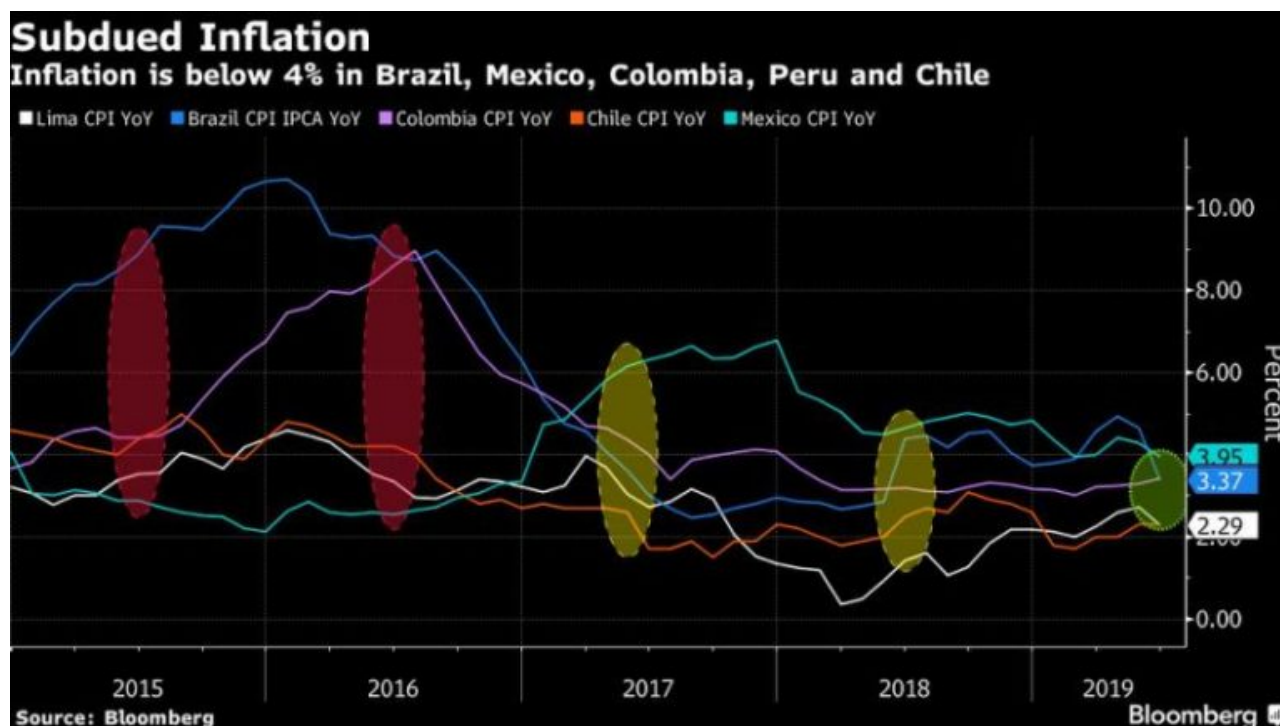


The world economy's biggest week of 2019 as Fed prepares cut



There will be no chance of a summer break for investors or policy makers in coming days as they brace for what might be the busiest week for the world economy this year.

The highlight is Wednesday's decision by the Federal Reserve with markets and economists virtually united in predicting Chairman Jerome Powell and colleagues will cut interest rates for the first time in more than a decade.

What's Likely to Happen?

Some Fed watchers predict officials will cut their benchmark by half a percentage point, but the signal is that they will eschew a bigger move in favor of a quarter point reduction. They will likely also leave open the possibility of further action down the road as they seek to sustain the record-long U.S. expansion and kick start inflation.

“While the Fed cutting rates by a quarter point will hardly be a surprise to financial market participants – as it has been well advertised and is priced in with a relatively high probability – the broader question will be how the Fed telegraphs its intentions regarding additional easing,” said Carl Riccadonna, chief U.S. economist at Bloomberg Economics. “Policy makers are keen to avoid getting ‘bullied’ by the markets into more than 50 to 75 basis points of rate reductions.”

The Fed isn't the only event with the ability to shape the outlook for the global economy this year.

On Monday, U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin are set to travel to China for for the first high-level, face-to-face trade negotiations between the world's two biggest economies since talks broke down in May.

Then on Friday, the monthly payrolls report will shed light on whether the Fed's move was necessary. Economists surveyed by Bloomberg predict a 166,000 gain in non-farm jobs in July, slower than the 224,000 of June.

If that's not enough, Bank of Japan policy makers meet on Tuesday amid calls to reinforce their commitment to low rates and Brazil's central bank may cut rates on Wednesday. Thursday sees the release of global manufacturing data amid concerns many industries are already suffering recession.

Here's our weekly rundown of other key economic events:

U.S.

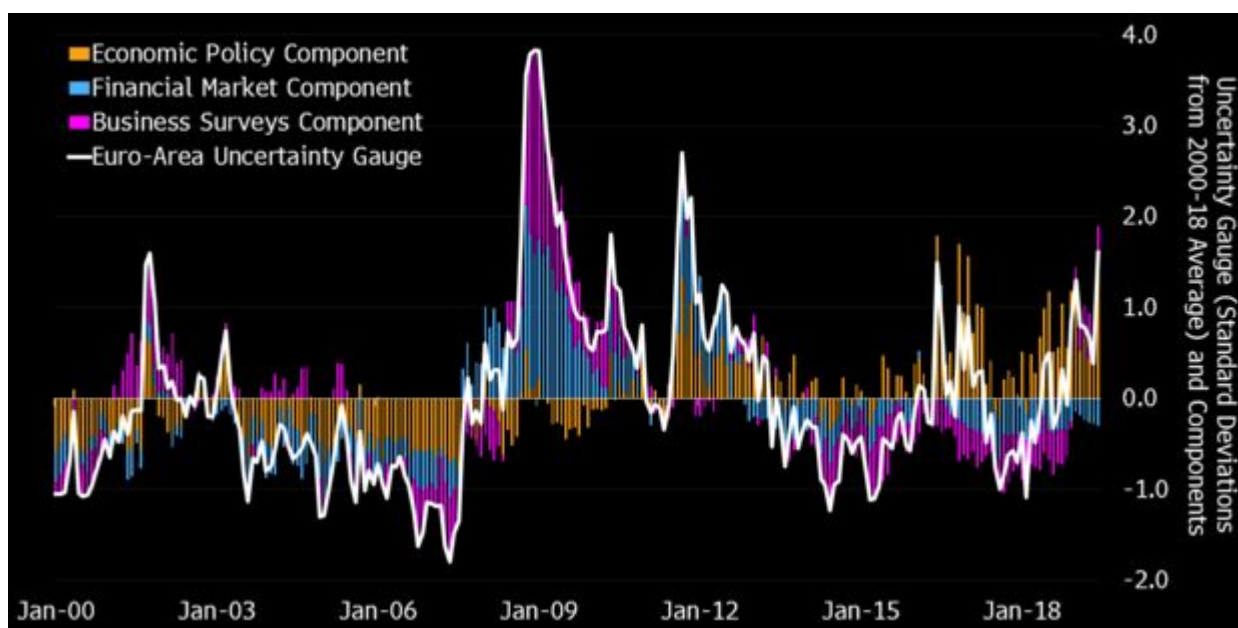
As Fed officials begin their discussions on Tuesday they will have some more data with which to assess the economy. Personal income, pending home sales and consumer confidence statistics are all due that morning. Then on Thursday, the ISM

manufacturing report is expected to show industry is stabilizing and continuing to expand. Friday's trade data will be pored over for evidence that the skirmish with China is having an effect. Also next week, the Treasury will say on Wednesday how much money it needs to borrow amid rising budget deficits.

Europe, Middle East and Africa

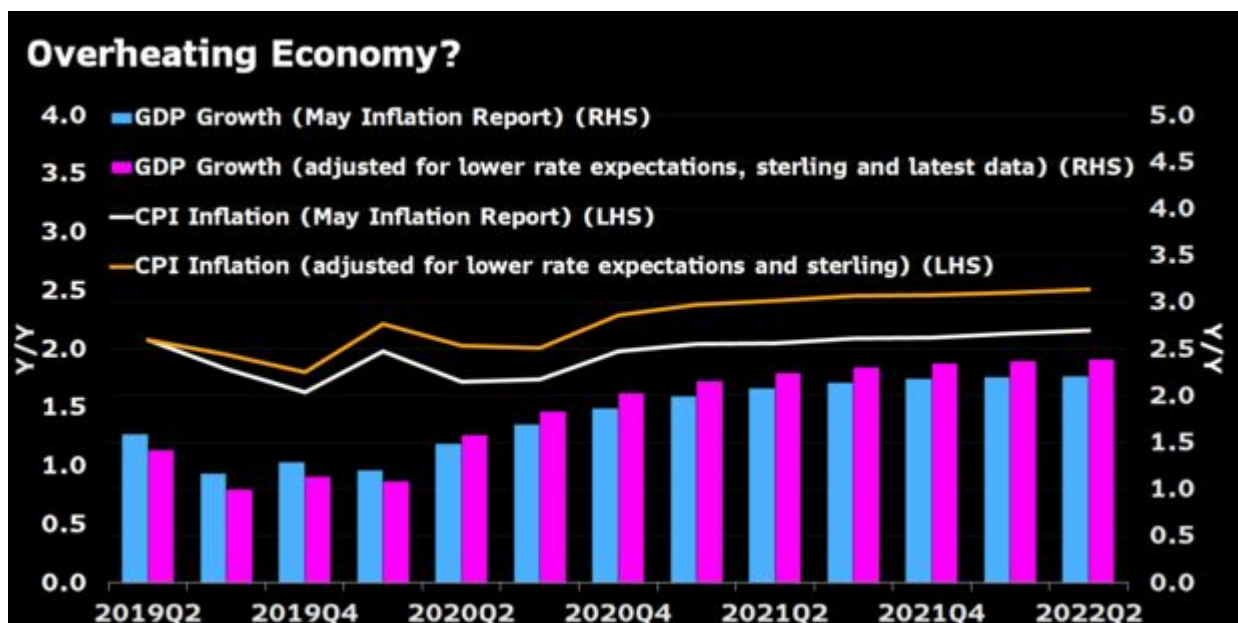
It's a big week for data after European Central Bank President Mario Draghi last week paved the way to cut interest rates in September and perhaps relaunch bond-buying. Tuesday is set to witness another decline in euro-area confidence while the following day is likely to confirm that the economy slowed in the second quarter to half the pace of the 0.4% of the prior three months. Inflation data the same day is expected to show consumer price growth languishing well below the ECB's target of just below 2%. Thursday sees the release of purchasing managers indexes.

New Uncertainty Gauge Shows Damage to Euro-Area Economy



Source: Bloomberg Economics

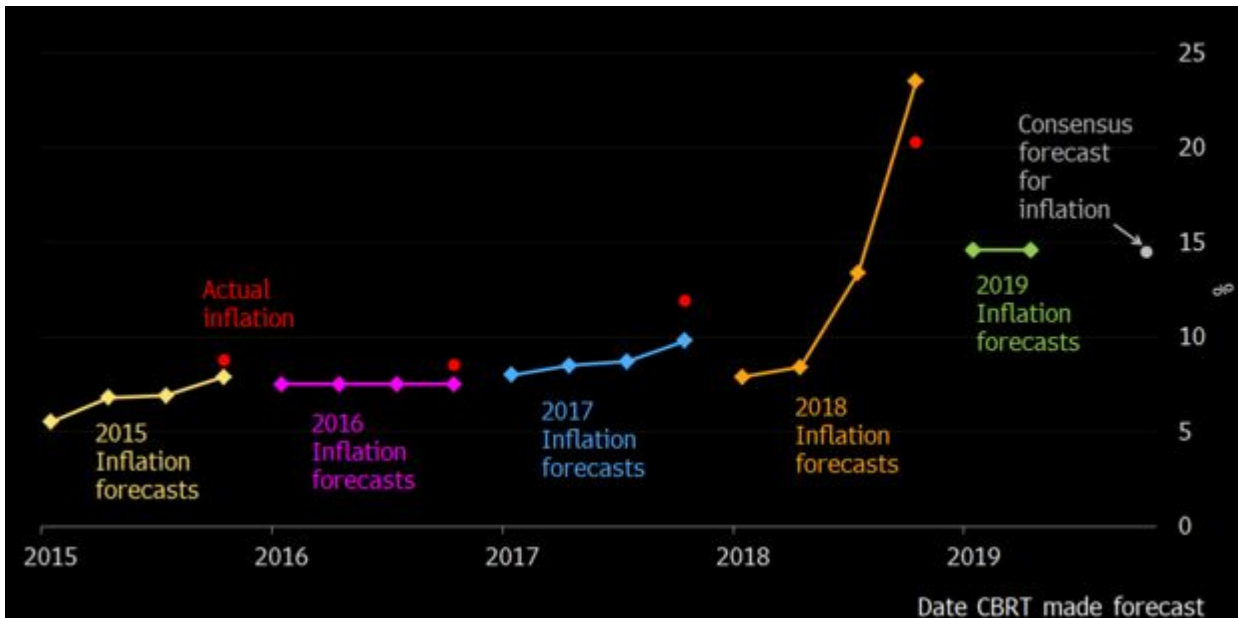
In the U.K., the Bank of England publishes its latest forecasts on Thursday with Bloomberg Economics reckoning it will turn more dovish as the Oct. 31 Brexit deadline nears. The Czech central bank is predicted to leave its benchmark unchanged at 2% on Thursday.



Source: Bank of England, Bloomberg Economics

Turkey's new Central Bank Governor Murat Uysal will face public questioning for the first time on Wednesday when he presents the quarterly inflation report. The lira was relatively unscathed after a 425-basis-point interest-rate cut at his first meeting, the largest in recent Turkish history, investors will be curious as to whether he shares President Recep Tayyip Erdogan's unconventional belief that high interest rates cause inflation. Banks across the Persian Gulf region will probably move to ease if the Fed cuts as expected.

Turkish Central Bank's Inflation Forecast in Line With Consensus



Source: CBRT, Bloomberg

Asia

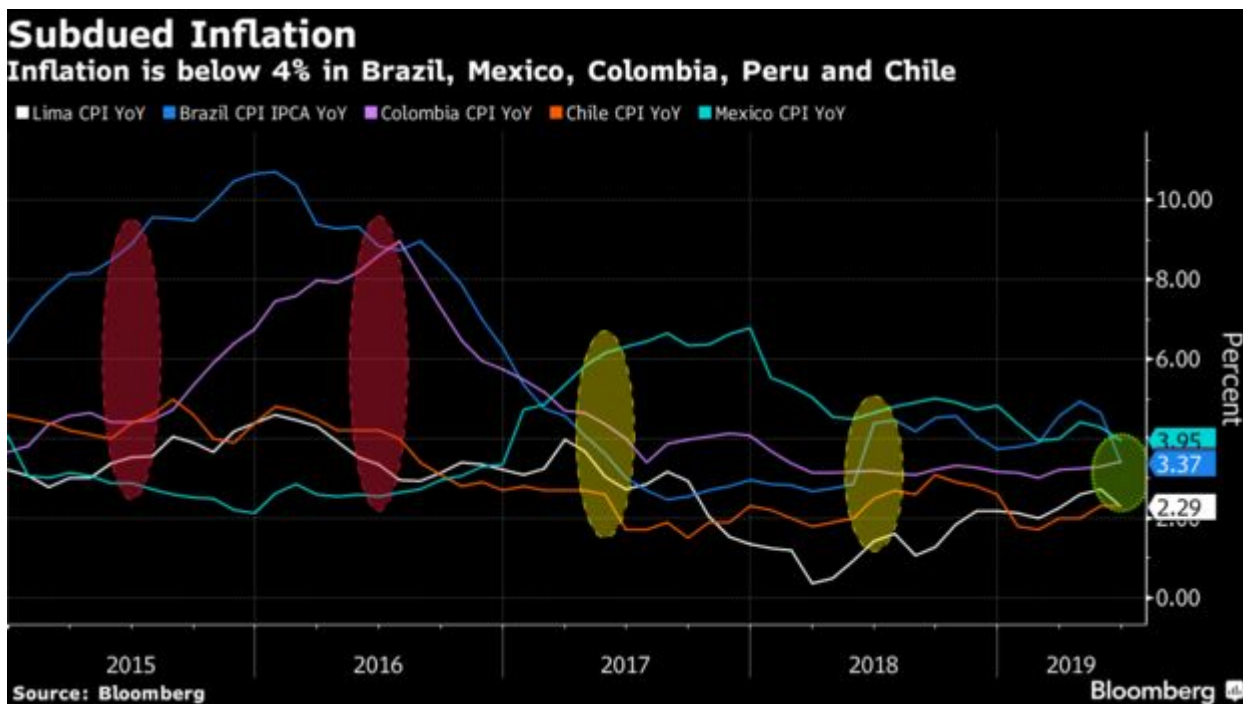
Bank of Japan policy makers finish a meeting on July 30. About a third of economists in a survey published last week said they expect policy makers to strengthen their pledge to maintain rock-bottom interest rates rather than do nothing and risk a sharp appreciation of the yen should the Fed cut rates. Still, some officials see little to be gained from such a tweak, according to people familiar with the matter. Data released on Tuesday is forecast to show industrial production shrank again in June amid weak external demand.

Easy Does It

In China, Bloomberg Economics says purchasing managers' indexes will probably remain in contractionary territory as pressure on exporters persist. Elsewhere, a report on Thursday is set to show South Korean exports slid for an eighth straight month which will unnerve those already worried about global trade. Inflation data for Australia, Indonesia, South Korea and Thailand will help inform central bankers.

Latin America

Brazil's central bank is widely expected to cut borrowing costs on Wednesday with economists and traders debating how deep it will go. The following day, July industry output data may shed light on whether Latin America's largest economy slipped into technical recession in the first half of the year. Mexico will learn if it was able to avoid a technical recession on Wednesday, when the national statistics bureau releases preliminary output data for the second quarter.



**First Annual Eastern
Mediterranean Energy
Leadership Summit**



First Annual Eastern Mediterranean Energy Leadership Summit

**October 1-2, 2019
Divani Apollon Palace & Thalasso Hotel
Athens, Greece**

Interest in the Eastern Mediterranean has increased during the last years with the discovery of major gas fields such as Tamar, Leviathan and the giant Zohr field in Egypt. These have opened up major opportunities for new discoveries, but also for oil and gas investments in the region.

The **First Eastern Mediterranean Energy Leadership Summit** will be held at the **Divani Apollon Palace & Thalasso** in Athens, Greece, from **October 1 – 2, 2019**. The event is organized by the Transatlantic Leadership Network, the University of Piraeus – MSc in Energy: Strategy, Law & Economics of the Department of International & European Studies, and SGT S.A.

Held at the Ministerial level, the Summit will gather together senior government officials and business executives from the energy market to identify crucial opportunities and challenges for continued commercial and geopolitical cooperation. Invited countries include the United States, members of the Three Seas Initiative, and countries surrounding the Eastern Mediterranean Region. During the conference diverse thoughts, ideas and best practices will be presented on how Eastern Mediterranean countries can best take advantage of their geographical positions and exploit available energy resources to secure a more reliable, self-sufficient and environmental sustainable energy supply.



Download Summit Details

Topics of discussion:

- The Future of Oil & Gas in the Eastern Mediterranean: Alternative Scenarios and Policy Perspectives
- Security Dimensions of Transatlantic Energy Cooperation: The Effects on the Eastern Mediterranean
- Opportunities for Energy Cooperation in the Eastern Mediterranean: Project View
- Building a Framework for Regional Energy Cooperation and Integration
- Energy Developments in South East Europe. The Challenge for the Region
- Market Trends: Predicting Winners and Losers
- Regional Electricity Market Dynamics
- Investment Outlook: Required Financial Resources and Remaining Challenges
- Removing Barriers and Exploiting Opportunities

SPEAKERS



Kocho Angjushev

Deputy Prime Minister
Republic of North Macedonia



Enver Hoxhaj

Deputy Prime Minister
Republic of Kosovo



Francis R. Fannon

Assistant Secretary, Bureau of Energy Resources
U.S Department of State



Mirko Šarović

Minister of Foreign Trade and Economic Relations
Bosnia and Herzegovina



Roudi Baroudi

CEO
Energy & Environment Holding, Qatar



Yannis Bassias

President & CEO
Hellenic Hydrocarbon Resources Management



Dr. Stephen Blank

Senior Fellow for Russia
American Foreign Policy Council



Ambassador John B. Craig

Senior Partner
Manaar Energy Group, Abu Dhabi



Ioannis Desypris

Director, Regulatory Affairs
Mytilineos S.A., Greece



Prof. Nikolaos Farantouris

Chair, Legal Affairs, EUROGAS, Brussels & General Counsel,
DEPA, Greece



Michael Haltzel

Chairman of the Board
Transatlantic Leadership Network



Dr. Symeon Kassianides

Chairman
Natural Gas Public Company (DEFA)



Athanasios G. Platias

Professor of Strategy
University of Piraeus



H.E. Geoffrey Pyatt

U.S. Ambassador to the Hellenic Republic



Megan Richards

fmr. Director, Energy Policy in Directorate General for Energy
European Commission



Jean-Luc Saquet

General Manager
GreenPower 2020, France



Dr. Ali Abu Sedra

Law expert in Petrochemicals, Former Legal Advisor to the
Ministry of Oil, Libya



Piotr Sprzączak

Head of Infrastructure Unit
Naczelnik Wydziału Infrastruktury



Sasha Toperich

Senior Executive Vice President
Transatlantic Leadership Network



Dr. Aristotle Tziampiris

Professor of International Relations, Chair of the Department
of International and European Studies
University of Piraeus



Joseph F. Uddo III

Deputy Assistant Secretary for Energy Innovation and Market
Development
United States Department of Energy

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**IEA ready to act quickly to
keep global oil market
supplied**



PARIS (Reuters) – The International Energy Agency (IEA) is closely monitoring developments in the Strait of Hormuz and ready to take swift action if needed to keep the global oil market supplied, it said on Monday.

The Paris-based agency said the right of free energy transit through the strait was critical to the global economy and must be maintained.

Iranian Revolutionary Guards seized British-flagged oil tanker Stena Impero at the Strait of Hormuz on Friday in apparent retaliation for the British capture of an Iranian tanker two weeks earlier.

Oil prices rose on Monday on concerns that Iran's seizure the tanker could lead to supply disruptions in the energy-rich Gulf. [O/R]

The Strait of Hormuz is a vital maritime transit route for world energy trade. About 20 million barrels of oil, or about 20% of global supply, are transported through the strait each day, the IEA said.

“The IEA is ready to act quickly and decisively in the event of a disruption to ensure that global markets remain

adequately supplied," it said, adding that executive director Fatih Birol has been in talks with IEA member and associate governments as well as other nations that are major oil consumers or producers.

"Consumers can be reassured that the oil market is currently well supplied, with oil production exceeding demand in the first half of 2019, pushing up global stocks by 900,000 barrels per day," the IEA said in a statement.

countries hold 1.55 billion barrels of public emergency oil stocks. In addition, 650 million barrels are held by industry under government obligations and can be released as needed, it said.

The stocks are enough to cover any supply disruptions from the strait for an extended period, it added without saying how long that might be.

Reporting by Bate Felix; Editing by David Evans and David Goodman

Our Standards: The Thomson Reuters Trust Principles.

<https://www.reuters.com/article/us-mideast-iran-ia/iea-ready-to-act-quickly-to-keep-oil-market-supplied-idUSKCN1UH1SN>

A Reform Opportunity for the IMF



Jul 19, 2019 JOSÉ ANTONIO OCAMPO

The departure of Christine Lagarde from the helm of the International Monetary Fund represents a golden opportunity to put the institution on a path toward a more effective and inclusive future. What should her successor's priorities be?

NEW YORK – This month marks the 75th anniversary of the signing of the Bretton Woods agreement, which established the International Monetary Fund and the World Bank. For the IMF, it also marks the start of the process of selecting a new managing director to succeed Christine Lagarde, who has resigned following her nomination to be European Central Bank president. There is no better moment to reconsider the IMF's global role.

The most positive role that the IMF has played throughout its history has been to provide crucial financial support to countries during balance-of-payments crises. But the conditionality attached to that support has often been controversial. In particular, the policies that the IMF demanded of Latin American countries in the 1980s and in Eastern Europe and East Asia in the 1990s saddled the Fund's programs with a stigma that triggers adverse reactions to this day.

It can be argued that the recessionary effects of IMF programs are less harmful than adjustments under the pre-Bretton Woods gold standard. Nonetheless, the IMF's next managing director should oversee the continued review and streamlining of conditionality, as occurred in 2002 and 2009.

The IMF has made another valuable contribution by helping to strengthen global macroeconomic cooperation. This has proved particularly important during periods of turmoil, including in the 1970s, following the abandonment of the Bretton Woods fixed-exchange-rate system, and in 2007-2009, during the global financial crisis. (The IMF also led the gold-demonetization process in the 1970s and 1980s.)

But, increasingly, the IMF has been relegated to a secondary role in macroeconomic cooperation, which has tended to be led by *ad hoc* groupings of major economies – the G10, the G7, and, more recently, the G20 – even as the Fund has provided indispensable support, including analyses of global macro conditions. The IMF, not just the “Gs,” should serve as a leading forum for international coordination of macroeconomic policies.

At the same time, the IMF should promote the creation of new mechanisms for monetary cooperation, including regional and inter-regional reserve funds. In fact, the IMF of the future should be the hub of a network of such funds. Such a network would underpin the “global financial safety net” that has increasingly featured in discussions of international monetary issues.

The IMF should also be credited for its prudent handling of international capital flows. The Bretton Woods agreement committed countries gradually to reduce controls on trade and other current-account payments, but not on capital flows. An attempt to force countries to liberalize their capital accounts was defeated in 1997. And, since the global financial crisis, the IMF has recommended the use of some capital-

account regulations as a “macroprudential” tool to manage external-financing booms and busts.

Yet some IMF initiatives, though important, have not had the impact they should have had. Consider Special Drawing Rights, the only truly global currency, which was created in 1969. Although SDR allocations have played an important role in creating liquidity and supplementing member countries’ official reserves during major crises, including in 2009, the instrument has remained underused.

The IMF should rely on SDRs more actively, especially in terms of its own lending programs, treating unused SDRs as “deposits” that can be used to finance loans to countries. This would be particularly important when there is a significant increase in demand for its resources during crises, because it would effectively enable the IMF to “print money,” much like central banks do during crises, but at the international level.

This should be matched by the creation of new lending instruments – a process that ought to build on the reforms that were adopted in the wake of the global financial crisis. As IMF staff have proposed – and as the G20 Eminent Persons Group on Global Financial Governance recommended last year – the Fund should establish a currency-swap arrangement for short-term lending during crises. Central banks from developed countries often enter into bilateral swap arrangements, but these arrangements generally marginalize emerging and developing economies.

Then there are the IMF initiatives that have failed altogether. Notably, in 2001-2003, attempts to agree on a sovereign debt-workout mechanism collapsed, due to opposition from the United States and some major emerging economies.

To be sure, the IMF has made important contributions with regard to sovereign debt crises, offering regular analysis of

the capacity of countries in crisis to repay, and advising them to restructure debt that is unsustainable. But a debt-workout mechanism is still needed, and should be put back on the agenda.

Finally, the IMF needs ambitious governance reforms. Most important, building on reforms that were approved in 2010, but went into effect only in 2016, the Fund should ensure that quotas and voting power better reflect the growing influence of emerging and developing economies. To this end, the IMF must end its practice of appointing only European managing directors, just as the World Bank must start considering non-US citizens to be its president.

Lagarde's departure represents a golden opportunity to put the IMF on the path toward a more effective and inclusive future. Seizing it means more than welcoming a new face at the top.



JOSÉ ANTONIO OCAMPO

Writing for PS since **2006**

35 Commentaries

José Antonio Ocampo is a board member of Banco de la República, Colombia's central bank, a professor at Columbia University, and Chair of the UN's Committee for Development Policy. He was Minister of Finance of Colombia and United Nations Under-Secretary-General for Economic and Social Affairs. He is the author of *Resetting the International Monetary (Non)System*, and co-author (with Luis Bértola) of *The Economic Development of Latin America since Independence*.

<https://www.project-syndicate.org/commentary/imf-lagarde-successor-institutional-reform-by-jose-antonio-ocampo-2019-07>

ECB rate-cut bets drive another big weekly fall in bond yields



- * ECB easing hopes bolster bond markets
- * German Bund yield set for biggest fall in seven weeks
- * Focus on ECB inflation target debate
- * Markets ramp up bets on July ECB rate cut
- * Euro zone periphery govt bond yields tmsnrt.rs/2ii2Bqr (Updates prices, adds comment)

By Dhara Ranasinghe

LONDON, July 19 (Reuters) – Anticipation of ECB rate cuts put German yields on track for their biggest weekly drop in seven weeks on Friday, while Italian borrowing costs were set for a seventh week of declines despite rising off 3-year lows hit the previous day.

Euro zone debt has resumed its rally after last week's brief selloff, receiving fresh impetus after a report that European Central Bank staff were studying a potential change of the inflation goal. That's added to expectations for prolonged policy easing.

"Last week, we did see a big selloff and when we entered this week it was a buying opportunity because central banks are expected to ease policy," said Pooja Kumra, European rates strategist at TD Securities in London. "And adding to that we've had further signals that we will get easing soon."

Comments by two Federal Reserve officials have also revived bets on a 50 basis-point U.S. interest rate cut this month, though 10-year Treasury yields inched higher on Friday after falling on Thursday .

With the exception of Italy, most 10-year euro area bond yields slipped, though they inched off session lows as U.S. yields rose.

Germany's 10-year yield fell 1.5 bps to minus 0.32% . It is down almost eight bps this week and set for its biggest weekly fall since the end of May.

In focus now is the ECB's July 25 meeting that is expected to flag a cut in deposit rates as early as September. Money markets suggest some investors expect a move as early as next week, pricing almost a 60% chance of a 10 bps cut, up from around 40% earlier this week.

Natixis fixed income strategist Cyril Regnat said it would make more sense to wait until September but added: "The big question is not about a rate cut but whether the ECB reopens asset purchases."

"This is what investors keep asking us about."

Bets on a deeper and longer rate-cutting cycle and the possibility of another bond-buying programme sent a key gauge of long-term euro zone inflation expectations, the five-year, five-year forward, to the highest in almost two months at 1.32% .

ITALY

Italian 10-year borrowing costs were the exception to the bullish mood, though analysts noted a seven bps rise came after yields fell to a new three-year low of 1.506% on Thursday.

Yields have fallen around 120 bps since mid-May, having outperformed euro zone peers thanks to the ECB easing speculation and relief that Rome avoided disciplinary action from the European Union over its fiscal position.

This week yields are down more than 10 bps.

But on Friday investors grew nervous as Deputy Prime Minister Matteo Salvini said he would meet coalition partner Luigi Di Maio amid speculation that the increasingly unwieldy government might collapse.

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While investors might welcome an administration that excludes Di Maio's 5-Star movement, there needs to be a government in place in October to approve the 2020 budget.

Analysts at Eurasia Group said while pressure on Italian

markets had lifted, they would remain volatile.

“The coalition remains inherently unstable and early elections remain likely, though probably not before early 2020,” they told clients.

Reporting by Dhara Ranasinghe, additional reporting by Sujata Rao; editing by William Maclean, Larry King, Kirsten Donovan

Our Standards: The Thomson Reuters Trust Principles.

<https://www.reuters.com/article/eurozone-bonds/update-2-ecb-rate-cut-bets-drive-another-big-weekly-fall-in-bond-yields-idUSL8N24K2R8>

Asian LNG prices slip but traders expect demand to pick up for winter



Asian spot prices for liquefied natural gas (LNG) slipped this

week tracking a fall in European gas prices though traders anticipate prices to bottom out soon ahead of peak winter demand.

Spot prices for September delivery to Northeast Asia LNG-AS are estimated to be about \$4.60 per million British thermal units (mmBtu), down 10 cents from last week, trade sources said.

Prices for cargoes delivered in August are estimated to be \$4.20 per mmBtu, down 20 cents from last week, they added.

Traders are likely waiting for the European gas prices to come down before taking a position on LNG, a Singapore-based industry source said.

“The LNG market is quiet but the gas market is not and many LNG buyers are just waiting on the sidelines for the gas market to cool down before they come in to buy,” the source added.

Both the Dutch month-ahead and British month-ahead contracts have fallen 20 percent in the past week after a two-week long period of rises on expected supply flows due to outages in Norway and short-covering.

September contracts, which are not front-month yet, have also fallen over the week to around \$4.10 per mmBtu for the British price and \$3.85 for the Dutch, widening the spread between spot Asian LNG and the European hubs considerably.

Despite that, many traders say the spread is not wide enough and nor is there the kind of Asian demand to kick-start arbitrage from the Atlantic to the Pacific Basin.

Still, traders expect demand to pick up ahead of winter.

“There have been transactions above \$5 this week, but European (gas) hubs are very volatile, and that is reflected by traders into optimisation,” a Singapore-based LNG trader said.

Angola LNG offered a cargo for August to September delivery to as far as Singapore in a tender that closes next week while Russia's Novatek has offered a cargo for mid-September loading from Rotterdam's Gate terminal in the GLX platform, industry sources said.

In term contracts, four companies are vying for a massive LNG tender by Pakistan to buy 240 cargoes for a period of 10 years, sources said.

Indonesia's Tangguh LNG plant may have offered two cargoes a month for loading or delivery over October to December into Northeast Asia earlier this month though it was not immediately clear if it had sold the cargoes.

Japan's Nippon Steel may have bought a cargo for delivery in September at about \$4.60 per mmBtu, an industry source said.

Royal Dutch Shell's LNG tanker 'Barcelona Knutsen' has loaded a cargo at Peru LNG and is now crossing the Pacific Ocean to deliver a cargo into China in the first half of August, data intelligence firm Kpler said on Thursday.

This will make it the fourth LNG cargo to be delivered from Peru to China so far this year, up from just one cargo last year, Refinitiv Eikon shipping data showed.

Source: Reuters (Reporting by Jessica Jaganathan, additional reporting by Sabina Zawadzki in LONDON; editing by Gopakumar Warrier)

GLOBAL LNG-Asian prices slip but traders expect demand to pick up for winter

Japan LNG imports hit post-Fukushima low as reactors restart



Japan's liquefied natural gas imports in the first half of the year dropped to the lowest since the 2011 Fukushima nuclear disaster as reactor restarts and mild weather cut demand for the fuel. The world's biggest buyer of LNG purchased 38.59mn tonnes in January-June, down 8.2% from the same period last year, the biggest semi-annual drop since 2009, according to preliminary data from the ministry of finance. The slump in imports comes amid an uptick in atomic and renewable output, and as mild summer temperatures limit seasonal demand. After the Fukushima triple meltdown, Japan LNG imports jumped nearly 20% as the nation's nuclear fleet was forced to shut amid safety reviews. But from there gas demand has stagnated, and as more reactors slowly return and renewable generation grows, stalwart LNG buyers like Kyushu Electric Power Co and Kansai Electric Power Co have limited spot purchases. "We are forecasting a general decline in LNG usage as more nuclear plants restart and as more solar and wind capacity comes

online,” Zhi Xin Chong, a Singapore-based analyst at IHS Markit, said by e-mail. “The main uncertainty is always weather. In Japan, summer thus far has also appeared to be fairly mild.” Utilities have restarted nine of the nation’s 37 operable reactors under post-Fukushima safety rules, producing 19.7 terawatt-hours worth of electricity in the first three months of the year. That is almost 3-fold the atomic output over the same period last year. Despite the drop in LNG imports, Japan is still likely to retain the title as world’s biggest buyer of the fuel. China – the world’s second largest buyer – imported 23.9mn tonnes in the five months through May, putting it on track to import more than 57mn tonnes compared with projected 77mn tonnes for Japan.

Will ECB walk or just talk as rate circus comes to Europe?



BRUSSELS (Reuters) – The global march towards lower interest rates reaches Europe this week with the European Central Bank expected at least to signal easier monetary policy, while Turkey’s new banking chief is seen taking an ax to the country’s rates.

Slowing global growth, increased protectionism and in some cases weak domestic data have persuaded major central banks to loosen monetary policy, with a rate cut more or less inked in for the U.S. Federal Reserve at the end of the month.

The ECB, whose Governing Council meets on Wednesday and Thursday, said last month that euro zone interest rates would remain at present levels at least through the first half of 2020 – an extension from previous period of until the end of 2019.

Two-thirds of economists polled by Reuters expect the ECB next week simply to change its guidance, such as for rates to be at “present or lower levels” ahead, with a cut of the deposit rate to an all-time low of -0.50% at its September meeting.

“I think for now, they’ll only get to point where they consider a rate cut is on the table and then do it later. The ECB has a long history of moving very slowly,” said Capital Economics’ senior Europe economist Jack Allen-Reynolds.

But some economists believe the ECB will have to do more.

Carsten Brzeski, chief economist for Germany at ING, says he thinks of the chances of just words as 51%, versus 49% for action.

“Draghi has surprised us more often in terms of being ahead of the curve, of over-delivering, but it’s very hard to say. I think there will be a tough discussion,” he said.

If the Fed starts cutting rates and the ECB does not send out an extremely dovish message, the euro could strengthen, although at Friday’s level of \$1.12 it is hardly near the pain barrier for EU exporters.

Commerzbank is one bank that predicts the ECB will act, cutting by 20 basis points

“Maybe they want to prevent an appreciation (of the euro) and, like the U.S., they want to prolong the upswing. The data though is not as bad as you might think,” said economist Bernd Weidensteiner.

Unemployment in the euro zone is, at 7.5%, at its lowest level since July 2008, while industrial production and exports improved in May, albeit after declines in April.

In the United States, the case for a rate cut is ostensibly even thinner, with strong labor markets despite U.S.-China trade tensions and factory activity strong – at a year high in the mid-Atlantic region.

Yet markets were by Thursday expecting a half percentage point cut in U.S. rates at the end of July, double the reduction they expected just a day earlier. The action has been sold as

insurance against any negative development. U.S. economic growth is expected to have cooled in the second quarter, set to be confirmed in a first GDP estimate on Friday.

TURKISH AX, NEW BRITISH PM

In Turkey, the case for action is more clear-cut given a recession-hit economy. Economists polled by Reuters expect the central bank under new governor Murat Uysal to reduce the current 24% interest rate by an average 250 basis points.

It will follow Indonesian and South Korean rate cuts on Thursday and the Reserve Bank of Australia, which reduced interest rates in both June and July.

The trend leaves only the Bank of Canada, buoyed by higher oil exports and consumer spending, and the Bank of England as outliers, though the latter could change.

Arch-Brexiteer Boris Johnson is expected to be named as Britain's next Prime Minister on Tuesday, raising the chances of a 'no deal' Brexit and potentially lowering growth forecasts.

Only 27 of 76 economists polled now expect an increase to British interest rates before the end of next year, compared to 36 of 69 last month. On the flip side, nine of 76 were expecting a cut by end-2020 compared to five of 69 in June.

"We don't necessarily share the view that the UK economy will see a substantial pick-up in growth even in a smooth Brexit," Royal Bank of Canada, a primary dealer of British government bonds, said.

Reporting by Philip Blenkinsop; Editing by Toby Chopra

Our Standards: The Thomson Reuters Trust Principles.
<https://www.reuters.com/article/us-global-economy/will-ecb-walk-or-just-talk-as-rate-circus-comes-to-europe-idUSKCN1UE1LU>

Venti di guerra scaldano il Mediterraneo. La soluzione: un arbitro internazionale



Tra confini contesi e tesori energetici. Gli Usa non bastano più. Baroudi: “Vanno applicate legge e tecnologia”

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Non c'è pace nel Mediterraneo dell'Est. Pressoché ignorata dai giornali italiani è in corso una escalation militare nella zona: la marina di vari Paesi, dalla Turchia, alla Russia, agli Usa incrocia al largo della Grecia, della Turchia, di Cipro, del Libano. È qualche giorno fa la notizia di una imponente manovra della marina turca nell'Egeo e nel Mediterraneo dell'Est, con 131 navi, 55 aerei, e 25 mila soldati, che ha portato a tensioni con gli altri paesi presenti nella zona con le loro unità e i loro marinai. Crocevia del Grande Gioco nel Mediterraneo, la zona sembra sempre più calda e qualcuno prova a lanciare l'allarme al Segretario Generale delle Nazioni Unite, António Guterres. L'imprenditore dell'energia, nonché personalità di spicco nel mondo politico-diplomatico mediorientale, Roudi Baroudi, ha lanciato un appello preoccupato proprio a Guterres. Dopo aver rilevato l'escalation militare nella zona, Baroudi spiega che l'oggetto delle tensioni sono i confini marittimi tra i paesi

confinanti, e in particolare i nuovi giacimenti di idrocarburi scoperti nell'area. Pensiamo solo al giacimento Leviathan, al largo delle coste Israeliane: quasi sei miliardi di metri cubi di gas, o al giacimento Zohr, al largo dell'Egitto, di nove miliardi di metri cubi stimati. A fronte di queste e altre scoperte, e della ricchezza immensa dei giacimenti offshore ivi presenti (sono 231, tra petrolio e gas, un numero impressionante), c'è un coacervo di paesi che non hanno confini marittimi stabiliti con certezza: parliamo di Cipro, Egitto, Israele, Libano, Siria, e Turchia, e il problema ulteriore che alcuni paesi accettano la convenzione internazionale per il diritto marino (Unclos), altri no. E il risultato che quasi il 70 per cento delle dispute marittime della zona sono, di fatto, insolute. Date le tensioni politiche ed economiche in gioco la situazione è davvero rischiosa, per tutti, rileva Baroudi nel suo appello. Come risolvere la situazione? Baroudi propone a Guterres di creare uno «Special advisor» che si occupi del problema, ma soprattutto «di i lanciare un processo di mediazione dell'Onu. Va notato che, mentre il ruolo degli Stati Uniti da solo si è rivelato insufficiente, il coinvolgimento in un'operazione patrocinata dalle Nazioni Unite sarebbe indispensabile. In particolare per limitare le tensioni tra Libano e Israele lo sforzo Usa è uno dei requisiti per il successo». Ma quale sarebbe la strada per definire una buona volta i confini marittimi, epicentro di tutte le tensioni della regione? Baroudi propone un «approccio integrato, multidisciplinare» fatto di «buona legislazione e buona scienza». «Le nuove tecnologie di geolocalizzazione e mappatura sono così affidabili che qualsiasi procedimento arbitrale internazionale può valersi di un terreno comune scientifico». E sul versante legale, Baroudi afferma: «La Corte di giustizia internazionale che è il principale organo giudiziale delle Nazioni Unite, ha affermato in molti casi che le regole di delimitazioni marittime contenute nell'Uclos riflettono la legge internazionale, quindi sono applicabili in generale. Questa giurisprudenza offre una guida autorevole per gli stati



costieri, nel risolvere le loro dispute».

http://www.ilgiornale.it/news/mondo/venti-guerra-scaldano-mediterraneo-soluzione-arbitro-1712245.html?mobile_detect=false

Incoming government raises Papua LNG doubts



Oil minister Kerenga Kua has pledged to re-examine controversial deal following the collapse of scandal-hit government

The newly elected Papua New Guinea (PNG) government wasted no time in announcing it will review the recently signed Papua

LNG agreement—as well as the country’s wider hydrocarbon regulatory framework—fuelling speculation the project will face extended delays. The announcement was made barely a month after prime minister Peter O’Neill was forced to resign from office following a parliamentary vote of no confidence. Details from a report carried out by the Ombudsman Commission revealed O’Neill had failed to consult his government on a \$1.2bn loan, unconnected to LNG projects, issued by Swiss bank UBS five years previously. Former finance minister James Marape, who had earlier defected from O’Neill’s administration over the gas expansion project, was also named in the report. Nonetheless, he was unanimously elected by parliament to be the new prime minister. The timing of the political fallout could scarcely be worse for Papua LNG’s partners. In April, the government finally signed an agreement to begin front-end engineering design (Feed) development on the \$13bn expansion project, which is projected to double LNG exports. A 7.5 magnitude earthquake in February 2018 had already delayed the agreement. Under the arrangement, the project partners would target around 1bn bbl oe of gas from the Total-operated Elk-Antelope fields, in the Eastern Highlands, which will then be fed into ExxonMobil’s LNG plant at Caution Bay. A further two trains of 2.7mn t/yr are planned to be added to the facility, with a final investment decision (FID) expected to be made in 2020.

Hostile reception

Domestic opposition to the project remains strong. “The failure of earlier projects to live up to expectations has generated public and political frustration, which is driving the shift in outlook,” says Joseph Parkes, Asia analyst at Verisk Maplecroft. A Jubilee Australia Research Centre report in April 2018 found that the economic benefits of the previous project, PNG LNG, have fallen well below expectations. PNG’s economy only grew 10pc since the project’s completion in 2014, despite predictions it would double. Household income and

government expenditure on education, health, law and infrastructure even fell 6pc and 32pc, despite previous expectations they would increase 84pc and 85pc respectively. The report revealed that government spending plans factored in tax revenues that never appeared. The figures were surprising considering the project was completed ahead of schedule and by 2017 was outputting 8.3mn tonnes of LNG—a 20pc increase over the original capacity specification of 6.9mn t/yr. The project was also affected by the 2018 earthquake, which disrupted operations and forced ExxonMobil to close its export terminal. But although 2018 output dropped 15pc year-on-year, according to the World Bank, maintenance at the Hides gas conditioning plant and LNG trains was brought forward and over the second half of the year output swiftly recovered. Oil Search reported an average annualised rate of 8.8mn t/yr, almost 30pc above nameplate capacity.

Economic importance

Conflict over land claims and royalty payments continues to drive pressure on the government to renegotiate the agreement. In June 2018, armed civilians in Angore, Hela Province, damaged equipment at ExxonMobil's pipeline project. Around 97pc of land in Papua New Guinea is classified customary tenure, owned by indigenous communities, which makes royalty payments central to the development of large-scale projects such as Papua LNG. But Shane McLeod, project director at Lowy Institute, an Australian think tank, says the government will be reluctant to delay or reverse any deal. "The new leadership is pro-development and has said it just wants to ensure there are good returns for landowners and local interests." The government has prioritised improving access to electricity across the country and the development of natural gas is its chosen route. "10pc of [new] output will be going to domestic use. For Port Moresby, that will be transformational," says Anton Safronov, former head of operations at Total's Papua LNG project development. The government plans to increase access

to electricity to 70pc of the country by 2030. Around 20pc of power capacity from PNG LNG currently supplies Port Moresby. Expansion of the project into the P'nyang field will also depend on interruptions to the current deal. In December, an assessment raised gas reserves there 84pc to 4.36tn ft³. Likewise, the government is aware of the growing number of competing LNG projects. "Total and ExxonMobil have so many LNG development opportunities globally at the moment," says David Hewitt, head of European oil and gas research at Australian bank Macquarie. "We expect the PNG government to be aware of [oil companies'] other opportunities when it considers how to deal with gas agreement discussions."

<https://www.petroleum-economist.com/articles/politics-economics/asia-pacific/2019/incoming-government-raises-papua-lng-doubts?hootPostID=462dd833b4a042d78c047690cdd1b952>