could throw off this lower unemployment trend — which drives the wage growth — is if significant numbers of workers who've been on the sidelines try to rejoin the workforce.

"That is possible, but it's very low (risk)," he said. "If we were going to see a big surge we would have seen it by now."

Q: How is the housing market shaping up for 2018?

A: This year's turbulent politics, natural disasters and more should play out in the housing market in 2018, said Ralph McLaughlin, chief economist for housing website Trulia.

There will be less enthusiasm for home buying and more enthusiasm for selling, he said. That will help ease two major headwinds in the current market: low inventory and high prices.

However, there will be lower demand for homes prone to natural disasters, following this year's string of hurricanes, wildfires and floods.

There will also be a geographic reaction to the tax plan. If proposals to eliminate the ability to deduct certain home interest and property taxes become law, that could dampen enthusiasm for homes in expensive and high-tax areas such as parts of the Northeast and much of the West.

However, a major increase in the standard deduction should help boost demand in the Midwest and South, where few mortgages and property tax bills are large enough to warrant itemized deductions.

Trulia expects prices to rise across the country at a slower rate as the market starts to come into more balance. And for renters, the rate of rent will increase further but at a more modest pace thanks to new construction.

Iraqi oil minister says 'expects' oil market to be in balance in Q1

No agreement reached with Exxon on southern oilfields: Luaibi

BAGHDAD, Dec 25, (RTRS): Iraqi Oil Minister Jabar al-Luaibi said on Monday he was optimistic there would be a balance between supply and demand by the first quarter of 2018, leading to a boost in oil prices.

Global oil inventories have decreased to an acceptable level and there were positive signs that oil market prices would improve significantly in 2018, Luaibi told journalists.



This file photo shows an elevated view of al-Attaba district on the edge of downtown Cairo, Egypt. Egypt will raise the price of tickets on Cairo's loss-making metro system from next July. (AFP)

Egypt to hike Cairo metro fares from next July

CAIRO, Dec 25, (RTRS): Egypt will raise the price of tickets on Cairo's loss-making metro system from next July, tripling the present fare for many commuters, the state-owned newspaper al-Ahram said on Sunday.

Commuters will be charged a base fare of 2 Egyptian pounds (11 US cents) for the first 9 stops, and an additional pound for 9 more stations, the newspaper, quoting Transport Minister Hisham Arafat,

said. A maximum fare of 6 Egyptian pounds will be charged for commuters who ride one line from start to finish, though discounted rates for government workers and students will be maintained.

Currently, commuters can cover an unlimited number of stops and can even switch lines for the same base fare of 2 Egyptian pounds.

The move comes as part of an

"I am optimistic, and during the first quarter of next year there will be more balance between supply and demand, which will reflect positively on improving global oil prices," he said.

A slight rise in oil production in the United States in December might have some effect on prices, he added.

Luaibi was speaking at a signing ceremony with China's state-run Zhenhua Oil. Iraq reached an agreement with Zhenhua to develop the southern portion of the East Baghdad oilfield.

The oil ministry expects the costs needed to develop the oilfield could reach \$3

billion, said Abdul Mahdi al-Ameedi, who heads the oil ministry's licensing and contracts office.

Iraq has made significant changes to the new service contract with the Chinese company that links global oil prices and the cost of development, he said.

"It's a new contract with new amendments which we made to overcome the chokes and lapses in our previous service contracts," Luaibi told journalists.

The new contract will allow Zhenhua to receive a \$3.5 fee for each barrel of crude produced from the oilfield, Ameedi said, and will serve as a model for all upcoming contracts with international companies.

"The East Baghdad contract was drafted in a way to significantly minimize the cost of oilfield developments. This contract will be a model for the following oil deals," he said.

Iraq plans to utilise 20 million cubic feet of gas produced as a by-product of oil production from the East Baghdad oilfield to supply a nearby power station, Ameedi said.

He said he expects the signing of the East Baghdad final deal to take place in March.

Iraq has not yet reached an agreement with Exxon Mobil on a multi-billion-dollar project to boost output from several southern oilfields, Oil Minister Jabar al-Luaibi said on Monday.

If no agreement is reached by February, Luaibi told journalists at a signing ceremony for a separate deal, the project would be offered to other companies.

Luaibi had said in October that Iraq was in final talks with Exxon Mobil on developing the project, which consists of building oil pipelines, storage facilities and a seawater supply project to inject water from the Gulf into reservoirs to improve production.

Turkey's Vakifbank state bank status will not change with decree

ISTANBUL, Dec 25, (RTRS): Turkey's Vakifbank said on Monday that the transfer of a majority of its shares to the Turkish treasury will not change its status as a state bank or its strategy and business plan.

It said in a public filing that a decree in the Official Gazette authorising the transfer applied to the

58.51 percent of stock held by the General Directorate of Foundations — 43.00 percent Group A shares and 15.51 percent Group B shares.

The shareholders who hold Group D shares that are listed on the Istanbul stock exchange, which corresponds 25.22 percent of the bank's capital, will not be subject

to any change with the decree, the bank said.

The remaining shareholders holding Group B and C shares will have the option to ask for transfer of their shares to the treasury, it said in its statement.

Shares in the state lender traded at 6.44 lira per share, up 1.58 percent, at 0932 GMT after

touching 6.53 lira at Monday's opening.

"The shares which are owned and administered by General Directorate of Foundations (GDF) will be transferred to Turkish Treasury with the aforementioned Statutory Decree following the decision of Turkish Cabinet," it said.