aluminium maker Hydro battles to contain ransomware attack

Norsk Hydro, one of the world's largest aluminium producers, battled on Tuesday to contain a cyber attack which halted parts of its production, the latest of example of the damage hackers can cause to business and industry.

The company shut several metal extrusion and rolled products plants, which transform aluminium ingots into components for car makers, builders and other industries, while its giant smelters in Norway were largely operating on a manual basis.

"This is a classic ransomware attack," Chief Financial Officer Eivind Kallevik told a news conference, adding that the company had not identified the hackers. "The situation is quite severe."

The Norwegian National Security Authority (NNSA), the state agency in charge of cybersecurity, said the attack used a virus known as LockerGoga, a relatively new strain of so-called ransomware which encrypts computer files and demands payment to unlock them.

Kallevik, who could not turn on his desktop computer or access files, would not say whether a specific sum had been asked for. However, when asked if the company planned to pay to unlock its systems, he said the intention was to restore them from backup servers.

"We have good back-up systems and we have plans on how to restore it," he said.

The attack began in the United States on Monday evening and escalated overnight, hitting IT systems across most of the company's activities and forcing staff to issue updates via social media.

"It is too early to indicate the operational and financial impact, as well as timing to resolve the situation," Hydro said in a regulatory filing via the Oslo Stock Exchange.

However, Kallevik said the financial impact was limited so far.

"It is mostly direct labour: some of the activities that we use computers to do, today we use manual labour. We have to add some more people," he told Reuters.

News of Hydro's plant outages pushed aluminium prices to a three-month high on the London Metal Exchange. The company's shares fell as much 3.4 percent before recovering to trade 0.8 percent lower by 1438 GMT.

The LockerGoga malware is not widely used by cyber crime groups, cyber security researchers said, but has been linked to an attack on French engineering consultancy Altran Technologies in January. (RTRS)

Full-service airline saddled with over a billion dollars of debt

India govt asks banks to save Jet, avoid bankruptcy

NEW DELHI, March 19, (RTRS): India's government has asked state-run banks to rescue privately held Jet Airways without pushing it into bankruptcy, as Prime Minister Narendra Modi seeks to avert thousands of job losses weeks before a general election, two people within the administration told Reuters.

The finance ministry has in the past year sought regular updates from the banks, led by State Bank of India (SBI), on Jet's financial health, the people said. In recent months, the banks have provided weekly updates about a revival plan and also sought government advice, the people added.

"Top officials at the finance ministry seek regular updates on the issue," said an official at one of Jet's lenders, who did not want to be identified as discussions are private. Details of the discussion between the finance ministry and bankers on bailing out Jet have not been previously reported.

New Delhi has urged state-run banks to convert debt into equity and take a stake in Jet in a rare move in India to use taxpayer money to save a struggling private-sector company from bankruptcy. The two people plus one more source, however, said this would be "transitory" and lenders could sell the stakes once Jet revives.

The government has also nudged its 49 percent-owned National Investment and Infrastructure Fund (NIIF) – created to invest in stalled and new infrastructure projects – to buy a stake in Jet, a separate government source said.

Saddled with more than 1 billion dollars of debt, Jet is struggling to stay aloft. It has delayed payments to banks, suppliers, employees and aircraft lessors – some of which have begun terminating lease deals.

The world's biggest democracy is gearing up for an election next month and its booming aviation sector, which employs close to a million people, has been one of the job-creation success stories that Modi can point to as he seeks a second term.

It is crucial for India that Jet revives as the fall of its second-largest airline could have "disastrous consequences for the investment climate" in the sector, a top government official told Reuters.

The official is concerned that if Jet collapses it could drive up airfare in a fast-growing market, wiping out efforts to bring low-cost air travel to India's hinterland.

A chaotic end could also make it more difficult for the government to sell a stake in Air India, at least in the short run. Last year, it failed to sell part of its stake in the indebted carrier which currently relies on taxpayer money.

If the government's plan for Jet succeeds, then state-run banks including SBI and Punjab National Bank (PNB) as well as NIIF would together own at least a third of the airline until they find a new buyer.

Currently, Abu Dhabi's Etihad Airways is Jet's largest shareholder with a 24 percent stake.

India's finance ministry, SBI, PNB and Jet Airways did not respond to requests for comment.

Most companies in Jet's financial condition would be placed by creditors into India's new bankruptcy process, two bankers said. However, memories of the chaos sparked by Kingfisher Airlines' demise in 2012 have prompted the government to seek a more sober road to rescue, they said.

Kingfisher's bankruptcy caused job losses, lessors lost millions of dollars and banks took massive writedowns.

Putting what is essentially a services provider like Jet through the bankruptcy process would diminish its value because it owns no major assets, unlike a manufacturing company, as most of its planes are leased, said another government official.

If it is pushed into bankruptcy and lessors start pulling even more planes out of service, there would be nothing left for any potential investors, the official said. Already 41 planes have been grounded by lessors in the past three months, leading to flight cancellations.

While on the surface Jet's future still hangs in the balance with its main shareholder Etihad at loggerheads over the final terms of any deal, behind-the-scenes support from the government means there is likely to be a bailout.

But there are no easy options, one of the sources said, adding that the lenders do not have the expertise to run an airline so they have to decide what to do once they convert their debt into equity.

New Delhi is also backing a proposal for Jet's founder and Chairman Naresh Goyal to step down if it means saving the airline, another official said.

"Saving Jet is not equivalent to saving Goyal," the official said.

Jet, with its fleet of 119 planes, once controlled a sixth of India's domestic aviation market. The 25-year-old airline is also one of only two full-service carriers that flies to international destinations. The other is Air India.

The government ideally wants four to six major airlines to ensure fares are competitive and passengers have greater choice, according to the top government source.

Eurozone bond yields rise on hopes of 'Brexit' delay

German 10-year yield rises to 1-1/2 week high

LONDON, March 19, (RTRS): Top-rated eurozone bond yields rose on Tuesday as expectations rose of a delay to Britain's planned exit from the European Union and after a report that the ECB may have to broaden any future asset purchase programme to include equities.

British Prime Minister Theresa May will write to the European Union on Tuesday to ask for a Brexit extension until the end of June and with a possible two-year delay, the BBC's political editor said.

Sterling climbed above $1.33 and took the shine off safe-haven bonds.

Trading was generally subdued ahead of a two-day meeting of the US Federal Reserve that kicks off later in the day.

Germany's 10-year government bond yield, the benchmark for the region, began to rise at around 1030 GMT, leading other core bond yields higher.

Points

The 10-year Bund was last up three basis points to a 1-1/2 week high of 0.117 percent. It was set for its biggest one-day jump in almost three weeks.

Analysts said the move could also be attributed to a report by MNI that the European Central Bank might have to buy stocks in any fresh round of quantitative easing.

The ECB ended its official asset purchases in December but, against a backdrop of weak economic growth, this month pushed back the timing of a rate hike and unveiled a new set of cheap bank loans to bolster the economy.

"We think it is right for the ECB and the market to think what is the next easing measure, the next logical step is to restart asset purchases," said Antoine Bouvet, rates strategist at Mizuho.

"We think it makes sense for the ECB to consider other asset classes. At face value it makes economic sense, it lowers the cost of capital for the economy. It can be envisioned but we are still very far from it."

Extending the programme to include equities would likely be negative for bonds but Bouvet said it was hard to attribute the move in bund yields solely to the report.

Traders said the MNI report contributed to a broad rally in European equities.

"At the moment there are no discussions about resuming QE," said Giuseppe Sersale, strategist at Anthilia Capital in Milan.

"Certainly with such a market, any marginal positive newsflow has an impact. What's clear is that macro expectations are improving, see the ZEW ... Scepticism has its days numbered."

The mood among German investors improved by much more than expected in March, a survey by the ZEW research institute showed.

Investors turned their focus to Fed policymakers' interest rate forecasts and whether they would share details on a plan to stop culling the Fed's holdings of almost $3.8 trillion in bonds.

Economy faces external headwinds

German govt advisers slash forecast for 2019

BERLIN, March 19, (AP): The German government's panel of economic advisers nearly halved its German growth forecast for this year to 0.8 percent – the latest in a long list of downgrades for Europe's biggest economy.

In a regular update Tuesday, the panel cut its 2019 forecast from the previous 1.5 percent but said growth should accelerate next year to 1.7 percent. The downgrade follows cuts in the German outlook by the European Commission and the International Monetary Fund.

The independent experts said in a statement that the lower forecast was strongly influenced by the after-effects of the economy's weak performance at the end of last year, when it was dragged down largely by onetime factors related to new car emissions standards. German carmakers faced bottlenecks getting vehicles certified under new, more realistic emissions tests that came into force Sept 1.

They also noted high risks for the future from factors such as Brexit uncertainty and global trade disputes.

Christoph Schmidt, the group's chairman, said that "the peak of the German recovery is over. A recession however is not expected in view of robust domestic demand."

The German slowdown complicates the Europe's economic picture. While falling unemployment and rising wages are supporting consumer spending at home, the economy faces external headwinds from slowing trade and worries that US-China trade talks will fail and lead to higher tariffs and further increasing the drag from trade.

The European Central Bank took added steps to support the recovery at its last meeting March 7, pushing back the earliest date for an interest rate increase and announcing a new round of cheap loans for banks to enable them to lend to businesses.

The bank had ended a 2.6 trillion-euro ($2.9 billion) bond purchase stimulus in December after almost four years. But the worsening outlook pushed the bank to shift course toward maintaining existing stimulus rather than withdrawing it.

Move to provide innovative research in GCC

Marmore signs MoU with TAC ECONOMICS

KUWAIT CITY, March 19: Marmore Mena Intelligence, a subsidiary of Kuwait Financial Centre 'Markaz' and a research house focused on conducting Mena-specific business, economic and capital market research, has announced the signing of a Memorandum of Understanding (MoU) with TAC ECONOMICS s.a.s (TAC) to facilitate meaningful and purposive research exploration, especially in terms of developing collaborative and proprietary risk models.

The Marmore-TAC partnership will possess a wide range of sophisticated modelling and combined statistical expertise that can be applied across diverse sectors and industries. Thus, external clients availing the services of the partnership can benefit from evidence-based research and decisions, enabling reliable strategic foresight for them to guide their entities.

The partnership can provide clients with significant value enhancement, especially in areas where information asymmetries can hamper growth opportunities for companies. The synergies between Marmore and TAC significantly strengthens our capabilities in the areas of risk assessment and evidence-based or quantifiable management approaches, using which stakeholders (like banks) can pursue optimal performance on their business and strategic decisions.

Commenting on the development, M. R. Raghu, Head of Research at Markaz and Managing Director of Marmore said, "It is a win-win scenario for both Marmore and TAC.

We have multiple capabilities that can combine well to produce a unique partnership model to accelerate innovative research that stakeholders in Kuwait and the wider GCC region seek in this hour of shifting economic and business realities."

Research

Dr Thierry Apoteker, Chairman of TAC ECONOMICS added, "We are delighted to engage in a fruitful research collaboration with Marmore, so that we can combine their in-depth local knowledge of economic, financial and market characteristics and issues in the GCC region with our capabilities in terms of complex modelling and data-based analytical approaches to risk and opportunities in the region".

The research partnership underlines Marmore's commitment to build an ecosystem for high quality research in collaboration with premier international research entities. The partnership will not just significantly impact our mutual offerings in the GCC, but help promote the paradigm of reliable research underpinning evidence-based business and policy decisions.

Marmore has published over 700 research reports and covered more than 25 varied industries and infrastructure segments; all focused primarily on the GCC economies. With over 30 policy and regulatory research studies published, Marmore has partnered with renowned regional think-tanks and opinion-leaders to publish some of these thought-provoking policy research papers. These research studies aim to initiate dialogue and propose better solutions to existing economic conundrums.

TAC ECONOMICS is a fully independent European research group, headquartered in France, providing advisory services on macroeconomics, country risk analyses, international economic and financial issues for industrial companies, financial investors and multilateral organizations. Since the 1990s,

TAC has established a strong reputation for being able to understand the key economic issues pertaining to emerging markets and apply relevant quantitative techniques, modelling and AI tools in order to deliver operational results to its private sector customers as well as to multilateral institutions.

Majorities in favour of more govt action

People want higher taxes on rich, better welfare – survey

PARIS, March 19, (RTRS): A strong majority of people in wealthy countries want to tax the rich more and there is broad support for building up the welfare state in most countries, a survey conducted for the OECD showed on Tuesday.

In all of the 21 countries surveyed, more than half of those people polled said they were in favour when asked: "Should the government tax the rich more than they currently do in order to support the poor?" The OECD gave no definition of rich.

Higher taxation of the rich has emerged as a political lightning rod in many wealthy countries, with US Democrats proposing hikes and "yellow vest" protesters in France demanding the wealthy bear a bigger tax burden.

Support was highest in Portugal and Greece, both emerging from years of economic crisis, at nearly 80 percent compared with an average of 68 percent, the Organisation for Economic Cooperation and Development said.

The Paris-based forum's survey of 22,000 people about perceived social and economic risks also found deep discontent with governments' social welfare polices, which many people said were insufficient, the OECD said.

On average, only 20 percent said they could easily receive public benefits if needed while 56 percent thought it would be difficult to get benefits, the survey found.

People were on average particularly concerned about access to good quality, affordable long-term care for the elderly, housing and health services.

Not only did people say they were not getting their fair share given what they paid into the system, people in all countries except Canada, Denmark, Norway and the Netherlands did not think that their governments were heeding their views.

"These feelings spread across most social groups, and are not limited just to those deemed 'left behind'," the OECD said in an analysis of the survey's results.

The feeling of injustice was even higher among the highly educated and high-income households, it added.

In light of the high level of discontent, a majority of people wanted their government to do more in all countries except France and Denmark, whose welfare systems are among the most generous in the world.

Most people said the top priority should be better pensions with 54 percent saying that would make them feel more economically secure.

Healthcare followed in second place at 48 percent while nearly 37 percent were in favour of a guaranteed basic income benefit, which has attracted international interest from policymakers but has yet to be tried at the national level.

Govt shouldn't intervene in bank talks

German lawmakers challenge Goldman link in bank merger

BERLIN/FRANKFURT, March 19, (RTRS): German lawmakers have criticised deputy finance minister Joerg Kukies and Goldman Sachs, alleging a conflict of interest in the US investment bank advising state-backed Commerzbank on a possible merger with Deutsche Bank.

Kukies, who was formerly cohead of Goldman Sachs in Germany, left the Wall Street firm a year ago to become deputy German finance minister.

Kukies has since advocated a merger between Commerzbank and Deutsche Bank, which unions warn could mean up to 30,000 job cuts, people familiar with the matter say.

Goldman Sachs is advising Commerzbank on the $28 billion plus deal deliberations, people familiar with the matter said.

"It's a conflict of interest," Fabio De Masi, a prominent leftist lawmaker in the German parliament, said, pointing to the state's 15 percent stake in Commerzbank.

Others echoed that complaint.

"To have Goldman Sachs advising Commerzbank, part owned by the state, on a merger a former partner in government is pushing for is incredibly insensitive," said Florian Toncar, a lawmaker from the pro-business Free Democrats party. "This makes it look as if the deal was done by an old boys' network."

Toncar said he would "pursue this issue in parliament and ask how Goldman came to have the mandate."

A spokesman for Kukies told Reuters there was no conflict of interest and that he had worked in the trading department at Goldman Sachs, which was "strictly separated" from bankers who advised on mergers.

Goldman Sachs declined to comment.

"In his 17 years at Goldman Sachs, Joerg Kukies exclusively worked for the sales and trading sector with no responsibility for the advisory/mergers and acquisitions section," the spokesman for Kukies said.

Although confirmation of merger talks between Germany's two largest banks, following months of speculation, has boosted their share prices, it has also triggered opposition and concerns over the impact on employment.

The issue is a highly emotive one in Germany and in its Tuesday edition, top-selling tabloid newspaper Bild raised a question mark over Kukie's future in the government.

"When 30,000 jobs are on the line, the government must avoid the impression of a conflict of interest," De Masi added.

This was echoed by Danyal Bayaz, a German parliamentarian and finance expert from the country's Green party.

"In the financial crisis, we saw that government and finance were too interconnected. Ten years later, we don't want to have the same. We want a strict separation from politics and industry," Bayaz said.

"It is important to avoid the appearance of conflict of interest," he added.

Chancellor Angela Merkel says the German government shouldn't get involved in exploratory talks between Deutsche Bank and Commerzbank on a possible merger.

Deutsche Bank, Germany's biggest bank, and Commerzbank announced Sunday they would discuss a possible combination. Media have reported that Merkel's finance minister and vice chancellor, Olaf Scholz, favors a deal, which would bring together two lenders that have been troubled over recent years. Many analysts are skeptical.

Merkel said Tuesday: "I think such things are private business decisions, and would argue very much for the government not intervening with a vote."

She added that the government will "have a certain interest in evaluating" the eventual result of the discussions, because it holds 15 percent of Commerzbank. "But that is a small stake."