

Business

Stocks rally as US set to avoid debt default

Dollar down against main rivals; oil prices dropped

LONDON: European and Asian stock markets rallied yesterday, with the United States set to avoid defaulting on its debt, at least temporarily. The dollar was down against main rivals ahead of key US jobs data due today. Oil prices dropped on profit-taking after recent strong gains. "After a recovery in US markets last night that points towards a solid open for Wall Street, European markets are firmly on the up," noted Chris Beauchamp, chief market analyst at IG trading group.

US senators neared agreement to stave off a catastrophic credit default after Democrats said they were close to accepting an offer from the Republicans to raise the debt limit for two months. The deal would represent the first breakthrough in a partisan staring match that risked leaving the United States unable to service its debt after the estimated deadline of October 18, which would have shattered the US economy and led to a global recession.

A decision by US President Joe Biden and Chinese counterpart Xi Jinping to hold a virtual meeting also provided a much-needed boost to trading floors that have been starved of good news. Economies have battled a string of problems in recent weeks, including surging inflation, an expected beginning of reduction in economic stimulus and a growing energy crisis.

But with just days to go before the United States runs out of cash, top Senate Republican Mitch McConnell proposed a truce, meaning Democrats can vote to hike the debt ceiling allowing the government to pay its bills until De-

ember. Democrats indicated their support for the move, which would mean avoiding missing US repayment obligations that many experts and top officials including Biden and Treasury Secretary Janet Yellen had warned would tip the economy into recession and cause another financial crisis.

The offer removed an increasingly dark cloud hanging over markets and sent Wall Street's three main indexes jumping out of a slumber to close Wednesday in positive territory. And Asia picked up the baton yesterday with Hong Kong—which has been battered this year by China's tech clampdown, security concerns and the China Evergrande crisis—up more than three percent as bargain-buyers moved in. Tokyo also rose, having fallen for eight straight days.

London, Frankfurt and Paris were up more than one percent in European afternoon deals. Concerns about an energy crunch were also eased slightly after the US Energy Secretary Jennifer Granholm suggested unlocking some of the country's vast crude reserves to keep a lid on prices, which this week hit seven-year highs. The cost of a barrel of oil has roared higher as the global economy reopens from Covid-19 lockdowns, while the approaching northern hemisphere winter has led to the price of natural gas doubling from last month.

The run-up in the energy market has ramped up fears that inflation—already surging owing to the global recovery and supply bottlenecks—will continue to spike higher, forcing



BAYONNE: A cargo ship moves under the Bayonne Bridge as it heads out to the ocean in Bayonne, New Jersey. Global supply chain disruptions have continued to affect the US economy. —AFP

central banks to wind in their ultra-loose monetary policies earlier than envisaged to prevent prices running out of control. All eyes are on the Federal Reserve, which has signaled it will

begin tapering its bond-buying program before the end of the year, bringing an end to the easy money that has helped drive the global equity and economic rebound. — AFP

Iraq, UAE sign deal on 5 solar electricity plants

BAGHDAD: Power-short Iraq inked an agreement on Wednesday for the UAE to build five solar electricity plants with a total capacity of 1,000 megawatts (MW). Prime Minister Mustafa Al-Kadhemi presided over the signing in Baghdad with renewable energy company Masdar, which is based in Abu Dhabi, the United Arab Emirates capital. Iraq is rich in oil but its dilapidated grid battles daily blackouts. Iraqi authorities aim to sign several similar accords by 2023 to add 7,500 MW to its grid, a senior oil and energy ministry official told AFP.

Last month, Iraq signed a multi-billion-dollar contract with France's TotalEnergies on projects including the construction of a 1,000-MW solar plant to supply the southern region of Basra. Iraq is the second-largest producer in the Organization of the Petroleum Exporting Countries (OPEC), and crude accounts for more than 90 percent of Baghdad's revenues. But the country faces a severe energy crisis and chronic power cuts that feed social discontent.

Decades of conflict, poor maintenance and rampant corruption have battered Iraq's energy sector. It currently produces 16,000 megawatts of electricity, far short of the estimated 24,000-MW needs of its fast-growing population which the UN says is expected to double by 2050. Iraq has grown dependent on gas and electricity imports from neighboring Iran, under exemptions to US sanctions on Tehran. —AFP

Twitter sells app advert platform MoPub for \$1 bn

SAN FRANCISCO: Twitter said Wednesday it has made a deal to sell app advertising specialty firm MoPub for a little more than a billion dollars in cash. Money from the sale of MoPub to Silicon Valley-based AppLovin Corporation is to be put into building revenue-generating features at Twitter and promoting growth at the one-to-many broadcasting platform. "The sale of MoPub is all about increased focus, redirecting our resources and delivering faster growth in a number of key areas," Twitter revenue product lead Bruce Falck said in a release.

AppLovin is a mobile technology company that provides services for developers to publish, improve and make money from apps. As part of Twitter, MoPub generated approximately \$188 million in revenue last year, according to the companies. Twitter chief Jack Dorsey has made a priority of rolling out new features at a fast clip, with the aim of increasing revenue and the amount of time people spend on the platform.

MoPub's sale "demonstrates confidence in our revenue product roadmap," Dorsey said in a release. Twitter has a goal of at least doubling total annual revenue from \$3.7 bil-

lion last year to \$7.5 billion this year, according to chief financial officer Ned Segal. The site last month began allowing high-profile users to get tips in bitcoin, as the network steps up its wooing of the content creators essential to drawing crowds online. Platforms such as TikTok, Instagram and YouTube have built their popularity among young people in large part because of these social media stars.

Attracting and keeping creators and their audiences has therefore become crucial for the tech companies battling to attract an audience - and advertising profits. "We want Twitter to be the best place for creators to have conversations with their fans, and to monetize their audience," product lead Esther Crawford told reporters in a briefing. Twitter has been testing a tipping option that is being rolled out worldwide to Apple device-specific versions of its app, with bitcoin as a currency option. The network is also working on a system to offer verification of NFTs - non-fungible tokens - that are at the heart of a digital collecting boom.

Sales of NFTs - virtual images of anything from popular internet memes to original artwork - have swept the art world, with some fetching millions of dollars at major auction houses. Twitter said it is ramping up tools for users to keep exchanges on the platform civil, or avoid wading into unexpectedly contentious online conversations. Possible options include improving tools for filtering out comments considered offensive, and giving people a "heads up" prompt when they join a potentially heated conversation on the platform. — AFP