

Business

US loan delinquencies creep up amid high debt loads: Report

Credit card balances in April-June quarter surge

WASHINGTON: US households have continued to take on more debt, in part to deal with soaring prices, a report showed Tuesday, while cases of borrowers unable to pay loans are creeping up in a troubling sign of things to come. Facing the biggest surge in inflation in more than four decades, which is squeezing families trying to make ends meet, the New York Federal Reserve Bank's latest report shows credit card balances in the April-June quarter surged by the most in 20 years.

Total household debt posted a two percent increase in the latest three months, and is now \$2 trillion more than the pre-pandemic level, the report showed. While family finances remain in good shape for now—helped by government aid and the ban on foreclosures—researchers caution that the era of historically low delinquencies is coming to an end, especially among those with lower credit scores known as “subprime borrowers.”

“The second quarter of 2022 showed robust increases in mortgage, auto loan, and credit card balances, driven in part by rising prices,” said Joelle Scally, of the New York Fed's Center for Microeconomic Data. “While household balance

sheets overall appear to be in a strong position, we are seeing rising delinquencies among subprime and low-income borrowers with rates approaching pre-pandemic levels.”

Delinquency rates remain low and an increase is to be expected as the moratoria on foreclosures end, but the report warns that data point to potential trouble ahead for communities that “are experiencing the economy differently.”

“We are seeing a hint of the return of the delinquency and hardship patterns we saw prior to the pandemic,” New York Fed researchers said in a blog post. Total household debt rose \$312 billion in the quarter to \$16.15 trillion, and the biggest component—mortgages—jumped \$207 billion to just under \$11.4 trillion, the report said. However, the amount of new home loans fell, amid rising lending rates.

Credit card balances (up \$46 billion) and auto loans (up \$33 billion to \$1.5 trillion) were impacted by rising prices, the report said.

Meanwhile, student loans, which still benefit from pandemic forbearance programs, were essentially flat at \$1.6 trillion. —AFP



OAKLAND: In this file photo taken on April 06, 2011, foreclosure signs sit on the porch of a foreclosed home in Oakland, California. US households have continued to take on more debt, in part to deal with soaring prices, a report showed on August 2, 2022. — AFP

Huawei MateBook X Pro: The elegant, flagship laptop

KUWAIT: Current laptop designs are reliable, absolutely, but do they fully match up to the needs of global consumers? Laptops are central to the way we work and, increasingly, to the way we conduct our private lives, yet current offerings fail to take account of the growing appetite for choice and innovation. Ultimately, it is the ability to respond to current consumer trends and to break away from the standard mould which makes Huawei's new MateBook X Pro so notable. Huawei has demonstrated a refreshing ability to move towards an authentic, and even original, brand identity.

This sleek and stylish laptop is a gamechanger that is why it was dubbed the Ultimate elegant high-performance flagship laptop. It features a 3.1K Huawei Real ColourFullView Display in a unique new body and the robust performance of the Evo™ certified 12th Gen Intel Core processor in addition to the futuristic Super Device features.

A display like no other

You experience the laptop primarily through its display. Huawei MateBook X Pro 14.2-inch OLED Huawei Real ColourFullView Display with 3.1K resolution is stunning in every sense of the word. It makes everything look a whole lot better and smoother with a high refresh rate of 90Hz. You can even count on this laptop for tasks that require the highest levels of color accuracy, like photo and video editing. The display is also super comfortable. In the Premium Edition, it uses a magnetically-controlled Nano Optical AR Layer to reduce reflections for greater clarity, even in bright environments. Also, it has received TUV Rheinland low

blue light (Hardware Solution) certification for its innovative luminous material that reduces the amount of blue light that is harmful to your eyes.

With its skin-soothing metallic body and unique matte surface offering a comfortable grip, Huawei MateBook X Pro sets a new standard for laptop aesthetics. The Premium Edition of the Huawei MateBook X Pro's body is made of lightweight and durable magnesium alloy, which has undergone a Micro-arc Oxidation Coating process. This makes the laptop body durable, wear-resistant and environmentally friendly.

A huge leap in performance

It only gets better when you look under the hood. Powering it is the powerful 12th Gen Intel Core processor that is configurable up to Core i7-1260P. This new generation of processors has taken performance to the next level with an innovative hybrid architecture that gives you the best performance at maximum efficiency. Moreover, you can switch to the 30W Performance Mode when you need the extra boost by pressing the Fn + P key. This mode allows you to smoothly run multiple complex tasks at the same time. The Intel Iris Xe graphics card provides outstanding graphics processing performance, making complex graphics processing effortless and smooth. The laptop comes with 16 GB LPDDR5 5200 MHz dual-channel high-speed memory and supports up to 1 TB NVMe PCIe SSD.

In addition, the upgraded Super Turbo technology facilitates in-depth optimization at the system level for a quicker and smoother response. This contributes to a better experience, especially in video conferencing and heavy office scenarios.

Super device - One feature to rule them all

The Huawei MateBook X Pro take multi-device collaboration to a whole new level, thanks to Super Device features, bringing super productivity with a cohesive multi-device experience. It lets you effortlessly connect to other Huawei devices near-



by and collaborate between them all. Simply place your Huawei FreeBuds Pro 2, mouse, keyboard, speakers and printers close to the Huawei MateBook X Pro, and the laptop will automatically discover them and provide a prompt for quick and easy pairing.

In addition, with smartphones like the newly launched Huawei Mate Xs 2 and tablets like the new Huawei MatePad Pro, it is even more useful. Once you have wirelessly connected your phone, you will see its UI (User Interface) appear on your laptop screen, so you can operate it as if your smartphone and laptop are one device. You can access and edit your files, use and manage up to three phone app windows simultaneously, take video or audio calls from your phone through your MateBook, and even use your mouse and keyboard to control your smartphone. Moreover, your tablet can be transformed into a drawing pad or second screen, with documents, images and more seamlessly shared between the two. The Huawei MateBook X Pro can also connect to a Huawei MateView monitor, so you can see your work on an even larger screen.

Gas bills to double for millions of German households

BERLIN: German households are bracing for bigger-than-usual bills this winter as energy companies pass on the cost of gas, which has soared since the Russian invasion of Ukraine. The invoice for a typical household could double from October 1, German group RheinEnergie warned in a statement on Monday, the first major provider to give a

detailed estimate.

The company supplies approximately 2.5 million people with energy in the region around the city of Cologne, in western Germany. “An increase of almost 450 percent in the procurement cost for natural gas” over the past year was behind the punishing increase, RheinEnergie said.

The “market deteriorated significantly again with the start of the Russian war of aggression against Ukraine”, which further sent up the price, RheinEnergie said. A two-person household, with an average gas consumption of 10,000 kilowatt-hours annually, would see their bill jump from around €960 (\$980) a year ago to €2,002, the company said. Germany has been highly reliant on

supplies of Russian gas to meet its energy demands, but Moscow has slowly dwindled supplies since the start of the war. The threat that Russia could cut deliveries completely has raised the possibility of shortages over the winter and brought Germany closer to rationing supplies.

Officials in Berlin have mandated the filling of gas storage tankers before the winter and moved to allow under-pressure energy companies to pass on ballooning costs. The step, which will come into force in the autumn, could add “a few hundred euros” to household bills, Economy Minister Robert Habeck has said. That surcharge was however “not included” in the increase announced by RheinEnergie, the group said. —AFP

Nintendo Q1 net profit jumps thanks to weak yen

TOKYO: Nintendo said Wednesday its first-quarter net profit jumped 28 percent on-year, mainly thanks to a weaker yen, but hardware and software sales declined because of a chip shortage and Covid-19 supply issues. The yen has plummeted more than 10 percent against the dollar this year as sky-high US inflation fuels a widening monetary policy gap—a boon for Japanese companies like Nintendo who sell products overseas.

For the three months to June, the gaming giant posted a net profit of 118.9 billion yen (\$893 million), citing the positive impact of “the depreciation of the yen”.

But the company left its annual forecast unchanged, warning that the global shortage of semiconductors and other logistical snarl-ups could hamper console production and distribution.

New game releases got off to a good start, including “Nintendo Switch Sports” and “Mario Strikers: Battle League”, it said, but sales were still no match for the previous year during the pandemic gaming boom. “Due to the effects of supply shortages in semiconductors and other components among other factors, hardware sales were

down 22.9 percent year-on-year, and software sales were down 8.6 percent year-on-year,” Nintendo added.

Soaring demand for indoor entertainment during virus lockdowns sent the company's profits soaring to an annual record of 480 billion yen in 2020-21. The firm nearly matched that figure in the last financial year, with its blockbuster Switch console continuing to perform well and strong software sales, especially for “Mario Party Superstars” and the latest Pokemon titles.

But Nintendo now has a more cautious outlook as life returns to normal, causing the gaming craze to slow, and expects to report a 340-billion yen net profit in 2022-23. Hideki Yasuda, senior analyst at Toyo Securities, warned that the chip shortage and supply problems linked to Covid-19 lockdowns in China would continue to pose headaches for Nintendo. “The company is feeling significant pressure on its supply chain,” he told AFP before the earnings release. “The Switch is sold out at stores. There is not enough supply.” It will be “very difficult” for Nintendo to hit its annual production target for the console if the problems continue, Yasuda said, after Switch sales declined 20 percent on-year in 2021-22. However, a recession in the United States or elsewhere is unlikely to pose a major problem, he said.

“Video gaming doesn't feel the impact of recessions. When the economy is strong, people buy products. When the economy weakens, people spend more time playing games.” —AFP

Maersk profits double on higher freight prices

COPENHAGEN, Denmark: Danish shipping giant Maersk said Wednesday its profits doubled in the second quarter as freight prices have soared due to persistent bottlenecks on trade routes.

Demand for shipping plunged at the start of the COVID pandemic, but it has rebounded strongly since the second half of 2020, causing massive disruptions in supply chains.

Maersk, the world's largest container shipping line along with Italy's MSC, has posted robust profits since the second half of 2020.

Its net profit for the second quarter reached \$8.6 billion, compared to \$3.7 billion for the same period in 2021, up from record profits in the first quarter. “We delivered an exceptionally strong result for the second quarter and consequently recorded the 15th quarter in a row with year-on-year earnings improvements,” Soren Skou, CEO of Maersk said in a statement.

The company's revenue rose to \$21.7 billion in the second quarter, up from \$14.2 billion a year earlier. The rise was “mainly driven by significantly higher freight rates” even as this was “slightly offset by a decrease in volumes and by higher costs related to bunker, handling and network”, Maersk said in its earnings statement. “Landside congestion continues to be an issue around the world, with additional pressure from the Chinese lockdown,” it added, referring to China's recent measures to contain COVID outbreaks.

On Tuesday, Maersk announced an updated guidance to its full year results, as a result of “the continuation of the exceptional market situation” within shipping. Given the current market situation and despite withdrawing from Russia, the group said it expected earnings before interest, taxes, depreciation and amortization of around \$37 billion, up from its April forecast of \$30 billion. — AFP



Soren Skou

German exports rise despite slowdown fears

FRANKFURT: German exports increased for the third month in a row, data published Wednesday showed, despite fears that Europe's largest economy could soon pitch into recession.

Germany exported 134.3 billion euros (\$136.8 billion) worth of goods in June, 4.5 percent more than in May, according to seasonally adjusted figures from the federal statistics agency Destatis. The closely watched indicator was 18.4 percent higher than in June last year.

Germany's trade balance remained positive at 6.4 billion euros, with the total value of goods imported in June sitting at 127.9 billion euros. Exports to EU countries were rose by 3.9 percent from May, while those to other countries rose by 5.3 percent.

Exports to Russia increased by 14.5 percent between May and June, albeit from a relatively low base. The export figure for June was 40.3 percent below its level in 2021 with trade collapsing after Western countries slapped tariffs on Russia for its invasion of Ukraine in February.

Despite the overall improvement, businesses have reported pessimism about the outlook for the Germany's export-driven economy. A survey published by the German Ifo Institute last week showed

their export expectations had dropped.

The darkening business climate also suggested that Germany was “on the cusp of a recession”, said think-tank president Clemens Fuest. The German economy stagnated between April and June, registering growth of zero percent, according to official figures published last week.

Meanwhile, German car sales fell again in July, official figures published Wednesday showed, as the industry battled persistent bottlenecks for key components. Just under 206,000 cars were registered in Germany in July, 12.9 percent less than in the same month last year, the federal transport authority, KBA, said in a statement.

New car sales had already fallen by 18.1 percent in June and 10.2 percent in May. Auto manufacturers have had to deal with supply issues for months, with shortages of key components leading to intermittent production stops and a slump in sales. In particular, a shortage of semiconductors, used in the vehicles' electronic systems, has slowed the industry down. Bottlenecks will continue “in the coming months”, said EY analyst Peter Fuss, adding that a recovery in the market “cannot yet be seen”. Whether there will be a rebound once the supply of semiconductors improves is “questionable”, Fuss said.

Economic conditions have “deteriorated”, with the threat of a Russian gas supply cut looming over the German economy, he added. “Inflation and the threat of recession are weakening demand” for new vehicles. The “high material and energy costs” are also likely to keep prices for vehicles “very high” for the time being, Fuss said. — AFP