

## Business

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## US GDP growth in second quarter revised down to 2.1%

## Private hiring cools as leisure and hospitality boom fades

WASHINGTON: Economic growth in the United States was weaker than first estimated for the April to June period, the Commerce Department said Wednesday, noting downward revisions in business investment. GDP growth in the world's biggest economy came in at 2.1 percent for the second quarter, down from the initial estimate of 2.4 percent released in July.

The updated growth figure is still slightly above the pace in the first three months of 2023, but could be encouraging to policymakers who have been seeking to cool the economy. Economists have been warning of a possible downturn as the US central bank rapidly lifted interest rates to tamp down demand and lower inflation. But the economy has proven more resilient than anticipated, boosting hopes of a "soft landing" where inflation comes down without triggering a recession. "The updated estimates primarily reflected downward revisions to private inventory investment and nonresidential fixed investment," the Commerce Department said.

This was "partly offset by an upward revision to state and local government spending." While the acceleration in GDP growth from the first to second quarter this year was mainly driven by investment shifts, official data noted a downturn in exports and slowdown in consumer spending as well.

Meanwhile, private sector hiring in the United States slowed more than expected in August, ac-

ording to data from payroll firm ADP on Wednesday, as a boom from the leisure and hospitality sectors faded. This comes as both segments, which are key drivers of summer hiring, slow into the latter part of the year while policymakers keep a close eye on labor market strength as they weigh further interest rate decisions.

Job growth came in at 177,000 this month, sharply below July's 371,000 figure which was revised upwards, said ADP in its latest report. "This month's numbers are consistent with the pace of job creation before the pandemic," said ADP chief economist Nela Richardson. "After two years of exceptional gains tied to the recovery, we're moving toward more sustainable growth in pay and employment," she added in a statement.

Job growth "slowed notably last month, driven heavily by leisure and hospitality," according to the ADP report, as job gains by hotels and restaurants, among others, dropped to 30,000 following months of strong hiring. Wage gains continued easing as well. Those who stayed in their jobs saw their pay increase 5.9 percent from a year ago, the slowest rate since Oct 2021. For workers who changed jobs, pay growth decelerated to 9.5 percent.

The labor market has been stronger than anticipated as the central bank rapidly hiked rates to cool demand, most recently bringing them to the highest level in 22 years. "I think the lagged ef-



ARLINGTON, US: A man walks past a "now hiring" sign posted outside of a restaurant in Arlington, Virginia. — AFP

fects of restrictive monetary policy are finally appearing in the labor market data," Rubeeela Farooqi of High Frequency Economics told AFP. "We anticipate ongoing cooling in conditions although in

the near term, the labor market will likely remain strong," she added. Looking ahead, analysts are keeping a close watch on official employment figures due Friday. — AFP

## Gulf Bank obtains CBK approval to increase capital

## Jassim Mustafa Boodai:

- The capital increase aims to boost the bank's capital base and regulatory capital adequacy ratios
- The bank is waiting to receive all required approvals from CMA related to the share issue and shareholders subscription

KUWAIT: Gulf Bank has obtained the Central Bank of Kuwait's approval to increase its issued and paid-up capital by KD 26.1 million through a public offering with rights issue of 260,869,565 new shares at a nominal value of 100 fils in addition to a share premium of 130 fils for each share. The total proceeds will result in an increase in the bank's capital base by about KD 60 million.

All details and procedures related to the share issue will be disclosed after obtaining all the required approvals from the Capital Markets Authority. On this occasion, Gulf Bank Chairman Jassim Mustafa Boodai said: "The capital increase will boost the bank's capital base and regulatory capital adequacy ratios, enhancing the bank's ability to pursue future growth opportunities in line with its strategy, with the aim to generate a strong and



Jassim Mustafa Boodai

sustainable long-term value to all its stakeholders."

Jassim Mustafa Boodai further pointed that as of 30 June 2023, Gulf Bank's capital adequacy ratio was 16.1 percent and the Tier 1 Ratio was 13.9 percent, both above their regulatory



minimums. Thus, total proceeds from the capital increase will further enhance the bank's regulatory capital ra-

tios. Boodai also highlighted that Gulf Bank remains an 'A' rated bank from three major credit rating agencies.

## Lego takes bigger share of toy market

COPENHAGEN: Danish toy giant Lego said Wednesday its net profit fell in the first half of the year but its market share grew as sales rose slightly. The company's revenue reached 27.4 billion kroner (\$4 billion) between January and June as it "grew 10 percent faster than the market", chief executive Niels Christiansen told AFP in an interview.

"We've been able to outpace the market by the same rate as we've done over the last three, four, five years," he said. While net profit dropped by 17.7 percent to 5.1 billion kroner during the period, Lego's revenue rose by one percent, coming on the heels of three years of record-breaking sales boosted by lockdowns during the COVID pandemic.

The feat was attributed to the success of its franchises Star Wars and Lego Icons, as well as its flagship product ranges Lego City, Lego DreamZzz and Lego Technic. While sales rose in the United States, growth slowed in China. "The return to more normal conditions, where people go into stores and spend again, has been slower in China than what we anticipated," Christiansen said.

During the first half of the year, Lego opened 89 new stores, including 54 in China where the company aims to expand further, bringing the overall number of stores worldwide to 988. The colored brick maker said it expects to open 150 stores this year worldwide, including 85 in China. "I have a strong belief in our opportunity to grow long term in China, because there are still so many families and kids that are that are not yet in the Lego brand," the CEO said. — AFP

## Airlines count cost of UK traffic control failure

LONDON: The worst disruption to UK air traffic control in almost a decade following a technical fault risks costing carriers around £100 million, the head of global airline body IATA estimated Wednesday.

Passengers continued to be affected by cancelled flights owing to Monday's incident, but far more planes were able to fly. "I would imagine that at an industry-level, we'll be getting close to £100 million (\$127 million) of additional costs that airlines have encountered as a result of this failure," Willie Walsh, director-general of the International Air Transport Association, told the BBC.

"It's very unfair because the air traffic control system which was at the heart of this failure doesn't pay a single penny," added the former chief executive of IAG, whose main airline is British Airways. Costs included finding new flights for stranded passengers and providing overnight accommodation.

Walsh expressed doubt over the reason provided by UK body, the National Air Traffic Services, for the breakdown. "I find it staggering, I really do. This system should be designed to reject data that's incorrect, not to collapse the system," he said.

"If that is true, it demonstrates a considerable weakness that must have been there for some time and I'm amazed if that is the cause of this." Britain's government has ordered a review into the incident, which it claimed was not linked to cybersecurity. NATS chief executive Martin Rolfe said an "unusual piece of data" had caused the widespread flight disruption. — AFP

## Fearing 'pillaging', news outlets block an OpenAI bot

PARIS: A growing number of media outlets are blocking a webpage-scanning tool used by ChatGPT creator OpenAI to improve its artificial intelligence models. The New York Times, CNN, Australian broadcaster ABC and news agencies Reuters and Bloomberg have taken steps to thwart GPTBot, a web crawler launched on Aug 8.

They were followed by French news organizations including France 24, RFI, Mediapart, Radio France and TFI. "There's one thing that won't stand: it's the unauthorized pillaging of content," Radio France president Sibyle Veil said at a news conference on Monday.

Nearly 10 percent of the top 1,000 websites in the world blocked access to GPTBot just two weeks after it was launched, according to plagiarism tracker Originality.ai. They include Amazon.com, Wikihow.com, Quora.com and Shutterstock. Originality.ai said it expects the list to grow by five percent per week.

On its website, OpenAI says that "allowing GPTBot to access your site can help AI models become more accurate and improve their general capabilities and safety". But the California startup also provides directions on how to block the bot. "There is no reason for them to come and learn about our

content without compensation," Laurent Frisch, director of digital and innovation strategy at Radio France, told AFP.

## Fair remuneration

AI tools like chatbot ChatGPT and image generators DALL-E 2, Stable Diffusion and Midjourney exploded in popularity last year with their ability to generate a wealth of content from just brief text prompts. However, the firms behind the tools, including OpenAI and Stability AI, already face lawsuits from artists, authors and others claiming their work has been ripped off.

"Enough with being plundered by these companies that turn profits on the back of our production," added Vincent Fleury, director of digital space at France Medias Monde, the parent company of France 24 and RFI. French media executives also voiced concern about their content being associated with fake information. They said talks are needed with OpenAI and other generative AI groups.

"Media must be remunerated fairly. Our wish is to obtain licensing and payment agreements," said Bertrand Gie, director of the news division at newspaper Le Figaro and president of the Group of Online Services Publishers.

## 'Maintain public trust'

US news agency Associated Press reached an agreement with OpenAI in July authorizing the startup to tap its archives dating back to 1985 in exchange for access to its technology and its AI expertise. OpenAI has also committed \$5 million to back



A consortium of news outlets issued an open letter earlier in August saying AI firms must ask for permission before using copyrighted text and images to generate content. — AFP

the expansion of the American Journalism Project, an organization that supports local media.

It also offered the non-profit up to \$5 million in credits to help organizations assess and deploy AI technologies. A consortium of news outlets, including AFP, the Associated Press and Gannett/USA Today, issued an open letter earlier in August saying AI firms must ask for permission before using copyrighted text and images to generate content.

The organizations said that, while they support the responsible deployment of generative AI technology, "a legal framework must be developed to protect the content that powers AI applications as well as maintain public trust in the media that promotes facts and fuels our democracies." — AFP