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TOKYO: Passengers check in at the Delta Air Lines counter at Narita international airport in Narita, east of Tokyo, yesterday. More than 1,000 people spent the night at the Narita airport because of a computer shutdown that halted Delta Air Lines flights worldwide. — AP

DELTA CANCELS 300 FLIGHTS AFTER OUTAGE

AIRLINE SEEKS FORGIVENESS WITH REFUNDS, VOUCHERS

DALLAS: Delta's travails, and those of its customers, move into day two with the airline canceling of another 300 flights. The disruptions yesterday follow about 1,000 cancelled flights Monday and, according to FlightStats, about 2,800 delayed flights, after an outage at Delta's Atlanta headquarters instigated a global meltdown of its booking and communications systems.

The airline was back online after a number of hours Monday, but the outages were so widespread that it is still dealing with the ripple effects a day later. FlightStats, a flight tracking services, puts delayed flights Tuesday at close to 600, and cancelled flights closer to 330. More than 1,000 people spent the night at Narita airport outside Tokyo because of the shutdown and, while flights were resuming yesterday, Delta spokeswoman Hiroko Okada said more delays are expected. Delta also extended to yesterday travel waivers issued to the stranded.

Apology

The airline posted a video apology by CEO Ed Bastian. And it offered refunds and \$200 in travel vouchers to people whose flights were canceled or delayed at least three hours. Delta's chal-

lenge will be to find enough seats on planes during the busy summer vacation season to accommodate the tens of thousands of passengers whose flights were scrubbed. Airlines have been putting more people in each plane, so when a system of a major carrier crashes, as has happened with others before Delta, finding a new seat for the waylaid becomes more difficult.

Last month, the average Delta flight was 87 percent full. Confusion among passengers Monday was compounded as Delta's flight-status updates crashed as well. Instead of staying home or poolside at a hotel until the troubles blew over, many passengers only learned about the quagmire only after they passed through airport security.

They were stuck. The disruption was so deeply rooted Monday that at one point, the airline warned travelers that information on its website, its app, and even given by its own employees in airports, may be outdated.

"By the time I showed up at the gate the employees were already disgruntled, and it was really difficult to get anybody to speak to me or get any information," said Ashley Roache, whose flight from Lexington, Kentucky, to New York's LaGuardia Airport

was delayed. "The company could have done a better job of explaining ... what was happening."

Investigation

Delta spokesman Trebor Banstetter said that after the power outage, key systems and network equipment did not switch over to backups. The investigation of the outage is ongoing, but Banstetter said that there is no indication that the problems were caused by a hack or intentional breach of the system.

Georgia Power, which controls the system where the outage began, said it appears that a failure of Delta equipment caused the airline's power disruption. No other customers lost power, a spokesman said. Delta Air Lines Inc. is the third-largest in the world by number of passengers carried, with 138.8 million travelers last year, according to industry group IATA, but it ranks just behind American Airlines and Southwest Airlines.

Airlines depend on huge, overlapping and complicated systems to operate flights, ticketing, boarding, airport kiosks, websites and mobile phone apps. Even brief outages can now snarl traffic and, as the Delta incident shows, those problems can go

global in seconds. Last month, Southwest Airlines canceled more than 2,000 flights over four days after an outage that it blamed on a faulty network router. United Airlines suffered a series of massive IT meltdowns after combining its technology systems with those of merger partner Continental Airlines.

Lines for British Airways at some airports have grown longer as the carrier updates its systems. Delta employees were forced into something of a time machine as they did their best to get people to where they were going. Agents at many airports were using pen and paper to create boarding passes. In Tokyo, a dot-matrix printer was resurrected to keep track of passengers on a flight to Shanghai.

Some passengers said they were shocked that computer glitches could cause such turmoil. Others took it in stride. Ryan Shannon, another passenger on the Lexington-to-New York flight, said passengers boarded, were asked to exit, waited about 90 minutes and then got back on the plane. Once Delta cleared flights to take off, "we boarded and didn't have any problems. There is always a delay, or weather, or something. I travel weekly, so I'm used to it," Shannon said.—AP

US PRODUCTIVITY FALLS FOR THIRD QUARTER IN A ROW

WASHINGTON: US nonfarm productivity unexpectedly fell in the second quarter, pointing to sustained weakness that could raise concerns about corporate profits and companies' ability to maintain their recent robust pace of hiring.

The Labor Department said yesterday that productivity, which measures hourly output per worker, dropped at a 0.5 percent annual rate in the April-June period. It was the third consecutive quarterly decline. "The reason the economy has still been able to expand is because of labor input. Firms are hiring people at a reasonably healthy rate," said Joseph LaVorgna, chief economist at Deutsche Bank Securities in New York.

"However, we do not believe this can last, because strong hiring in the face of weak productivity necessarily implies a further deterioration in corporate profit margins."

Productivity fell at an unrevised 0.6 percent rate in the first quarter. Economists polled by Reuters had forecast productivity rising at a 0.4 percent rate in the second quarter.

The US dollar weakened to session lows against the yen after the data. US stock futures and prices of US Treasuries were largely unchanged. Productivity decreased at a 0.4 percent rate compared to the second quarter of 2015, the fastest year-on-year pace of decline in three years. Revisions to data going back to 2013 also confirmed the softening productivity trend, which over time would suggest pressure on corporate profits and a slowdown in job gains.

Strong employment gains have helped to raise output. Nonfarm payrolls increased by more than 500,000 jobs in June and July.

SLUGGISH CORPORATE PROFITS

Corporate profits have been sluggish, in part as companies deal with the lagging impact of a strong dollar and lower oil prices. After-tax profits rebounded at an 8.1 percent rate in the first quarter after declining 5.3 percent in 2015. Corporate profits data for the second quarter will be published later this month. Output per worker in the second quarter increased at a 1.2 percent rate, up from the 0.7 percent

pace notched in the January-March period.

The government reported last month that gross domestic product rose at a 1.2 percent annual rate in the second quarter following a 0.8 percent rise in the first quarter. Some economists have attributed the weak productivity to the changing industry mix, which has seen a shift from manufacturing and energy toward services. Others have questioned whether it is being accurately measured.

Productivity has increased at an annual rate of less than 1.0 percent in each of the last five years, suggesting the economy's potential rate of growth has declined.

Unit labor costs, the price of labor per single unit of output, increased at a 2.0 percent pace in the second quarter. First-quarter unit labor costs were revised to show a 0.2 percent rate of decrease, instead of the previously reported 4.5 percent increase. Second-quarter unit labor costs rose at a 2.1 percent rate compared to the same period of 2015.

Hourly compensation per hour rose at a 1.5 percent rate in the second quarter after falling at a 0.8 percent pace in the prior quarter. — Reuters

QATAR SNAPS 3-DAY WINNING STREAK, SAUDI FIRMS WITH OIL

MIDEAST STOCK MARKETS

DUBAI: Qatar's stock market index ended a three-day winning streak yesterday as local investors booked profits while Saudi Arabia's index rose, helped by firmer oil prices. Doha's index, which had climbed as much as 0.7 percent earlier in the day, slipped in the final hour of trade to close 0.02 percent lower. It hit a nine-month closing high on Monday.

Shares on the MSCI emerging market index turned south, with Islamic lender Masraf Al-Rayan dropping 2.1 percent and Qatar Islamic Bank falling 2.6 percent. Sebastian Henin, head of asset management at Abu Dhabi's The National Investor, said passive inflows from emerging market funds had driven up prices over the last several weeks and traders might choose to book profits at current levels, keeping the market locked in a narrow trading range in the short term.

In Abu Dhabi the index edged down 0.3 percent as some shares on MSCI's emerging market index retreated. First Gulf Bank dropped 1.3 percent. Dubai's index held onto gains and added 0.3 percent, boosted by advances in blue chips. Emaar Properties rose 0.9 percent and Dubai Investments climbed 1.4 percent.

Shuaa Capital gained 3.1 percent in its highest volumes in two months on news the Nasdaq Dubai exchange will open an equity futures market next month. The market will trade single-stock futures on the shares of some of the United Arab Emirates' biggest companies, with Shuaa provid-

ing market-making services. This could expand the firm's revenues.

SAUDI ARABIA, EGYPT

Petrochemical shares pulled Saudi Arabia's index up 1 percent after Brent oil futures climbed back above \$45 a barrel. Saudi Basic Industries gained 3.1 percent. Banking shares also fared well, with Samba Financial Group advancing 2.4 percent.

In Egypt, the main index retreated 0.9 percent, dropping below a 13-month high hit on Monday as non-Egyptian investors sold, bourse data showed. Losers outnumbered gainers 16 to 12 with Palm Hills Development dropping 3.4 percent after it posted second-quarter net profit of 64 million Egyptian pounds (\$7.2 million), an 85 percent drop from a year earlier. The company said the main reason for the fall was a change in revenue recognition on its income statements.

Analysts at Naeem Brokerage said in a note that although profit fell short of their expectation of 119 million pounds for the April-June period, they remained positive on the stock with a "buy" rating.

"PHDC's performance at the top line seems resilient, as the company continues to capitalize on underlying growth in demand from the Egyptian real estate market," Naeem said. Real estate investment firm Porto Group jumped 10.7 percent in heavy trade and telecom conglomerate Orascom Telecom Media and Technology bounced 6.9 percent. — Reuters