

## BUSINESS

## Nissan reports record full-year profit

Japanese car giant Nissan on Monday reported a record full-year net profit thanks to US tax cuts but warned about the outlook for the next 12 months owing to a strong yen.

Nissan's net profit for the fiscal year to March rose 12.6 percent to 746.9 billion yen (\$6.8 billion), as sales edged up 2.0 percent to 11.95 trillion yen.

Operating profit was squeezed by swelling costs, including

growing incentives in the US market, and the negative impact of a damaging inspection scandal.

But US tax cuts offset the negative factors, resulting in a "sizeable" profit gain, said executive officer Hiroto Saikawa.

Nissan, however, said its net profit for the current fiscal year to March 2019 is forecast to drop 33.1 percent to 500 billion yen because of foreign exchange

losses and growing costs of raw materials.

"The Japanese auto industry benefited from US tax cuts for the fiscal year," said Satoru Takada, an analyst at TIW, a Tokyo-based research and consulting firm.

"Foreign exchange gains have contributed to their earnings but the impact is decreasing as the yen has gotten stronger recently," Takada told AFP. (AFP)

## CBS sues to block effort to 'force' merger with Viacom

US media giant CBS filed suit Monday, alleging that majority shareholder Shari Redstone is seeking to "force" a merger with rival Viacom on unfavorable terms.

The lawsuit filed in Delaware Chancery Court claims "breaches of fiduciary duty" by Shari Redstone and National Amusements, the holding company created by her father, 94-year-old Sumner Redstone.

CBS is seeking a temporary re-

straining order "to protect the status quo and to prevent imminent and irreparable harm" from merging CBS and Viacom, two media groups which were split a decade ago by Sumner Redstone.

The lawsuit alleges that Shari Redstone is seeking "to force through a merger of CBS and Viacom on terms that are contrary to the best interests of the public stockholders — without allowing them any voice on the transaction."

This effort "would subvert the board-approved Special Committee process," evaluating a tie-up of the two firms.

CBS said in February it had established a committee to consider reuniting the two companies, combining CBS with Viacom's networks which include Nickelodeon, MTV, BET and Comedy Central.

The companies previously explored a combination in 2016, but later abandoned the effort. (AFP)

## 'Petro' backed by Russian bank

## Russia 'helps' Venezuela defy US crypto sanctions

CARACAS, Venezuela, May 14, (AP): Investors looking to buy Venezuela's new cryptocurrency may want to head to a little-known Moscow bank whose biggest shareholders are President Nicolas Maduro's socialist government and two state-controlled Russian companies under US sanctions.

EvoFinance Mosnarbank has emerged as the only international financial institution so far willing to defy a US campaign to derail the world's first state-backed digital currency, called the petro, even before it begins to function.

Early would-be investors who registered with Venezuela's government and downloaded the petro's wallet software — available in Spanish, English and Russian — were then invited to buy the cryptocurrency by wiring a minimum of 1,000 euros to a Venezuelan government account at EvoFinance.

The bank's place in the rollout of the petro is further evidence of Russia's role in the creation of a cryptocurrency that much of the digital world has shunned but that Maduro hopes will allow Venezuela to circumvent US financial sanctions imposed last year.

At the petro's launch on Feb 21, Maduro heaped praise on two Russians in the audience who worked with wealthy, Kremlin-connected businessmen, thanking their previously unknown startups — Zeus Exchange and Aerotrading — for their role developing what he joked would be a kind of "kryptonite" against US economic dominance.

A day later, he dispatched his economy minister to Moscow to brief his Russian finance counterpart.

And in March, the Russian Association of Cryptocurrency and Blockchain awarded the Venezuelan government an award for its role "challenging the de-facto powers of the international financial system."

## Strength

Russia's interest in the petro stems from its own increasingly pariah status in the west, said Claire W. Porter, the former head of the US Justice Department's bank integrity unit. As relations with the US and European Union become more tense, both countries are looking for ways to demonstrate political strength while moving money outside the American financial system.

"Like kids on the playground, Venezuela and Russia think they are fighting a common bully in US sanctions, so they're going to try and form a united front," said Porter, who is now the Washington-based head of investigations at consulting firm Navigant.

Russia has provided Venezuela with billions in debt relief over the years and is a major investor in the country's oil industry. That financial lifeline has become more im-

portant since the Trump administration last year banned Americans from lending money to the nearly bankrupt government and now threatens to slap sanctions on the OPEC nation's oil industry if Maduro goes ahead with presidential elections this month that are widely seen as a sham. In March, Trump signed an executive order banning Americans from any dealings with the petro.

EvoFinance and its executives didn't return repeated email requests for comment. But after The Associated Press' inquiries, all references to the bank were removed from the petro's wallet, leaving prospective buyers with no guidance on how to actually buy it, though it's still listed for sale in rubles and euros as well as three other widely circulated cryptocurrencies.

## Purchased

Venezuela's government purchased a 49 percent stake in EvoFinance in 2011, making the bank, which traces its history back a century as a western financial outpost for the Soviet Union, a vehicle for binational trade and investment projects, with almost \$800 million in assets.

The rest of the shares are held by two major banks, state-controlled VTB and Gazprombank, which were sanctioned by the US and European nations in 2014 over President Vladimir Putin's annexation of Crimea.

It's unclear how many petros the government has sold. Maduro boasted this month that the government had raised \$3.3 billion in the pre-sale phase. But so far only a small fraction of the petros appears to have been distributed to buyers, according to the blockchain where the digital currency's movements can be publicly tracked.

Experts say that the petro is of little interest to foreigners other than drug traffickers and others active in Venezuela's burgeoning criminal underworld. Even offshore trading platforms like Bitfinex are refusing to deal in the petro for fear of violating sanctions. Rating website ICOindex.com, which tracks initial coin offerings of cryptocurrencies, called it a "scam."

"An overwhelming majority of ICOs don't deliver on what they promise because their promoters are outright scammers or fall short on technical expertise," said Alejandro Machado, a Venezuelan-born computer scientist who consults for crypto startups. "In the case of the Venezuelan government, both reasons apply."

One of the two Russians who signed agreements with Maduro to position the petro globally, Denis Druzhkov, had been fined \$31,000 and barred for three years by the Chicago Mercantile Exchange for fraudulent trading in futures contracts.

## World stocks rise amid US-China trade hopes; dollar down vs peers

## Oil gains on OPEC report; gold edges up

NEW YORK, May 14, (Agencies): A gauge of stocks around the world rose to its highest point in about two months on Monday amid hopes for improving trade relations between the United States and China, while the US dollar weakened for a fourth straight session against a basket of currencies.

MSCI's index of stocks across the globe gained 0.22 percent, hitting a roughly two-month high during the session.

Growing trade tensions have worried investors, with concerns about a global trade war feeding into increased volatility in the stock market in recent months.

Wall Street's main indexes edged higher in afternoon trading, pulling back from stronger gains earlier in the session.

The Dow Jones Industrial Average rose 85.61 points, or 0.34 percent, to 24,916.78, the S&P 500 gained 4.08 points, or 0.15 percent, to 2,731.8 and the Nasdaq Composite added 17.99 points, or 0.24 percent, to 7,420.87.

Shares of optical components makers Acacia Communications and Oclaro Inc rallied following the ZTE news.

In Asia, Shanghai's SSE Composite index rose 0.3 percent, Hong Kong's Hang Seng index climbed 1.4 percent, and Japan's Nikkei rose 0.5 percent.

Investors also pointed to improving sentiment about geopolitical tensions involving North Korea. US Secretary of State Mike Pompeo said on Sunday that Washington would agree to lift sanctions on North Korea if the country agrees to dismantle its nuclear weapons program, a move that would create economic prosperity that "will rival" that of South Korea.

The pan-European FTSEurofirst 300 index lost 0.04 percent.

The dollar fell as investors questioned whether a rally that last week sent the greenback to more than four-month highs had run out of steam.

The dollar index fell 0.09 percent, with the euro up 0.17 percent to 1.1962.

Oil prices rose as OPEC reported that the global oil glut has been virtually eliminated, while US crude's discount to global benchmark Brent widened to its deepest in nearly five months.

US crude rose 0.34 percent to \$70.94 per barrel and Brent was last at \$78.16, up 1.35 percent on the day.

## US

US stocks rose on Monday on signs of easing trade tensions between the United States and China after President Donald Trump softened his stance on Chinese technology company ZTE

Corp. Shares of some of the biggest suppliers to ZTE, including Acacia Communications, Oclaro and Lumentum Holdings, rose between 10.6 percent and 3.1 percent.

Chip stocks got a boost from news that China had resumed its review of chipmaker Qualcomm's proposed \$44 billion takeover of NXP Semiconductors. NXP surged 14.2 percent and Qualcomm 3 percent.

The Philadelphia semiconductor index was up 1.6 percent.

At 12:53 pm ET, the Dow Jones Industrial Average was up 102.65 points, or 0.41 percent, at 24,933.82, the S&P 500 was up 5.79 points, or 0.21 percent, at 2,733.51 and the Nasdaq Composite was up 28.55 points, or 0.39 percent, at 7,431.43.

The defensive utilities, telecoms and real estate were the only three losers among the major S&P sectors, while technology and healthcare indexes were the biggest boosters.

Energy stocks were the biggest percentage gainers, rising 0.8 percent as oil rose after OPEC reported that the global oil glut has been virtually eliminated.

Xerox tumbled 5.7 percent after the US photocopier maker scrapped a planned \$6.1 billion deal with Fujifilm Holdings.

Viacom Inc declined 6.7 percent after CBS Corp filed a lawsuit to stop controlling shareholder Shari Redstone from continuing with her plan to merge it with Viacom. CBS rose 3.2 percent.

Advancing issues outnumbered decliners for a 1.19-to-1 ratio on the NYSE and for a 1.04-to-1 ratio on the Nasdaq.

The S&P index recorded 24 new 52-week highs and two new lows, while the Nasdaq recorded 106 new highs and 27 new lows.

## Europe

Weak financial stocks weighed on European shares on Monday after a strong run of weekly gains, while deal-making lived up to trading with Portugal's EDP and Britain's IWG both jumping on takeover offers.

The pan-European STOXX 600 index dipped 0.1 percent, while Italy's FTSE MIB edged up 0.3 percent after a volatile session as investors kept close tabs on talks between the anti-establishment 5-Star Movement and the far-right League to form a coalition government.

M&A dominated trading, continuing a trend which has set 2018 up to be one of the strongest years yet for dealmaking volumes. EDP shares climbed 9.3 percent after China's state-owned utility China Three Gorges offered \$10.8 billion to take control of the Portuguese power firm.

The stock ended above the bid price, which offered a premium of just under 5 percent to its closing price on Friday.

Shares in IWG shot up 22.8 percent to the top of the STOXX after the British workspace provider said it had

been approached for a takeover by three rival suitors.

In results-driven moves, Dutch bank ABN Amro fell 6 percent, dragging the financials sector down. It reported a drop in first-quarter net profit due to ongoing problems in the oil sector, leading to impairments on loans to shipping and offshore services clients.

Healthcare stocks were the best-performing, following a rally in US pharma on Friday after investors found US President Trump's speech on drug prices less harmful than expected for pharma companies' business models.

The healthcare sector index climbed 1 percent.

Easing US-China trade tensions failed to boost European markets, and Trump's U-turn on Chinese phone company ZTE, the world's 4th largest telecom equipment vendor, actually sent Nokia shares down 1 percent, while Ericsson fell 1.1 percent.

Investors had hoped the Nordic telecom equipment companies would see stronger sales and margins after the US Commerce Department banned American supplies to ZTE and the firm suspended operations.

With three-quarters of the MSCI Europe index having reported earnings, energy stocks were leading the market by far, with year-on-year earnings growth of 10.5 percent while the overall market's earnings growth was flat in euro terms.

The STOXX 600 oil & gas index rose 0.5 percent, reversing earlier as OPEC reported that the global oil glut has been virtually eliminated, lifting crude prices.

## Asia

Most Asia markets rose Monday as investors built on last week's rally, with another healthy lead from Wall Street providing support, but oil prices retreated from their three-and-a-half-year highs.

Malaysia's ringgit recovered from an early sell-off to sit flat while stocks were up more than one percent in Kuala Lumpur as trading resumed after last week's general election that saw a shock win for 92-year-old former premier Mahathir Mohamad.

Hong Kong led gains in Asia Monday, surging 1.4 percent, while Shanghai added 0.3 percent.

Tokyo ended up 0.5 percent, with Fujifilm climbing 1.6 percent after US photocopier and printer maker Xerox pulled out of a \$6.1-billion merger deal. Analysts said the move was welcomed by traders who thought the deal was not good for Fujifilm.

Sydney added 0.3 percent and Wellington gained 0.4 percent while Taipei piled on 0.9 percent.

However, Seoul and Singapore were slightly down.

Key figures around 0810 GMT Tokyo - Nikkei 225: UP 0.5 percent at 22,865.86 (close)

Hong Kong - Hang Seng: UP 1.4 percent at 31,541.08 (close)

Shanghai - Composite: UP 0.3 per-

cent at 3,174.03 (close)

Dollar/yen: UP at 109.35 yen from 109.29 yen

## Oil

Oil prices steadied below 3-1/2 year highs on Monday as resistance emerged in Europe and Asia to US sanctions against major crude exporter Iran, while rising US drilling pointed to higher North American production.

Brent crude was up 20 cents at \$77.32 a barrel by 1315 GMT and US light crude rose 10 cents to \$70.80.

Both oil futures contracts hit their highest since November 2014 last week at \$78 and \$71.89 a barrel respectively as markets anticipated a sharp fall in Iranian crude supply once US sanctions bite later this year.

It is unclear how hard US sanctions will hit Iran's oil industry. A lot will depend on how other major oil consumers respond to Washington's action against Tehran, which will take effect in November.

China, France, Russia, Britain, Germany and Iran all remain in the nuclear accord that placed controls on Iran's nuclear programme and led to a relaxation of economic sanctions against Iran and companies doing business there.

Some oil analysts have said they expect Iranian crude exports to fall by as little as 200,000 barrels per day (bpd), while others put the figure closer to 1 million bpd.

## Gold

Gold prices edged higher on Monday as the dollar retreated from a 2018 peak after subdued US inflation data last week highlighted the prospect of fewer US interest rate increases than previously expected this year.

Spot gold was up 0.2 percent at \$1,320.8 an ounce at 1348 GMT, having on Friday touched \$1,325.96, its highest since April 26. US gold futures were unchanged at \$1,320.7.

A weaker US currency makes dollar-denominated gold cheaper for holders of other currencies — a relationship used by funds to generate buy and sell signals.

Though the dollar eased on Monday, its performance against a basket of other major currencies touched 93.416 last week for a gain of more than 4 percent since April 17 and its highest level since December.

"Gold is dollar-driven but it is doing reasonably well given the dollar is generally stronger," said Macquarie commodities strategist Matthew Turner.

Further support could come from rising security risks in the Middle East after the United States said it would withdraw from the 2015 international nuclear deal with Iran and reimpose sanctions.

However, gold is expected to remain in the narrow range in which it has been trading this year — mostly between \$1,300 and \$1,350 — unless supply or demand fundamentals change dramatically.

## exchange rates — May 14

	US dollar			Sterling pound			Euro			Japanese yen			Swiss franc			Canadian dollar			Swedish krona			Saudi riyal			UAE dirham			Bahraini dinar			Omani riyal						
	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer	Cash	Drift	Transfer				
BEK	Buy	298200	299590	299590	404151	402150	402150	355774	355773	355773	0.02682	0.02682	0.02682	295751	296750	296750	230938	228838	228838	0.03171	0.03171	0.03171	0.79527	0.80026	0.80026	0.08980	0.08935	0.08935	795076	794575	794575	778877	773580	773580			
	Sell	302600	302300	302300	411651	412150	412150	363274	363773	363773	0.02862	0.02862	0.02862	306751	303750	303750	239838	238838	238838	0.03671	0.03671	0.03671	0.80250	0.80666	0.80666	0.08250	0.08231	0.08231	803576	803075	803075	784557	784580	784580			
Muzalini	Sell	300700	300700	300700	—	426390	426390	—	371670	371670	—	0.02806	0.02806	—	315860	315860	—	238080	238080	—	—	—	—	0.80240	0.80240	—	0.08196	0.08196	—	798990	798990	—	781445	781445	—		
Dollarco	Sell	302250	301800	301800	413500	411960	411960	364500	363265	363265	—	0.02744	0.02744	315000	303540	303540	236500	235570	235570	—	—	—	0.80500	0.81375	0.81375	0.08250	0.08250	0.08250	796500	802600	802600	—	—	—	—	—	—
Commercial Bank	Buy	298000	300150	300150	406000	406478	406478	358000	358514	358514	—	0.02774	0.02774	299000	299970	299970	234000	234602	234602	—	0.03492	0.03492	0.78000	0.80007	0.80007	0.08175	0.08170	0.08170	795736	796682	796682	780087	779914	779914	—	—	—
	Sell	303250	303750	303750	416000	411353	411353	368000	362814	362814	—	0.02777	0.02777	308000	303568	303568	234000	237416	237416	—	—	—	0.80200	0.80107	0.80107	0.08246	0.08272	0.08272	789227	789269	789269	787927	789269	789269	—	—	—
Gulf Bank	Buy	300900	300900	300900	406860	406860	406860	358650	358650	358650	0.02740	0.02740	0.02740	299760	299760	299760	234400	234400	234400	0.03470	0.03470	0.03470	0.80100	0.80100	0.80100	0.08170	0.08170	0.08170	794320	794320	794320	779620	779620	779620	—	—	—
	Sell	303000	303000	303000	415140	415140	415140	365960	365960	365960	0.02780	0.02780	0.02780	303950	303950	303950	239130	239130	239130	0.03560	0.03560	0.03560	0.81200	0.81200	0.81200	0.08270	0.08270	0.08270	805570	805570	805570	791580	791580	791580	—	—	—
NBK	Buy	—	300400	300400	—	405390	405390	—	356970	356970	—	0.02715	0.02715	—	297780	297780	—	231300	231300	—	—	—	—	0.80170	0.80170	—	0.08170	0.08170	—	796980	796980	—	781050	781050	—	—	—
	Sell	—	303500	303500	—	415950	415950	—	367020	367020	—	0.02796	0.02796	—	307250	307250	—	239620	239620	—	—	—	—	0.80930	0.80930	—	0.08260	0.08260									