In this file photo, the logo of British Petroleum, BP, adorns a petrol station in west London. (AP)

BP reports Q3 earnings plunge amid falling demand

BP plc says third-quarter earnings plunged 96% as the COVID-19 pandemic reduced energy prices and demand.

The London-based oil company said Tuesday that profits, excluding one-time items and changes in the value of inventories, dropped to $86 million from $2.25 billion in the same period last year.

Underlying replacement cost results rebounded from the second quarter when BP posted a loss of $6.68 billion.

BP is facing the twin challenges of reducing costs to adjust to an era of lower oil prices as the company tries to shift its focus toward renewable energy amid pressure to reduce greenhouse gas emissions that contribute to global warming. BP has pledged to eliminate or offset all of its carbon emissions by 2050.

BP says the COVID-19 pandemic continues "to create a volatile and challenging trading environment. There have been some early signs of global economic recovery … However, the shape and pace of the recovery is uncertain, as it depends on the further spread of the pandemic.''

Brent crude, the benchmark for international oil prices, averaged $42.94 a barrel in the third quarter, down nearly 31% from the same period last year.

Demand for aviation fuel fell about 60% from a year earlier as airlines grounded flights, BP said. Demand for retail fuels fell 7%. (AP)

Market Movements 27-10-2020

			Change	Closing pts
CHINA	-	Shanghai SE	+3.20	3,254.32
INDIA	-	Sensex	+376.60	40,522.10

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	-110.08	6,247.22
EUROPE	-	Euro Stoxx 50	-34.65	3,070.60
FRANCE	-	CAC 40	-85.46	4,730.66
GERMANY	-	DAX	-113.61	12,063.57
JAPAN	-	Nikkei	-8.54	23,485.80
PAKISTAN	-	KSE 100	-468.64	41,381.83
PHILIPPINES	-	PSEi	-76.11	6,415.08
S. KOREA	-	KRX 100	-19.32	4,975.82

Business

CONSUMER CONFIDENCE DIPS TO 100.9

US factory orders up 1.9 pct; economists see risks ahead

US home prices up 5.2% in August

WASHINGTON, Oct 27, (AP): Orders to U.S. factories for big-ticket manufactured goods rose a stronger-than-expected 1.9% in September with a key category that tracks business investment showing a solid gain as well.

The uptick in orders followed a smaller 0.4% increase in August and was the best gain since an 11.8% surge in July, the Commerce Department said Tuesday.

Orders for nondefense capital goods excluding aircraft, a key category seen as a proxy for business investment spending, rose 1% in September after bigger gains in July and August.

While the activity was significantly greater than the modest 0.5% advance many economists had been expecting, U.S. factories continue to face significant headwinds.

"While the September data are positive, the risk to the manufacturing sector now comes from surging virus cases that could result in supply chain disruptions, weigh on demand and slow the pace of rebound going forward," said Rubeela Farooqi, chief U.S. economist at High Frequency Eonomics.

Average deaths per day across the country are up 10% over the past two weeks, from 721 to nearly 794 as of Sunday, according to data from Johns Hopkins University. Newly confirmed infections per day are rising in 47 states, and deaths are up in 34.

The pace of durable goods orders has slowed after an initial burst in demand as the country re-opened after shutdowns in the spring to contain the virus. In addition to the new surge of infections now underway, analysts are worried that any boost from the $3 trillion in support Congress passed in the spring is fading. Congress so far has been unable to renew programs to boost unemployment benefits and provide support to small businesses. For September, orders in the volatile transportation sector rose 4.1% with demand for motor vehicles and parts rising 1.5%. Even orders in the troubled commercial airline industry were up by $1.8 billion after having fallen $3.2 billion in August as many airlines struggling to cope with weak travel demand cut back on previous orders.

Orders for computers and related products fell 3.1% in September but demand for primary metals such as steel rose 4%.

Orders for durable goods, items expected to last at least three years, totaled a seasonally adjusted $237.1 billion in September, For the first nine months of this year, orders are down 10.1% from the same period in 2019.

Meanwhile, US consumer confidence dipped slightly in October as a new wave of coronavirus cases appeared across the country.

The Conference Board reported Tuesday that its consumer confidence index fell to a reading of 100.9, from 101.8 in September, but still remains well below pre-pandemic levels. This month's moderate decline follows a sharp rise in September. Consumer spending accounts for 70% of economic activity in the U.S., so a decline in confidence gets a lot of attention from economists, especially as the U.S. heads into the crucial holiday shopping season.

Consumer confidence tumbled to 85.7 in April as large swaths of the country went into lockdown to check infections. It had consistently been well above 100 in the months before that, with the index hitting 132.6 in February before the severity of COVID-19 infections became clear.

Now, average deaths per day across the country are up 10% over the past two weeks, from 721 to nearly 794 as of Sunday, according to data from Johns Hopkins University. Newly confirmed infections per day are rising in 47 states, and deaths are up in 34.

The part of the index that measures present conditions -- which is based on consumers' assessment of current business and labor market conditions -- also increased from 98.9 to 104.6. However, consumers were less optimistic this month about the future, as the expectations index dipped to 98.4 in October from 102.9 last month.

Factors including the recent rise in coronavirus cases across the U.S., along with ongoing elevated job losses and uncertainty over next week's presidential election may have played a part in consumers' apprehension about the future.

"All of the negativity that accompanies presidential campaigns tends to weigh down on confidence in the month before an election," said Stephen Stanley, an economist with Amherst Pierpont. "Though some may also blame the uptick in the virus."

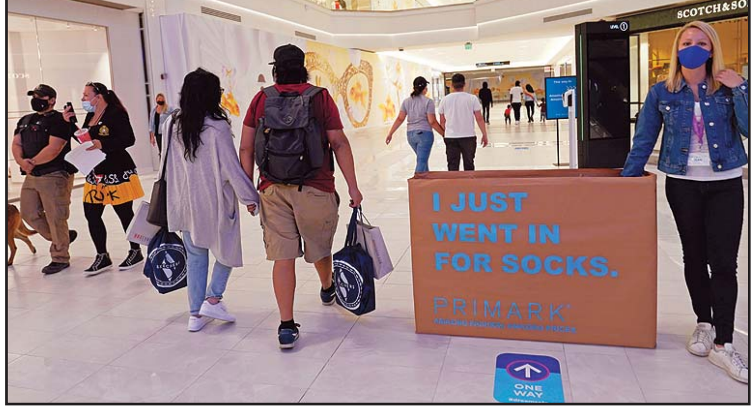
In a separate report, US home prices posted a robust gain in August - another sign that the American housing market remains strong despite economic fallout from the coronavirus pandemic. The S&P CoreLogic Case-Shiller 20-city home price index, released Tuesday, showed that home prices climbed 5.2% in August from a year earlier, accelerating from a 4.1% gain in July. The gain was stronger than economists had expected.

Phoenix (up 9.9% from August 2019), Seattle (up 8.5%) and San Diego (7.6%) posted the biggest gains. All 19 cities in the index recorded price increases. The 20-city index excluded prices from the Detroit metropolitan area index because of delays related to pandemic at the recording office in Wayne County, which includes Detroit. Helped by rock-bottom mortgage rates, the U.S. housing market has been a source of strength as the U.S. economy climbs back from an April-June freefall caused by the pandemic and the measures taken to contain it.

"The supply of for-sale homes, already extremely tight, has only become more constrained in recent months, and historically low mortgage rates continue to encourage many buyers to enter the market," Matthew Speakman, economist at the real estate firm Zillow, said in a research note. "This heightened competition for the few homes on the market has placed consistent, firm pressure on home prices for months now, and there are few signs that this will relent any time soon.''

The National Association of Realtors reported last week that sales of existing shot up 9.4% in September and that the median selling price of a home climbed 15% from a year earlier to $311,800. And the Commerce Department reported that home building rose 1.9% in September on a surge in construction of single-family homes.

In this file photo, Maurine Carter works on the wiring of a stove in LaFayette, Georgia. Orders to American factories for big-ticket goods rebounded last month from a disastrous April as the US economy began to slowly reopen. The Commerce Department said that orders for manufactured goods meant to last at least three years shot up 15.8% in May after plunging 18.1% in April. (AP)



In this file photo, shoppers and pedestrians walk through a concourse at the American Dream Mall in East Rutherford, New Jersey. (AP)

Mabanee Co sheds 15 fils, Mezzan Holding flat

Kuwait extends losses, volume ticks down

By John Mathews
Arab Times Staff

KUWAIT CITY, Oct 27: Kuwait stocks pulled lower on Tuesday as it extended its losing streak to fourth straight session. The All Shares Index gave up strong early gains to close 41.94 points down at 5,426.94 as weak sentiment roiled the trading floor.

The Premier Market slid 57.39 points to 5,979.24 pts while Main Market was down 10.11 pts to 4,333.87 points. The BK 50 Main index gave up 9.69 points. The volume turnover meanwhile fell slightly for the second day in a row. Over 230 million shares changed hands – down 1.2 pct from the day before.

The sectors closed mostly in red zone. Insurance outshone the rest 1.13 pct gain whereas Basic Materials shed 1.67 percent, the worst performer of the day. Banking sector continued to dominate in both volume and value with 106.64 million shares traded for KD 43.6 million.

Among the notable losers, sector bellwether National Bank of Kuwait slid 9 fils to 840 fils with a volume of 14.9 million and Boubyan Bank dropped 9 fils to 598 fils after trading over 3 million shares. Gulf Bank erased 7 fils after moving 9.7 million shares and Mabanee Co gave up 15 fils before settling at 642 fils.

Zain dipped 10 fils to 587 fils with a volume of 7.4 million and Ooredoo climbed 7 fils to 629 fils. STC was unchanged at 845 fils and logistics major Agility fell 3 fils to 665 fils. Humansoft Holding slipped 10 fils to KD 2.920 paring the month's gains to 319 fils and Boursa closed 4 fils in red. KIPCO dialed down 2 fils.

The market opened firm and rose sharply in early trade. The main index scaled the day's highest level of 5,518 points and pivoted downwards as selling weighed on most of the heavyweights. It continued to erode and closed with moderate losses.

Top gainer of the day, National Ranges soared 21pct to 20.8 fils and Al Eid climbed 7.59 percent to stand next. Al Rai Media Group skidded 36.88 percent, the steepest decliner of the day and Ahli United Bank topped the volume with 35.2 million shares.

Reflecting the day's downswing, the market spread was skewed towards the losers. 35 stocks advanced whereas 75 closed lower. Of the 128 counters active on Tuesday, 18 closed flat. 11,764 deals worth KD 61.96 million were transacted during the session.

National Industries Group slipped 5 fils to 182 fils with a volume of 9.3 million while Mezzan Holding stood pat at 617 fils. Boubyan Petrochemical Co shed 8 fils and Al Qurain Petrochemical Co was down 7 fils at 291 fils after pushing 291 fils. Integrated Holding gave up 8 fils and Aznoula dialed down 2 fils to close at 323 fils.

Jazeera Airways fell 2 fils to 568 fils and ALAFCO closed 3 fils in red. Oula Fuel and Soor clipped 1 fil each to close at 115 fils and 114 fils respectively while UPAC skidded 18 fils to 353 fils. Inovest slipped 4.7 fils to 73.3 fils and IFA Hotels and Resorts clipped 2 fils. Burgan Well Drilling Co added 2 fils before ending at 78 fils.

Kuwait Cement Co eased 2 fils to 220 fils and Kuwait Portland Cement inched 1 fil lower. Fujairah Cement took in 1.7 fils while Combined Group Contracting Co ticked 1 fil into red. Automated Systems Co was down 6.5 fils at 63.5 fils and Kuwait Hotels erased 5 fils before closing at 55 fils. Shuaiba Industrial paused at 150 fils.

Kuwait National Cinema Co fell 2 fils to 693 fils and Kuwait Gulf Links Transport Co edged 0.4 fil higher to 51.4 fils. ACICO Industries trimmed 1.1 fils and NICBM stood pat at 151 fils. Gulf Cable slid 27 fils to 629 fils with a volume of over 2 million while Heavy Engineering Industries and Shipbuilding Co was unchanged at 377 fils.

In the banking sector, Kuwait Finance House fell 3 fils to 659 fils with brisk trading and Burgan Bank eased 1 fil to 207 fils. Kuwait International Bank fell 3 fils to 205 fils whereas Ahli United Bank took 1 fil on back of 35.2 million shares. Warba Bank fell 2 fils to 234 fils and Commercial Back paused at 500 fils.

The market has been heading south so far during the week shedding 189 points in last three sessions. It has dropped 17 points from start of the month and is down 760 points year-to-date.

People walk past a bank's electronic board showing the Hong Kong share index at Hong Kong Stock Exchange on Oct 27, 2020. Shares skidded in Asia on Tuesday after surging coronavirus cases and waning hopes for US economic stimulus gave Wall Street its worst day in a month. (AP)

Market cautious despite earnings

US equities sag after 'worst loss' in weeks

NEW YORK, Oct 27, (AP): US stocks are falling Tuesday, as momentum slows following Wall Street's worst day in a month on worries about rising virus counts and Washington's inability to deliver more aid to the economy.

The S&P 500 fell 0.2% in midday trading after earlier swinging between small gains and losses. Most of the stocks in the index were lower, particularly oil producers and other companies whose profits tend to track the strength of the economy. Counterbalancing them were technology stocks, which rose after AMD said it would buy fellow chipmaker Xilinx for $35 billion.

The parade of companies reporting better profits than expected for the last quarter also continued to grow, helping to steady the market somewhat. Merck, Invesco and Laboratory Corp of America were among the roughly two dozen companies in the S&P 500 reporting earnings for the summer that topped analysts' expectations on Tuesday morning.

The Dow Jones Industrial Average was down 137 points, or 0.5%, at 27,547 as of 11:30 am Eastern time, and the Nasdaq composite was 0.5% higher.

Still, caution continues to hang over markets. Coronavirus counts keep climbing at a troubling rate across much of the United States and Europe. The worry is that could lead to the return of lockdowns in hopes of slowing the pandemic's spread, which could further choke off the improvements the economy showed during the summer.

The US economy's momentum has already slowed following the expiration of supplemental benefits for laid-off workers and other support that Congress approved for the economy earlier this year.

Reports on the economy released Tuesday were mixed. Orders for big-ticket manufactured goods rose 1.9% in September, an acceleration from August's 0.4% growth and better than economists expected but well below July's 11.8%. Consumer confidence also weakened a bit in October, when economists were expecting it to hold steady.

Investors have been clamoring for Congress to deliver another round of stimulus for the economy, but they're increasingly acknowledging it won't happen anytime soon.

House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin continued their negotiations on a deal Monday afternoon, and a Pelosi spokesman said she's optimistic an agreement can happen before Election Day next week. But even if a deal is reached, it could wither in the face of resistance from Republicans controlling the Senate. After confirming the latest Supreme Court justice, the Senate is unlikely to return to session until Nov 9.

The market's caution is also apparent in how it's reacting to corporate profit reports. Through the first two weeks of earnings season, companies that reported better results than expected have not been getting the typical pop in their stock price the day after. That's an indication that all the good news has already been built into the market, according to BofA Global Research.

F5 Networks rose 7.9% for one of the best gains in the S&P 500 after it reported better earnings than expected. But 3M fell 2.3% despite likewise reporting stronger results than forecast.

Caterpillar also fell 3.3% after reporting stronger earnings than expected, while Eli Lilly slumped 5.7% after its profit report fell short of Wall Street's forecast.

This is the busiest week of earnings reporting season, and Microsoft is the next big company on the schedule after trading ends Tuesday.

Xilinx jumped 10.1% for the biggest gain in the S&P 500 following the announcement of its all-stock acquisition by AMD.

In another sign of increased caution, Treasury yields retrenched again. The yield on the 10-year Treasury dipped to 0.78% from 0.81% late Monday.

In European stock markets, France's CAC 40 fell 1.9%, and Germany's DAX lost 1%. The FTSE 100 in London dropped 1%. Shares skidded in Asia on Tuesday after surging coronavirus cases and waning hopes for US economic stimulus gave Wall Street its worst day in a month.

Stock benchmarks fell in Hong Kong, Sydney and Seoul. Tokyo was flat. Shanghai recovered from early losses to edge higher. Overnight, the S&P 500 fell 1.9%, deepening its losses from last week. Stocks of companies worst hit by the pandemic logged some of the biggest losses. Cruise lines, airlines and energy stocks tumbled in tandem with crude oil prices.

In another sign of caution, Treasury yields pulled back after touching their highest level since June last week and were steady at 0.80% on Tuesday.

The gloom carried into trading in Asia, where Japan's Nikkei 225 was almost unchanged at 23,485.80. The Hang Seng in Hong Kong slipped 0.4% to 24,719.38. South Korea's Kospi lost 0.6% to 2,330.01, while the S&P/ASX 200 slumped 1.7% to 6,051.00. The Shanghai Composite index recovered from early losses, edging 0.2% higher to 3,258.12.

OPEC sees India's oil demand rising to over 10 mln by 2045

VIENNA, Oct 27, (KUNA): OPEC Secretary General Mohammad Barkindo, has said India's enthusiasm and encouragement for producer-consumer dialogue has contributed enormously to helping to restore stability to global oil markets in 2017-19, and then again given the unprecedented downturn in 2020.

Barkindo at the 'Interaction with Global Oil and Gas Leaders' session of the India Energy Forum by CERAWeek, via videoconference on Monday evening praised India's outreach, and its openness to explore ways to further enhance collaboration with OPEC, and to work together to address a variety of key energy issues, such as energy security and energy access.

"This is not only through our excellent OPEC-India Energy Dialogue that began in 2015 and has become more valuable with each passing year," he said, but also through the G20 platform, with India's support for the stabilizing market role of OPEC and the Declaration of Cooperation participants at G20 Energy Minister Meetings in 2020.

India has become a global economic powerhouse, accounting for 16 percent of the global economy by 2045, double that of today, he said. India's oil demand is forecast to raise from 4.7 mb/d in 2019 to 10.7 mb/d by 2045, with its global share rising from 5.2 percent to 10.8 percent by 2045, Barkindo said.

India today imports around 80 percent of its oil from OPEC and this level is expected to stay relatively stable in the period to 2045, as Member Countries are forging ever-closer investment ties with your great country, he added.

He stressed that OPEC also supports India's visionary plans for the energy transition, and the role of oil and gas in this, as well as the huge success it has had in expanding energy access to all corners of India, as this is testament to the country's socio-economic progress and commitment to sustainable development.