In this file photo, Sam Hazen, CEO of HCA Healthcare, speaks about the coronavirus in the Rose Garden of the White House, in Washington. (AP)

## HCA Q2 profit surges as patients return to hospitals

The first major hospital chain to post second-quarter results surprised Wall Street with how much it has grown since a rapidly spreading pandemic curtailed surgeries and other care last year.

HCA Healthcare said that admissions to its hospitals soared while COVID-19 related care fell in the three-month window that ended June 30. That contributed to better-than-expected earnings in the quarter and a raised forecast for 2021.

"With the effects of the pandemic moderating ... we experienced a strong rebound in demand for services," CEO Sam Hazen said.

That rebound happened largely before COVID-19 cases started climbing around the country over the past few weeks, drawing concern from federal officials and epidemiologists. The seven-day rolling average for daily new cases has nearly tripled over the past two weeks to 34,730, according to Johns Hopkins University.

The company said that inpatient surgeries at established locations grew 15% compared to last year's second quarter, and outpatient surgeries soared more than 52%.

Meanwhile, COVID-19 patient admissions fell to 3% of total admissions during the quarter. That's down from 10% in the first quarter.

Overall, HCA's adjusted earnings before interest, taxes, depreciation and amortization grew about 21% to $3.22 billion. That compares to $2.67 billion in last year's quarter, when the company also booked $822 million in government stimulus income that it has since paid back. (AP)

## **Market** Movements 26-07-2021

| | | | Change | Closing pts |
|---|---|---|---|---|
| SAUDI | - | Tadawul | +21.51 | 10,897.87 |
| JAPAN | - | Nikkei | +285.29 | 27,833.29 |
| EGYPT | - | EGX 30 | +42.56 | 10,697.32 |

| | | | Change | Closing pts |
|---|---|---|---|---|
| UK | - | FTSE 100 | -2.15 | 7,025.43 |
| EUROPE | - | Euro Stoxx 50 | -6.51 | 4,102.59 |
| UAE | - | DFM | -15.41 | 2,758.82 |
| PHILIPPINES | - | All Shares | -148.13 | 6,372.61 |
| INDIA | - | Sensex | -123.53 | 52,852.27 |
| PAKISTAN | - | KSE 100 | -120.39 | 47,672.68 |
| SINGAPORE | - | Straits Times STI | -18.08 | 3,138.97 |

# Business

### US economy is growing briskly in wake of the pandemic recession

## Fed to discuss a pullback in economic aid with inflation up

WASHINGTON, July 26, (AP): With inflation uncomfortably high and the COVID-19 Delta variant raising economic concerns, a divided Federal Reserve will meet this week to discuss when and how it should dial back its ultra-low-interest rate policies.

For now, the U.S. economy is growing briskly in the wake of the pandemic recession, and the pace of hiring is healthy, which is why the Fed's policymakers will likely move closer toward acting soon. In particular, the officials are expected to discuss the timing and mechanics of slowing their $120 billion-a-month in bond purchases - a pandemic-era policy that is intended to keep long-term loan rates low to spur borrowing and spending.

This week's meeting occurs against the backdrop of a risky policy bet by Fed Chair Jerome Powell. Powell is gambling that the central bank can engineer an exceedingly delicate task: To keep the Fed's short-term benchmark rate pegged near zero, where it has been since March 2020, until the job market has fully healed, without fueling a sustained bout of high inflation.

Yet the stakes around that bet are rising, with consumer prices having jumped 5.4% in June from a year ago, the biggest increase in 13 years. Last month's surge marked a fourth straight month of unexpectedly large price increases, heightening fears that persistently higher inflation will erode the value of recent pay raises and undermine the economic recovery.

The main concern is that the Fed will end up responding too late and too aggressively to high inflation by quickly jacking up interest rates and perhaps causing another recession. Last week, Republicans in Congress peppered Powell with questions about inflation, for which they largely blamed President Joe Biden's $1.9 trillion stimulus package, which was enacted in March.

Federal Reserve Board Chair Jerome Powell testifies before Senate Banking, Housing, and Urban Affairs hearing to examine the Semiannual Monetary Policy Report to Congress, Thursday, July 15, 2021, on Capitol Hill in Washington. (AP)

In his testimony, Powell largely stood by his view that higher inflation will prove temporary. His reasoning is that recent high price increases - for things like used and new cars, hotel rooms and airline tickets - have been driven mainly by supply shortages related to the swift reopening of the economy. But he also stated more explicitly than before that the Fed won't hesitate to raise rates should it decide that inflation is getting out of control.

After a period of broad agreement during the pandemic crisis, the Fed's policymakers appear divided over how soon to start reducing - or "tapering," in Fed parlance - its monthly bond purchases. Several regional Fed bank presidents support tapering soon, including James Bullard of the St. Louis Fed, Patrick Harker of the Philadelphia Fed and Robert Kaplan of the Dallas Fed.

Powell has said that the central bank wants to see "substantial further progress" toward its goals of maximum employment and price stability before it would consider reducing the bond purchases. To make up for years of inflation remaining below 2%, Powell said, the Fed wants inflation to moderately exceed its 2% average inflation target and to show signs of remaining above it for an unspecified time. In recent months, as consumer demand has exceeded the supply of goods and services in some industries, inflation has topped 2%.

Powell suggested during his congressional testimony last week that the economy was "still a ways off" from achieving that progress. On Wednesday, when the Fed issues a policy statement and Powell holds a news conference, any signal that such progress is near could mean that the Fed is getting closer to reducing its bond purchases.

Nathan Sheets, chief economist at PGIM Fixed Income and a former director of international finance at the Fed, said the divide on the Fed reflects two sharply different ways of viewing the economy. Those officials who support an earlier taper are likely focused on current levels of high inflation and the fact that the economy has nearly returned to its pre-pandemic size.

Hiring is robust and is being held back mostly by a shortage of workers, rather than a lack of demand for them, Sheets said. Under this view, the Fed can't do much about labor supply.

"The economy is, bottom line, much better than it was a year ago," Sheets said. "It is getting harder and harder for the Fed to explain why it needs to keep buying $120 billion of assets a month."

Yet Powell and the rest of the Fed's leadership - notably Richard Clarida, vice chair of the Fed's board, and John Williams, president of the Federal Reserve Bank of New York - will likely stick to a go-slow approach toward withdrawing economic support, Sheets said.

## Sales of new US homes drop by 6.6 pct in June

### Shortage of homes fueling price rise

**WASHINGTON, July 26, (AP): Sales of new homes fell for a third straight month in June, dropping by 6.6% to the lowest level in more than a year.**

The June sales decline left sales at a seasonally adjusted annual rate of 676,000, the Commerce Department reported Monday. That followed a 7.7% sales decline in May and a 10.1% fall in April.

The pace last month was down 19.4% from a year ago and the slowest since April 2020. Housing has been a stand-out performer since the economy began emerging from the steep but short pandemic recession in April last year.

The median price of a new home sold in May was $361,800, up 6.1% from a year ago. but down 5% from May, suggesting the surge in prices may be slowing a bit as builders increase inventories. The number of new homes for sale at the end of June increased to 353,000, up 7% from May.


A real estate sign is posted in front of a newly-constructed single family home, Thursday, June 24, 2021 in Auburn, New Hampshire. US home prices soared in April at the fastest pace since 2005 as Americans bid up prices on a limited supply of available properties. (AP)

A shortage of homes on the market and rising costs for material such as lumber and also higher labor costs had fueled a sharp jump in prices. But analysts said the trend for sales and price gains has clearly slowed from the red-hot pace seen over the past year as the economy emerged from the pandemic.

Rubeela Farooqi, chief U.S. economist at High Frequency Economics, noted that new home sales averaged 728,000 at an annual rate in the April-June quarter, down sharply from a monthly average of 926,000 in the fourth quarter of last year.

### NBK DGCEO during her participation in the Financial Satiability Report symposium 2020

## Al-Bahar: Banks Are a Bright Spot in the Economy in the Middle of the Crisis

Mrs. Shaikha Al-Bahar, the Deputy Chief Executive Officer of National Bank of Kuwait (NBK) Group said that the Kuwait economy faces unprecedented crisis that created long-term implications, noting that the structural imbalances in Kuwait's economy and its high dependence on oil revenues have worsened these implications.

In her participation in the symposium unveiling the Financial Satiability Report 2020 organized by the Central Bank of Kuwait, Al-Bahar indicated that the fallout of the crisis in the Kuwaiti economy was clearly seen in the recent S&P sovereign downgrade report, where the agency states that Kuwait's 2020/2021 government deficit could have reached 33% of GDP, the highest ratio of all sovereigns they rate globally.

In the middle of all these implications of the pandemic, the banking system remains the bright spot in the Kuwaiti economy thanks to CBK efforts over the years to build a robust system with exceptionally strong capitalization, ample liquidity and solid asset quality trends, Al-Bahar added.

Al-Bahar pointed out that since the financial crisis in 2008 and following the challenges we faced in 2009, the banking system in Kuwait recovered in relatively a short period of time. And despite the regional and international challenges over that past decade, Kuwaiti banks stood up very well and developed significantly and are well-position today to lead an economic recovery.

*Banks' responsibility to protect the environment goes beyond their operational practices to include financing environmental impact*

Al-Bahar referred to the S&P report that, despite all the negativity around the downgrade of Kuwait's sovereign ratings, clearly indicated how strong the banking system was going into the pandemic and how the regulator's prompt actions to implement support measure have cushioned the banks and positioned them well to support the local economy.

Banks still have many challenges ahead, as the pandemic and its implications on the economy are not over yet. Additionally, the economic imbalances will continue to put pressure on economic growth and limit the role of banking sector to lead a long-term sustainable economic development that is built on empowering the private sector and promoting its contribution to GDP and creating job opportunities, she highlighted.

Al-Bahar underscored the great strides the Central Bank is making to face the challenges that have emerged as the banking industry matures and develops further in areas like customer protection, enabling and adopting banking technologies and combatting cybercrime and financial fraud.

*The developments in the banking industry increase the challenges of digital transformation, customer protection and combating cybercrime*

On the macro level, Al-Bahar mentioned that the Kuwaiti economy faces many challenges; mainly the political tension and the resulting stand-off as seen in the pending approval of the Public Debt Law and the resulting continued liquidity shortage. In addition, the lack of economic diversity and dependence on government spending and the arising negative impacts on the economy's ability to create jobs, which underlines the need to increase dependence on the private sector in driving economic growth.

*Banks need to evaluate the changing climate's impact on their operations and the financial risk embedded in their balance sheets*

NBK Deputy Group CEO affirmed that for long years, the political scene in Kuwait was marked by between the government and parliament, explaining that this tension did not significantly stymie the development process, despite occasionally causing slowdown.

*The crisis created long-term implications that were worsened by the economy's dependence on oil*

She said that banks need to work together to address the key challenges facing them including the ability in achieving sustainable development, and intensifying efforts in the ESG area.

*The Central Bank's efforts built a robust banking system with strong capitalization, ample liquidity and solid asset quality*

Al-Bahar noted that banks have done very well under CBK's supervision in reaching international standards of Governance, but on the other two aspects of ESG (social and environmental), there is a long way of improvement that we should embark on at the earliest to remain a leading banking sector by regional standards.

I would like to specifically address the environmental aspect here as it, not only is a growing responsibility for all institutions but also it can impose a significant risk if not well addressed, Al-Bahar mentioned.

*Structural imbalances in the economy limit the role of banks to lead a long-term sustainable economic development*

Climate change is a major concern across the world and soon enough non-environmental business practices will not be tolerated and will be penalized directly through financial fines of indirectly through reputational damage, she added.

Al-Bahar stated that banks' responsibilities go beyond the direct impact on the environment that results from operational practices. Today, we are responsible for our financing activity and its environmental impact. We need to develop approaches to evaluate the ESG practices of all our stakeholders, we need to understand the impact of our lending activity on climate change and greenhouse emissions. We have to work closely with our stakeholders to ensure they follow our commitment to sustainable development goals and ESG practices.

*Economic diversification is only attainable through increased reliance on the private sector in driving growth and job creation*

Al-Bahar pointed out that there are many benefits banks can get from growing the commitment to ESG practices, including increasing the attractiveness of Kuwaiti banks to global investors allowing for sustainable funding, noting that total outstanding ESG bonds reached USD 1.6 trillion globally, with estimates that global ESG assets will exceed USD 53 trillion by 2025.

Concluding her speech, Al-Bahar advised that banks need to understand on a system level the physical exposure they have to climate change and how the changing climate will affect their operations and the financial risk embedded in their balance sheets. She also called for preparing for more rigid standards for compliance with ESG disclosures, as they are becoming mandatory in several markets around the world.