A worker collects shopping carts in the parking lot of a Target store on Wednesday, June 9, 2021, in Highlands Ranch, Colorado. Target delivered another stellar quarter of strong results, defying a slew of challenges from inflationary pressures to congested ports. (AP)

Target tames global supply backups; sales surge 13.2% in Q3

Target delivered another strong quarter, overcoming a slew of challenges from inflationary pressures to congested ports.

Third-quarter profits rose nearly 47%, while sales increased 13.2%, both exceeding expectations and the Minneapolis company raised projections for fourth-quarter comparable store sales.

Target joins Walmart heading into the holiday shopping season with momentum. The biggest US retailers are rerouting goods to less congested ports, even chartering their own vessels. Target also said it unloaded about 60% of its containers at off-peak times Target and Walmart are using their scale to keep prices comparatively low and perhaps most importantly, keeping its shelves full when so much is in short supply.

On Wednesday, Target said that inventory levels rose 20% compared with the same period last year.

However, Target is not unscathed by soaring costs.

It's quarterly operating income margin rate during the quarter was 7.8%, up from 8.5% last year. Its gross margin rate was 28%, also up from last year's 30.6%. The company cited higher merchandise and freight costs, on top of rising supply chain costs.

Before the opening bell Wednesday, shares of Target Corp. fell 3%

Sales at stores that have been open for at least a year rose 9.7% in the three-month period that ended Oct. 30. That was on top of a 9.9% growth in the same 2020 span. Target reported double-digit sales growth across all five of its key merchandise categories including food and clothing. (AP)

Market Movements 17-11-2021

			Change	Closing pts
SAUDI	-	Tadawul	+6.06	11,833.54
EGYPT	-	EGX 30	+40.09	14,453.03

			Change	Closing pts
JAPAN	-	Nikkei	-119.79	29,688.33
EUROPE	-	Euro Stoxx 50	-0.68	4,400.81
UK	-	FTSE 100	-35.77	7,291.20
UAE	-	DFM	-25.55	3,261.66
PHILIPPINES	-	PSEi	-17.60	7,349.82
INDIA	-	Sensex	-314.04	60,008.33
PAKISTAN	-	KSE 100	-348.49	46,194.42
SINGAPORE	-	Straits Times STI	-6.12	3,232.68

INDUSTRIAL PRODUCTION REBOUNDS 1.6%

US home construction dips 0.7% in Oct

Permits jump

SILVER SPRING, Maryland, Nov 17, (AP): Construction of new homes in the U.S. fell 0.7% in October, but a big jump in the number of permits last month points to anticipation by builders that supply chain problems that have dogged them for much of the year will soon ease.

October's decline put home construction at a seasonally adjusted annual rate of 1.52 million units, which is an increase of 0.4% from the rate at this time last year, the Commerce Department reported Wednesday. September's number was also revised down to 1.53 million units from 1.56 million units.

But in a positive sign of future activity, applications for building permits jumped 4% from September to 1.65 million and is up 3.4% from October of last year.

Single-family home starts fell 3.9% from September to October and are down more than 10% from last year. Apartment construction has helped offset some of those declines, with starts of buildings with five or more units rising to 470,000 in October, an increase of 6.8% from September's 440,000. Apartment construction starts are up nearly 40% over this time last year.

Modest

Construction activity by region saw modest declines in the Northeast, South and West, while the Midwest came in 5.6% higher in October.

Low interest rates and a desire for more space have lured buyers into the market, but rising costs for materials and a years-long shortage of supply have pushed prices up. Economists and builders say demand remains strong, even as the median price for a new home is about 20% higher than a year ago.

A monthly survey of builder sentiment by the National Association of Home Builders and Wells Fargo showed sentiment improved to 83 in November from a reading of 80 in October, which was also an increase over September's 76. The index hit a record reading of 90 last November.

The Commerce Department issues its report on new home sales for October later this month. In September, it reported that sales of new homes jumped 14% in September to the fastest pace in six months as strong demand helped offset rising prices.

U.S. industrial production rebounded in October as automakers, stung by supply chain problems, posted strong increases and the adverse effects from a hurricane that struck the nation's energy complex in the Gulf of Mexico faded.

Industrial production rose 1.6% last month after a 1.3% plunge in September, the Federal Reserve reported Tuesday. The gain was double what had been expected.

Impacts

The September weakness reflected severe shortages of semiconductor chips that contributed to a fall in auto production and the lingering impacts of Hurricane Ida which disrupted oil and gas production.

The Fed attributed about half of the October gain to recovery from the effects of Ida, which had come ashore in Louisiana on Aug. 29, triggering widespread shutdowns at refineries and chemical plants.

Industrial output in October was also helped by an 11% jump in production of motor vehicles and parts, after two months of declines caused by severe supply chain shortages of the semiconductors needed as component parts.

In the major industry groups, manufacturing activity rose 1.2% while mining, which includes oil and gas production, surged 4.1% and output at the nation's utilities was up 1.2%.

Economists cautioned that even with the better-than-expected October gain, production in coming months will be weighed down by continuing supply chain bottlenecks.

Andrew Hunter, senior U.S. economist at Capital Economics, said that the decision by General Motors to restart all of its North American plants this month pointed to further recovery in auto production, but not a total recovery.

Congress urged to act quickly

Yellen extends to Dec 15 date for potential US debt default

WASHINGTON, Nov 17, (AP): Treasury Secretary Janet Yellen told Congress Tuesday that she believed she would run out of maneuvering room to avoid the nation's first-ever default soon after Dec. 15.

In a letter to congressional leaders, Yellen said that she believed Treasury could be left with insufficient resources to keep financing the government beyond Dec. 15.

Yellen's new date is 12 days later than the Dec. 3 date she provided in a letter to Congress on Oct. 18. That letter was based on the fact that Congress had just passed a $480 billion increase in the debt limit as a stop-gap measure.

As she has done in the past, Yellen urged Congress to deal with the debt limit quickly to remove the possibility of a potential default on the nation's obligations.

"To ensure the full faith and credit of the United States, it is critical that Congress raise or suspend the debt limit as soon as possible," Yellen wrote to congressional leaders.

Yellen

Yellen has repeatedly warned that failure to the debt limit and allowing the government to default would be catastrophic and likely push the country into a recession.

In her letter, Yellen said that the extra time reflected more up-to-date estimates of government revenues and spending and also was impacted by the infrastructure bill that President Joe Biden signed into law on Monday. That legislation requires the transfer by Treasury of $118 billion by Dec. 15 into the Highway Trust Fund.

Yellen said after that while she had a "high degree of confidence she will be able to finance the U.S. government through Dec. 15" and complete the highway trust fund transfer, there are scenarios where the government will be left with insufficient resources to finance operations beyond the Dec. 15 date, she said.

The need to raise or suspend the debt limit is just one of the budget issues facing Congress. Lawmakers must also approve a budget by Dec. 3 when the current stop-gap funding measures run out. Failure to do that would trigger a government shutdown.

And Democrats are aiming to approve a $1.75 trillion measures to expand the social safety net and deal with climate change threats. Speaker Nancy Pelosi has said she hopes the House can pass this measure, which Republicans oppose, this week.

It must also pass the Senate.

World still heavily reliant on oil and gas: Al-Jaber

Energy summit stresses fossil fuel demand

ABU DHABI, Nov 17, (AP): Energy ministers from across the developing world gathered in the emirate of Abu Dhabi on Monday and stressed the need for continued investment in fossil fuel production - a message just days after these same nations joined around 200 countries in accepting a compromise deal aimed at limiting rising global temperatures and curbing greenhouse emissions.

Energy ministers from two key OPEC nations - the United Arab Emirates and Saudi Arabia - pointed to the rising price of natural gas and the energy crunch this has created in Europe and China as examples of what happens when demand outstrips supply. They say this has raised the price of energy across the board, impacting oil prices now hovering around $80 a barrel.

"After almost a decade of under-investment in our industry, the world has sleepwalked into a supply crunch. It is time to wake up," said Managing Director and CEO of the Abu Dhabi National Oil Company Sultan Al-Jaber.

The remarks came at the start of the annual Abu Dhabi International Petroleum Exhibition and Conference.

Al-Jaber argued over $600 billion annually will need to be invested in the oil and gas industry until 2030 - just to keep up with expected global demand. Al-Jaber, who is also chairman of Abu Dhabi's renewable energy firm Masdar, said that while a future run on renewable energy is coming "it is not here yet" and the world is still heavily reliant on oil and gas.

President Joe Biden's administration, while rallying nations to shift away from burning fossil fuels, has simultaneously called on OPEC to increase production as prices climb for consumers at the pump, including singling out Saudi Arabia. Major oil producers in the OPEC+ group have so far refused to veer from their gradual approach of restoring production levels slashed amid the pandemic of 2020.

UAE Energy Minister Suhail al-Mazrouei told The Associated Press that the OPEC+ group, which includes Russia and other non-OPEC oil producers, is relying on independent technical data that shows there will be a surplus of oil early next year.

In 2022, in "the first quarter, we will have a surplus of supply than the demand," he told The Associated Press at the ADIPEC conference. "The balance will not be negative, (it) will be positive."

Saudi Energy Minister Prince Abdulaziz bin Salman rejected any suggestions of political pressure by the U.S. to pump more oil.

United Arab Emirates Energy Minister Suhail al-Mazrouei speaks to journalists at the Abu Dhabi International Petroleum Exhibition and Conference, in Abu Dhabi, United Arab Emirates. Energy ministers from across the developing world at the conference stressed the need for continued investment in fossil fuel production just days after these same nations joined around 200 countries in accepting a compromise deal aimed at limiting rising global temperatures and curbing greenhouse emissions. (AP)

"There is always a dialogue. I don't think the media is tagging it with the right name. It's called dialogue and discussions," he told journalists in Abu Dhabi.

The deal reached in Glasgow, Scotland on Saturday by nations around the world contained a last-minute change that watered down crucial language about coal. Several countries expressed disappointment by the change promoted by India to "phase down," rather than "phase out" coal power, the single biggest source of greenhouse gas emissions.

India's Minister of Petroleum and Natural Gas, Hardeep Singh Puri, told the audience in Abu Dhabi that his nation was a the forefront of the energy transition and seemed to try and suggest India wasn't behind that change in wording. He also brushed aside criticisms of India's pledge to reach net-zero by 2070, which skeptics have described as making a mockery of the global effort to cut emissions.

"Our per capita consumption of energy compared to global averages is about one-third," he said, but added the figure is quickly rising amid India's population boom and economic growth.

Puri warned against an energy transition that results in unrealistically high costs for consumers. He said it was important that the ADIPEC conference in Abu Dhabi was being held just after the COP26 summit in Glasgow so focus can be on "both on what the reality on the ground is and the need to manage the transition."

Tim Clark, president of the long-haul carrier Emirates, speaks to journalists at the Dubai Air Show in Dubai, United Arab Emirates, Tuesday, Nov. 16, 2021. Clark said Tuesday an initial public offering of stock in the airline could happen as the city-state tries to boost its local market, while promising that its fleet of double-decker jumbo jets would soon ply the skies again. (AP)

Boeing sells $9bn worth of 737 Maxs

Emirates says IPO a possibility

DUBAI, Nov 17, (AP): The president of long-haul carrier Emirates said Tuesday that an initial public offering of stock in the Dubai-based airline could happen as the city-state tries to boost its local financial market, while promising that its fleet of iconic double-decker jumbo jets would soon ply the skies again.

Chicago-based manufacturer Boeing Co. meanwhile announced its first major sale at the Dubai Air Show, selling nearly $9 billion worth of 737 MAXs to India's Akasa Air. European plane maker Airbus reached an agreement valued over $3.3 billion to sell 28 new aircraft to Kuwait's Jazeera Airways.

Tim Clark of state-owned Emirates told reporters at the aviation show that a proposal to sell shares of Emirates "is out there" after his boss, Emirates chairman Sheikh Ahmed bin Saeed Al Maktoum, commented on the possibility.

Target

The city-state this month announced plans to list its state-owned electricity company and other government-backed firms to raise liquidity and expand the local Dubai Financial Market so it can compete with bigger counterparts in the region. The market also has seen major players go private in recent months, as well as a fraud investigation target one major real estate developer listed in Dubai.

Clark described Emirates, long the jewel of the state-linked companies that make up what analysts call "Dubai Inc.," as attractive to future investors.

"The pandemic has set us back, of course, but as you know the profitability of Emirates is a well-known fact," he said. "We will restore that in the next six, eight months. We're already on the path to do that."

Since the pandemic struck, Emirates grounded dozens of its iconic Airbus A380 double-decker jets, many visible from the tarmac at the Dubai Air Show. The carrier burned through $7.1 billion over the past year and half, forcing it to take nearly $3.8 billion in cash aid from Dubai's government.

Returning its 120 A380s to the skies is key to Emirates' recovery, and Clark said the airline must service the debt on them. He was blunt about the planes' value to Emirates, noting that 80% of the carrier's profitability came from the planes before the pandemic.

"To have a $450 million aircraft sitting on the ground doing nothing for two years is a challenge," he said. "When the borders are open to us again, there's absolutely no reason why we should not be expanding. ... Once we get back to where we were, we will then grow again."

The trade show in Dubai typically sees a frenzy of order and product announcements. But this year's exhibition, in the shadow of the coronavirus pandemic that triggered the aviation industry's worst-ever crisis, has been more subdued. Most deals have involved small aircraft as opposed to the trademark wide-bodies that ply the long-haul routes of Gulf Arab carriers.

Boeing's deal with Akasa will see the Indian airline owned by billionaire Rakesh Jhunjhunwala receive 72 MAXs. Akasa plans to start flying in the summer of 2022.

"India is one of the fastest-growing aviation markets in the world with an unparalleled potential," Akasa CEO Vinay Dube said in a statement. "We are already witnessing a strong recovery in air travel, and we see decades of growth ahead of us."

The MAX only returned to the air in the last year after two deadly crashes in Ethiopia and Indonesia.

Airbus' biggest sale of the day included 20 single-aisle A320neos and eight A321neos, which competes directly with Boeing's 737 Max, along with an option to sell another five planes to Kuwait's low-cost, fast-growing airline.

While executives described the deal as a memorandum of understanding rather than a firm order, Rohit Ramachandran, CEO of Jazeera Airways, said he considered the handshake "to far exceed any immediate formal collateral" behind the agreement.

"There's a great level of trust to which honestly one could ascribe a significant dollar value," Ramachandran said.

The Kuwait City-based Jazeera Airways, an upstart Middle East discount carrier, was founded in 2004 as one of the first non-government-owned airlines in the Gulf.

Airbus also said it received an order of 10 narrow-body A220 jets from Nigeria's Ibom Air, a new carrier owned by the oil-rich southeast state of Akwa Ibom. Based on the plane maker's pre-pandemic price list, the deal is valued at some $810 million. Executives declined to say how much they were paying for the planes.

Demand

The announcements followed Airbus' other orders over the first two days of the show, with 111 new aircraft sold to the Air Lease Corporation and 255 new aircraft to Indigo Partners' various low cost carriers. The purchases signal executives see the ravaged industry recovering from the pandemic, with demand for travel set to surge in the coming years.

The trade show typically pits French Airbus and its American rival Boeing, the two manufacturers at the top of the supply chain, against each other in the crucial Mideast market filled with long-haul carriers connecting East and West.

Emirates, meanwhile, announced that late next year it would start retrofitting 105 of its wide-body planes, including Boeing 777 and the superjumbo A380s, with a new cabin class called Premium Economy, which offers much more space than coach but at a lower fare than business class.

At the air show, Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and the country's de facto leader, met with a delegation of Russian defense industry officials at the sprawling pavilion for Edge, the United Arab Emirates' homegrown military-industrial company.

Their discussions came as Russia promotes its Sukhoi Su-75 Checkmate fighter jet at the air show - the jet's first showing outside Russia. The UAE has tried to acquire the Lockheed Martin F-35 stealth fighter jets since formally recognizing Israel last year in a deal brokered by the Trump administration.

That major arms deal has slowed under President Joe Biden. But a senior American official overseeing arms exports told The Associated Press on the sidelines of the conference that the U.S. remains "fully committed" to the proposed sale of F-35s to the UAE.