

Russia's service sector expanded in November at the second-highest rate since February thanks to a robust increase in new business, the Market Purchasing Managers Index (PMI) showed on Wednesday.

UK economic growth 'stalls' as service sector slides



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Growth in the UK's key services sector has hit its lowest level since July 2016, prompting fears of stagnation.

The purchasing managers' index (PMI) from IHS Markit/CIPS sank to 50.4 in November, down from 52.2 in October. A figure above 50 indicates expansion, BBC reported.

"The survey results suggest that the pace of economic growth has stalled," said Chris Williamson, chief business economist at IHS Markit.

The services sector accounts for about 80 percent of the UK economy. The last time the index was this low came in the immediate aftermath of the UK's referendum vote to leave the European Union.

Earlier in the week, similar surveys of the manufacturing and construction industries were less gloomy.

The manufacturing PMI showed a

reading of 53.1 last month, higher than the 51.1 in October, while construction rose to 53.4 from 53.2 in October.

The service sector forms not only by far the largest part of the economy, but typically its driving force. Now that engine is close to stalling. Strip out July 2016, when firms were grappling with the referendum result, and this survey implies activity in the service sector is growing at its slowest rate for six years.

In fact, the report claims that if firms didn't have backlogs of work to tackle, activity would have contracted last month. The prolonged uncertainty over Brexit trading arrangements is part of the reason behind the inertia, but so too is weaker global demand.

As the latest falls in US markets have implied, there are rising concerns that growth in America – and elsewhere – may have peaked.

Whatever the future trading arrangements, businesses may find the level of external demand is more challenging.

It's perhaps unsurprising that optimism among service companies is at its lowest for more than two years, and that has filtered through into hiring plans.

This survey – and its counterparts for the manufacturing and construction sectors – suggests the economy may expand by as little as 0.1 percent this quarter, which could mean the weakest growth across 2018 as a whole in the post-crisis era.

"A contraction of service sector business activity in November was only avoided by firms working through backorders to an extent not exceeded since 2009," said Williamson.

"As such, unless demand revives, a slide into economic decline at the turn of the year is a distinct possibility."

Williamson added that clarity in rela-

tion to Brexit arrangements was "urgently needed to help ensure the current stalling of growth does not translate into a downturn."

Samuel Tombs, chief UK economist at Pantheon Macroeconomics, said the decline was "the clearest indication yet that Brexit uncertainty is draining momentum from the economy."

He said predictions by the Bank of England's Monetary Policy Committee of 0.3 percent economic growth for the October-to-December period now looked "too upbeat", adding, "While a small fall in GDP isn't likely, no one should rule it out at this stage either."

Ruth Gregory, senior UK economist at Capital Economics, described the figure as "thoroughly disappointing."

She added, "Unless, there is a particularly strong bounce back in December, GDP growth of 1.3 percent seems likely over 2018 as a whole, the weakest since the financial crisis."

Main Indices of TSE

| Index | Value | Change | Percent |
|---------------------|----------|--------|---------|
| Total Index | 166859.8 | 828.8 | 0.49 |
| Industry Index | 151734.1 | 409.6 | 0.26 |
| Free Float Index | 177579 | -507 | -0.28 |
| First Market Index | 123337.0 | 885.1 | 0.71 |
| Second Market Index | 330419.4 | 326 | 0.09 |

Overall Index details on 20181205

| | | | |
|--------|----------|-----------------------|--------------------|
| First | 166031.0 | Change end of year(%) | 604.12% |
| High | 167132.4 | Historical highest | 78400.5 (20140105) |
| Low | 165776.0 | Historical lowest | 100 (1369/1/6) |
| Close | 166859.8 | Base Value | 100 (1369/1/6) |
| Change | 2522.5 | | |

Industry Index details on 20181205

| | | | |
|-----------|----------|-----------------------|--------------------|
| First | 151324.5 | Change end of year(%) | 862.34% |
| Max Value | 151990.4 | Historical highest | 73072.6 (20140105) |
| Max Value | 164958.6 | Historical lowest | 1113.4 (1377/8/25) |
| Closing | 151734.1 | Base Value | |
| Closing | 2306.2 | | |

Free Float Index details on 20181205

| | | | |
|-----------|--------|-----------------------|------------------|
| First | 178086 | Change end of year(%) | |
| Max Value | 195412 | Historical highest | 95040 (20120105) |
| Max Value | 178652 | Historical lowest | |
| Closing | 177579 | Base Value | |
| Closing | 3826 | | |

Main Board Index details on 20181205

| | | | |
|-----------|----------|-----------------------|--------------------|
| First | 122451.9 | Change end of year(%) | 704.85% |
| Max Value | 123568.6 | Historical highest | 67441.4 (20140105) |
| Max Value | 121786.9 | Historical lowest | |
| Closing | 123337.0 | Base Value | 4740.4 (1381/6/2) |
| Closing | 2388.7 | | |

Secondary Index details on 20181205

| | | | |
|-----------|----------|-----------------------|-------------------|
| First | 330093.4 | Change end of year(%) | 1265.46% |
| Max Value | 331032.6 | Historical highest | 181353 (20170522) |
| Max Value | 291894.2 | Historical lowest | |
| Closing | 330419.4 | Base Value | 4740.4 (1381/6/2) |
| Closing | 2235.2 | | |

US-China trade war poses biggest threat to South Korean financial system



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Escalating trade tensions between the United States and China are the biggest risk that South Korea's financial system is now facing, a central bank survey showed on Wednesday.

According to the poll of 86 market watchers, financial officials, researchers and investors conducted by the Bank of Korea (BoK), 81 percent said intensifying trade disputes are the biggest problem that could harm stability in the financial system, Yonhap reported.

South Korea is one of the most vulnerable countries in the world, as it depends largely on exports and overseas markets to generate growth.

The world's two biggest economies are South Korea's No. 1 and No. 2 trading partners, with the recent

exchange of trade tariffs fueling fears of global trade contraction.

Although leaders of the two nations agreed to a ceasefire last week, this seemed to be merely a stop-gap measure.

Recent signs of an economic downturn were picked by 67 percent of the respondents as another serious threat to the financial system, while 59 percent cited monetary normalization of major economies.

Household credit, which surpassed 1,500 trillion won (\$1.35 trillion) in September, was chosen by 45 percent, down from 74 percent in a survey carried out in May.

The biannual BoK survey was carried out from Oct. 22-Nov. 16, with multiple answers allowed.

Takeda gets shareholder approval for £46b Shire takeover

Takeda Pharmaceutical has secured shareholder approval for a £46 billion (\$59 billion) takeover of UK-listed drugmaker Shire, clearing the way for Japan's largest ever corporate acquisition.

The takeover would make Takeda one of the world's top 10 drugmakers.



REUTERS

The proposal received majority support at an extraordinary shareholder meeting in Osaka on Wednesday.

A day earlier Kazuhisa Takeda, a member of the firm's founding family, spoke out against the deal over concerns with the level of debt it would add to Takeda.

The takeover is part of Takeda's strategy to become a global pharmaceutical company.

The firm wanted to buy Shire to strengthen its cancer, stomach and brain drug portfolios.

But one of its potentially lucrative treatments will have to be sold off at the direction of European regulators over competition concerns.

Shire shareholders were due to meet later on Wednesday.

The company was founded in the UK and still has a large base in Basingstoke, but moved its corporate headquarters to Dublin a decade ago. It has 24,000 employees in 65 countries.

Australia's Q3 growth slows to 0.3% amid weak household spending

Australia's lackluster national accounts data for the three months to September has underwhelmed economists on Wednesday, with the Australian Bureau of Statistics (ABS) figures coming in well under market expectations.

Predicting an uptick of around 0.6 percent, the seasonally adjusted third quarter reading showed Australia's economy grew by just 0.3 percent, the weakest quarterly expansion in two years down under, Xinhua reported.

"The economy lost momentum moving in to the second half of 2018, centered on housing and the consumer against the backdrop of a further tightening of lending standards to the housing sector," Westpac Bank economists Bill Evans and Andrew Hanlan said in a joint note to investors.

"Consumer spending came in below expectations with annual growth slowing to 2.5 percent."

To make matters worse, it now appears the Reserve Bank of Australia's forecast GDP growth target of 3.5 percent in 2018, looks to be in doubt.

"With the first three quarters of the year totaling 2.2 percent the December quarter would have to print growth of 1.3 percent, a highly unlikely event," Evans and Hanlan said.

As a result, Australia's record low interest rate of 1.5 percent that has remained unmoved since August 2016, will likely stay in place until the end of 2020, according to Westpac.



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Major Currencies

| Currency | To USD | Currency | To USD |
|-------------------|--------|---------------|--------|
| Turkish Lira | 0.1868 | Chinese Yuan | 0.8850 |
| Euro | 1.1339 | UAE Dirham | 0.1457 |
| British Pound | 1.2731 | Kuwaiti Dinar | 0.2722 |
| Australian Dollar | 0.7293 | Iraqi Dinar | 3.2846 |
| Japanese 100 Yen | 0.7526 | Saudi Riyal | 0.0839 |

Major Commodities

| | | | |
|-----------|-----------|----------|----------|
| Crude Oil | \$52.79 | Silver | \$14.44 |
| Gold | \$1241.10 | Platinum | \$800.10 |
| Copper | \$2.75 | Wheat | \$520.50 |

according to BBC.

The deal, which needs to be approved by Shire's shareholders, will also saddle the Japanese firm with debt.

It followed a long-running battle that saw Takeda make multiple offers for Shire.