ASOS warns on profit again

British online fashion retailer ASOS warned on profits for the third time since December, saying problems ramping up warehouses in the United States and Germany had restricted product availability, hitting sales and raising costs.

Shares in ASOS, a one-time stock market darling plunged as much as 22% on Thursday. They were down 17% at 1046 GMT, extending losses over the last year to more than 62%.

The group is working through a major overhaul of its warehouse and technology capabilities, moving from a UK-focused to a global-centric model so it can better access growth opportunities.

"The major overhaul of our infrastructure has been bumpier and taken a lot longer than we originally anticipated," Chief Executive Nick Beighton said on a conference call with analysts.

"We acknowledge that this is a failure in execution."

Supply chain problems are the bane of clothing retailers. Last year, H&M, the world's second-biggest fashion retailer, experienced glitches as it worked to speed up its logistics systems. Last week, Marks & Spencer sacked its clothing boss and highlighted chronic availability issues. (RTRS)

Visa acquires Payworks

Visa (NYSE: V) today announced it has acquired Payworks, a Munich-based provider of next-generation payment gateway software for the Point of Sale (POS). Visa will bring Payworks' cloud-based solution for in-store payment processing together with its CyberSource digital payment management platform to create a fully integrated payment acceptance solution for merchants and acquirers. The joint offering will provide acquirers and payment service providers with a modern, fully white-labeled omnichannel payment management platform.

The combined capability will enable Visa's clients to offer a unified payment experience whether their customers are paying in-store, in-app or online. The acquisition builds on a strategic partnership and investment Visa made in Payworks in February 2018.

"For the past two years, we have partnered closely with Payworks to deliver cutting-edge integrated commerce solutions for CyberSource's clients worldwide," said Carleigh Jaques, SVP, global head of digital merchant products, Visa. "As these solutions become mainstream, aligning more closely with Payworks and combining our businesses is a natural extension of our relationship. (AP)

Heightened uncertainty and declining confidence to deter investment

Budget watchdog says no-deal Brexit will spur UK recession

LONDON, July 18, (AP): The UK will plunge into recession if it leaves the European Union without a divorce deal, with the pound plunging in value and the economy shrinking by 2% in a year, Britain's official economic watchdog said Thursday.

The Office for Budget Responsibility made its assessment as chances of an economically disruptive no-deal Brexit appear to be rising. Both men vying to take over next week as Britain's prime minister, Boris Johnson and Jeremy Hunt, say they will lead the UK out of the bloc, with or without an agreement on terms.

They claim that Britain can withstand any resulting turbulence, but most economists predict the economic shock would be severe.

The OBR, which provides the UK government with independent economic forecasts, said a no-deal Brexit would see "heightened uncertainty and declining confidence deter investment, while higher trade barriers with the EU weigh on exports."

It predicted GDP would fall by 2% by the end of 2020 in a no-deal scenario, and borrowing would be around 30 billion pounds ($37 billion) a year higher from 2020-21 than it forecast in March.

Britain is due to leave the EU on Oct. 31, but Parliament has repeatedly rejected the divorce deal truck between Prime Minister Theresa May and the bloc. Johnson and Hunt, who are vying to replace May as Conservative party leader and prime minister, both say they will leave without an agreement if the EU won't renegotiate.

The bloc insists it won't change the 585-page withdrawal agreement, which sets out the terms of Britain's departure and includes a transition period of almost two years to allow both sides to adjust to their new relationship.

"This document is the only way to leave the EU in an orderly manner," EU Brexit negotiator Michel Barnier told the BBC in an interview broadcast Thursday.

Three years after British voters narrowly chose to leave the 28-nation EU, it remains stuck in limbo. May announced her resignation last month after failing to win Parliament's approval for her Brexit deal.

Her successor is being chosen by members of the Conservative Party, most of whom are strongly in favor of Brexit and prepared to accept the risks of leaving without a deal. Johnson is the strong favorite to win the contest when the result is announced Tuesday.

He claims that Britain can flourish outside the EU if it has enough optimism and "mojo," and says a no-deal Brexit will be "vanishingly inexpensive" if the country prepares properly.

Many others are less sanguine.

Treasury chief Philip Hammond, who has warned about the perils of a no-deal Brexit - and is likely to be fired by the next prime minister - said "I greatly fear the impact on our economy and our public finances" of a no-deal Brexit.

He said the OBR forecast was based on the "most benign version" of a no-deal Brexit, and in all likelihood "the hit would be much greater, the impact would be much harder."

Meanwhile, the relationship between the British government and the EU has been frayed by years of testy negotiations and allegations of ill-will on both sides.

EU Commission Vice-President Frans Timmermans told a BBC documentary that the British lacked a plan and were "running around like idiots" during the Brexit negotiations. He cited a catchphrase from the classic British sitcom "Dads' Army": "Don't panic!"

Junior UK Brexit minister Martin Callanan accused Timmermans of spreading "childish insults" about the British negotiating stance. Quoting another famous riposte from "Dad's Army," he said Timmermans was a "stupid boy."

US labor market still strong

Mid-Atlantic factory activity rebounds in July

WASHINGTON, July 18, (RTRS): The number of Americans filing applications for unemployment benefits increased moderately last week, pointing to still strong labor market conditions despite signs that economic activity was slowing.

Other data on Thursday showed factory activity in the mid-Atlantic region rebounded sharply in July, offering hope for a struggling manufacturing sector.

Initial claims for state unemployment benefits rose 8,000 to a seasonally adjusted 216,000 for the week ended July 13, the Labor Department said, putting them in the middle of their 193,000-230,000 range for this year.

Data for the prior week was revised to show 1,000 fewer applications received than previously reported. Last week's increase in claims was in line with economists' expectations.

The four-week moving average of initial claims, considered a better measure of labor market trends as it irons out week-to-week volatility, dipped 250 to 218,750 last week.

Volatile

The Labor Department said no claims were estimated last week. The claims data tends to be volatile around this time of the year because of summer factory closures, especially in the automobile industry, which occur at different periods.

This can throw off the model the government uses to strip out seasonal fluctuations from the data.

Layoffs remain low despite a bitter trade war between the United States and China, which has contributed to a dimming of the economy's outlook and led the Federal Reserve to signal it would cut interest rates at its July 30-31 meeting for the first time in a decade.

Last week's claims data covered the survey period for the nonfarm payrolls component of July's employment report. The four-week moving average of claims was little changed between the June and July survey periods, suggesting steady job growth this month. The economy created 224,000 jobs in June.

The dollar held losses against a basket of currencies after the data, while US Treasury yields edged higher.

While the labor market remains strong, there are concerns that a shortage of workers and the Trump administration's tougher stance on immigration could impede job growth.

The Fed's Beige Book report of anecdotal information on business activity collected from contacts nationwide published on Wednesday showed some manufacturing and information technology firms in the Northeast reduced their number of workers from mid-May through early July.

Securing

It said "a few reports highlighted concerns about securing and renewing work visas, flagging this as a source of uncertainty for continued employment growth."

Solid job growth is helping to underpin the economy, which is slowing as last year's massive stimulus from tax cuts and more government spending fades. Manufacturing is struggling, the trade deficit is widening again and the housing market remains weak, partially offsetting strong consumer spending.

Manufacturing, which makes up about 12% of the economy, is being weighed down by weaker business investment, an inventory overhang, the trade war between the United States and China, and softening global growth.

But there are glimmers of hope for the sector. A separate report on Thursday from the Philadelphia Fed showed its business conditions index jumped to a reading of 21.8 in July from 0.3 in June. There were increases in measures of new orders, employment and shipments.

The improvement in manufacturing in the region that covers eastern Pennsylvania, southern New Jersey and Delaware mirrors other measures on factory activity. A survey from the New York Fed on Monday showed a rebound in its business conditions index this month after contracting in June.

In this file photo, Democratic presidential candidate, Sen Elizabeth Warren, D-Mass, speaks at the 25th Essence Festival in New Orleans. (AP)

Part of a new proposal targeting Wall Street

Overhaul private equity industry: Warren

WASHINGTON, July 18, (RTRS): US Democratic presidential hopeful Elizabeth Warren on Thursday called for an overhaul of the private-equity industry as part of a new proposal targeting Wall Street.

"We need to shut down the Wall Street giveaways and rein in the financial industry so it stops sucking money out of the rest of the economy," Warren said in a post on Medium.com announcing her proposal.

Warren and a group of Democrats also filed legislation on Thursday to implement the policy that the Massachusetts senator proposed through her campaign.

Warren, a relentless critic of the financial industry for much of her career, is one of more than two dozen candidates vying for the Democratic nomination to challenge Republican President Donald Trump in the November 2020 election. She has distinguished herself in the crowded field by releasing reams of policy proposals.

The legislation, titled the Stop Wall Street Looting Act was filed in both the US House of Representatives and Senate. Senator Kirsten Gillibrand, who also is running for president, is a co-sponsor with Warren but no Republicans joined in sponsoring the bill.

Warren's previous proposals have met strong opposition from the financial industry, and if elected, she would face a barrage of opposition lobbying because most of her ideas would require congressional approval.

Warren repeated her previous calls for reinstating Glass-Steagall, a Depression-era law that separated commercial and investment banks. She also would impose limits on compensation for bank executives.

She also repeated her call for creating a government-backed banking system to work through the US Postal Service.

Building on her prior policy positions, Warren outlined a proposal to transform the private-equity industry.

Private-equity firms invest private capital to purchase companies that are struggling. Critics like Warren argue the firms bleed the companies dry for their own profits and then let them collapse, costing the economy jobs. Defenders of private equity say the industry brings efficiency and modernization to struggling companies.

Warren has an eight-prong proposal to address private equity. She wants to make private-capital firms responsible for the debts of the companies they purchase. Warren also wants to make the firms responsible for the pension obligations of the companies they purchase.

Warren also proposed several tax-code changes that would alter the way the government treats the debt those companies create and how their profits are counted.

She would also change bankruptcy laws to make it easier for workers to obtain severance or pension payments if a company goes out of business.

'Smaller' cryptocurrencies feel pain as criticism of Libra grows

LONDON, July 18, (RTRS): Bitcoin hasn't been the only casualty of the backlash by the world's major economic powers against Facebook's plans for a cryptocurrency, with smaller digital coins also feeling the burn.

Bitcoin has slumped around 30% from 18-month highs of nearly $14,000 touched after Facebook's move, following a growing chorus of concern among regulators and politicians from the United States to Europe at the social media giant's plans.

And the so-called altcoins have fared even worse.

The second-biggest coin Ethereum has slumped by nearly half. The third largest, Ripple's XRP, is down by around 40%, while Litecoin and Bitcoin Cash have slumped by 40% and 42% respectively.

On Wednesday, G7 finance chiefs cast a cloud over prospects for Facebook's Libra digital coin, insisting tough regulatory problems would have to be worked out first.

The Bank of Japan governor said a G7 task force looking at cryptocurrencies like Libra would likely grow to include a broader range of regulators beyond the bloc.

Facebook faced in the US more questioning by lawmakers after a bruising first bout on Tuesday, when senators from both parties condemned the project.

Where bitcoin goes, altcoins tend to follow.

Price moves for smaller coins have been closely correlated with their bigger cousin through crypto's first decade, even as altcoins seek to gain prominence among investors and real-world usage.

After Facebook unveiled its Libra cryptocurrency, bitcoin soared as much as 55% in just nine days as investors bet the social media giant's gambit would herald mass adoption of cryptocurrencies. The top four altcoins also soared, climbing between 10% and 33%.

"When things are going up bitcoin tends to outperform and when crypto goes down the altcoins tend to take larger losses," said Mati Greenspan, an analyst at eToro.