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Fed's dovish tilt to unleash tide of bets on resurgent euro

Monday, May 3, 2021
Ramadan 21, 1442 AH

GULF TIMES
BUSINESS

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Listed firms' profit jumps more than 30% year-on-year to QR10.93bn in Q1

Qatar sailing smooth to become a vibrant maritime hub

By Santhosh V Perumal
Business Reporter

Qatar's prospects of becoming a regional maritime hub strengthened as transshipment volumes grew by a robust 73% year-on-year in April, according to Mwani Qatar.

Qatar's prospects of becoming a regional maritime hub strengthened as transshipment volumes grew by a robust 73% year-on-year this April, according to figures released by Mwani Qatar.

The country's Hamad, Doha and Al Ruwais ports also posted a robust two-digit year-on-year growth in container handling and the number of ships arrived this April; even as the country tightened the Covid-19 restrictions owing to second wave of the pandemic.

Specifically, the building materials handled by these ports more than doubled year-on-year in April 2021; indicating a robust outlook for the construction sector, as corroborated by the rising trends in building permits issued in the recent months.

The increase in transshipment in April 2021 comes amidst the government's plan to transform Qatar into a vibrant regional trading hub in the region, given its geographical proximity with the continents and attractive regulatory, legal environment as well as robust infrastructure.

The container handling through the three ports stood at 137,966 TEUs (twenty-foot equivalent units), which grew 25.04% and 0.17% year-on-year and month-on-month respectively in April 2021. The container handling stood at 549,098 TEUs in January-April this year.

QTerminals had recently tweeted that Hamad Port handled container volume of more than 5mn TEUs since the start of operations.

Hamad Port, which is the largest eco-friendly project in the region and internationally recognised as one of the largest green ports in the world, alone saw 135,710 TEUs of containers handled in April 2021.

The number of ships calling on Qatar's three ports stood at 300 in April 2021, which was 33.93% and 20% higher on both yearly and monthly basis respectively. As many as 1,047 ships had called on the ports during the first four months of this year.

Hamad Port's strategic geographical location offers opportunities to create cargo movement towards the upper Gulf, supporting countries such as Kuwait and Iraq and south towards Oman.

Qatar's share in the overall Middle East trade is expected to significantly increase with the robust technological infrastructure supporting the Hamad Port's second container terminal (CT2).

The building materials handled amounted to 49,129 tonnes in April this year, which more than doubled year-on-year and was up 0.42% month-on-month in the review period. A total of 248,079 tonnes of building materials had been handled by these three ports during January-April 2021.

The rebound of business activities, especially in the construction sector, corroborates the Qatar Financial Centre's positive outlook on the non-energy private sector.

The three ports had handled 52,252 livestock in April, which more than doubled on yearly and monthly basis respectively. Together they handled 157,744 heads in the first four months of this year.

The three ports handled 7,167 vehicles (RORO) in April 2021, which grew 52.33% and 7.47% year-on-year and month-on-month respectively. They together handled 26,896 vehicles in January-April this year. Hamad Port alone handled 7,116 units in April this year.

The general cargo handled through the three ports stood at 123,438 tonnes in April 2021, which showed a 10.19% and 8.1% decline on a yearly and monthly basis respectively. Hamad Port alone handled 118,903 freight tonnes of break-bulk in April this year.

On a cumulative basis, the general cargo movement through the three ports totalled 586,008 tonnes in the first four months of this year.

Dukhan Bank first-quarter net profit jumps 10.3% y-o-y to QR267mn

Dukhan Bank has posted a first-quarter net profit of QR267mn, up 10.3% on the first quarter of 2020.

The total assets of the bank, supported by financing activities, increased as well "significantly" to QR100.4bn, accomplishing a growth of 29.7% compared to the same period in 2020 and of 16.3% compared to December 2020.

The total financing assets reached QR75bn, achieving a growth of 38.3% compared to March 2020 and resulting in an increase of 28% compared to December 2020.

Customer deposits balance rose to QR68.3bn, recording a strong growth of 54.6% compared to March 2020 and an increase of 26.9% compared to December 2020.

Total income for the three-month period ending March 31 increased to QR946mn, registering a growth rate of 4.2% compared to QR908mn during the same period in 2020.

Total operating expenses were QR181mn for the three-month period ending March 31, down from QR185mn in the same period last year.

Considering strong operating income growth and cost reduction, more operational efficiency was achieved as evident through reduction in the cost-to-income ratio, which decreased from 34% to 26%.

Shareholders' equity rose to QR11.3bn and the total capital adequacy ratio was stable at 16.4% as of March 13 this year to meet the Basel-III requirements, while maintaining a sufficient buffer above the minimum supervisory ratio specified by the Qatar Central Bank and Basel Standards.

Moreover, Dukhan Bank has been affirmed rating of 'A' with a stable outlook by Fitch Ratings, and 'A2/Prime-1' with a 'stable' outlook by the international rating agency Moody's.

بنك دخان
DUKHAN BANK

Dukhan Bank's total assets, supported by financing activities, surged to QR100.4bn, accomplishing a growth of 29.7% compared to the same period in 2020

Organised retail supply space in Qatar totals 1.93mn sq m in Q1, says ValuStrat

By Pratap John
Business Editor

Organised retail supply space in Qatar totalled 1.93mn sq m gross leasable area (GLA) as of first quarter, researcher ValuStrat said in a report.

Some 202,000 sq m GLA of organised retail space is in the pipeline for 2021, ValuStrat said in its 'Qatar Real Estate Market 1st Quarter 2021 Review'.

These include Boulevard Mall in Jeryan Jenaihat, 04 Mall in The Pearl and Doha Mall in Al Maamoura.

With the continuation of the pandemic and restrictions on social mobility, challenges associated with oversupply continue to exacerbate occupancy and rents in organised and unorganised retail outlets, ValuStrat noted.

The median monthly asking rent in shopping centres remains unchanged QoQ, but fell by 4.3% YoY. The median monthly asking rent among street retail inside Doha was QR165 per sq m, declining by 3% QoQ and 8% YoY.

The median asking rent among street retail units outside Doha was QR155 per sq m, falling by 6% QoQ and 9% YoY, ValuStrat said.

Faster absorption of listings of street retail was seen in areas of Ain Khaled, Abu Hamour and Old Airport compared to Lusail, Fereej Bin Mahmoud and shops along Salwa Road, which experienced an increase in vacant spaces available for rent.

According to ValuStrat, new regional and international food and beverage and fashion brands opened stores in the Mall of Qatar including Maia lounge, Mestooran restaurant, Kaldi Cafe and Bianca Nera.

Al Meera (58th branch) and Daiso Japan (7th branch) opened their stores in Al Asmakh Mall and Mirqab Mall respectively, both spread over an area of 1,000sq m, ValuStrat noted.

Qatar among best emerging market performers in vaccine response: Bloomberg Economics

By Pratap John
Business Editor

Qatar and two other GCC neighbours – Saudi Arabia and the UAE – are performing better than the rest of the Middle East, Central and Eastern Europe, and Latin America in vaccine response, says Bloomberg Economics.

A renewed outbreak of the virus is underway, but not all emerging markets are hit equally hard. Bloomberg Economics' ranking of 75 economies shows countries in the Gulf Cooperation Council (GCC) and East Asia performing better than the rest of the Middle East, Central and Eastern Europe, and Latin America.

The GCC (Qatar, Saudi Arabia and the UAE) and Asia (South Korea, China and Taiwan) are performing best. The rest of the Middle East, Central and Eastern Europe, and Latin America are struggling under the strain of the pandemic, Bloomberg Economics noted.

Qatar and two other GCC neighbours, Saudi Arabia and the UAE, are performing better than the rest of the Middle East, Central and Eastern Europe, and Latin America in vaccine response, says Bloomberg Economics.

Saudi Arabia, the UAE and Qatar have also climbed towards the top of the list, Bloomberg Economics noted.

According to Ziad Daoud, chief emerging markets economist at Bloomberg Economics, the GCC has risen to the top of the rankings in the last 30 days partly because vaccination rates are among the highest in the world. He said, "In addition, activity is close to pre-virus levels despite a recent slowdown coinciding with the fasting month of Ramadan."

The economies of South Korea, China and Taiwan have consistently ranked highly in Bloomberg's scorecard. Their early virus containment and ample policy space have allowed them to see a robust recovery from the pandemic. Bangladesh has also crept up in the rankings, thanks to a pickup in mobility.

Bloomberg Economics' ranking uses a range of social measures, including Covid-19 case rates and fatalities, vaccination progress, economic activity mobility and policy space to assess, which countries are most effectively containing Covid-19 cases without enormous damage to their lifestyle or economy.

That data, Bloomberg Economics said is used to calculate a final score, ranking countries based on virus deaths and vaccine doses, and take a simple average of that and the other two metrics.

UAE's flydubai reports $194mn loss for 2020

Reuters
Dubai

United Arab Emirates carrier flydubai swung to a loss of 712.6mn dirhams ($194mn) last year, hit by a plunge in passenger traffic as a result of the coronavirus pandemic, it said yesterday. The loss compared with a 198.2mn dirham profit in 2019, when the airline reached a compensation deal with Boeing.

Revenue contracted 53.7% to 2.8bn dirhams.

Flydubai said the pandemic had impacted the airline more than any other crisis, with passenger traffic falling 67% to 3.2mn in 2020 while the number of flights it operated fell 63% to 27,450. Flydubai, which lacks a domestic market to cushion against international closures imposed because of the pandemic, said 1,092 employees had taken unpaid leave or were on voluntary leave - about 29% of its current workforce of 3,796 staff.

It said 126 employees had left the company.

The airline's operations were significantly reduced last year for several weeks when the UAE closed its borders to international arrivals in March.

After initially reopening for foreign residents, Dubai once again allowed foreign visitors to enter from July.

Flydubai's fleet shrank by eight jets to 51 Boeing 737's, it said.

UAE non-oil economy shrinks first time since 2011 in 2020

Bloomberg
Dubai

The United Arab Emirates' non-oil economy shrank 6.2% last year on lower oil prices and the coronavirus pandemic, the first contraction since 2011 at least, according to preliminary government data.

Overall gross domestic product in the Arab world's second-largest economy is estimated to have contracted 6.1% in 2020, according to data cited in a statement by the Ministry of Economy. That's slightly more than initial projections of a 6% contraction. Non-oil GDP is seen rebounding to grow 3.6% this year.

"The UAE economy performed better than expected in 2020 despite the current global challenges brought about by the Covid-19 pandemic," said Abdulla bin Touq al-Marri, the country's economy minister. "This is a comparatively low decline" compared to major global economies, he added.

The International Monetary Fund forecast a 6% contraction in the UAE economy, and expects GDP to recover partially this year.

The Ministry of Economy and other government entities are working to double the economy over the next decade, to 3tn dirhams ($816.8bn) from about 1.4tn dirhams now, he said.

Government spending increased by about 1.2bn dirhams, the statement said.

Accommodation and food services fell around 24% last year while wholesale and retail operations declined 13%. Financial and insurance activities dropped 3% and manufacturing industries increased marginally.

A man stands at the Dubai Creek (file). Overall gross domestic product in the UAE, the Arab world's second-largest economy, is estimated to have contracted 6.1% in 2020, according to data cited in a statement by the Ministry of Economy.

Pandemic offers Africa a chance to boost sovereign sukuk sales

Bloomberg
Johannesburg

The financing required to rebuild economies in African nations following the coronavirus pandemic gives the continent an opportunity to boost its share of Islamic financing.

The global Islamic-finance industry is forecast to expand about 25% this year, after assets declined 23.5% in 2020, said Faizal Bhana, the director for the Middle East, Africa and India at Jersey Finance, citing a study by the not-for-profit organisation, which promotes the Channel island as a financial centre.

African nations will struggle to raise financing as they emerge from the pandemic, Bhana said in an interview. "Sukuk will become another way for governments to go out to international markets, and raise it there."

South Africa's Treasury plans to sell a domestic rand-denominated sukuk in current fiscal year which ends in February, while Nigeria is considering Shariah-compliant debt to help finance projects in 2021. Nigeria's Debt Management Office has already issued three sovereign sukuks, and South Africa sold its maiden Islamic bond in 2014.

In Egypt, the cabinet approved a draft sovereign sukuk law in November, while Kenya has put in place a regulatory framework to govern its Islamic-finance industry ahead of a long-awaited sale of its maiden sovereign sukuk.

The convenience brought about by technology and similarities in some features of Shariah-compliant products and environmental, social and governance principles is expected to boost uptake of Islamic-finance products, Bhana said. Governments should also encourage a secondary market to create liquidity and provide access to a wider range of investors, he said.

African government should also move toward treating Islamic-finance products the same as conventional finance, Bhana said.

In Africa, where a report by Islamic Finance Advisory & Assurance Services estimates its share of total assets around 1%. That's even as almost one third of the continent's population is Muslim. Global sukuk issuance increased by more than half to $93.43 billion over three years through 2018, while conventional bond issuance declined during the period, according to the report.

Bloomberg QuickTake Q&A

How China is closing in on its own digital currency

By Bloomberg News

While there's no launch date yet, the People's Bank of China is likely to be the first major central bank to issue a digital version of its currency, the yuan, seeking to keep up with - and control of - a rapidly digitising economy. Trials and tests are underway in several cities, with the Covid-19 pandemic and need for social distancing adding fresh impetus. Unlike cryptocurrencies such as Bitcoin, the digital yuan won't have any presumption of anonymity and its value will be as stable as the physical yuan, which will be sticking around too. Behind China's rush is a desire to manage technological change on its own terms. As one PBoC official put it, currency isn't only an economic issue, it's also about sovereignty.

1. What's the plan?

Not all the details are out, but according to patents registered by the PBoC and pilot trials, it could work something like this: Consumers and businesses would download a so-called e-wallet onto their mobile phone and fill it with money from their account at a commercial bank, similar to going to an ATM. They then use that money - dubbed e-CNY - like cash to make and receive payments directly with anyone else who also has an e-wallet.

2. Where and how is it being tested?

The PBoC gave the green light in 2019 for e-CNY to be tested in four cities including Chengdu and Shenzhen as well as the 2022 Winter Olympics venues in Beijing and Zhangjiakou. The list grew to 11 cities and provinces in 2020 including Shanghai, and PBoC deputy governor Li Bo said in April this year that more trials could be rolled out. Selected users are allowed to convert between cash and digital money, check account balances and make payments and remittances. In trials in Suzhou last year, some government employees received digital transport subsidies, and McDonald's in Xiong'an was accepting it for payments. Didi Chuxing, China's biggest ride-hailing company, also participated in some trials, as did food-delivery giant Meituan Dianping and streaming platform Bilibili Inc. E-commerce firm JD.com used the digital currency to pay some of its employees this year. The central bank started testing cross-border use with the Hong Kong Monetary Authority in 2021, and has done additional testing with Thailand, the United Arab Emirates and Hong Kong in something called the "Multiple Central Bank Digital Currency (m-CBDC) Bridge Project."

3. When is it coming?

No word. The PBoC's Li said there's still much work to be done to expand the trials, construct an ecosystem in which the currency can be used and think about regulation and legislation. Last year, PBoC Governor Yi Gang called the trials just part of "regular research work," dialling back expectations. The inclusion of the venues for the Winter Olympics suggested 2022 as a possible target. Digital currency innovation was also mentioned in the Communist Party's grand plan to make Shenzhen, the technology hub next to Hong Kong, into a world-class city by 2025.

4. Aren't most transactions already electronic?

Yes. China is increasingly a cashless society. Even street-food sellers in small towns prefer to be paid via a mobile-payment app like Ant Group Co's Alipay and Tencent Holdings' WeChat Pay rather than cash. More than 72tn yuan ($11tn) of transactions in China were processed via these payment systems in the last quarter of 2020, according to research firm Analysys. The latest central bank figures show 85% of adults used electronic modes of payment in 2019. The trend is hardly unique to China: A central bank survey in Sweden found that only 9% of people paid for their most-recent purchase in cash in 2020, down from 39% in 2010.

5. Will people use it?

It's hard to say. So far the trials have had a muted reception as customers complain that they struggle to find stores that accept the e-CNY, and that the e-wallet doesn't offer as wide a range of services as the commercial payment apps do. The PBoC's e-wallet limits users to making payments for some retail services, whereas Alipay and WeChat Pay are deeply embedded in a whole world of social media, e-commerce, ride-hailing, bill-paying, investments and other functions.

A sign indicating digital yuan, also referred to as e-CNY, is pictured on a vending machine at a subway station in Shanghai on April 21. Behind China's rush to issue a digital version of its currency is a desire to manage technological change on its own terms. As one PBoC official put it, currency isn't only an economic issue, it's also about sovereignty.

6. Does China want to supplant the tech giants?

It says no. Ant and Tencent, which together occupy over 90% of the mobile-payment market, are under more regulatory pressure these days, from anti-trust probes to control over data. But Mu Changchun, head of the PBoC's digital currency research institute, said in March that the digital yuan will co-exist with the two payment platforms and provide a backup, since their dominance in the market creates financial stability risks. Bloomberg Intelligence estimates the digital yuan could grab a 9% market share by 2025.

7. So why is the PBoC doing this?

The PBoC's Mu says China is defending its monetary sovereignty, enhancing the efficiency of its payments systems and promoting financial inclusion. The e-yuan project was started by former central bank governor Zhou Xiaochuan, who wanted to protect China from having to some day adopt a standard, like Bitcoin, designed and controlled by others. Having the ability to track money electronically as it changes hands would also be useful in combating money laundering and other illegal activity. Other factors may have sped things up, including worries about handling cash during the pandemic as well as a cryptocurrency project backed by Facebook Inc - first called Libra, now named Diem. Assuming it goes ahead, Diem could end up increasing the dollar's dominance and weaken China's capital controls. As the head of the PBoC's research bureau, Wang Xin, put it, that could have "economic, financial and even international political consequences."

8. What's the US reaction?

The Biden administration is stepping up scrutiny of China's e-CNY ambition, with some officials concerned it could kick off a long-term bid to topple the dollar as the world's dominant reserve currency. Officials are said to be eager to understand how the digital yuan will be distributed, and whether it could also be used to work around US financial sanctions. In China, policymakers say the e-CNY is intended to build a cheaper, easier domestic payment system, not to give the yuan a bigger global role.

9. Is it a cryptocurrency?

Probably not. When we say cryptocurrency, we usually mean an offering such as Bitcoin that uses decentralised, online ledgers known as blockchain to verify and record transactions. Bitcoin and others such as Ether support anonymous transfers without the need for a middleman - or a central bank. The wild volatility in their value, however, makes them ill-suited for use as a means of payment. Facebook's Diem will be a set of cryptocurrencies, but so-called stablecoins, with each backed by a real-life currency such as the dollar, euro or pound. The PBoC will, of course, back the digital yuan, making it the opposite of decentralised. It's also not certain that it will use blockchain.

10. Why not use existing coins?

China banned cryptocurrency exchanges and so-called initial coin offerings in 2017 amid a broad effort to cleanse risk from its financial system and clamp down on so-called shadow banking. They can still be traded, but through a slower, more restrictive process. Digital currencies also could provide a way to move money out of China, potentially adding to capital outflows that would undermine the yuan's value. Even though Diem isn't out yet, Chinese officials have called for oversight by monetary authorities. (Facebook's website is banned in China, but many Chinese access it via a work-around called a virtual private network, or VPN.)

11. Why not use blockchain?

Researchers have expressed doubts about whether the technology would be able to support a large volume of simultaneous transactions. China's annual Singles' Day shopping gala in 2020 had payment demand peaking at 93,500 transactions per second, far above what Bitcoin's blockchain could support.

12. How about privacy?

The bank wants to "strike a balance" between privacy and the need to crack down on financial crimes, according to Mu. For instance, users with just small daily transactions can open accounts with only their phone numbers and stay relatively anonymous. (An ID is required to activate a phone number in China, so network operators could trace the identity. Mu said they are barred from sharing that information with third parties.) In addition, the PBoC has said that user information won't be completely exposed to banks. But user identities will likely be tied to individual wallets, giving authorities another window into people's lives. PBoC deputy governor Fan Yifei suggested in an article in 2018 that banks may need to submit daily information on transactions and that there could be caps on transactions by individuals.

13. How will banks be affected?

Mainly in bookkeeping. Digital cash would have to be kept separate from regular savings, because it represents money in actual circulation (known in central banking parlance as M0), not the so-called demand deposits (M1) which banks use to lend out again to companies and households. Commercial lenders would deposit 100% worth of reserves at the central bank in exchange for digital currency, which it then distributes to retail users. The two-tier system also reduces the burden on the PBoC to perform due diligence, revamp IT systems and answer client requests.

14. Any economic impact?

Probably not immediately. As the PBoC's digital money is designed to replace cash, it won't have a big impact on the broad money supply, and thereby its effect on monetary policy will likely be neutral. If the digital currency is widely accepted and people are encouraged to hold more cash, bank deposits could decline, but the impact will be manageable, according to a 2018 article from the PBoC's digital currency research institute. In a more distant future, the central bank might use digital currency to help steer the economy. Patent filings made public in 2018 described a currency that would require banks making loans to input details about borrowers and interest rates before funds could be transferred. That could allow the PBoC to more proactively control bank lending and direct funding where it deems appropriate. Furthermore, should there be a need for China to turn to an unconventional monetary policy toolkit, digitised currency would allow it to apply negative rates even for people holding digital cash.

Merck CEO Garijo becomes first woman to lead German DAX firm

AFP
Frankfurt

Belen Garijo has taken over as CEO at German pharmaceuticals giant Merck – the first woman to single-handedly run a DAX 30-listed company – as Europe's top economy debates quotas for greater boardroom equality.

Spanish-born Garijo, 60, who started in the new role on May 1, says she's not content to be a one-off.

"It's more important to me not to be the last woman at the top of a company than to be the only one," the trained doctor recently told the newspaper Frankfurter Allgemeine Zeitung.

Garijo previously served as the group's deputy chief executive officer and head of its healthcare unit.

Her immediate focus will be on Merck's frontline role in the fight against Covid-19, with Garijo announcing that the firm will scale up deliveries in the months ahead of the lipids used in vaccine production for clients such as Pfizer-BioNTech.

"We are turning the house upside down to do that," Garijo told German news agency DPA.

She is replacing Stefan Oschmann, 63, whose term ended after five years at the helm of the Darmstadt-based, family-owned group, which had never had a female chief executive in its 350-year history.

Garijo, a mother of two and a passionate Real Madrid supporter, is making history as the first solo female leader of a firm listed on Frankfurt's blue-chip DAX 30 index.

German software group SAP made the first cracks in the glass ceiling in 2019 when it appointed Jennifer Morgan as co-CEO alongside a male executive. However she bowed out last year after just six months, as SAP decided to switch back to a sole chief executive – Christian Klein – to steer it through the pandemic upheaval.

Although Germany has been run by a woman chancellor for nearly 16 years and Christine Lagarde heads the Frankfurt-based European Central Bank, female top executives remain a rare sight in Europe's leading economy.

Germany's gender pay gap is also one of the largest in Europe, with women earning about 21% less than men on average.

But things are changing.

The German government introduced legislation in 2015 requiring women to make up 30% of supervisory board seats in large companies, and Chancellor Angela Merkel's cabinet approved plans in January to introduce similar rules for executive boards.

Garijo, who previously ran Sanofi's European operations, joined Merck's healthcare unit in 2011.

She has been credited with overhauling the department's research and development and refocusing attention on fewer drugs with better prospects, boosting sales and profits, according to the Handelsblatt financial newspaper.

Garijo for her part puts her success down to "hard work" and to having seized her chances "when they arose".

She is not, however, a fan of legal quotas to promote women, even in the face of middling results from voluntary measures by industry.

"I am against all forms of discrimination, including positive discrimination," she said.

Under the draft law approved by Merkel's government earlier this year, listed companies with four executives or more must appoint at least one woman to their executive boards.

Included in the new legislation, companies in which the government holds a majority stake – such as the rail group Deutsche Bahn – will have stricter rules, with at least one woman on management boards with more than two members, and a 30-percent quota to come in the future.

The legislation, the object of a political tug-of-war ahead of a general election to pick Merkel's successor in September, must still pass parliament.

Seventy-three groups would be impacted by the new rules, among which 32 currently have no female representation in the executive suite, according to government data.

Merkel, in power since 2005, has spoken out at foot-dragging by business leaders, against the resistance of some in her own conservative bloc.

"It's time, following action with the surveillance boards, for something to finally happen with executive boards – it's in the interests of the companies too," said Katharina Wrohlich, gender researcher at economic think tank DIW, which has since 2006 compiled a barometer of female representation at Germany's top firms.

At the end of 2020, they counted just under 14% women on their executive teams, versus around 35% on supervisory boards, giving ammunition to those calling for legal remedies.

Record metals prices catapult mining profits beyond oil majors

Bloomberg
Singapore

Major oil producers, for decades the natural resource industry's top earners, are being eclipsed by once-smaller mining peers who are churning out record profits thanks to red-hot metals markets.

The mining windfall is the latest sign of a boom in iron ore, copper and other metals that's sending an inflationary wave through the global economy, increasing the cost of everything from electrical wires to construction beams.

In the corporate world, the top five iron ore mining companies are on track to deliver bottom-line profits of $65 billion combined this year, according to estimates compiled by Bloomberg. That's about 13% more than the five biggest international oil producers, flipping a decades-old hierarchy.

"It's wild," said Mark Hansen, chief executive officer of London-based trading house Concord Resources Ltd. "The value right now has shifted from energy to metals."

The eye-watering mining profits are mainly a product of iron ore, the world's biggest commodity after oil. The crucial steelmaking ingredient has been trading just a whisker below $200 a tonne and on par with record prices from a decade ago, when voracious Chinese demand triggered what became known as the commodities supercycle. The largest Australian mining companies can pull a tonne of iron ore from the ground for less than $20 a tonne.

Copper prices have also jumped near to all-time highs, crossing the $10,000-a-tonne barrier for the first time in a decade. A basket of base metals including aluminium, nickel, copper, tin, lead and zinc is trading at levels only reached twice in modern history: In 2007-08 and 2011.

For the big five iron ore miners – BHP Group, Rio Tinto Group, Vale SA, Anglo American Plc and Fortescue Metals Group Ltd – this fiscal year will be just the second time this century that they'll out-earn their oil peers, estimates show. It would be only the first time if their oil rivals hadn't been weighed down by huge write-downs in 2020. During the previous commodity boom, which peaked between 2008 and 2011, Big Oil easily made larger profits than Big Mining. A decade ago, for example, the five energy majors – Exxon Mobil Corp, Chevron Corp, Royal Dutch Shell, Total SE and BP Plc – delivered adjusted earnings that were double those of the big five iron ore miners.


A worker handles newly formed copper cathode sheets in a warehouse at the KGHM Polska Miedz copper smelting plant in Glogow, Poland. Major oil producers, for decades the natural resource industry's top earners, are being eclipsed by once-smaller mining peers who are churning out record profits thanks to red-hot metals markets.

Now, the surge in mining profits is another headache for the large oil companies as they struggle to attract shareholders amid mounting concern over climate change. While the miners are already returning more cash to investors, the oil producers are only just starting to do so, after some cut dividends last year.

The miners also have a better story to tell: while oil contributes to a warming world, some metals – particularly copper – are key to building a greener future based on electric cars.

The mining windfall matters beyond the natural resources industry. It's an indication that companies across multiple sectors will face rising costs, which at some point could translate into broader inflation, potentially hitting bond and foreign exchange markets.

"After a year of strong commodity-price increases, inflation pressures are now building downstream in supply chains," said John Mothersole, pricing and purchasing research director at consultant IHS Markit Ltd.

So far, central banks – notably the US Federal Reserve – have largely disregarded those pressures, saying they're one-time price surges that are unlikely to start an inflationary problem. The Fed said that while inflation has risen, the increase largely reflects "transitory factors."

Iron ore is in a dream scenario: demand, especially from China, is rampant, while supply is constrained. China, which accounts for about half of global steel production, is making a record amount of the metal, while industrial output is surging across the rest of the world as huge stimulus packages fuel a recovery from the pandemic. At the same time, producers are struggling to keep mines running at full capacity.

Yet underpinning the tightness in metals is a strategic decision made by the big miners half a decade ago. After spending years pumping ever-expanding supply onto the global market, they ripped up growth plans and focused instead on shareholder returns. The result was that supply largely stopped rising and prices started to pick up.

The good news for investors is that during this wave of high prices they're likely to see more of the profits. Unlike in the last commodity supercycle, the miners – still bruised from a series of disastrous deals and projects – are reluctant to pour their extra earnings into acquisitions or new mines, instead choosing to distribute record dividends.

UBS to move Tokyo rates trading business to Sydney in Asia revamp

Bloomberg
Tokyo

UBS Group AG will relocate its Tokyo-based rates trading business to Sydney by the end of this year as the Swiss bank reorganises its Asia-Pacific operations.

The firm has initiated the process to relinquish its Japan Government Bond primary dealership, though the change won't impact UBS's other fixed-income trading businesses conducted with Japanese clients, it said in a statement on Friday.

The departure is a stark reminder of how the Bank of Japan's massive bond purchases have strangled trading activity. While the central bank has cut back buying, it still owns almost half of the government-debt market, while its yield-curve control policy limits fluctuations in prices, squeezing trading opportunities.

"UBS has the competitive edge in Australia's rates trading, so it could be a reason behind the decision," said Akira Takei, global fixed-income money manager at Asset Management One in Tokyo. "Due to the Bank of Japan's yield-curve control, the nation's bond market is almost like a fixed-rate system, which may have affected their decision."

The move also strikes a blow to Japan's ambitions to make Tokyo an international finance hub as turmoil in Hong Kong tests that city's longer-term stance as a key centre in global markets.

The UBS decision follows a strategic review of its global rates trading structure, according to Friday's statement. The firm will continue to participate in yen fixed income trading and will maintain JGB holdings needed for collateral and funding in addition to foreign-exchange trading, the statement said.

"We see long-term potential for fixed income products in the Japanese market, and this realignment will position us to evolve and expand our services in the years ahead," Zenji Nakamura, UBS's Japan country head, said in the statement. "We are deepening investments across our full range of investment bank, wealth management, and asset management offerings in Japan."

UBS is one of the 21 primary dealers in Japan. According to data published by the Ministry of Finance this month, the bank wasn't among the top 10 participants in auctions from October to March. Each dealer is required to bid for at least 5% of each JGB auction.

When UBS leaves, "perhaps the MOF might raise the minimum requirement again as 20 time 5% just covers the float and it would not be covered if any others were to withdraw," said Michael Makdad, an analyst at Morningstar Inc.

By contrast, BNP Paribas SA in August said it's strengthening its yen bond team amid expectations for renewed volatility in long-dated Japanese sovereign debt.

Separately, UBS cut the number of wealth adviser staff in Asia last year, according to a report from Asian Private Banker.

The region's largest employer of client advisers saw its private banking relationship manager headcount in Asia drop by 12.5% in 2020, driven in part by restructuring.

The drop at the Zurich-based lender, Asia's largest employer of client advisers, was driven in part by restructuring during the opening stages of 2020, the Hong Kong-based publication said. Still, UBS Global Wealth Management retained its top ranking in Asia with $560bn under management, up about 24% from the previous year.

UBS last year started a global restructuring of its wealth management business to cut costs and speed up decision making.

Inflation haunts stock traders in blockbuster earnings season

Bloomberg
New York

Overflowing cargo ships, snarled production lines, copper above $10,000 and a start to earnings season that's smashing records.

As developed economies reopen and the newly vaccinated embrace their pre-Covid ways, the global rebound is proving vigorous but messy. For equity investors, the most pressing question is whether the return of inflation spoils returns and eats into corporate profits.

Accelerating prices – and fears the US Federal Reserve will tighten policy to tame them – top the list of money-managers' concerns, according to Bank of America Corp's monthly investor survey. Almost half of those polled by UBS AG predict inflation will quicken over the coming three years.

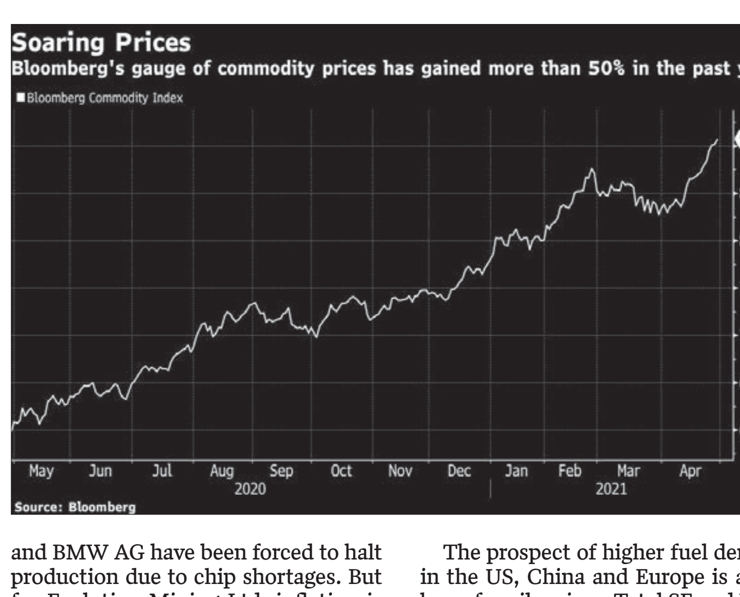
"All materials are going up," said Nico Delvaux, chief executive officer of Assa Abloy AB, whose products range from automatic doors to biometric readers and e-passports. "Our previous guidance of fully compensating for raw material inflation is not the case anymore."

While inflation has become a popular buzzword in financial circles, there's little sign that higher prices are having much of an impact outside of a few pockets of the economy. Price metrics are also being temporarily impacted by so-called "base effects." Year-over-year increases appear large because they are being compared to the very weak inflation prints seen at the start of the pandemic.

Fed officials anticipate that any surge in prices will prove temporary, but others point out that pent-up demand, rising materials costs and more federal spending could lead to sustained price pressures. In the eurozone, the economy has tipped into a double-dip recession and an inflation measure excluding volatile items such as food and energy fell to 0.8% in April.

Against that backdrop, stock pickers are negotiating a patchwork of potential winners and losers.

Carmakers such as Honda Motor Co and BMW AG have been forced to halt production due to chip shortages. But for Evolution Mining Ltd, inflation is good news. The gold it produces is used to hedge against price growth, Bryan O'Hara, general manager for investor relations, said on an analyst call.



The prospect of higher fuel demand in the US, China and Europe is also a boon for oil majors: Total SE and Royal Dutch Shell Plc gained on Thursday after reporting better-than-forecast profits.

And it's not just the oil giants. A record number of companies are besting consensus estimates in both the US and Europe, JPMorgan Chase & Co analysts said on Friday.

But as the earnings beats are unveiled, inflation talk is everywhere.

On investor calls with top executives of S&P 500 companies the word was referenced twice as frequently as last quarter, according to transcript analysis by Bloomberg. Google Trends show the number of searches for "inflation" was the highest since 2004 in the US in March.

The danger is that price growth becomes entrenched, ultimately halting the record run for equities. At the same time, stocks are seen as better placed to handle inflation, compared with other asset classes like bonds, which offer fixed returns.

"Massive fiscal stimulus and pent-up demand, as well as higher corporate taxes, rising wages and de-globalisation, could shift medium-term inflationary dynamics upward," Barclays strategists led by Emmanuel Cau wrote in a note to clients.

For now, investor optimism about the reopening dominates, and US stocks hit another record high on Thursday. The companies wrestling with the rising input costs strike a warier note.

"Palm prices are upwards to 40% to 50% year on year," Srinivas Phatak, chief financial officer and executive director at Hindustan Unilever Ltd, said in an earnings call on Thursday. "And if you actually have to cover the margins you can simply do the math."

Shares of Clorox Co, which makes household cleaning products from bleach to cat litter, tumbled on Friday after cutting its 2021 earnings-per-share forecast. Higher costs for commodities, manufacturing and logistics were to blame, the company said.

Others are passing on the costs to shoppers. Church & Dwight Co, which owns brands such as OxiClean, Arm & Hammer and Trojan condoms, said in an earnings call on Thursday it will be raising prices. Kraft Heinz Foods Co said it's winding down promotions for hot dogs and cream cheese.

BUSINESS

QATAR

Company Name	Lt Price	% Chg	Volume
ZAD HOLDING CO	15.50	-0.64	83,344
WIDAM FOOD CO	4.52	-5.42	2,933,606
VODAFONE QATAR	1.75	-1.69	2,252,922
UNITED DEVELOPMENT CO	1.59	-0.06	595,965
SALAM INTERNATIONAL INVESTME	0.87	-0.35	30,276,416
QATAR & OMAN INVESTMENT CO	0.95	3.72	25,680,210
QATAR NAVIGATION	7.45	-0.71	97,048
QATAR NATIONAL CEMENT CO	5.20	1.92	248,218
QATAR NATIONAL BANK	17.98	0.45	357,135
QLM LIFE & MEDICAL INSURANCE	5.01	-1.38	34,124
QATAR ISLAMIC INSURANCE GROU	7.75	-1.89	1,525
QATAR INDUSTRIAL MANUFACTUR	2.94	-0.47	65,520
QATAR INTERNATIONAL ISLAMIC	9.33	0.81	364,368
QATARI INVESTORS GROUP	2.12	2.61	3,270,786
QATAR ISLAMIC BANK	17.40	0.00	810,251
QATAR GAS TRANSPORT(NAKILAT)	3.16	-0.06	975,182
QATAR GENERAL INSURANCE & RE	2.35	0.00	-
QATAR GERMAN CO FOR MEDICAL	2.85	-1.25	758,590
QATAR FUEL QSC	18.20	0.00	65,659
QATAR FIRST BANK	1.90	-0.89	780,869
QATAR ELECTRICITY & WATER CO	17.20	0.00	48,400
QATAR EXCHANGE INDEX ETF	10.70	-0.28	931
QATAR CINEMA & FILM DISTRIB	3.95	-5.95	19,325
AL RAYAN QATAR ETF	2.58	-0.46	41,390
QATAR INSURANCE CO	2.50	-0.91	487,376
QATAR ALUMINUM MANUFACTURING	1.55	-0.51	17,037,281
OOREDOO QPSC	7.06	-0.72	282,267
ALIJARAH HOLDING COMPANY QPS	1.19	-1.08	10,927,248
MAZAYA REAL ESTATE DEVELOPME	1.15	-1.71	13,157,785
MESAIEED PETROCHEMICAL HOLDI	1.91	-0.93	3,561,472
AL MEERA CONSUMER GOODS CO	19.13	-0.62	46,879
MEDICARE GROUP	9.41	-1.10	760,505
MANNAI CORPORATION QSC	3.95	-0.25	188,781
MASRAF AL RAYAN	4.47	-0.07	1,600,304
AL KHALIJ COMMERCIAL BANK	2.16	-0.51	540,900
INDUSTRIES QATAR	13.45	-0.22	304,587
INMA HOLDING COMPANY	5.09	-1.13	245,862
INVESTMENT HOLDING GROUP	1.11	-0.89	8,096,368
GULF WAREHOUSING COMPANY	5.11	-0.39	582,742
GULF INTERNATIONAL SERVICES	1.48	-5.92	25,192,331
AL FALEH EDUCATION HOLDING	1.96	-5.50	470,781
EZDAN HOLDING GROUP	1.74	-0.69	3,131,269
DOHA INSURANCE CO	1.98	0.15	1,060,619
DOHA BANK QPSC	2.56	-2.70	1,314,295
DLALA HOLDING	1.71	0.59	766,340
COMMERCIAL BANK PSQC	5.43	0.57	1,070,383
BARWA REAL ESTATE CO	3.22	-0.49	316,997
BALADNA	1.62	-0.43	7,357,606
AL KHALEEJ TAKAFUL GROUP	3.87	0.55	1,225,394
AAMAL CO	0.94	-0.32	1,960,375
AL AHLI BANK	3.62	-2.27	27,409

KUWAIT

Company Name	Lt Price	% Chg	Volume
A'AYAN REAL ESTATE CO SAK	100.00	-0.99	3,263,551
AAN DIGITAL SERVICES CO	13.40	14.53	77,943,042
AAYAN LEASING & INVESTMENT	189.00	-0.13	-
ACICO INDUSTRIES CO KSCC	100.50	0.50	1,733,640
ADVANCED TECHNOLOGY CO	495.00	0.00	-
AGILITY	948.00	0.00	3,786,907
AHLI UNITED BANK (ALMUTAHED)	318.00	0.63	809,378
AHLI UNITED BANK B.S.C	211.00	1.44	15,998,897
AJIAL REAL ESTATE ENTMT	217.00	-3.13	6,200
AJWAN GULF REAL ESTATE CO	10.70	0.00	-
AL AHLI BANK OF KUWAIT	207.00	0.98	2,094,311
AL ARABI GROUP HOLDING CO	198.00	0.00	-
AL ARABIYA REAL ESTATE CO	37.00	4.23	7,495,269
AL BAREEQ HOLDING	90.00	-2.17	207,692
AL MADINA FOR FINANCE AND IN	16.20	0.00	-
AL MAIDAN DENTAL CLINIC CO K	1,240.00	0.00	-
AL MAL INVESTMENT COMPANY	5.90	0.00	-
AL MANAR FINANCING & LEASING	64.00	2.56	2,879,844
AL MASAKEN INTL REAL ESTATE	37.00	0.27	4,088,977
AL MUDON INTL REAL ESTATE CO	20.60	0.00	-
AL SAFAT ENERGY HOLDING COMP	40.00	3.36	2,292,009
AL SALAM GROUP HOLDING CO	27.70	6.95	16,276,252
AL TAMDEEN INVESTMENT CO	260.00	6.12	84,290
AL-AHLEIA INSURANCE CO SAKP	560.00	0.00	1
AL-DEERA HOLDING CO	204.00	4.62	444,136
AL-EID FOOD KSC	190.00	-0.52	588,962
AL-ENMA'A REAL ESTATE CO	71.10	2.60	3,390,197
AL-MADAR FINANCE & INVT CO	132.00	2.33	1,200,200
AL-MASSALEH REAL ESTATE CO	70.20	35.52	5,404,285
AL-MAZAYA HOLDING CO	74.10	0.27	4,023,401
ALARGAN INTERNATIONAL REAL	108.00	0.00	-
ALIMTIAZ INVESTMENT GROUP	125.00	-1.57	11,188,494
ALKOUT INDUSTRIAL PROJECTS C	642.00	0.00	-
ALRAI MEDIA GROUP CO KSC	25.50	0.00	489,961
AMAR FINANCE & LEASING CO	49.00	0.00	-
AMWAL INTERNATIONAL INVESTME	17.80	0.00	167,000
AQAR REAL ESTATE INVESTMENTS	66.00	-4.35	173,512
ARKAN AL KUWAIT REAL ESTATE	104.00	-0.95	1
ARZAN FINANCIAL GROUP FOR FI	113.00	0.89	9,487,674
ASIYA CAPITAL INVESTMENTS CO	43.50	2.84	237,971
AUTOMATED SYSTEMS CO KSCC	105.00	-1.87	344,249
AVIATION LEASE AND FINANCE C	220.00	2.33	5,119,723
BAHRAIN KUWAIT INSURANCE	191.00	0.00	-
BAYAN INVESTMENT CO KSCC	58.00	-4.76	8,040,905
BOUBYAN BANK K.S.C	657.00	0.31	661,669
BOUBYAN PETROCHEMICALS CO	934.00	0.97	145,360
BOURSA KUWAIT SECURITIES CO	1,190.00	3.75	745,628
BURGAN BANK	227.00	0.89	4,129,421
BURGAN CO FOR WELL DRILLING	150.00	4.90	3,510,302
COAST INVESTMENT DEVELOPMENT	51.70	-2.27	4,128,746
COMBINED GROUP CONTRACTING	288.00	2.49	1,742,329
COMMERCIAL BANK OF KUWAIT	500.00	0.00	316,043
COMMERCIAL FACILITIES CO	181.00	0.00	13,814
COMMERCIAL REAL ESTATE CO	113.00	1.80	9,558,353
CREDIT RATING & COLLECTION	29.40	3.16	83,501
DANAH ALSAFAT FOODSTUFF CO	0.00	0.00	-
DAR AL THURAYA REAL ESTATE C	58.80	0.86	80,035
DULAQAN REAL ESTATE CO	274.00	0.00	-
EDUCATIONAL HOLDING GROUP	876.00	26.41	1,109,471
EFFECT REAL ESTATE CO	0.00	0.00	-
EGYPT KUWAIT HOLDING CO SAE	359.00	0.00	-
EKTTITAB HOLDING CO SAK	18.90	10.53	10,703,929
ENERGY HOUSE HOLDING CO KSCP	33.00	0.00	255,158
EQUIPMENT HOLDING CO K.S.C.C	33.10	0.00	-
FIRST DUBAI REAL ESTATE DEVE	65.70	0.31	1,365,312
FIRST INVESTMENT CO KSCC	80.90	0.12	13,583,923
FIRST TAKAFUL INSURANCE CO	54.30	2.45	205,957
FUJAIRAH CEMENT INDUSTRIES	32.30	0.94	17,831
FUTURE KID ENTERTAINMENT AND	77.90	0.00	-
GFH FINANCIAL GROUP BSC	59.70	1.88	10,639,752
GULF BANK	222.00	2.30	21,963,695
GULF CABLE & ELECTRICAL IND	820.00	-0.24	382,813
GULF FRANCHISING HOLDING CO	58.00	-0.68	2,741
GULF INSURANCE GROUP KSC	667.00	0.76	20,501
GULF INVESTMENT HOUSE KSC	186.00	6.29	6,691,230
GULF NORTH AFRICA HOLDING CO	60.00	0.00	190,550
GULF PETROLEUM INVESTMENT	27.60	14.52	44,908,007
HAYAT COMMUNICATIONS	71.20	0.99	227,666
HEAVY ENGINEERING AND SHIP B	424.00	0.00	431,632
HILAL CEMENT CO	84.70	10.00	55,100
HUMANSOFT HOLDING CO KSC	3,365.00	2.28	109,398
IFA HOTELS & RESORTS CO. K.S	45.20	-0.66	3,612,671
INDEPENDENT PETROLEUM GROUP	510.00	0.00	45,020
INJAZZAT REAL STATE COMPANY	72.70	0.00	-
INOVEST CO BSC	98.00	4.03	12,914,640
INTEGRATED HOLDING CO KCSC	415.00	1.22	309,629
INTL FINANCIAL ADVISORS	110.00	0.00	2,549,916
INVESTORS HOLDING GROUP CO.K	15.30	0.00	-
JAZEERA AIRWAYS CO KSC	622.00	1.47	332,337
JIYAD HOLDING CO KSC	42.70	3.39	506,666
KFH CAPITAL REIT	1,069.00	0.00	1,595
KGL LOGISTICS COMPANY KSCC	31.80	0.00	-
KIPCO ASSET MANAGEMENT CO	101.00	2.02	5,346,925
KUWAIT & GULF LINK TRANSPORT	55.50	4.52	3,271,766
KUWAIT & MIDDLE EAST FIN INV	135.00	-2.17	121,412
KUWAIT BUSINESS TOWN REAL ES	75.40	0.40	2,378,677
KUWAIT CEMENT CO KSC	244.00	5.17	947,855
KUWAIT CO FOR PROCESS PLANT	563.00	0.00	18,676
KUWAIT FINANCE & INVESTMENT	100.00	0.00	160,813
KUWAIT FINANCE HOUSE	728.00	0.69	2,575,486
KUWAIT FINANCIAL CENTRE SAK	116.00	10.48	5,003,323
KUWAIT FOUNDRY CO SAK	285.00	3.64	75,755
KUWAIT HOTELS SAK	58.00	0.00	-
KUWAIT INSURANCE CO	367.00	-1.61	10,570
KUWAIT INTERNATIONAL BANK	221.00	1.84	5,809,912
KUWAIT INVESTMENT CO	189.00	1.07	606,200
KUWAIT NATIONAL CINEMA CO	795.00	7.43	8,036
KUWAIT PORTLAND CEMENT CO	894.00	0.11	75,650
KUWAIT PROJECTS CO HOLDINGS	159.00	1.27	1,554,847
KUWAIT REAL ESTATE CO KSC	140.00	-2.10	20,077,555
KUWAIT REAL ESTATE HOLDING C	33.90	0.00	470,150
KUWAIT REINSURANCE CO KSC	370.00	0.00	-
KUWAIT REMAL REAL ESTATE CO	24.20	18.63	8,281,811
KUWAIT RESORTS CO KSCC	74.70	4.18	2,738,229
KUWAIT TELECOMMUNICATIONS CO	887.00	-0.34	15,685
KUWAITI SYRIAN HOLDING CO	34.70	6.44	445,479
LIVESTOCK TRANSPORT & TRADNG	190.00	2.70	211,841
MABANEE CO KPSC	704.00	0.72	1,203,763
MANAZEL HOLDING	53.20	1.33	2,057,830
MASHAER HOLDING CO KSC	71.50	2.58	1,063,212
MENA REAL ESTATE CO	42.40	1.92	1,909,753
METAL & RECYCLING CO	173.00	0.58	2,365
MEZZAN HOLDING CO KSCC	598.00	0.50	265,246
MOBILE TELECOMMUNICATIONS CO	607.00	0.66	2,363,973
MUBARRAD HOLDING CO KSC	90.50	0.67	2,380,158
MUNSHAAT REAL ESTATE PROJECT	77.00	0.13	1,300
NATIONAL BANK OF KUWAIT	827.00	0.49	20,930,531
NATIONAL CLEANING COMPANY	64.90	3.84	2,370,367
NATIONAL CONSUMER HOLDING CO	45.00	0.45	501
NATIONAL INDUSTRIES CO KSC	153.00	0.00	-
NATIONAL INDUSTRIES GRP HOLD	220.00	1.38	5,078,716
NATIONAL INTERNATIONAL CO	79.80	1.01	122,581
NATIONAL INVESTMENTS CO	193.00	1.05	474,190
NATIONAL MOBILE TELECOMMUNI	641.00	0.31	18,104
NATIONAL PETROLEUM SERVICES	980.00	0.00	-
NATIONAL REAL ESTATE CO	178.00	-2.20	19,448,970
NATIONAL SHOOTING COMPANY	36.00	-4.00	470,600
NOOR FINANCIAL INVESTMENT CO	249.00	-1.97	3,552,204
OSOS HOLDING GROUP CO	97.50	1.56	212,100
OSOUL INVESTMENT KSCC	95.00	5.67	659,670
OULA FUEL MARKETING CO	165.00	9.27	800,984
PALMS AGRO PRODUCTION CO	69.50	0.00	-
PRIVATIZATION HOLDING COMPAN	48.90	3.60	3,610,116
QURAIN PETROCHEMICAL INDUSTR	428.00	-0.47	136,402
RAS AL KHAIMAH WHITE CEMENT	67.10	0.00	-
REAL ESTATE ASSET MANAGEMENT	90.20	0.00	-
REAL ESTATE TRADE CENTERS CO	53.90	-0.19	86,852
SALBOOKH TRADING CO KSCP	42.00	-1.64	514,010
SALHIA REAL ESTATE CO KSC	507.00	-0.98	658,386
SANAM REAL ESTATE CO KSCC	56.90	-0.18	30,305
SECURITIES HOUSE/THE	55.30	1.47	6,987,356
SHAMAL AZ-ZOUR AL-OULA FOR T	256.00	0.39	1,748,584
SHARJAH CEMENT & INDUS DEVEL	43.00	7.50	428
SHUAIBA INDUSTRIAL CO	186.00	0.00	-
SOKOUK HOLDING CO SAK	23.30	0.00	-
SOOR FUEL MARKETING CO KSC	158.00	3.95	2,167,376
SPECIALITIES GROUP HOLDING C	96.10	1.16	1,020,357
SULTAN CENTER FOOD PRODUCTS	157.00	-1.88	1,139,038
TAAMEER REAL ESTATE INVEST C	36.30	7.08	14,269,886
TAMDEEN REAL ESTATE CO KSC	260.00	2.77	283,081

OMAN

Company Name	Lt Price	% Chg	Volume
VOLTAMP ENERGY SAOG	0.16	0.00	200
VISION INSURANCE SAOC	0.07	-1.37	359,611
UNITED POWER/ENERGY CO- PREF	0.90	0.00	-
UNITED POWER CO SAOG	1.02	0.00	461
UNITED FINANCE CO	0.05	0.00	1,248,790
UBAR HOTELS & RESORTS	0.13	0.00	-
TAKAFUL OMAN	0.11	0.00	1,550
TAAGEER FINANCE	0.07	0.00	-
SWEETS OF OMAN	0.55	0.00	-
SOHAR POWER CO	0.05	0.00	-
SOHAR INTERNATIONAL BANK	0.09	1.12	69,857
SMN POWER HOLDING SAOG	0.07	-1.43	10,000
SHELL OMAN MARKETING - PREF	1.05	0.00	-
SHELL OMAN MARKETING	0.80	0.00	26,000
SHARQIYAH DESALINATION CO SA	0.12	-0.82	11,100
SEMBCORP SALALAH POWER & WAT	0.08	0.00	70,000
SALALAH PORT SERVICES	0.60	0.00	100
SALALAH MILLS CO	0.53	0.00	114
SALALAH BEACH RESORT SAOG	1.38	0.00	-
SAHARA HOSPITALITY	2.78	0.00	-
RENAISSANCE SERVICES SAOG	0.40	2.03	455,574
RAYSUT CEMENT CO	0.28	2.57	130,850
PHOENIX POWER CO SAOC	0.05	0.00	714
PACKAGING CO LTD	2.21	0.00	-
OOREDOO	0.39	-0.51	69,094
OMINVEST	0.31	0.65	50,000
OMAN UNITED INSURANCE CO	0.38	-0.53	50,000
OMAN TELECOMMUNICATIONS CO	0.78	1.03	52,375
OMAN REIT FUND	0.09	0.00	-
OMAN REFRESHMENT CO	1.32	0.00	-
OMAN QATAR INSURANCE CO	0.09	0.00	-
OMAN PACKAGING	0.31	0.00	1,867
OMAN OIL MARKETING COMPANY	0.72	0.00	-
OMAN NATIONAL ENGINEERING AN	0.09	4.49	190,757
OMAN INVESTMENT & FINANCE	0.10	0.00	619,162
OMAN FLOUR MILLS	0.68	0.00	-
OMAN FISHERIES CO	0.09	0.00	-
OMAN EUROPE FOODS INDUSTRIES	1.00	0.00	-
OMAN EDUCATION & TRAINING IN	0.24	0.00	-
OMAN CHROMITE	3.64	0.00	-
OMAN CHLORINE	0.25	0.00	-
OMAN CERAMIC COMPANY	0.42	0.00	-
OMAN CEMENT CO	0.25	6.81	47,685
OMAN CABLES INDUSTRY	0.86	2.88	54,163
OMAN ARAB BANK SAOG	0.15	0.00	3,878
OMAN & EMIRATES INV(OM)50%	0.05	0.00	2,000
NATL ALUMINIUM PRODUCTS	0.11	0.00	250,100
NATIONAL REAL ESTATE DEVELOP	5.00	0.00	-
NATIONAL MINERAL WATER	0.09	0.00	-
NATIONAL LIFE & GENERAL INSU	0.39	0.00	-
NATIONAL GAS CO	0.14	0.00	5,000
NATIONAL FINANCE CO	0.12	0.00	-
NATIONAL DETERGENT CO SAOG	0.67	0.00	-
NATIONAL BISCUIT INDUSTRIES	3.96	0.00	-
NATIONAL BANK OF OMAN SAOG	0.16	1.27	712,876
MUSCAT THREAD MILLS CO	0.08	0.00	-
MUSCAT INSURANCE CO SAOG	0.35	0.00	-
MUSCAT GASES COMPANY SAOG	0.19	0.00	4,622
MUSCAT FINANCE	0.05	0.00	-
MUSCAT CITY DESALINATION CO	0.09	0.00	395
MUSANDAM POWER CO	0.32	0.00	-
MAJAN GLASS COMPANY	0.18	0.00	-
MAJAN COLLEGE	0.15	0.00	4,000
HSBC BANK OMAN	0.10	0.99	50,000
HOTELS MANAGEMENT CO INTERNA	1.25	0.00	-
GULF STONE	0.12	0.00	-
GULF MUSHROOM COMPANY	0.25	0.00	-
GULF INVEST. SERV. PREF-SHAR	0.00	0.00	-
GULF INTERNATIONAL CHEMICALS	0.10	0.00	-
GULF HOTELS (OMAN) CO LTD	3.88	0.00	-
GLOBAL FIN INVESTMENT	0.05	0.00	-
GALFAR ENGINEERING&CONTRACT	0.06	1.82	3,378,809
GALFAR ENGINEERING -PREFER	0.39	0.00	-
FINANCIAL SERVICES CO.	0.18	0.00	-
FINANCIAL CORP/THE	0.08	0.00	-
DHOFAR TOURISM	0.49	0.00	-
DHOFAR POULTRY	0.18	0.00	-
DHOFAR INTL DEVELOPMENT	0.27	0.00	-
DHOFAR INSURANCE	0.16	0.00	-
DHOFAR GENERATING CO SAOC	0.15	0.00	-
DHOFAR FISHERIES & FOOD INDU	1.28	0.00	-
DHOFAR CATTLEFEED	0.10	0.00	30,000
DHOFAR BEVERAGES CO	0.26	0.00	-
CONSTRUCTION MATERIALS IND	0.03	0.00	-
COMPUTER STATIONERY INDS	0.26	0.00	-
BANKMUSCAT SAOG	0.39	0.00	102,147
BANK NIZWA	0.09	-1.06	1,245,704
BANK DHOFAR SAOG	0.11	0.00	-
ARABIA FALCON INSURANCE CO	0.10	0.00	-
AMAN REAL ESTATE INVE REIT	0.10	0.00	1,000
ALOULA CO	0.04	0.00	-
AL-OMANIYA FINANCIAL SERVICE	0.10	5.21	2,141,462
AL-HASSAN ENGINEERING CO	0.01	0.00	-
AL-FAJAR AL-ALAMIA CO	0.69	0.00	-
AL-ANWAR CERAMIC TILES CO	0.35	2.98	846,865
AL SUWADI POWER	0.06	0.00	29,000
AL SHARQIYA INVEST HOLDING	0.09	1.14	523,100
AL MAHA PETROLEUM PRODUCTS M	0.57	0.00	-
AL MAHA CERAMICS CO SAOC	0.30	3.09	370,693
AL MADINA TAKAFUL CO SAOC	0.09	-1.12	4,906,986
AL MADINA INVESTMENT CO	0.02	0.00	-
AL KAMIL POWER CO	0.25	0.00	-
AL JAZERAH SERVICES -PFD	0.55	0.00	-
AL JAZEERA STEEL PRODUCTS CO	0.34	4.27	900,139
AL JAZEERA SERVICES	0.33	2.50	60,600
AL BURAIMI HOTEL	0.88	0.00	-
AL BATINAH POWER	0.06	1.82	86,940
AL BATINAH HOTELS	1.97	0.00	-
AL BATINAH DEV & INV	0.05	0.00	-
AL ANWAR INVESTMENTS CO SAO	0.09	2.25	3,278,649
AL AHLIA INSURANCE CO SAOC	0.31	0.00	-
AHLI BANK	0.11	0.00	-
ACWA POWER BARKA SAOG	0.48	0.00	-
ABRASIVES MANUFACTURING CO S	0.05	0.00	-
A'SAFFA FOODS SAOG	0.50	0.00	-
OMAN OIL MARKETING CO-PREF	0.25	0.00	-

LATEST MARKET CLOSING FIGURES

Affluent Americans rush to retire in new 'life-is-short' mindset

Bloomberg
Washington/Atlanta

After a year of early-morning Zoom calls, the spectre of a deadly virus and soaring stock and real estate values, working American baby boomers who can afford it plan to get out while the getting's good.

About 2.7mn Americans age 55 or older are contemplating retirement years earlier than they'd imagined because of the pandemic, government data show. They're more likely to be White, a group that typically has a larger amount of accumulated wealth, and many cite robust retirement accounts and Covid-19 fatigue for their early exit, according to interviews with wealth managers and federal surveys.

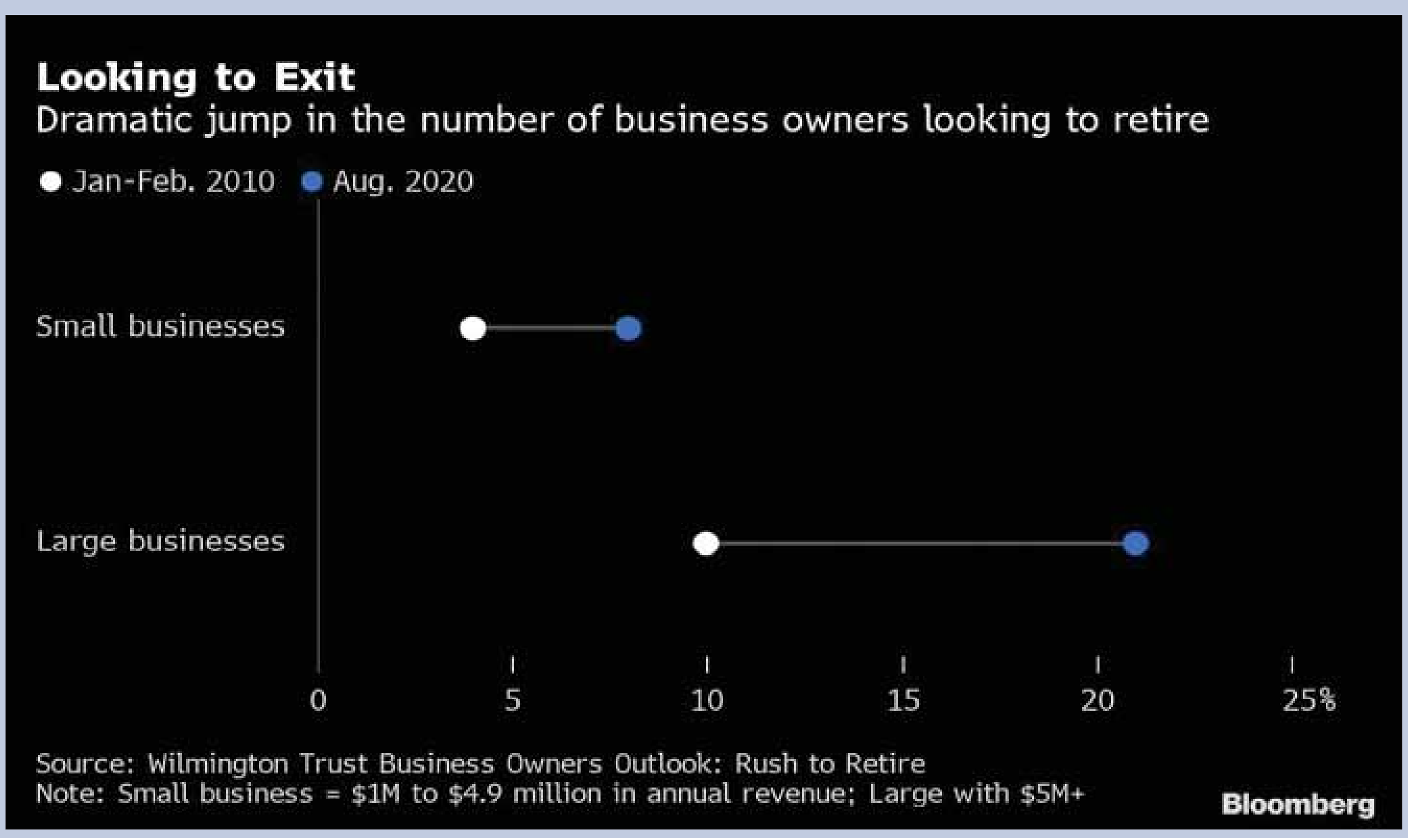
Much like the US economy's so-called K-shaped recovery, the pandemic is treating the affluent differently, empowering them to leave corporate life early. Others who lost jobs had to delay retirement, or grew discouraged and retired before they were ready.

Early retirements, whether desired or forced, will deprive the labour market of some of its most productive workers and have an impact on the economic recovery that is still too early to evaluate. Federal Reserve chairman Jerome Powell last week cited a "significant number" of people saying they've retired as one reason companies are reporting labour shortages, although it's unclear if they'll eventually rejoin the job market.

In the Minneapolis area, Craig DiLorenzo, 58, is among those who chose to bow out, after a career at industrial giant 3M Co. Frustrated over 6am teleconferences, his thoughts turned to spending more time pursuing his outside passions, including volunteering with the Salvation Army. A scare with cancer five years ago made him reconsider his commitment to climbing the corporate ladder, and the last year stuck at home only reinforced those feelings, he said.

"It makes you think, 'Does all this matter as much as you think it does?'" said DiLorenzo, who retired at the end of March.

DiLorenzo's cohort is one better known for hanging onto their jobs as long as possible, usually retiring later than their European counterparts. Their potential exodus from the corporate world, combined with a sharp increase in the number of business owners seeking to retire sooner than they anticipated, is a worrying phenomenon for companies that rely on their accumulated expertise. In addition, burnout among older physicians and teachers is pushing some to an early exit, threatening shortages in health care and education.



Financial advisers say they're seeing a new "life-is-short" attitude among clients with enough money socked away to carry them through retirement.

The prospect of going back to the daily grind is going to be "a really tough pill for a lot of people to swallow," said Kenneth Van Leeuwen, founder of financial services firm Van Leeuwen & Co in Princeton, New Jersey.

One client, an executive whose stock portfolio has performed well, is retiring at 48 as the prospect of having to go back to travelling 10 to 12 nights a month isn't appealing anymore, Van Leeuwen said.

Forty miles west of Boston, Melissa Marteney got tired of working more with less as the pandemic dragged on. She helped oversee state parks for the Massachusetts Department of Conservation and Recreation and was tasked with hiring hundreds of lifeguards and other seasonal workers each spring. But even as people flocked to parks to escape Covid-19 lockdowns, the state cut the seasonal administrative staff that helped her screen candidates.

She retired this year at 58, about five years earlier than expected. Her husband also retired from his job at a financial services firm, and now the couple plan to sail to the Caribbean over winters in their 42-foot (12.8-meter) sailboat. By exiting early, she'll collect a smaller payout from her pension, but the couple's other retirement accounts have ballooned so much lately that "we're going to be in the green until I'm 92."

"I've seen so many people who have decided to wait too long to retire – many of my colleagues or older family members – and they get one year of retirement and get sick and pass on," she said. "I don't want that."

A November study from Pew Research Center found a surge in the number of baby boomers, those born between 1946 and 1964, who reported being retired compared to previous years – 1.2mn more than the historical annual average.

Other data point back up the findings. The number of people expecting to work beyond age 67 fell to a record low of 32.9% last month, according to a New York Federal Reserve survey. And about 2.7mn workers age 55 and older plan to apply early for Social Security benefits – almost twice as many as the 1.4mn people in the same age group who anticipate working longer, according to a recent US Census Bureau survey.

The unprecedented surge in shares and home values during an economic crisis is easing the retirement path for those who have investments. Assets for Americans ages 55 to 69 rose by $4.2tn in 2020, including a $2.2tn increase in corporate equities and mutual fund shares and a $250bn gain in the value of private businesses, according to data from the Federal Reserve. Real estate assets soared by almost $750bn for this group.

Concern that some or all of that wealth could evaporate has especially weighed on entrepreneurs who've been through the 2008 Great Recession. The number of business owners who say they plan to retire sooner than expected has doubled since last August, according to a survey by financial services firm Wilmington Trust.

"Dealing with two major economic events in less than 15 years may have them wondering if it's time to take money off the table, especially as they near retirement," said Stuart Smith, a national director of business value strategies at Wilmington Trust.

The loss of older workers will hurt the labor market. Those workers have strong productivity, lower absenteeism and they can train and mentor newcomers, said Susan Weinstock, vice president of financial resilience programming at seniors advocacy group AARP in Washington, DC.

"Older workers are especially strong in soft skills – things that develop over time and are difficult to teach," she said.

The situation could become particularly acute in healthcare. Almost a third of physicians are over 60, the nonprofit Physicians Foundation said in a November paper, warning that burnout threatens to exacerbate an existing shortage, especially among scarce specialists.

In Bethesda, Maryland, orthopaedic surgeon Stephen Rockower, while not young at 69, retired earlier than planned last summer after the pandemic scared away many of his patients.

"I realized that whenever things did turn back around, I didn't have it in me to fight to build the practice back up," he said. "If I were 45 years old, I would have had to do this, but at 69 I said, 'I don't have to do this anymore.'"

Fed's dovish tilt to unleash tide of bets on resurgent euro

Bloomberg
Washington

Euro bulls are out in force this week, after Jerome Powell poured cold water on bets the Fed was poised to withdraw its aggressive support for the US economy.

Creeping US inflation won't last and doesn't justify higher interest rates, he said. That's narrowed the gap between what investors can expect to earn in the US over Europe, dashing the chances of a resurgent dollar and vindicating FX strategists who said the euro's April rally has further to run.

"It is clear that Fed monetary withdrawal is off the agenda anytime soon, capping the upside on US yields and helping euro-dollar bulls," said Bloomberg Intelligence's chief G-10 FX strategist Audrey Childe-Freeman.

It marks a big shift in sentiment for the euro, which started the year as a laggard compared to the British pound and the greenback as the continent struggled with vaccine shortages and stubbornly high Covid infections.

Now, the eurozone's vaccination programme is accelerating and investment strategists have been revising their expectations for European growth upward.

Europe's catch up is showing up in the rates market and the gap between 10-year US yields and their German counterparts is close to its narrowest since early March at 185 basis points.

In this environment, predictions of a euro advance against the dollar through to the year-end are becoming plentiful, even after the common currency gained more than 2% in April.

Euro rebound: Commerzbank AG strategists expect the euro to rebound to $1.23 by the end of the year, from around $1.20 currently. Bloomberg Intelligence is even more bullish, forecasting the euro will hit $1.25 into the summer on account of Europe's vaccine catch-up and rising economic optimism. Citigroup Inc goes higher still, looking for the single currency to reach between $1.25 and $1.275 by the end of the third quarter.

"European vaccination dynamics continue to close the gap with the US and the UK," said Adam Pickett, a foreign-exchange strategist at Citigroup. "We expect the Fed will remain on the dovish side. This should open the door to further euro-dollar upside."

Leveraged funds reduced net-short positions on the euro to the lowest since early March, according to data from the Commodity Futures Trading Commission for the week through April 27. One-month risk reversals, a measure of sentiment, signalled traders in April were the most optimistic on the euro versus the dollar since late February.

The US Federal Reserve building in Washington, DC. Euro bulls are out in force this week, after Jerome Powell poured cold water on bets the Fed was poised to withdraw its aggressive support for the US economy.

There's even a shift in the mood music around the potential for a more hawkish European Central Bank, even though its President Christine Lagarde has said any discussion of phasing out the pandemic emergency purchase program is premature.

Technical factors are also moving in favor of the euro. Last week, the currency closed above the Fibonacci level – a psychologically important threshold – for the first time since January, potentially signalling further gains.

Potential taper: Some analysts and investors are sticking to the view that bets on a strengthening euro rally may be overblown, however.

In spite of the increasingly upbeat mood in Europe, inflation and growth remain chronically lower in the euro-area than in the US.

The Fed may still start signalling plans to taper its bond buying programme before the year is out. One policy maker, Dallas Federal Reserve President Robert Kaplan, broke ranks with Powell on Friday and said it may now be time to start debating a reduction in asset purchases.

Meanwhile, Rick Rieder, chief investment officer of global fixed income at BlackRock Inc. said last week that US growth is now strong enough to allow the Fed to step back from some of the extraordinary support it rolled out during the pandemic.

Rabobank's head of FX strategy Jane Foley sees the euro moving lower to 1.18 in the next three to six months, with core inflation higher in the US compared to the eurozone in the coming few years.

"Potentially this phase sees euro-dollar back towards the highs," said James Athey, a money manager at Aberdeen Standard Investments, who has a small short on the euro. "But it's all very dependent first and foremost on what US yields are doing and of course it is a dollar move first and foremost."

Week ahead: Germany, France, Spain and Austria will sell a total of about €23bn of bonds next week, according to Commerzbank AG. There are no redemptions until May 25, when France is due to pay around €20bn, while the next coupon payments are scheduled from Germany, Italy and Ireland on May 15.

The UK will sell up to £4.75bn of 10- and 15-year bonds next week, and the BoE will buy back debt across three operations. BoE policy meeting outcome is the main focus.

Data for the coming week is mostly relegated to backward-looking figures and final PMI numbers.

Italy and Spain release preliminary manufacturing PMI figures today and preliminary services PMI numbers on Wednesday.

ECB policy maker speeches are a constant next week starting with Francois Villeroy on Monday and ending with President Christine Lagarde who speaks at a State of the Union event on Friday. Chief economist Philip Lane and Isabel Schnabel speak on the days in between.

BoE Governor Andrew Bailey speaks at the press conference following the policy decision on Thursday.

US economy's unexpected strength benefits Berkshire: Buffett

Reuters
New York

Warren Buffett said on Saturday that Berkshire Hathaway Inc is being lifted by a US economy faring far better than he predicted early in the coronavirus pandemic, though investor euphoria is making it hard to deploy cash.

Speaking at Berkshire's annual meeting, Buffett said the economy has been "resurrected in an extraordinarily effective way" by monetary stimulus from the Federal Reserve and fiscal stimulus from the US Congress.

"It did the job," Buffett said. "This economy, right now, 85% of it is running in super high gear."

Buffett lamented how an influx of so-called special purpose acquisition companies and inexperienced investors hoping for quick riches have made markets feel like a casino, making it hard for Berkshire to deploy more of its $145.4bn cash hoard.

But the 90-year-old retained his optimism for the future of the company he has run since 1965, including after he's gone.

"We've seen some strange things happen in the world in the last year, 15 months," Buffett said. "It has reinforced our desire to figure out everything possible to make sure that Berkshire is, 50 or 100 years from now, every bit the organisation and then some that it is now."

The annual meeting was held in Los Angeles, where Buffett joined Berkshire's 97-year-old vice chairman Charlie Munger, to answer more than three hours of shareholder questions.

Greg Abel and Ajit Jain, Berkshire's other vice chairmen and potentially successors to Buffett as chief executive, also fielded several questions.

Asked about their rapport, Jain said that they don't interact as much as Munger and Buffett, but they talk every quarter about businesses they oversee.

Berkshire scrapped for a second year its annual shareholder weekend in its Omaha, Nebraska, hometown, an extravaganza that normally attracts around 40,000 shareholders.

But Saturday's meeting, broadcast online on Yahoo Finance, was "kind of what you come to love about Berkshire," said Steve Haberstroh, a partner at CastleKeep Investment Advisors in Westport, Connecticut. "It's a little bit less about learning new things and more about being reminded about the old things."

Many of Berkshire's dozens of operating units, which include Geico car insurance and the BNSF railroad, have been rebounding as anxiety over Covid-19 lessens, more people get vaccinated, stimulus checks are spent, business restrictions are eased and confidence about the economy grows.

Gross domestic product grew at an annualised 6.4% rate from January to March, according to an advance government estimate.

Some economists project the economy will grow in 2021 at the fastest clip in nearly four decades.

Buffett conceded that the recovery made his decision last year to exit stakes in the four major US airlines – American, Delta, Southwest and United – appear ill-timed.

Munger, meanwhile, downplayed concern that Congress and the White House might raise the corporate tax rate to 25% or 28%, saying it wouldn't be "the end of the world" for Berkshire.

Shareholders rejected proposals requiring Berkshire to disclose more about its efforts to address climate change and promote diversity and inclusion in its workforce.

But both proposals received about one-quarter of the votes cast, suggesting greater discontent than Berkshire shareholders historically demonstrate.

Buffett, who controls nearly one-third of Berkshire's voting power, opposed both proposals.

Saturday's meeting came after Berkshire said first-quarter operating profit rose 20% to about $7bn, while net income including investments totalled $11.7bn.

But there were signs Berkshire has grown more cautious about the markets.

While Berkshire repurchased $6.6bn of its own stock from January and March, the pace of buybacks slowed.

Berkshire also said it sold $3.9bn more stocks than it bought, though it still owned $151bn of stock in just two companies, Apple Inc and Bank of America Corp.

Buffett acknowledged that low interest rates made Berkshire's $140bn of insurance "float," which it uses for investing and acquisitions, less valuable.

He also said the growth of SPACs, which take private companies public, has made buying whole companies pricey for Berkshire, which hasn't made a major acquisition since 2016.

"It's a killer," Buffett said, referring to SPACs. "We've got probably $70 or $80bn, something like that maybe, that we'd love to put to work,...but we won't get a chance to do it under these conditions."

Berkshire's leaders also heaped criticism on trading apps such as Robinhood, with Buffett saying they encourage a "gambling impulse" and Munger saying it was "just god-awful that something like that would draw investment from civilised man and decent citizens.

It's deeply wrong."

Buffett stood by Apple, calling the iPhone maker an "extraordinary business" with "indispensable" products, and admitted he erred by selling a small percentage of Berkshire's shares late last year.

As the meeting concluded, Buffett said the odds were "very, very good" that next year's meeting would include shareholders again.

"We really look forward to meeting you in Omaha," he said.

Apple's App Store had 78% margin in 2019, says Epic expert

Bloomberg
New York

Apple Inc's App Store had operating margins of almost 78% in fiscal year 2019, according to testimony from an Epic Games Inc expert witness based on documents obtained from the iPhone maker. The figure comes from Ned Barnes, a financial and economics researcher, who said he obtained documents "prepared by Apple's Corporate Financial Planning and Analysis group and produced from the files of Apple CEO Tim Cook."

Apple is disputing the accuracy of Barnes's calculations – and urging a judge to restrict public discussion of App Store profit – as the companies head into a high-stakes trial today in Oakland, California.

Epic, maker of the blockbuster game Fortnite, is trying to show that the App Store is run like a monopoly with its commission on developers of as much as 30%, while Apple insists it doesn't abuse its market power.

Epic is also suing Apple in the UK and Australia while Apple faces scrutiny from antitrust regulators in the US and abroad.

The companies are relying heavily on dueling economists as they make their case to US District Judge Yvonne Gonzalez Rogers, who is conducting the three-week trial without a jury.

As part of the pretrial information-sharing process, Barnes said that an Apple employee told him that the numbers from the company's internal documents don't show the full picture. Barnes said he then made additional calculations, which resulted in higher margin estimates of 79.6% for both 2018 and 2019.

In a statement on Saturday, the Cupertino, California-based technology giant said Epic experts' "calculations of the operating margins for the App Store are simply wrong and we look forward to refuting them in court." Barnes said he also obtained documents prepared inside Apple that show profit and loss estimates for fiscal year 2020. He said Apple had been tracking App Store profits for years and that he also obtained such statements for 2013 through 2015.

Apple generates revenue from the App Store by charging either a 15% or 30% commission to developers for paid app downloads, in-app-purchases and subscriptions.

Analysts believe that Apple's margins on the App Store may have grown since 2019. Sensor Tower estimates the App Store generated $22bn in commissions last year for Apple, while Bernstein analyst Toni Sacconaghi believes Apple will run the App Store this year with a gross profit of 88%.

Apple executives have said the company doesn't track such profit and loss statements for individual business units.

"When we look at the App Store, it's not a separate standalone business for us," Kyle Andeer, Apple's chief compliance officer, said at a congressional hearing last month. "It's an integrated feature of our devices."

Cook said the same in his pretrial testimony. "Apple's business is not structured that way that allows a person to push a button and obtain an App Store" profit and loss statement, he said. Apple says it doesn't allocate costs for the App Store, and that internal documents discussing revenue for the marketplace typically don't include expenses. That means, according to the company, any margins or profits don't show the entire picture.

In an expert witness testimony on behalf of Apple, Richard Schmalensee, a Massachusetts Institute of Technology economics expert, said that Barnes's "estimate of the App Store's operating margin is unreliable because it looks in isolation at one segment of the iOS ecosystem in a way that artificially boosts the apparent operating margin of that segment."

Greed, bankers and politics star in Danish negative-rate debacle

Bloomberg
Copenhagen

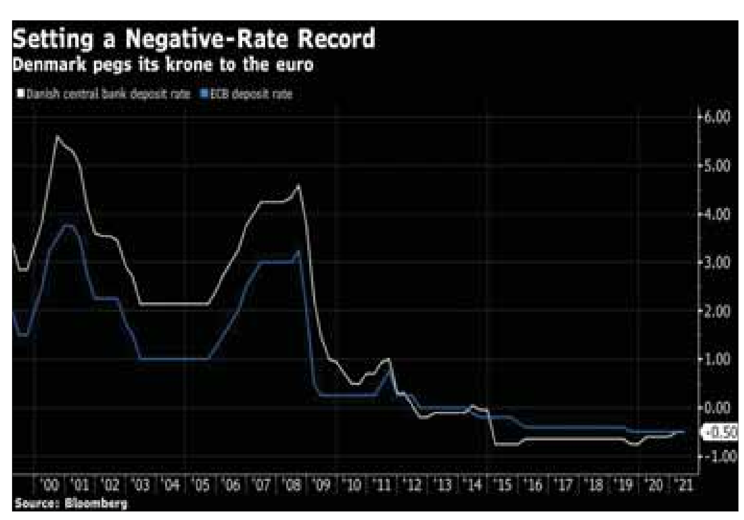
The country with the longest history of negative interest rates just hit a milestone that may offer a glimpse of what's to come elsewhere.

In Denmark, commercial banks have had to absorb negative rates since they were first introduced by the central bank in 2012. By 2019, the industry started sharing the cost of that policy with retail depositors. Today, Danes are the world champions in bearing the burden of negative rates together with their banks, with 35% of deposits affected.

Last week, the government in Copenhagen decided to step in. The minister in charge of bank legislation, Simon Kollerup, turned to social media to launch an attack on the financial sector, and the "greed" he said it represents.

"Banks have recently been lowering the bar for negative rates," he said. "And this simply has to stop,"

He commented a day after Danske Bank, Denmark's biggest lender, said it was following others in the industry and more than halving its threshold for imposing a rate of minus 0.6%. As a result, retail depositors with more than 100,000 kroner ($16,000) will pay 0.6% to park savings exceeding that amount with the bank.



"My worry is that banks will continue tightening the screws on negative rates so that average Danes need to pay to keep their money in a bank," the minister said in a written comment to Bloomberg.

Kollerup, who summoned the bankers' association to talks, says there's no excuse for passing negative rates on to private customers, and rejects the idea that monetary policy plays a role in determining commercial bank rates.

The battle that's now unfolding between Danish banks and the government gives a sense of where the limits of negative rates may lie, and shows that those limits might be political, not monetary.

Negative rates have become the lightning rod that Kollerup has seized to wage "a confrontation with greed, income inequality and division in society," said Helle Ib, a political commentator at *Borsen*, Denmark's biggest business newspaper.

The bankers' association, Finance Denmark, has questioned the merits of Kollerup's economic reasoning. And the central bank issued a reminder on Friday, pointing out that its monetary policy rates (which are necessitated by the krone's peg to the euro) influence deposit and lending rates throughout the broader economy. It also hinted that politicians shouldn't interfere in the process. "Banks' interest rates are a matter for them and their customers," central bank Governor Lars Rohde said.

Carsten Egeriis, the chief executive of Danske Bank, points out that Danes also enjoy low interest rates on their mortgages, which he called "the other side of the coin." That dynamic "most of the time far outweighs the cost of negative interest rates on the deposit side," he said.

Denmark is two years ahead of the eurozone, which first introduced negative rates in 2014. Jesper Rangvid, a professor of finance at Copenhagen Business School, says there are some lessons to be drawn from the Danish experience for eurozone economies.

He also notes that negative bank rates aren't the destructive force once imagined. In fact, Rangvid points out that after years of zero, and ultimately negative retail deposit rates, Danish deposits have continued to rise.

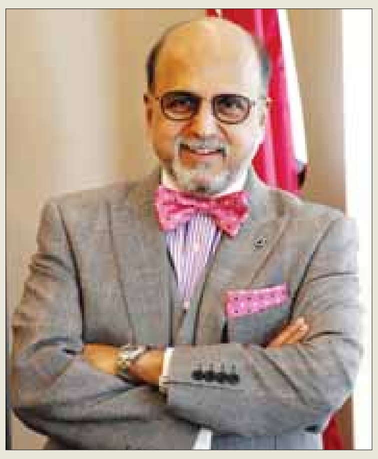
"The most important takeaway is that clients haven't been leaving banks," he said by phone.

BANKING ON KNOWLEDGE

Industrial metals witness significant rally

Banker's Take

By Dr R Seetharaman



The dollar index was at 91.28 by end of last week and had surged by close to 1.5% YTD. The US dollar closed higher last week with all of its gains coming on Friday. The rally was fuelled by month-end profit-taking, but Treasury yields edged higher for the week.
Government bond yields climbed world-wide after signs of accelerating US economic growth prompted worries that inflation will rise more rapidly than expected.
The yield on the benchmark 10-year US Treasury note, which rises as bond prices fall, touched 1.688% last week, its highest intraday level in more than two weeks, before settling at 1.6259% by end of last week. Economic activity surged to start 2021. The US Commerce Department said first-quarter gross domestic product rose 6.4%.The Labor Department, reported that initial jobless claims last week totalled 553,000.
Last week, the Federal Reserve left interest rates near zero and the pace of asset purchases unchanged, but acknowledged an uptick in economic activity as the US recovers from Covid-19.
The euro was at 1.202$ by end of last week and euro weakened by more than 1.5 % YTD. The Fed policy marks a big shift in sentiment for the euro, as the continent struggled with vaccine shortages and stubbornly high Covid infections.
The pound was at 1.3822$ by end of last week and surged by more than 1% YTD. The British pound has rallied a bit during the course of the last week but gave back a lot of the gains. The yen was at 109.31 against the US dollar by end of last week and has weakened by close to 6 % YTD.The Swiss franc was at 0.9131 against the US dollar by end of last week. It had weakened by more than 3% YTD.
On emerging economy currencies, the Indian rupee was at 74.08 against the dollar by end of last week and has weakened by more than 1% YTD. The South African rand was at 14.49 against the dollar by end of last week and has strengthened by more than 1% YTD. The Brazil real was at 5.43 against the dollar by end of last week and has weakened by 4.5% YTD against the dollar. The Russian rouble was at 75.20 against the dollar by end of last week and had weakened by more than 1% YTD.
Gold is at $1769.13/ounce by end of last week and had weakened by more than 6% YTD. The global vaccine rollouts have increased consumer confidence and led to stronger-than-expected economic recovery which has capped upside in gold price cornering inflation concerns.
Silver is at $25.91/ounce and had weakened by close to 2% YTD.
WTI was at $63.58/barrel and Brent at $66.76/barrel by end of last week. WTI surged by more than 30% YTD and Brent by more than 29% YTD.
Oil prices rose last week on the news coming out of Vienna that shows Opec+ believes the market will be able to accommodate the higher oil supply as of May 1, despite the worsening of the Covid situation in the world's third-largest oil importer India. Natural gas was at 2.931/ MMBTU and had surged by more than 12% YTD. Natural gas were higher early last Friday despite a larger than expected rise in US inventories as export demand remains strong.
Copper was at $9825/tonne by end of last week. It had surged by more than 26% YTD. Copper topped $10,000 a metric ton last week for the first time in a decade and has been among the best performers in a scorching surge in metals prices.
The rally is being fuelled by stimulus measures, near-zero interest rates and the global economic recovery from Covid-19. Aluminium was at $2397/ tonne by end of last week. It had surged by more than 21% YTD.
The demand from consumer industries and concerns from Chinese supply have given rise to aluminium prices. Nickel was at $17,674 / Tonne and had surged by more than 6% YTD. Nickel surged mainly on account of demand from alloy makers.
Corn is at $6.73/bushel and is up by more than 40% YTD.
Wheat is at $7.34/Bushel and has surged by more than 16% YTD. Soyabean is at $15.34/bushel and surged by more than 18% YTD. Surge in Chinese imports demand from the US is the main driver for increase in corn, bushel and Soyabean prices.
Cocoa was at 2382/tonne and is down by more than 5% YTD. Cocoa prices have fallen recently on account of surge in US inventories.
Coffee was at 141.45/ Pound and has surge by more than 7% YTD. The bullish bets on coffee have surged recently.
Sugar was at $16.98/ Tonne and surged by 19 % YTD. It had surged recently following worsening outlooks for production in Brazil's key Center-South region because of dry weather.

■ *Dr R Seetharaman is Group CEO of Doha Bank.*

Arab, Gulf individuals turn net buyers on Qatar bourse

By Santhosh V Perumal
Business Reporter

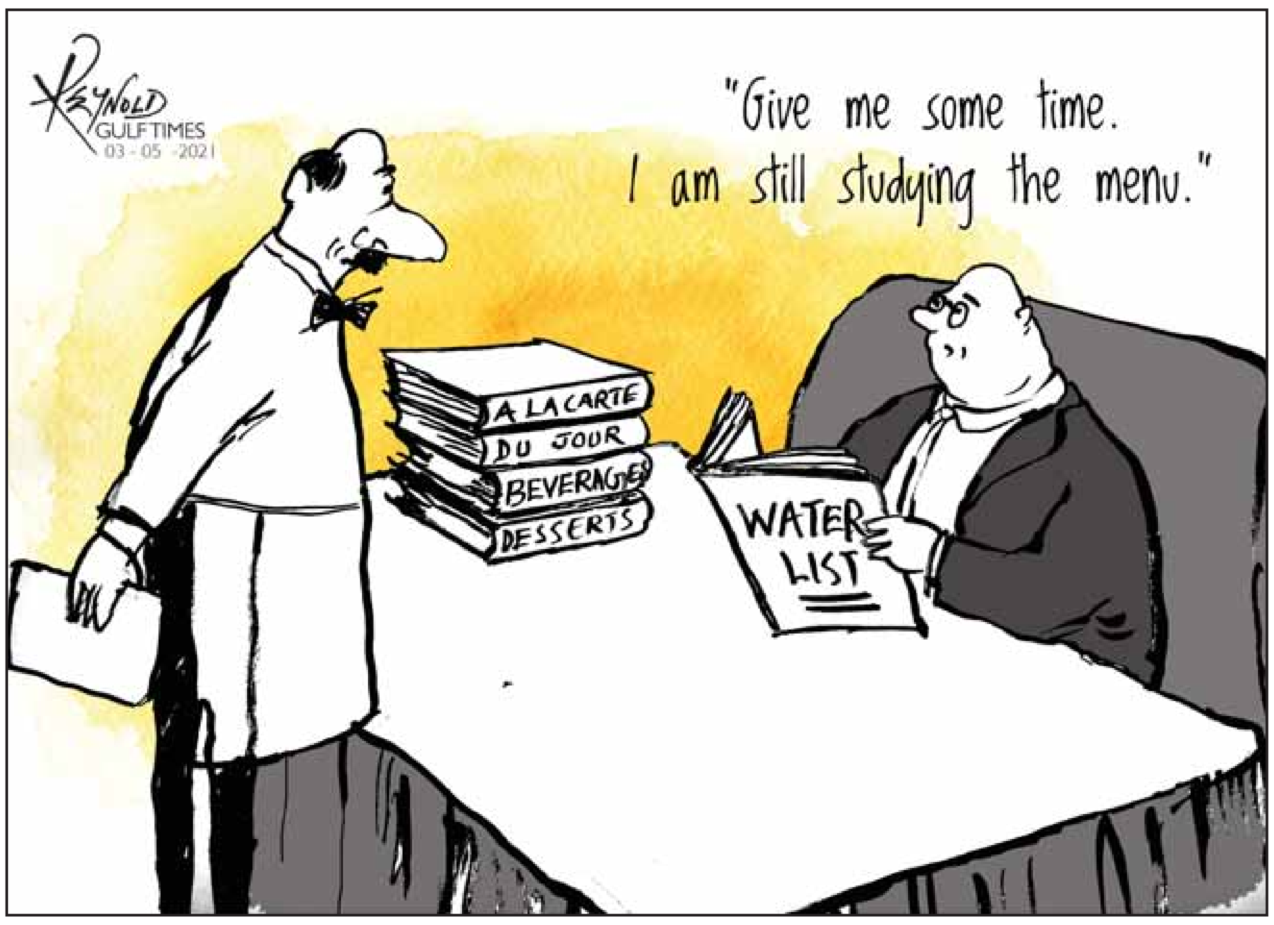
The Arab and Gulf individuals yesterday turned net buyers in the Qatar Stock Exchange, which otherwise settled marginally down.
Buying interests in the banks and financial services counter notwithstanding, the 20-stock Qatar Index settled 0.05% lower at 10,906.17 points, recovering from an intraday low of 10,855 points.
The domestic funds continued to be net seller but with lesser intensity in the bourse, whose year-to-date gains were at 4.51%.
More than 74% of the traded constituents were in the red in the market, whose capitalisation saw more than QR1bn or 0.18% decline to QR629.77bn, mainly owing to midcap segments.
The Islamic index was seen declining faster than the other indices in the market, which saw industrials, banking and consumer goods sectors together constitute about 86% of the total trading volume.
Local retail investors were seen net profit takers in the bourse, which saw a total of 42,321 exchange traded funds (Masraf Al Rayan sponsored QATR and Doha Bank sponsored QETF) valued at QR117,321 changed hands across seven deals; while in the debt market, there was no trading of sovereign bonds and treasury bills.
The Total Return Index declined 0.05% to 21,589.41 points, All Share Index by 0.12% to 3,445 points and Al Rayan Islamic Index (Price) by 0.28% to 2,523.2 points.
The telecom index declined 1.03%, insurance (0.69%), consumer goods and services (0.5%), real estate (0.45%), industrials (0.37%) and transport (0.34%); whereas banks and financial services gained 0.18%.
Major shakers included Gulf International Services, Widam Food, Doha Bank, Ahlibank Qatar, Alijarah Holding, Inma Holding, Qatari German Medical Devices, Widam Food, Mesaieed Petrochemical Holding, QLM, Qatar Islamic Insurance, Mazaya Qatar and Vodafone Qatar; even as Qatar Oman Investment, Qatari Investors Group, Qatar National Cement, QIIB and Dlala were among the gainers.
Local retail investors turned net sellers to the tune of QR12.32mn against net buyers of QR1.96mn on April 29.
Foreign individuals' net selling increased perceptibly to QR4.55mn compared to QR2.71mn the previous trading day.
The Gulf institutions were net sellers to the extent of QR0.89mn against net buyers of QR0.27mn last Thursday.
The foreign funds' net buying declined notably to QR10.72mn compared to QR41.7mn on April 29.
The Arab institutions' net buying weakened marginally to QR0.23mn against QR0.27mn the previous trading day.
However, the Arab individuals turned net buyers to the tune of QR3.89mn compared with net sellers of QR3.71mn last Thursday.
The Gulf individuals were net buyers to the extent of QR3.09mn against net sellers of QR2.97mn on April 29.
The domestic funds' net profit booking eased substantially to QR0.17mn compared to QR34.81mn the previous trading day.
Total trade volume fell 35% to 170.96mn shares, value by 46% to QR285.85mn and transactions by 36% to 6,186.
The insurance sector's trade volume plummeted 64% to 2.81mn equities, value by 63% to QR8.23mn and deals by 48% to 257.
There was 61% plunge in the real estate sector's trade volume to 17.2mn stocks, 63% in value to QR22.51mn and 56% in transactions to 585.
The industrials sector's trade volume tanked 58% to 59.79mn stocks, value by 60% to QR94.83mn and deals by 45% to 1,732. The market witnessed 56% shrinkage in the telecom sector's trade volume to 2.54mn shares, 79% in value to QR5.93mn and 69% in transactions to 172.
The transport sector's trade volume shrank 13% to 1.65mn equities, value by 10% to QR6.78mn and deals by 19% to 223.
However, the consumer goods and services sector saw 41% surge in trade volume to 42.49mn shares and value by 17% to QR64.77mn, while transactions were down 1% to 1,392.
The banks and financial services sector's trade volume shot up 37% to 44.49mn equities, while value dipped 30% to QR82.8mn and deals by 25% to 1,825.

QSE listed firms' net profit jumps more than 30% y-o-y to QR10.93bn in Q1

By Santhosh V Perumal
Business Reporter

A robust more than three-fold jump in the industrials sector's earnings helped the Qatar Stock Exchange listed companies, except Qatar General Insurance and Reinsurance, report more than 30% year-on-year jump in net profit to QR10.93bn in January-March 2021.
The banking and financial services and the industrials sectors together contributed 71% of the cumulative net profits in the review quarter, according to the bourse data.
The economic recovery and the rebound of the private sector translated into higher net earnings, market sources said, highlighting that the Q1 2020 was a "peculiar" period of uncertainty due to the beginning stage of lockdown when the industrials and real estate sectors were largely hit.
The industrials sector, which has 10 listed constituents, saw a huge 233.1% year-on-year surge in net profitability to QR2.55bn against a 50.61% decline in the year-ago period. The sector contributed more than 23% to the overall net profitability of the listed entities in the review period.
Within the industrials sector, the country's underlying companies that have direct linkages with the hydrocarbons sectors saw price rebound, helping them substantially enhance the net earnings.
The latest Purchasing Managers' Index (PMI) survey data from the Qatar Financial Center and IHS Markit indicated manufacturing was the strongest performer with its PMI reaching a six-month high.
The consumer goods and services sector, which has 10 listed entities, witnessed a 44.43% year-on-year increase in cumulative net profit to QR0.46bn at the end of March 30 compared to 33.17% shrinkage in the previous year period. The sector contributed more than 4% to the overall net profitability in the review period.
The realty segment, which has four listed entities, saw an 11.1% year-on-year jump in net earnings to QR0.39bn during the first three months of this year against a sharp 58.48% growth in the year-ago period.
The sector constituted more than 3% of the overall net profitability in the review period.
The transport sector, which has three listed constituents, saw its cumulative net earnings grow about 10% year-on-year to QR0.67bn compared to 6.8% jump in the corresponding quarter of 2020. The sector's net profit constituted more than 6% of the total net profit of the listed companies.
The banks and financial services sector, which has 13 listed entities, reported 5.61% year-on-year growth in cumulative net profit to QR6.3bn against 3.47% fall the comparable period of 2019. The sector contributed about 58% of the total net profits of the listed companies in January-March 2021.

A robust more than three-fold jump in the industrials sector's earnings helped the Qatar Stock Exchange listed companies, except Qatar General Insurance and Reinsurance, report more than 30% year-on-year jump in net profit to QR10.93bn in January-March 2021



Yellen says doesn't see Biden plan stoking US inflation

Bloomberg
New York

President Joe Biden's economic plan is unlikely to create inflation pressure in the US because the boost to demand will be spread over a decade, said Treasury Secretary Janet Yellen.
"I don't believe that inflation will be an issue. But if it becomes an issue, we have tools to address it," Yellen, the former Federal Reserve chair, said yesterday on NBC's "Meet the Press." "It's spread out quite evenly over eight to 10 years. So, the boost to demand is moderate," she said of the proposed spending.
Yellen also said the US has the "fiscal space" to make investments in its economy, with interest rates low and likely to remain so, but over the long haul, budget deficits need to be "contained."
Another top Biden administration economic adviser said inflation now apparent in certain pockets of the economy is "transitory" as the nation exits the pandemic. Cecilia Rouse, chair of the White House Council of Economic Advisers, said supply chain issues and labor market shortages are "bumps along the way" to recovery.
There's no sense for now that these price increases are becoming "de-anchored," she said on "Fox News Sunday," while promising to remain vigilant on inflation pressures.
"For the time being we expect at most transitory inflation, that is what we expect coming out of a big recession," she said.
Yellen and Rouse spoke following last week's unveiling of the latest economic plan from the Biden administration, which is proposing a combination of $1.8tn in spending and tax credits for areas such as education, child care and paid family and medical leave.
This would come on top of almost $2.25tn in infrastructure, home healthcare and other outlays that the administration proposed at the end of March, not to mention the $5tn that the government has injected into the economy through the three pandemic relief packages passed by Congress during the past 14 months. The massive government spending has helped turbo-charge economic growth, and helped drive a stock market rally to record highs. US gross domestic product increased at an annualised rate of 6.4% during the first quarter, the Labor Department reported on Thursday. Personal consumption surged at an annualised rate of 10.7%, the second-fastest since the 1960s.
As the US and other major economies rebound from the pandemic, prices for everything from copper to oil have skyrocketed. Meanwhile, a key measure of consumer prices, known as the personal consumption expenditure price index, rose 2.3% in March from a year earlier, marking the largest jump since 2018.
These increases have some experts worrying about inflation, including former US Treasury Secretary Lawrence Summers, who told Bloomberg Television on Friday that the Biden administration's spending plans could overheat the economy.