

London (FTSE 100)	Paris (CAC 40)	Frankfurt (Dax)	New York (Dow Jones)	New York (Nasdaq)	Tokyo (Nikkei 225)	Hong Kong (Hang Seng)	Gold	Platinum	Brent Crude
+56.56 7,353.51	+73.85 5,448.11	+210.80 12,310.37	+214.66 25,862.68	+75.90 7,898.05	-125.58 21,062.98	+6.36 28,275.07	-10.90 1,285.40	-13.00 834.70	+0.93 72.70

# New KBC chief 'comfortable' with Irish market share

Eamon Quinn

The new boss of KBC Bank Ireland has said he is currently "comfortable" with his share of the Irish mortgage market and indicated he has ruled out selling sourced mortgages to vulture funds.

Peter Roebben, who took up the chief executive post in recent weeks, said the bank

added €216m in lending in the first three months, up 9% from a year earlier, helping to preserve its share of the Irish market at 25%.

The bank offered some of the lowest mortgage rates in Ireland and it was comfortable with its market share, though it would continue to monitor what rivals would do with their mortgage rates.

Mr Roebben said. He was talking after the Belgian bank and assurance group, which also has a significant operation in the Czech Republic, as well as Slovakia, Hungary, and Bulgaria, posted earnings for the first quarter.

Asked whether he planned new aggressive mortgage pricing as a challenger bank

against the dominance of AIB and Bank of Ireland, he said its increase in new mortgage lending showed its pricing was competitive.

"We think, across the board, we have a sufficiently competitive offer. The figures show that. Pricing is something you watch all the time," Mr Roebben said.

KBC Ireland posted a net

profit of €15m in the quarter. It slipped from the €28m posted a year earlier. That comes after it booked a much lower figure for provision releases in the quarter, of €11.7m compared with the €42.7m released a year earlier.

In turn, the lower provision releases reflected a slowing in the growth of

Irish house prices and its sale of corporate and buy to let loans.

At the end of March, the Irish bank had almost €10.3bn in mortgage loans, of which a large amount of €2.4bn, were categorised as impaired.

The bank said by using an ECB classification it was "a bit stricter" than other

banks in accounting for non-performing loans. Nonetheless, Mr Roebben said it does not plan to sell impaired home loans and that most of its customers were engaging with the lender.

"We have no plans today for a mortgage sale," a policy, he said, which long predated the high-profile legal dispute in Co Roscommon.

## In brief

### Thomas Cook in third profit warning

British travel group Thomas Cook issued its third profit warning in less than a year, sending shares tumbling to a six-and-a-half-year low as it said discounting and higher fuel and hotel costs would hurt it during the peak summer season. Shares fell as much as 23% in early deals to their lowest level since November 2012, taking the value of the company below €300m (€343m).

### French jobless rate hits decade low

France's unemployment rate fell slightly in the first quarter to hit its lowest level since the start of 2009. The statistics office said the jobless rate had slipped to 8.7% from 8.8% in the fourth quarter.

### Lloyds defends chief's €7.2m pay

Lloyds Banking Group has defended the €6.3m (€7.2m) pay package awarded to chief executive Antonio Horta-Osorio. At its AGM, one investor accused the bank's bosses of "living in a parallel universe" and said awards to bankers like Mr Horta-Osorio "totally distort the world in which we are living". The remuneration report was backed by 92% of investors that cast their votes.

### Nestle in €9bn skincare sale talks

Nestle has entered exclusive talks to sell its skin health business to a consortium led by EQT Partners for €9bn. The proposed transaction with private equity firm EQT, a unit of Abu Dhabi Investment Authority and PSP Investments, is expected to close in the second half of 2019 pending regulatory approval, said Nestle.

### Kapten to take on Uber in London

French ride-hailing app Kapten has won approval from Transport for London to launch its services in the capital and take on the likes of Uber as well as the city's historic black cabs.

# Trump's global trade bust-up is really all about politics

Back in 1817, the economist David Ricardo propounded and proved the law of comparative advantage.

This economic law was based on the theory of the benefits of specialisation and the division of labour, between individuals, firms and countries. Basically, individuals, companies and countries should concentrate on what they do best and trade with others for the goods and services that they are not as good at producing.

David Ricardo proved that the welfare and prosperity of both sides of the transaction would benefit. In other words, free trade and specialisation represented a win-win situation. Adam Smith had originally theorised about the benefits of specialisation, but David Ricardo developed it into a trade theory. This theory has formed the basis for free trade and modern economic thought.

Over the years, the barriers to free trade in goods and services have been gradually dismantled and the benefits have flowed. Trade has particularly helped developing economies to grow and reduce poverty.

While few would disagree with the benefits to be derived from trade, that few is expanding and becoming

worryingly influential. In the run up to his election victory in November 2016, President Trump argued that free trade was costing blue-collar jobs in the US and he promised to do something about it in a very populist way, and he has done.

What, Mr Trump, of course, fails to recognise is that technological developments are the biggest enemy of workers, particularly of the blue-collar variety, but few if any jobs do not potentially face extinction due to technology. It is easy and populist to blame free trade.

Last week, President Trump announced that he was going to increase tariffs on \$200bn in Chinese imports to 25%. Naturally, China retaliated. This tit-for-tat trade dispute is threatening global growth prospects.

From a European perspective, apart from the threat to global growth from the trade war, there is a danger that flows from all of this is that President Trump starts to deliver on his threat

to increase tariffs on all car-related imports, on hold for now.

It is worrying that we are now seeing an escalation of an isolationist economic and political agenda around the world. If the global economy enters into a protracted and more serious trade war, global growth will be hit, and an economy like Ireland, for whom foreign direct investment is so important, and for whom exports make up such a disproportionate level of GDP, would be very exposed and vulnerable.

The reality is that the US and China have fundamentally different economic and political belief systems and this will be the defining rivalry of the 21st century.

The US wants China to buy more of its goods, ease rules that prevent US companies exercising the sort of control they would like to on their investments in China, address the theft of intellectual property rights by Chinese companies, and cease distorting competition by heavily subsidising its companies.

The political rivalry and differences between these two superpowers will not be solved easily, particularly with the isolationist attitude of President Trump and growing pressures for self-reliance in China.

## Hats off



Ennis-based milliner Margaret O'Connor, who has made hats for the likes of Lady Gaga, has been announced as the winner of the Irish Local Development Network National Enterprise Awards in Tullamore.

# Economist: Risks to growth on rise

Geoff Percival

Upcoming national elections across Europe could ratchet up the external pressure on the Irish economy — already under threat from Brexit, potential global trade wars, and US corporate tax policy changes.

That is according to economist Alan McQuaid, who said pending votes in Poland, Portugal, and Greece — on

top of political uncertainty in Italy — are potential threats to the EU, and, in turn, could have implications for sustained Irish growth.

Speaking at a conference held by accountancy body Acca, Mr McQuaid also warned of a so-called Japanification of the eurozone, with interest rates set to remain close to zero just as they have done in Japan for

the last 20 years.

He noted that the nine recent rate rises enacted by the US Federal Reserve have given it the room to cut rates should the US economy need a boost.

The changing of top brass at the ECB — including the departure of president Mario Draghi and executive board member Benoit Coeuré — could impact eurozone interest rate pol-

icy, said Mr McQuaid.

While he sees Irish economic growth being sustained "in the next few years", he noted household debt remains the fourth highest in the EU, despite significant decline in recent years.

The pending departure of key European figures, like German chancellor Angela Merkel, could usher in less market and EU-friendly successors, said Mr McQuaid.

# Local market expertise with an international reach on offer

Clients of Grant Thornton's Cork office advisory services team are able to tap into a deep well of expertise that spans everything from business valuation, and acquisitions to restructuring. Established in 2013 in the teeth of the recession the team has grown and evolved as the economy has improved with the office now having both transactional and operational advisory offerings.

"Cork has really recovered very well since 2016", says Grant Thornton Partner Michael Nolan. "It is projected to be the fastest growing city in Ireland for the next 10 or 15 years and we are here to support that growth by helping businesses realise their ambitions and fulfil their potential — whether that is through an owner selling the business through a sale or succession process or growth through acquisition."

The team was initially focused on restructuring, according to Grant Thornton Director David O'Donnell. "That was appropriate to the times", he points out. "We were in the depths of recession and our principal offerings to clients were in the areas of recovery, liquidation, examiner's rescue, restructuring and so on. As the economy improved, we grew and broadened our offering to general advisory services across the full range of mergers and acquisitions, debt raising, valuations, and corporate finance. We had three people when we started out back in 2013 and the transactional advisory team has grown to 15". O'Donnell notes, who joined the firm as an Assistant Manager when the Cork office opened in 2013, has progressed to Director leading the transactional advisory team with the partners, indicative of the practice's growth.

This doesn't mean that the restructuring work has ceased, of course.

"There is still a fair bit of work going on in that area, partly due to the loan sales which are still ongoing", Nolan adds. "People often need help when their loan gets sold to a fund and we can provide that. The amount of knowledge and expertise built up over time within the team is very useful to clients in that situation. We are able to act as a conduit between the fund and the borrower, assisting both parties achieve a mutually agreeable solution."

Indeed, the fact that Grant Thornton maintains both the funds and the major financial institutions among its clients works to the advantage of other clients. "We are able to leverage our relationships with the banks and financial institutions on behalf of clients", says O'Donnell. "If they are seeking refinancing or new finance, the fact that the proposal comes from Grant Thornton adds considerably to its credibility. The bank values that and we can provide that. It can be hugely beneficial to the client to have some of the tough questions and analysis completed before it gets to funders, allowing the client to understand their options and assist with deciding on which of the various options in the market are best for the business."

But the great majority of the team's work is now in the broader transactional advisory arena. "This is a very good story for Cork", says Nolan.

"Companies have come through the recession and are looking at expansion and other possibilities. Finance is working with clients on debt restructuring or refinancing as part of a positive transaction or strategy, these

are generally very positive stories."

Another key strength of the Grant Thornton offering is the breadth of experience within the advisory team. O'Donnell adds, "We have a really diverse group of people in the team", he says. "Many of them have experience working in accounting practices while others come from banking and industry backgrounds. This gives us a very strong, mixed skillset which not everyone can offer. Our experience covers all sectors and organisations of all types and sizes. We have been involved in everything from childcare centres to catering and hospitality and motor dealers to sawmills. When a client comes into us it is usually the case that we have dealt with their sector and type of issue before."

A particular area where new business is arising is the result of the success of firms in the Cork area. "Many companies in the region, both from within our existing client base and beyond, have been growing strongly in recent years and have come onto the radar of bigger firms who are looking to grow by acquisition. Depending on the client and requirements, we also work with our Dublin corporate finance team and our international network of offices to maximise interest

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Michael Nolan, Partner and David O'Donnell, Director, Grant Thornton Cork

## Grant Thornton

in order to get the best deal possible for the client. The advisory team also works closely with the tax team as tax is often crucial in enhancing value in a transaction."

The firm boasts vast experience of such transactions. "Our valuations expertise is critically important", says Nolan. "We know what's being paid in the market and are able to advise clients accordingly. Whether it's a succession or a sale being contemplated, people want to know what they are worth when they go to market. We also work with the Grant Thornton national valuations team and this gives us access to a wealth of further expertise and information from a much broader range of sources."

This combination of local market expertise and national and international reach is proving very attractive to clients. "We work with every type of client from semi-states to educational institutions, sole traders with a few properties to larger organisations, financial institutions and so on", says O'Donnell. "The quality of our people means we offer a very high level of capability. Our clients know we can deliver, and we are getting a lot of advisory work from major organisations as a result."

