

BUSINESS

EU hits Indonesian biodiesel with import duties

The European Union confirmed tariffs on Indonesian biodiesel imports on Monday to counter what it sees as unfair subsidies, the latest blow to producers after the bloc ruled that palm oil should be phased out of renewable transport fuels.

In the conclusion to a case that has lasted seven years, the duties, which normally remain in place for five years, have been set at between 8% and 18%, the same level as the provisional rates proposed by the EU in August.

The EU biodiesel market is worth an estimated 9 billion euros (\$10 billion) a year, with imports from Indonesia worth about 400 million euros, the European Commission said.

Indonesian producers sold at unfairly low prices, the Commission, which coordinates trade policy for the EU, said, adding that its investigation found they benefit from grants, tax benefits and access to raw materials below market prices. This was driving EU producers

into losses, it added.

Master Parulian Tumanggor, chairman of Indonesia's biofuel producers association, told Reuters his group would ask the government to file a legal challenge at the World Trade Organization (WTO).

The EU and China are Indonesia's biggest markets for its biodiesel exports and the Indonesian government has threatened to impose its own tariffs on EU dairy products amid fraught relations with the bloc. (RTRS)

IPP exits Singapore bunker market

Inter-Pacific Petroleum Pte Ltd (IPP) has been pushed out of the world's largest bunkering market in Singapore after the port authority stripped it of its bunker supplier licence with effect from Dec. 9 for failing to meet its requirements.

"With the appointment of the judicial manager, Inter-Pacific has failed to meet the terms and conditions of the Bunker Supplier Licence, leading to the revocation of the Licence," said the Maritime and Port Authority of Singapore (MPA).

IPP could not be reached for comment. IPP was placed under judicial review in August after the MPA suspended, then revoked, its licence to operate bunker fuel tankers "due to bunkering malpractices", the agency said. On Oct. 15, the port authority revoked Inter-Pacific's licence to operate bunker barges in Singapore, saying investigations revealed equipment tampering designed to affect quantity measurements of supplied bunkers. With outstanding liabilities

in excess of \$168 million, IPP's problems and the exit of other suppliers from the Singapore bunker market have seen banks tighten credit lines to an industry that is heavily reliant on trade finance.

IPP was ranked the 26th-largest supplier by delivered volumes out of 51 other operators, according to the MPA. With the exclusion of IPP, there are now 46 licensed bunker suppliers in Singapore, down from 55 in December 2017, MPA data showed. (RTRS)

Some ships have to wait 10 days

Tankers running on fumes as fuel switching causes delays

LONDON/SINGAPORE, Dec 9, (RTRS): Disruption to shipping from the long-anticipated switch to more environmentally friendly marine fuels has finally arrived, exacerbated by logistical problems as much as any shortage of the cleaner fuel.

New International Maritime Organization (IMO) rules, referred to as IMO 2020, aim to stop ships from using fuels containing more than 0.5% sulphur unless they are equipped with exhaust-cleaning systems known as scrubbers.

From the start of January ships must load very low sulphur fuel oil (VLSFO) or more expensive marine diesel unless they have scrubbers for the old high-sulphur fuel oil (HSFO).

The new regulations have been on the radar <http://news.trust.org/item/20180517070029-nrdul> since 2016, with no prospect of any extension to the 2020 deadline, prompting concern from oil producers, storage operators and shippers and multiple warnings over the potential for a chaotic switch.

With only a minority of ships in the global fleet having installed scrubbers, the oil industry had feared refiners would not be able to make enough diesel and VLSFO. But delays appear to be more down to a lack of refuelling barges than the fuel itself, with sources saying that major ports are running 10 days behind schedule across fuel types.

"It's a very disrupted bunkering market," one senior industry executive said of the ship fuelling sector, declining to be named because of company policy. "There is enough product in most places but it's the barge availability that's a problem."

The executive said that first availability in Singapore is not until Dec 15 for the 0.5% grade – a long 10-12 day wait compared with the usual 3-5 days. There have been similar delays at Brazilian ports and in the busy Mediterranean terminals of Gibraltar and Malta, he added.

The delays have been creeping up steadily in recent weeks as ship

owners swap to the cleaner fuels ahead of the fast-approaching deadline.

Shipping sources said there have also been delays of about a week at the Middle East hub of Fujairah.

The barge problem stems from the need for them to be cleaned before transporting different types of fuel, and many were converted to carry only cleaner grades in a process that can take a week.

Furthermore, barges that carry fuel from storage to individual ships now have three rather than two grades to handle and many more ships will require combinations that increase the number of barge trips to each vessel.

"The problem is you've got twice as much product potential but no one built more barges," one of the shipping sources said.

Tankers without scrubbers are also asking for smaller volumes of the more polluting HSFO.

"Imagine the time and logistics of bunkering 10 ships with 200 tonnes instead of 3-5 ships with 1,000 tonnes. It's a lot busier," another shipping source said.

In the past week, one tanker expecting to load crude at the Black Sea port of Novorossiisk had to sail back to Istanbul for fuel because the Russian port was unable to supply the ship.

In another instance, a tanker had to cancel a job after it was unable to secure fuel to reach its next port in time. The disruptions are likely to worsen over the winter, when northern hemisphere ports may have to close because of bad weather.

The logistical problems don't end there, however. In addition to refined VLSFO the fuel can be produced through blending. But the mingling of fuel from different sources can cause compatibility issues that clog engines.

The industry executive said there have been several cases of tankers having to discharge freshly loaded fuel because of quality issues, which can tie up barges for several days.

Stocks, gold gain as trade war spurs both hopes and concerns

Oil slips as weak China exports highlight trade war impact

NEW YORK, Dec 9, (RTRS): Global equity markets advanced on Monday as stocks on Wall Street held near record highs on hopes US-Sino talks delay a US tariff deadline this coming Sunday, while gold rose as investors hedged against a possible escalation in the trade war.

Crude oil prices fell and the dollar slipped against the safe-haven Swiss franc after data showed Chinese exports in November shrank for the fourth straight month, renewing concerns about damage to global demand caused by the 17-month trade fight.

A Dec. 15 deadline that is set to usher in \$156 billion in fresh US tariffs on Chinese exports stirred caution and bolstered the dollar against currencies highly sensitive to the trade war such as the Australian and New Zealand dollars.

A tug was apparent between enthusiasm for stocks during a year in which MSCI's all-country world index has gained 20% and investors worried about the US-Sino trade spat.

Spot gold added 0.1% to \$1,460.67 an ounce.

Booied by Friday's blockbuster US jobs report, traders and investors held out for a delay in the US tariff deadline, while expecting more positive gestures from both sides.

China hopes it can reach a trade agreement with the United States that satisfies both sides, Assistant Commerce Minister Ren Hongbin told reporters overnight.

MSCI's gauge of stocks across the globe gained 0.03%, while stocks on Wall Street traded little changed and slid in Europe.

The pan-European STOXX 600 index lost 0.24%.

On Wall Street, the Dow Jones Industrial Average fell 61.19 points, or 0.22%, to 27,953.87. The S&P 500 lost 1.96 points, or 0.06%, to 3,143.95 and the Nasdaq Composite dropped 5.22 points, or 0.06%, to 8,651.31.

U.S. Treasury yields fell after rising three straight days as risk appetite ebbed after the weak Chinese trade data.

Benchmark 10-year notes rose 6/32 in price to yield 1.8242%.

German exports rose unexpectedly in October, a morale boost for Europe's largest economy, but it had little impact on the other European bonds.

US

US stocks are mostly lower in afternoon trading Monday as investors waited for the latest updates about trade negotiations and the economy.

Wall Street is particularly focused on developments in the trade war ahead of a new round of tariffs on \$160 billion of Chinese imports due to take effect on Sunday. That would raise prices on key products, including cell phones and lap-

tops, and threaten to affect consumers.

A Chinese official said Monday that the nation wants a prompt settlement, but gave no details on progress toward a potential deal. China made a conciliatory gesture last week when it said it would waive tariffs on American soybeans and pork.

Gains from communications companies were offset by losses from technology stocks. Twitter rose 1.2% and Apple fell 1.7%.

The yield on the 10-year Treasury fell to 1.82% from 1.84% late Friday, though banks held steady.

The S&P 500 index fell 0.1% at 11:55 a.m. Eastern time. The Dow Jones Industrial Average fell 74 points, or 0.3%, to 27,940. The Nasdaq fell 0.1%. The Russell 2000 index of smaller company stocks was unchanged.

European markets edged lower and Asian markets rose.

Several old-guar drug developers made billion-dollar purchases to beef up their development of potential cancer treatments.

UK

London's FTSE 100 was little changed on Monday as a jump in Tesco partly offset losses in oil majors and Asia-exposed financials due to China growth worries, while a 60% slump in Tullow Oil weighed on midcaps.

The blue-chip index was flat by 08:43 GMT, with its exporter stocks also taking a hit from gains in sterling ahead of UK general election later this week.

The FTSE 250 midcap index was down 0.2%, with Tullow Oil single-handedly accounting for the index's fall in early deals.

The oil and gas explorer was set to lose nearly half of its market value, or 1 billion pounds (\$1.28 billion), as it tumbled to its lowest in nearly 19 years after scrapping dividend and announcing the CEO's exit.

Rival Premier Oil also fell 9% on the FTSE 250.

Other news related moves saw Tesco top the bluechip index with a 5.1% rise after the retailer started a review of its operations in Thailand and Malaysia.

Meanwhile, China's exports in November shrank for the fourth consecutive month, fanning worries over the impact of Sino-US trade war on the world's second-largest economy, overshadowing Friday's strong US jobs data.

Europe

European stocks slipped on Monday, dragged down by a slump in shares of Tullow Oil Plc after the oil and gas explorer scrapped its dividend, while weak data out of China also weighed on sentiment.

Tullow Oil shares hit a 19-year low after its Chief Executive Paul McDade also stepped down, as the firm continues to face issues at its main producing assets in Ghana.

The broader oil & gas index shed 0.9%, the most among the European sub-sectors. The pan-European STOXX 600 index was down 0.1%, following a more than 1% gain on Friday after a robust US

jobs report.

The latest data out of China showed exports in November shrank for the fourth straight month, in a sign the world's second largest economy continues to reel from the impact of a prolonged trade war with the United States.

The world's top two economies have been engaged in discussions since October to strike an initial trade deal. On Monday, Beijing reiterated its desire to reach an agreement as soon as possible.

Attention turns to the UK national election on Thursday to decide the fate of Brexit, with a recent opinion poll showing Prime Minister Boris Johnson's Conservative Party extending its lead over the Labour Party.

Meanwhile, French stocks were leading declines among their peers, as the country's finance minister said they were ready to go to the World Trade Organization to challenge US President Donald Trump's threat to put tariffs on champagne and other French goods in a row over a French tax on internet companies.

Asia

Asian shares were mostly higher Monday, cheered by a wave of buying late last week on Wall Street that was spurred by strong US jobs numbers and optimism over China-U.S. trade.

Japan's benchmark Nikkei 225 edged up 0.4% in early trading to 23,439.13, while Australia's S&P/ASX 200 added 0.4% to 6,735.70. South Korea's KOSPI edged up 0.3% to 2,087.92. Hong Kong's Hang Seng picked up 0.1% to 26,511.78. The Shanghai Composite index fell 0.1% to 2,910.31.

The Japanese Cabinet Office reported Monday that the economy expanded at a 1.8% annual pace in July-September, spurred by strong consumer purchases ahead of an Oct. 1 sales tax hike. That was much stronger than the 0.2% growth earlier reported and marked a fourth straight quarter of expansion for the world's No. 3 economy.

The surprisingly strong US jobs report had put investors in a buying mood on Wall Street, extending the market's winning streak to a third day.

The Dow Jones Industrial Average jumped more than 300 points, while the S&P 500 erased losses from earlier in the week, nudging the benchmark index to a second consecutive weekly gain.

The Labor Department said employers added 266,000 positions, well above estimates of 184,000. The report also showed unemployment falling to a 50-year low. Separately, an index that measures how consumers feel about the economy showed an increase from last month.

Oil

Oil prices fell on Monday after data showed Chinese exports declined for a fourth straight month, sending jitters through a market already concerned about damage to global demand by the trade war between Washington and Beijing.

Brent futures were down 23 cents, or 0.36%, at \$64.16 per barrel by 1450

GMT, after gaining about 3% last week on news that OPEC and its allies would deepen output cuts.

West Texas Intermediate oil futures were down 37 cents, or 0.63% to \$58.83 a barrel, having risen about 7% last week on the prospects for lower production from "OPEC+", which is made up of the Organization of the Petroleum Exporting Countries and associated producers including Russia.

Monday's sudden chill came after customs data released on Sunday showed exports from China in November fell 1.1% from a year earlier, confounding expectations for a 1% rise in a Reuters poll.

Washington and Beijing have been trying to agree a trade deal that will end tit-for-tat tariffs, but talks have dragged on for months as they wrangle over details.

Currencies

The dollar slipped against the safe-haven yen and Swiss franc on Monday as weak Chinese export data dented risk appetite and highlighted the economic damage from the 17-month-long trade war, while the pound rose on the latest polls ahead of this week's British election.

China's exports in November shrank for the fourth consecutive month, underscoring persistent pressures on manufacturers from the Sino-US trade war.

Against the Japanese yen, which tends to benefit during geopolitical or financial stress as Japan is the world's biggest creditor nation, the dollar was 0.06% lower at 108.53 yen. The greenback was down 0.1% against the Swiss franc.

A Dec. 15 deadline for the next wave of US tariffs on Chinese goods fed caution in global markets, supporting the US dollar against currencies highly sensitive to the trade war such as the Australian and New Zealand dollars.

The Aussie fell 0.12%, while the kiwi slipped 0.03%. Against the offshore Chinese yuan, the dollar was up 0.18%.

Top White House economic adviser Larry Kudlow said on Friday that the Dec. 15 deadline is still in place to impose a new round of US tariffs on Chinese consumer goods, but President Donald Trump likes where trade talks with China are going.

On Monday, China said that it hoped to make a trade deal with the United States as soon as possible.

Investors will also be watching central banks ahead of US Federal Reserve and European Central Bank policy meetings this week, even though both are expected to leave policy unchanged.

Sterling hit a seven-month high of \$1.3180 against the dollar before paring gains to trade up 0.05% at \$1.3143 after fresh polls showed British Prime Minister Boris Johnson's Conservative Party has extended its lead in opinion polls before Thursday's election.

The ruling Conservative Party extended its lead over the opposition Labour Party to 14 percentage points, up from 9 a week ago, an opinion poll by Survation showed on Monday.

New \$5.5b 3-year program

IMF, Ukraine reach staff-level deal

KIEV, Dec 9, (RTRS): The International Monetary Fund and Ukraine reached a staff-level agreement on a new \$5.5 billion three-year program, the managing director of the IMF said on Saturday.

"I was pleased to note that IMF staff has reached agreement with the authorities on the policies to underpin a new 3-year, SDR 4 billion arrangement (\$5.5 billion) under the Extended Fund Facility," Kristalina Georgieva said in a statement issued after her phone conversation with Ukrainian President Volodymyr Zelenskyy.

She said the agreement was sub-

ject to IMF management approval and to approval by the Executive Board, and effectiveness of the arrangement would be conditional on the implementation of a set of prior actions.

"The President and I agreed that Ukraine's economic success depends crucially on strengthening the rule of law, enhancing the integrity of the judiciary, and reducing the role of vested interests in the economy," she said.

She also said it is important to safeguard the gains made in cleaning up the banking system and to recover the large costs to taxpayers from bank resolutions.

exchange rates – Dec 09

	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			
BEK	Buy	300150	301900	301900	392516	392016	392016	328696	330696	330696	002716	002715	002715	300400	301399	301399	223844	221843	221843	027952	279523	279523	080047	080546	080546	082203	081416	081416	785133	778901	778901		
	Sell	305450	304250	304250	406416	403016	403016	342396	339696	339696	002886	002885	002885	311400	308399	308399	232844	231843	231843	032952	329523	329523	081347	081186	081186	083029	082865	082865	793024	789851	789851		
Muzaini	Buy	—	296650	296650	—	394420	394420	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
	Sell	—	304100	304100	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Commercial Bank	Buy	297000	302850	302850	398000	399217	399217	334000	334846	334846	—	002789	002789	305000	305724	305724	227000	228333	228333	—	031808	031808	080515	080786	080786	082203	082480	082480	800882	803721	803721		
	Sell	305200	304950	304950	404000	401985	401985	341000	337168	337168	—	002809	002809	312000	307844	307844	232000	229917	229917	—	032029	032029	081325	081346	081346	083029	083052	083052	808932	809294	809294		
Gulf Bank	Buy	—	302850	302850	—	395918	395918	—	332998	332998	—	002778	002778	—	304020	304020	—	227093	227093	—	031812	031812	—	080620	080620	—	082263	082263	—	799630	799630		
	Sell	—	304950	304950	—	403889	403889	—	339711	339711	—	002820	002820	—	310245	310245	—	231666	231666	—	032169	032169	—	081731	081731	—	083278	083278	—	810886	810886		
NBK	Buy	—	302850	302850	—	397880	397880	—	334650	334650	—	002785	002785	—	305350	305350	—	228100	228100	—	031830	031830	—	080680	080680	—	082400	082400	—	802150	802150		
	Sell	—	304950	304950	—	402320	402320	—	338650	338650	—	002819	002819	—	309190	309190	—	230640	230640	—	032160	032160	—	081450	081450	—	083160	083160	—	810180	810180		
Burgan Bank	Buy	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
	Sell	—	303400	303400	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
ABK	Buy	302850	300035	300035	397070	394030	394030																										