Intel creates chip to control quantum computers

Quantum computers aim to carry out tasks in just a few minutes that would take today's best conventional computers thousands of years. But in nearly every photograph of the devices, there's a tangle of wires in the background connected to equipment that controls the quantum computer.

Intel Corp announced a chip that it hopes will change that. The Santa Clara, California-based chipmaker announced a chip called "Horse Ridge" that is designed to take all the work being done by the wires and shrink it down to a chip and electronics about the size of a tea cup saucer.

Quantum computers remain years away from everyday use but have drawn the interest of major technology companies. In October, researchers at Alphabet Inc's Google said they had created a machine that can outpace conventional computers. Other major technology firms such as International Business Machines and Microsoft Corp are also pursuing the technology.

Intel has two quantum efforts, each examining a different way of building the core of a quantum computer. That central part of a quantum machine uses what are known as "qubits."

In many quantum computers, the qubits must be kept very cold, near the temperatures where atoms stop moving, using a special refrigerator. That makes it very difficult to connect wires to the qubits to send and receive information. Most of those wires and additional electronics have to sit outside the special refrigerator. (RTRS)

In this file photo the symbol for Intel appears on a screen at the Nasdaq MarketSite, in New York. (AP)

Market Movements 13-12-2019

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	+33.75	6,844.59
JAPAN	-	Nikkei	+598.29	24,023.10
GERMANY	-	DAX	+61.08	13,282.72
FRANCE	-	CAC 40	+34.76	5,919.02
EUROPE	-	Euro Stoxx 50	+24.72	3,731.07
S. KOREA	-	KRX 100	+81.62	4,695.71
PHILIPPINES	-	PSEi	+136.56	7,877.36

Change Closing pts

Business

Oil markets hit by profit-taking

Move comes ahead of China tariff deadline

LONDON, Dec14, (RTRS): Hedge funds scaled back their bets on higher oil prices last week, with futures and options markets hit by a wave of selling after a jump in positions the week before.

While much of that can be put down to profit taking, the shaky economic outlook and rapidly approaching deadline for more US tariffs on Chinese goods means fund managers are likely to moderate their bullishness for the time being.

Hedge funds and other money managers sold the equivalent of 107 million barrels in the six major futures and options contracts linked to petroleum prices in the week to Dec. 3.

That reversed three-quarters of the 144 million barrels purchased the previous week, according to position records published by ICE Futures Europe and the US Commodity Futures Trading Commission.

Sales were concentrated in NYMEX and ICE WTI (-42 million barrels), Brent (-18 million) and US gasoline (-26 million), with smaller sales in US diesel (-11 million) and European gasoil (-9 million).

The distribution was the mirror image of the previous week's purchases, which suggests much of the selling was driven by short-term profit-taking after a sustained rally in oil prices through most of October and November.

Positions were reported before Saudi Arabia and its partners in the expanded OPEC+ group of major oil exporters announced an agreement to deepen their production cuts in the first quarter of 2020.

The selling suggests many investors were not optimistic about the willingness and ability of the OPEC+ countries to eliminate predicted surpluses in the crude market next year.

In the event, OPEC+ surprised the market by announcing deeper than expected reductions, including a substantial additional cut by Saudi Arabia.

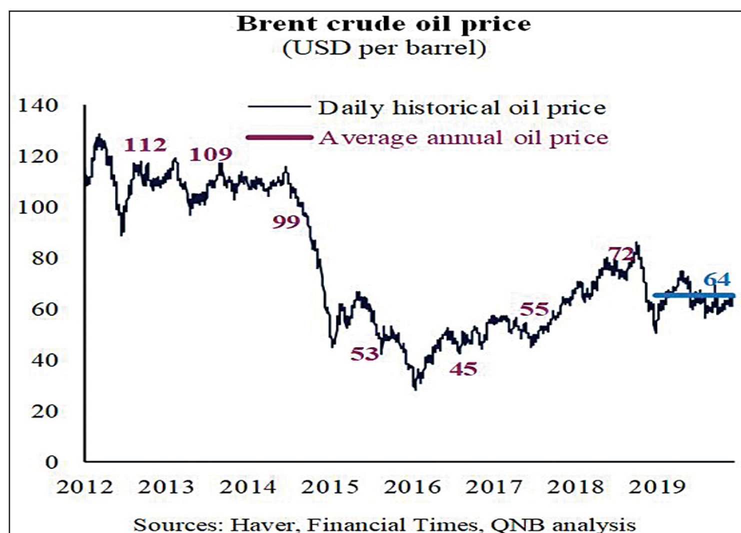
The surprise cut could normally be expected to prompt a fresh wave of fund buying but price reaction has been muted so far, suggesting traders see the agreement as codifying the status quo rather than removing extra barrels from the market.

Supply reductions can help eliminate the predicted surplus and support prices but the bigger question mark is over consumption next year.

Meanwhile the United States' threat to impose a further round of tariff increases on imports from China with effect from Dec. 15 is unsettling financial markets.

The risk is for a major escalation of the trade conflict, or at best an extension to the current undeclared truce.

Until some uncertainty surrounding the economic outlook and oil consumption is resolved, it is hard to see most hedge fund managers doing anything other than limiting their bullish commitment.



Positive sentiment to prop up investor risk appetite

Upside potential for oil prices in 2020

Report prepared by QNB

The oil price story in 2019 was dominated by a plethora of cross-currents coming from both global macro and industry specific events. On the bearish side, the global manufacturing slump, demand fears associated with US-China trade conflicts and continuous robust growth in US shale production placed downward pressure on prices. On the bullish side, geopolitical disruptions in oil exporting nations and active supply management from OPEC+ countries provided some support to prices. On balance, however, bearish forces prevailed, pushing average Brent crude prices down to $64 per barrel (/b) so far this year from $72/b in 2018.

Moving forward, while Bloomberg consensus forecasts suggest further oil market weakness with Brent prices sliding down to average $61/b in 2020, we hold a different position. In our view, Brent prices are expected to remain well supported at around the current levels of $65/b, with the balance of risks skewed to the upside, i.e., we believe higher prices are more likely in 2020 than lower prices. Our view on crude prices is underpinned by three main factors.

First, current market expectations about oil demand growth are overly-bearish and do not fully incorporate the upcoming turn of the global manufacturing cycle towards another expansion. Early signs of a manufacturing rebound are starting to flash as key leading indicators improve, including Purchasing Managers' Indices (PMIs), equity prices of manufacturing companies and even some pockets of international trade activity. This should be further supported by the lagged effects of both monetary and fiscal policy easing in large advanced and emerging markets. Importantly, base metals prices (high-grade copper and the London Metal Exchange Index), which lead oil prices and emerging market GDP growth, have soared in recent weeks.

Second, current market expectations about oil supply growth are too optimistic, assuming continuous robust growth in US shale output and less discipline in the execution of OPEC+ quotas. Despite the strong performance of US shale output in recent years, fresh investor demand for greater capital discipline is already affecting investments, which suggests slower shale growth. In addition, OPEC+ countries have decided last week to cut production by another 500k barrels of oil per day, reinforcing their commitment to a balanced physical market. Moreover, OPEC+'s mechanisms to enforce accountability and quota compliance were strengthened, enhancing the overall credibility of the strategy.

Third, while global economic uncertainty is likely to persist, problems surrounding US-China trade disputes are expected to temporarily subside under a potential "Phase 1" agreement. Global risks are expected to be replaced by US election risks in 2020. For oil prices, in particular, this is a positive development. Positive global sentiment from less trade uncertainty should prop up investor risk appetite, supporting commodity prices in general. In addition, the US election may increase the regulatory uncertainty over the domestic oil industry, especially as key candidates question the environmental effects of shale activities. This uncertainty can potentially prevent new investments in exploration and production, constraining future output growth.

All in all, we believe global macro conditions, policy easing, industry-specific developments and shifts in risk sentiment are set to create a strong support for Brent prices at around the current $65/b level in 2020. In this context, the balance of risks is also tilted to the upside, as positive growth surprises and negative supply shocks are at this juncture more likely than other opposite scenarios.

Crude oil price at $65 per barrel is not 'sustainable'

By Kamel Al-Harami

Independent Oil Analyst

CRUDE oil prices jumped last week for the first time since last September along with the USA oil, hitting the level of $65 per barrel. This encourages USA shale producers to push for more oil production. The average of the year will be $60, same as last year. The question is whether it will remain at the level of $60-plus next year.

Al-Harami

Oil prices rose to the current level because the trade disagreement between USA and China has cooled down, showing positive signs of global trade and growth and giving some push for oil and gas growth.

However, this may not reflect the true picture of oil market, which is awash with oil entering from all over the world. This dampens any real surge or improvements in the oil prices above and beyond the current level for next year.

The current surplus and spare crude oil capacity per day is much above five million barrels from OPEC and additional three million barrels from non-OPEC, which is free to come on stream from Brazil, Norway, Canada and Guyana and can weaken oil prices next year. On the other hand, OPEC is committed to production cuts of more than one million barrels in order to keep the oil price at the $60 level as a minimum, since OPEC didn't refer to any price level in their last meeting in Vienna.

As long as oil prices are within the range of $60, some OPEC members for sure will push more oils into the market, as they need every dollar they can get to balance their budget and are thus after more volumes generating cash. For covering the basic requirements, Iraq is in need of more than $90, Iran above $150 and the rest of Gulf countries a minimum of $70.

Therefore, any oil price above $60 per barrel is a blessing for the time being until the day when another source of income is discovered. This remains a part of our long-term vision.

❑ ❑ ❑

email: naftikuwaiti@yahoo.com

In this file photo, General Motors employees works on a van assembly line at GM's plant in Wentzville, Mo. The president of General Motors is scheduled to be in Wentzville, on Dec 13, for what the company calls a 'major announcement.' Details were not released, but GM's October agreement with the United Auto Workers calls for the company to invest $1.5 billion in Wentzville to make the 'next generation' of mid-size pickup trucks. (AP)

Dominion Energy partnership to convert 'manure' to natural gas

RICHMOND, Virginia, Dec 14, (AP): One of the nation's largest energy producers is lau.nching a $200 million effort to convert methane from cow manure into natural gas.

Richmond-based Dominion Energy announced that it is partnering with Vanguard Renewables to develop and operate conversion facilities at dairy farms across the US.

A news release says projects are under development in Georgia, Nevada, Colorado, New Mexico and Utah. A subsidiary of Massachusetts-based Vanguard Renewables will design, develop and operate the projects.

Dominion will own the projects and market the gas. Company spokesman Aaron Ruby says the $200 million will be invested over five years, with the potential for the effort to expand.

Dominion has a similar partnership with Smithfield Foods to convert methane from hog farms into natural gas. Methane is a powerful greenhouse gas that contributes to global warming.

Dominion estimates the project will reduce emissions by an amount comparable to taking nearly 100,000 cars off the road for a year.

Each project will involve a cluster of several farms. The methane is captured and transported through low-pressure lines to a conditioning facility, where is it processes and cleaned, then delivered to consumers.

The project comes at a difficult time for dairy farms, which are facing a persistent decline in US milk consumption. Participating farms will receive annual lease payments and compensation for the manure.

'Plant in Wentzville has a major impact on our economy'

General Motors to invest $1.5bn in Missouri plant

WENTZVILLE, Missouri, Dec 14, (AP): General Motors will invest $1.5 billion to make what it calls the "next generation" of mid-sized pickup trucks at its plant near St Louis, the company's president said Friday.

GM will use the money to upgrade its Wentzville Assembly and Stamping Plant in preparation for the new products, GM President Mark Reuss said at a news conference inside the plant, about 40 miles (65 kilometers) west of St Louis. The company already produces the Chevrolet Colorado and GMC Canyon pickups there.

Reuss said the investment is expected to help retain 4,000 jobs at the plant. The company has about 4,300 total workers in Wentzville and any job losses will come through attrition, said Glen Kage, president of United Auto Workers Local 2250, which represents the workers.

A GM spokeswoman confirmed that no jobs will be cut.

GM will invest about $1 billion to upgrade the plant itself. The rest of its investment is expected to be used for things such as machinery for outside companies that supply parts to the plant.

"It's a big deal," Reuss said. "I feel good about this. I really do."

The company did not release specific information about the new generation of mid-sized pickups, a product line in which GM has dominated in recent years.

"Suffice to say they will be very worthy replacements for the generation of trucks that rejuvenated and redefined the mid-sized segment," Reuss said.

The investment in Wentzville is part of GM's comprehensive strategy to invest in growth areas and strengthen its US manufacturing base, Reuss said. The expansion comes as GM plans to permanently close factories in Ohio and Maryland.

The announcement comes less than two months after GM workers nationwide ended a contentious 40-day strike with an agreement that included a commitment by GM to invest $1.5 billion in Wentzville. The plant also makes Chevrolet Express Cargo and GMC Savana full-size vans.

Missouri leaders have pushed hard to entice GM to expand. In July, Republican Gov Mike Parson signed a bill providing up to $50 million of tax credits if GM invests $750 million to expand the Wentzville plant.

Some lawmakers, both Democrats and Republicans, were critical of the incentive package, saying it failed to guarantee that all GM workers in Wentzville will keep their jobs. Some wanted to require GM to meet staffing thresholds to get the incentives.

But Reuss' announcement would keep most of the current employees. GM said it has about 4,000 hourly workers and 330 salaried workers in Wentzville, making it one of the region's largest employers. And including suppliers, the Wentzville plant is responsible for more than 12,000 jobs, Parson said.

"The General Motors plant in Wentzville has a major impact on our economy," Parson said.

Republican Sen Roy Blunt said the investment is the biggest-ever private sector investment in Missouri. Kage, the UAW Local president, said the impact goes far beyond the plant itself.

"We know this investment will bring other parts suppliers and other manufacturing to the Wentzville area," Kage said.

GM said it has sold more than 700,000 mid-size pickups in the US since reintroducing the Colorado and Canyon in 2013. GM said that during that span, it has sold 600,000 more pickups overall than any other competitor in the US.

The company said it has invested in mid-sized pickups in recent years by bringing more product features to the market, including special edition models like the Colorado ZR2 and Bison, and the Canyon AT4, which will be available in 2020.

The Wentzville plant opened in 1983 and operates three shifts.