

Business

SUNDAY, NOVEMBER 29, 2020

Economic headwinds await Biden

US sectors boom amid rising unemployment, consumer skepticism

WASHINGTON: The Dow has hit a record high and parts of the US economy are growing, but analysts and government data warn of a worsening employment and spending situation in the final months before President-elect Joe Biden takes office.

Data from the Commerce and Labor departments released showed new filings for jobless claims rising significantly last week, while personal incomes decreased and spending moderated in October, raising fears that employers and consumers are feeling the toll from rising Covid-19 cases and dwindling government aid. The data's release came one day after the Dow Jones Industrial Average crossed the symbolic 30,000-point high for the first time, a record President Donald Trump called "sacred" and touted as a product of his administration's efforts to advance coronavirus vaccines.

Other data released were comparatively positive, showing new home sales remaining strong in October and durable goods orders performing better than expected due to rising demand for defense aircraft and parts. With Trump in his final weeks in office before Biden takes over following a contentious election, analysts warn that whatever economic momentum the economy has may have petered out by the time the president-elect enters the White House.

"We are expecting a small positive but the stage is set for first quarter contraction given the absence of additional fiscal stimulus and threat of untenable surge in cases and hospitalizations," Diane Swonk of Grant Thornton said on Twitter.

'Wrong direction'

The rise in seasonally adjusted weekly jobless claims to 778,000, as reported by the Labor Department in the week ended November 21, was the second consecutive weekly increase, and came

as another 311,675 people, not seasonally adjusted, filed under a program for workers not normally eligible.

The United States has not seen two back-to-back weeks of rising claims since July. And the level still remains above the worst single week of the 2008-2010 global financial crisis, indicating the enduring power of the world's largest COVID-19 outbreak to disrupt business. "Weekly unemployment insurance claims are moving in the wrong direction," Robert Frick of Navy Federal Credit Union said.

Consumers and businesses had been buoyed by the \$2.2 trillion CARES Act passed earlier this year. It expanded unemployment payments and offered loans and grants to small businesses.

But much of those programs expired in recent months, and Democrats and Republicans in Washington have been deadlocked on passing another stimulus measure to aid the recovery. Commerce Department data showed signs of consumers struggling in October after the CARES Act aid and a separate program approved by Trump expired, sending personal incomes falling by 0.7 percent, more than expected. Personal consumption expenditures slowed, growing just 0.5 percent, though that was slightly better than analysts' forecast, and the savings rate fell a full point to 13.6 percent.

Rubeela Farooqi of High Frequency Economics warned of a further collapse in both income and savings as the year draws to a close, when programs assisting the long-term unemployed and gig workers expire. "The outlook is dimming as the lift from fiscal support to incomes and savings fades further at year end, when federal unemployment insurance programs expire," she wrote in an analysis.

Goods and sales

However, homebuyers have managed to stay in the market amid the downturn, pushing real estate



COMMERCE: Shoppers walk outside Citadel Outlet shopping mall in Commerce, California. — Reuters

sales and construction up thanks to the Federal Reserve's slashing of its key lending rate to zero as the pandemic began. The Commerce Department reported that trend continuing in October, with new home sales at a seasonally adjusted annualized rate of 999,000, slightly less than in September but way above the previous year.

Durable goods came in above expectations last month, Commerce said, with orders for big-ticket items such as industrial equipment and automobiles up 1.3 percent to \$240.8 billion, fueled by a 79.1 percent jump in orders for defense aircraft and parts. The department also released a revised estimate of third-quarter GDP growth at 33.1 percent annual-

ized, following the historic 31.4 percent annualized contraction in the second quarter. Amid the spending deadlock in Washington, policymakers may indeed be betting on the approval of one of several vaccine candidates to turn business conditions around, but Gregory Daco of Oxford Economics warned the economy was in for some tough times before that happens. "What the economy needs is a heavy dose of realism to go along with a splash of vaccine optimism," he said.

"While the 2021 spring and summer will no doubt be brighter once the US reaches herd immunity via a broad-based diffusion of a Covid-19 vaccine, the economic situation today is distressing." — AFP

Ooredoo Kuwait named 'Best Loyalty and Rewards Program'

KUWAIT: Ooredoo Telecom, the first to introduce innovative digital services in Kuwait, has been awarded the "Best Loyalty and Rewards Program" at the 14th edition of Telecom Review Leaders' Summit, the ICT industry's biggest and first hybrid event in the Middle East, held November 18, 2020.

Ooredoo Kuwait was honored for its efforts and commitment to recognizing and rewarding customers, as well as connecting them with various international and national brands they love. Nojoom Rewards Program stands out due to its consistent growth, unique offerings, exclusive rewards, and exceptional experiences

and benefits to customers. Nojoom is Ooredoo's loyalty program and the biggest and only one of its kind in Kuwait by a telecom operator.

"Our mission is to be a one-stop-shop provider, and Nojoom Rewards Program offers customers with different tastes and preferences a wide range of choices of brands. This prestigious award is a reflection of a tribute to the hard work of all involved, and we are delighted at Ooredoo Kuwait to be recognized for our leadership and commitment to raising the bar of rewarding our valued customers and honoring their individuality," said Abdulaziz Al-Babtain, Chief Executive Officer - Ooredoo Kuwait.



KUWAIT: (From left), Mijbil Al-Ayoub, Teppan Tripathy, Abdulaziz Al-Babtain and Fadi Qa'war

Nojoom - Kuwait's Largest loyalty program allows its users who are Ooredoo customers to earn points by spending with Ooredoo and Nojoom Earn partners which can be redeemed to enjoy the best offers and exclusive benefits. Joining Nojoom is as simple

as downloading the MyOoredoo app from the App Store or Google Play. The Telecom Review Leaders' Summit is among the largest C-level industry gatherings, bringing together the leaders of the ICT industry and governments from around the world.

UK's sole hydrogen car maker bets on green revolution

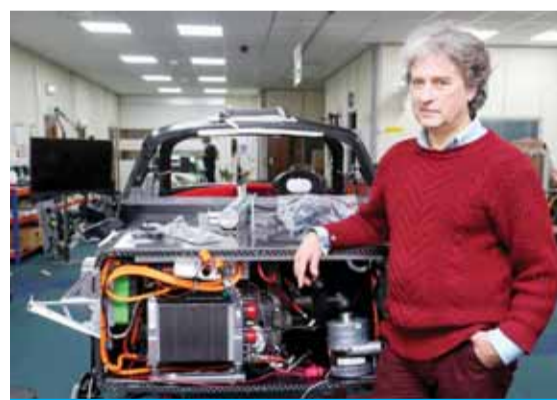
BERGAVENTNY, United Kingdom: Hydrogen-powered car manufacturer Riversimple is hoping to steal a march on competitors ahead of Britain's promised "green revolution" that would see petrol-powered cars banned within 10 years. While conventional battery-powered electric cars may be a few miles ahead in the zero-emission vehicle race, the company is betting that nascent hydrogen technology will fuel the cars of the future.

South Korea's Hyundai claims to be the current world leader, selling 5,000 units of its Nexa model in 2019, followed by the Toyota Mirai. Their sales are dwarfed by those of battery powered cars, of which there are now around five million on the world's roads.

Riversimple is only an ambitious upstart compared with the Asian automotive giants, but is currently the only British manufacturer in the sector with its flagship model, the Rasa. Founder Hugo Spowers is keen to take on the big boys with his self-designed model, whose name derives from the Latin 'tabula rasa', or clean slate. Starting from scratch will give him an advantage, he hopes, over manufacturing giants that are focussed on adapting petrol-driven models to run on hydrogen fuel.

He also believes hydrogen has a clear advantage over electric batteries because it offers a much greater range. "A short-range car can be brilliant running on batteries, and we need them and there's a role for them," he said.

"But if you want the sort of range to which we've become accustomed, of 300 miles (482 kilometers) or more, hydrogen is head and shoulders ahead in terms of the overall efficiency," he added. Rasa will begin advanced testing over the next few months, with paying customers including Monmouthshire District Council in south Wales, which has approved



Hugo Spowers, chief engineer and founder of Riversimple, poses for a photograph with one of his company's hydrogen powered 'Rasa' cars in at his factory in Llandrindod Wells in central Wales. — AFP

a hydrogen refueling station in the town of Abergavenny. It is the only such site in the region, but recharging takes only a few minutes, compared with several hours for an electric battery.

Hire-purchase

The cars turn hydrogen and oxygen into electricity and water, offering the advantages of electric cars—sharp acceleration, torque and quiet operation—with no pollutants emitted.

Their environmental footprint is still a problem however, with the hydrogen mainly sourced from CO2-emitting natural gas. As electricity is increasingly made from renewable sources, there is hope this could be used to create hydrogen from water via electrolysis. Another problem is the vehicle's cost.

Riversimple is trying to resolve that via a hire-purchase scheme that includes maintenance and fuel costs. The vehicle would still belong to Riversimple, giving it a stake in sustainability. "You pay for it monthly by direct debit and everything's all under one umbrella, which I think is fantastic," Jane Pratt, a member of Monmouthshire County Council, said. "This is a much more sustainable method of having a car," she added. — AFP

Mixed retailer optimism on 'Black Friday'

NEW YORK: The coronavirus is clouding "Black Friday" much as it has overshadowed 2020 in general, but some leading experts still expect strong overall sales even as shopping patterns are altered.

The more bullish case for the holiday shopping season cites robust demand for bigger-ticket items such as home improvement projects, new computers and home fitness machines as more people work from home and e-commerce grabs an ever-increasing share of the overall market.

Malls were open for business as usual on Friday, but there were early indications that the day-after-Thanksgiving crowds were more sparse this year as more consumers opt for e-commerce or for curbside pickup options because of the virus. Most individual retailers say there is still too much uncertainty to project fourth-quarter sales, but the National Retail Federation offered a fairly upbeat outlook, saying shoppers "are willing to spend on gifts that lift the spirits of family and friends after such a challenging year." The NRF projects a 2020 jump of between 3.6 percent and 5.2 percent in overall holiday sales compared with the year-ago season.

The trade group points to optimism over Covid-19 vaccines and says many consumers have available cash from an appreciating stock market, a strong housing market and disposable income that would otherwise have gone to travel and entertainment.

But this outlook may understate the impact from elevated unemployment levels in the United States, exacerbated by Washington's inability to produce another round of fiscal support for struggling families. An even bigger source of uncertainty is the coronavirus itself, which has been spreading quickly in much of the country, spurring fresh restrictions in some cities and dampening the holiday mood overall. — AFP

Brexit talks kick off in London as clock ticks down

LONDON: European Union chief negotiator Michel Barnier resumed make-or-break Brexit talks with British counterpart David Frost in London yesterday with the clock ticking for a deal on future trading arrangements. It is the first time they have met face-to-face since Barnier went into self-isolation after a member of his team caught coronavirus. A failure to reach an agreement would see Britain and the EU trading on World Trade Organization terms, with tariffs immediately imposed on goods travelling to and from the continent.

Britain has been largely trading on the same terms with the EU since it officially left the bloc in January as part of a transition agreement that expires at the end of the year. As it stands, it will leave Europe's trade and customs area in five weeks with talks on a follow-on agreement stalled over fishing rights and fair trade rules. Both parties warned on Friday that success was not guaranteed, with Barnier tweeting that the "same significant divergences persist". "We are not far from the take it or leave it moment," he later told ambassadors from member states, according to a European source familiar with the closed-door meeting. Prime Minister Boris Johnson's lead negotiator Frost said that people were "asking me why we are still talking," he tweeted.

"My answer is that it's my job to do my utmost to see if the conditions for a deal exist. It is late but a deal is still possible, and I will continue to talk until it's clear that it isn't."

A no-deal scenario is widely expected to cause economic chaos, with customs checks required at borders. Concern is particularly acute on the border between EU member Ireland and the British province of Northern Ireland, where the sudden imposition of a hard border threatens the delicate peace secured by 1999's Good Friday Agreement. Johnson spoke with Irish Prime Minister Micheal Martin late Friday and "underlined his commitment to reaching a deal that respects the sovereignty of the UK". But he also "reaffirmed the need to prioritize the Good Friday Agreement and avoid a hard border on the island of Ireland," according to a summary of the call released by London.

Johnson earlier told reporters the "likelihood of a deal is very much determined by our friends and partners in the EU", adding there were "substantial and important differences to be bridged." A key sticking point is the EU's demand for a post-Brexit "level playing field", with punishing trade penalties if either side diverges from agreed standards or state aid regulations, but Britain does not want to be bound by rules made in Brussels. Britain's fishing waters are also a hot topic, with sources on Friday saying that Barnier told envoys that London was asking that European access to them be cut by 80 percent, while the EU was willing to accept 15 to 18 percent. — AFP