

TEHRAN — Iran's Petroleum Engineering and Development Company (PEDCO) and Russia's Gazprom signed a memorandum of understanding ...

LONDON (Bloomberg) Crude rose from a two-week low after manufacturing in China, the world's second-biggest oil user, expanded at the fastest ...

TEHRAN — Islamic Corporation for the Development of the private sector (ICD), a member of the Islamic Development Bank (IDB), has allocated \$500 ...

Hindustan

Unilever profit falls on one-time charge

Hindustan Unilever Ltd., the nation's biggest household products maker, said second-quarter profit fell by the most in two years as it boosted advertising and on a one-time charge related to former employees.

Net income dropped to 4.29 billion rupees (\$91 million) for the three months ended Sept. 30, from 5.47 billion rupees a year earlier, the Mumbai-based company said in an e-mailed statement Saturday. That lagged behind the 5.07 billion rupee median estimate of 17 analysts compiled by Bloomberg. Sales increased 5 percent in the quarter to 42.3 billion rupees.

Hindustan Unilever has increased spending on advertisements and promotions by 38 percent as it introduced new versions of its soaps and spent more on personal-care products to garner a higher share of the Indian market as competition from Procter & Gamble Co., ITC Ltd. and other rivals intensified.

"The growth in the top-line remains an issue and is mainly because of the increase in competitive pressure," said Anand Shah, a Mumbai-based analyst at Angel Broking Ltd. who rates the stock as "neutral." "The advertisement spend is linked to the increase in competition. Otherwise, the operating performance has been good with an increase in margins."

The company boosted advertising spending to 5.71 billion rupees, or about 14 percent of sales, compared with 10 percent of sales a year earlier.

"To support the innovations and interventions, we have stepped up our advertisement and promotions by 320 basis points," R. Sridhar, chief financial officer, told reporters Saturday. "The increase in spending is also driven by the higher proportion of personal care products in our portfolio."

One-time loss

Hindustan Unilever reported a one-time expense of 1.66 billion rupees for the quarter after employees at its shut Sewree factory accepted compensation, it said. The company also posted 308.4 million rupees in profit on sale of properties, compared with a 1.31 billion rupees gain a year earlier.

The company's operating margin, the percentage of sales left after subtracting production, marketing and other expenses, rose to 14.3 percent in the quarter from 12.9 percent a year earlier on lower costs of raw materials.

Profit before interest and tax from personal care products such as skin creams and toothpaste rose 23 percent to 3.13 billion rupees. Sales of Fair & Lovely skin cream, Pepsodent toothpastes and other personal care products rose 13 percent to 11.9 billion rupees.

Revenue from soaps and detergents, which contributed about 47 percent of revenue, gained less than 1 percent to 20 billion rupees. Profit before interest and tax rose 1.6 percent to 2.73 billion rupees.

The company's London- and Rotterdam-based parent, Unilever, owns about 52 percent of the Indian unit and started selling Sunlight soap in the country in 1888. India is Unilever's biggest market in Asia, generating about 6 percent of annual sales. (Source: Bloomberg)

Asian stocks decline on commodity prices, U.S. consumer report

Asian stocks fell, extending the MSCI Asia Pacific Index's first monthly decline since February, as weaker commodity prices and a drop in U.S. consumer spending fueled concern corporate earnings growth will faller.

Mitsubishi Corp., a Japanese trading company that gets 39 percent of its sales from commodities, sank 3.1 percent. Sony Corp. slumped 5.8 percent even after narrowing a loss forecast as the yen climbed to a three-week high against the dollar earlier Monday. Daiwa Securities Group Inc., Japan's No. 2 brokerage, slid 4.5 percent on lower-than-estimated earnings.

The MSCI Asia Pacific Index slumped 1.1 percent to 115.13 as of 5:14 p.m. in Tokyo. The gauge has surged 63 percent from a more than five-year low on March 9 amid signs lower borrowing costs and spending packages are reviving the global economy. The index lost 1.3 percent in October.

"I can't expect government stimulus measures to continue to shore up company earnings," said Hiroshi Morikawa, a senior strategist at MU Investments Co., which manages the equivalent of \$14 billion. "Doubt is rapidly growing that corporate profits will continue to improve next year."

Japan's Nikkei 225 Stock Average lost 2.3 percent, while Australia's S&P/ASX 200 Index dropped 2.2 percent. The Hang Seng Index in Hong Kong dipped 0.6 percent.

China's Shanghai Composite Index rose 2.7 percent after a report showed the nation's manufacturing industry expanded at the fastest pace in 18 months. Shanghai Lujiazui Finance & Trade Zone Development Co. climbed 8.9 percent after the South China Morning Post said the government had approved a Walt Disney Co. theme park for the city.

U.S. futures, treasuries

Consumer lenders Aiful Corp. and



Takefuji Corp. soared at least 17 percent in Tokyo after the Nikkei newspaper said tighter regulations on lenders may be postponed.

Futures on the U.S. Standard & Poor's 500 Index added 0.4 percent and Treasuries fell as economists said an industry report Monday will show the country's manufacturing industry expanded last month. The yield on 10-year Treasuries rose three basis points to 3.41 percent, according to BGCantor Market Data.

The U.S. stock gauge fell 2.8 percent on Oct. 30, the most since July 2, as a Commerce Department report showed spending by American consumers dropped 0.5 percent in September, the first decline in five months. New-York based commercial lender CIT Group Inc. filed for bankruptcy on Nov. 1.

James Hardie Industries NV, the biggest seller of home siding in the U.S., retreated 2.2 percent to A\$7.05 in Sydney. Toyota Motor Corp., which gets 31 percent of its revenue from North America, fell 2.5 percent to

3,570 yen and was the single biggest drag on the MSCI Asia Pacific Index.

Sony forecast

Sony, which generates 24 percent of its sales in the U.S., slid 5.8 percent to 2,625 yen even after narrowing its annual net loss forecast by 21 percent.

The yen appreciated to as much as 89.20 per dollar Monday, the strongest since Oct. 14, compared with 91.02 against the dollar at the close of stock trading in Tokyo on Oct. 30. It was at 90.03 recently. Against the euro, the yen strengthened to as high as 131.01 from 135.01. The stronger yen reduces income when overseas revenue is converted into local currency.

"Sony's shares are adversely affected by the strong yen," said Ryosuke Katsura, an analyst at Mizuho Securities Co. in Tokyo. "Macroeconomic factors have a larger influence over the stock than the company's fundamentals."

The MSCI Asia Pacific Index has fallen 5 percent from this year's high on Oct. 20 as earnings from PetroChina Co. to National Australia Bank Ltd. missed analyst forecasts and investor

concern grew about the end of stimulus policies. Stocks on the MSCI gauge trade at an average 22 times estimated profit, the lowest level since May 18, according to Bloomberg data.

'End to recovery'

The measure lost 1.3 percent last month, the first drop since February.

Australia on Oct. 6 became the first Group of 20 nation to raise interest rates amid signs of strength in its economy, while the Bank of Japan said last week it will let its programs of buying corporate debt expire at the end of the year.

"The global economy can't stand on its feet yet without government support," said MU's Morikawa. "An end to stimulus is an end to a recovery."

Mitsubishi, Japan's biggest trading house, sank 3.1 percent to 1,915 yen, while closest rival Mitsui & Co. slid 3.1 percent to 1,185 yen. BHP Billiton Ltd., the world's biggest mining company, retreated 2 percent to A\$36.71 in Sydney.

Crude oil futures in New York tumbled the most in a month, dropping 3.6

percent to \$77 a barrel, on Oct. 30. The London Metals Index, a measure of six metals including copper and zinc, dropped 2.8 percent.

Daiwa fell 4.5 percent to 469 yen after posting second-quarter net income that was 72 percent lower than the average analyst estimate from a Bloomberg survey.

Disney theme park

HSBC Holdings Plc lost 1 percent to HK\$86.35 in Hong Kong. Apple Daily said the bank's provision for bad debts in the U.S. may stay at a high level for the near future, citing Sandy Flockhart, who heads HSBC's Asia-Pacific unit.

In Shanghai, Lujiazui rose 8.9 percent to 30.47 yuan, while Shanghai Jiulong Industry Corp. jumped by the 10 percent daily limit to 18.57 yuan.

The Disney park project has been approved by China's top economic planning body, the National Development and Reform Commission, the South China Morning Post reported Monday, citing an unidentified official with direct knowledge of the matter. An official at the Beijing-based NDRC who wouldn't give her name declined to comment Monday.

China's manufacturing

A purchasing managers' index released by HSBC Monday rose to a seasonally adjusted 55.4 in October from the previous month. Sunday, the Federation of Logistics and Purchasing said its Purchasing Managers' Index advanced to 55.2.

Aiful, Japan's No. 2 consumer-finance company by assets, jumped 17 percent to 156 yen, and Takefuji soared 23 percent to 427 yen. A gauge of consumer lenders posted the steepest advance among the Topix index's 33 industry groups.

The government may freeze the implementation of new regulations that limit lending to a customer to a third of the borrower's annual income and caps interest charges at 20 percent, the Nikkei newspaper reported, citing a government official it didn't name.

Lopro Corp., an Osaka-based corporate lender, was suspended from trading after the company filed for bankruptcy Monday amid swelling interest repayments.

(Source: Bloomberg)

UAE's du eyes \$680m network boost in 2010

DUBAI (Reuters) — United Arab Emirates telecoms firm du, which posted a record quarterly profit on Sunday, plans to invest as much as 2.5 billion dirhams (\$680.8 million) in 2010 as it looks to boost its services nationwide.

The operator, which broke Emirates Telecommunications Corp's monopoly in 2007, more than doubled profit in the third quarter, driven by a 51-percent rise in active subscribers in the world's third-largest oil exporter.

"Those are very good numbers if we consider the seasonality of the third quarter which is summer, Ramadan and usually a slower time in the activity in the country," Chief Executive Osman Sultan said in a post-earnings conference call.

Thousands of expatriates have lost their jobs in the Persian Gulf trade and tourism hub of Dubai since the global financial crisis took hold, hitting earnings across sectors.

Still, quarter-to-quarter net profit rose 36 percent as the operator gained 233,200 mobile telephone customers in the period. It now has 3.139 million active subscribers.

Du shares fell almost 5 percent in Dubai in line with a broad retreat across the Middle East as negative sentiment spreads over the state of the global economy. Telecom analyst Sleiman Aboulhossn at Abu Dhabi-based Prime Emirates said du's quarterly profit was ahead of his estimates as subscriber numbers exceeded expectations.

"We saw stronger subscriber numbers and saw that with Etisalat too ... it's quite impressive," he said. Etisalat posted a 5 percent rise in third-quarter net profit in October.

The results were in line with analysts polled in a Reuters survey in October which forecast an average 177.4 percent rise in the quarter.

Osman said it was a "major imperative" for the company to provide triple-play and broadband services beyond a limited area in Dubai and was pushing for faster infrastructure sharing with Etisalat.

"Nationwide is a major priority. In 2010, I see du expanding and starting to offer (services) beyond its current territory ... I'm really hoping to see it (infrastructure sharing) in first half of 2010, but there are technical issues."

The company, which will invest about between 2 billion to 2.5

billion dirhams on its infrastructure this year, would invest a similar amount next year, Osman said, adding it was looking at a variety of financing options.

Royalty decision

Du's results would have beat all analyst expectations had it not provisioned for a 50-percent royalty fee to the government, for which a decision by the UAE regulator is expected later this year. Including royalty fee, du's net profit for the period was 157.1 million dirhams, while excluding royalty it rose 150 percent to 78.55 million dirhams from the year-earlier period.

"We are still waiting for a decision," Osman said. "We hope to have a decision before the end of the year (but) are provisioning a very conservative 50 percent."

Du, owned partly by the ruler of Dubai's holding company Dubai Holding and Abu Dhabi investment vehicle Mubadala Development Co., is well placed to expand its fixed line subscriber base and may increase its mobile market share to 30 percent by the end of this year, Abu Dhabi Commercial Bank said in a note to clients in September.

Raising its price target, it expected mobile subscriber growth in the region of 3.6 percent in 2010 compared with 3.2 percent in 2009 with greater demand for du's bundled services, including internet protocol television services, known as IPTV, and broadband.

ADCB raised its target on the stock to 3.09 dirhams from 2.85 dirhams. Du's shares were down 4.9 percent to 3.88 dirhams on the Dubai Financial Market at 0854 GMT.

Du's revenues for the period rose 25 percent to 1.33 billion dirhams and earnings before interest tax, depreciation and amortization almost tripled to 297.3 million dirhams.

Dubai telecom firm du posts surge in Q3 profit

Meanwhile, du said on Sunday its third-quarter net profit before royalty rose to 157.1 million dirhams (\$42.78 million).

In its statement, du said this was a 398 percent rise on the third quarter of the previous year, but did not say what its net profit after royalty was for Q3 2009.

Du posted a net profit of 31.47 million dirhams in the same period of 2008.

China survey suggests sustained industrial expansion

BEIJING (Reuters) — China's vast manufacturing sector expanded in October at the fastest rate in 18 months, a survey showed on Sunday, and economists said they expected the momentum to be sustained in the coming months.

The purchasing managers' index (PMI) issued by the China Federation of Logistics and Purchasing rose to 55.2 last month, the highest level since April 2008, from 54.3 in September.

It was the eighth month in a row that the official PMI has stood above the boom-bust line of 50. The index, which is designed to provide a timely snapshot of business conditions in industry, slumped as

low as 38.8 last November as the global financial crisis raged.

Zhang Liqun, a researcher with the Development Research Center, a think-tank under the State Council, China's cabinet, said the report showed the economy was now firmly on the recovery track.

In a comment for the logistics federation, Zhang said gains in the sub-indices for imports and new export orders reflected growing demand both at home and abroad.

"All these show that economic growth will accelerate in the future, and the growth rate in the fourth quarter is likely to be 9.5 percent," he said.



Toyota, Honda lead increase in Japan's October vehicle sales

Toyota Motor Corp. and Honda Motor Co., Japan's two biggest automakers, led the third straight increase in the nation's monthly auto sales as government incentives boosted demand.

Sales of cars, trucks and buses, excluding minicars, rose 13 percent to 263,506 vehicles in October from a year earlier, the Japan Automobile Dealers Association said in a statement Monday. Toyota sold 133,877 units, excluding Lexus-brand cars, up 14 percent.

Auto sales in Japan reversed a yearlong slide in August as government rebates and tax cuts for fuel-efficient vehicles helped lift demand for Toyota's Prius and Honda's Insight hybrid cars. Honda almost tripled its full-year profit estimate last week and raised its forecast for domestic vehicle sales to 665,000 from 635,000, citing the stimulus effect.

"Government incentives will continue to boost sales through March," said Mitsuru Kurokawa, an analyst with consulting company IHS Global Insight in Tokyo. "Car makers are also expanding their line-up of applicable models" by improving fuel economy.

October sales jumped 30 percent at Honda, while Nissan Motor Co., the nation's third-largest automaker, sold 15 percent more vehicles.

Under a government program started in June, consumers can apply for a 250,000 yen (\$2,780) subsidy if they scrap a car more than 13 years old to buy a new one, and 100,000 yen for a new car purchased without scrapping an old one. The subsidies are available retroactively for purchases from April 10. The program is due to expire at the end of March.

Annual sales decline

The government expects the incentives to lead to the sale of an additional 690,000 vehicles this fiscal year. Electric, hybrid, natural-gas, and some diesel vehicles also qualify for an exemption from the country's weight and purchase taxes.

Domestic sales this fiscal year may still be the worst in three decades due to Japan's recession. Wages fell for a 16th straight month in September, and unemployment remains near a record high at 5.3 percent.

The Japan Automobile Manufacturers Association predicts domestic industrywide sales will drop 8.5 percent to 4.3 million vehicles in the year ending March 31.

(Source: Bloomberg)