John Deere equipment is on display at the Farm Progress Show on Aug. 31, 2015 in Decatur, Illinois. (AP)

Deere Q4 profit jumps 69% despite strike and supply problems

Deere & Co. said its fiscal fourth-quarter profit jumped 69% on strong sales of its agricultural and construction equipment despite a month-long strike that began near the end of the period as well as ongoing supply chain problems.

The Moline, Illinois-based company said Wednesday that it earned $1.28 billion, or $4.12 per share, in the quarter that ended Nov. 1. That's up from $757 million, or $2.39 per share, a year ago when the pandemic slowed sales and layoff-related expenses hurt the bottom line.

The results topped Wall Street expectations. The average estimate of nine analysts surveyed by Zacks Investment Research was for earnings of $3.82 per share.

The agricultural equipment manufacturer said its revenue grew 16% to $11.33 billion in the period. Its adjusted revenue was $10.28 billion, which missed Street forecasts. Five analysts surveyed by Zacks expected $10.34 billion.

"Our results reflect strong end-market demand and our ability to continue serving customers while managing supply-chain issues and conducting contract negotiations with our largest union," Deere CEO John May said in a statement.

More than 10,000 Deere workers were on strike at plants in Iowa, Illinois and Kansas from mid-October until last week when the United Auto Workers union accepted the company's third offer that included 10% immediate raises and an $8,500 ratification bonus. (AP)

Market Movements 25-11-2021

			Change	Closing pts
UK	-	FTSE 100	+24.05	7,310.37
EUROPE	-	Euro Stoxx 50	+16.99	4,283.24
UAE	-	DFM	+13.42	3,170.27
EGYPT	-	EGX 30	+78.60	11,431.24
PHILIPPINES	-	PSEi	+17.94	7,419.10

			Change	Closing pts
SAUDI	-	Tadawul	-69.93	11,299.45
JAPAN	-	Nikkei	-471.45	29,302.66
INDIA	-	Sensex	-323.34	58,340.99
PAKISTAN	-	KSE 100	-584.82	44,363.70
SINGAPORE	-	Straits Times STI	-0.38	3,227.15

Business

Americans are spending but rising inflation 'casts pall' over economy

Personal incomes rise 0.5% in October

WASHINGTON, Nov 25, (AP): Americans are doing the main thing that drives the U.S. economy - spending - but accelerating inflation is casting a pall.

A raft of economic data issued Wednesday showed the economy on solid footing, with Americans' incomes rising and jobless claims falling to a level not seen since the Beatles were still together.

The spike in prices for everything from gas to rent, however, will likely be the chief economic indicator Americans discuss over Thanksgiving Day dinner.

The Commerce Department reported that U.S. consumer spending rebounded by 1.3% in October. That was despite inflation that over the past year has accelerated faster than it has at any point in more than three decades.

The jump in consumer spending last month was double the 0.6% gain in September.

At the same time, consumer prices rose 5% compared with the same period last year, the fastest 12-month gain since the same stretch ending in November 1990.

"Although consumer confidence has declined in the fall because of high inflation, households continue to spend," said Gus Faucher chief economist at PNC Financial.

Personal incomes, which provide the fuel for future spending increases, rose 0.5% in October after having fallen 1% in September, which reflected a drop in government support payments.

Pay for Americans has been on the rise with companies desperate for workers, and government stimulus checks earlier this year further padded their bank accounts. That bodes well for a strong holiday season and major U.S. retailers say they're ready after some companies, like Walmart and Target, went to extreme lengths to make sure that their shelves are full despite widespread shortages.

Analysts said the solid increase in spending in October, the first month in the new quarter, was encouraging evidence that overall economic growth, which slowed to a modest annual rate of 2.1% in the July-September quarter, will post a sizable rebound in the current quarter. That is expected as long as the recent rise in COVID cases and concerns about inflation don't dampen holiday shopping.

"After experiencing one of the most severe economic shocks of the past century in 2020, the U.S. economy has displayed one of the most rapid recoveries in modern history in 2021," Gregory Daco, chief U.S. economist for Oxford Economics, wrote in a note to clients. Daco predicts GDP in the current October-December period would rebound to a growth rate of 5.6%.

The number of Americans applying for unemployment benefits, meanwhile, dropped last week by 71,000 to 199,000, the lowest since mid-November 1969. But seasonal adjustments around the Thanksgiving holiday contributed significantly to the bigger-than-expected drop. Unadjusted, claims actually ticked up by more than 18,000 to nearly 259,000.

In a cautionary note Wednesday the University of Michigan reported that its consumer sentiment index fell 4.3 percentage points to a reading of 67.4 this month, its lowest level since November 2011, weighed down by inflation concerns.

And there are regions in the U.S. experiencing a surge in COVID-19 cases that could get worse as families travel the country for the Thanksgiving holiday.

President Joe Biden acted Tuesday to counter spiking gasoline prices by ordering a release from the nation's strategic petroleum reserve, but economists expect that move to have only a minimal effect on the surge in gas prices.

Consumers shop at a grocery store in Niles, Illinois, Saturday, Nov. 13, 2021. First, the good news: There is no shortage of whole turkeys in the U.S. this Thanksgiving. But those turkeys - along with other holiday staples like cranberry sauce and pie filling - could cost more. (AP)

The Fed seeks to conduct its interest-rate policies to achieve annual gains in its preferred price index of around 2%. However, over the past two decades, inflation has perennially failed to reach the Fed's 2% inflation target.

Fed officials at their November meeting announced the start of a reduction in its $120 billion per month in bond purchases which the central bank had been making to put downward pressure on long-term interest rates in order to spur the economy.

Minutes from that meeting showed Fed officials increasingly concerned that the unwanted price pressures could last for a longer time. Officials indicated that the Fed should be prepared to move to reduce its bond purchases more quickly - or even start raising the Fed's benchmark interest rate sooner - to make sure inflation does not get out of hand.

The reduction in bond purchases marked the Fed's first maneuver to pull back on the massive support it has been providing to the economy. Economists expect that will be followed in the second half of 2022 by an increase to the Fed's benchmark interest rate, which influences millions of consumer and business loans. That rate has been at a record low of 0% to 0.25% since the pandemic hit in the spring of 2020.

Challenges remain

Holiday season moves into high gear in the US

NEW YORK, Nov 25, (AP): Buoyed by solid hiring, healthy pay gains and substantial savings, shoppers are returning to stores and splurging on all types of items.

But the big question is: How much will supply shortages, higher prices and staffing issues dampen their mood this holiday season?

Americans, already fatigued with pandemic-induced social distancing policies, may get grumpy if they can't check off items on their holiday wish lists, or they may feel disappointed by the skimpy holiday discounts. Exacerbating their foul moods is the fact that many frustrated workers called it quits ahead of the holidays, leaving businesses short-handed during their busiest time of the year.

Shoppers are expected to pay on average of between 5% to 17% more for toys, clothing, appliances, TVs and others purchases on Black Friday this year compared with last year, according to Aurelien Duthoit, senior sector advisor at Allianz Research. TVs will see the highest price spikes on average, up 17% from a year ago, according to the research firm. That's because whatever discounts available will be applied to goods that are already expensive.

Such frustrations could mute sales for the holiday season that are supposed to break records.

The National Retail Federation, the nation's largest retail trade group, predicts holiday sales will increase between 8.5% and 10.5% compared with the 2020 holiday period when shoppers, locked down during the early part of the pandemic, spent their money on pajamas and home goods - mostly online. Holiday sales increased 8.2% in 2020.

"I think it is going to be a messy holiday season," said Neil Saunders, managing director at GlobalData Retail. "It will be a bit frustrating for retailers, consumers and the workers. We are going to see long lines. We are going to see messier stores. We are going to see delays as you collect online orders."

Jill Renslow, executive vice president of business development and marketing for Mall of America, the nation's largest mall, expects customer counts on Black Friday to be close to the 2019 levels and said its store tenants are seeing "power shopping" earlier in the season. But she acknowledged the mall's tenants have struggled with staffing and, as a result, the center will open two hours later and close one hour earlier on Black Friday.

"They (retailers) are doing everything they can to deliver a good guest experience," Renslow said. "But consumers are going to need to be patient and know that the lines may be little bit longer."

Still, don't discount the resilience of shoppers who have shown signs they want to celebrate the holidays after muted celebrations last year.

Kathleen Webber, a 58-year-old college professor who lives in Yardley, Pennsylvania, said she's going back to having big family gatherings for the holidays and will be buying more gifts after spending the holidays last year with only her husband and three children.

"Everybody is so happy to be together, and so we want to celebrate," said Webber, a big online shopper. But the fear of shortages is pushing her to finish holiday shopping by the end of next week; usually, she would wait until Dec 21 to finish her online buying.

Retailers have also proven to be resilient.

When the pandemic forced non-essential stores to shut down for several months during the spring of 2020, pundits feared the death of department stores and apparel chains. A number of iconic retailers that were already struggling reorganized in bankruptcy, including Neiman Marcus, J.C. Penney and Brooks Brothers. Meanwhile, big box retailers like Walmart and Target that were allowed to remain open only got stronger.

But many retailers have rebounded to a healthier financial state since then. The percentage of US retailers that defaulted on their debt soared 20% last year, compared to 6% for all corporate issuers, according to S&P Global Ratings. This year, it's less than 2%.

Store closings have also leveled off, a reversal of the bleak picture in 2020. Coresight Research, a global research firm, says retailers in the US have announced 5,057 store closures for the year, but the number of store openings is 5,103 as of November 19. Coresight Research predicted in June 2020 there would be as many as 25,000 store closures last year but in reality, the number was just over 8,000.

The companies that were able to survive the pandemic were also the ones that were able to quickly pivot. Many switched their offerings from dressy clothing to casual wear and department stores like Macy's that never provided such services as curbside pickup suddenly launched them. Others got rid of their money-losing locations.

Some of the changes that were introduced in 2020 out of necessity appear to be here to stay, including offering big holiday discounts earlier in October to smooth out peaks in online ordering, and doing away with Thanksgiving Day store shopping and moving customers online instead for deals.

And while the pandemic-induced clogs in the supply network have reduced inventory needed to satisfy shopper demands, such shortfalls have also proven to be a silver lining. Leaner inventories have brought back some pricing power to retailers who've been locked in a vicious cycle of discounting for years. Such non-stop promotions have eaten away profits.

"Even with the increased labor costs and increased supply chain costs, retail earnings have been quite good," said Ken Perkins, president of Retail Metrics LLC, noting that when the pandemic hit, it looked like the "sky was falling and retailers would never see a profit again."

Black Friday shoppers wear face masks and gloves during the coronavirus pandemic as they leave the Uniqlo store along Fifth Avenue, Friday, Nov. 27, 2020, in New York. Retailers are expected to usher in the unofficial start to the holiday shopping season Friday, Nov. 26, 2021, with bigger crowds than last year in a closer step toward normalcy. (AP)

Company lights up headquarters in orange for 2nd consecutive year along with nation's entities

Zain continues to support Kuwait's efforts to end violence against women

Zain, the leading digital service provider in Kuwait, continues its support to the United Nations Secretary-General's UNiTE by 2030 to End Violence against Women campaign (UNiTE Campaign). The initiative calls for global action to increase awareness, galvanize advocacy efforts, and share knowledge and innovations to address violence against women and girls around the world.

Zain's contribution to this global campaign comes as a continuation of its collaboration with local and international organizations, including the General Secretariat of the Supreme Council for Planning and Development and the UN Women Regional Office for Arab States. This joint effort reflects Zain's commitment to support initiatives and programs that shed light on the importance of protecting and empowering women, as well as those that enrich gender equality and inclusion within communities and workplaces.

Zain expressed its pride in being one of the Kuwaiti private sector's national entities that represent the nation in this campaign. For the second year running, the company has lit up its main headquarter buildings at Shuwaikh in orange along with the country's public and private sector organizations to demonstrate Kuwait's role and efforts in advocating this cause.

Zain is proud to be a part of the State of Kuwait's participation to support this global initiative by the United Nations, a contribution that seeks to find viable solutions to end violence against women, as this issue continues to have a worrying impact on many women and girls in Arab communities and around the entire world.

The goals of this campaign are well consistent with those of Zain's group-wide sustainability strategy. The company's efforts also come in line with its commitment to take part in social campaigns that aim at protecting and enhancing the overall social welfare of Arab communities in particular, and the world as a whole. This is especially true when it comes to issues related to protecting women and their rights.

Around the world, the COVID-19 pandemic has exacerbated key risk factors for violence against women and girls, such as unemployment, economic insecurity, and school closures. Under the leadership of the UN Secretary-General, António Guterres, the United Nations Secretary-General's UNiTE by 2030 to End Violence against Women campaign (UNiTE Campaign), calls for global action to increase awareness, galvanize advocacy efforts and share knowledge and innovations. Governments, civil society, women's organizations, young people, the private sector, the media, and the UN system join forces to address the global pandemic of violence against women and girls.

Companies that have committed to the Women's Empowerment Principles (WEPs), including Zain, recognize the important role of the private sector to support efforts to end violence against women. Sexual harassment and violence incur high costs to women in terms of lost earnings, missed career advancement and overall wellbeing. On the other hand, companies are impacted by employee absenteeism and productivity losses. Employers' investment in prevention and response to violence against women, including domestic violence, is not only the right thing to do, but also the smart thing to do.

Zain is keen on actively participating in the various local and regional projects that aim at contributing to the achievement of the country's various developmental goals. The company will spare no efforts to support any entity that serves the global sustainable goals and contributes to the progress and prosperity of the region.

Kuwait fully committed to OPEC+ DoC: Oil Min

KUWAIT CITY, Nov 25, (KUNA): Minister of Oil and Minister of Higher Education Dr. Mohammad Al-Fares reaffirmed Kuwait's support to the Declaration of Cooperation (DoC) reached by OPEC and non-OPEC oil producing countries in late 2016.

Kuwait is open about the consultations to be held during the upcoming meeting of the OPEC+ alliance, he affirmed in a press release from the Ministry of Oil.

Minister Al-Fares will take part in the 35th Meeting of the Joint OPEC-Non-OPEC Ministerial Monitoring Committee (JMMC), the 182nd OPEC ministerial meeting and the 23rd meeting of the OPEC+ alliance in early December.

The State of Kuwait has yet to adopt a specific stance on these important events since there is no specific tendency from the OPEC+ alliance, according to the statement.

The OPEC+ alliance consultations help coordinate the stances of the member countries, in the framework of the landmark DoC, in order to maintain stability of the global oil market, it said, affirming Kuwait's support to this collective effort.

California denies most fracking permits this yr

SACRAMENTO, California, Nov 25, (AP): California regulators haven't approved permits for the controversial oil and gas extraction process known as fracking since February, effectively phasing out the process ahead of Gov. Gavin Newsom's 2024 deadline to end it.

The state's Geologic Energy Management Division, known as CalGEM, has rejected an unprecedented 109 fracking permits in 2021, the San Francisco Chronicle reported. That's the most denials the division has issued in a single year since California began permitting fracking in 2015. Fifty of the permits, mostly from Bakersfield-based Aera Energy, were denied based solely on climate change concerns.

State oil and gas supervisor Uduak-Joe Ntuk wrote in a September letter to Aera that he could "not in good conscience" grant the permits "given the increasingly urgent climate effects of fossil-fuel production" and "the continuing impacts of climate change and hydraulic fracturing on public health and natural resources."

Newsom, a Democrat, called in 2020 for state lawmakers to ban the practice by 2024. But a proposal before lawmakers failed, leading Newsom to direct CalGEM to proceed with the timeline on its own. It's only one piece of Newsom's climate change agenda, which includes a complete end to oil and gas production in the state by 2045, long after he's left office.

Kern County, where most fracking in the state occurs, and the Western States Petroleum Association have sued the state over the denials. WSPA's lawsuit, filed in October, argues state law requires CalGEM to permit fracking if it meets technical requirements and that the denials amount to a de facto ban on the process that hasn't been approved by the Legislature.

A hearing in the Kern case is scheduled for Monday and the state must respond to WSPA's lawsuit by Dec 2.