

A Chase bank sign in Richmond, Virginia, Wednesday, June 2, 2021. JPMorgan Chase reported a 24% increase in net income for the third quarter, Wednesday, Oct. 13, 2021. (AP)



## JPMorgan's Q3 profits rise, but low rates weigh on revenue

JPMorgan Chase posted a 24% jump in third-quarter profits on Wednesday, largely driven by one-time items that boosted its results, as the bank struggled to grow revenues with interest rates at near-zero levels.

The nation's largest bank by assets said it earned a profit of \$11.69 billion, or \$3.74 per share, compared with a profit of \$9.44 billion, or \$2.92 per share, in the same period a year earlier.

The bank had two one-time items that helped boost its profits this quarter: a

\$566 million income tax benefit and the release of \$2.1 billion from its troubled loans books, something the JPMorgan has been doing every three months since the U.S. economy started recovering from the pandemic.

Excluding those one-time items, JPMorgan earned a profit of \$3.03 a share, barely higher than the \$3.00 a share that analysts were looking for, according to FactSet.

JPMorgan is the first of the big Wall Street banks to report their results this quarter, with Citigroup, Wells Fargo, Bank

of America, Goldman Sachs and Morgan Stanley reporting later this week. Investors will be looking to see how banks - which are often a proxy for the overall economy - performed the last three months as the delta variant of the coronavirus swept across the globe and many companies dealt with supply-chain disruptions.

All the banks are facing a growing economy but ultra-low interest rates, which is starting to weigh on banks' profits since they cannot charge customers more to borrow money. (AP)

## Market Movements

13-10-2021

		Change	Closing pts			Change	Closing pts
SAUDI	- Tadawul	+82.10	11,624.98	JAPAN	- Nikkei	-90.33	28,140.28
UK	- FTSE 100	+11.59	7,141.82	PHILIPPINES	- PSEi	-38.90	7,068.92
EUROPE	- Euro Stoxx 50	+28.19	4,083.28	PAKISTAN	- KSE 100	-661.30	43,221.78
UAE	- DFM	+1.65	2,789.37				
EGYPT	- EGX 30	+97.48	10,881.40				
INDIA	- Sensex	+452.74	60,737.05				
SINGAPORE	- Straits Times STI	+44.37	3,156.42				

# Business

## US economy struggles to shake off drag of coronavirus pandemic

# Social Security COLA largest in decades as inflation jumps

# US inflation rises 5.4 pct from year ago, matching 13-yr high

Tangled global supply lines continue to create havoc

WASHINGTON, Oct 13, (AP) — Another surge in consumer prices in September sent inflation to 5.4% from a year ago, matching the highest such rate since 2008 as tangled global supply lines continue to create havoc.

Consumer prices rose 0.4% in September from August as supply chain disruptions kept many goods scarce. The costs of new cars, food, gas, and restaurant meals all jumped.

The annual increase in the consumer price index matched readings in June and July as the highest in 13 years, the Labor Department said Wednesday. Excluding the volatile food and energy categories, core inflation rose 0.2% in September and 4% compared with a year ago. Core prices hit a three-decade high of 4.5% in June.

The unexpected burst of inflation this year reflects sharply higher prices for food and energy, but also new and used cars, hotel rooms, clothing, and furniture, among other goods and services. COVID-19 has shut down factories in Asia and slowed U.S. port operations, leaving container ships anchored at sea and consumers and businesses paying more for goods that don't arrive for months.

"Price increases stemming from ongoing supply chain bottlenecks amid strong demand will keep the rate of inflation elevated, as supply/demand imbalances are only gradually resolved," said Kathy Bostjancic, an economist at Oxford Economics, a consulting firm. "While we share the Fed's view that this isn't the start of an upward wage-price spiral, we look for inflation to remain persistently above 3% through mid-2022."

Higher prices are also outstripping the pay gains many workers are able to obtain from businesses, who are having to pay more to attract employees. Average hourly wages rose 4.6% in September from a year earlier, a healthy increase, but not enough to keep up with inflation.

Gas prices jumped 1.2% last month and have soared more than 42% compared with a year ago. Electricity prices rose 0.8% in September from August.

Supply chain disruptions continue to drive new car prices higher, which rose 1.3% last month and are up 8.7% from a year ago, the largest 12-month increase since 1980. A shortage of semiconductors has restrained vehicle production and left



In this file photo, a consumer shops at a retail store in Morton Grove, Ill. Consumer prices rose 0.4% last month, slightly higher than August's gain and pushing annual inflation back to the highest increase in 13 years. (AP)

fewer cars on dealer lots.

Used car prices, which spiked this summer as Americans sought to purchase them when they couldn't find new cars, dropped for the second straight month. Clothing costs also declined, falling 1.1%.

Housing costs also rose at a strong clip, as builders say they cannot find all the parts and workers they need to build new homes as quickly as they'd like. Rents rose 0.5% in September and a measure of home prices climbed 0.4%. If sustained, those increases will put significant upward pressure on prices, as those two measures account for nearly one-third of the CPI.

The rapid price increases have raised pressure on the Federal Reserve, which has pegged its benchmark interest rate at nearly zero to spur more borrowing and spending. Yet inflation is far above its target of 2%. Chair Jerome Powell has repeatedly said that the price gains should "abate" next year, bringing inflation closer to the target.

Fed Vice Chair Richard Clarida echoed that view in remarks Tuesday.

## Kadri to discuss rising energy prices

## EU energy commissioner to visit Gulf

BRUSSELS, Oct 13, (KUNA) — European Union (EU) Energy Commissioner Kadri Simson announced Wednesday that she will soon be visiting the Gulf region to discuss the issue of the current increase in energy prices.

"Actually I am planning to travel to the Gulf region in the next weeks," she said in reply to a question by KUNA, during a press conference in Brussels related with the current rise in energy prices.

She noted that the EU has regular annual meetings with OPEC member countries regarding energy issues. Kadri noted that last week she held a videocall with the Qatari energy minister, and added that "information sharing is really necessary to monitor what is going on with our gas reserves."

She presented today the policy proposals for EU member states on how to deal with the

increase in energy prices.

"Rising global energy prices are a serious concern for the EU. As we emerge from the pandemic and begin our economic recovery, it is important to protect vulnerable consumers and support European companies," said Simson, an Estonian politician.

The policy proposals or "energy price toolbox," is a comprehensive guide of steps that EU countries can take to lower energy bills law, and further strengthen resilience against future shocks. Short-term national measures include emergency income support to households, state aid for companies, and targeted tax reductions. The Commission will also support investments in renewable energy and energy efficiency; examine possible measures on energy storage and purchasing of gas reserves; and assess the current electricity market design.

WASHINGTON, Oct 13, (AP) — Millions of retirees on Social Security will get a 5.9% boost in benefits for 2022. The biggest cost-of-living adjustment in 39 years follows a burst in inflation as the economy struggles to shake off the drag of the coronavirus pandemic.

The COLA, as it's commonly called, amounts to \$92 a month for the average retired worker, according to estimates released Wednesday by the Social Security Administration. That marks an abrupt break from a long lull in inflation that saw cost-of-living adjustments averaging just 1.65% a year over the last 10 years.

With the increase the estimated average Social Security payment for a retired worker will be \$1,657 a month next year. A typical couple's benefits would rise by \$154 to \$2,753 per month.

"It goes pretty quickly," retiree Cliff Rumsey said of the cost-of-living increases he's seen. After a career in sales for a leading steel manufacturer, Rumsey lives near Hilton Head Island, South Carolina. He cares at home for his wife of nearly 60 years, Judy, who has advanced Alzheimer's disease. Since the coronavirus pandemic, Rumsey said he has noted price increases for food, wages paid to caregivers who occasionally spell him and personal care products for Judy, not to mention energy costs.

The COLA affects household budgets for about 1 in 5 Americans. That includes Social Security recipients, disabled veterans and federal retirees, nearly 70 million people in all. For baby boomers who embarked on retirement within the last 15 years, it will be the biggest increase they've seen.

"It's going to be welcome," said analyst Mary Johnson of the nonpartisan Senior Citizens League advocacy group. "But what we are hearing is that even with the COLA, buying power will still be eroded because price increases are still going up." Policymakers say the COLA was designed as a safeguard to protect Social Security benefits against the loss of purchasing power in an ever-changing economy, and not a pay bump for retirees. About half of seniors live in households where Social Security benefits provide at least 50% of their income, and one-quarter rely on their monthly payment for all or nearly all their earnings.

### Minimize

"Regardless of the size of the COLA, you never want to minimize the importance of the COLA," said retirement policy expert Charles Blahous, a former public trustee helping to oversee Social Security and Medicare finances. "What people are able to purchase is very profoundly affected by the number that comes out. We are talking the necessities of living in many cases."

This year's Social Security trustees report amplified warnings about the long-range financial stability of the program, but there's little talk about fixes in Congress with lawmakers' attention consumed by President Joe Biden's massive domestic agenda legislation and partisan machinations over the national debt. Social Security cannot be addressed through the budget reconciliation process Democrats are attempting to use to deliver Biden's promises.

But Social Security's turn will come, said Rep. John Larson, D-Conn., chairman of the House Social Security subcommittee and author of legislation to tackle looming shortfalls that would leave the program unable to pay full benefits in less than 15 years. His bill would raise payroll taxes while also changing the COLA formula to give more weight to health care expenses and other costs that weigh more heavily on the elderly. Larson said he intends to press ahead next year.

"This one-time shot of COLA is not the antidote," he said. Although Biden's domestic package includes a major expansion of Medicare to cover dental, hearing and vision care, Larson said he hears from constituents that seniors are feeling neglected by the Democrats.

"In town halls and tele-town halls they're saying, 'We are really happy with what you did on the child tax credit, but what about us?'" Larson added. "In a midterm election, this is a very important constituency."

The COLA is only one part of the annual financial equation for seniors. An announcement about Medicare's Part B premium for outpatient care is expected soon. It's usually an increase, so at least some of any Social Security raise goes for health care. The Part B premium is now \$148.50 a month, and the Medicare trustees report estimated a \$10 increase for 2022.

Economist Marilyn Moon, who also served as public trustee for Social Security and Medicare, said she believes the current spurt of inflation is an adjustment to highly unusual economic circumstances and the pattern of restraint on prices will reassert itself with time.

"I would think is going to be an increase this year that you won't see reproduced in the future," Moon said.

With over 15,000 POS terminals covering most merchants all over Kuwait

## NBK has the Largest NFC-enabled POS Network in Kuwait

*Srinivasa: We are keen to provide advanced and secure payment solutions to ensure quick and easy transactions for customers and merchants*

National Bank of Kuwait (NBK) is keen to provide the latest and most advanced payment solutions to ensure quicker and easier banking experience for its customers. In this context, the bank provides the largest NFC-enabled POS network in Kuwait.

NBK increased its market share of the advanced NFC-enabled POS terminals to more than 15,000 POS terminals, representing the largest market share among banks in Kuwait.

NFC services rely on executing payments by enabling the bank card to communicate with POS terminals or ATMs by waving the card, without inserting it into the device.

The NFC-enabled POS support advanced contactless payments in which customers do not use credit cards, such as smartwatch and smartphone payments, the service that NBK was the first to introduce in Kuwait.



Prasad Srinivasa

NBK had launched Fitbit Pay and Garmin Pay last year, using Fitbit and Garmin smartwatches, as well as Samsung Pay, which link NBK Credit Cards with compatible Samsung smartphones.

On this occasion, Prasad Srinivasa, Head of Payment Acceptance and Customer Loyalty, Consumer Banking

Group, National Bank of Kuwait, said: "We strive to provide advanced payment methods that offer customers and merchants quick and convenient service. To this end, we seek to increase the coverage of our POS network, which is the largest NFC-enabled network in Kuwait, given its many advantages, as well as our commitment to ensure its security as a payment solution."

"We are always in touch with our customers to identify their needs, which we seek to meet by providing the latest technology in the banking industry that are on par with most advanced international levels. This comes in line with our digital transformation strategy and within our efforts to maintain our leadership in providing top-notch digital banking services in Kuwait and the region," he added.

Srinivasa stressed that advanced payment solutions are a key part in our endeavours to enrich customers' banking experience, noting that NBK

seeks to introduce more advanced services and continuous improvements for all the distinguished digital banking services provided to our customers.

NBK continues to enhance its leading position in the banking sector through the largest domestic banking network in Kuwait, with 68 branches all over the Country, as well as a large POS network exceeding 15,000 terminals, all NFC-enabled. In addition, NBK has the largest owned ATM network all over Kuwait.

Furthermore, NBK Customers can choose from a wide range of NBK Credit Cards providing them with the first and largest rewards program in Kuwait with up to 900 participating outlets. In addition to the bank's widespread branch network all over Kuwait and across 15 countries worldwide, and its large ATM/CDM network, as the bank always provides customers with the best, highly advanced and secure banking experience.

## EU's first 'green bond' issuance raises \$13.8b

BRUSSELS, Oct 13, (AP) — The European Commission issued its inaugural green bonds Tuesday, raising 12 billion euros (\$13.8 billion) from a sale that attracted strong demand from investors.

The EU's executive branch is planning to issue up to 250 billion euros in green bonds by the end of 2026 as part of its plans to finance the 27-nation bloc's recovery from the coronavirus crisis.

The EU commission said the 15-year bond was more than 11 times oversubscribed, with books exceeding 135 billion euros.

Johannes Hahn, the commissioner in charge of budget and administration, said "this marks the largest green bond order book ever in global capital markets, and the largest green bond ever issued, not in Europe, but in the world."

To finance the recovery stimulus, the EU's executive arm said it will raise from capital markets up to an estimated 800 billion euros by the end of 2026, of which 30% are to be raised via green bonds. In total, the bloc's 27 nations have agreed on a 1.8 trillion euro budget and pandemic recovery package.

The EU has the ambition to become a leader in the market of green bonds, which are reserved for sustainable investment.

"It will allow investors to diversify their portfolio of green investments with a highly rated liquid asset, thereby potentially accelerating a virtuous circle of sustainable investments," Hahn said.

As part of its "Green Deal" ambition, the EU has pledged to cut emissions of the gases that cause global warming by 55% over this decade and has set the target of being carbon-neutral by 2050.