The all-new collection of Buzz E-Bikes launches, July 1, 2019. The pedal assisted e-bikes are the result of meticulous design and engineering to deliver the ultimate transportation solution at a great value, and the choice for any rider looking to enhance his or her ride by riding further, faster and an overall better riding experience. (AP)

Dott to launch e-bikes after new fundraising

European startup Dott has secured 30 million euros ($34 million) in a fundraising led by existing investors EQT and South Africa's Naspers to launch an electric bike hiring business and roll out new generations of its electric scooters.

Europe's Dott, Tier and VOI, like U.S. rivals Bird and Lime, have put thousands of electric scooters on the region's roads, betting large commuter populations and lower car ownership than in the United States will make such transport a European staple.

The firms have raised thousands of dollars in the last year to fend off competition, with the sector attracting high-profile investors including Google-owner Alphabet and Uber , despite no clear route to profitability.

Dott, whose e-scooters operate in Brussels, Paris, Lyon and Milan, said on Thursday it would soon close a Series A funding round, which had also seen existing investors Axel Springer and Felix Capital make commitments.

The money will be used to launch two new models of e-scooters with replaceable batteries - a move that should extend the life of the scooters - as well as launch e-bikes within the next few months, it added.

The move into bike sharing, with Dott's rivals pursuing similar plans, comes after Asian bike operators GoBee and Mobike were forced to retreat from Europe due to price wars, vandalism and a backlash from authorities over regulations.

Critics warn e-scooter operators could face similar issues, with some cities having already pulled permits for some players over safety concerns heightened by several accidents and a handful of deaths. (RTRS)

Deal could herald others, vital to restoring banks' health

Italy counts on army of number-crunchers to win bad loan war

MILAN, July 4, (RTRS): How do you value a bank loan on the brink of default in an economy flirting with recession?

As it prepares to commit to buying billions of euros of such loans in Italy by mid July, US hedge fund Davidson Kempner Capital Management (DKCM) has deployed legions of number crunchers to find out.

Their task is fiendishly complicated, with businesses' survival chances often hinging on the prospects for debt restructurings, turnaround plans, securing new investment or even hiring new managers.

But the implications of their work go far beyond the fate of individual borrowers as their success could bolster Italy's banking system and its economy, the eurozone's third largest.

DKCM and its Italian arm Prelios, a bad loan recovery specialist, entered exclusive talks in late March to take on up to 10 billion euros ($11 billion) in so-called 'unlikely-to-pay' (UTP) loans from Italian bank Intesa Sanpaolo.

The deal, expected to be clinched this month, is the biggest transaction in Italy so far involving UTP loans, which are not yet in default but are deemed unlikely to be recovered in full.

Italian banks' clean-up efforts have so far focused on the worst-performing loans, with large-scale sales helping lenders shift nearly 170 billion euros in impaired debt off their books in the past three years.

UTPs are the next frontier if banks are to finally put behind them the legacy of a brutal recession.

"Sales of non-performing loans are a crucial way for Italian banks to free up capital," said former Treasury economist Lorenzo Codogno, founder of LC Macro Advisors.

That is particularly important at a time when risk premiums on Italian assets have risen under the country's populist government, weakening the balance sheets of its banks and leading them to rein in lending vital for economic growth.

Italian banks hold some 80 billion euros in UTPs, which they price on average at 61% of nominal value - well above a net book value of 35% for banks' remaining 100 billion euros in insolvent loans.

The higher net book value potentially exposes lenders to larger losses in the event of a sale and this has so far held back disposals.

Two sources familiar with the matter said Intesa had demanded from the start a price close to book value for the portion of the portfolio to be sold, which will amount to no more than 40% of the 10 billion euros.

The rest will be taken under management by Prelios, which has been aggressively hiring new staff in recent months to strengthen its loan recovery capabilities, the sources said.

Intesa and DKCM declined to comment.

A deal could spur the UTP market, where the top six transactions, according to consultancy PwC, last year totalled less than 3 billion euros.

One source said other banks were ready to follow suit, in the same way that Intesa's landmark sale of its bad-loan unit to Swedish debt collector Intrum last year was followed by a similar deal struck by Banco BPM with Elliott-backed Credito Fondiario.

Banco BPM is seen as a leading candidate to consider UTP disposal options. The bank declined to comment.

Italian authorities are watching developments in the UTP market, two institutional sources said, because regulators are aware of the need for banks to reduce UTPs but also of the challenges posed by this type of loans.

More than three quarters of Italian UTPs are held by Italy's top 10 banks and half of them by the top three, PwC says.

UTP borrowers are yet to be declared insolvent and can be restored to health. But the first hurdle is to decide whether to embark on a costly and complex restructuring process or simply liquidate the loans.

"UTPs are like the victims of an explosion: the first thing a doctor on the scene would do is to decide which patients have an actual chance of surviving," said Marco Sion Raccah, general manager of Aurora Recovery Capital, a UTP recovery specialist.

"Recovering UTPs is more expensive and complicated than recovering bad loans."

It took more than 100 people about six months just to estimate the recovery rate on roughly 1,000 Intesa loans that were examined in a due-diligence process conducted by DKCM-Prelios with the help of advisers EY, KPMG and PwC, the two sources familiar with the matter told Reuters.

The recovery process is no simpler: for each loan, a debt restructuring accord alone can cost more than 100,000 euros, and a turnaround plan requires working-capital financing and often new managers and fresh equity.

Raccah said successfully recovering a real-estate UTP offered a 20-40% upside over its liquidation value, but high fixed recovery costs meant a loan had to be worth at least 1 million euros for the process to be economically viable.

In a country of small businesses, just over half of Italian bad loans are above that threshold, PwC says.

"With some UTPs effectively headed for liquidation, successful recovery means that you have to be an excellent turnaround expert across industries as well as a good liquidator: it's not easy," one source said.

China pledges to scrap financial sector ownership limits in '20, one year early

Policy steps needed to cope with global risks, domestic problems: Li

DALIAN, China, July 4, (RTRS): China will end ownership limits for foreign investors in its financial sector in 2020, a year earlier than scheduled, to show the world it will keep opening up its markets, Premier Li Keqiang said on Tuesday.

China will also further open its manufacturing sector, including the auto industry, while reducing its negative investment list that restricts foreign investment in some areas, Li told the World Economic Forum in the northeastern Chinese port city of Dalian.

Beijing's signal that it is quickening the pace of opening up came after the presidents of China and the United States agreed over the weekend to restart trade talks in another attempt to strike a deal and end a bruising tariff war.

But analysts doubt the ceasefire will lead to a sustained easing of tensions, and warn lingering uncertainty could dampen corporate spending and global growth.

"We will achieve the goal of abolishing ownership limits in securities, futures, life insurance for foreign investors by 2020, a year earlier than the original schedule of 2021," Li said.

Foreign investment banks such as Morgan Stanley are looking to join HSBC Holdings PLC, JPMorgan Chase & Co, Nomura Holdings Inc and UBS Group AG in owning controlling stakes in onshore securities joint ventures in China under liberalised rules announced in 2017.

"JPMorgan welcomes any decision made by the Chinese government that looks to liberalise its financial sector further," said JPMorgan China CEO Mark Leung.

Citigroup, which is in the process of setting up a majority-owned securities joint venture in China, also applauded the news.

"Citi welcomes any move that leads to the further opening up of the Chinese financial system," said a Hong Kong-based spokesman.

The United States and other countries in the West have long complained that Beijing is blocking foreign access to its fast-growing financial markets and not allowing a level playing field when multinational companies are allowed in.

But in recent months, China has allowed many foreign financial firms to either set up new businesses onshore or expand their presence through majority ownership in domestic joint ventures across mutual funds, insurance and brokerage businesses.

Sources with direct knowledge of the matter previously told Reuters that Morgan Stanley is likely to get regulatory approval for owning a majority stake in the second half of this year.

Currency traders work at the foreign exchange dealing room of the KEB Hana Bank headquarters in Seoul, South Korea on July 4, 2019. Shares opened higher in Asia on Thursday after US stocks closed broadly higher, sending the S&P 500 and other major indexes to record highs. (AP)

Li also said the government will reduce restrictions next year on market access for foreign investors in the value-added telecoms services and transport sectors.

On Sunday, China cut the number of sectors subject to foreign investment restrictions, a widely expected move, to 40 from 48 in the previous version, published in June last year.

On Saturday, leaders of the Group of 20 major economies warned of growing risks to the global economy but stopped short of denouncing protectionism, calling instead for a free and fair trade environment after talks some members described as difficult.

Echoing the sentiment, Li said protectionism is rising, but did not make references to specific economies.

"In the face of pressure from a slowing global economy, I believe people are all in the same boat. We should promote the spirit of partnership, carry out equal consultations, seek common ground while reserving differences and manage and control disputes," Li said.

The US-China trade war has hit business confidence worldwide, disrupted supply chains and shaken financial markets, adding to worries about a global economic slowdown.

Fallout from the dispute is spreading. Business surveys this week showed factory activity shrank in China and much of the rest of Asia in June, as well as in Europe, while manufacturing growth cooled in the United States, keeping pressure on policymakers to shore up growth.

Rising worries over global growth have compelled some central banks, such as those in Australia, New Zealand, India and Russia to cut interest rates.

"Currently, global economic risks are rising somewhat, international investment and trade growth is slowing, protectionism is rising and unstable and uncertain factors are increasing," Li said.

"We should actively cope with this. Some countries have taken measures including cutting interest rates, or sent clear signals on quantitative easing."

But China will not resort to competitive currency devaluation, Li said, and will keep the yuan exchange rate basically stable at a reasonable and balanced level.

China is likely to hit its economic growth target of 6%-6.5% this year provided the trade dispute with the United States does not worsen, and hence will not need "very big" stimulus measures to prop up growth, a central bank adviser said on Monday.

The People's Bank of China (PBoC) has already slashed the amount of cash banks must hold as reserve six times since early 2018 to help turn around soft credit growth, and more cuts in banks' reserve requirement ratios (RRRs) are widely expected in coming months.

China has also injected large amounts of liquidity into the financial system and guided short-term interest rates lower, while ramping up infrastructure spending and cutting taxes.

"The strength of the tax cuts on the fiscal side is unprecedented, and this measure is the most fair, direct and effective," Li said in a meeting with business executives in Dalian. "As for monetary policy, we will make appropriate fine-tuning while keeping it prudent."

"We can say that money supply is reasonably ample, but the question is how to make SMEs and private firms feel a significant drop in real interest rates by the end of this year through effective transmission measures."

Italian bond yields close to 2016 lows

LONDON, July 4, (RTRS): Italian government bond yields held close to lows not seen since 2016 on Thursday after Italy dodged the threat of disciplinary action over its public finances and as markets bet that the ECB would retain its dovish stance under Christine Lagarde.

The European Commission's decision not to pursue an excessive deficit procedure gave fresh impetus for bond buying. In a new concession made close to the deadline, Rome offered a structural improvement of 0.45%, data published by the Commission on Wednesday showed. The headline deficit is now forecast at 2.04% this year.

It is the second time in six months that the European Union has stepped back from a debt procedure against Italy, a sign of Rome's willingness to compromise but also of Brussels' lenient interpretation of EU fiscal rules.

Italian 10-year bond yields pulled back slightly after the massive 50 basis point rally seen already this week and were last up just over two basis points on the day. Shorter-dated Italian bond yields rose around six basis points.

Italian 10-year bond yields have fallen over 45 basis points so far this week, putting them on track for their best weekly performance since June 2018, and are now yielding 1.634%, having risen as high as 3.78% last year.

The Italy/Germany bond yield spread briefly narrowed to its tightest since May 2018 at 194 basis points, but later pulled back to trade at around 204 bps.

"Today's move is probably some profit taking, and there is less liquidity in the market so you should be wary about that," said Pooja Kumra, European rates strategist at TD Securities.

She said does not expect to see a change in the direction of yields overall following yesterday's reaction to Lagarde's appointment to succeed Mario Draghi, softer data and the dovish tone from Bank of England chief Carney on Tuesday.

Government borrowing costs across the single-currency bloc had already tumbled to record lows after EU leaders agreed late on Tuesday to name Lagarde, currently head of the International Monetary Fund, to lead the European Central Bank.

She is expected to continue the dovish stance of current ECB President Draghi and introduce more monetary easing measures.

Most eurozone 10-year bond yields held close to all-time lows on Thursday.

Germany's 10-year government bond yield breached the ECB's deposit rate of -0.40%, a level which analysts say acts as a psychological barrier, despite shorter-dated German bond yields already trading well below the depo rate..

Spain sold 3.466 billion euros of new bonds on Thursday, while France also sold 10 billion euros of bonds.

The US 30-year Treasury yield fell to its lowest since 2016, below the Fed Funds target rate, bringing the entire US Treasuries curve under the Fed's main policy rate.

EU opens road to 5G connected cars in boost to BMW, Qualcomm

BRUSSELS, July 4, (RTRS): European Union states opened the way to competing technologies for internet connected cars on Thursday, rejecting a European Commission push for a wifi-based standard backed by Volkswagen.

The result represents a win for BMW and Qualcomm which support a rival 5G telecoms system.

Germany, France and Italy, with powerful car industries, were among 21 countries to vote against the EC proposal at a Brussels meeting of EU representatives, an EU official said.

This contrasted with EU lawmakers in April who endorsed the wifi plan over 5G technology. The auto and tech industries have been split over which technology works better and is safer.

The European Commision, which wants to set benchmarks for a market that could generate billions of euros in revenues for carmakers, telecoms operators and equipment makers, has said wifi is available now, unlike 5G, and would help road safety.

"We will therefore continue to work together with member states to address their concerns and find a suitable way forward," European Transport Commissioner Violeta Bulc said in a statement on Thursday following the vote.

Other supporters of wifi technology, which primarily connects cars with other cars, include Renault, Toyota , NXP, Autotalks and Kapsch TrafficCom.

Meanwhile the backers of fifth generation (5G) standard, which will hook up to both cars and devices in the surrounding environment, include Daimler, Ford, PSA Group , Deutsche Telekom, Ericsson, Huawei, Intel and Samsung.

Supporters of 5G say it has a wider range of applications in areas such as entertainment, traffic data and navigation.

The vote was welcomed by telecoms lobbying group ETNO, whose members have spent billions investing in 5G.

"Mobile solutions and 5G are back in the road safety picture.

The automotive industry is now free to choose the best technology to protect road users and drivers," ETNO director general Lise Fuhr said.

5G supporter 5GAA said the vote represented "a strong signal to the Commission that technology neutrality should prevail", Chief Technology Officer Maxime Flament said.

"Only a level-playing field between existing technologies will allow safer, more efficient mobility on European roads."

EU ministers are due to meet on July 8 when they are expected to formally reject the wifi proposal.

'Indian tycoon may appeal extradition'

LONDON, July 4, (AP): UK judges have ruled that Indian entrepreneur Vijay Mallya may appeal his extradition to India in Britain's High Court.

The ruling by a two-judge panel means the 63-year-old tycoon will be able to have a full hearing on his appeal to overturn an extradition order.

India accuses him of money laundering and conspiracy involving hundreds of millions of dollars. He has repeatedly denied wrongdoing.

An extradition judge ruled in December that he would have to return to India to stand trial.

A date for his appeal will soon be set.

Mallya was once a leading figure among India's business elite. He was involved with Indian's Formula One racing team and also operated an airline.

He says India's case against him is politically motivated.