

## Kuwait crude dips

Kuwait crude oil price went down by 64 cents to USD 82.68 per barrel during Wednesday's transactions from USD 83.32 pb the day before, said Kuwait Petroleum Company (KPC) Thursday. Benchmark Brent went down 24 cents to hit USD 83.18 pb while West Texas Intermediate went down 20 cents to USD 80.44 pb.

The OPEC daily basket price fell by 58 cents to USD 81.79 a barrel on Wednesday, compared with USD 81.79 the day before, said the organization on Thursday.

It added in its daily bulletin that the annual average of the OPEC basket for 2020 amounted to USD 41.47 per barrel.

On October 4, the "OPEC+" decided to maintain compliance with the current production plan targeting a phased-out output rise of roughly 400,000 bpd in November. (KUNA)

Crayon, a leader in IT services and innovation, today announced it has acquired rhipe, an Australia-based cloud and licensing specialist, to further Crayon's global expansion strategy and services portfolio.

The acquisition comes via a Scheme of Arrangement, which became legally effective today after a due diligence and negotiation period. Upon implementation of the Scheme, Crayon will acquire all rhipe shares.

The acquisition reinforces Crayon's customer-centric commitment to

provide innovation and cost optimization solutions to drive new growth opportunities. "We are incredibly excited to welcome rhipe to the Crayon family as part of our global expansion strategy," said Crayon CEO Melissa Mulholland. "rhipe is a leading distributor of cloud solutions and services in the Asia Pacific region and through our combined business models, we will help more customers and partners solve their business needs with a greater portfolio of solutions."

rhipe is a channel-focused, leading

## Crayon acquires cloud specialist rhipe

wholesale provider of subscription-based cloud licenses, infrastructure, and services. The purchase includes all of rhipe's 600 employees and its activities across Asia Pacific, as well as the recently acquired Azure services business Parallo and emt Distribution, the cybersecurity software company.

"The shareholders of rhipe and the rhipe Board have both overwhelmingly concluded the Scheme represents an attractive outcome for our shareholders, partners, customers, and staff," said rhipe Chairman Gary Cox.

"rhipe's partners and customers will benefit from the broader global service capability from a combined Crayon and rhipe. In addition, Crayon's offer is positive news for rhipe's staff, as we believe there will be increased career opportunities in a larger and more diverse, combined company."

Crayon has been steadily growing in Australia. It opened its first offices in August 2019, and last year purchased Oracle specialist Navicle, and Winc's software licensing operations. (Agencies)

## Market Movements

14-10-2021

Change Closing pts

		Change	Closing pts
SAUDI	- Tadawul	+74.13	11,699.11
JAPAN	- Nikkei	+410.65	28,550.93
PHILIPPINES	- PSEI	+114.19	7,183.11
INDIA	- Sensex	+569	61,306
PAKISTAN	- KSE 100	+1111.90	44,333.68
SINGAPORE	- Straits Times STI	+8.40	3,164.86
UK	- FTSE 100	+65.89	7,207.71
EUROPE	- Euro Stoxx 50	+66.87	4,150.15

# Business

## 'Make-or-break quarter' on Wall Street

Investors brace for life on downward slope of the mountain

NEW YORK, Oct 14, (AP): Crunch time is coming to Wall Street. Throughout this gilded year for investors, growth has kept accelerating for all kinds of forces that boost stock prices, sending the S&P 500 to more than 40 records. Now, though, investors are preparing for life on the downward slope of the mountain.

The economy is still growing, to be sure, but at a slower pace. The same is likely to become true soon for support from the Federal Reserve. But the crunch of a post-peak world will become most quickly apparent in coming weeks as companies report how much profit they made during the summer.

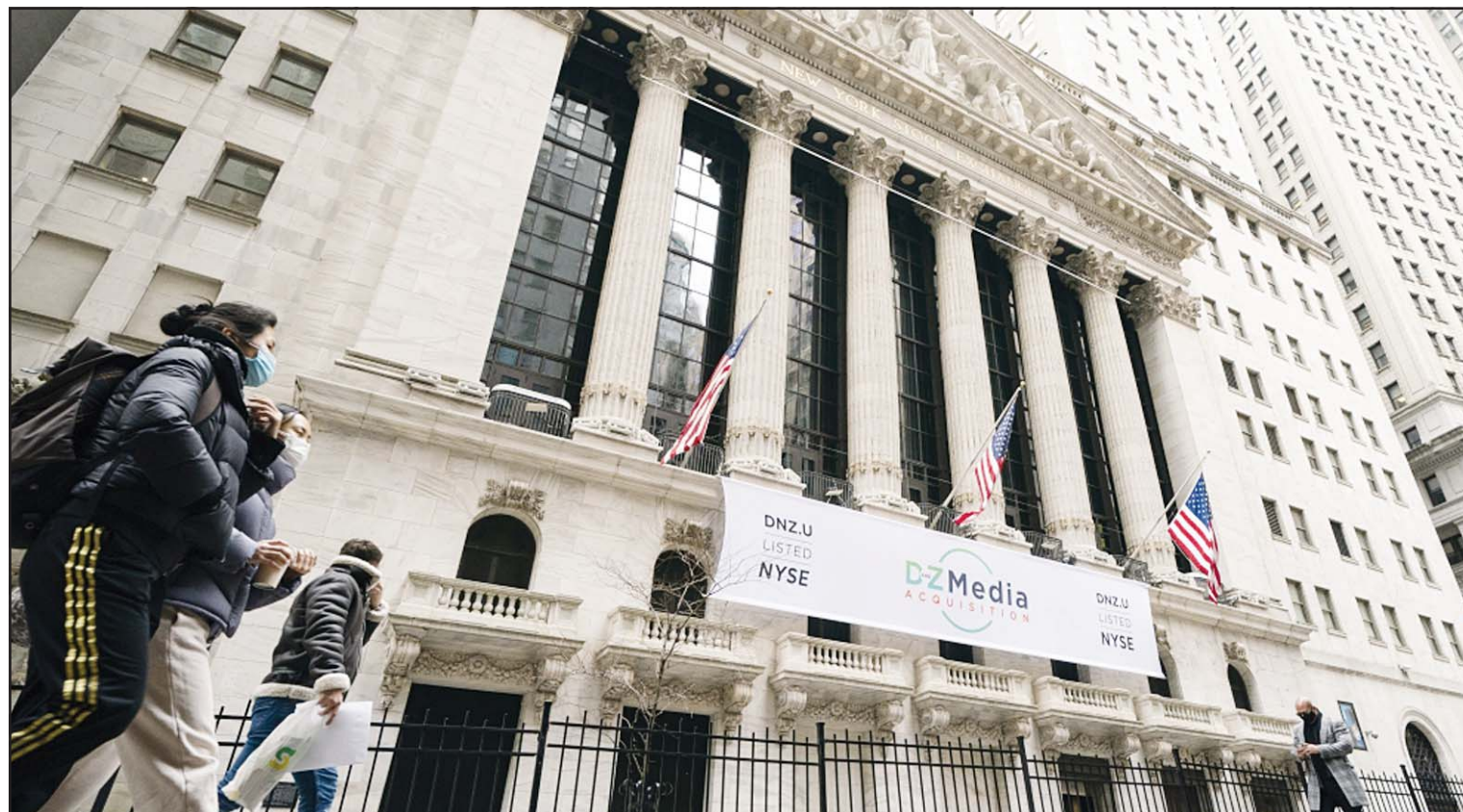
The forecast for this earnings season would be considered a very healthy one in normal times. Analysts are looking for S&P 500 companies to report earnings per share that are nearly 28% higher for July through September than they were a year earlier.

That would be the third-fastest earnings growth since 2010, according to FactSet. But it would also mark a sharp slowdown from the second quarter's 90.9% profit surge, when the economy was exploding out of the crevasse created by coronavirus shutdowns.

"We've seen the peak, it's pretty clear, and now we're beginning to decelerate right at the time that monetary and fiscal policy support may be waning," said Rich Weiss, chief investment officer of multi-asset strategies at American Century Investments.

Crucially, that deceleration is happening just as strong corporate profit growth is becoming a more important support for stock prices.

A stock's price generally rises for



In this file photo, pedestrians pass the New York Stock Exchange, in New York. Analysts are looking for S&P 500 companies to report earnings per share that are nearly 28% higher for July through September than they were a year earlier. (AP)

a couple possible reasons: Either the company is making more in profit, or investors are willing to pay more for each \$1 of those profits. Lately, that second possible reason has been going in reverse as longer-term interest rates rise.

The yield on the 10-year Treasury note has climbed to roughly 1.60% from about 0.75% a year ago and from 1.20% three months ago. Stubbornly high inflation has been one reason, along with expectations that the Fed will soon announce a paring back of its immense bond-buying program.

When interest rates are rising and super-safe bonds are paying more in

interest, investors feel less need to pay such high prices for stocks. They're now paying about \$20.60 for each \$1 in earnings per share expected from S&P 500 companies in the coming 12 months. That's down from a price tag that topped \$24 a little more than a year ago.

For stock prices to keep rising past their recent peaks, or even just to maintain their current levels, strong corporate earnings growth will have to do more of the lifting.

During the third quarter, the entirety of the S&P 500's 0.2% rise was due to increased expectations for corporate earnings, according to Credit Suisse

strategists. If profit forecasts hadn't risen as much as they did, the S&P 500 would have fallen to its first quarterly loss in a year and a half.

Analysts routinely undershoot reality, with earnings beating their forecasts in all but two of the last 50 quarters. But Savita Subramanian, a strategist at Bank of America, expects earnings this reporting season only to be roughly in line with expectations. An unusually high number of companies have warned that their results may fall short of expectations, she noted. Perhaps more worrisome is that she expects analysts to trim their 2022 profit forecasts after they hear from

CEOs during their earnings reports.

Among the challenges hitting corporate profits: supply chain problems around the world and a renewed summertime surge of COVID-19 that slowed the economy. Wages and fuel costs are also rising, adding inflationary pressure and eroding companies' profitability. Worries about a slowdown in China's economy, the world's second-largest, are also hitting revenue expectations.

That's part of the reason why Subramanian in a recent BofA Global Research report called this earnings reporting season "the make-or-break quarter."

## Turkish 'lira' at new lows

ANKARA, Turkey, Oct 14, (AP): The Turkish lira hit new record lows against the dollar on Thursday after President Recep Tayyip Erdogan fired senior central bank officials, heightening concerns over the Turkish leader's interference in the bank's activities.

Erdogan dismissed deputy central bank governors Semih Tumen and Ugur Namik Kucuk as well as Abdullah Yavas, a member of the bank's monetary policy committee, according to the Official Gazette. He appointed Taha Cakmak as a deputy governor and Yusuf Tuna as a member of the monetary policy committee.

Turkish media reports said Kucuk had opposed the bank's decision last month to cut the main interest rate by one percentage point, bowing to Erdogan's demand for lower borrowing rates to boost growth.

Economists generally view higher interest rates as a curb on inflation but the Turkish president has repeatedly said the opposite - that a high rate of interest causes price rises.

The lira weakened by 1% overnight to reach 9.19 against the dollar. It was trading at 9.14 against the dollar early on Thursday. The lira has lost some 19% of its value since the start of the year.

The shakeup of the bank officials came hours after Erdogan met with the bank's governor, Sahap Kavcioglu.

Kavcioglu is the fourth appointee to the role since 2019 amid concerns over the bank's independence. He had kept the interest rate at 19% since taking office in March. Erdogan called for a cut in rates in August.

The Turkish economy never fully recovered from a 2018 currency crisis when it was hit by the coronavirus pandemic, causing growing inflation and unemployment.

## Drilling set for next month

### ExxonMobil to gauge Cyprus gas field 'size'

NICOSIA, Cyprus, Oct 14, (AP): Drilling by ExxonMobil set for late next month to confirm how much natural gas is contained in a sizable deposit off Cyprus' southwestern coast will map out how the fuel will reach potential markets in Europe and Asia, the island nation's energy minister said on Wednesday.

Minister Natasa Pilides says the "significant" drilling at the "Glaucus-1" well inside block 10 of Cyprus' exclusive zone scheduled to start in 6-8 weeks will determine if the deposit is at the higher or lower end of its estimated size of 5-8 trillion cubic feet (142-227 billion cubic meters) of natural gas.

A higher confirmed quantity would naturally mean greater profits and in turn push exploitation of the deposit up the priority list for ExxonMobil and partner Qatar Petroleum among the different projects they're currently working on.

Pilides told The Associated Press in an interview that transferring the gas by pipeline to Egyptian processing plants where it would be liquefied for export aboard ships is currently the "most likely option."

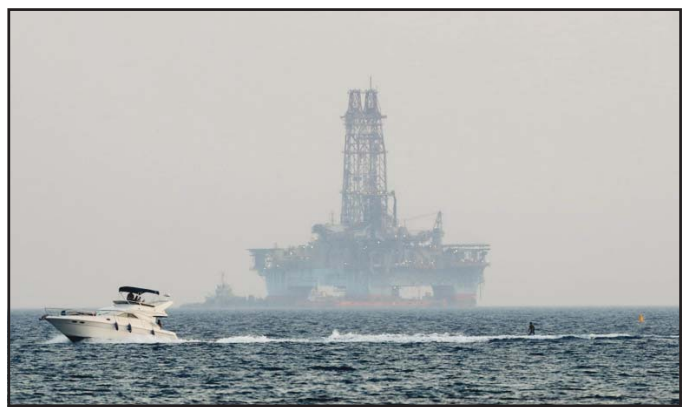
But possible construction of a processing plant on Cyprus isn't completely out of the picture depending on the overall quantity of gas found off the island that would make the project economically fea-

sible. A consortium made up of France's Total and Italy's Eni is set to start drilling in the first half of next year to determine the size of what was described as a "promising" deposit at its "Calypso 1" well in block 6 that abuts area where ExxonMobil-Qatar Petroleum is licensed.

The Total/Eni consortium is licensed to prospect for hydrocarbons in seven of 13 blocks off Cyprus. "Calypso" could extend to neighboring block 7 which belongs to the consortium.

Pilides said natural gas is a cleaner-burning, conventional fuel that countries in Europe and elsewhere could use to transition to more renewable sources for energy generation. She said that models show that even countries that generate most of their energy from renewables still have "quite a high percentage" of either natural gas or nuclear power as a back-up energy source.

Technology hasn't reached the point where renewables could cover all a country's energy needs so "there's still room for natural gas." "Because (gas) prices are rising we're going through a phase where there's definitely more hope that if there's sufficient quantities in Cyprus, it could provide an alternative for our region," said Pilides.



In this file photo, an offshore drilling rig is seen in the waters off Cyprus' coastal city of Limassol as a boat passes with a skier. (AP)

## Focus on helping countries recover from pandemic

### IMF head reiterates vow to protect data integrity

WASHINGTON, Oct 14, (AP): The embattled head of the International Monetary Fund, who successfully fought to keep her job following a data-manipulation scandal, on Wednesday pledged renewed efforts to bolster data integrity while focusing on the main job of helping countries recover from a devastating global pandemic.

IMF Managing Director Kristalina Georgieva said she is glad the IMF's 24-member executive board expressed confidence in her ability to head up the 190-nation agency. The board looked into accusations that Georgieva, while at the World Bank, had pressured staff to boost the rankings of China and other countries in 2018 in an influential business climate report.

"The board concluded that it has full confidence in my ability to lead the Fund and it feels great to concentrate on the work at hand," Georgieva said at a news conference to preview the agenda for this week's annual meetings of the IMF and World Bank in Washington.

Georgieva said that the episode taught her the critical need to make sure that staff working for her feel the ability to raise concerns. She said she planned to meet with IMF staff on Monday to discuss the incident and to explore ways to bolster the reliability of the economic reports the IMF produces.

"I first want to remind everybody that the problem was with one specific, rather controversial report at the World Bank, not with the research and data at the IMF," she said.

She said the IMF board recognized the "excellence of the IMF and IMF research" and the strong monitoring system at the agency ensuring the integrity of its data.

The controversy involved a "Doing Business" report that had been produced annually by the World Bank that ranked the business climate of major countries. There were allegations that Georgieva and other top World Bank officials had pressured staff preparing the report to boost China's ranking at a time when the World Bank was lobbying China to increase its financial support for World Bank programs.

After the report from an investigation by a private law firm came out, the World Bank announced it was discontinuing the Doing Business annual rankings. But the incident fueled com-



International Monetary Fund (IMF) Managing Director Kristalina Georgieva speaks during a news conference at the Diaoyutai State Guesthouse in Beijing, Thursday, Nov. 21, 2019. The embattled IMF head is pledging renewed efforts to bolster data integrity while focusing on the main job of helping countries recover from a devastating global pandemic. (AP)

plaints by critics, including members of Congress, that China had too much influence with institutions such as the IMF and World Bank.

Georgieva said she was thankful to be able to present her side of the case to the IMF board over the past week.

"When we presented finally two sides of the story next to each other, there was no there there," she told reporters Wednesday.

"That is not to say that I don't take the broader message to make sure that staff can always reach out to superiors ... to signal discontent and disagreement," she said.

The IMF board announced late Monday night that it was allowing Georgieva to keep her job, an announcement that came after she had a conversation earlier in the day with U.S. Treasury Secretary Janet Yellen.

In a statement describing that talk, the Treasury Department said that the United States, the largest shareholder at both the IMF and World Bank, saw a need to take proactive steps to "reinforce data integrity and credibility at the IMF" and to ensure that whistleblowers are protected.

Georgieva, a Bulgarian economist, is the second woman to head the IMF. She succeeded Christine Lagarde in 2019 after Lagarde left to become

head of the European Central Bank.

The finance meetings this week will address efforts to boost IMF and World Bank resources for battling the pandemic in poorer countries, proposals to support the fight against climate change and also discussions to adapt a global corporate minimum tax, something that Yellen has made a top priority.

On Wednesday, finance officials representing the Group of 20 major industrial countries authorized the presentation of the global minimum tax proposal at a G-20 leaders' summit Oct. 30-31 in Rome. The proposal was endorsed last week by 136 nations.

Yellen said in a statement released by the Treasury Department that the new corporate minimum tax would provide additional revenue that could be used to fight "climate change and reduce economic inequality, protect American jobs from the race to the bottom and deliver for the middle class and working people at home and all over the world."

The agreement will require action by Congress, where Republicans have expressed strong opposition. Yellen has said she is confident the deal can win congressional approval.

The United States is being represented at this week's finance meetings by Yellen and Federal Reserve Chairman Jerome Powell.

## GM 'reaches' deal with LG

DETROIT, Oct 14, (AP): LG Electronics has reached a deal with General Motors to pay \$1.9 billion to \$2 billion to reimburse the automaker for the cost of recalling Chevrolet Bolt electric vehicles due to the risk of battery fires.

The automaker, which announced the deal in a statement early Tuesday, says it will show the estimated recovery in its third-quarter earnings that will offset charges for the recalls.

In August GM expanded a previous recall to more than 140,000 Bolt electric vehicles sold worldwide since 2016 because a battery manufacturing defect could cause the vehicles to catch fire.

The company said at the time that in rare cases, batteries that have two manufacturing defects can cause fires.

General Motors said in September that production has resumed for battery modules used in recalled Bolt hatchbacks and SUVs, and customers could start getting replacement parts by mid-October.

The recall follows reports of 13 battery fires, GM said, which can occur when both defects are present in the battery modules.

GM said in a statement that LG of Korea is a "valued and respected" supplier to the Detroit automaker. "Our engineering and manufacturing teams continue to collaborate to accelerate production of new battery modules, and we expect to begin repairing customer vehicles this month," GM Global Purchasing Vice President Shilpan Amin said in the statement.

The battery fires and recalls have been an embarrassing setback for GM, which has lofty goals of switching from internal combustion to battery powered vehicles.

To capture US electric vehicle market share leadership, GM plans to spend \$35 billion to roll out more than 30 new battery vehicles globally by 2025. The company has said it aspires to make only electric passenger vehicles by 2035.

By the end of the decade, GM expects \$90 billion in additional annual revenue from electric vehicles.