Shoppers walk to the Macy's store in the Downtown Crossing district, Nov. 17, 2021, in Boston. Macy's Inc. reported fiscal third-quarter net income of $239 million Thursday, Nov. 18, after reporting a loss in the same period a year earlier. (AP)

Macy's stocks its shelves and swings to third quarter profit

Macy's swung to a profit in the third quarter and sales surged 36% as shoppers begin to buy dresses, luggage and other goods that fell to the bottom of the shopping list last year when the pandemic struck.

Macy's Inc. joins a slew of other retailers posting strong sales as they overcome surging costs and snarled supply chains ahead of the holiday shopping season.

The department store chain earned $239 million, or 76 cents per share, for the three-month period ended Oct. 30. Adjusted earnings was $1.23 per share, easily topping Wall Street per-share projections of 31 cents, according to a survey by FactSet.

The company lost $91 million last year during the same period.

Sales reached $5.44 billion for the quarter, also topping analyst expectations.

Sales at stores opened at least a year rose 35.6%, including licensed businesses like cosmetics.

Online sales increased 19% compared with the year ago period, and rose 49% compared with the same quarter in 2019.

The company booked strong sales of home goods, fragrances, jewelry, watches and designer handbags. Categories like dresses, men's tailored clothing and luggage continue to recover.

The New York-based company added 4.4 million new customers into Macy's brand, a 28% increase over 2019.

Retailers like Macy's are paying higher wages and expanding benefits for its workers amid a tight labor market. Earlier this month, the department store said that it would a pay minimum of $15 per hour for new and current workers by May. (AP)

Market Movements 19-11-2021

			Change	Closing pts
JAPAN	-	Nikkei	+147.21	29,745.87
UAE	-	DFM	+3.48	3,265.14
PAKISTAN	-	KSE 100	+378.91	46,489.41

			Change	Closing pts
SAUDI	-	Tadawul	-123.09	11,710.45
UK	-	FTSE 100	-32.39	7,223.57
EUROPE	-	Euro Stoxx 50	-27.23	4,356.47
EGYPT	-	EGX 30	-115.31	11,337.99
PHILIPPINES	-	PSEi	-18.77	7,280.57
INDIA	-	Sensex	-372.32	59,636.01
SINGAPORE	-	Straits Times STI	-4.68	3,232.34

First govt lease auction lays bare hurdles Biden faces to reach climate goals

Companies bid $192 mln in 1st Gulf oil sale under Biden

This file photo, shows the Perdido oil platform located about 200 miles south of Galveston, Texas, in the Gulf of Mexico. The US is holding a large oil and gas lease sale in the Gulf of Mexico after a federal judge in a lawsuit brought by Republican states rejected a suspension of fossil fuel sales that Biden imposed when he took office. (AP)

NEW ORLEANS, Nov 20, (AP): Energy companies including Shell, BP, Chevron and ExxonMobil offered a combined $192 million for drilling rights on federal oil and gas reserves in the Gulf of Mexico, as the first government lease auction under President Joe Biden laid bare the hurdles he faces to reach climate goals dependent on deep cuts in fossil fuel emissions.

The Interior Department auction came after attorneys general from Republican states led by Louisiana successfully challenged a suspension on sales that Biden imposed when he took office. Companies bid on 308 tracts totaling nearly 2,700 square miles (6,950 square kilometers). It marked the largest acreage and second-highest bid total since Gulf-wide bidding resumed in 2017.

Driving the heightened interest are a rebound in oil prices and uncertainty about the future of the leasing program, industry analysts said. Biden campaigned on pledges to end drilling on federally owned lands and waters, which includes the Gulf.

"Prices are higher now than they've been since 2018," said Rene Santos with S&P Global Platts. "The other thing is this fear that the Biden administration is here for another three years. They're certainly not going to accelerate the number of lease sales and they could potentially have fewer sales."

It will take years to develop the leases before companies start pumping crude. That means they could keep producing long past 2030, when scientists say the world needs to be well on the way to cutting greenhouse gas emissions to avoid catastrophic climate change.

Strengthening

Yet even as Biden has tried to cajole other world leaders into strengthening efforts against global warming, including at this month's UN climate talks in Scotland, he's had difficulty gaining ground on climate issues at home.

The administration has proposed another round of oil and gas sales early next year in Wyoming, Colorado, Montana and other states. Interior Department officials proceeded despite concluding that burning the fuels could lead to billions of dollars in potential future climate damages.

Emissions from burning and extracting fossil fuels from public lands and waters account for about a quarter of US carbon dioxide emissions, according to the US Geological Survey.

"The thing that is really bedeviling people right now is this conflict between the short term and long term when it comes to energy policy," said Jim Krane, an energy studies fellow at Rice University in Houston. "We still need this energy system that is basically causing climate change, even as we're fighting climate change."

Wednesday's live streamed auction invited energy companies to bid on drilling leases across 136,000 square miles (352,000 square kilometers) - about twice the area of Florida. Federal officials estimated prior to the sale that it could lead to the production of up to 1.1 billion barrels of oil and 4.4 trillion cubic feet of natural gas.

Shell Offshore Inc., the largest leaseholder in the Gulf, said the 20 tracts on which it successfully bid $17.9 million could offer development opportunities near existing platforms or new areas.

Leases

"The need absolutely continues for continued competitive leases in the US Gulf of Mexico," said Shell spokesperson Cindy Babski.

Chevron USA was the top bidder, offering almost $49 million for 34 tracts. BP Exploration and Production had $30 million in high bids on 46 tracts, and Anadarko US Offshore had almost $40 million in high bids - including the day's highest bid, $10 million - on 30 tracts. ExxonMobil bid nearly $15 million in two areas off the Texas shoreline in the northwest Gulf.

Those 94 tracts are in shallow water - less than 656 feet (200 meters) deep - where oil has mostly played out and there are few active leases.

Not far away in the Houston Ship Channel, Exxon is pursuing a government-industry collaboration that would raise $100 billion to capture carbon dioxide from industrial plants, carry it away in pipelines and inject it deep under the floor of the Gulf of Mexico, a process known as carbon capture and sequestration, or CCS.

"The Exxon bids have to be a play on their proposed CCS project," said Justin Rostant with industry consulting firm Wood Mackenzie.

ExxonMobil spokesperson Todd Spitler declined to say if there was a link between its bids and the carbon capture proposal. The company is evaluating the subsurface geology for "future commercial potential" and will work with the Interior Department on its plans after leases are awarded, he said.

Shallow waters have typically been more attractive to smaller oil firms with less to spend on costly deep water exploration, said Rice University's Krane. As managing carbon becomes more viable, he said, shallow tracts will become attractive for things beyond oil production.

Pressure on Fed's Powell is rising as inflation worsens

Higher consumer prices pose a threat to Biden administration

WASHINGTON, Nov 20, (AP): Federal Reserve Chair Jerome Powell surely expected to have some breathing room after taking the first step this month to dial back the Fed's emergency aid for the economy.

Just a week later, though, the government reported that consumer prices grew over the previous 12 months by the most in three decades. The inflation spike has squeezed consumers, posed a threat to the Biden administration and intensified pressure on Powell to act.

Some economists - and some Fed officials - want the Fed to move faster to rein in its ultra-low-rate policies. Other policymakers favor a more patient approach to interest rates. The result is a split within the Fed that Powell will likely have to settle, with potentially far-reaching consequences for the economy.

It all comes just as President Joe Biden is about to announce whether he will offer Powell a second four-year term as Fed chair or instead nominate Lael Brainard, the leading alternative, who is a member of the Fed's Board of Governors. Powell's term as chair expires in February.

Recession

The question of whether the Fed should act faster to withdraw the enormous aid it injected into the economy to fight the pandemic recession highlights the extraordinarily delicate task before the Fed as it seeks to contain inflation without slowing an economy that is still 4 million jobs short of prepandemic levels.

The main source of disagreement at the central bank's next meeting in December will likely revolve around whether it should accelerate the reduction, or tapering, of its monthly bond purchases. The Fed bought $120 billion a month in Treasury and mortgage bonds beginning last summer until Powell announced Nov. 3 that the Fed would taper those purchases, which have been intended to lower longer-term rates and encourage more borrowing and spending.

Powell said the purchases will be pared by $15 billion a month in November and December, which would end them altogether by June. But the Fed did not commit to sticking to that pace; it held out the possibility of accelerating the pullback. Doing so would give the Fed the option to raise its key short-term interest rate as early as the first half of 2022. A rate hike would, in turn, lead to higher consumer borrowing costs for things like mortgages and credit cards.

Jason Furman, a Harvard economist and a former adviser to President Barack Obama, noted in a conversation with reporters this week that the nation's unemployment rate has fallen faster than expected to a relatively low 4.6%, while consumer inflation has reached the highest level in 31 years, at 6.2%. Higher inflation lowers the effective cost of loans, which makes Fed policy even more supportive of growth - and potentially of inflation - than it was early in the pandemic.

All those factors, Furman suggested, justify a faster tightening of the Fed's low-interest rate policies. He said the Fed should finish tapering by March, plan to raise rates in the first half of next year and potentially do so three times in 2022, unless inflation were to quickly fall back.

"The problems in our economy," Furman said, "are not enough shots in arms, not enough throughput in ports. Buying assets and keeping interest rates low doesn't solve those problems."

Some Fed policymakers are pushing in a similar direction. They include James Bullard, the president of the Federal Reserve Bank of St. Louis.

"It makes sense to try to move a little bit more hawkishly here and try to manage the inflation risk," Bullard said in an interview this week on Bloomberg Television. ("Hawkish" refers to Fed policymakers who put a priority on raising rates to fight inflation, while "doves" typically favor keeping rates lower to spur more growth and hiring.)

Hike

Many economists have been moving up their timetable for an initial Fed rate hike. Goldman Sachs now foresees two rate increases next year, nearly a year earlier than their previous projections.

Some Fed officials, though, want to take a more patient approach, allowing the taper to continue through June and then taking time to assess whether rate further rate hikes are needed

Mary Daly, who leads the San Francisco Fed, said this week that she understands the difficulties caused by high inflation, particularly for people living paycheck to paycheck. In remarks to a business audience, she said she saw a woman at a Walgreen's recently removing things from her shopping basket while checking out because they had become too expensive.

Still, Daly said she thought the Fed should continue its current pace of tapering through June, and then, assuming the pandemic steadily loosens its grip on the economy, wait to get a clearer sense of whether inflation will fade.

"Should current high inflation readings and worker shortages turn out to be COVID-related and transitory, higher interest rates would bridle growth, slow recovery in the labor market and unnecessarily sideline millions of workers," Daly warned.

Furman advocates a more hawkish approach because of the risk that inflation may be driven higher in coming months by factors unrelated to the pandemic, such as higher rents and steady wage increases. Businesses, in turn, may raise prices to offset the cost of higher pay.

More dovish economists counter that the main cause of inflation isn't a general overheating of the economy, which is normally why the Fed tightens credit. This time, they say, the main factor has been a shift among consumers to spend heavily on goods like furniture, appliances and cars, as the pandemic has kept people at home longer and has limited spending on services such as flying, eating out and attending movies and concerts.

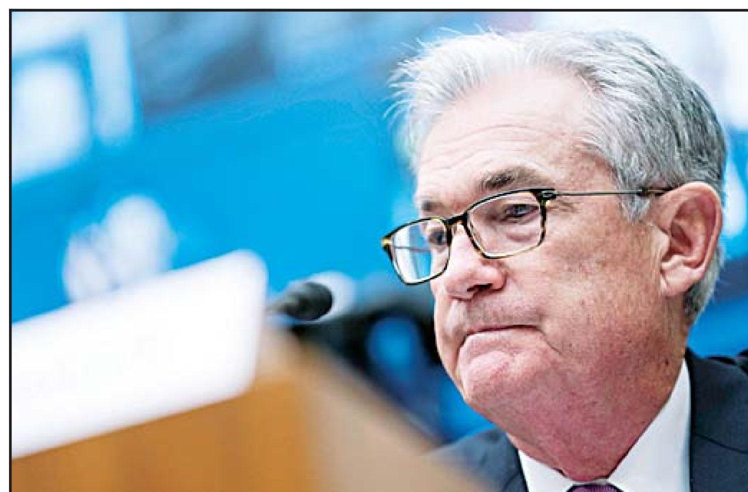
Spending on goods has jumped 15% since the pandemic, economists at Wells Fargo note. After the last recession, goods spending didn't rise that much until eight years after the downturn began. That powerful demand is clogging ports and overwhelming the freight trains and trucks that deliver them.

Spending

Consumers are likely to shift some of that spending back to services as the pandemic fades, which could slow inflation, said Michael Pugliese, an economist at Wells Fargo.

Powell suggested that he was thinking about this very issue during a news conference after the Fed's recent meeting, when he said consumers will likely shift some spending back to services soon.

The debate is intensifying as Biden nears a decision on whether to reappoint Powell as Fed chair. The president told reporters Tuesday that he would announce his decision as soon as this week. "With the grace of God and the goodwill of the neighbors, you're gonna hear that in about four days," he said.



Federal Reserve Chairman Jerome Powell testifies during a House Financial Services Committee hearing on Sept. 30, 2021, on Capitol Hill in Washington. (AP)

Time for US to use its reserves

Oil price is matter of supply and demand

By Kamel Al-Harami
Independent Oil Analyst

THIS was the simple reply sent to the US administration in response to a letter sent to the White House by the Federal Trade Commission (FTC), in which the major US oil companies were accused of fixing or manipulating the oil prices, particularly the gasoline prices.

Al-Harami

Today the gasoline price is around $3.42 per gallon, which is an increase of up to 60 percent compared to last year. This is the main reason for the US oil companies being hit hard. The US administration is fully aware that they themselves are the cause for the high gasoline prices. They are the culprit as they have been threatening and pushing the oil industry, and keeping them on the fast track to move away from fossil oil and focus more on clean energy, wind and solar power. This had caused havoc in the industry with pressure coming from the shareholders to switch, without giving any chance to the people in charge of the oil companies.

The US administration is eyeing next year's elections, and is concerned about losing the majority vote in the house and some senator seats. It feels the need to show its final consumers that it is doing something to soften the oil prices.

The administration is not coming out to clearly state that the US oil production is down by one million barrels from last year, to reach 11.5 million barrels per day. In addition, it did not indicate that the Ida hurricane, which is on the US coast, has curtailed the supply and production process. It instead attacked OPEC-Plus, and demanded it to increase oil production and not to keep the extra oil in store. It called on Saudi Arabia and the United Arab Emirates to increase production, and ignore the fully committed OPEC-Plus accord that was agreed on.

The US must start from home and persuade its ExxonMobil and Chevron companies to invest more in oil and gas, instead of buying its own stocks from the huge cash that they are making so far. The same message should go to shale oil producers, instead of just rewarding their shareholders with cash, ignoring the fact that US gas consumers are in need of more oil today than before and in the future. Therefore, it should continue investing, and not rip off and benefit from OPEC-Plus' disciplined and committed quota system, which is benefiting the shale oil producers more.

Perhaps, it is time for the US to try to use its strategic reserve of 700 million barrels to test the market, even though it is not advisable as it may backfire soon.

Oil prices are subject to global supply and demand, as per FTC's reply to the White House. Maybe the coming months will witness the easing of the oil prices.

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