

Business

Buffett craves more Apple shares, eyes buybacks

OMAHA, Neb: Billionaire Warren Buffett has been buying a boatload of Apple Inc shares and on Saturday suggested he would buy even more shares at the right price. At Berkshire Hathaway Inc's annual shareholder meeting, Buffett credited Apple with developing "extremely sticky" products to which consumers become attached and endorsed Apple's decision to buy back its own stock, saying it was the technology company's most productive use of cash.

"We would love to see Apple go down in price," Buffett said. Berkshire is now Apple's third largest shareholder, behind Vanguard Group and BlackRock Inc. "I'm delighted to see them repurchasing shares," Buffett said, just two days after he revealed having bought 75 million additional Apple shares, and four days after Apple said it may repurchase \$100 billion of stock. At the end of 2017, Berkshire had owned 165.3 million shares.

"I love the idea of having our 5 percent, or whatever it is, maybe grow to 6 or 7 percent without our laying out a dime." And Buffett described it as a mistake that he never thought Alphabet Inc's Google and Amazon.com Inc made sense as investments for Berkshire.

Buffett, 87, and his longtime partner and fellow billionaire Charlie Munger, 94, also took pointed questions on China, Wells Fargo & Co, guns, healthcare and their investment choices from shareholders, journalists and analysts at the more-than-six-hour meeting in Omaha, Nebraska. The questions also elicited views on politics from the "Oracle of Omaha" and Munger. Buffett said it was unlikely that the United States

and China would come to loggerheads on trade and believed the countries would avoid doing "something extremely foolish." "The United States and China are going to be the two superpowers of the world, economically and in other ways, for a long, long, long time," Buffett said, and that any tensions should not jeopardize the win-win benefits from trade. "It is just too big and too obvious ... that the benefits are huge and the world is dependent on it in a major way for its progress, that two intelligent countries (would) do something extremely foolish," he said. "We both may do things that are mildly foolish from time to time."

The Trump administration has drawn a hard line in trade talks with Beijing, demanding a \$200 billion cut in the Chinese trade surplus with the United States, sharply lower tariffs and advanced technology subsidies, people familiar with the talks said on Friday.

Buffett suggested US President Donald Trump should be an "educator-in-chief" on the invisible benefits of trade. Munger, meanwhile, answered a question on steel tariffs imposed by the White House by acknowledging that US producers are hurting. "Even Donald Trump can be right on some of this stuff," he said. Asked why Buffett was willing to do business with gun makers, he retorted, "I do not believe in imposing my political opinions on the activities of our businesses."

The billionaire investor said US corporate tax cuts were good for shareholders but cautioned that the long-term effects of economic choices could be hard to gauge. And Buffett predicted "bad endings" for cryptocurrencies, such as bit-

coin, and said long-term US government bonds were a terrible investment because inflation would consume their returns.

Cardinal sin

Buffett defended Wells Fargo and its chief executive, Tim Sloan, when asked when Berkshire would ditch the bank, one of its largest common stock holdings. Many shareholders applauded the question. Buffett said the bank had committed the "cardinal sin" of incentivizing employees into "kind of crazy conduct." US regulators imposed \$1 billion of fines last month over lending abuses. But he maintained that the bank was not "inferior," as an investment or morally, to its main rivals.

Berkshire owned \$25.2 billion of Wells Fargo stock as of March 31, down 14 percent from year end as a series of scandals weighed on the bank's reputation. Wells Fargo investors last week gave strong backing to the bank's directors and executives on Tuesday, indicating confidence in its overhauled leadership to rebound. Buffett addressed his alliance with another banker, JPMorgan Chase & Co's Jamie Dimon, and Amazon's Jeff Bezos to tackle healthcare. Buffett said US healthcare costs are a tapeworm on the economy, and he said the venture partners expect to name a chief executive within a couple months.

Cash stockpile

Buffett faces a challenge investing Berkshire's more than \$108 billion of cash and equivalents, including for acquisitions, saying his "phone is not ringing off the hook with good deals." Shortly before the meeting, Berkshire ended its more than year-long stretch of falling operating profit, while a new accounting rule caused the conglomerate chaired by Warren Buffett to suffer an overall net loss. Buffett said the net results were not repre-



OMAHA: Berkshire Hathaway shareholders attend the company's annual meeting at CenturyLink Center Omaha.

sentative of the business. The accounting change required Berkshire to report unrealized losses in its equity portfolio, which totaled \$170.5 billion at year end, regardless of whether it planned to sell those stocks. Berkshire's net loss was \$1.4 billion, compared with profit of \$4.06 billion a year earlier. But operating profit, which excludes investment and derivative gains and losses, rose 49 percent to a record \$5.29 billion, or about \$3.215 per Class A share, higher than the \$3.116 per share analysts had expected, according to Thomson Reuters I/B/E/S.

Giddy shareholders

Shareholders have been enthusiastic about

Berkshire, which sent out slightly more tickets to this year's extravaganza than in 2015, when an estimated 42,000 celebrated Buffett's 50th year at the helm. An even larger audience likely watched online via Yahoo Finance.

Outside the convention center, Berkshire shareholders lined up for prime seats in the middle of the night. William Robertson, a Scotland native who fights fires and does forestry work in Switzerland, said he lined up at 11:30 p.m. Friday, 7-1/2 hours before doors opened. This year's meeting is his third. "It gets me first place in the queue. I think when people go to so much effort it shows Warren how important he is for us," Robertson said. — Reuters

As debate rages, UK still weeks away from customs decision

LONDON: Britain is still weeks away from making a decision on its future customs arrangements with the European Union, a minister said yesterday, adding fuel to a debate that is all but stalling talks in Brussels and politics at home. After local elections last week when Prime Minister Theresa May's Conservative Party did better than many expected, how to solve Britain's new border with the EU when it leaves the bloc is increasingly a headache for her team.

May, dependent on the support of a small Northern Irish party for a majority in parliament, is under pressure from Brexit campaigners to drop what some say is her preferred option of a customs partnership to keep trade flowing freely.

Yesterday, her business minister, Greg Clark, again made the case for that partnership, saying the option had not been rejected but that ministers were working on it and another high-tech option to try to reduce any new friction at the border.

Both options have been dismissed by EU negotiators. "I've never been so clear-eyed in my life about this. I do feel very strongly, for this reason. It is absolutely right that we should be leaving the customs union ... but what we replace it with is of huge importance," he told the BBC, denying he left a crunch meeting on customs teary-eyed last week. Clark, who used the example of car maker Toyota which relies on components crossing borders to manufacture cars in Britain, said businesses needed the certainty of what happens next, but warned that it could take some time not only to make a decision, but also to implement it once it had been agreed upon. "As part of the work over the next few weeks I think it would be a mistake to move from one situation and to another and to a third," he said, arguing that ministers could improve the two options while admitting they both have drawbacks.

"Whichever option is chosen it will take some time to have them put in place and available." His message was supported by some businesses, with Adam Marshall, director general of the British Chambers of Commerce, saying that whatever the deal, the government must be driven by "practical considerations" rather than ideology.

Waiting

Britain's future customs arrangements at it leaves the bloc in March next year is fast

becoming the main flashpoint in the Brexit debate, important because some fear it could usher in a return to a hard border between British-ruled Northern Ireland and the Irish Republic, possibly reigniting sectarian violence. The main opposition Labor Party says it can overcome that problem by backing a new customs union if in power, something their finance policy chief, John McDonnell, said would offer the closest possible relationship with the EU's single market.

But May has vowed to leave the customs union so Britain can negotiate its own free trade deals, and again tried to appease Brexit campaigners by repeating her pledges in the Sun yesterday newspaper. "And underpinning all of this action is my absolute determination to make a success of Brexit, by leaving the single market and customs union and building a new relationship with the EU partners that takes back control of our borders, our laws and our money," she wrote.

Arlene Foster, the leader of the Democratic Unionist Party which props up May's Conservatives in parliament, said she was having regular conversations with the government on its progress on agreeing on a single customs proposal. "What we need to find out from the cabinet, the government, what is the preferred way forward," she told the BBC. "And once we have that then we will know further how we reach that preferred way forward." — Reuters

talks said. "My group just got back from China. We're going to have to rework China because that's been a one-way street for decades," Trump said at an event in Cleveland on Saturday. "We can't go on that way," he said, although he also said he has a lot respect for Chinese President Xi Jinping. Trump earlier this week praised his relationship with Xi but there were no signs of significant progress at the talks on Thursday and Friday, raising fears of a trade war between the world's two largest economies.

China's top diplomat, Yang Jiechi, and US Secretary of State Mike Pompeo on Saturday discussed bilateral ties by phone, with Yang saying relations were at "an important stage", according to the Chinese foreign ministry. It was unclear if the call came after, or was a response to, the White House statement - or if the two had even discussed the issue of how Taiwan, Hong Kong and Macau are referred to by US companies. According to a Chinese foreign ministry statement late on Saturday, Yang told Pompeo the two countries should strengthen exchanges, maintain close communication over economic and trade issues and respect each other's "core interests and major concerns". China and the United States should "properly settle disputes and sensitive issues", keep up communication and coordination on major international and regional issues and "push bilateral relations forward along the right track", Yang said.

Tariff threats

Trump has already proposed tariffs on \$50 billion of Chinese goods which could go into effect next month. China has said its own retaliatory tariffs on US goods, including soybeans and aircraft, will go into effect if the US duties are imposed. It has also requested that Washington treat Chinese investment equally under national security reviews and stop issuing new restrictions on Chinese investment.

The dispute over how airlines refer to Hong Kong, Taiwan and Macau is another area of tension in US-China relations. A spokesman for United Airlines, American Airlines and other major carriers, said on Saturday it was working with the US government to determine "next steps" in the dispute.

In January, Delta Air Lines, following a demand from China over listing Taiwan and Tibet as countries on its website, apologized for making "an inadvertent error with no business or political intention," and said it had taken steps to resolve the issue. Also in January, China suspended Marriott International Inc's Chinese website for a week to punish the world's biggest hotel chain for listing Tibet, Taiwan, Hong Kong and Macau as separate countries in a customer questionnaire. — Reuters

China state media see positives in trade talks with US

BEIJING: Chinese state media struck an optimistic note on trade talks between Chinese and US officials after US President Donald Trump threatened to impose tariffs on up to \$150 billion in Chinese goods over allegations of intellectual property theft.

The English-language China Daily saw a "positive development" in the two days of talks in an agreement to establish a mechanism to keep the dialogue open, despite "big differences", as part of an effort to resolve trade disputes. The newspaper said the biggest achievement was "the constructive agreement between Beijing and Washington to keep discussing contentious trade issues, instead of continuing the two-way barrage of tariffs, which pretty much brought the two countries to the brink of a trade war". The People's Daily said the talks "laid solid foundation for further talks on trade and economic cooperation, and for ultimately achieving benefits (to both countries) and win-win results". China's state-run Xinhua news agency described the talks as "constructive, candid and efficient" but with disagreements that remain "relatively big".

People familiar with the talks said on Friday the Trump administration had drawn a hard line, demanding a \$200 billion cut in the Chinese trade surplus with the United States, sharply lower tariffs and advanced technology subsidies. The lengthy list of demands was presented to Beijing before the start of talks on Thursday and Friday to try to avert a damaging trade war between the world's two largest economies.

A White House statement issued on Friday said the US delegation, led by Treasury Secretary Steven Mnuchin, "held frank discussions with Chinese officials on rebalancing the United States-China bilateral economic relationship, improving China's protection of intellectual property, and identifying policies that unfairly enforce technology transfers".

The statement gave no indication that Trump would back off on his threat to impose tariffs. Capital Economics, a private economic research consultancy based in London, said in a research note that demands made by the United States were so "unrealistically high" that an agreement was unlikely this week. — Reuters

US slams China for 'Orwellian nonsense' over airline websites

WASHINGTON: The White House on Saturday sharply criticized China's efforts to force foreign airlines to change how they refer to Taiwan, Hong Kong and Macau, labeling China's latest effort to police language describing the politically sensitive territories as "Orwellian nonsense." Amid an escalating fight over China's trade surplus with the United States, the White House said China's Civil Aviation Administration sent a letter to 36 foreign air carriers, including a number of U.S. carriers, demanding changes. The carriers were told to remove references on their websites or in other material that suggests Taiwan, Hong Kong and Macau are part of countries independent from China, U.S. and airline officials said.

The White House said in a statement that President Donald Trump "will stand up for Americans resisting efforts by the Chinese Communist Party to impose Chinese political correctness on American companies and citizens." "This is Orwellian nonsense and part of a growing trend by the Chinese Communist Party to impose its political views on American citizens and private companies. ... We call on China to stop threatening and coercing American carriers and citizens." Taiwan is China's most sensitive territorial issue. Beijing considers the self-ruled, democratic island a wayward province. Hong Kong and Macau are former European colonies that are now part of China but run largely autonomously.

Yesterday, China's foreign ministry responded to the White House comments, saying that overseas companies operating in China should respect its sovereignty and territorial integrity, follow Chinese law and "respect the national feelings of the Chinese people".

"No matter what the United States says, it cannot change the objective fact that there is only one China in the world and that Hong Kong, Macau and Taiwan are indivisible parts of Chinese territory," spokesman Geng Shuang said in a statement on the ministry website.

The White House's sharp criticism follows contentious trade talks between senior U.S. and Chinese officials last week. The Trump administration demanded a \$200 billion cut in China's trade surplus with the United States by 2020, sharply lower tariffs and a halt to subsidies for advanced technology, people familiar with the

National Bank of Kuwait		البنك الوطني						
Financial Markets		NBK						
Daily Report								
At 02:00 PM Previous Day								
Global Stock Indices								
Index	Previous Close	Last Price	Change	Daily Performance %	Yearly Performance %			
Dow Jones	23,930.15	24,262.51	332.36	▲	1.39	-1.85		
NASDAQ	7,088.15	7,209.62	121.47	▲	1.71	4.44		
S&P 500	2,629.73	2,663.42	33.69	▲	1.28	-0.38		
Financial Times	7,502.69	7,567.14	64.45	▲	0.86	-1.57		
DAX	12,690.15	12,819.60	129.45	▲	1.02	-0.76		
CAC 40	5,501.66	5,516.05	14.39	▲	0.26	3.83		
Swiss	8,842.29	8,903.83	61.54	▲	0.70	-5.10		
Nikkei 225	22,508.03	22,472.78	-35.25	▼	-0.16	-1.28		
Topix	1,774.18	1,771.52	-2.66	▼	-0.15	-2.53		
Hang Seng	30,313.37	29,926.50	-386.87	▼	-1.28	0.02		
Straits Times	3,575.68	3,545.38	-30.30	▼	-0.85	4.19		
MENA Stock Indices								
Index	Previous Close	Last Price	Change	Daily Performance %	Yearly Performance %			
Kuwait	6,602.51	6,633.44	29.93	▲	0.45	2.96		
Saudi Arabia	8,107.47	8,149.83	42.36	▲	0.52	12.19		
Dubai	2,947.99	2,972.41	24.42	▲	0.83	-12.52		
Abu Dhabi	4,556.82	4,560.38	3.56	▲	0.08	3.60		
Bahrain	1,263.50	1,275.79	12.30	▲	0.97	-5.12		
Qatar	8,805.76	8,908.03	102.27	▲	1.16	3.31		
Oman	4,725.63	4,718.48	-7.15	▼	-0.15	-7.33		
Lebanon	1,131.34	1,131.34	0.00	-	0.00	-1.50		
Jordan	2,167.16	2,159.74	-7.42	▼	-0.34	1.90		
Egypt	17,832.86	17,845.71	12.85	▲	0.07	18.73		
Morocco	12,989.48	13,038.74	49.26	▲	0.38	5.25		
Tunisia	7,127.90	7,143.55	15.65	▲	0.22	13.47		
Global Currencies Exchange Rate								
Currency	Kuwaiti Dinar	Saudi Riyal	US Dollar	Euro	Sterling Pound	Swiss Franc	Japanese Yen	Australian Dollar
Kuwaiti Dinar		12.3305	3.3020	2.7604	2.4389	3.3010	360.28	4.3746
Saudi Riyal	0.08110		0.2678	0.2239	0.1978	0.2677	29.22	0.3548
US Dollar	0.30285	3.7343		0.8360	0.7386	0.9997	109.11	1.3249
Euro	0.36227	4.4670	1.1962		0.8843	1.1964	130.53	1.5865
Sterling Pound	0.41003	5.0559	1.3539	1.1308		1.3533	147.69	1.7954
Swiss Franc	0.30294	3.7354	1.0003	0.8358	0.7389		109.06	1.3253
Japanese Yen	0.00278	0.0342	0.0092	0.0077	0.0068	0.0092		0.0121
Australian Dollar	0.22859	2.8186	0.7548	0.6303	0.5570	0.7546	82.36	
MENA Currencies Exchange Rate								
Currency	US Dollar	Kuwaiti Dinar	Saudi Riyal	Bahraini Dinar	Qatari Riyal	Omani Riyal	Emirates Dirham	Egyptian Pound
US Dollar		0.30285	3.7343	0.3741	3.6270	0.3834	3.6572	17.6300
Kuwaiti Dinar	3.3020		12.3305	1.2353	11.9762	1.2661	12.0759	58.2136
Saudi Riyal	0.2678	0.08110		0.1002	0.9713	0.1027	0.9794	4.7211
Bahraini Dinar	2.6731	0.80954	9.9821		9.6953	1.0249	9.7760	47.1264
Qatari Riyal	0.2757	0.08350	1.0296	0.1031		0.1057	1.0083	4.8608
Omani Riyal	2.6080	0.78984	9.7392	0.9757	9.4594		9.5381	45.9797
Emirates Dirham	0.2734	0.08281	1.0211	0.1023	0.9917	0.1048		4.8206
Egyptian Pound	0.0567	0.01718	0.2118	0.0212	0.2057	0.0217	0.2074	
Global Interest Rates								
Currency	1-Week	1-Month	3-Month	6-Month	1-Year			
Kuwaiti Dinar	1.25	1.75	2.00	2.19	2.44			
US Dollar	1.75	1.92	2.36	2.52	2.77			
Euro	-0.42	-0.40	-0.35	-0.31	-0.24			
Sterling Pound	0.48	0.50	0.67	0.77	0.94			
Swiss Franc	-0.79	-0.78	-0.72	-0.64	-0.51			
Australian Dollar	1.64	1.85	1.82	1.83	1.89			
Japanese Yen	-0.04	-0.04	-0.03	0.03	0.12			
Global Bond Yields								
Country	2-Year	5-Year	10-Year	30-Year				
United States	2.50	2.79	2.95	3.12				
Europe	-0.57	-0.09	0.54	1.23				
United Kingdom	0.77	1.10	1.40	1.82				
Commodities								
Index	Previous Close	Last Price	Change	Daily Performance %	Yearly Performance %			
Kuwait Oil	69.86	70.29	0.43	▲	0.62	9.15		
Brent	75.76	75.74	-0.02	▼	-0.03	11.46		
West Texas	69.76	69.66	-0.10	▼	-0.14	13.33		
Gold	1314.65	1314.65	0.00	-	0.00	0.92		
Silver	16.49	16.49	0.00	-	0.00	-2.81		