This file photo shows the logo for Qualcomm on a screen at the Nasdaq MarketSite in New York. The European Union has fined US chipmaker Qualcomm $271 million, accusing it of 'predatory pricing'. (AP)

EU fines chipmaker Qualcomm for 'predatory pricing'

In yet another European Union move against a US tech giant, the bloc's antitrust chief on Thursday fined chipmaker Qualcomm $271 million, accusing it of "predatory pricing" to drive a competitor out of the market.

EU Antitrust Commissioner Margrethe Vestager said Qualcomm was abusing its market dominance in 3G baseband chipsets. She said it sold them below the cost of production to force startup Icera out of the market almost a decade ago.

Icera was based in Britain and was seen as a rival that could eventually threaten Qualcomm's dominance.

Vestager said the market was too important to tolerate such abuse.

"Baseband chipsets are key components so mobile devices can connect to the internet. Qualcomm sold these products at a price below cost to key customers with the intention of eliminating a competitor," she said.

The fine of 242 million euros represents 1.27% of Qualcomm's 2018 revenue. The EU had already fined Qualcomm $1.23 billion last year after concluding it bribed Apple to stifle competition.

Qualcomm said it plans to appeal Thursday's fine to an EU court and denied the charges.

"This decision is unsupported by the law, economic principles or market facts, and we look forward to a reversal on appeal," Don Rosenberg, general counsel of Qualcomm, said in a statement.

Icera was bought up soon after and its chip business disappeared. (AP)

Bank cites slowing exports and domestic investment and volatility in financial markets

South Korea's central bank lowers rate amid Japan trade row

SEOUL, South Korea, July 18, (AP): South Korea's central bank on Thursday cut its policy rate for the first time in three years to shore up growth threatened by a trade dispute with Japan.

The Bank of Korea lowered its key interest rate by a quarter percentage point to 1.50% following a meeting of its monetary policy committee, which also cut its growth forecast for the country's economy this year from 2.5% to just above 2%.

The bank cited slowing exports and domestic investment and volatility in financial markets related to the trade war between the US and China and Japanese curbs on certain technology exports to South Korea. The bank had hiked the rate by 0.25% points in November and last lowered borrowing costs in June 2016.

The bank said in a statement it will "carefully monitor developments such as the US-China trade dispute, Japan's export restrictions, any changes in the economies and monetary policies of major countries ... and geopolitical risks, while examining their effects on domestic growth and inflation."

Lee Ju-yeol, the bank's governor, said South Korea's exports and domestic investment during the first half of the year were more sluggish than expected and that it's "hard to be optimistic about the (economic) conditions moving forward."

The rate cut came amid escalating tensions between South Korea and Japan over Tokyo's move to tighten controls on the exports of photoresists and two other chemicals to South Korean companies that use them to produce semiconductors and display screens for smartphones and TVs.

South Korea says the Japanese trade curbs could hurt its export-dependent economy and disrupt global supply chains. Lee said the bank's monetary policymakers assessed how the trade dispute could affect growth at the macroeconomic level.

South Korea has accused Japan of weaponizing trade to retaliate against South Korean court rulings calling for Japanese companies to compensate aging South Korean plaintiffs for forced labor during World War II, and plans to file a complaint with the World Trade Organization.

Tokyo says the materials affected by the export controls can be sent only to trustworthy trading partners. Without presenting specific examples, it has questioned Seoul's credibility in controlling the exports of arms and items that can be used both for civilian and military purposes.

South Korea is also bracing for the possibility that Japan will take further steps by removing it from a 27-country "whitelist" receiving preferential treatment in trade.

Its removal from the list would require Japanese companies to apply for case-by-case approvals for exports to South Korea of hundreds of items deemed sensitive, not just the three materials affected by the trade curbs that took effect July 4. It will also allow Japanese authorities to restrict any export to South Korea when they believe there are security concerns.

Japan June exports decline as China-US trade war takes toll

Imports fall 5.2% as trade surplus down 20% to $5.5 billion

TOKYO, July 18, (AP): Japan's exports declined in June as shipments of goods were hit by trade disputes between China and the US, the Finance Ministry reported Thursday.

The data released by the Finance Ministry on Thursday show exports fell 6.8% in June from a year earlier, the seventh straight month of decline, while imports fell 5.2%.

The trade surplus for the month dropped 20% to 589.5 billion yen ($5.5 billion), the ministry said.

For the first six months of this year, Japanese exports slipped 4.7% while imports edged down 1.1%, with the nation logging a trade deficit of 888.8 billion yen ($8.2 billion).

The Japanese economy, the world's third largest, is dependent on exports and the conflict between the US and China has taken a sharp toll.

President Donald Trump has imposed 25% tariffs on $250 billion in Chinese imports. Beijing has countered by taxing $110 billion of US goods.

Koya Miyamae, senior economist at SMBC Nikko Securities Inc, said exports remain weak, especially to Asia.

"That brought the overall numbers down," he said in a report. "The outlook looks dim for July through September as far as export growth."

Japan is also embroiled in a row with South Korea over Tokyo's move to tighten controls on the exports of photoresists and two other chemicals to South Korean companies that use them to produce semiconductors and display screens for smartphones and TVs.

Japan has already been hit by increased US steel and aluminum tariffs. Trump has repeatedly said Japan needs to buy more from the US, and bilateral trade negotiations are expected to continue through this year.

Exports to the US, Japan's largest overseas market, rose 5.2% to 7.8 trillion yen ($72 billion) in January-June from a year earlier, while imports from the US increased 1.7% to 4.4 trillion yen ($40 billion).

But exports to China sank 8.2% in January-June while shipments to every other Asian country except India also declined. Japanese companies are key suppliers for many components, chemicals and other materials used in manufacturing products across the region, as well as the machinery used to make them.

In this file photo, Subaru cars are parked to wait for export at Kawasaki port, near Tokyo. The data released by the Finance Ministry Thursday show Japan's exports declined 6.8% compared to the same month last year, while imports fell 5.2%. (AP)

Southeast Asia outlook cut

ADB keeps developing Asia 'growth forecast' at 5.7 pct

TOKYO, July 18, (KUNA): Developing Asia will maintain strong but moderating growth over 2019 and 2020, as supportive domestic demand counteracts an environment of global trade tensions, the Asian Development Bank (ADB) said Thursday.

In its Asian Development Outlook Supplement, the Manila-based lender maintained its April forecast of 5.7-percent growth in 2019 and 5.6 percent in 2020 for Asia's 45 developing economies, excluding Japan and other industrialized countries.

Deepening trade tension between China and the US remains the largest downside risk to this outlook, despite an apparent truce in late June that could allow trade negotiations between the two countries to resume, the ADB said. "Even as the trade conflict continues, the region is set to maintain strong but moderating growth," ADB Chief Economist Yasuyuki Sawada said, according to ADB's website. "However, until the world's two largest economies reach agreement, uncertainty will continue to weigh on the regional outlook," said Sawada.

The bank kept its growth forecast for China; Asia's biggest economy, at 6.3 percent in 2019 and 6.1 percent in 2020, pointing out that policy support offsets softening growth in domestic and external demand. The projection for South Asia, including India and Pakistan, is at 6.6 percent in 2019 and 6.7 percent in 2020, albeit lower than forecast in April.

The growth outlook for India has been cut to 7.0 percent this year and 7.2 percent next year because the fiscal 2018 outturn fell short, it said. The outlook for Southeast Asia has been downgraded slightly to 4.8 percent in 2019 and 4.9 percent in 2020 due to the trade impasse and a slowdown in the electronics' cycle.

The ADB is a multilateral development finance institution dedicated to reducing poverty in Asia and the Pacific. Established in 1966, it is now owned by 68 members, with 49 from the region, as well as the US, the UK and Germany.

Rate review set for July 29/30

BoJ says will look at economy, price moves until last minute

CHANTILLY, France, July 18, (RTRS): Bank of Japan Governor Haruhiko Kuroda said on Thursday the central bank will scrutinise economic developments until the last minute in deciding policy this month, suggesting that whether to stand pat or increase stimulus will be a close call.

As US-China trade frictions cloud the global outlook, an increasing number of market players expect the BoJ's next move to be a loosening of monetary policy with some betting of action as early as the next rate review on July 29-30.

After attending a Group of Seven finance chiefs' gathering in Chantilly, north of Paris, Kuroda said he felt the group now expect the timing of a pick-up in global growth to be delayed "somewhat" given looming downside risks.

"Personally, I don't think we need to expect the pick-up in global growth to be delayed significantly, or that this will become a big problem ahead," Kuroda told a news conference.

"As for what will happen at the next BoJ meeting, we will discuss policy taking into account economic, price and financial conditions available until the last minute," he told reporters.

Aside from debating monetary decisions, the BoJ will issue at the July meeting new quarterly economic and inflation projections that serve as a basis for future policy decisions.

"This time we will issue the quarterly report, so the thinking behind it will be among factors" the BoJ will look at in deciding policy this month, Kuroda said.

Many BoJ officials are wary of ramping up an already massive stimulus programme as years of heavy money printing has pushed borrowing costs to zero, straining commercial banks' margins and leaving the central bank with little ammunition to fight the next recession.

But increasing signs of a global slowdown have kept the BoJ under pressure to ease further to support the economy.

In a summary released by chair country France on Thursday, the G7 finance leaders said they expect a moderate pick-up in global economici growth in 2020.

That was a bleaker assessment than one made in a communique issued by G20 finance chiefs last month, which said global growth was projected to "pick up moderately later this year and into 2020."

Ahead of IMO fuel switch

Singapore fuel inventories hit eight-month low: data

SINGAPORE, July 18, (RTRS): Oil product inventories in the Singapore storage and trading hub fell to an eight-month low in the week ended July 17, official data showed, in one of the latest signs that suppliers are gearing up for rule changes to make marine fuel cleaner.

Singapore onshore stocks of petroleum products, which include gasoline, diesel, jet fuel and residual fuel oil, came in at 38.372 million barrels, down from 41.725 million barrels in the previous week and their lowest since the week ended Nov. 14 last year, data from Enterprise Singapore showed on Thursday.

"Several industry players are switching their tanks towards the different kinds of low-sulphur fuels rather than just high-sulphur fuel oil," a source with a Singapore-based storage operator said when asked about shrinking oil product stocks.

The switching process will take time and involves clearing storage tanks occupied by high-sulphur fuel oils (HSFO) and their blending components, said the source, who declined to be identified because of company policy.

Under International Maritime Organization (IMO) rules that come into effect from 2020, ships will have to use fuel with a sulphur content of 0.5% or less, down from 3.5%, in one of the biggest fuel-spec changes to hit the global shipping and oil refining industries in decades.

The decline in inventories was led by distillates , sinking to a more than nine-month low of 10,163 million barrels, an residual fuels that slipped to a six-month low of 18.539 million barrels, the data showed.

Fuel oil inventories have registered five straight weeks of declines and are 6% below their year-ago levels, the data showed, raising concerns that tightening supplies could struggle to meet current demand.,

Declining HSFO inventories, together with the expected sharp decline in demand for HSFO after the IMO rules kick in, have helped to push the fuel oil market structure into steep backwardation in recent weeks, making HSFO storage increasingly unprofitable. A backwardated market typically has tight inventories, with the price for immediate delivery trading above future prices.

Storing of oil products is uneconomic in a backwardated market because it is difficult for traders to recover storage costs.

Singapore's onshore light distillates, which comprise mostly gasoline, had the most significant drawdown, resulting in inventories hitting slose to a 9-1/2 month low, the data showed.

There was no record of Indian gasoline exports to Singapore, while Taiwan's volumes of 22,257 tonnes were 80% down from the week ended July 10.