Italian competition watchdog fines Apple, Amazon $225mn

Italy's antitrust watchdog has fined Apple and Amazon a total of more than 200 million euros ($225 million) for cooperating to restrict competition in the sale of Apple and Beats branded products in violation of European Union rules.

An investigation found that provisions in a 2018 agreement between the U.S. tech giants limited access to Italy's Amazon marketplace to selected resellers, the Italian Competition Authority said Tuesday.

The watchdog slapped Apple with a 134.5 million euro ($151.32 million) fine and Amazon with a 68.7 million euro ($77.29 million) penalty. It also ordered them to end the restrictions and give resellers access in a "non-discriminatory manner."

Both Apple and Amazon said they would appeal.

"The proposed fine is disproportionate and unjustified," Amazon said. "We reject the ICA's suggestion that Amazon benefits by excluding sellers from our store, since our business model relies on their success."

Apple said it respects the Italian Competition Authority "but believe we have done nothing wrong."

Teaming up with selected resellers helps customer safety because it ensures products are genuine, Apple said.

"Non-genuine products deliver an inferior experience and can often be dangerous," Apple said. "To ensure our customers purchase genuine products, we work closely with our reseller partners and have dedicated teams of experts around the world who work with law enforcement, customs and merchants to ensure only genuine Apple products are being sold." (AP)

The logo of Apple is illuminated at a store in the city center in Munich, Germany, on Dec. 16, 2020. (AP)

US equities retreat; Gap, Nordstrom sink

Technology stocks weigh heavily on broader market

People walk by an electronic stock board of a securities firm in Tokyo, Wednesday, Nov. 24, 2021. Asian shares fell Wednesday, as worries about inflation set off expectations the U.S. Federal Reserve might raise interest rates. (AP)

NEW YORK, Nov 24, (AP): Stocks fell on Wall Street Wednesday as the market continues an unsettled period of trading ahead of the Thanksgiving holiday in the U.S.

The S&P 500 fell 0.5% as of 10:13 a.m. Eastern. The Dow Jones Industrial Average fell 131 points, or 0.4%, to 35,680 and the Nasdaq fell 0.7%.

Technology stocks were the biggest weights on the broader market. Autodesk slumped 16.6% after the design software company warned investors the pace of its recovery is being impacted by supply chain problems and pressure from inflation.

A mix of retailers that rely on direct consumer spending also fell broadly. Gap nosedived 23.1% after the clothing chain said supply chain problems crimped its third-quarter earnings and revenue. Department store operator Nordstrom plunged 29.4% after reporting weak third-quarter earnings.

Bond yields were steady. The yield on the 10-year Treasury remained at 1.67% from late Tuesday.

Energy stocks made gains as crude oil and natural gas prices rose modestly. Chevron rose 1.4%.

Supply chain problems and pressure from inflation have been key concerns for a wide range of industries. Many companies have warned that they are having trouble meeting demand and are dealing with higher costs for raw materials. Those higher costs are being passed off to consumers, who have been paying more for everything from food and other staples to a wide range of retail items.

Consumers have so far absorbed the higher costs, but analysts are closely watching to see whether there is any eventual pullback in spending, especially with the key holiday shopping season starting.

It's been an otherwise uneventful and short week for investors. Markets will be closed on Thursday for the Thanksgiving holiday and will close early on Friday.

Investors received several upbeat economic updates on Wednesday.

The Commerce Department reported that the U.S. economy slowed to a modest annual rate of 2.1% growth in the October-December quarter, slightly better than its first estimate. But economists are predicting a solid rebound in the current quarter as long as rising inflation and a recent uptick in COVID cases do not derail activity.

The Labor Department reported that the number of Americans applying for unemployment benefits plummeted last week to the lowest level in more than half a century, another sign that the U.S. job market is rebounding rapidly from last year's coronavirus recession.

The Federal Reserve will release minutes later in the day from its October policy meeting, potentially giving investors more details on the central bank's plan to start trimming bond purchases that have helped keep interest rates low.

Global shares were mixed Wednesday as worries about inflation set off expectations the U.S. Federal Reserve might move faster than anticipated to raise interest rates.

France's CAC 40 edged up 0.4% to 7,074.05 in early trading, while Germany's DAX rose 0.1% to 15,955.14. Britain's FTSE 100 added 0.5% to 7,303.68. The future for the Dow Jones Industrial Average edged 0.1% lower to 35,744.00. The S&P 500 future fell 0.1% to 4,685.00.

Stocks are likely to see more mixed trading this week, with U.S. markets closing on Thursday for Thanksgiving and then closing early on Friday.

In Asian trading, Japan's Nikkei 225 dropped 1.6% to finish at 29,302.66, following a national holiday Tuesday. Technology shares especially took a hit over the speculation about the Fed's moves. South Korea's Kospi slipped 0.1% to 2,994.29. In Australia, the S&P/ASX 200 edged down 0.2% to 7,399.40. Hong Kong's Hang Seng rose 0.1% to 24,685.50, while the Shanghai Composite edged up 0.1% to 3,592.70.

"Markets continue to shift their expectations toward a tighter Fed monetary policy," said Yeap Jun Rong, a market strategist at IG, adding that investors will be watching for U.S. data being released later in the day.

Wall Street will get a few pieces of economic data on Wednesday that could give investors a better sense of the economic recovery's pace and breadth.

Some Asian central banks have already begun to raise interest rates to tamp down inflation. New Zealand's raised its benchmark interest rate by 0.25% Wednesday to 0.75%.

In October the Reserve Bank raised it from a record low 0.25% to 0.5%, the first such hike in more than seven years, removing some support it put in place when the coronavirus pandemic began.

'Coalition assembled to tap oil reserves is unprecedented'

What is the Strategic Petroleum Reserve?

NEW YORK, Nov 24, (AP): When President Joe Biden ordered the release of 50 million barrels of oil from America's strategic reserve to help reduce energy costs, he was taking aim at a growing burden for millions of Americans embarking on Thanksgiving travel.

The step announced Tuesday, done in a rare coordination with several other nations, is among the few things a presidential administration can do to try to lessen the squeeze - and the political threat - of rising inflation. The likelihood of providing meaningful relief in the near future, however, is probably low. Still, any help in easing fuel prices, even modestly, would be welcomed by many Americans.

Here is a look at what's involved:

Just what is the petroleum reserve?

America's Strategic Petroleum Reserve holds about 605 million barrels of oil in underground salt caverns in Texas and Louisiana. It was created following the 1970s Arab oil embargo to store oil that could be tapped in an emergency. But the dynamics of the global oil industry changed dramatically in recent years: Now the U.S exports more oil than it imports.

There's a limit to how much can be released at once. In the past the government has released about 1 million barrels per day. At that rate, the promised influx of 50 million barrels of crude could last about two months.

Why did Biden tap the reserve?

The idea is that by putting more oil on the market, prices will fall. That hasn't happened yet. But depending on what happens in the rest of the world, there's still a chance it could work.

Oil prices rose slightly after the announcement. Traders were anticipating the news, and may have been underwhelmed by the details, said Claudio Galimberti, senior vice president for oil markets at Rystad Energy.

"The immediate price reaction is not the final judgment on the effectiveness of this effort," said Jim Burkhard, vice president at IHS Markit. "It will really be in the months ahead."

Whether the move is effective depends on several factors.

What about OPEC?

The OPEC oil cartel and its allies will be meeting in about a week to decide whether to increase production or to hold back, a strategy the group often employs to boost prices. Earlier this month, Biden had hoped OPEC nations, led by Saudi Arabia, would agree to significantly boost production. But they only made modest increases.

If OPEC decides next week that it wants higher prices, its members could take oil off the market. "Just overnight, they could just offset it," Burkhard said. "So that's a big question mark, is how they react to this."

The coalition Biden assembled - bringing together India, China, Japan, South Korea and the U.K. to tap their strategic oil reserves - is unprecedented, Galimberti said. Altogether, the group could be adding 70 million to 80 million barrels of oil onto the market, he estimates.

"It's kind of a coalition of oil importers," he added. "But can they really supplant, or can they really represent a rival to OPEC-plus? The answer is absolutely not." That's because the group of importers are using their strategic petroleum reserves, which are limited. On the other hand, OPEC and its allies have oil reserves that can last for decades. "So there is no comparison between the two," Galimberti said.

Will gasoline get cheaper?

What many consumers want to know is what's going to happen to gasoline prices at the pump. Many factors go into the price of gasoline. Refineries buy crude oil in advance, so they're still working with more expensive oil, and states have differing tax rates that impact the price. Nevertheless, if OPEC doesn't respond by curtailing production, the influx of oil could lead to a gasoline price decrease of 10 cents to 15 cents per gallon, said Kevin Book, managing director at Clearview Energy Partners. Even if the price drop doesn't happen, Biden can make the case that he tried.

"Really, what we're talking about are the most price-sensitive consumers in the economy," Book said. "They may not show up in GDP numbers or recessions, but they show up in vote counts as marginal voters, who may or may not respond in the next election cycle, and I think if we get down to it that's really what this is about."

Why does oil matter?

The future of oil and gas in the U.S. is a political flashpoint and source of tension, especially as companies and government agencies grapple with climate change and the transition to cleaner sources of energy.

On the one hand, the U.S. oil and gas industry has been praised by some political leaders for creating energy independence. Where the U.S. once relied heavily on imports, other nations now rely on the U.S. for oil. It's also a job supplier: The oil and gas industry employs more than 10 million people in the U.S. and contributes about 8% of the nation's gross domestic product, according to the American Petroleum Institute. Any impact resulting from Biden's release of oil from the strategic reserves "is likely to be short-lived unless it is paired with policy measures that encourage the production of American energy resources," the API said in a statement.

Companies that supply oil benefit from higher prices. But consumers don't like it when those higher prices trickle down to the pump.

"The broader drama is this new variable in the oil market: It's the tension between aspirations to decarbonize and the practical concern to have low gasoline prices," Burkhard said. "And there there's a conflict between those two forces. And that's why we're going to continue to see dislocations between demand and supply."

A marquee displays gas prices at a Shell station on Monday, Nov. 22, 2021, in San Francisco. President Joe Biden on Tuesday, Nov. 23, 2021, ordered 50 million barrels of oil released from America's strategic reserve to help bring down energy costs, in coordination with other major energy consuming nations, including India, the United Kingdom and China. (AP)

Malaysia's estimated oil reserves may last 28 yrs

KUALA LUMPUR, Nov 24, (KUNA): Malaysia's Minister of Economic Affairs Mustapa Mohammad said on Tuesday that Malaysia's current estimated oil reserves will last for only 28 years based on the records of Petronas, a Malaysian oil and Gas Company, and the country's Overall Resource Life Index.

Mohammad said in a parliamentary response that as of last year, Malaysia has not yet found resources in terms of fossil fuels, which stood at 20 billion barrels of oil.

"In an effort to maximise the potential of petroleum resources off the coast of Sarawak, Petronas has developed an integrated plan optimising exploration and development strategies that prioritise ensuring sustainable O and G production," he said.

The plan needs to be scrutinized as it requires high capital investments and the application of specialized technologies from operators of oil and gas assets, particularly in managing waste materials such as carbon dioxide and high hydrogen sulfide, he noted.

Petronas launched the Malaysia Bid Round last February to promote six offshore blocks in the state of Sarawak, two of which are located in deep sea areas, he pointed out, adding that "These efforts are important in ensuring the sustainability of high capital investment to further develop the downstream O and G industry."

Threat to competition

US sues to halt sugar 'merger'

WASHINGTON, Nov 24, (AP): The Justice Department filed a lawsuit on Tuesday seeking to block a major U.S. sugar manufacturer from acquiring its rival, arguing that allowing the deal would harm competition and consumers.

The suit was filed in federal court in Delaware. It comes about eight months after U.S. Sugar announced it reached an agreement to acquire the Imperial Sugar Company, one of the largest sugar refiners in the nation.

The lawsuit is the latest example of the Justice Department's approach to aggressive enforcement of federal antitrust law that officials say is aimed at ensuring a fair and competitive market. It comes months after President Joe Biden signed an executive order that called on the Justice Department and Federal Trade Commission to vigorously enforce antitrust statutes and promote market competition.

"Robust antitrust enforcement is an essential pillar of the Justice Department's commitment to ensuring economic opportunity and fairness for all," Attorney General Merrick Garland said in a statement. "We will not hesitate to challenge anticompetitive mergers that would harm American consumers and businesses alike."

The Justice Department argues that the proposed acquisition would "further consolidate an already concentrated market for refined sugar." It would cut down on competition, leaving only the new consolidated company and one other major sugar company selling a significant share of refined sugar in the southeastern U.S., the Justice Department contends.

The Justice Department says U.S. Sugar, which operates a large refinery in Florida, sells all of its sugar through a marketing cooperative known as the United Sugars Corporation. Imperial Sugar operates a refinery in Savannah, Georgia and a sugar transfer and liquidation facility in Ludlow, Kentucky.

Assistant Attorney General Jonathan Kanter, who leads the Justice Department's antitrust division, said the companies were "seeking to further consolidate an already cozy sugar industry."

"Their merger would eliminate aggressive competition in the supply of refined sugar that leads to lower prices, better quality, and more reliable service," he said.

The companies announced the acquisition in March, saying that it would return Imperial Sugar to all-American ownership. Imperial Sugar is a subsidiary of Louis Dreyfus Company, which is headquartered in the Netherlands. The Justice Department says Imperial Sugar's revenues were over $700 million in 2020.

the bottomline

WASHINGTON: Wireless carrier **T-Mobile** agreed to pay $19.5 million in a settlement with the Federal Communications Commission over a 12-hour nationwide outage in June 2020 that resulted in thousands of failed 911 calls.

The FCC said Tuesday that as part of the settlement, T-Mobile will also commit to improving communications of outages to emergency call centers, among other measures.

The agency said there was a "complete failure" of more than 23,000 911 calls because of the outage. There were also calls that did go through but without key information, like a callback number or location data.

The FCC's investigation said the outage began because of a failure in part of T-Mobile's network, which was made worse by routing and software errors.

The Bellevue, Washington, company said that the June 2020 episode was a "short-term isolated outage and we immediately took steps to further enhance our network to prevent this type of event from happening in the future." (AP)

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BOSTON: American Airlines and **JetBlue Airways** asked a federal judge Monday to dismiss a government lawsuit aimed at blocking a deal that lets the two airlines cooperate on service in the Northeast.

Lawyers for the airlines said there is no evidence that letting the airlines work together has led to higher fares or reduced service. They said the airlines have already added new routes in the Northeast, creating more competition against **Delta** and **United** in the region.

The case is pending in federal district court in Boston.

Under the Trump administration, the Transportation Department allowed American and JetBlue to work together in setting schedules and service in New York and Boston. But shortly after the Biden administration came into power, the Justice Department began taking a new look at the deal. (AP)