

US HOUSING CONSTRUCTION SLUMPED IN JULY

WASHINGTON: US homebuilding unexpectedly fell in July as the construction of multi-family houses tumbled to a 10-month low, but strong job growth is expected to continue to support the housing market recovery. Housing starts declined 4.8 percent to a seasonally adjusted annual rate of 1.16 million units, hurt also by a drop in groundbreaking on single-family projects, the Commerce Department said yesterday.

June's sales pace was revised down to 1.21 million units from the previously reported 1.22 million units. Building permits dropped 4.1 percent, with the multi-family segment recording a drop of 11.2 percent. Permits for single-family homes were unchanged. The report tempered hopes of a sharp rebound in homebuilding investment after it fell in the second quarter at its steepest pace in nearly seven years.

"Soft July starts following on June's solid reading is a disappointment as we had expected housing to pick up more robustly from a soft second quarter," said Andrew Labelle, an economist at Citigroup in New York. "Still, we are inclined to look through some of the pullback as it was concentrated in generally lower value and more volatile multi-family."

Housing subtracted 0.27 percentage point from second-quarter gross domestic product. Economists had forecast groundbreaking activity to be little changed at a rate of 1.22 million units in July. Homebuilding fell 5.6 percent on a year-on-year basis.

Housing starts are well below their historic average of 1.5 million, a rate realtors say would eliminate an acute shortage of houses on the market that has driven up prices. Completions fell 6.2 percent to 1.18 million-pace last month. The PHLX housing index was trading higher, in line with a broadly firmer US stock market. Shares in the nation's largest

homebuilder, D R Horton, were little changed as were those of Lennar Corp Pulte group shares gained 0.31 percent. The dollar strengthened against a basket of currencies and prices for US government bonds rose marginally.

Modest growth

A separate report yesterday from the Mortgage Bankers Association showed applications for home loans fell last week. Single-family homebuilding, which accounts for the largest share of the housing market, slipped 0.5 percent to a rate of 856,000 units last month. Single-family starts rose in the Northeast and South but fell in the West and Midwest.

"We expect residential investment to keep moving up over time, although we believe the pace of growth will be modest," said Daniel Silver, an economist at JPMorgan in New York. Despite strong demand for housing, which is being driven by a labor market that is near full employment, groundbreaking on single-family housing projects has slowed since racing to near a 9-1/2-year high in February.

Homebuilders continue to complain they cannot find skilled labor, especially framers, and that buildable lots remain in short supply. Builders also say the costs of their materials are rising. Prices for building materials were increasing even before the US government slapped anti-subsidy duties on imports of Canadian softwood lumber in April. A survey on Tuesday showed confidence among homebuilders increased in August amid rising demand for new houses. Last month, starts for the volatile multi-family housing segment tumbled 15.3 percent to a rate of 299,000 units. Groundbreaking for buildings with five units or more plunged 17.1 percent to its lowest



This Wednesday, March 1, 2017, photo, a forklift is parked in front of one of the houses under construction in a housing plan in Zelienople, Pa. Yesterday the Commerce Department reports on U.S. home construction in July. —AP

level since September 2016. Multi-family homebuilding is slowing as apartment buildings flood the market, leading to a rise in the rental vacancy rate this year. "The recovery in the multi-family sector may

have played out and the sector is in the process of consolidating and finding a sustainable level of activity," said John Ryding, chief economist at RDQ Economics in New York. — Reuters



In this Tuesday, March 24, 2015, file photo, a traveler walks past a sign advertising a Delta Air Lines credit card at Seattle-Tacoma International Airport in SeaTac, Washington. —AP

AIRLINES MAKE IT HARDER TO EARN FREE FLIGHTS FOR LOYALTY

DALLAS: Airline loyalty programs are losing much of their allure even for frequent flyers, and the rules for navigating the system have changed. Flying is no longer the best way to earn miles or points. The biggest bang for your buck comes from signing up for the right credit card.

And those come-ons from the airline to sell you miles? Ignore them unless you are very close to a qualifying for a big trip. Frequent-flyer programs get relatively little attention from Wall Street, and their financial importance to the airlines is not widely understood by travelers, who just hope to earn a free flight now and then.

Airline profits are subject to vagaries like the price of fuel, the actions of competitors on key routes, even the weather. Amid all that uncertainty, the airlines have found a reliable source of revenue in selling miles to banks, which then use the miles to persuade consumers to sign up for the cards and use them as much as possible.

"The bottom line is that the business of selling miles is a very profitable one and has proven historically to be far less cyclical than the core airline," Joseph DeNardi, a Stifel analyst who tracks airlines, said this month in a note to clients. The downside for airline customers is that the world is awash in frequent-flyer miles, and the airlines are constantly making each mile, or point, less valuable. Many trips don't earn as many miles or points as they once did, and the price for claiming a reward flight keeps going up. In many cases, availability of reward seats on flights has gotten worse.

"It is harder to use miles at the price that people are expecting to pay," says Gary Leff, who writes the View from the Wing travel blog. Even for frequent flyers like Leff, a once-cherished benefit of the miles - using them to upgrade to first class - has been diminished because airlines sell more of those upgrades for cash.

That doesn't mean travelers shouldn't sign up for the airline programs. After all, there is no charge for joining. It does require rethinking how to earn, keep and redeem miles. Many of the strategies revolve around credit cards.

● Watch credit card offers for bonuses. Banks often offer the biggest bang.

JPMorgan Chase shook up the sector last year with a 100,000-mile bonus for signing up for the Sapphire Reserve card, which came with a hefty annual fee.

● Even if you make purchases with another card, consider getting the card of the airline you usually fly to enjoy benefits such as priority boarding and free bag-checking, even on so-called basic economy tickets. If you check a bag a few times a year, you will more than offset the annual fee.

● To stretch your miles, redeem them to fly midweek. Brian Karimzad of MileCards.com says it takes an average 30,574 miles for a Tuesday flight but 41,332 for a Sunday trip.

● Don't let miles expire. On American Airlines, which runs the biggest frequent-flyer program, you don't have to fly, you just have to make a purchase within 18 months on partners that range from other airlines to restaurants and flower shops. Miles on Delta Air Lines and JetBlue Airways don't expire.

● Ignore your airline when it sends yet another email asking if you'd like to buy miles. The exception is when you are just a few miles short of earning a big trip, says John DiScala, who runs the JohnnyJet.com travel website.

● Use 'em while you've got 'em. The value of your miles won't go up.

Airlines often raise the number of miles needed for certain flights, with United Airlines being the most recent example. Airlines used to announce big mile-price increases once every several years but now make smaller hikes more frequently. "Either way you're going to pay more three years from now," says Karimzad. Over the past several years, American, Delta, United and Southwest have all linked rewards to how much customers spend, not how many miles or flights they take. That means frequent-flyer programs are a better deal now for people who buy expensive tickets, such as business class. The change has put an end to "mileage runs," the cheap but long flights that die-hards would take just to puff up their frequent-flyer accounts. "It has weeded out a lot of people who were gaming it - you can't blame the airlines for wanting to do that," DiScala says, "but it stings as a consumer."

DRAGHI WILL NOT DELIVER FRESH POLICY STEER AT JACKSON HOLE

ANALYSTS WONDER HOW ECB IS GOING TO RECALIBRATE GROWTH

FRANKFURT: European Central Bank President Mario Draghi will not deliver a new policy message at the US Federal Reserve's Jackson Hole conference, two sources familiar with the situation said, tempering expectations for the bank to start charting the course out of stimulus.

An ECB spokesman said that Draghi will focus on the theme of the symposium, fostering a dynamic global economy, in his Aug. 25 remarks, while the sources added that he was keen to hold off on the policy discussion until the autumn, as agreed at the last rate-setting meeting in July. Expectations for the speech had been building in recent weeks with investors pointing to next Friday's event as the likely kick off in the ECB's debate how to recalibrate monetary policy given solid growth, rapidly falling unemployment but persistently weak underlying inflation.

In 2014, the last time Draghi spoke at Jackson Hole, considered the world's top central banking get-together, he laid the foundations for the ECB's quantitative easing scheme, also fuelling

expectations for a major speech this year.

"Expectations that this will be a big monetary policy speech are wrong," one of the sources said. Another source said while the speech was initially seen as an ideal slot for a major address, Draghi told rate setters at the last policy meeting that he would honour the Governing Council's decision to hold off on the discussion until the autumn.

Draghi may have decided to skip the Jackson Hole opportunity as markets interpreted his speech at a similar conference in Sintra, Portugal very differently than the ECB hoped, sending markets on a rollercoaster and instilling an added sense of caution at the bank. Draghi then hoped to strike a balanced tone but noted that better growth would provide increased support to the economy, letting the ECB claw back its own stimulus to keep the overall level of accommodation broadly unchanged.

That was seen as a hawkish message, paving the way to reducing and then ending asset pur-

chases. The ECB's asset buys, aimed at reviving inflation, expire at the end of the year but policymakers from the 19-country currency bloc agreed last month to put off talks on the next steps for now, keeping their timetable intentionally vague and giving themselves a wide window between September and December to decide. Policymakers speaking to Reuters on condition of anonymity earlier said that October is the likely date for the most substantial decision given the incoming data schedule, particularly on wages.

The ECB's big dilemma is that while the euro zone economy has grown for 17th straight quarters and employment is rising faster than expected, wage growth remains anaemic, keeping a lid on consumer prices. Economists are now trying to figure out whether wages are showing an unexpectedly delayed response or whether wage setting dynamics may have fundamentally changed in the post-crisis, globalized economy. — Reuters

\$1BN TOWER LIFTS SAN FRANCISCO SKYLINE TO NEW HEIGHTS

SAN FRANCISCO: More than 60 stories above the ground, construction workers climb makeshift stairs and cross narrow steel planks to put the finishing touches on Salesforce Tower, now San Francisco's tallest building. The \$1.1 billion skyscraper has already changed the city's iconic skyline, towering over old favorites like Coit Tower and the Transamerica Pyramid. Unlike in New York and Chicago, the new 1,070-foot (326-meter) high-rise is a gargantuan presence in this liberal West Coast city.

Salesforce Tower and a massive adjoining transit center also embody a larger transition in San Francisco - one that pits the technology industry against the city's charming neighborhoods. Tech giant Salesforce.com, which provides online software for business, bought the naming rights to the 61-story steel and concrete building, adding to concerns that the tech economy is steamrolling through the city.

"All the tech and people the industry is bringing in - you can work two jobs and barely make a living for your rent and other costs," said Saul Ramirez, 25, who commutes over an hour daily to his San Francisco restaurant job from San Pablo after high rent pushed him from the city. Salesforce Tower is City Hall's golden child, but the edifice has had to defend itself from the start. Former mayor and US Sen. Dianne Feinstein has said she's annoyed the skyscraper soars far above the downtown height limits she pushed for in the 1970s and '80s.

Salesforce Tower is more than 200 feet (60 meters) taller than the Transamerica Pyramid, which previously was San Francisco's tallest building. "A lot of people think that the city's defining characteristics are the hills, the water and the blue skies," said John King, urban design critic for the San Francisco Chronicle. Salesforce will occupy more than half of the building's square footage, while consulting and investment powerhouses like Bain & Company, CBRE and Accenture will lease a portion of the remaining space. When the connecting Salesforce Transit Center opens, developers estimate the bus, train and promised high-speed rail station will serve 100,000 passengers on an average weekday.

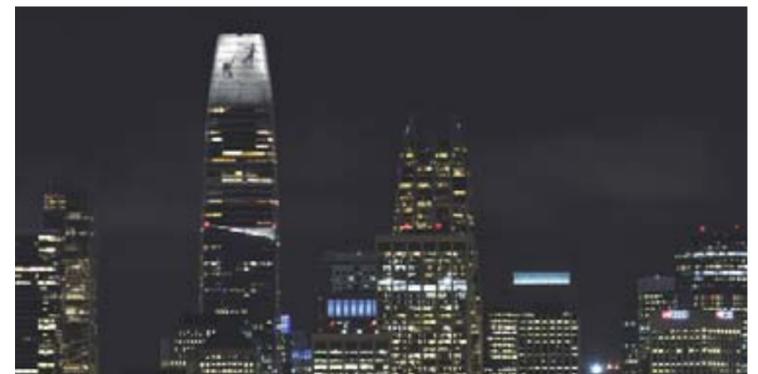
Skyline

"Cities evolve and change and grow everywhere in the world," said Boston Properties senior project manager Mirjam Link, noting the corporate high-rise will house up to 6,000 employees after construction wraps up in October. Fred Werner, lead instructor of the Architectural Foundation of San Francisco, said he loves both the city's natural landscape and its skyline. San Francisco still has many areas with strict height limits, and concentrating growth in urban centers is the best way to accommodate an influx of people, Werner said.

Kate Borden, a 17-year San Francisco resident, has become a fan as she's watched the tower go up from her apartment window. "It actually ends up reflecting the sunset, and I think it's really

beautiful," said Borden, 37. Salesforce Tower and Los Angeles' Wilshire Grand Center are competing for the title of "tallest building west of Chicago," a designation the Council on Tall Buildings and Urban Habitat has yet to award. The 1,100-foot (335-meter) Los Angeles high-rise wins by sheer height, but some argue its 295-foot (90-meter) decorative spire shouldn't count. The top of Salesforce Tower has generated

controversy of its own, with nine unoccupied floors set aside as canvas for LED artist Jim Campbell to display low-resolution images captured throughout the day by cameras placed around the city. The electronic art display will be like a "carnival in the sky," said San Francisco Planning Commissioner Kathrin Moore, who believes the art makes the high-rise look like a children's playground. —AP



SAN FRANCISCO: The outline of two dancers captured mid-motion is displayed on a nine-storey electronic art installation atop the \$1.1 billion under-construction Salesforce Tower. — AP

AUB MAKES DREAM COME TRUE WITH KD 250,000 GRAND PRIZE

KUWAIT: Ahli United Bank recently conducted its Al Hassad Islamic account weekly draw, Kuwait's leading sharia-compliant rewards program that offers a broad range of prizes to the largest number of winners. The account provides 26 weekly prizes that are comprised of KD 25,000 as a grand prize and 25 other prizes valued at KD 1,000 each. AUB also offers four quarterly prizes that are valued at KD 250,000 to each winner allowing them to achieve their dreams of travelling, studying abroad, or owning their dream home or car.

On this occasion Ahli United Bank announced, "With this draw, we are adding 26 new winners and prizes to the Al-Hassad Islamic account whereby, the total number of winners annually will include more than 1300.

The weekly grand prize winner of KD 25,000 — Ahmed Ali Hussain.

25 other winners won prizes of KD 1,000 and are as follows: Amal Abdullaheem Bahbahaneh, Khalil Ali Haji, Manal Khalaf, Wamiyah M H Al Ajmi, Altaf Faisal Al-Senafi, Ali Abdullaheem Al-Bader, Anwar Mohammad Zaid, Layla Mubarak Al-Wazan, Hussain Mahmood Abdulla, Suhail Ahmed Amanullah, Saleemah Marzouq Al-Dhafaeri,

Ali Mohd Kayed, Mirza Jaleel Ahmad, Hedayah Hadian Salamah, Ebrahim Y M H Al-Failakawi, Raed Jassem Rashed, Mohammad Sajed Ibrahim, Abdurhman Bader Al-Wadi, Abdullaheem A Yousef, Ahmed Ali Al-Hawalah, A Nabi Ismaeel Ali, Abdulla Saleh Janahi, Mohammed Saeed, Mohamed A Jalil Ebrahim, A Hussain Omran Ahmad.

Ahli United Bank added, "There are increased opportunities that await our current customers and those who are interested in opening an Al-Hassad Islamic account to benefit from the wide range of prizes and opportunities offered this year." Al-Hassad Islamic account's customers in Kuwait and Bahrain are eligible to participate in the draw in line with the program's terms and conditions.

Individual customers can open their accounts with a minimum deposit of KD 100, qualifying them to enter the draw. For every KD 50 deposited in the account, customers are given one chance to enter the quarterly draw. They must have held the minimum deposit requirement for at least two weeks prior to the draw date. The more deposits made, the higher the chances of winning on a weekly basis.



In this Tuesday, Aug 15, 2017 photo taken from video, locals exit a shopping arcade during an island-wide power blackout. Taiwan's economy minister has resigned after a generator failure at a power plant caused a massive blackout that affected millions of households across the island during sweltering heat. —AP