Tiffany agrees to revised terms on LVMH takeover deal

The largest deal in luxury is back on after New York's famed jeweler Tiffany agreed to a slightly reduced offering price from from LVMH in Paris.

LVMH will now pay $131.50 for each Tiffany share putting the total price tag at $15.8 billion, down from the $16.2 billion that was first offered earlier this year.

The owner of Louis Vuitton, Christian Dior, Fendi along with a basket of wine and champagne brands, appeared to walk away from the acquisition last month after it said the French government had pushed for a delay because of the threat of proposed U.S. tariffs.

But the reasons for its cold feet seemed to shift, and there was pressure from investors on both sides to make a deal happen.

Rumors that the two luxury companies had rekindled talks began to surface in recent days.

"We are as convinced as ever of the formidable potential of the Tiffany brand and believe that LVMH is the right home for Tiffany," LVMH CEO Bernard Arnault said in a prepared statement Thursday.

Tiffany, with its famed blue boxes, has in recent years attempted to regain the luster of the "Breakfast at Tiffany's" era as its customer base aged. It's shifted its focus to younger shoppers and made a significant push online.

The deep pockets of LVMH could go a long way in helping that transformation along. (AP)

In this file photo, people walk past a Tiffany jeweler shop on the Champs Elysees avenue in Paris. LVMH and Tiffany have worked through their differences, with the famous jewelry company agreeing to be purchased by the luxury goods company for slightly less than what they initially agreed on. (AP)

Government is trying to limit damage from the US curbs

China vow to become self-reliant technology power

BEIJING, Oct 29, (AP): China's leaders are vowing to make their country a self-reliant "technology power" as a feud with Washington cuts access to US computer chips and other high-tech components, hampering Beijing's industrial ambitions.

Leaders of the ruling Communist Party made the announcement Thursday after a meeting to draft a development blueprint for the state-dominated economy over the next five years.

President Xi Jinping's government is trying to limit damage from the Trump administration's curbs on technology sales to China in a fight over security and spying. Those threaten to disrupt plans to create Chinese companies able to compete in telecoms, biotech and other fields, which communist leaders see as a path to prosperity and global influence.

"Science and technology should be self-reliant as a strategic support for national development," said a party statement. It promised to "accelerate the building of a science and technology power" but gave no details.

Five-Year Plans, issued since the 1950s, form the basis of regulation and industry initiatives in an economy where the ruling party still plays a leading role after four decades of market-style reforms. The full plan is due to be released in March. Changes in regulations and plans for individual industries will be announced after that.

Thursday's statement promised to promote "green and low-carbon development" and to raise Chinese living standards. It called for unspecified steps to strengthen the 2.3 million-member People's Liberation Army and to " improve our strategic ability to defend national sovereignty."

China faces a "complicated international situation," it said, but it made no mention of the coronavirus pandemic or its tariff war with Washington.

Technology is a cornerstone of the ruling party's marathon campaign to promote self-sustaining growth based on domestic consumer spending and to build a "moderately prosperous society."

China's factories assemble most of the world's smartphones, personal computers and consumer electronics but need US, European and Japanese components. Its communist leaders see that as a strategic weakness.

Thursday's statement cited no specific technologies, but leaders are especially worried about China's reliance on US providers of processor chips used in smartphones, electric cars and other technologies central to their development plans.

Semiconductors are China's biggest single import by value, ahead of crude oil.

Companies including telecom equipment giant Huawei Technologies Ltd, China's first global tech brand, are developing chips and other components. But, like their Western and Asian counterparts, none can supply all its own needs.

President Donald Trump's 2018 tariff hikes on Chinese goods over complaints Beijing steals or pressures companies to hand over technology have raised pressure for greater self-reliance.

Last year, the White House added to that by tightening controls on Chinese purchases of chips and other components.

"The trade war and growing tensions with foreign governments have heightened concern about reliance on foreign inputs," Julian Evans-Pritchard and Seana Yue of Capital Economics said in a report ahead of Thursday's announcement.

"The push for self-sufficiency is increasingly visible," they wrote.

Last year's US curbs cut off access to chips and most other technology for Huawei. American officials say it might facilitate Chinese spying, an accusation the company denies. This year, Washington barred global manufacturers from using US technology to produce chips for Huawei, including those designed by its own engineers. Huawei's revenue still rose 9.9% over a year earlier in the quarter ending in September, but executives say its sales of smartphones and network equipment are likely to suffer.

In September, the Commerce Department further obstructed Beijing's efforts to develop its own chipmakers by restricting US technology sales to the biggest, Semiconductor Manufacturing International Corp.

Earlier industrial plans include "Made in China 2025," issued in 2015, which calls for creating global competitors in 10 industries such as electric cars. That triggered an international backlash, as governments complained Beijing might use subsidies and market barriers to promote them, violating its free-trade commitments.

"For sectors that are already under US blockades (such as semiconductors), China is likely to double down and strengthen government support," said Vincent Zhu of Rhodium Group in a report ahead of the party congress.

However, a "wish list" of favored businesses "could easily be used as a US 'hit list,' further restricting exports of components critical to those industries," Zhu wrote. That means Beijing "will have to think hard before committing to an overt industrial policy," he said.

Chinese semiconductor imports in 2020 should exceed $300 billion for a third straight year, according to the deputy chairman of the China Semiconductor Industry Association, Wei Shaojun, cited in Chinese news reports. The association says imports peaked at $312 billion in 2018. Last year's were $304 billion.

Limits on access to foreign technology could knock as much as 0.5 percentage points off China's economic growth over the next decade, according to UBS economists Ning Zhang and Tao Wang.

Despite disruptions from trade tension and the pandemic, forecasters say the Communist Party is likely to hit its economic targets from the previous Five-Year Plan.

The International Monetary Fund forecasts economic output per person should rise 3% this year over 2019 to $10,600 and by another 50% to $16,250 in 2025, the final year of the new Five-Year Plan.

People view laptop computers from Chinese tech firm Huawei at the PT Expo in Beijing, on Sept 14, 2020. China's leaders vowed on Oct 29, 2020 to speed up its development as a self-reliant 'technology power' amid a feud with Washington that is cutting access to US components and hampering Beijing's industrial ambitions. (AP)

Costs rise too

Demand for delivery lifts UPS revenue in third qrtr

NEW YORK, Oct 29, (AP): Profit and revenue are rising at UPS, whose brown delivery trucks have become omnipresent on neighborhood streets during the pandemic, but so are costs.

The company reported Wednesday that third-quarter profit rose 12% to $1.96 billion. With higher volume of packages to deliver, revenue climbed 16% to $21.24 billion. Both figures beat expectations.

However, operating profit in the company's key US package business was nearly 10% less profitable than a year ago because of higher costs as UPS hired workers and expanded service.

UPS shares fell 8.8%, their biggest one-day percentage drop in nearly six years.

With so many people getting what they need delivered to the front door, drivers for United Parcel Service Inc are staying busy. The company's consolidated average daily volume jumped 13.5%.

Prices were roughly constant, with the average price per piece rising for US ground shipments and slipping slightly for express deliveries like next-day air.

Unlike the domestic package business, profit rose in the company's international package and freight units.

New CEO Carol Tome said the results were led by strong demand for shipments leaving Asia and growth among small and medium-sized businesses. She said the higher profit indicates that the company's "better, not bigger" strategy is working.

Tome said the company is ready for the crucial dash from around Thanksgiving until Christmas, when daily volumes spike.

"We have been operating in a peak-like environment globally for many months, which is helping us prepare for the elevated demand ahead," she told analysts.

The analysts, however, were concerned about rising costs.

Colin Scarola, an analyst at CFRA Research, said he was disappointed to see operating profit in the US domestic package business fall 9% even as revenue rose 15% – and thinks the problem may be temporary.

"We think UPS is seeing rapid cost increases amid surging demand, but over time we see margins expanding significantly in this segment as it adjusts to much greater volume," he said in a note to clients.

Matt Arnold, an analyst for Edward Jones, said rising volumes are challenging the company, but he thinks investment in automating UPS facilities will help boost profitability.

UPS and rival FedEx are benefitting from high demand for shipping and less competition in airfreight, as the number of passenger planes carrying cargo in their bellies has declined.

In this file photo, the tails of three UPS aircraft are shown parked at Miami International Airport in Miami. UPS, whose brown delivery trucks have become omnipresent on neighborhood streets during the pandemic, is reporting strong profits and revenue in its most recent quarter. (AP)

Wall St steadies itself following encouraging economic reports

Caution continues to dominate the market

NEW YORK, Oct 29, (AP): US stocks are drifting upward on Thursday as a couple reports on the economy that were better than expected help to stabilize Wall Street following its worst rout in four months.

The S&P 500 was 0.6% higher following encouraging data on the pace of layoffs and on how powerfully the economy rebounded during the summer from its coronavirus-induced coma. Economists warn big challenges still lie ahead, though, and the S&P 500 is coming off a 3.5% tumble Wednesday on worries the worsening pandemic will drag down the economy and corporate profits again.

The Dow Jones Industrial Average was up 46 points, or 0.2%, at 26,565, as of 9:57 am Eastern time, and the Nasdaq composite was 1% higher. The S&P 500 was a mixed bag, nearly evenly split between stocks rising and falling. Gains for tech stocks were helping to make up for losses for health care and energy stocks.

Despite the relatively calm moves, caution continues to dominate the market. Treasury yields were dipping again, while a measure of investors' fear in the US stock market touched its highest level since June. Oil prices continued their sharp descent, with benchmark US crude down 5.1% and Brent crude down 5.5%.

Across the Atlantic, European stocks were down, but the losses were milder than their plunge from a day before. That's when France and Germany announced new restrictions on businesses in hopes of slowing the accelerating spread of the virus.

Coronavirus cases are also on the rise in the United States, raising worries about similar restrictions returning. Even if the sweeping lockdowns that suffocated the economy earlier this year don't come back, the fear is that the worsening pandemic could nevertheless keep customers away from businesses regardless and undercut their profits.

The economy had been making strides in the summer, and it grew at a record annual rate of 33.1% from July through September, according to a government estimate released Thursday. That followed up on its crash from April through June, when it shrank at an annualized rate of 31.4%.

More recently, the number of US workers applying for unemployment benefits eased last week to 751,000. While that's still incredibly high compared with before COVID-19, it's not as bad as the 791,000 from the prior week. It was also better than economists had forecast.

But the budding recovery is under threat now with coronavirus cases surging and with Congress and the White House unable to deliver additional support for the economy. Economists and investors have been asking for such assistance since the summer, when the last round of supplemental benefits for laid-off workers and other stimulus approved by Congress earlier this year expired.

Several of the biggest US companies are scheduled to report how much profit they made during the summer after trading closes on Thursday. Because of their massive market value, the movements of stocks for Apple, Google's parent company and Amazon have a much greater impact on the S&P 500 and other indexes than other stocks.

Expectations are high for Big Tech companies, which have been largely cruising through the pandemic. Investors have bid up their stock prices on the belief that their profits will continue to soar as work-from-home and other trends accelerated by the pandemic hold.

But another tech giant, Microsoft, saw the potential downside of such huge expectations on Wednesday. That's when its stock slumped 5% even though it reported stronger profit and revenue for the latest quarter than Wall Street expected.

Across Wall Street, analysts have noted that stocks have not been getting as big a boost as they usually do after reporting stronger profits than forecast.

In European stock markets, France's CAC 40 fell 1.2%, and Germany's DAX lost 0.8%. The FTSE 100 in London slipped 0.7%.

Asian shares declined Thursday and US futures were higher after the S&P 500 slid 3.5% overnight for its biggest drop since June.

Visitors to the financial district walk past the New York Stock Exchange on Oct 28 in New York. US stocks are drifting on Thursday after better-than-expected reports on the economy help stabilize Wall Street following its worst rout in months. (AP)

Italian regulator investigates Google over digital ads

ROME, Oct 29, (AP): Italian regulators opened an investigation Wednesday into Google over alleged abuse of its dominant role in the country's online ad market, adding to the global scrutiny that the Silicon Valley company is facing.

The Italian Competition Authority said it suspects the US tech giant of using the vast amounts of data it collects through its various services to prevent rivals in the digital advertising market from competing effectively.

The watchdog said it carried out a joint inspection of Google's offices with Italian tax police on Tuesday.

Italian authorities are focusing on the availability and use of data for display ads – the space that publishers and website owners make available to sell advertising content.

The authority said Google allegedly used tracking elements that allowed its ad broker services "to achieve a targeting capability that some equally efficient competitors are unable to replicate."

It is also alleged to have discriminated against competitors by refusing to let them use third-party tracking tools. Advertisers use these tools to determine how effective their ad campaigns are by measuring how many views and clicks an online ad gets.

Google said it was abiding by the European Union's data privacy rules.

"We'll continue to work constructively with the Italian authorities on these important areas so that everyone can make the most of the web," it said in a statement.

Reduced competition in the digital ad market could be bad for consumers, the authority said. It could starve news sites and publishers of resources, resulting in lower quality online content. It could also discourage innovation in new, less-intrusive advertising technologies.