In this file photo, a car leaves a Shell station after getting gas in Sacramento, California. (AP)

Shell shareholders get reward as oil giant returns to profit

Royal Dutch Shell increased its dividend payout to shareholders following a better-than-expected third quarter of the year, months after cutting it for the first time since World War II.

The oil giant, which is trying to transform itself into a carbon-neutral energy company, said Thursday that it was planning to increase its dividend by 4% to 16.65 US cents per share for the third quarter.

"The strength of our performance gives us the confidence to lay out our strategic direction, resume dividend growth and to provide clarity on the cash allocation framework, with clear parameters to increase shareholder distributions," Chief Executive Ben van Beurden said.

The dividend hike came as the company reported earnings on a current cost of supply basis — the industry standard — of $177 million in the July to September period.

Though down 97% on last year because of the sharp slide in oil prices, the company's earnings still beat the consensus in financial markets of $146 million.

It's certainly a sharp improvement on the performance in the second quarter when the company reported a massive loss of $18.4 billion after it was forced to reassess how much the oil it had in untapped reserves would sell for.

"On the face of it, there is a positive direction of travel here that should go some way towards assuaging concerns about Shell's long-term direction of travel," said Stuart Lamont, investment manager at Brewin Dolphin.

Like others in the sector, Shell has faced a double challenge this year, dealing with plunging oil prices, some of which turned negative for a short while in April, and increased pressure to set new environmental goals. (AP)

Market Movements 29-10-2020

			Change	Closing pts
GERMANY	-	DAX	+37.56	11,598.07
CHINA	-	Shanghai SE	+3.49	3,272.73

			Change	Closing pts
AUSTRALIA	-	All Ordinaries	-93.80	6,167.99
JAPAN	-	Nikkei	-86.57	23,331.94
FRANCE	-	CAC 40	-1.45	4,569.67
EUROPE	-	Euro Stoxx 50	-3.51	2,960.03
S. KOREA	-	KRX 100	-41.82	4,965.63
PHILIPPINES	-	PSEi	-128.40	6,249.39
INDIA	-	Sensex	-172.61	39,749.85

JOBLESS CLAIMS FALL TO 751K, BUT NEW INFECTIONS A THREAT

US economy grew at 33% rate in Q3

Recovery is incomplete

WASHINGTON, Oct 29, (AP): The U.S. economy grew at a sizzling 33.1% annual rate in the July-September quarter — by far the largest quarterly gain on record — rebounding from an epic plunge in the spring, when the eruption of the coronavirus closed businesses and threw tens of millions out of work.

Yet the recovery from the deepest recession since the Great Depression of the 1930s remains far from complete. The Commerce Department's estimate Thursday of third-quarter growth regained only about two-thirds of the output that was lost early this year when the economy essentially froze as safety orders forced restaurants, bars and many retailers to shut down.

The third quarter GDP gain was powered by a record 40.7% increase in consumer spending. Americans began shopping again after the spring shutdown, which had sent consumer spending plunging by a record 31.4%. Consumer spending accounts for roughly two-thirds of economic activity.

The economy is now weakening again and facing renewed threats. Confirmed viral cases are surging. Hiring has sagged. Government stimulus has run out. With no further federal aid in sight this year, Goldman Sachs has slashed its growth forecast for the current fourth quarter to a 3% annual rate from 6%.

Thursday's estimate of growth is the last major economic report before Election Day, after a campaign that President Donald Trump has sought to build around his economic record before the pandemic hit. Trump has drawn generally solid public support for his handling of the economy.

Business investment was up a strong 20.3% last quarter, reflecting a 70.1% surge in investment in equipment. Residential investment surged at a 59.3%, reflecting a solid rebound being enjoyed by home builders as demand for homes rises.

Before the big rise in the July-September quarter, GDP had fallen 5% in the first quarter when the country's record-long expansion of nearly 11 years ended and then dropped a record 31.4% in the second quarter when much of the country shut down.

Though the unemployment rate, at 7.9%, is down significantly from 14.7% at the start of the pandemic recession, it is still historically high. And hiring has slowed for three straight months. The economy is still roughly 10.7 million jobs short of recovering all the 22 million jobs that were lost to the pandemic.

The government's estimate of the third-quarter jump in the gross domestic product — the total output of goods and services in the United States — was the biggest such increase on records dating to 1947, surpassing a 16.7% surge in 1950 during the Truman administration. In the January-March quarter this year, GDP had contracted at a 5% annual rate before a record-setting 31.4% annual tumble in the spring.

Zandi said he thinks GDP will regain pre-pandemic levels by spring of next year, with GDP expanding 4.2% for 2021. But he warned that the job market might not fully recover until perhaps 2023.

"Many of the jobs in retailing, leisure and airlines have been permanently lost," he said, "and those folks will have to find different work, and that will take time."

The government reports the quarterly GDP changes as annual rates. That means the change for any given quarter is calculated as if it had occurred for an entire year. Using another way to view the figures, the GDP peaked in the fourth quarter of 2019 and then fell 10.1% over the next two quarters. Even with the third quarter rebound, the economy remains 3.4% below the peak of output set in the fourth quarter of 2019.

Overhanging the economy now are growing uncertainty and worry as a resurgence of the virus raises the prospect of new lockdowns and threatens the economy, especially without more federal help. That fear has burst into the open this week across global financial markets. On Wednesday, U.S. stock averages tumbled roughly 3.5%, with the Dow Jones Industrial Average shedding 943 points. The S&P 500 is already down 5.6% this week, on track for its worst weekly fall since March.

The selling in US markets followed broad declines in Europe, where a new wave of lockdowns and business closings has swept across France, Germany and elsewhere as surging viral infections on both sides of the Atlantic wipe out months of progress against the pandemic.

Meanwhile, the number of Americans seeking unemployment benefits fell last week to 751,000, the lowest since March, but it's still historically high and indicates the viral pandemic is forcing many employers to cut jobs.

Applications for unemployment aid fell 40,000 from the previous week, the Labor Department said Thursday. They fell in 30 states, including big drops in California, Florida and Texas. Claims rose in Arizona, Illinois, and Michigan.

Rising confirmed virus cases in nearly every state, along with a cutoff in federal aid, are threatening to weaken the economy in the coming months. As temperatures fall, restaurants and bars will likely serve fewer customers outdoors. And many consumers may increasingly stay home to avoid infection. Those trends could force employers to slash more jobs during the winter.

The seven-day rolling average for confirmed new cases in the U.S. soared over the past two weeks from 51,161 to 71,832, according to Johns Hopkins University data.

The government said Thursday that the economy expanded at a record 33% annual rate in the July-September quarter. That's a sharp rebound after an epic collapse in the spring, when the economy shrank at a 31.4% annual rate. Yet the increase recovers only about two-thirds of what was lost to the pandemic. And growth is believed to be slowing sharply in the final three months of the year to a roughly 3% annual rate.

With Congress having failed to agree on any further stimulus this year, millions of unemployed Americans who will lose all their jobless benefits in the coming weeks and months will likely pull back further on spending. Without another round of loans from the government, many small companies will also go out of business.

Thursday's report from the Labor Department said the number of people who are continuing to receive unemployment benefits fell more than 700,000 to 7.76 million. The decline shows that some of the unemployed are being recalled to their old jobs or are finding new ones. But it also indicates that many jobless Americans have used up their state unemployment aid — which typically expires after six months — and have transitioned to a federal extended benefits program that lasts an additional 13 weeks.

In this file photo, job seekers exercise social distancing as they wait to be called into the Heartland Workforce Solutions office in Omaha, Nebraska. For the first time in nearly 50 years, older workers are facing higher unemployment than midcareer workers, according to a study released Tuesday, Oct. 20, 2020, from the New School. (AP)

In this file photo, European Central Bank (ECB) President Christine Lagarde attends a news conference during the Informal Meeting of Economics and Finance Ministers in Berlin, Germany. The European Central Bank held off from strengthening its stimulus programs despite growing concern that a renewed surge in COVID-19 cases could stall the economy's recovery from the deep downturn early this year. (AP)

European Central Bank: Just wait until December

ECB holds off on strengthening stimulus

FRANKFURT, Germany, Oct 29, (AP): The European Central Bank held off from strengthening its current economic stimulus but signaled that more could be coming at its December meeting given that risks are "clearly tilted to the downside" and new staff projections would make possible "a thorough reassessment."

The decision comes amid growing concern that a renewed surge in COVID-19 cases in Europe could stall the recovery from a deep downturn early this year.

All eyes will be on ECB head Christine Lagarde, speaking later on Thursday, for the reasons underlying the bank's decision.

The bank's promise to review its position in December is unusual given what is typically a dry statement about bond purchases and interest benchmarks. The ECB said it will assess the dynamics of the pandemic and prospects for vaccine rollout as well as new staff estimates about inflation and growth.

That would lead to "a thorough reassessment of the economic outlook" at the Dec. 10 meeting. It continued: "On the basis of this updated assessment, the Governing Council will recalibrate its instruments, as appropriate, to respond to the unfolding situation."

The bank made no change to its 1.35 trillion ($1.58 trillion) pandemic emergency bond purchase program, which pumps newly created money into the economy to keep credit flowing to businesses and promote economic activity. Those regular purchases are set to run through the middle of next year. Analysts believe that is one reason the bank is standing pat, since there is plenty of stimulus still in the pipeline.

The ECB's key goal is to raise inflation toward its target of below but close to 2%, the level considered best for the economy. Inflation was minus 0.3% in September, partly a result of temporary measures such as a value-added tax cut in Germany but also a sign of weaker than optimal demand.

Economy output plunged 11.8% in the 19 countries that use the euro in the second quarter but is estimated to have rebounded in the July-September months by as much as 10% as businesses reopened. Figures for the quarter are to be released Friday.

Europe has been in part sustained by business ties between Germany, its largest economy, and China, where the pandemic hit earlier but has been largely contained, allowing activity to rebound to near normal levels. German auto maker Volkswagen said Thursday it had increased sales in China by 3% in the third quarter over the same quarter in 2019, before COVID-19.

Massive ECB stimulus and new spending by governments has helped ward off turmoil on financial markets and cushion the downturn. Governments have deployed furlough support programs to pay worker salaries if they are put on short hours or no hours but not laid off. That has held down the rise in unemployment, which was 8.1% in August.

the bottomline

DETROIT: **Ford Motor Co** posted a stronger-than-expected third-quarter net profit as demand for cars and trucks recovered from coronavirus shutdowns and the company sold more high-margin trucks.

The automaker says it made $2.39 billion, or 60 cents per share, as factories edged back to normal after the pandemic forced them to be close earlier in the year.

Net income was more than five times what it was a year ago. The company says it now expects positive pretax income for the full year, but a tough fourth quarter of between break even and a $500 million loss. The fourth-quarter results will be hit by high costs for rolling out the new F-150 pickup, Mustang Mach E electric SUV and the Bronco Sport small SUV.

Excluding one-time items, Ford made 65 cents per share, trouncing Wall Street estimates of 20 cents. The company also took in revenue of $37.5 billion, slightly below estimates of $35.73 billion from analysts polled by FactSet.

The company reported an outsized pretax profit margin of 9.7% for the quarter, with North America's margin at 12.5%.

New Chief Financial Officer John Lawler said Ford saw strong top-line pricing as it increased sales of high-profit pickup trucks, commercial vans and SUVs, but it also had cost cuts that flowed from the second quarter into the third.

Ford ended the quarter with nearly $30 billion in cash and $45 billion in liquidity, even though it repaid a $15 billion credit facility that it drew down in the first quarter, he said.

Ford's shares rose 4.3% in after-hours trading to $8.05. (AP)

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CHARLOTTE: **Visa Inc** said Wednesday that its fiscal fourth quarter profits dropped 29% due to fewer dollars crossing on its namesake payment network while the world was in the grips of a pandemic-caused recession.

The San Francisco-based company posted a profit of $2.14 billion, or 97 cents per share, down from a profit of $3.03 billion, or $1.34 a share, in the same period a year earlier.

Visa recognizes revenue from the quarter before, so the payments activity that ended June 30 is reflected in the profits that the company reported Wednesday. The April 1 to June 30 period was when the US and the rest of the world was being hard hit by the pandemic's outbreak, so payments and transactions plunged sharply.

During the period, Visa had $2.493 trillion in payments on its network, down 11.9% from same period a year earlier. The number of transactions also plunged sharply, down 23.6% from the quarter before. (AP)

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INDIANAPOLIS: **Anthem** delivered a better-than-expected third quarter even though a jump in benefit expenses and other costs contributed to an 81% drop in the health insurer's net income.

The Blue Cross-Blue Shield coverage provider also said Wednesday that it was leaving its 2020 earnings forecast unchanged, as insurers continue to deal with uncertainty caused by the COVID-19 pandemic.

Anthem saw its profit double earlier during the second quarter, as the pandemic forced patients to stay home and away from doctor's offices and surgery centers. But Anthem and its competitors say health care use is starting to rebound, and now it includes the cost of caring for COVID-19 patients.

Anthem covers more than 42 million people in several states, including big markets like New York and California. It also runs a pharmacy benefits management business called IngenioRx.

The insurer booked adjusted earnings of $4.20 per share in the quarter that ended Sept 30. Operating revenue, which excludes investment gains or losses, climbed 16% to $30.65 billion. (AP)

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REDMOND: **Microsoft** reported quarterly earnings Tuesday that beat Wall Street expectations, as it continued to weather the coronavirus pandemic amid increased demand for its flagship software and services.

The company reported fiscal first-quarter profit of $13.9 billion, or $1.82 per share, beating Wall Street expectations of $1.54 a share. Microsoft posted revenue of $37.2 billion in the July-September period, up 12% from last year. Analysts had been looking for revenue of $35.8 billion, according to FactSet.

The software giant has benefited from a COVID-19-fueled trend of working and learning from home that boosted demand for its cloud computing services and workplace productivity products, such as email and video conferencing. It's also experienced heightened demand for its Xbox gaming system.

The company's growth was led by its commercial cloud segment, which grew 31% from the previous year to generate $15.2 billion in revenue, said Amy Hood, Microsoft's chief financial officer.

Revenue from the company's Xbox content and services grew 30% as the company next month prepares to launch its first new console since 2013. Preorders began in September. (AP)

Airbus reports new 'pandemic' losses, but stops bleeding cash

PARIS, Oct 29, (AP): Struggling plane maker Airbus says new European virus lockdown measures are making its life "a bit more difficult," as it announced 1 billion euros ($1.16 billion) in pandemic-related losses for the third quarter Thursday amid a slower-than-expected recovery in air travel.

But CEO Guillaume Faury said Airbus has already repeatedly adapted its operations to cope with the virus and is not predicting major disruptions from the new restrictions, notably those announced in France and Germany on Wednesday.

"We will have to live with the circulation of the virus for long period of time," he said. "Yes, it's making our life a bit more difficult, but these kind of measures — which by the way, are necessary — are part of what we have to deal with."

The Toulouse, France-based company said it managed to stop losing cash in the third quarter after a devastating first half of the year, as airlines collapsed or grounded most of their planes. It maintained its forecast that air traffic won't return to 2019 levels until 2023-2025.

Faury said the company — one of Europe's leading manufacturers — isn't currently planning further job losses on top of 15,000 already announced as a result of the pandemic, but said, "there is so much uncertainty we have to remain very humble."

And he expressed concern about struggling Airbus suppliers. "We are very vigilant to make sure we navigate the situation all together, so that we all stay alive to be able to get to the other side of the pandemic," he told reporters.