

## Business

# Few trade war jitters as Macau's casinos boom

## In a single week, city rakes in more revenue than Las Vegas makes in a month

**MACAU, China:** The trade war may have sent ripples of uncertainty through the world's second-largest economy but one corner of China has so far remained steadfastly buoyant—the gambling enclave of Macau. The city's fortunes depend almost solely on its gambling industry, which in a single week rakes in more gaming revenue than Las Vegas makes in a month.

The trade tensions between Washington and Beijing—and the general slowing down of China's economy—has hit businesses hard across the region. But in the past few weeks Macau's four casino giants—SJM, Sands China, Galaxy Entertainment and Wynn—have all reported a bumper year of gaming revenues and profits. Chen Jinjun, a 46-year-old car garage owner from eastern Zhejiang province, says he has little interest in seeing much of the former Portuguese colony during his five day visit with friends.

"I mainly come for playing at the casinos, not sightseeing," he tells AFP, saying he expects to drop around 50,000 yuan (\$7,450). "Apart from food and hotel, the rest will all be for gambling. And if I win some money, then I'll buy some luxuries like handbags and clothes." Players like Chen are the oil that keep Macau's economic engine ticking—even in the midst of a trade war. "The Macau market actually had a very good 2018," Grant Govertson, an expert on the industry at Union Gaming said.

"The good news... is that the mass-market segment continues to exhibit solid growth and is the market segment that drives operating profits for the industry."

### VIPs and high rollers

There was once a time when the casino giants paid little attention to the mass-market players like Chen. Instead

they hungrily courted the VIPs and high rollers to fill their coffers. But a widespread corruption crackdown by Chinese President Xi Jinping saw a dramatic decline in VIP fortunes from 2014 as wealthy mainland gamblers—many of them officials with suitcases of illicit cash—tried to avoid attracting attention. The VIP market has returned in the past two years although analysts noted a drying up in the latter half of 2018 as the trade war bit.

But the mass-market gamblers keep coming and up until January Macau reported 29 consecutive months of gaming revenue growth.

That contraction in January suggests Macau is far from invulnerable to the trade war, especially if the conflict deepens. Ben Lee, a managing partner at IGamiX, a gaming consultancy in Macau, said casinos in the city may have hit "the peak of this current cycle".

All eyes, he said, will be focused on whether the US and China can find a way to avoid a new round of tariffs in their ongoing trade talks.

"If the second tier of tariffs come in that will increase the magnitude of impact on the industry, particularly in the VIP segment," he said. Govertson was more optimistic. "We still maintain a somewhat bullish outlook and expect the market to grow in the mid-single digits, which includes high single-digit mass growth and flatish VIP," he said.

### Record visitors

Partly in response to the jitters caused by the corruption crackdown, Macau's authorities have tried to make the city less exclusively reliant on the gambling sector, pushing it instead as a food and family tourism destination. The drive appears to have paid off in terms of visitor numbers.

The semi-autonomous city of just 620,000 people said



**MACAU:** In this photo, visitors use slot machines in a casino in Macau. The trade war may have sent ripples of uncertainty through the world's second-largest economy but one corner of China has so far remained steadfastly buoyant — the gambling enclave of Macau. —AFP

35.8 million people visited in 2018, a 10 percent jump on the year before, fuelled in part by the opening of a massive sea bridge linking Macau to the nearby cities of Zhuhai and Hong Kong.

The figures show Macau is still overwhelmingly reliant on visitors from Hong Kong and the mainland who made up 32.6 million arrivals. Chen, a 40-year-old wine business owner from Hubei province, is one of those gamblers who has ventured beyond the casinos during his stay in Macau.

"I went to see the ruins of St Paul's cathedral, the usual tourist attractions," he told AFP as he took photos in a

square outside the Venetian casino, a huge complex owned by US billionaire Sheldon Adelson's Sands Corporation that features an artificial canal complete with gondolas.

He said he tends to visit twice a year, spending around 30,000 yuan each time. "For gambling I've visited several of the casinos to try my luck. I won a bit of money and bought myself new shoes and clothes," he added.

But Xiao, a 40-year-old restaurant owner from nearby Guangzhou, was less fortunate. "I've lost more than 30,000 yuan," she said as she left the Wynn casino. "I want to go home now." —AFP

## Ghana bets on rejuvenated railways for growth

**ACCRA:** As Ghana's urban landscape gently slides by the train window, Shaibu Amoah swells with pride. The 37-year-old has been helping to renovate railway lines in Accra since June, clearing debris and shovelling ballast in the hot sun. When the short line from Accra to the port of Tema finally reopened in January, Amoah was on the first public run.

"I am feeling proud of my work because I am helping my country to move ahead," he told AFP as the train eased out of the capital.

The head of the Ghana Railway Development Authority, Richard Diedong Dombo, said the transport sector was crucial for the country's development, pointing to railways as historic "engines of growth".

President Nana Akufo-Addo established the railways development ministry in 2017 to restore existing lines dating back to British colonial rule—and build new ones.

Ghana's railway network comprises three lines with some branch extensions, totalling 940 kilometers (584 miles) of track. Only about a sixth of this is actually in use, and much of the rolling stock is out of date or in disrepair. Even though the section between Tema and Accra has been renovated, the 30-kilometre (18-mile) trip takes an hour and a half.

But under a 2013 "Master Plan," the country aims to have 4,000 kilometers (2,500 miles) of track by 2048. It would

connect Accra with Sekondi-Takoradi in the southwest to the central city of Kumasi, and to Tamale in the north, and link Tema to Burkina Faso. Ghana's northern neighbor—a 1,200-kilometre endeavor in itself.

The total cost is estimated at about \$21.5 billion (19 billion euros). That's a big ask for any country, let alone a developing country in sub-Saharan Africa, and the authorities say they are cautiously taking a phased approach in the project, based on funding.

Diedong said "a mixed bag" of financing, including local sources, was helping with rehabilitation work, but foreign firms were likelier to build new lines, which are far more costly. No contracts have been awarded for new lines, but China and Chinese companies seem more interested in investing in infrastructure in Ghana than those in the West, he said.

### Economic transformation

In December, Akufo-Addo termed neglect of the railway infrastructure one of Ghana's "greatest tragedies" since independence in 1957.

The Accra-Tema line was shut down in 2017 following a derailment. With service now restored, carriages painted in the national colors of red, yellow and green rolled along the renovated line, though people squatted close to the tracks and onlookers did a double-take as the train passed.

The line connects diverse communities that comprise Ghana's capital, passing shanty towns and glitzy apartment blocks, new suburbs, a polo club and mosque, vegetable gardens, the expanding port and the seafloor. Each train can carry 600 people at a cost of just five cedis (90 US cents, 80 euro cents) one way.



**ACCRA:** A staff member and passengers ride on Ghana's railway system on the first train reconnecting Accra to Tema, 25 kilometers east of the capital city. —AFP

Grace Amihere, 38, a hostess on the line, remembers taking trains when she was younger.

"People will patronize it because it's less costly," she forecast. "The view is nice, the buildings... You can see the sea when you get to the harbor. It's quite interesting."

Dombo said that in the past, the railways had become a "dead sector." Infrastructure had been neglected because railways were previously part of the transport ministry, whose budget failed to cover maintenance or building new lines, he said.

### Worries

Train driver supervisor Kofi Asare, 52, is a more-than 20-year veteran of Ghana's railways. While he was pleased with the renewed focus on railways, he was concerned about whether the sup-

port would be sustained.

In his long experience, he said, he had seen an "off and on" approach to the railways—during "off" periods, this often meant months without pay. "It's a matter of sustainability—they have done it, so are they going to continue to maintain it?" he asked.

"Railways are cash-strapped ... so if the government does not come to our aid we will be struggling in five or 10 years" once more, he said. Asare remembered a well-managed rail sector as he grew up in Ghana and said that was the case until about 2002, when maintenance faltered. He and others who have dedicated their working lives to the railways are now just hoping for the best. "We are still putting our faith high, our hope and expectations. We are expecting things will go well," he said. —AFP

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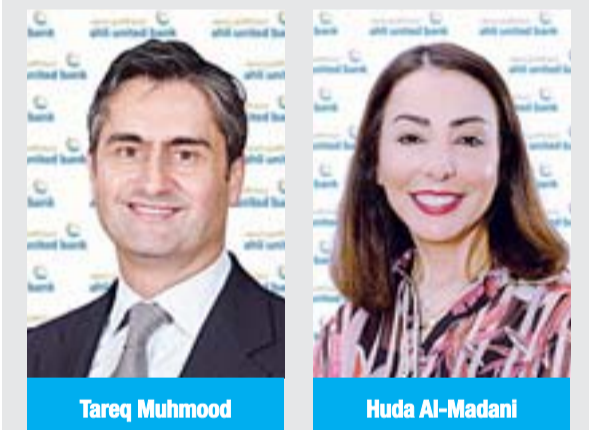
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## AUB announces launch of new mobile app



Tareq Muhmood

Huda Al-Madani

**KUWAIT:** Ahli United Bank announces the release of its updated mobile banking application with enhanced services and a refreshed interface. New features include the ability to register directly through the application, integration with biometric features available on modern smart phones, an updated currency converter and the ability to manage your beneficiaries for bill payment and transfers. Ahli United Bank customers already enjoy international and local transfers, bill payment for utility and mobile providers, the ability to do donations to charities, viewing balances of their cards and accounts in addition to a convenient branch and ATM locator.

Speaking on this occasion, AUB Acting Chief Executive Officer, Tareq Muhmood said: "We are committed to our customers and this major upgrade includes changes and enhancements based on the excellent feedback of our customers. This upgrade is one in a series of improvements across all of our digital channels as part of our comprehensive digital focus. Our customers increasingly rely on their mobile devices and we continue to improve and innovate in this key area."

Muhmood emphasized that Ahli United Bank "is keen to capitalize on technology to best serve our customers and offer them a secure, safe and convenient banking experience which has been the hallmark of the organization since its inception."

Commenting on the launching of the new service, AUB General Manager Digital Transformation Huda Al-Madani said: "We are committed to innovation across the entire organization in order to improve our customer's experiences. The effective use of technology can provide enhanced security and reliability while providing banking features across different platforms, devices and interfaces. In addition to development of channels and services, we also actively engage with our service partners to evaluate emerging technologies in order to enhance our customer experience."

Al-Madani added: "this upgrade includes the implementation of a new platform allowing us to develop and release new services allowing our customers to bank at their convenience through their smart phones."



### WALL STREET WEEK AHEAD

## Housing shares dependent on economy easing but not falling

**NEW YORK:** The pace of US economic growth may prove to be critical for shares of homebuilders, which have climbed sharply as spring approaches. An easing economy that allows for lower interest rates supports an optimistic outlook for the industry, investors say, but any hints of a sustained downturn could sink shares.

So far this year, the PHLX Housing Index has jumped 16.3 percent, versus a 9 percent advance for the benchmark S&P 500. Housing shares tend to rise from late fall to early spring, in anticipation of the busiest selling season of the year for homebuilders. Since 2002, the PHLX Housing Index has averaged a 7.1 percent rise between the end of October and the end of April, versus a 3.8 percent drop outside of that period.

This year's run-up is pronounced given the sharp tumble US stocks took in the fourth quarter of 2018. The PHLX Housing Index fell 15.7 percent, even more than the S&P 500's 14 percent decline. The seasonal trend in homebuild-

ing shares has been resilient even in the face of dismal data that showed US housing starts dropped to their lowest level in two years.

Yet a survey from the National Association of Home Builders showed that homebuilder confidence increased in February, and the latest housing starts data released by the Commerce Department on Friday showed that homebuilding increased more than expected in January. Along with a positive outlook for the US economy as a whole, those data support a sustained climb in homebuilding shares, some investors say.

"The risk-reward ratio for housing still looks good, as long as employment and household formation remain strong," said Eric Marshall, portfolio manager at Hodges Capital in Dallas. Elevated home prices have been one of the biggest hurdles for the industry, both investors and analysts say. Rising mortgage rates, which climbed past 5 percent last fall, exacerbated concerns about affordability.

But mortgage rates have since eased in tandem with Treasury yields as the Federal Reserve has indicated it will pause interest-rate hikes and inflation has remained benign. US 30-year mortgage rates are tied to the benchmark 10-year Treasury yield. "We have had a revival in housing because rates have declined," said Gary Shilling, president of the investment research firm A. Gary Shilling & Co. in Springfield, New Jersey.

Home prices have also moderated, with the S&P/Case-Shiller index showing prices increasing in December by the smallest percentage since November 2014. The 2017 US fed-