Business

Dollar thrashes metal in a record made in Japan

Kathryn Hopkins

Economics Correspondent

The dollar hit a four-year high yesterday as speculation grew that other countries would follow Japan's example and boost their monetary stimulus.

Its rise, however, delivered a heavy blow to the price of gold as investors' need for a safe haven continued to wane.

The greenback touched highs not seen since mid-2010 against a basket of currencies while markets digested Japan's shock announcement at the end of last week that it would extend its stimulus programme in a desperate

attempt to revive its flagging economy, The dollar climbed to 113.90 yen, its highest level since December 2007, while the euro hit a low of \$1.2441, its weakest point since August 2012. Analysts are expecting the dollar to appreciate further against the euro if economic data to be published in the United States this week is positive.

Kathleen Brooks, research director at Forex.com, said: "This week we could see a resurgent dollar weigh further on the EU, particularly if we get strong ISM [manufacturing] readings and a solid payrolls report this week."

The surprise move by Japan's central bank on Friday helped to soothe con-

cerns about the US Federal Reserve, which two days ago finally announced an end to its quantitative easing programme, six years after its launch in the depths of the financial crisis.

Going against the wishes of some of his fellow board members, Haruhiko Kuroda, the governor of the Bank of Japan, said that the central bank would increase its purchases of assets by between Y10 trillion and Y20 trillion to an annual total of about Y80 trillion. As a result, the dollar rose 3 per cent against the yen on Friday.

Investors usually turn to precious metals when the dollar is weak. With the currency being so strong, spot gold was down 0.3 per cent at \$1,170.24 an ounce, having earlier fallen as low as \$1,161.70. Silver prices fell to \$15.72 an ounce, the lowest level since 2010.

Hamish Smith, a commodities economist at Capital Economics, said: "A perfect storm of events including the strength of the US dollar, a more hawkish tone in the Fed's latest statement, a recovery in US equity prices and robust US third-quarter GDP data led to an absence of safe-haven demand for gold. Prior to this, gold had been resilient for much of October, despite US dollar strength."

Jameel Ahmad, chief market analyst at FXTM, said: "Gold is finally

extending below that crucial \$1,180 support level and is rightly being seen as a crucial indicator that the bears are in control. However, this could still be a false breakout and, if US economic data does disappoint, gold might still attempt a return to \$1,180."

Separately, a report from the National Institute of Economic and Social Research, an economic thinktank, rejected claims that Britain's housing boom in the 2000s was solely to blame for the financial crisis that started in 2007 because it was similar to previous booms that did not have a similar devastating impact on the wider economy.

Mr Nasty learns true value of being nice

Robert Lea Industrial Editor

A heady cocktail of flying more aircraft to main airports, luring business passengers with flexible booking and, famously, in the words of its chief executive, trying not to p*** off the passengers has resulted in Ryanair's profits and share price soaring to record levels.

The airline, widely ridiculed for much of its 20-year life for flying to airports you've never heard of with service levels attractive neither to the business classes nor elderly relatives, has reported a 32 per cent surge in profits in the first half and upgraded its expected profits growth for the year to 45 per cent.

That, plus the promise of another €520 million payout in special dividends worth 37½ cents a share, sent the share price up by 56 cents, or more than 7 per cent, to €8.15 yesterday.

Mr O'Leary is making great play of his new, very un-Ryanair corporate slogan of "always getting better", or what he calls, with no great conviction, the "warmer, cuddlier Ryanair". Asked to explain the epiphany of treating his customers with some respect, he said: "We had a reputation of being cheap and cheerful or cheap and nasty, depending on your viewpoint.

"British Airways had a reputation for being nice but at a high price, when all people wanted was low fares. For us, it is the logical move. We had won the war on low fares. There was no one else to compete with on price.

"'Always getting better' is working like a dream. If I'd known being nice to the customer would work so well, I'd have done it years ago. We are sorry we did not do it earlier. We are the Ikea, the Lidl, the Aldi. But we should have moved on better customer service quicker, earlier."

It is impossible to work out how

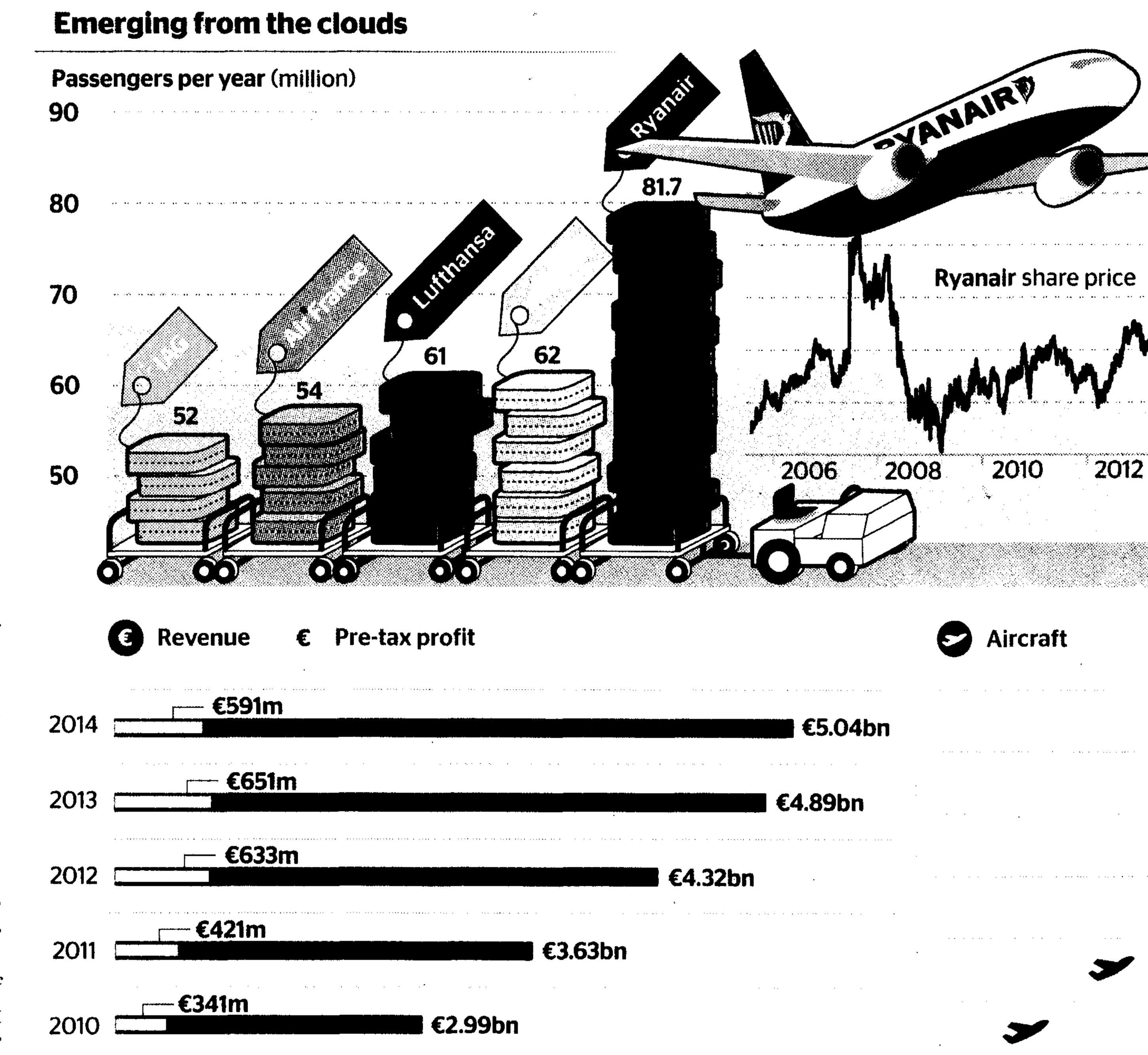
much of Ryanair's present growth is down to new passenger-friendly marketing or its claim that 27 per cent of its customers are business people, but the real growth is being fuelled by the budget airline's decision to expand at the sort of primary airports that it previously eschewed.

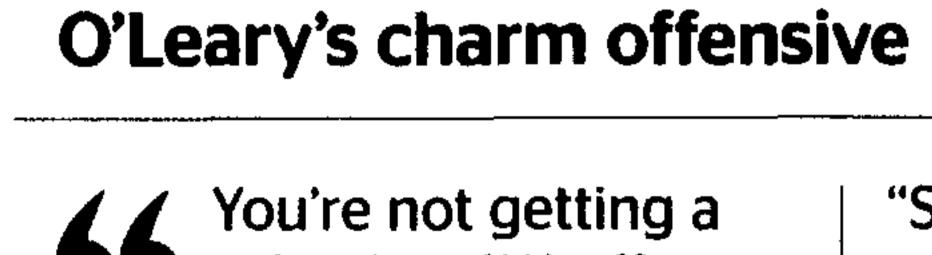
Ryanair has flown mainly to smaller regional airports, which tend to offer fast turnaround times and/or financial incentives in reduced take-off and landing fees. However, with several main airports having to drum up business because of the weakness of their local airlines, Ryanair has been expanding at places such as Lisbon, Athens and the main airports of Rome and Brussels. It is in talks with Schiphol, the Amsterdam airport, which would be Ryanair's first relationship with a premier league international facility.

After a tough winter last year, which led to two profit warnings, Mr O'Leary is forecasting traffic growth of 12 per cent in the present quarter and 20 per cent growth in the January-to-March quarter. He said that 70 per cent of Ryanair's expansion was on its present routes adding frequencies, and 30 per cent from new markets opened up by flying to primary airports for the first

He said that, over time, that ratio would move to 50-50 as he eyes increasing this year's expected 89 million passengers to more than 150 million by 2024. That will be aided by the introduction of larger Boeing 737 Max aircraft from the end of this decade.

For the six months to September 30, Ryanair reported after-tax profits nearly €200 million better at €795 million on revenues 9 per cent up at €3.5 billion. In a change of guidance, Ryanair said that it expected to make after-tax profits for the full year to the end of next March of up to €770 million, rising from a forecast of €650 million.

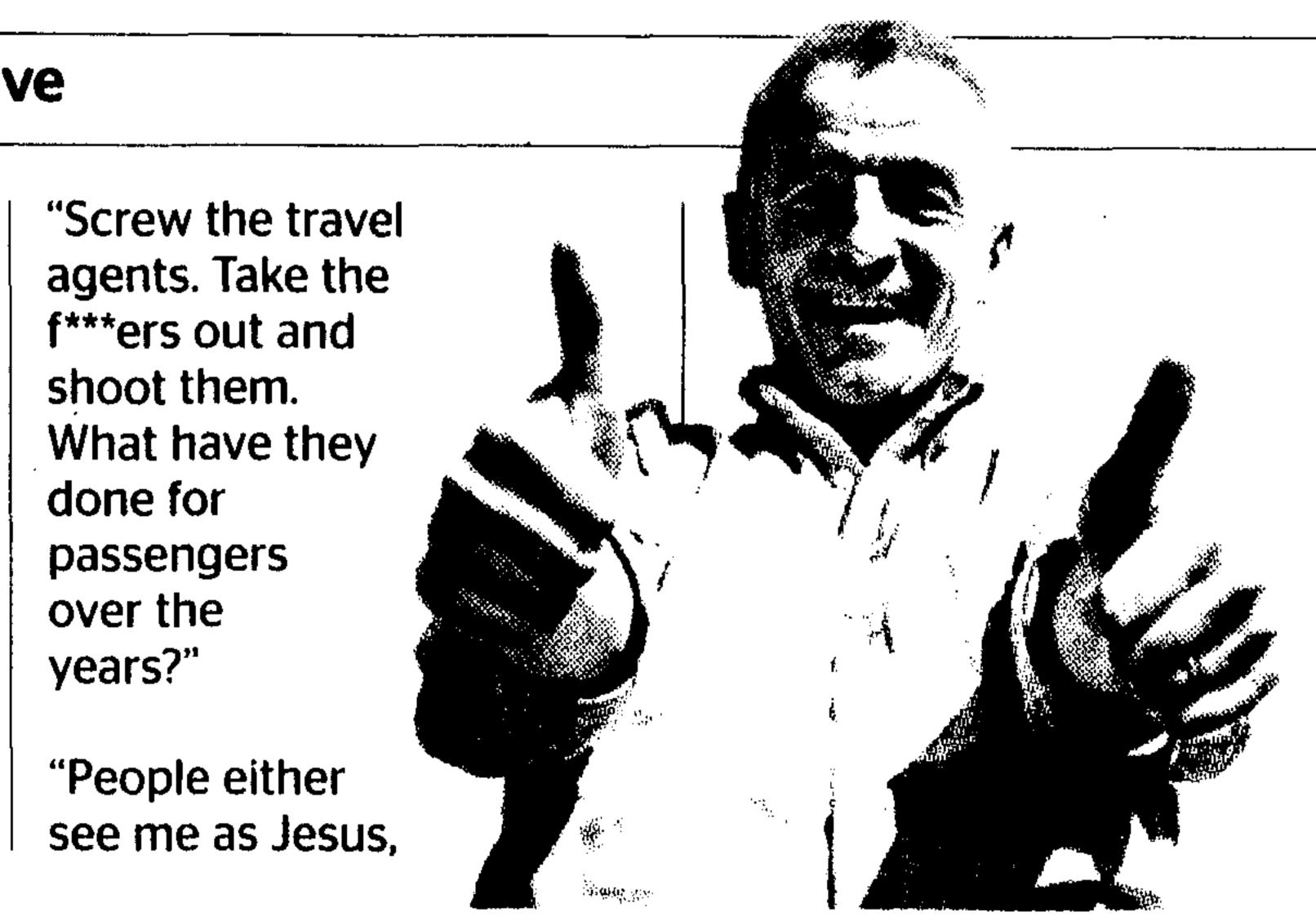




refund so f*** off. We don't want to hear your sob stories. What part of 'no refund' don't you understand?"

"Do we carry rich people on our flights? Yes, I flew on one this morning and I'm very rich."

"Screw the travel agents. Take the f***ers out and shoot them. What have they done for passengers over the years?"



5 € billion 150

Superman or an odious little s***. I think I'm Jesus. A prophet in his own time."

250

200

2014

Fleet size

300

"The most influential person in Europe in the last 20 to 30 years has been Margaret Thatcher. Without her we'd all be living in some French bloody unemployed republic."

Market storms pass to give Virgin Money the chance to float

Robert Miller

Virgin Money is set to revise its plans for a stock market flotation, which could result in its shares being traded in the City before Christmas.

Sir Richard Branson's banking business is expected to announce a fresh timetable — possibly as early as this week — for an initial public offering of shares after receiving a boost last Friday from new Bank of England rules that stipulate the amount of capital that lenders must hold to protect them against losses. Last month both Virgin

Money and Aldermore, a rival private equity-backed bank, pulled planned stock market debuts after a worldwide sell-off in shares.

The decision to revisit the IPO comes days after Sir Richard's passenger space travel ambitions suffered a setback. with a fatal crash involving his prototype Virgin Galactic spacecraft.

Insiders said that while a final decision on the flotation had not yet been made, the recovery in bank share prices since last Friday's leverage ratio announcement by the Prudential Regulation Authority meant that Virgin

Virgin America said yesterday that it was poised to go ahead with its keenly awaited flotation (Alexandra Frean writes). The American airline part-owned by Sir Richard Branson is seeking to raise as much as \$368 million in an offering that could value it at up to \$1 billion.

The carrier said in a regulatory filing that it hoped to "leverage the reputation of the Virgin brand" by targeting customers who valued its premium-branded but low-cost services, including "power outlets

adjacent to every seat, in-flight wireless internet access, distinctive on-board mood lighting and leather seats", as well as its on-demand entertainment system. The company, which operates a fleet of 53 Airbus A320s, is expected to price the offer next week. The shares will trade on Nasdaq.

The company reported yesterday that net income had risen to \$41.6 million in the third quarter, from \$33.5 million a year earlier. Total operating revenue rose by 4.7 per cent to \$405.5 million.

Money was likely to revive its plan much sooner than expected, according to Sky News.

Virgin Money's 2,800 staff, most of whom are based in Gosforth, on Tyneside, are also expected to receive shares worth £1,000 on completion of the listing. The majority shareholders in the bank are Virgin Group and Wilbur Ross, the American investor.

Bank of America Merrill Lynch, Barclays, Citigroup, Goldman Sachs and Keeffe Bruyette & Woods are working on the flotation. A Virgin Money spokesman declined to comment.

Lea, Robert, editor. "Mr Nasty learns true value of being nice." Times, 4 Nov. 2014, p. 40. The Times Digital Archive, https://link.gale.com/apps/doc/FNFEHP016929967/TTDA?u=west85252&sid=TTDA&xid=558ede0c. Accessed 5 Aug. 2020.