In this file photo, a Union Pacific train travels through Union, Nebraska. Union Pacific's first-quarter profit declined 9% as the railroad delivered less freight and its revenue fell. (AP)

Union Pacific net down 9% but sees economy growing in 2021

Union Pacific's first-quarter profit declined 9% as the railroad delivered less freight and its revenue fell, but it said the economy is steadily improving.

The Omaha, Nebraska, company said Thursday that it earned $1.34 billion, or $2 per share, in the quarter. That's down from $1.47 billion, or $2.15 per share, a year earlier.

The results did not meet Wall Street expectations as it delivered 1% less freight and had to deal with the severe cold in February. Analysts surveyed by Zacks Investment Research had projected per-share earnings of $2.06. The railroad estimated that costs related to the weather weighed down its results by 16 cents per share.

Revenue fell 4% to $5 billion, also short of Wall Street expectations as coal and industrial revenue weakened.

Company shares fell more than 3%.

The railroad said it expects shipping volume to grow roughly 6% overall in 2021 as the economy recovers from the pandemic and industrial production increases.

"The economy is definitely strengthening. What we are seeing is the positive is it is more broad-based and continuous," CEO Lance Fritz said.

Despite a quarter dragged down by severe weather and higher fuel costs, Citi research analyst Christian Wetherbee said Union Pacific's outlook suggests the company expects to ride along with an economy on the mend.

Union Pacific Corp. cut its expenses 3%, to $3 billion, as it worked to improve productivity during the quarter. (AP)

American loses $1.25 billion

US aid lifts Southwest to first quarter profit

NEW YORK, April 24, (AP): With a strong push from taxpayers, Southwest Airlines is the first major US airline to report a profit since the pandemic started, and airlines executives say that the industry is on course to recover from a financial crisis caused by the pandemic.

Southwest Chairman and CEO Gary Kelly said Thursday that his airline has seen steady improvement in US leisure-travel sales since mid-February. He credited rising vaccinations and falling new cases of COVID-19.

"We believe the worst is now finally behind us," Kelly said.

Southwest reported net income of $116 million in the first quarter, although it would have lost $1 billion without federal aid to help cover labor costs.

American Airlines posted another large loss, $1.25 billion, but its CEO also sounded upbeat heading into the peak summer-travel season, when airlines usually earn most of their money. The airline is aggressively expanding its schedule for summer and recalling employees from leave.

"We are starting to see light at the end of this very dark tunnel," Doug Parker said on American's call with analysts.

About 1.4 million people are passing through US airport checkpoints each day this month, double the number of air travelers in January. Still, the April figure remains about 40% below the pace of April 2019. Lucrative business travel and long-haul international flying remain much more deeply depressed, down around 80% from 2019.

Previous travel bursts have fizzled after COVID-19 infections surged, but the rollout of vaccines has airline leaders cautiously optimistic this time.

Airlines have been offering rock-bottom fares to attract passengers, and vacationers are responding: Leisure travel in the United States is already nearly back to pre-pandemic levels.

However, leisure customers typically pay the lowest fares, so American aims to raise prices on vacationers until business travelers return.

American's chief revenue officer, Vasu Raja, said fares on a per-mile basis started the year at around half their 2019 levels, but summer flights are selling for about 90% of where they stood two years ago.

The reason: supply and demand.

American has added about 25% to available seats for popular leisure destinations such as Las Vegas and Orlando, Florida, but bookings are running about double their year-ago levels, Raja said. He suggested that the airline is now more concerned with maximizing profit on each flight rather than simply filling seats.

But Kelly, the Southwest CEO, suggested it is too soon to hike fares.

"The industry has more seats than it does passengers," Kelly told reporters. "What we will be prepared for is a very low-fare environment for a long time."

Kelly said that at the end of this year, business travel will still be 50%-60% lower than it was before the pandemic. He repeated his longstanding prediction that it could take 10 years for business travel to return to 2019 levels, partly because people have grown accustomed to working remotely and meeting online.

Southwest Airlines Co, the fourth-largest US airline, is benefitting more from the pickup in US leisure travel because it is less dependent than its biggest rivals — American, Delta and United — on business travelers, and it doesn't fly to Europe or Asia, which are mostly closed to American visitors.

Southwest received $1.45 billion in federal aid to help cover labor costs, and without that and other temporary items, the Dallas-based carrier would have lost $1.82 per share. The results were 3 cents per share better than Wall Street expectations. Revenue fell 52% to $2.05 billion.

At Fort Worth, Texas-based American Airlines Group Inc., the reported loss did not include $3.1 billion in taxpayer funds approved by Congress and the Trump and Biden administrations.

Without the federal payroll help and other temporary gains and expenses, American would have lost $2.7 billion, or $4.32 per share. That was 2 cents per share worse than forecast by analysts surveyed by FactSet. Revenue dropped 53% from a year ago, to $4.01 billion.

A Southwest Airlines Boeing 737 passenger plane takes off from Fort Lauderdale-Hollywood International Airport, Tuesday, April 20, 2021, in Fort Lauderdale, Florida. (AP)

Turkish prosecutors probe crypto exchange for possible $2bn fraud

Police detains dozens for alleged fraud

ANKARA, Turkey, April 24, (AP): Turkish prosecutors launched an investigation into a cryptocurrency exchange Thursday over allegations it may have defrauded some 390,000 investors of an estimated $2 billion.

The office of Istanbul's chief prosecutor said it was probing the Thodex cryptocurrency exchange following complaints from users who could not access their assets.

Thodex owner Faruk Fatih Ozer denied the allegations in a statement on Twitter and said the company was being targeted by a smear campaign. He said the company temporarily shut down trading after accounts showed unusual activity due to a cyberattack. Ozer also said the claims that the money had disappeared were untrue.

The justice ministry said it was seeking Ozer's extradition from Albania, according to Anadolu, after Turkish media reports said he had left the country earlier this week. Ozer confirmed he was abroad but claimed the trip was to meet foreign investors.

Earlier in the week, Thodex notified users that it would halt operations for six hours for maintenance and later extended that period to 4-5 days.

Turkish police have detained 62 people as part of an investigation into a cryptocurrency exchange that is being accused of defrauding investors, according to the country's state-run news agency.

Anadolu news agency said Friday prosecutors issued detention warrants for 16 more people linked to the Thodex cryptocurrency exchange and said the detentions took place in eight provinces.

Last week, Turkey's central bank announced that it was banning the use of cryptocurrencies for the payment for goods, saying they presented "irrevocable" risks.

The decision came as many in Turkey have turned to cryptocurrencies to shield their savings from rising inflation and the Turkish currency's slump.

Can Kuwait move forward?

By Kamel Al-Harami
Independent Oil Analyst

WE think our country is going through the worst time of its history. Our government is surrounded by all kinds of problems, and it simply cannot think in either direction. It is paralyzed and cannot communicate with the majority of the members of our National Assembly, as well as give huge concessions to other members that are siding with it. This includes meeting any demand, as long as they vote and side with the government, and with nothing to be shy of.

In the meantime, nothing is moving forward ... domestic violence is on the rise ... the COVID-19 situation is not stabilizing ... the number of new cases and deaths are increasing. There is no improvement locally.

The only good news is that oil prices are still at a comfortable level at $ 65 - $ 66, and far better than what it was this time last year. We are entering the new fiscal year with a good number, although we will be facing another deficit of more than KD 6 billion or $ 18 billion by the end of the year.

We do have many opportunities to move forward and overcome, either by copying our neighboring oil-producing countries such as Saudi Aramco in selling or lessening their assets, or sharing oil wealth by selling partially, like Aramco did with five percent of its shares.

Our opportunities are more, as we don't have any foreign partnership except for one with Dow in our petrochemical company. We can easily sell out the oil tanker company, the aviation company KAFCO, and the gas plant, which could easily run by the private sector, as well as our upstream company KUFPEC. Or we could just privatize all our three refineries, with updated technology and updated units.

Al-Harami

Alas, such a thing can't happen in our country with a government that has no vision, no determination, and lacks transparency completely, thereby losing its credibility.

Until such a time, more bad news will perhaps be pouring before it fixes itself with some miracle, such as forming a new government, and new elections.

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Nearly half of global CEOs don't expect to see a return to 'normal' until 2022: KPMG study

CEOs of the world's most influential companies are planning what the 'new reality' will look like post-pandemic. The 2021 KPMG CEO Outlook Pulse Survey finds that almost half (45 percent) of global executives do not expect to see a return to a 'normal' course of business until sometime in 2022, as opposed to nearly one-third (31 percent) who anticipate this will happen later this year. The changes prompted by the pandemic have resulted in one-quarter (24 percent) of CEOs saying that their business model has been changed forever by the global pandemic.

The study conducted by KPMG in February and March of this year asked 500 global CEOs about their response to the pandemic and the outlook over a 3-year horizon. A majority (55 percent) of CEOs are concerned about employees' access to a COVID-19 vaccine, which is influencing their outlook of when employees will return to the workplace. A significant majority (90 percent) of CEOs are considering asking employees to report when they have been vaccinated, which may help organizations consider measures to protect their workforce.

However, one-third (34 percent) of global executives are worried about misinformation on COVID-19 vaccine safety and the potential this may have on employees choosing not to have it administered.

Dr Rasheed Al-Qenae, Managing Partner KPMG in Kuwait said: The rollout of the vaccine program in Kuwait has provided us all with a much-needed dose of optimism. Businesses in Kuwait welcomed the decision as we witness movement in sectors, which were otherwise stalled because of the pandemic. It is evident from the findings of the survey that CEOs want their workforce to be protected against the virus before making any strategic decision.

"Our research shows that some executives have taken strong measures during the crisis to transform their operating model and ways of working, accelerating the rollout of key transformational projects, some by choice, some out of necessity. The major transformation is witnessed in financial services with a surge of digital payments and Fintech-related companies. A rise in the number of E-commerce companies in the last six months indicates that CEOs are considering online selling as a viable channel of sales as the majority of consumer are still staying indoors."

• Majority of CEOs will wait for more than 50 percent of population to be vaccinated before returning to the office.

KEY FINDINGS:

Government and vaccination rates driving decision-making

Three-quarters (76 percent) of CEOs see government encouragement for businesses to return to 'normal' as the prompt for businesses to ask staff to return to the workplace. In addition, 61 percent of global executives said that they will also need to see a successful (over 50 percent of the population vaccinated) COVID-19 vaccine rollout in key markets before taking any action toward a return to offices. When employees can safely return to workplaces, one-fifth of companies (21 percent) are looking to institute additional precautionary measures by asking clients and other in-person visitors to inform them of their vaccination status.

Global CEOs are less likely to downsize physical footprint compared to 6 months ago The research finds that only 17 percent of global executives are looking to downsize their office space as a result of the pandemic. In contrast, 69 percent of CEOs surveyed in August 2020 said they planned to reduce their office space over 3 years, which demonstrates that either office downsizings have taken place or, as the pandemic has drawn on, strategies have changed.

Global executives remain apprehensive about a fully remote workforce

CEOs are considering what the new reality will look like, but post-COVID, only three in 10 (30 percent) of global executives are considering a hybrid model of working for their staff, where most employees work remotely 2–3 days a week. As a result, only one-fifth (21 percent) of businesses are looking to hire talent that works predominantly remotely, which is a significant shift from last year (73 percent in 2020).

• Nine out of 10 leaders intend to ask their employees to report when they have been vaccinated in order to protect the wider workforce.

Cyber security is now the top concern for CEOs

During lockdown, remote working has become the norm, which poses new data security risks to organizations. As a result, global business leaders identified cyber security as the top concern impacting their growth and operations over a 3-year period. Cyber security was named ahead of regulatory, tax and supply chain concerns.

ESG continues to climb up the corporate agenda

With COP26 taking place this year and the US re-joining the Paris Accord, 49 percent of CEOs plan to put in place more stringent ESG practices. A vast majority (89 percent) of business leaders are focused on locking in the sustainability and climate change gains their companies have made as a result of the pandemic. Nearly all (96 percent) global executives are looking to upweight their focus towards the social component of their ESG programs.

"Workforce retention was the primary concern for CEOs in our previous pulse survey. However, this quarter's findings indicate that CEOs have overcome this challenge, and workforce retention is not among the top 5 concerns for CEOs. This transformation was possible because executives around the world focused on employee safety more than financial growth.

The pandemic has also been a catalyst for CEOs to evaluate the role their companies play in society. Today, many CEOs are talking about issues they may not have previously commented on publicly — from tackling climate change to supporting the diverse communities in which they operate," adds Karen Watts, Partner Quality & Risk and Head of Corporate Affairs.

• A steep decline in the appetite of global executives to downsize their company's physical footprint as global CEOs reconsider the need for in-person business to resume when countries emerge from the pandemic.

Annual Prizes of 77 KG of Gold

6 KFH customers win 12 KG of Gold in Al-Rabeh Account draw

Campaign Visual

Kuwait Finance House (KFH) has announced Huda Al-Sabah, Shadi Jaber and Salem Al-Mutawa as winners of 3 KG of gold each in the AlRabeh account quarterly draw.

The bank also announced the winners of 1 KG of gold in the monthly draw of AlRabeh account. The winners of 1 KG of gold each are Muhammad Nazish, Qais AbdulRedha and Muhammad Al-Janahi and that is for the month of March.

KFH is offering a total of 77 KG of gold prizes for 45 winners during the one-year campaign, through the new AlRabeh account campaign entitled "Your winning chance is bigger with Alrabeh account".

KFH conducts monthly, quarterly and annual draws under the supervision of the Ministry of Commerce and Industry.

The prizes are targeted for all KFH and non KFH customers with their salaries not being less than 500 KD. When their salaries are transferred to AlRabeh account, they will be able to win unprecedented prizes by participating in the draws, that are: a monthly draw in winning 1 KG of gold for three winners, and a quarterly draw with 3 winners per draw with 3 KG of gold per winner. At the end of the campaign, an annual draw is made to announce the grand prize winner of 12 KG of gold for the first place winner, 3 KG of gold for the second place winner and 2 KG of gold for the third place winner. The total number of winners is 45 customers, and the total prizes at the end of the campaign is 77 KG of gold.

AlRabeh account is opened in KD for individuals, providing that salary transfer is required as a prerequisite for customers to enter the draw. With regards to the terms and conditions of the prizes and draws, a customer should deposit 3 salaries during the 3 months prior to the draw, and the minimum balance of the account should not be less than 50 KD at the end of each month during the 3 months prior to the draw. Every additional 50 KD in the account increases the customer's chances to win, thus, AlRabeh account, with these benefits and rewards is suitable for customers wishing to transfer their salaries and manage their personal accounts, with the possibility of saving and investing.

AlRabeh account confirms KFH's continued keenness to deliver premium products that meet customers' aspirations and enhance the bank's leadership in the market.