Google Q4 revenue grew, but not enough for Wall Street

Google's revenue grew, but Wall Street wanted more.

Parent company Alphabet's stock fell nearly 5% after financial results came out Monday, even as profits beat expectations for the last three months of the year.

Helped by lower taxes, Alphabet said Monday it earned $10.7 billion, or $15.35 per share, up 19% from $8.9 billion, or $12.77 per share, a year earlier. That's more than the $12.49 a share analysts polled by FactSet were expecting.

Net revenue, after subtracting advertising costs, was $37.6 billion, up 18% from $31.8 billion a year earlier. But analysts were looking for $38.4 billion.

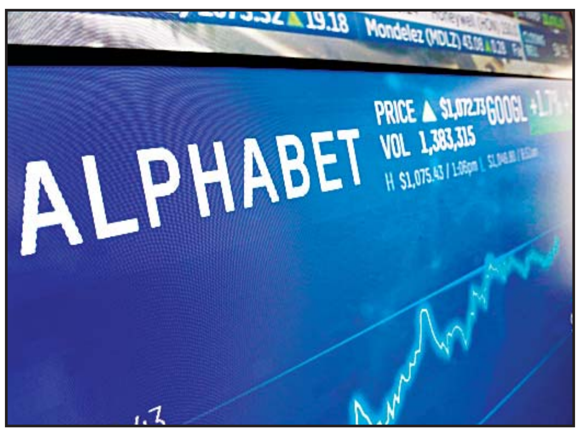
This was the second rocky quarter in a row for the online search leader. Its third quarter brought higher-than-expected revenue but a profit shortfall due to higher spending on new hires, data centers and other expenses.

While Google is still the clear leader in the digital advertising market, it is seeing growing competition from the likes of Facebook and Amazon.

Google – and with it, Alphabet – makes the majority of its money from selling targeted advertising across the web, apps and Google products including its search engine and video streaming site YouTube. Investors are now also closely watching the growth of Google's cloud business and its aspirations in the health care industry. Google agreed to buy the fitness tracker company Fitbit in November.

Alphabet disclosed revenue for YouTube and its cloud business for the first time, something analysts have been seeking for years.

"The information should also give advertisers valuable information about the importance of YouTube as a digital ad vehicle," eMarketer analyst Nicole Perrin said. (AP)



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

Market Movements 04-02-2020

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	+27.73	7,047.60
JAPAN	-	Nikkei	+112.65	23,084.59
GERMANY	-	DAX	+236.55	13,281.74
FRANCE	-	CAC 40	+102.54	5,935.05
EUROPE	-	Euro Stoxx 50	+71.01	3,732.28
INDIA	-	Sensex	+917.07	40,789.38
PAKISTAN	-	KSE 100	+474.87	40,884.25
CHINA	-	Shanghai SE	+36.68	2,783.29
PHILIPPINES	-	PSEi	+89.87	7,226.90
S. KOREA	-	KRX 100	+91.25	4,705.73

Change Closing pts

Business

CBK raises $28.656bn, highest amongst GCC Central Bank Local Issuances

GCC sovereign and corporate issuances rise 24% y/y in 2019

Report prepared by Kuwait Financial Centre 'Markaz'

KUWAIT CITY, Feb 4: Kuwait Financial Centre "Markaz", in its recent research report titled GCC Bonds & Sukuk Market Survey, has highlighted the trends pertaining to Bonds and Sukuk primary issuances in the GCC region during 2019. The report includes analysis of the Bonds and Sukuk market in the GCC, which are issued by Sovereign and Corporate entities for financing purposes. The report also covers local issuances by Central Banks in the GCC, which are primarily utilized as tools of monetary policy.

GCC Sovereign and Corporate Bonds & Sukuk Market

The debt capital markets in the GCC comprise of Bonds and Sukuk issued by governments, corporations or financial institutions for financing purposes, and are denominated in either in local or foreign currencies. During 2019, a total of USD 114.172 billion was raised in the GCC sovereign and Corporate Bonds and Sukuk market, an increase of 24% from USD 91.872 billion raised during 2018. UAE entities were the top issuers in terms of total value issued. The first half of 2019 recorded the highest value of GCC issuances with total value of USD 65.031 billion through 229 issuances, while a total of USD 49.141 billion was issued in the second half through 180 issuances.

GCC Central Bank Local Issuances (CLBIs)

Central Bank Local Issuances are issued by GCC Central Banks in local currencies and with short maturities for regulating levels of domestic liquidity. During 2019, a total of USD 63.814 billion was raised by the GCC Central Banks, namely by the Central Bank of Kuwait, Bahrain, Qatar, and Oman (the only publicly available information is from the Central Bank of Bahrain, the Central Bank of Kuwait, the Central Bank of Oman, and the Central Bank of Qatar). The Central Bank of Kuwait raised the highest amount with USD 28.656 billion, followed by the Central Bank of Qatar, which raised a total of USD 12.542 billion.

Geographical Allocation: UAE-based issuers led the GCC Bonds and Sukuk market during 2019, raising a total of USD 44.818 billion through 310 primary issuances and representing 39% of the total value raised in the GCC, followed by Saudi Arabia with 35% and Qatar with 17%. Kuwait-based issuers made up 2% of the total value of GCC issuances.

Sovereign vs. Corporate: Corporate issues contributed to 54% to the overall market with a total value of USD 61.272 billion, as compared to USD 45.684 billion raised during 2018. Sovereign issues raised a total of USD 52.900 billion through primary debt issuances, an increase of 15% from USD 46.187 billion raised during 2018. The Saudi Government has issued debt of USD 23.950 billion, of which USD 10.560 billion (SAR 39.62 billion) raised through domestic issuances and USD 13.390 billion of Bonds and Sukuk in US Dollar and Euro. The Government of Qatar issued Sovereign bonds totaling USD 12.000 billion during 2019, with maturities of 5, 10 and 30 years, whereas the Emirate of Abu Dhabi issued Bonds and Sukuk amounting to USD 10.000 billion and the Emirate of Sharjah issued Bonds and Sukuk amounting to USD 1.950 billion during 2019.

Conventional vs Sukuk: Conventional issuances increased by 25% versus last year as it raised USD 85.078 billion in 2019, representing 75% of the total amount raised during the year. Sukuk issuances in the GCC amounted to USD 29.094 billion, an increase of 22% compared to the USD 23.784 billion raised during 2018. Sukuk issuances accounted for 25% of the total primary issuances during 2019.

Sector Allocation: The Government sector within the GCC accounted for the largest amount of primary debt issuances by value, raising a total of USD 52.900 billion through 25 issuances during 2019 and representing 46% of the total value of GCC primary issuances. The Financial sector was second in its contribution to the total value of GCC primary issuances, raising a total value of USD 39.962 billion through 362 issues and representing 35% of the total value of the market.

Maturity Profile: Issuances with tenors of less than 5 years slightly dominated the GCC debt capital markets by total value, raising a total value of USD 37.612 billion through 273 issuances and contributing to 33% of total primary issuances. Issuances with tenors of 6-10 years raised a total of USD 36.452 billion through 55 issuances, where it contributed to 32% of the total.

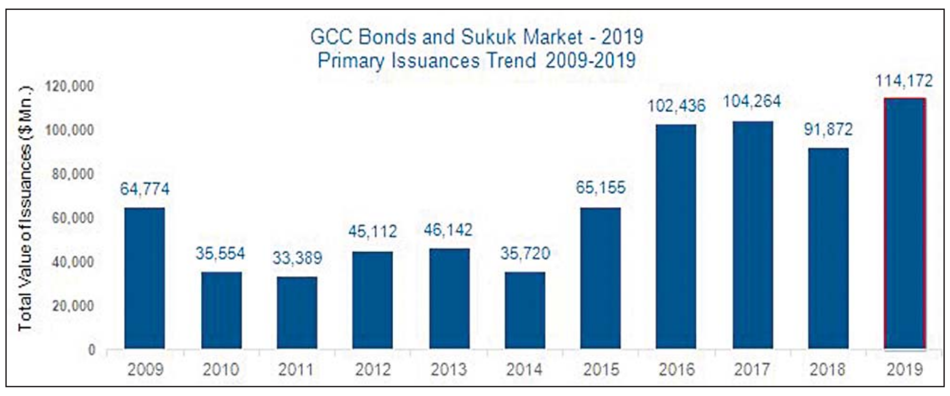
Issue Size Profile: The size of GCC Bonds and Sukuk issuances ranged from USD 5 million to USD 6 billion. Issuances with principle amounts greater than or equal to USD 1 billion raised the largest amount totaling USD 73.179 billion, representing 64% of the total primary issuances.

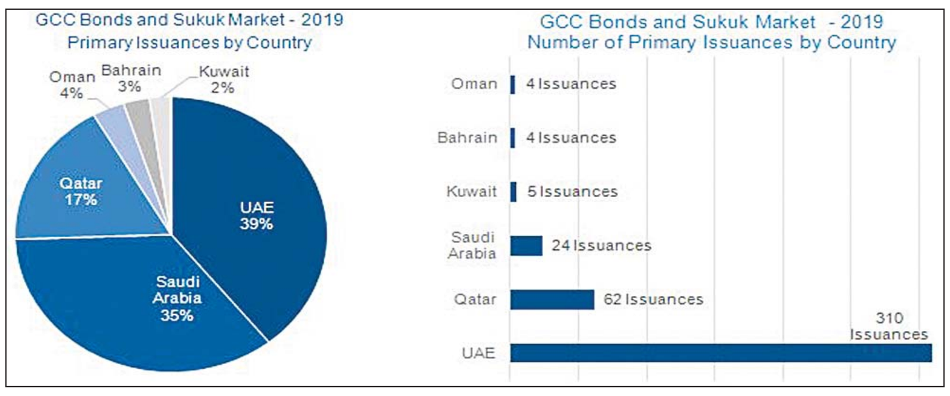
Currency Profile: US Dollar-denominated issuances led the GCC Bonds and Sukuk market in 2019, raising a total of USD 91.348 billion through 253 issuances, representing an 80% of the total value raised in primary issuances in the GCC. The second largest issue currency was the Saudi Riyal (SAR), where issuances in SAR raised a total of USD 10.960 billion through 9 issuances, representing 10% of the total value of issuances.

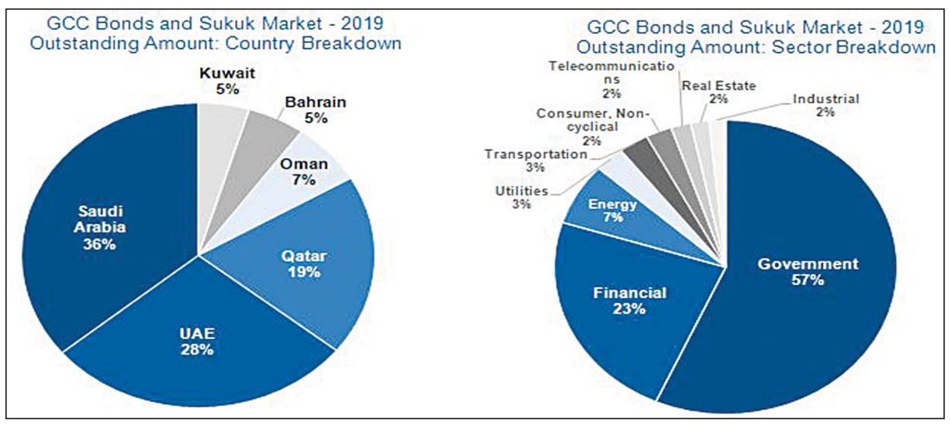
Rating: In terms of value, a total of 81% of GCC Conventional and Sukuk bonds were rated in 2019 by either one of the following rating agencies: Standard & Poor's, Moody's, Fitch and/or Capital Intelligence, of which 73% are categorized as Investment Grade-rated.

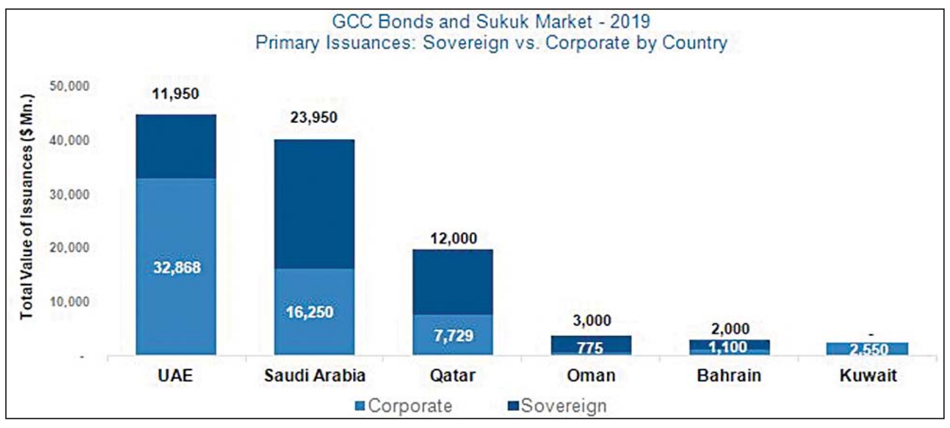
Listing: During 2019, 93% of the total issuances or 260 issuances of Bonds and Sukuk in the GCC were listed on exchanges, with an aggregate value of USD 106.221 billion. London is the listing exchange with the greatest traded value of GCC primary issuances during 2019, totaling USD 45.451 billion through 89 issuances.

Bonds and Sukuk Total Amount Outstanding in the GCC: As of Dec 31, 2019, the total amount outstanding of Corporate and Sovereign Bonds and Sukuk issued by GCC entities was USD 596.651 billion. Government issuances made up 57% of the total amount. Financial sector led the Corporates with a total amount outstanding of USD 138.494 billion, or 23% of the total value. Of the total amount outstanding as of Dec 31, 2019, USD 214.854 billion, or 36%, were issued by Saudi Arabian entities. Bonds and Sukuk by Kuwaiti entities represented USD 27.857 billion, or 5% of the total amount outstanding.









Market for small businesses rebounds after 4 qtrly drops

NEW YORK, Feb 4, (AP): The market for small businesses rebounded in the last three months of 2019 after four straight quarterly declines caused in part by uncertainty about U.S. trade policy.

That's the finding of a report analyzing business sales released by BizBuySell.com, an online marketplace for companies. BizBuySell.com counted 2,340 small businesses sold during October-December, up nearly 2.3% from 2,288 sold in the same period of 2018. For all of 2019, sales fell 5.5% to 9,746 from 10,312 the previous year. BizBuySell.com counts sales reported by brokers.

BizBuySell.com noted that sales activity is at high levels, but the Trump administration's tariffs on goods imported from China and Europe have driven up companies' overhead and lowered the number of transactions. Buyers are wary about the impact the tariffs can have on a company's earnings, especially since it's unclear how long the tariffs may remain in effect. Meanwhile, prospective sellers are concerned about how the tariffs can affect their selling prices. Owners have had to price companies conservatively to make a sale although their businesses are financially healthy. The median revenue of businesses sold in 2019 was up 7% at $567,000, compared to $531,653 in 2018, the report said. Yet the median sales price of a company rose a slim $1,000 to $250,000. Asking prices were flat at $275,000.

China coronavirus outbreak 'weighs' on global business

Impact could spread, depressing auto production and sales, prices of oil & other materials

BEIJING, Feb 4, (AP): Global business is catching a chill from China's virus outbreak. Mink breeders in Denmark called off a fur auction because Chinese buyers can't attend due to travel curbs imposed to contain the disease.

Airlines have canceled 25,000 flights to and within China after ticket sales collapsed, according to travel data provider OAG. General Motors Co and other automakers are telling employees to limit travel to China, their biggest market. On Tuesday, the Chinese gambling enclave of Macau announced it was closing casinos for two weeks as a precaution. The territory is a big moneymaker for US casino operators Wynn Resorts Ltd and Las Vegas Sands Corp.

Global companies increasingly rely on China, the world's No. 2 economy, as a major buyer of food, cars, movie tickets and other goods. But that has left them more exposed than ever to the pain of its latest abrupt slump.

The Singapore Air Show, due to open next week, announced Tuesday it is canceling a business conference due to the absence of Chinese participants.

Tourism revenue in Thailand and other Asian destinations that rely on China for up to 30% of their foreign visitors plunged after Beijing canceled group tours. Businesspeople were told to put off foreign trips.

"Many national as well as international events are now already canceled," the chief executive of Kopenhagen Fur, Jesper Lauge Christensen, said in a statement.

The cooperative of 1,500 Danish breeders who account for 40% of global mink production called off this month's auction of 2 million skins. Most of the group's exports usually go to China and Hong Kong.

Italy could lose up to 4.5 billion euros ($5 billion) in tourism revenue this year as virus fears keep visitors away, polling agency Demoskopika said in a study released Tuesday.

In Milan's luxury Monte Napoleone shopping district, dozens of luxury brands decked out their windows for Chinese New Year. But wealthy Chinese shoppers have failed to arrive in their usual numbers.

The Italian National Fashion Chamber estimated that industry sales will decline 1.8% in the first six months, because of the virus. It had been expected to grow 3%.

Chinese visitors are responsible for about one-third of all luxury purchases globally. In Italy, they spend more than Russians, Arabs and Americans combined.

In this file photo, a man wearing a face mask waits for his food at an empty restaurant in Beijing. (AP)

Chinese authorities have suspended most access to Wuhan, a manufacturing center at the center of the outbreak, and surrounding cities in Hubei province with a total of 50 million people.

The eastern city of Hangzhou, the home of e-commerce giant Alibaba Group and a center for telecom technology companies, imposed restrictions on movement in the city and said checkpoints will be set up to examine passersby for the infection's fever.

The government extended the end of the Lunar New Year holiday to keep the public at home and reduce chances infection might spread.

China already was dealing with the impact of a tariff war with Washington and a separate outbreak of African swine fever that does not infect people but has disrupted pork supplies, causing food prices to soar.

Streets and subways in many cities are still largely empty even after most of China officially returned to work this week. Thousands of restaurants and cinemas have been closed to prevent crowds from gathering. Hollywood studios lost Lunar New Year ticket sales, usually a revenue high point for the industry.

Officials express confidence China can weather the latest trouble but forecasters say it could knock up to 1 percentage point off this year's growth, which might fall to as low as 5.2%. The economy already was expected to slow after hitting a multi-decade low of 6.1% last year.

Forecasters including Barclays and Morgan Stanley say the outbreak could depress this year's global economic growth by 0.2 to 0.4 percentage points.

China suffered similar woes during the 2003 outbreak of SARS, or severe acute respiratory syndrome. Growth rebounded quickly afterward, and the global impact was limited.

This time, even if China recovers quickly, the worldwide impact could be bigger than SARS, forecasters say. That is because China now accounts for 16.3% of global economic activity, more than triple 2003's share of 4.3%, according to the International Monetary Fund.

The anti-virus measures will drag down Chinese activity this quarter, which "will pose pressure on the global economy and spark fears in financial markets," Louis Kuijs, head of Asia economics for Oxford Economics, said in a report.

The lockdown of Wuhan, a manufacturing center of 11 million, has disrupted production of liquid crystal and light-emitting diode panels, according to IHS Markit technology research, now a part of Informa Tech. That has depressed supplies and pushed up prices for manufacturers that use them in computer displays, TV sets and other products.

As the curbs wear on, the impact could spread, depressing auto production and sales and prices of oil, iron ore and other materials from Australia, Brazil and African suppliers to China's huge industries, forecasters say.

China is the world's biggest importer of many commodities, including oil. The price of Brent crude, the benchmark for international oil trading, has fallen to about $55 per barrel from $70 in early January, partly due to weak Chinese demand.

Lower oil prices mean cheaper gas for Western consumers but they hurt exporters such as Indonesia that use the revenues to help pay for schools, health care and social services.

Demand and prices "will depend on how quickly transportation and industrial activities will return to normal levels," Fitch Ratings said in a report.

Even smaller companies are directly affected by the outbreak because of increasingly tight links with China's nimble, efficient manufacturers.

Many manufacturers have yet to feel the impact, because factories closed for up to three weeks ahead of the Lunar New Year holiday. But forecasters say delays in reopening will quickly depress demand for imported components and materials such as copper and steel.