

US average mortgage rates fall; 30-year at 4.28%

US long-term mortgage rates fell this week, giving an incentive to potential buyers as the spring homebuying season opens.

Mortgage buyer Freddie Mac said Thursday the average rate on the 30-year, fixed-rate mortgage declined to 4.28 percent from 4.31 percent the previous week. Mortgage rates have fallen substantially since the beginning of the year, after climbing for much of 2018 and peaking at nearly 5

percent in early November. The average rate on the benchmark 30-year loan stood at 4.45 percent a year ago. The average rate this week for 15-year, fixed-rate loans slipped to 3.71 percent from 3.76 percent a week earlier.

With economic growth showing signs of slowing in the US and abroad, interest rates have eased. Reflecting dimmer expectations for growth, the Federal Reserve left its key interest rate

unchanged Wednesday. The Fed kept the rate — which can influence mortgage loans as well as credit cards, home equity lines of credit and more — in a range of 2.25 percent to 2.5 percent.

The lower home-lending rates, combined with continued moderation of home prices, should enhance affordability for homebuyers as the season begins, Freddie Mac chief economist Sam Khater said. (AP)

Wells agrees to pay \$800K in 38 Studios settlement

Wells Fargo Securities will pay an \$800,000 civil penalty to settle a lawsuit with the Securities and Exchange Commission over Rhode Island's failed deal with former Boston Red Sox pitcher Curt Schilling and his now-defunct video game company, 38 Studios, The Boston Globe reports. The proposed settlement was announced on Monday and is awaiting approval from a federal judge. Although Wells Fargo doesn't

admit or deny any wrongdoing, it will be permanently barred from violating certain municipal securities and other laws under the proposed agreement.

Schilling founded 38 Studios in Massachusetts in 2006, but relocated it to Rhode Island in 2010 after striking a deal with the state's economic development agency for a \$75 million loan. The company released one game during that time, the action

role-playing game "Kingdoms of Amalur: Reckoning." It was fairly well-received by critics and reportedly sold about 1.2 million copies in 90 days — a respectable number for a new intellectual property from a fledgling studio. But, Lincoln Chafee, who was governor of Rhode Island at the time, called the game a failure and said it needed to sell at least three million copies to break even. (RTRS)

Market Movements 21-03-2019

	Change	Closing pts		Change	Closing pts
↑ AUSTRALIA - All Ordinaries	+1.70	6,253.50	↓ GERMANY - DAX	-53.93	11,549.96
↑ JAPAN - Nikkei	+42.07	21,608.92	↓ FRANCE - CAC 40	-3.81	5,378.85
↑ S. KOREA - KRX 100	+46.68	4,549.17	↓ EUROPE - Euro Stoxx 50	-4.98	3,367.40
↑ PHILIPPINES - All Shares	+41.30	4,888.79	↓ PAKISTAN - KSE 100	-163.05	38,384.71
↑ INDIA - Sensex	+23.28	38,386.75			

Business

To support lira, tax also raised on some foreign deposits

Turkey extends tax cuts on goods in face of recession

US labor market solid

Mid-Atlantic factory activity index rebounds in March

WASHINGTON, March 21, (RTRS): The number of Americans filing applications for unemployment benefits fell more than expected last week, pointing to still strong labor market conditions, though the pace of job growth has slowed after last year's robust gains.

Other data on Thursday showed a measure of factory activity in the mid-Atlantic region rebounding sharply this month after falling into negative territory in February for the first time in more than 2-1/2 years. But manufacturers' perceptions about the outlook were the least favorable in three years and their expectations for capital spending were also less upbeat.

These findings support the view that the manufacturing sector is slowing in line with softening economic growth.

The Federal Reserve held interest rates steady on Wednesday and its policymakers abandoned projections for further rate increases this year, noting that "growth of economic activity has slowed from its solid rate in the fourth quarter."

Moderate

"The US economy has clearly slowed and will cause job growth to moderate, which isn't alarming as long as it is orderly," said Ryan Sweet, a senior economist at Moody's Analytics in West Chester, Pennsylvania.

Initial claims for state unemployment benefits dropped 9,000 to a seasonally adjusted 221,000 for the week ended March 16, the Labor Department said on Thursday. Economists polled by Reuters had forecast claims falling to 225,000 in the latest week. Claims have been drifting in the middle of their 200,000-253,000 range this year.

The four-week moving average of initial claims, considered a better measure of labor market trends as it irons out week-to-week volatility, rose 1,000 to 225,000 last week.

The claims data covered the survey week for the nonfarm payrolls portion of March's employment. The four-week average of claims fell 11,000 between the February and March survey periods, suggesting a pickup in job growth after hiring almost stalled last month.

Nonfarm payrolls increased by only 20,000 jobs in February, the fewest since September 2017. The slowdown followed big gains in December and January. Average job growth has moderated to about 165,500 per month from 223,250 per month in 2018.

Despite the slowdown in employment growth, the labor market remains solid. The unemployment rate is at 3.8 percent and annual wage growth in February was the strongest since 2009.

The step-down in hiring reflects a shortage of workers and softening economic growth as the stimulus from a \$1.5 trillion tax cut package fades. A trade war between the United States and China, slowing global growth and uncertainty over Britain's exit from the European Union are also hurting domestic activity.

The slow growth theme was also underscored by another report on Thursday from the Conference Board showing its leading economic index, which measures future US economic activity, rose in February for the first time in five months.

February's 0.2 percent increase in the leading indicator followed an unchanged reading in January.

The leading indicator's growth rate has slowed in the past six months, which the Conference Board said suggested "that while the economy will continue to expand in the near-term, its pace of growth could decelerate by year end."

Gross domestic product estimates



Levi Strauss CEO Chip Bergh (right), is joined by CFO Harmit Singh (second from right), as he rings the New York Stock Exchange opening bell, on March 21. Levi Strauss & Co, which gave America its first pair of blue

jeans, is going public for the second time. The 166-year-old company, which owns the Dockers and Denizen brands, previously went public in 1971, but the namesake founder's descendants took it private again in 1985. (AP)

Other Voices

Loophole in the current law

'No Kuwaiti participation required' in some firms according to current companies law

By Dr Sherif Salama
Ph.D in constitutional law

The repealed Commercial Companies Law No. 15 of 1960 was categorical in requiring of Kuwaiti participation in companies established in Kuwait, and in determining the minimum percentage of Kuwaitis' participation in the capital of the company, that in order to enable the nationals to dominate and control the activities and commercial establishments. This may be due to the historical circumstances that accompanied the promulgation of the law, especially the domination of Western colonialism over the wealth of many countries and their economic interests and political affairs.

Under the repealed Companies Law — referred to as, A General Partnership Company, Limited Partnership Company, Partnership Limited by Shares or a limited liability company, may not be established unless there is at least one Kuwaiti partner, and the Kuwaiti partners shall own no less than 51% of the company's capital.

As for the Shareholding Company (both public and closed), the repealed companies law was more stringent. As rule, all the shareholders in these companies should be Kuwaiti, and owned all the company's capital. And, as an exception, the law allowed to non-Kuwaitis to participate in the shareholding companies in the case of the need

for the first quarter as low as a 0.4 percent annualized rate. The economy grew at a 2.6 percent pace in the fourth quarter.

The dollar firm against a basket of currencies while stocks on Wall Street rose, US Treasury prices were generally higher.

In a third report on Thursday, the Philadelphia Fed said its business conditions index jumped to 13.7 in March from -4.1 in February, which was the first negative reading since May 2016.

But the survey's measure of new orders received by factories in the region, which covers eastern Pennsylvania, southern New Jersey and Delaware, rebounded moderately

for foreign investment or foreign expertise.

The previous situation has been in place for more than 50 years, until the promulgation of the Companies Decree Law No. 25 of 2012, which was amended by Law No. 97 of 2013, and the promulgation of the current Companies Law No.1 of 2016, which is different from the canceled law in many matters, foremost of which is regulation of Kuwaiti participation in companies established in Kuwait.



Dr Salama

If the repealed law expressly required the Kuwaiti participation in the companies and determining the minimum percentage of Kuwaitis' participation in the capital of the company, we find that the current companies Law did not require such participation only in the three forms of companies: A General Partnership Company, Limited Partnership Company, Partnership Limited by Shares, as it provides that Kuwaiti partners shall own no less than 51% of the company's capital.

With regard to the rest of the forms of companies, the situation is different; the current law does not require the participation of Kuwaitis in the shareholding company, both

from negative territory in February and unsold goods piled up.

In addition, the survey's six-month business conditions index dropped to a reading of 21.8 this month, the lowest since February 2016, from 31.3 in February. Its six-month capital expenditures index fell to a reading of 19.5 in March from 31.7 in the prior month. The index dropped below 20 for the first time since 2016.

"The details within the report were much more of a mixed bag, and more downbeat than one might think given the solid improvement in the headline reading," said Daniel Silver, an economist at JPMorgan in New York.

These readings are in line with

public and closed, as is the case for a single person company; as the texts are free of any limitation regarding determining a certain percentage to be achieved for the participation of Kuwaitis in capital.

As for the limited liability company, its legal regulation is not clear; as the law does not specify a certain percentage for the participation of Kuwaitis in the company, but it provides that the executive regulation shall determine the percentage of the participation of Kuwaiti nationals in the capital of the company.

Despite the above, the executive regulations of the companies law did not specify the percentage of the participation of Kuwaiti nationals in the capital of the company.

Accordingly, it turns out that the current companies law does not provide the requirement of Kuwaiti participation in some forms of companies established in Kuwait, as we have pointed out, although these forms are the predominant in practice, and we do not know if this is intentional, in order to attract foreign investments, or is unintended, and I think it is often unintended, especially in Limited Liability Company, as the law provides that the executive regulation shall determine the percentage of the participation of Kuwaiti nationals in the capital of the company, as we indicated earlier.



email: salama22@gmail.com

other surveys showing signs of slowing national factory activity. A report from the New York Fed last week showed a gauge of factory activity in New York state dropped to a two-year low in March.

The Philadelphia Fed survey also showed more factories experiencing difficulty finding workers, which could weigh on production in the future. Nearly 74 percent of the firms reported labor shortages, up from 63.8 percent last year.

Just over half of the companies also reported they had positions that have remained vacant for more than 90 days. That compared to 47.8 percent in 2018.

ISTANBUL, March 21, (RTRS): Turkey took another step to boost consumption and its lira in the face of recession by extending on Thursday the deadline for tax cuts on cars and other goods, and raising the withholding tax on some foreign currency deposits.

Ankara had imposed the tax cuts on goods last year to help tame inflation, which hit a 15-year peak in October and has since eased a bit to settle around 20 percent.

Tax cuts on cars, commercial vehicles and home appliances were extended until June 30, while those on furniture, housing and title deed fees will remain in effect until Dec 31, an update to the country's Official Gazette showed.

Previously the tax cuts on all these items were due to end on March 31, the date set for nationwide local elections for which President Tayyip Erdogan has been campaigning in support of his AK Party.

The extension of tax cuts will trim 9 billion lira (\$1.65 billion) from government revenues, a Turkish economy official said on Thursday, adding its impact "can be overlooked" given the expected boost to consumption and the overall economy.

The move should postpone a rise in inflation when taxes return to previous levels and could give leeway to the central bank, which is expected to cut interest rates later this year.

"Although our year-end inflation expectation is unchanged, with the impact of continued tax cuts, the price hikes will be postponed until after June," said Deniz Cicek, economist at QNB Finansbank.

Inflation is expected to fall to around 15 percent by the end of this year, according to the median forecast of a Reuters poll of 15 economists. Markets expect the central bank to start cutting rates, currently at 24 per-

cent, around mid year.

"We see this as a measure that will make it easier for the central bank to cut rates at the MPC meeting in June," added Cicek.

Separately, the withholding tax on foreign currency time deposits of between six months and one year was raised to 20 percent from 16 percent, the gazette showed.

The withholding tax on foreign currency time deposits of more than a year was raised to 18 percent, from 13 percent.

Forex held by Turkish local individuals hit a record high in the week to March 15, data from the central bank showed on Thursday, signalling sagging confidence in the local lira currency in the wake of last year's currency crisis.

For institutions and individuals combined, the total forex deposits and funds including precious metals hit another record high to stand at \$175.8 billion, the data showed.

Consumer confidence stood at 59.4 points in March, official data also showed on Thursday, recovering some ground since the index hit a near 10-year low in October.

Foreign currency deposits in Turkey's banking sector account for more than 50 percent of all deposits, which could put pressure on banks if another shock triggers a withdrawal of forex deposits.

Ankara also set the withholding tax on interest from bonds issued abroad by legally obligated institution at 7 percent for bonds with a maturity of up to one year, 3 percent for a maturity between one and three years and zero percent with a maturity of more than three years, according to the gazette.

Last year's crisis saw the lira lose nearly 30 percent against the dollar, prompting an economic contraction in the fourth quarter.

One more time

Levi goes public again

NEW YORK, March 21, (AP): Levi Strauss & Co, which gave America its first pair of blue jeans, is public for the second time.

The stock, which is listed under the ticker "LEVI," opened for trading on Thursday up 31 percent on very strong demand and recently changed hands at \$22.90, up \$5.90. The offering priced at \$17, above an originally expected range of \$14 to \$16.

As of noon, shares were up nearly 34 percent.

In a rare move, the New York Stock Exchange suspended its "no jeans" policy on Thursday to commemorate the event, transforming the floor from suits and ties into a sea of blue denim, with its traders sporting jeans and denim jackets.

More than 120 employees from Levi's global offices, including its CEO Chip Bergh outfitted in denim, were on the trading floor. On Wednesday, the NYSE even Tweeted, "Tomorrow we'll be in our 501s." The 166-year-old company, which owns the Dockers and Denizen brands, previously went public in 1971, but the namesake founder's descendants, the Haas family, took it private again in 1985.

Iconic

The IPO comes as the iconic brand is staging a comeback under Bergh even as it faces increasing competition and a changing retail landscape. Women are opting for yoga pants and other comfortable athletic sportswear that can be worn every day. And the brand is also contending with a shrinking number of department stores, once its traditional venue of distribution.

But since assuming the helm in 2011, Bergh has refashioned the brand and image. It didn't chase after the yoga trend but rather focused on enhancing the fit of its women's jeans with stretchier fabrics. Bergh also has created buzz with partnerships with celebrities like Justin Timberlake while increasing Levi's marketing at events like Coachella, where Beyonce performed in the brand's cut-off shorts.

At the same time, Levi's has been expanding online and juggling between selling to low-end and high-end stores. It's also been opening its own stores.

All of that has helped Levi Strauss turn in a 14 percent increase in sales to \$5.6 billion for the year ended Nov 25, 2018.

"Focusing on product improvements and diversification have been excellent moves," said Ken Perkins, president of Retail Metrics, a retail research firm. "There's a lot of competition, but Levi's has always been the brand in denim."

The timing might be right for Levi's. Jeans sales appear to be on an upswing in the US, increasing 2.2 percent to \$16.7 billion last year after four straight years of declines, according to data from Euromonitor.

"Things go in waves," says Marie Driscoll, managing director of luxury and fashion at Coresight Research. "The leisure trend made denim not as comfortable. But denim brands have responded by adding stretch."

Trend

It wasn't long ago when Levi's was struggling with a big debt load and had grown too reliant on department stores. During its worst slump, the company's sales went from \$6.8 billion in 1997, when it helped to drive the Casual Friday trend with its Dockers khakis, to \$4.07 billion in 2004.

Levi's is hoping to prove to Wall Street there's staying power for a legacy name that dates back to 1853 when its namesake founder started a wholesales dry goods business in San Francisco. Strauss and tailor Jacob Davis invented jeans 20 years later after receiving a patent to create cotton denim workpants with copper rivets in certain areas like the pocket corner to make them stronger. By the 1920s, Levi's original 501 jeans had become top-selling men's workpants, according to its corporate website.

Levi's, like many denim brands, still face challenges. They're being squeezed by a new wave of closures of traditional department stores. And discounters like Walmart have been developing their own exclusive brands.

In its prospectus, Levi Strauss says it plans to use the proceeds to expand more aggressively into China, India and Brazil. It also is expanding its retail stores. As of late last year, Levi's operated 824 company-operated stores.

Levi Strauss is adopting a dual-class share structure. Each Class A share will be entitled to one vote, while Class B shares will have 10 votes. Class B stock will primarily be held by the descendants of the company founder. That means that the Strauss's descendants will still exert big influence over the company's major decisions.