This photo shows the company logo and view of Netflix headquarters in Los Gatos, California. (AP)

Netflix stock plunges as subscriber growth worries deepen

Netflix delivered its latest quarter of disappointing subscriber growth during the final three months of last year, a trend that management foresees continuing into the new year as tougher competition is undercutting the video streaming leader.

The Los Gatos, California, company added 8.3 million worldwide subscribers during the October-December period, about 200,000 fewer than management had forecast. Besides releasing its fourth-quarter results Thursday, Netflix also projected an increase of 2.5 million subscribers during the first three months of this year, well below analysts' expectations for a gain of 4 million, according to FactSet Research.

The disappointing news caused Netflix's stock price to plunge by about 20% in extended trading after the numbers came out, deepening a steep decline during the past two months.

It capped a challenging year for Netflix after it reveled in eye-popping gains during the pandemic lockdowns of 2020 that drove homebound people to its service.

Netflix picked up 18.2 million worldwide subscribers during 2021, its slowest pace of annual growth in five years. It came after Netflix gained more than 36 million subscribers during 2020. The service now boasts nearly 222 million worldwide subscribers worldwide, more than other video streaming leader.

But other services backed by deep-pocketed rivals such as Walt Disney Co. and Apple have been making inroads in recent years, and a bevy of other networks also are wading into video streaming in an attempt to grab eyeballs and a piece of household budgets. The escalating competition is one reason Netflix decided to expand into video games last year. (AP)

Market Movements 21-01-2021

			Change	Closing pts
SAUDI	-	Tadawul	+30.83	12,290.96
UAE	-	DFM	+40.77	3,209.82
EGYPT	-	EGX 30	+16.70	11,731.71
PHILIPPINES	-	PSEi	+54.24	7,293.52
PAKISTAN	-	KSE 100	+192.31	45,018.28
SINGAPORE	-	Straits Times STI	+0.04	3,294.86

			Change	Closing pts
JAPAN	-	Nikkei	-250.67	27,522.26
UK	-	FTSE 100	-90.88	7,494.13
EUROPE	-	Euro Stoxx 50	-70.05	4,229.56
INDIA	-	Sensex	-427.44	59,037.18

Business

Construction expected to begin this year, production coming online at end of 2025

Intel to build $20b Ohio chip facility amid global shortage

COLUMBUS, Ohio, Jan 22, (AP): Chipmaker Intel said Friday it will invest $20 billion to build a new factory in Ohio, an attempt to help alleviate a global shortage of chips powering everything from phones to cars to home appliances while also signaling the giant company's commitment to manufacturing crucial technology products in the US

The move could also create a new technology hub in central Ohio as related businesses that support chip manufacturing open new facilities and bring expertise to the region.

Intel said two planned factories, or fabs, will support its own line of processors, as well as its new "foundry" business, which will build chips designed by other firms. Existing chip foundries turn out a vast number of custom-designed chips, mostly in Asia. The business is currently dominated by Taiwan Semiconductor Manufacturing Co., or TSMC.

The future production site aims to meet multiple needs, Intel CEO Patrick Gelsinger said during a White House event. Chips built there won't just reduce supply chain pressures, he said, but will also bolster US national security while bringing more tech jobs to the region.

The two factories on a 1,000-acre site in Licking County, just east of Columbus, are expected to create 3,000 company jobs - many of them highly skilled - and 7,000 construction jobs. The facility will support tens of thousands of additional jobs for suppliers and partners, Intel and local and state officials said Friday.

"A semiconductor factory is not like other factories," said Gelsinger, a former Intel executive who returned to the company as CEO in 2021. "It's more like a small city supporting a vibrant community of services, suppliers and ancillary businesses. You can think about this as a magnet for the entire tech industry."

President Joe Biden used Intel's Ohio announcement to push a $52 billion bill awaiting House approval that would invest in the chip sector and help ensure more production occurs in the US.

"We are going to invest in America," Biden said at the White House. "We're investing in American workers. We're going to stamp everything we can, 'Made in America,' especially these computer chips."

Construction is expected to begin this year, with production coming online at the end of 2025. The company is also investing an additional $100 million for an education pipeline to help provide jobs for the facility. Total investment could top $100 billion over the decade, with six additional factories, Gelsinger said.

In this file photo the symbol for Intel appears on a screen at the Nasdaq MarketSite, in New York. Intel Corp. (AP)

Intel said one of the products it will make in Ohio is the Intel 18A, "among the most advanced chips ever made," according to Forrester analyst Glenn O'Donnell. Those will likely be used in the high-end computers that are popular with video game enthusiasts and needed for the data centers run by tech giants like Amazon and Microsoft.

Gelsinger said he expects the Ohio site will also supply specialized chips for cars - a priority for US consumers and officials - and other products such as mobile devices.

Intel's Ohio site could help relieve pressure on the company's other production lines.

But making more computer chips in the US won't entirely protect the industry from supply chain disruptions and shortages because the chips still will be sent to Asia for assembling and packaging, said Nina Turner, a research analyst at IDC.

After years of heavy reliance on Asia for the production of computer chips, vulnerability to shortages of the crucial components was exposed in the US and Europe as they began to emerge economically from the pandemic.

The US share of the worldwide chip manufacturing market has declined from 37% in 1990 to 12% today, according to the Semiconductor Industry Association, and shortages have become a potential risk.

Shortages of chips have crimped the ability of US automakers to produce vehicles, and last year, General Motors was unseated by Toyota as the nation's top-selling automaker for the first time.

The US and Europe are pushing to aggressively to build chipmaking capacity and reduce reliance on producers that are now mostly based in Asia. Semiconductor businesses have also been trying to diversify their operations to avoid bottlenecks caused by problems - such as a natural disaster or pandemic lockdown - in a specific region.

Several chipmakers last year signaled an interest in expanding their American operations if the US government is able to make it easier to build chip plants. Samsung said in November it plans to build a $17 billion factory outside of Austin, Texas.

As Biden alluded to, lawmakers have been urging House and Senate leaders to fully fund a law meant to address the semiconductor chip shortage. They want Congress to fully fund the $52 billion CHIPS for America Act, allowing for stateside investment in semiconductor factories.

Not only has the chip shortage disrupted the US economy, it is also creating a vulnerability in the country's defense system, since eight of every 10 chips are produced in Asia, lawmakers say.

Intel executives made clear Friday that the size of its Ohio complex will depend on passage of the federal subsidies sought by the Biden administration and Ohio lawmakers.

"The scope and pace of Intel's expansion in Ohio," said a statement from Keyvan Esfarjani, Intel's senior vice president of manufacturing, "will depend heavily on funding from the CHIPS Act."

In this file photo the symbol for Intel appears on a screen at the Nasdaq MarketSite, in New York. Intel Corp. (AP)

Biden finds 'runaway' inflation overshadows strong economy

Most Americans pessimistic about broader US economy

WASHINGTON, Jan 22, (AP): President Joe Biden is paying a steep price for high inflation – a problem that festered during his first year in office instead of fading away as he suggested it would.

His $1.9 trillion coronavirus relief package, enacted in March, drove what will probably be the fastest economic growth since 1984 and pulled the unemployment rate down to 3.9% at a quicker pace than experts predicted.

But after unprecedented government interventions and supply chain problems, inflation is running at a nearly 40-year high of 7%. And that has soured Americans' feelings about the president. It's left Biden trying to retrofit a policy agenda about winning the future into one that can fix inflation, a problem that did not exist when he took office.

The mix of a strong economy and high inflation has created a paradox for his presidency: Most US households feel confident about their own finances, yet they're worried about the state of the national economy in ways that have been a drag on Biden's popularity.

"We need to get inflation under control," Biden acknowledged at a news conference Wednesday wrapping up his first year. He allowed that "it's going to be painful for a lot of people in the meantime."

There is a clear contradiction in people believing that they're doing well but that the economy is doing poorly. White House officials are now trying to reconcile this paradox, as Biden's future may depend on making people feel good about not just their bank accounts but also the broader economy.

Metrics like Langer Associates' Consumer Comfort Index encapsulate the problem. It shows a worsening gap between people's optimism about their own situations and their pessimism about the national economy and the climate for buying goods.

A December poll from the AP-NORC Center for Public Affairs Research found that just 35% of Americans described the national economy as good, down from 45% in September. The percentage calling their personal financial situation good – 64% – has barely budged in AP-NORC polling since before the pandemic.

And an AP-NORC poll this month found that a mere 37% of Americans approve of Biden's economic leadership, a sign that they're blaming him for overall economic conditions and not crediting him for their personal circumstances.

The White House view is that families recognize their own economic circumstances have improved, but there's this sense that everything else in society is not working. They point to the decrease in institutional trust and political polarization as a possible explanation for this trend.

Republicans have used inflation to hammer Biden, while West Virginia Sen. Joe Manchin, a Democrat in a GOP state, has refused to back the president's $2 trillion tax and social programs agenda because of inflation concerns, leaving the president trying to pass a scaled-down version.

Renewing positive public sentiment, the White House believes, could hinge on whether inflation eases.

The Federal Reserve expects that inflation rates will fall in the second half of this year as it raises interest rates, though inflation would still be above the Fed's 2% annual target. The White House is pinning its hopes on the idea that the direction of inflation tends to matter more to voters when prices are elevated, which suggests that Biden could benefit if prices stabilize and people put a greater emphasis on their own wellbeing.

The administration has noted that inflation is a global problem, though it also speaks to the blowback from an unprecedented amount of government aid to the US economy. Prominent economists such as Larry Summers, a former US treasury secretary, and Olivier Blanchard, former chief economist at the International Monetary Fund, warned early on that the coronavirus relief package was so large that it would fuel higher inflation.

And Summers said inflation could make it harder for Biden to achieve the rest of his agenda, a prediction that anticipated his recent legislative struggles.

The administration responded at the time that it was not dismissive of inflation, but was balancing the risks of higher inflation against a slow economic recovery from the pandemic.

"We constantly argued that the risks of doing too little are far greater than the risk of going big, providing families and businesses with the relief they need to finally put this virus behind us," Jared Bernstein, a White House economist, said at a February 2021 briefing. "This is risk management."

Shortly after the relief package became law, a Chicago Fed analysis in April suggested that inflation could run high if there were "resource pressures" - a statement that became prophetic as ships waited to dock, overseas factories shut because of the pandemic and demand outstripped the world's ability to supply goods.

The president signed an executive order on Feb. 24 to bolster supply chains, but it was aimed at implementing a longer term series of repairs rather than addressing immediate needs. Biden didn't mention inflation in his remarks. Prices at the time were increasing at an annual rate of just 1.7%. Yet Biden referred to an old story about how a single break in the supply chain could bring down an entire country.

President Joe Biden speaks during a news conference in the East Room of the White House in Washington, Wednesday, Jan 19, 2022. Biden ends his first year in office with a clear majority of Americans disapproving of his handling of the presidency in the face of an unrelenting pandemic and roaring inflation. That's according to a new poll from The Associated Press-NORC Center for Public Affairs Research. (AP)

Can we run our oil industry safely?

By Kamel Al-Harami
Independent Oil Analyst

THREE fire incidents in just one month in our refineries! And no lesson has been learned or to be learned!

What will happen to our credibility and accountability? Why is this not happening in any of our neighboring countries, considering that Saudi Arabia has more than ten refineries, and others have similar number of refineries or more?

About three months ago, we faced the problem of decline in the daily production of oil from our oil fields from 3.15 million barrels to 2.57 million. We still don't know if the decline has stopped or is continuing.

All this has been happening within a period of six months and without a single reaction from the government or any specific action being taken except for the formation of an investigation committee that reports to the board of Kuwait National Petroleum Company (KNPC) and then to Kuwait Petroleum Corporation (KPC).

Nobody has been held accountable for the incident yet, despite the fact that one of the reasons could be the failure to close the gas pipe or ensure it was fully closed in order to prevent any gas leakage to the area of the workplace. Simple safety procedures were not in place. We may have to wait for the detailed audit report of the insurance companies to find out the full reasons for the fire incident, rather than the three fire incidents that occurred at various sites belonging to KNPC.

Where do we go from here? How do we protect our bread-and-butter (our source of income) at a time when the world is demanding for more crude oil and we in Kuwait are unable to produce more oil to generate more cash for our country and close our budget deficit? What can we do? Does anybody care?

Al-Harami

There are many reasons behind the frequent incidents occurring in our oil industry. They include lack of experienced staff, and lack of sufficient knowledge about the work, but most importantly, the prevalence of favoritism and "parachute appointments" or interference by members of the parliament.

Another important reason is lack of foreign experience or contact with foreign companies specialized in oil. This could be the reason for the lack or less number of such accidents in our neighboring countries, as they have joint operations with international oil companies in both upstream and downstream sectors. Kuwait is the only oil country that doesn't have any association with foreign companies. Such association would contribute a lot to preventing such fire accidents or such decline in crude oil production.

Alas, none of our present or past oil executives dare to explicitly state the need of our oil sector for foreign help and assistance. Why? What are they afraid of? It is quite evident that none of the other oil producing countries have to face bad news in such a manner on an almost daily basis.

Can we improve and become leaders in the oil industry particularly in refining? Yes... But our oil business needs new firm leadership that can consistently stand against external interference in matters related to recruitments and promotions. It must push for bringing in experienced people with the necessary know-how from outside, or have foreign partners in the refining sector.

It is an optimistic and wishful thinking, but it is the sad reality.

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Airbus revokes Qatar Airways A321 jet order amid 'dispute'

DUBAI, Jan 22, (AP): European planemaker Airbus terminated a multibillion dollar order by Qatar Airways for 50 of its single-aisle in-demand A321neo jets.

The termination of the contract for the A321neo, confirmed by the planemaker to The Associated Press on Friday, comes as Airbus and one of its biggest customers, Qatar Airways, are embroiled in a legal dispute over the grounding of the larger twin-aisle A350 plane.

In December, Qatar's national carrier announced it was suing Airbus in London over what it described as the "accelerated surface degradation" of the wide-body A350. Qatar Airways said it had no choice but to ground a number of the jets, with 21 now out of operation.

The termination of the Airbus contract for its 321neos follows on the heels of Qatar Airways refusing to take any more A350s until the problem is fixed.

The state-owned airline will be relying on the long-haul A350 for the increased inflow of passengers to Qatar for the month-long FIFA 2022 World Cup, which will be played in the Arab Gulf state starting Nov. 21.