Lee Iacocca, engineer of Chrysler's turnaround, dies at 94

Lee Iacocca, the auto executive and master pitchman who put the Mustang in Ford's lineup in the 1960s and became a corporate folk hero when he resurrected Chrysler 20 years later, has died in Bel Air, California. He was 94.

Two former Chrysler executives who worked with him, Bud Liebler, the company's former spokesman, and Bob Lutz, formerly its head of product development, said they were told of the death Tuesday by a close associate of Iacocca's family.

In his 32-year career at Ford and then Chrysler, Iacocca helped launch some of Detroit's best-selling and most significant vehicles, including the minivan, the Chrysler K-cars and the Mustang. He also spoke out against what he considered unfair trade practices by Japanese automakers.

The son of Italian immigrants, Iacocca reached a level of celebrity matched by few auto moguls. During the peak of his popularity in the '80s, he was famous for his TV ads and catchy tagline: "If you can find a better car, buy it!" He wrote two best-selling books and was courted as a presidential candidate.

But he will be best remembered as the blunt-talking, cigar-chomping Chrysler chief who helped engineer a great corporate turnaround.

Liebler, who worked for Iacocca for a decade, said Iacocca had a larger-than-life presence that commanded attention. "He sucked the air out of the room whenever he walked into it," Liebler said. "He always had something to say. He was a leader."

In recent years Iacocca was battling Parkinson's Disease, but Liebler was not sure what caused his death.

He remembers that Iacocca could condemn employees if they did something he didn't like, but a few minutes later it would be like nothing had happened. (AP)

In this file photo, Lee Iacocca poses with the new custom made Maybach 57 S, as the car is unveiled at the Mercedes-Benz of Beverly Hills dealership in Beverly Hills, California. Lee Iacocca, the auto executive and master pitchman who put the Mustang in Ford's lineup in the 1960s and became a corporate folk hero when he resurrected Chrysler 20 years later, has died in Bel Air, California. (AP)

Market Movements 03-07-2019

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	+29.02	6,770.12
EUROPE	-	Euro Stoxx 50	+32.65	3,540.63
FRANCE	-	CAC40	+41.99	5,618.81
GERMANY	-	DAX	+89.52	12,616.24
INDIA	-	Sensex	+22.77	39,839.25
PAKISTAN	-	KSE 100	+589.44	34,896.55

			Change	Closing pts
CHINA	-	Shanghai SE	-28.68	3,015.26
JAPAN	-	Nikkei	-116.11	21,638.16
PHILIPPINES	-	PSEi	-0.92	8,092.68
S. KOREA	-	KRX 100	-55.62	4,393.82

US trade deficit at five-month high

Labor market slowing

WASHINGTON, July 3, (RTRS): The US trade deficit jumped to a five-month high in May as imports of goods increased, likely as businesses restocked ahead of an increase in tariffs on Chinese merchandise, overshadowing a broad rise in exports.

The wider trade deficit reported by the Commerce Department on Wednesday added to weak housing, manufacturing, business investment and moderate consumer spending in suggesting that economic growth slowed in the second quarter. The labor market also appears to be losing momentum, with private employers adding far fewer-than-expected jobs to their payrolls in June.

News on the vast services sector was also downbeat.

The slowdown in activity as last year's massive stimulus from tax cuts and more government spending fades could prompt the Federal Reserve to cut interest rates this month. The US central bank last month signaled it could ease monetary policy as early as at its July 30-31 meeting, citing rising risks to the economy from the trade war between the United States and China, and low inflation.

The trade deficit surged 8.4% to $55.5 billion. Data for April was revised higher to show the trade gap widening to $51.2 billion instead of the previously reported $50.8 billion. Economists polled by Reuters had forecast the trade gap widening to $54.0 billion in May.

The goods trade deficit with China, a focus of President Donald Trump's "America First" agenda, increased 12.2% to $30.2 billion, with imports rising 12.8%. Trump imposed additional import tariffs on Chinese goods, after a breakdown in negotiations, prompting Beijing to retaliate.

Trump and Chinese President Xi Jinping last week agreed to a trade truce and a return to talks. White House trade adviser Peter Navarro said on Tuesday talks were heading in the right direction, but it would take time to get the right deal made.

The US-China trade tensions have caused wild swings in the trade deficit, with exporters and importers trying to stay ahead of the tariff fight between the two economic giants.

The dollar dipped against a basket of currencies in thin US trade ahead of Thursday's Independence Day holiday. US Treasury prices rose and stocks on Wall Street were higher.

In May, goods imports increased 4.0% to $217.0 billion. Apart from drawing more imports from China, imports from the European Union, Mexico and Canada increased to record highs in May. Imports of consumer goods rose $1.4 billion, while those of motor vehicle and parts soared $2.3 billion to an all-time high.

There were also big increases in imports of capital goods and industrial supplies and materials. Some of the jump in the import bill in May also reflected higher petroleum imports and more expensive crude oil.

Goods exports rose 2.8% to $140.8 billion. Exports of consumer goods increased $0.8 billion and soybean exports advanced $0.7 billion.

Civilian aircraft exports rose $0.5 billion. Gains are, however, likely to be capped after Boeing in March suspended deliveries of its fastest-selling MAX 737 jetliner. The aircraft was grounded indefinitely following two deadly crashes in five months. Production of the plane has been cut.

When adjusted for inflation, the goods trade deficit increased $4.8 billion to $87.0 billion in May. The increase in the so-called real goods trade deficit suggests that trade could be a drag on second-quarter gross domestic product.

Trade contributed 0.94 percentage point to the economy's 3.1% annualized growth pace in the first quarter. The Atlanta Fed is forecasting gross domestic product rising at a 1.5% rate in the April-June quarter.

The ADP National Employment Report on Wednesday showed private payrolls increased by 102,000 jobs in June, accelerating from 41,000 in May. The increase was well below economists' expectations for a payrolls gain of 140,000.

The ADP report, which is jointly developed with Moody's Analytics, potentially suggests a moderate rebound in the private payrolls component of the government's employment report. It came ahead of the release on Friday of the government's more comprehensive jobs data for June.

In this file photo, a cargo ship is docked at the Port of Los Angeles in Los Angeles. On July 3, the Commerce Department reports on the US trade gap for May. (AP)

Trump wants lower fuel prices as he seeks re-election

Under pressure from Trump, OPEC embraces Putin

VIENNA, July 3, (RTRS): When Vladimir Putin announced at the weekend that OPEC would extend oil production cuts, broadcasting a deal before the group had even met to approve it, the move angered some member nations.

They were dismayed at the leading role non-OPEC Russia, once seen as the group's rival in oil markets, was playing in shaping the group's policies.

But reality soon set in, and the acceptance that Moscow could help OPEC in its goal of propping up oil prices at a time when it is facing intensifying heat on another front: from US President Donald Trump.

Trump is putting unprecedented pressure on OPEC and its de-facto leader Saudi Arabia, demanding they pump more crude to drive down fuel prices - a key domestic issue for him as he seeks re-election next year.

Iranian Oil Minister Bijan Zanganeh initially expressed outrage about Russian President Putin's pre-announcement of the extended output cuts.

"OPEC is going to die with these processes," he declared on Monday morning, before OPEC oil ministers met to effectively rubber-stamp a done deal, bemoaning the Russia-Saudi dominance of the group's affairs.

But by Monday evening, he had thrown his support behind the deal: "The meeting was good for Iran and we achieved what we wanted."

OPEC and Russia have become unlikely bedfellows, forging an "OPEC+" alliance to reduce global crude supply to counter soaring output from the United States and a weakening world economy.

It is a marriage of convenience as both want higher oil prices to shore up their finances, while the alliance could also strengthen OPEC's position in the face of Trump's demands.

"I don't think Russia is calling the shots," said Saudi Energy Minister Khalid al-Falih when asked if Putin was now OPEC's boss. "I think Russia's influence is welcome."

Iran's veteran OPEC governor Hossein Kazempour Ardebili concurred, echoing his boss Zanganeh's conciliatory tone.

"Russia is a big player. If it announced something in agreement with the rest of OPEC, this is most welcome," he said. "We are working together."

Iraq, which has overtaken Iran as OPEC's second-largest producer after Saudi Arabia and has taken its market share in Europe and Asia, also said Moscow's rising role was positive.

Such a chorus of approval is a sharp reversal for relations between OPEC and Russia that have been characterised by antipathy and distrust for decades.

Back in 2001, Russia agreed to cut production in tandem with OPEC but never delivered on its pledges and instead raised output. That severely damaged relations, and other attempts at cooperation were unsuccessful - until the recent alliance.

In his book "Out of the Desert", former Saudi Oil Minister Ali al Naimi wrote that his 2014 meeting with Russian officials lasted just minutes. Upon learning Russia would not cut output, he gathered his papers and said: "I think the meeting is over."

Putin announced on Saturday that he had met Saudi Crown Prince Mohammed bin Salman on the sidelines of a G20 meeting in Osaka and they had agreed to extend the OPEC+ production cuts.

Gary Ross, chief executive of Black Gold Investors, said that even if it was "indelicate" for Saudi Arabia to let Putin announce the deal, it showed the changing oil market dynamics.

"Trump has one interest – low oil prices. Putin wants higher prices," said Ross, a veteran OPEC watcher. "Putin is vitally important for OPEC. And it is still in Russia's best interest to cooperate with OPEC as half its budget comes from energy revenues."

Russia needs prices of $45-50 a barrel to balance its budget and its finances are stretched by US sanctions imposed following its annexation of Crimea. Saudi Arabia needs an even higher price of $80. Benchmark Brent crude is currently in the region of $65 a barrel.

But just as the collaboration could lend Saudi Arabia some support against Trump, who has demanded Riyadh increase oil supply if it wants U.S. military support in its standoff with regional rival Iran, it also gives Putin more than extra revenues.

Good relations with Riyadh, an American ally, bolsters Moscow's clout in the Middle East, helps Putin's campaign in Syria and might even help mend relations with Washington, according to two sources in Russia's delegation to Vienna, where OPEC officials have been meeting.

Highlighting those intersecting roles, Russian Energy Minister Alexander Novak also serves as head of several Russian government commissions on trade and cooperation including with Saudi Arabia, Iran, Turkey and Qatar.

Iran's change in tone, in particular, illustrates the conflicting political and economic pressures it faces.

Tehran's falling production, due to US sanctions reimposed and extended by Trump, has reduced its role within OPEC while increasing those of Saudi Arabia and non-OPEC Russia.

Iran's exports plummeted to 0.3 million barrels per day in June from as much as 2.5 million bpd in April 2018.

But Iran is itself also looking to help from Russia, one of just a few countries that has offered to aid Tehran to counter the sanctions choking its oil trade and hammering its economy.

Two Russian energy industry sources said some work was being done to boost the Iranian economy but talks were slow and difficult, without giving details of the nature of the plans.

In this file photo, Khalid Al-Falih, Minister of Energy, Industry and Mineral Resources of Saudi Arabia speaks prior to the start of a meeting of the Organization of the Petroleum Exporting Countries, OPEC, at their headquarters in Vienna, Austria. (AP)

Lender seeks to increase its total assets to over KD 3.5 bln by 2022

Warba Bank plans $500mn sukuk issue: CEO

KUWAIT CITY, July 3, (RTRS): Warba Bank, a Kuwaiti sharia-compliant lender, is working to set up a sukuk, or Islamic bond, programme of up to $2 billion, the bank's chief executive officer told Reuters, with plans for an initial $500 million issuance this year.

CEO Shaheen Al-Ghanem said the programme is subject to Central Bank approval. After the initial issuance this year, the rest would be issued over the next few years as needed and the proceeds used to finance operational matters.

The Islamic lender is looking to start a new asset management business this year aimed at overseeing about $500 million in investments within the next three years, said Ghanem.

Its launch is awaiting final approval from the Kuwait Capital Markets authority, Ghanem said.

"The Islamic market for asset management is in need, because the products in the market do not satisfy the ambitions of customers," said Ghanem.

The bank is looking to increase its total assets to over 3.5 billion Kuwaiti dinars ($11.52 billion) by 2022 from 2.59 billion dinars at the end of the first quarter this year.

Ghanem said the bank is competing to lead a 350 million Kuwaiti dinar ($1.15 billion) loan for Kuwait Petroleum Corporation (KPC) that will likely involve multiple banks.

"We have a desire to have a good share in it," said Ghanem.

KPC was not immediately available to comment on the financing request.

Warba Bank's profits jumped in the first quarter of 2019, with profit attributable to shareholders rising to 3.8 million dinars from 2.9 million dinars a year earlier and operating revenues rising to 14.2 million dinars from 10.9 million dinars.

Amid Brexit and global slowdown

UK recession fears mount: survey

LONDON, July, 3, (AP): Britain's economy showed alarming signs of a sharp slowdown, possibly even into recession, as uncertainty over Brexit combines with a less benign global backdrop, according to a closely watched survey of business activity in the UK released Wednesday.

The survey, from financial information firm IHS Markit and the Chartered Institute of Procurement & Supply, showed that the economy contracted in June at its steepest rate since the immediate aftermath of the country's vote three years ago to leave the European Union.

The survey also found the second-steepest fall in output since the height of the global financial crisis a decade ago.

The survey's main "all-sector" purchasing managers' index fell in June to 49.2 from 50.7 the previous month, suggesting that a contraction is underway. Though some of the retreat was clearly due to firms adjusting their stock levels after boosting them to record levels ahead of the original Brexit date of March 29, the survey does clearly highlight the scale of the pessimism among firms.

"The overall degree of business sentiment about the year ahead remains worryingly subdued, characterized by uncertainty over the potential disruption of Brexit, signs of weakening sales growth and a lowering of economic growth projections," said Chris Williamson, chief business economist for IHS Markit.

Like all economies around the world, Britain has had to confront the slowdown in the global economy largely due to mounting trade tensions between the United States and China. However, it has to do that at a time when no one has an idea how Brexit will pan out in the weeks and months ahead.

Brexit has been delayed to Oct 31 after the British Parliament's failure to back the deal that Prime Minister Theresa May agreed with the EU. Jeremy Hunt and Boris Johnson, who are fighting it out to replace May as leader of the Conservative Party and to become the next prime minister, have indicated that they'd be prepared to back a "no-deal" Brexit on that date if no revised agreement with the EU is struck.

Most economists think such an outcome will lead to a deep recession in Britain as tariffs and other restrictions to trade are imposed. With so much uncertainty around, businesses remain reluctant to invest in the future and many are warning they may up sticks and move to the continent where they will have continued frictionless access to the European single market.

Bank of England Governor Mark Carney signaled in a speech on Tuesday that the British economy is slowing by more than predicted.

He said it looks like "the negative spillovers to the UK from a weaker world economy are increasing and the drag from Brexit uncertainties on underlying growth here could be intensifying."

The latest surveys, he said, "point to no growth in UK output."

That was before Wednesday's report from IHS Markit and CIPS, which also listed a catalog of woes afflicting the British economy from the sharpest drop in factory output since October 2012 and the steepest decline in construction since April 2009.

Capital Economic has grown more negative about the immediate prospects for the British economy following the survey and now thinks it will contract by 0.2% in the second quarter of the year.

Its UK economist, Andrew Wishart, doesn't think there's any respite coming in the summer.

"The fact the surveys have not picked up towards the end of the quarter, and global manufacturing is slowing, means the risk is that the economy fails to bounce back in the third quarter," he said.

Eurozone yields hit record lows

LONDON, July 3, (RTRS): Eurozone bond yields hit new record lows on Wednesday after a decision by European Union leaders to pick France's Christine Lagarde as next European Central Bank chief reassured markets that the central bank's dovish stance would remain in place.

In a week where comments from even some of the ECB's hawkish members hinted at more easing if inflation remains unacceptably low, the decision on the next ECB chief only added fuel to a stellar rally in government bond markets.

Analysts expect Lagarde to continue current ECB chief Mario Draghi's dovish policy stance. If approved by the European parliament, Lagarde will succeed Draghi when his term expires at the end of October.

Most 10-year bond yields across the bloc tumbled 3 basis points, with those in the Netherlands, Austria , Spain and Portugal all hitting record lows.

Belgium's 10-year bond yield fell into negative territory for the first time, joining an ever-growing pool of sub-zero yielding fixed income assets.

In Germany, the eurozone's benchmark government bond issuer, 10-year bond yields hit a record low at minus 0.397% – now within a whisker of the same level as the ECB's deposit rate of minus 0.40%.