

Business

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Grinding inflation clouds 'Black Friday' shopping bonanza in US

Retailers vulnerable to oversupply at a time when consumers are cutting back

NEW YORK: The Black Friday kickoff of the holiday shopping season is expected to bring especially deep discounts in 2022, but one challenge will be finding consumers confident enough to spend. Grinding inflation in the world's biggest economy in recent months has cast uncertainty over this year's festive season, which kicks off the day after Thursday's Thanksgiving holiday.

A year ago, retailers faced product shortfalls in the wake of shipping backlogs and COVID-19-related factory closures. To avert a repeat, the industry front-loaded its holiday imports this year, leaving it vulnerable to oversupply at a time when consumers are cutting back. "Supply shortages was yesterday's problem," said Neil Saunders, managing director for GlobalData Retail, a consultancy. "Today's problem is having too much stuff."

Saunders said retailers have made progress in recent months in reducing excess inventories but that oversupply created banner conditions for bargain-hunters in many categories, including electronics, home improvement and apparel. Juameelah Henderson always checks for sales, "but more so now," she said while exiting an Old Navy store in New York with four bags of items. The clothing chain's prices were "pretty good," she said. "If it's not on sale, I really don't need it."

Higher costs for gasoline and household staples like meat and cereal are an economy-wide issue, but do not burden everyone equally. "The lower incomes are definitely hit worst by the higher inflation," said Claire Li, a senior analyst at Moody's. "People have to spend on the essential items."

Diminishing savings

Leading forecasts from Deloitte and the National Retail Federation project a single-digit percentage increase, but it likely won't exceed the inflation rate. The consumer price index has been up about eight

percent on an annual basis, which means that a similar size increase in holiday sales would equate with lower volumes. US shoppers have remained resilient throughout the myriad stages of the COVID-19 pandemic, often spending more than expected, even when consumer sentiment surveys suggest they are in a gloomy mood.

Part of the reason has been the unusually robust state of savings, with many households banking government pandemic aid payments at a time of reduced consumption due to COVID-19 restrictions. But that cushion is starting to whittle away. After hitting \$2.5 trillion in excess savings in mid-2021, the benchmark fell to \$1.7 trillion in the second quarter, according to Moody's.

Consumers with incomes below \$35,000 were affected the most, with their excess savings falling nearly 39 percent between the fourth quarter of 2021 and mid-2022, according to Moody's. Accompanying this drop has been a rise in credit card debt visible in Federal Reserve data and anecdotally described by chains that also report more purchases made with food stamps.

"We're seeing continued pressure," said Michael Witynski, chief executive of Dollar Tree, a discount retailer that has seen "shifts" in shoppers, "where they're very consumable and needs-based focused to try and make that budget work and stretch it over the month."

Mixed picture

Earnings reports from retailers in recent days have painted a mixed picture on consumer health. Target stood on the downcast side of the ledger, pointing to a sharp decline in shopping activity in late October, potentially portending a weak holiday season. The big-box chain expects a "very promotional" holiday season, said Chief Executive Brian Cornell. "We've had a consumer who has been deal-

keeping a close look at Musk's handling of hateful speech since he bought the influential platform for \$44 billion. It could also spook Apple and Google, tech titans that have the power to ban Twitter from their mobile app stores over content concerns. Trump was banned from the platform early last year for his role in the January 6 attack on the US Capitol by a mob of his supporters seeking to overturn the results of the 2020 election.

'No mercy'

Musk's reinstatement of Trump followed that of other banned accounts including a conservative parody site and a psychologist who had violated Twitter's rules on language identifying transgender people. The CEO of Tesla and SpaceX has said that conspiracy theorist Alex Jones will not be returning to Twitter and will remain banned from the platform. Musk on Sunday said he had "no mercy for anyone who would use the deaths of children for gain, politics or fame" due to his own experience with the death of his first child.

Jones has been ordered to pay hundreds of millions of dollars in damages for his lies about the 2012 Sandy Hook Elementary School shooting that killed 26 people, mostly children. Musk, who closed his buyout of Twitter in late October, did not make clear whether the bans to be covered by the poll were permanent suspensions or temporary ones.

after the government initially said it would not need to go to the multilateral lender.

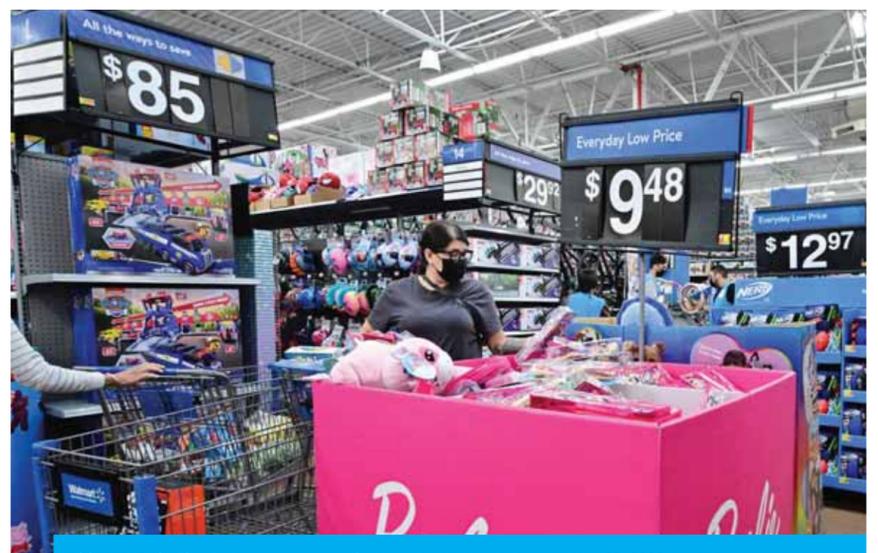
"The challenges we face are daunting," the minister said in a statement to lawmakers. "I, therefore, ask all of us to play a constructive role in getting our nation back on track." To increase revenues, the 2023 budget will raise value-added tax by 2.5 percent to 15 percent. The so-called E-levy on electronic transactions will be reduced from 1.5 percent to 1.0 percent in a bid to encourage more transactions. The government will also freeze hiring of public workers for next year.

Ghana, a top cocoa and gold producer, also has oil and gas reserves but its debt service payments are high and its revenues low. Like the rest of Africa, it has been hit hard by economic fallout from the global pandemic and the Ukraine war. Since the start of the year, the cedi currency has depreciated

European Environment Agency said in a new report.

That was slightly more than those recorded in 2019 in the EU, despite a fall in emissions due to Covid curbs. Fine particulate matter, or PM2.5, is a term for fine particulates that are typically the by-product of car exhausts or coal-fired power plants. Their tiny size enables them to travel deep into the respiratory tract, worsening the risk of bronchitis, asthma and lung disease. Also in 2020, exposure to nitrogen dioxide (NO2) above the WHO's recommended threshold led to 49,000 premature deaths in the EU, the EEA said.

Acute exposure to ozone (O3) caused 24,000 people to die early. "When comparing 2020 to 2019, the number of premature deaths attributable to air pollution increased for PM2.5 but decreased



ROSEMEAD, California: A woman shops for toys at a Walmart store on Nov 22, 2022. — AFP

ing with very stubborn inflation for quarter after quarter now," Cornell said on a conference call with analysts. "They're shopping very carefully on a budget, and I think they're looking at discretionary categories and saying, 'All right, if I'm going to buy, I'm looking for a great deal and a great value.'"

But Lowe's, another big US chain specializing in home-improvement, offered a very different view, describing the same late-October period as "strong" and seeing no evidence of consumer deterioration. "We are not seeing anything that feels or

looks like a trade down or consumer pullback," said Lowe's Chief Executive Marvin Ellison.

Consumers like Charmaine Taylor, who checks airline websites frequently, are staying vigilant. Taylor thus far has been thwarted in her travel aspirations due to exorbitant plane ticket prices. Taylor, who works in childcare, isn't sure how much she'll be able to spend on family this year. "I'm trying to give them some little gifts," Taylor said at a park in Harlem earlier this week. "I don't know if I'll be able to. Inflation is hitting pretty hard." — AFP

Musk floats 'general amnesty' of suspended Twitter accounts

SAN FRANCISCO: New Twitter owner Elon Musk on Wednesday polled users on whether the site should offer a general amnesty to suspended accounts, using the same method he used to handle the case of Donald Trump. The move comes as Musk has faced pushback that his criteria for content moderation is subject to his personal whim, with reinstatements decided for certain accounts and not others. "Should Twitter offer a general amnesty to suspended accounts, provided that they have not broken the law or engaged in egregious spam?" Musk asked in a tweet.

The poll was open until 17:46 GMT on Thursday and mimicked the strategy used just days ago for the former US president Trump. Trump's Twitter account was reinstated Saturday after a narrow majority of respondents supported the move. Polls on Twitter are open to all users and are unscientific and potentially targeted by fake accounts and bots.

A blanket decision on suspended accounts could potentially alarm government authorities that are



The future of content moderation on Twitter has become an urgent concern, with major advertisers keeping away from the site after a failed relaunch earlier this month saw a proliferation of fake accounts, causing embarrassment. —AFP

For activists, Twitter packs vital punch

PARIS: From the Arab Spring uprisings to the MeToo movement in which women spoke up about sexual assaults, Twitter has proven itself a formidable ally for political activists and opposition groups, one whose reach and impact would be difficult to replace. Other social media platforms may have more users, but the network now owned by the billionaire Elon Musk dominates the global conversation - even as Twitter's future is being called into doubt.

"Twitter is clearly very influential in getting the media and officials to pay attention. So it has a very special and unique place in that way," said Mahsa Alimardani, a senior researcher at the human rights NGO Article 19. During the anti-government protests that have rocked Iran in recent months, tweets are "helping Iranians bear witness to the pain and struggles of their fellow countrymen, helping the world bear witness to what's happening," she told AFP.

Especially in countries that have clamped down on independent journalism or foreign correspondents, Twitter provides a crucial lifeline to the outside world. This week, posts from inside the Chinese iPhone factory operated by Foxconn showed workers rebelling against a total COVID lockdown, shattering the government's attempts to portray a veneer of calm amid its draconian efforts to contain the virus. "It's very important to get information out to the international media but also to document human rights violations and atrocities," said Marcus Michaelsen, a researcher specialized in digital activism under authoritarian regimes.

'Protest identity'

Twitter had some 237 million daily users at end-June, well below the nearly two billion Facebook or one billion TikTok users. But its pithy, at-a-glance format allows the network to punch far above its weight for opposition groups, since anyone can become a "citizen journalist" who instantly shares images that government authorities don't want to be seen.

For Nadia Idle, an Egyptian-British activist who took part in the Tahrir Square uprising in Egypt in 2011, tweets of anti-regime protests across the Middle East also encouraged people by showing that they were not alone. "Its capacity to broadcast this event, and the amount of activists that were tweeting in English, made it a spectacle for people from the outside," she said. Faced with viral tweets provoking global outrage, outside governments can also feel domestic pressure to take action or at least condemn repressive governments. — AFP

Ghana plans tax rise, debt swap to secure IMF aid

ACCRA: Ghana's finance minister, Kenneth Ofori-Atta, presented the 2023 budget to parliament on Thursday, hiking tax and planning a debt swap as the country's negotiates an International Monetary Fund (IMF) loan. Ofori-Atta is facing calls for his dismissal as the West African state battles an economic crisis, with inflation at more than 40 percent and the cedi currency falling sharply. Ghana hopes to secure up to \$3 billion in IMF credit this year to shore up public finances

Air pollution killed 238,000 Europeans prematurely in 2020

COPENHAGEN: Fine particle air pollution led to 238,000 premature deaths in the European Union in 2020, the bloc's environmental watchdog said Thursday, a slight rise from the previous year. Across the 27-nation bloc that year, "exposure to concentrations of fine particulate matter above the 2021 World Health Organization guideline level resulted in 238,000 premature deaths," the

more than 53 percent. That compared to an average seven percent average annual depreciation between 2017 and 2021, the finance minister said. Inflation in October hit 40.2 percent.

The local currency's depreciation against the dollar has increased Ghana's foreign debt stock by 93 billion cedi or \$6 billion this year alone, the minister said. He said the government would start a debt exchange program but did not give details of how that would happen. Earlier this year, President Nana Akufo-Addo reversed his government's position and said the country would go to the IMF for help.

Critics have questioned what austerity measures may have to accompany any loan deal. Ghanaians already struggling with high costs of living. Ofori-Atta said the IMF talks had made "substantial progress", with agreement on "fiscal adjustment path, debt strategy and financing". —AFP

for NO2 and O3," the agency said. "For PM 2.5, falls in concentrations were counteracted by an increase in deaths due to the pandemic."

The COVID-19 pandemic led to the deaths of some people already living with diseases related to air pollution. The EU wants to slash premature deaths related to fine particulate matter pollution by 55 percent in 2030 compared to 2005 levels. Overall, the rate for EU countries in 2020 was 45 percent lower than in 2005, the agency said.

"If this rate of decline is maintained, the EU will reach the aforementioned zero pollution action plan target before 2030." According to the WHO, air pollution causes seven million premature deaths per year worldwide, putting it on par with smoking or poor diets. —AFP