In this file photo, the logo for Union Pacific appears above a trading post on the floor of the New York Stock Exchange. (AP)

Union Pacific Q3 profit up 23% even with flat volume

Union Pacific hauled in 23% more profit in the third quarter even though the total number of shipments it delivered remained flat overall.

The Omaha, Nebraska-based railroad said Thursday that it made $1.67 billion, or $2.57 per share in the quarter. That's up from $1.36 billion, or $2.01 per share, a year ago when the economy was surging back from the worst of the coronavirus pandemic.

The results beat Wall Street expectations. The average estimate of six analysts surveyed by Zacks Investment Research was for earnings of $2.48 per share.

Last year, volume plummeted in the first half of the year as restrictions designed to slow the spread of the coronavirus brought the economy to a crawl before rebounding sharply in the second half of the year as those restrictions began to be lifted.

Union Pacific cut its outlook for volume growth this year because of the ongoing supply chain problems and weak automotive production. The railroad now expects shipping volume to be up about 5% overall, which suggests volume will remain flat through the fourth quarter. Three months ago, Union Pacific had predicted 7% volume growth in 2021.

The railroad said its revenue grew 13% to $5.57 billion in the quarter as it generated more money on nearly every category of freight with higher prices except automotive where that industry has been struggling to maintain production amid the ongoing chip shortages. Three analysts surveyed by Zacks expected $5.38 billion. (AP)

Market Movements 21-10-2021

			Change	Closing pts
SAUDI	-	Tadawul	+35.84	11,939.58
UAE	-	DFM	+39.06	2,857.32
PHILIPPINES	-	PSEi	+14.64	7,311.72
PAKISTAN	-	KSE 100	+321.94	45,821.40

			Change	Closing pts
JAPAN	-	Nikkei	-546.97	28,708.58
UK	-	FTSE 100	-32.80	7,190.30
EUROPE	-	Euro Stoxx 50	-16.44	4,155.73
EGYPT	-	EGX 30	-62.98	11,132.07
INDIA	-	Sensex	-336.46	60,923.50
SINGAPORE	-	Straits Times STI	-9.58	3,188.50

Business

Kuwait able to increase oil 'output' in line with OPEC+, says oil minister

Al-Fares to participate in Saudi Green Initiative (SGI) forum

KUWAIT CITY, Oct 21, (KUNA): Kuwaiti Minister of Oil and Higher Education Dr. Mohammad Al-Fares will participate in the Saudi Green Initiative (SGI) forum that will be held this Saturday in Riyadh with higher Kuwaiti delegation, under the theme "A New Era of Action: Oasis Alive".

The inaugural edition of SGI will bring together global leaders of government, business, finance, and civil society to fight climate change, reverse land degradation, protect marine life, and preserve biodiversity.

This invitation-only event will also see the Kingdom present exclusive insights into the SGI strategy, including the goal to achieve 50 percent of renewables by 2030 and to plant 10 billion trees over the coming decades.

Al-Fares will participate together with four ministers in one of the main sessions of this important event.

Minister of Oil and Higher Education Dr. Mohammad Al-Fares announced today before going to the Saudi capital, that the State of Kuwait has been and will continue to be a secure and reliable supplier to the global oil market within its active role in OPEC and OPEC+.

Confirmed

He confirmed that the State of Kuwait has fulfilled its commitment towards production level agreed upon within OPEC+, which have been critical to bring the oil market into equilibrium. Furthermore, the State of Kuwait has begun its gradual increase of production output in line with agreed additional quota of 400,000 barrels per day. He also confirmed that Kuwait is able to increase its production to meet international markets need while maintaining market balance under the umbrella of OPEC + agreement.

Furthermore, he explained that the Oil Sector is moving according to an approved Strategic Directions and have set the needed investments to increase production capacity as per these plans. The Strategic directions for domestic upstream calls for achieving a sustainable crude production capacity inside the State of Kuwait (including Divided Zone) of 3.5 million bpd in 2025 and 4 million bpd in 2035 and maintain these level up to 2040.

This will be also coupled with replacing produced oil volumes with additional reserves to maintain an effective role for the State of Kuwait within OPEC and to ensure satisfying oil market's demand needs, and secure supplies, he said.

He continued that these directions were translated into an ambitious roadmap that includes initiatives and capital programs. It shall be noted that Kuwait Oil Company is actively implementing this plan through multiple projects that include (but not limited to) Gathering Centers, water treatment and injection plants in addition to an integrated drilling program.

Finally, Dr. Al-Fares acknowledged the efforts of KOC employees and management towards achieving these targets despite the difficult times associated with the wide-spread of Covid-19 virus which is still affecting the world. He also emphasized the ongoing collaboration and team efforts within the Kuwaiti Oil Sector to maintain the State of Kuwait image and reputation and fulfilling its commitment to the International Markets.

After harsh rate cut

Turkish lira 'drops' to new low against USD

ISTANBUL, Oct 21, (AP): The Turkish lira plunged to a record low against the US dollar Thursday after a harsher-than-expected cut in interest rates.

The decision by the Central Bank's monetary committee to cut the rate from 18% to 16% surprised analysts. The lira dropped to 9.45 against the dollar, compounding a long run of losses.

The cut, which came as inflation stood at nearly 20%, will be seen by many as further evidence of the bank's lack of independence from the government of President Recep Tayyip Erdogan. Contrary to traditional economic theory, the president has said steep interest rates cause inflation and has declared himself an "enemy" of high borrowing costs.

The lira hit a previous low last week when Erdogan fired three central bank officials responsible for monetary policy. They were said to have opposed the rate-cutting policy at the committee's September meeting.

Timothy Ash, an emerging markets expert at BlueBay Asset Management in London, described the latest cut as part of an "insane monetary policy experiment," adding, "It feels like the lira and inflation will suffer the consequences."

Umit Ozlale, vice chairman of the center-right opposition Iyi Party, said the decision "lacks any economic sense and will only worsen the damage that's been done. It's just another affirmation that the Central Bank is reduced to a rubber stamp for President Erdogan's political ambitions."

US unemployment claims fall to new pandemic low of 290,000

Existing home sales surge as rates point higher

NEW YORK, Oct 21, (AP): Sales of previously occupied US homes bounced back in September to their strongest pace since January as worries about higher mortgage rates motivated buyers to get off the sidelines.

The National Association of Realtors said Thursday that existing homes sales rose 7% last month from August to a seasonally-adjusted annual rate of 6.29 million units. That's well above the 6.11 million economists were expecting, according to FactSet.

Sales were down 2.3% from September last year.

The median home prices jumped to $352,800, a 13.3% increase from September last year. The rise in prices continued to weigh on first-time buyers, who accounted for 28% of all sales last month. That's the lowest level since July 2015, the NAR said.

At the end of September, the inventory of unsold homes stood at just 1.27 million homes for sale, down 0.8% the previous month and down 13% from a year ago. At the current sales pace, that amounts to a 2.4 months' supply, the NAR said.

In a separate report, the number of Americans applying for unemployment benefits fell last week to a new low point since the pandemic erupted, evidence that layoffs are declining as companies hold onto workers.

Dropped

Unemployment claims dropped 6,000 to 290,000 last week, the third straight drop, the Labor Department said Thursday. That's the fewest people to apply for benefits since March 14, 2020, when the pandemic intensified. Applications for jobless aid, which generally track the pace of layoffs, have fallen steadily from about 900,000 in January.

Unemployment claims are increasingly returning to normal, but many other aspects of the job market haven't yet done so. Hiring has slowed in the past two months, even as companies and other employers have posted a near-record number of open jobs. Officials such as Federal Reserve Chair Jerome Powell had hoped more people would find work in September as schools reopened, easing child care constraints, and enhanced unemployment aid ended nationwide.

Yet so far, that hasn't happened. Instead, some observers are starting to consider whether some of those who had jobs before the pandemic, and lost them, may have permanently stopped looking for work.

On Tuesday, Christopher Waller, a member of the Federal Reserve's Board of Governors, said that two million of the 22 million jobs lost to the pandemic may not return anytime soon because retirements have accelerated so quickly since COVID-19 hit.

The Labor Department's report Thursday also showed that the number of people receiving jobless aid continues to fall steadily. In the week of Oct. 2, the latest data available, 3.3 million people received unemployment benefits, down from 3.6 million in the previous week. A year ago, nearly 24 million people were getting unemployment aid.

About 7 million people lost jobless benefits in September after two emergency programs, set up in March 2020, expired. One of the programs provided aid to gig workers and the self-employed, who traditionally are not eligible to receive unemployment insurance, and the second covered workers who have been unemployed for longer than six months. And an extra $300 a week in federal unemployment benefits expired nationwide Sept. 6.

This is a home sold in Mount Lebanon, Pennsylvania, on Tuesday, Sept. 21, 2021. Sales of previously occupied U.S. homes bounced back in September to their strongest pace since January as the prospect of higher mortgage rates motivated buyers to get off the sidelines. The National Association of Realtors said Thursday, Oct. 21, 2021 that existing homes sales rose 7% last month from August to a seasonally-adjusted annual rate of 6.29 million units. (AP)

Germany missed out on 36 billion euros: report

Tax evasion schemes cost treasuries $175b

BERLIN, Oct 21, (AP): Elaborate tax evasion schemes have cost some of the world's major treasuries a total of at least 150 billion euros ($175 billion) in lost revenue over the past two decades, according to a report Thursday.

The report coordinated by German outlet Correctiv followed up on a 2018 story that had estimated the damage at around 55 billion euros ($64 billion).

It centers on schemes such as so-called "cum-ex" transactions, in which participants swapped shares to collect reimbursement for taxes they hadn't paid, and "cum-cum" deals - transactions in which at least two traders in at least two different countries sold each other shares to avoid losing money on dividend tax.

Correctiv said it had worked with media partners in several countries and a team at the University of Mannheim, Germany, to produce what it called a "conservative estimate" that such schemes cost treasuries in 12 countries at least 150 billion euros between 2000 and 2020.

Losses

It said that cum-cum deals accounted for the lion's share of those losses, at least 141 billion euros, and cum-ex transactions for most of the rest. The report said Germany missed out on 36 billion euros and France on 33.4 billion euros, and put the damage to the U.S. at 4.9 billion euros.

The transactions have spawned a scandal involving hundreds of suspects.

In a landmark ruling in July, a German federal court dismissed an appeal by two British bankers over their conviction, confirming that the cum-ex transactions they used were illegal.

The two were convicted last year of multiple counts of tax evasion between 2007 and 2011. They were given suspended sentences after agreeing to provide detailed information about the fraud scheme, in which participants swapped shares to collect reimbursement for taxes they hadn't paid.

The defendants had claimed during their trial that they had simply used a loophole in the law. But federal judges concluded that the scheme was illegal and there was "no doubt the actions had been premeditated."

Britain and NZ sign trade deal

LONDON, Oct 21, (AP): Britain and New Zealand have agreed on a trade deal that eliminates tariffs on a wide range of goods as the UK expands economic links around the world following its exit from the European Union.

The deal was cemented late Wednesday in a conference call between UK Prime Minister Boris Johnson and his New Zealand counterpart, Jacinda Ardern, after 16 months of talks by negotiators. Although trade with New Zealand accounts for only 0.2% of the UK's trade, Britain hopes it will help open the door toward membership in the trans-Pacific trade partnership.

The partnership, which includes Japan, Canada, and Vietnam, had GDP of 8.4 trillion pounds ($11.6 trillion) in 2020.

"This is a great trade deal for the United Kingdom, cementing our long friendship with New Zealand and furthering our ties with the Indo-Pacific,'' Johnson said. "It will benefit businesses and consumers across the country, cutting costs for exporters and opening up access for our workers.''

Ardern said the deal was among the best ever achieved by New Zealand and would boost the nation's economy by about 1 billion New Zealand dollars ($720 million) as it opens the way for more sales of the country's wine, butter, cheese and beef.

Deal

"This is a historic but substantial deal and it's been achieved basically in a year," Ardern said. "That has never been done before."

Trade officials in the UK trumpeted the benefits of the deal, declaring that sauvignon blanc wine, Manuka honey and kiwi fruit from New Zealand would be cheaper for British consumers. Clothing, buses and bulldozers will also no longer face tariffs.

British farmers expressed disquiet, however, saying the deal, and another signed with Australia earlier this year, may boost food imports at a time when labor shortages and rising costs are already hurting many UK farmers.

"This could damage the viability of many British farms in the years ahead, to the detriment of the public, who want more British food on their shelves, and to the detriment of our rural communities and cherished farmed landscapes,'' National Farmers Union President Minette Batters said.

"Instead of repeating the refrain that these deals will be good for British agriculture, our government now needs to explain how these deals will tangibly benefit farming, the future of food production and the high standards that go along with it on these shores," Batters said.

Asked if the deal meant New Zealand would be less reliant on China for its exports, Ardern said diversification would improve options and resilience for its exporters.

When Britain joined what was then the European Economic Community back in 1973 many New Zealand exporters felt abandoned.

Ardern said the new deal meant that perhaps it was time to draw a line under that period of history.

Some of the details of the deal are still being finalized, and officials expect it to take effect next year.