TVO challenges approval of Areva bailout

Finnish utility TVO said Wednesday it would appeal the EU's approval of a bailout of Areva, saying it did not provide adequate guarantees the French nuclear giant would be able to complete construction of a reactor in Finland.

Areva, together with German engineering group Siemens, has been building in Finland since 2005 what was meant to be a showcase of next-generation nuclear power, but which has instead showcased the industry's chronic delays and cost overruns. The European Pressurised Reactor (EPR) reactor at Olkiluoto, or OL3, is now expected to open nine years late in 2018.

The mounting bill for the reactor, plus the crippling blow to the sector's prospects dealt by the 2011 Fukushima disaster in Japan, led the French government in 2015 to launch a restructuring of the firm that would see parts of it split up and sold off.

In January, the European Commission gave the go-ahead to the French government to invest 4.5 billion euros to salvage its operations, which it did in July.

"TVO is not opposed in principle to the intervention by the French State in favour of the Areva Group, provided that TVO's needs for OL3 EPR are fully taken into account, which is currently not the case," the Finnish company said in a statement. (AFP)

UK lawmaker calls for shaking up membership of bank boards

Banks need to recruit a wider assortment of non-executive directors to their boards to end the kind of "group think" that lay behind the financial crisis, a senior British lawmaker said on Wednesday.

Non-executive directors failed to ask bank bosses tough questions before the 2007-2009 crisis, said Nicky Morgan, who was elected as chair of parliament's Treasury Select Committee in July, and that remains an issue today.

"It's getting the right people on boards, asking the tough questions, to be unpopular with their executive officers," Morgan told a Resolution Foundation think tank meeting to debate whether UK banking has changed since the crisis.

Companies hire non-executives from the same mould as existing members, the former minister for women and equalities said.

"There is still far too much recruitment in the board's own image," said Morgan, a member the governing Conservative party. The Treasury Select Committee drove through regulatory changes after the crisis, and Morgan said those reforms would be reviewed a decade after Northern Rock became the first bank in a century to trigger a run. "We are going to look at the whole architecture, 10 years on," Morgan said. The crisis forced the government to inject billions of pounds into ailing banks, and since then the committee has held marathon sessions to make sure regulators and bankers toe the line. (RTRS)

US producer prices rebound in August

Driven by higher gasoline prices

WASHINGTON, Sept 13, (RTRS): US producer prices rebounded in August, driven by a surge in the cost of gasoline, and there were also signs of a pickup in underlying producer inflation.

The Labor Department said on Wednesday its producer price index for final demand increased 0.2 percent last month after slipping 0.1 percent in July. In the 12 months through August, the PPI rose 2.4 percent after advancing 1.9 percent in July.

Economists said the uptick in producer prices was unlikely to assuage Federal Reserve policymakers' concerns about low inflation as the increase was largely due to a 9.5 percent increase in the cost of gas. That was the largest rise since January and followed a 1.4 percent decline in July.

Though gas prices could rise further in September in the wake of Hurricane Harvey, which disrupted oil refinery production in Texas, a reversal was expected because of ample crude supplies.

"Energy price gains, which will likely dominate the September inflation reports in the aftermath of Hurricanes Harvey and Irma, will likely be viewed as having a temporary impact on inflation by the Fed," said John Ryding, chief economist at RDQ Economics in New York.

Economists had forecast the PPI gaining 0.3 percent last month and accelerating 2.5 percent from a year ago.

A key gauge of underlying producer price pressures that excludes food, energy and trade services rose 0.2 percent last month after being unchanged in July. The so-called core PPI increased 1.9 percent in the 12 months through August after a similar gain in July.

Prices of US Treasuries were trading lower, while the dollar rose against a basket of currencies. US stock indexes were little changed after hitting record highs on Tuesday.

Inflation is being closely watched for clues on the timing of the next Fed interest rate increase. Economists expect the US central bank will announce a plan to start reducing its \$4.2 trillion portfolio of Treasury bonds and mortgage-backed securities at its Sept 19-20 policy meeting.

The Fed is expected to delay raising rates until December.

August's consumer inflation report scheduled for release on Thursday is expected to show gasoline prices helped push up the Consumer Price Index by 0.3 percent after a 0.1 percent rise in July, according to a Reuters survey of economists.

Last month's increase in the PPI is unlikely to translate into a similar gain in the Fed's preferred inflation measure, the personal consumption expenditures (PCE) price index excluding food and energy.

The annual increase in the core PCE has consistently undershot the central bank's 2 percent inflation target since mid-2012. The core PCE rose 1.4 percent in July, the smallest year-on-year increase since December 2015.

The cost of food fell 1.3 percent as wheat prices recorded their biggest drop since April 2008. The decrease in food prices last month was the largest since February 2015 and followed an unchanged reading in July. There were also declines in the prices of fresh vegetables, fruits and meat.

Core goods prices rose 0.2 percent last month after slipping 0.1 percent in July. The cost of services edged up 0.1 percent after falling 0.2 percent in July. A 1.7 percent surge in the cost of consumer loans accounted for more than half of the increase in the price of services last month.

The cost of healthcare services increased 0.3 percent after a similar gain in July.

"This morning's producer price gains for August are a step in the right direction," said Scott Anderson, chief economist at the Bank of the West in San Francisco. "However, they are not yet quite as strong or as broad-based as the Federal Reserve would like to see to help push core consumer price inflation back up to the Fed's 2 percent target."

US job openings at record high; qualified workers scarce

WASHINGTON, Sept 13, (RTRS): US job openings rose to a record high in July, suggesting a slowdown in job growth in August was an aberration and that the labor market was strong before the recent disruptive hurricanes.

The monthly Job Openings and Labor Turnover Survey, or JOLTS, released by the Labor Department on Tuesday showed the labor market continued to tighten amid a scarcity of workers.

The strong labor market fundamentals could encourage the Federal Reserve to continue tightening monetary policy this year despite inflation persistently running below the US central bank's 2 percent target.

"Employers need skilled labor and experienced workers are in short supply, which continues to suggest the economy has returned to a relatively normal labor market that does not need exceptional support from the Fed," said John Ryding, chief economist at RDQ Economics in New York.

Job openings, a measure of labor demand, increased by 54,000 to a seasonally adjusted 6.2 million. That was the highest level since the data series started in December 2000. Job openings have now been above 6 million for two straight months.

Hiring increased 69,000 to 5.5 million in July, lifting the hiring rate to a near 1-1/2-year high of 3.8 percent from 3.7 percent in June.

Labor market tightness was also underscored by another report from the National Federation of Independent Business.

The NFIB survey showed a record share of small businesses in August ranked difficulties finding qualified workers as "their top business problem." The rise in job vacancies in July bolsters views that August's moderation in job gains was largely because of a seasonal quirk.

Nonfarm payrolls increased by 156,000 jobs last month, with the private services sector hiring the smallest number of workers in five months. Job growth in September could, however, be held back by hurricanes Harvey and Irma, which struck Texas and Florida, respectively.

The two states account for about 14 percent of US employment. Temporary unemployment as a result of flooding from Harvey has already caused a surge in first-time applications for jobless benefits.

"The JOLTS data signal that the labor market was in solid shape in July and support our view that we should not be very concerned about the modest disappointment in the August payroll report," said Daniel Silver, an economist at JPMorgan in New York.

JOLTS is one of the job market metrics on Fed Chair Janet Yellen's dashboard. Economists expect the US central bank will announce in September a plan to start reducing its \$4.2 trillion portfolio of Treasury bonds and mortgage-backed securities at its Sept. 19-20 policy meeting.

Benign inflation amid sluggish wage growth, however, suggests the Fed will delay raising interest rates again until December. It has increased borrowing costs twice this year.

Both countries collected about $630mn due to accommodative regulations

Five REITs listed in KSA & UAE in 10M: Marmore

KUWAIT CITY, Sept 13: Marmore MENA Intelligence, a subsidiary of Kuwait Financial Centre "Markaz", recently released a report titled 'REITs in GCC: Regulatory hurdles persist', analyzing the prevailing circumstances and future prospects for REITs in the region.

Five REITs have been listed in GCC, four in Saudi Arabia and one in the UAE within a span of 10 months, higher than the number of IPOs in the region. This sudden emergence of an alternate asset class augurs well for the melancholic investment climate and makes available diversified products such as exchange traded funds, derivatives and REITs for its affluent and high net worth individuals who have till now searched beyond borders for alternative investment products.

Historical returns in the US indicate that REITs can be used as a hedge against inflation. Listing of REITs also improves the transparency in real estate market encouraging private players to invest in residential as well as commercial projects. The growth of the real estate sector will translate into more jobs and diversification of the economy.

Hence, an organized real estate market with alternate funding mechanisms is of utmost importance and will de-stress the banking system. Introduction of REITs will further augment the nationalization program in GCC, as the contribution of nationals in the real estate sector is high.

GCC, is home to one of the most active real estate markets but development of REIT's has been a problem due to several hurdles. A key impediment to the growth of REIT's in the region is regulations. In most of the countries in GCC, foreign ownership is restricted (wholly or partially) in real estate. Ownership limits are also limited in capital markets for international investors.

There are also leverage regulations placed on the real estate investment trusts. For instance, in KSA, a REIT issuer's leverage is restricted to 50% while in countries such as USA and Canada there is no restriction on the debt levels. Liberalizing the limits on foreign ownership will be one of the prime measures for developing secondary markets for such products.

GCC nations also need to emphasize on improving the market infrastructure such as adopting a common settlement cycle that is widely accepted, developing delivery versus payment systems apart from improving the transparency and disclosure mechanisms that are currently lagging behind.

UAE and KSA are among the forerunners in the region to have introduced regulations that are accommodative for the listing of REITs. Currently both these countries together have collected a corpus of about USD 630 million.

Bahrain too has followed suit and has recently enlisted elaborate procedures for listing REITs. Sharia compliant Islamic REITs have also been developed and has been received favorably by investors. While the REITs market is still at a nascent stage, it is surely showing signs of moving in the right direction.

In this file photo, computer scientist Mohamed Saad Ibn Seddik, of Sea Machines Robotics, uses a laptop to guide a boat outfitted with sensors and self-navigating software and capable of autonomous navigation in Boston Harbor. The boat still needs human oversight, but some of the world's biggest maritime firms have committed to designing ships that won't need any captains or crews — at least not on board. (AP)

'We're in full autonomy now'

Self-driving boats: The next transportation race

BOSTON, Sept 13, (AP): Self-driving cars may not hit the road in earnest for many years — but autonomous boats could be just around the pier.

Spurred in part by the car industry's race to build driverless vehicles, marine innovators are building automated ferry boats for Amsterdam canals, cargo ships that can steer themselves through Norwegian fjords and remote-controlled ships to carry containers across the Atlantic and Pacific. The first such autonomous ships could be in operation within three years.

One experimental workboat spent this summer dodging tall ships and tankers in Boston Harbor, outfitted with sensors and self-navigating software and emblazoned with the words "Unmanned Vessel" across its aluminum hull.

"We're in full autonomy now," said Jeff Gawrys, a marine technician for Boston startup Sea Machines Robotics, sitting at the helm as the boat floated through a harbor channel.

"Roger that," said computer scientist Mohamed Saad Ibn Seddik, as he helped to guide the ship from his laptop on a nearby dock.

The boat still needs human oversight. But some of the world's biggest maritime firms have committed to designing ships that won't need any captains or crews — at least not on board.

The ocean is "a wide open space," said Sea Machines CEO Michael Johnson.

Surpass

Based out of an East Boston shipyard once used to build powerful wooden clippers, the cutting-edge sailing vessels of the 19th century, his company is hoping to spark a new era of commercial marine innovation that could surpass the development of self-driving cars and trucks.

The startup has signed a deal with an undisclosed company to install the "world's first autonomy system on a commercial containership," Johnson said this week. It will be remotely-controlled from land as it travels the North Atlantic. He also plans to sell the technology to companies doing oil spill cleanups and other difficult work on the water, aiming to assist maritime crews, not replace them.

Johnson, a marine engineer whose previous job took him to the Italian coast to help salvage the sunken cruise ship Costa Concordia, said that deadly 2012 capsizing and other marine disasters have convinced him that "we're relying too much on old-world technology."

"Humans get distracted, humans get tired," he said.

Decades

Militaries have been working on unmanned vessels for decades. But a lot of commercial experimentation is happening in the centuries-old seaports of Scandinavia, where Rolls-Royce demonstrated a remote-controlled tugboat in Copenhagen this year.

Government-sanctioned testing areas have been established in Norway's Trondheim Fjord and along Finland's western coast.

In Norway, fertilizer company Yara International is working with engineering firm Kongsberg Maritime on a project to replace big-rig trucks with an electric-powered ship connecting three nearby ports. The pilot ship is scheduled to launch next year, shift to remote control in 2019 and go fully autonomous by 2020.

"It would remove a lot of trucks from the roads in these small communities," said Kongsberg CEO Geir Haoy.

Japanese shipping firm Nippon Yusen K.K. — operator of the cargo ship that slammed into a US Navy destroyer in a deadly June collision — plans to test its first remote-controlled vessel in 2019, part of a wider Japanese effort to deploy hundreds of autonomous container ships by 2025. A Chinese alliance has set a goal of launching its first self-navigating cargo ship in 2021.

EU weighs plan to attract fintech cos

BRUSSELS, Sept 13, (RTRS): European Union finance ministers will discuss this week a plan to attract more financial-technology companies, in a bid to bridge the gap with global competitors and offset the loss of Europe's main fintech market after Britain leaves the bloc.

The EU fintech market is dwarfed by those in China and the United States. It is concentrated in Britain, which is set to quit the EU in 2019, leaving the bloc with a fraction of the small but flourishing industry.

In a meeting on Friday in Tallinn, the Estonian capital, EU finance ministers will discuss how to make the continent more attractive to fintech companies and encourage the cross-border expansion of existing companies, which so far are focussed on national markets, according to documents seen by Reuters.

China is the fintech leader, with a market worth \$102 billion in 2015, according to a paper prepared by the Brussels-based think-tank Bruegel for the Tallinn meeting.

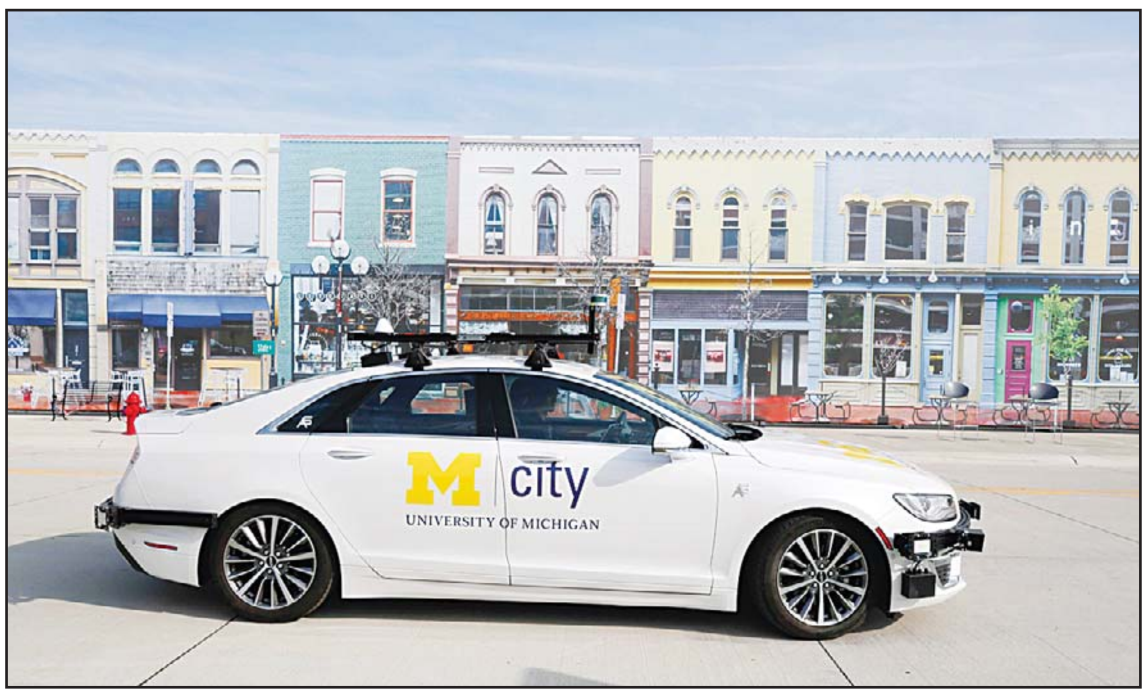
The US market amounts to \$36 billion. Both dwarf the EU market, which is worth \$6 billion and is growing more slowly.

EU ministers will discuss rule changes and the best strategy to reverse this trend. Proportional and flexible regulations are recommended to favour start-ups and alternative businesses, the Estonian paper says.

The fintech industry is a small part of financial services, but it poses challenges to banks and other conventional actors in businesses ranging from lending and payments to financial advice and insurance.

Those businesses could be hit much harder if small fintech start-ups started to team up with data-rich digital companies like Amazon or Google, Bruegel warned - they may hold more information on borrowers and lenders than banks.

Amazon already has its own lending service for small businesses, which has provided \$3 billion in loans since it opened in 2017.



A Lincoln MKZ equipped with augmented Reality Technology maneuvers at the Mcity Test Facility on Sept 12 in Ann Arbor, Michigan. The facility is the first purpose-built proving ground for testing connected and automated vehicles and technologies in simulated urban and suburban driving environments. (AFP)

More test cars hit public roads

US updates self-driving car guidelines

ANN ARBOR, Michigan, Sept 13, (AP): The Trump administration on Tuesday unveiled updated safety guidelines for self-driving cars aimed at clearing barriers for automakers and tech companies wanting to get test vehicles on the road.

The new voluntary guidelines announced by US Transportation Secretary Elaine Chao update policies issued last fall by the Obama administration, which were also largely voluntary.

Chao emphasized that the guidelines aren't meant to force automakers to use certain technology or meet stringent requirements. Instead, they're designed to clarify what vehicle developers and states should consider as more test cars reach public roads.

"We want to make sure those who are involved understand how important safety is," Chao said during a visit to an autonomous vehicle testing facility at the University of Michigan. "We also want to ensure that the innovation and the creativity of our country remain."

Under Obama administration, automakers were asked to follow a 15-point safety assessment before putting test vehicles on the road. The new guidelines reduce that to a 12-point voluntary assessment, asking automakers to consider things like cybersecurity, crash protection, how the vehicle interacts with occupants and the backup plans if the vehicle encounters a problem.

They no longer ask automakers to think about ethics or privacy issues or share information beyond crash data, as the previous guidelines did.

The guidelines also make clear that the federal government — not states — determines whether autonomous vehicles are safe. That is the same guidance the Obama administration gave.

States can still regulate autonomous vehicles, but they're encouraged not to pass laws that would throw barriers in front of testing and use. There is nothing to prohibit California, for instance, from requiring human backup drivers on highly automated vehicles, but the National Highway Traffic Safety Administration would discourage that.

Automakers — who were growing increasingly frustrated with the patchwork of state regulations — praised the guidelines.

"You are providing a streamlined, flexible system to accommodate the development and deployment of new technologies," Mitch Bainwol, the head of the Alliance of Automobile Manufacturers, told Chao at Tuesday's event. The alliance represents 12 major automakers, including General Motors Co, Mercedes-Benz and Toyota Motor Corp.