

As US job growth stalls, some workers face long-term unemployment

REUTERS

More than six months after the pandemic ravaged the US labor market, millions of Americans who are still unemployed are bracing for the possibility that the jobs they held before the crisis may not come back for years, if at all.

After big improvements over the summer, the labor market recovery is slowing. People who previously worked as bartenders, housekeepers or in other jobs dependant on travel and close human interaction, are sidelined as their industries adjust to lower demand and the pandemic begins to leave a lasting mark on the US economy.

As of September, the US labor force had about 142 million workers, down 7 per cent from pre-pandemic levels. But employment in leisure and hospitality is 23 per cent below pre-pandemic levels, according to Labor Department data released last week, more than any other industry. Temporary furloughs are becoming permanent layoffs as companies that had hoped to reopen fully make tough choices.

Walt Disney Co announced last month it will cut 28,000 jobs. United Airlines and American Airlines will furlough 32,000 workers. Cineworld, the world's second-largest cinema chain, will cut approximately 20,000 US jobs.

Meanwhile, hiring by utility companies and retailers, which offer services that are essential or in high demand during the crisis, is rebounding more quickly, bringing employment almost back to February levels.

"It's almost like there's two economies going on," Cleveland Federal Reserve Bank President Loretta Mester told Reuters last week. "It's very much sector by sector."

Workers who were laid off from hard-hit industries are finding few new job opportunities and intense competition.

Matthew Seevers was permanently laid

off in May from his job as a bartender for a Las Vegas casino. Seevers, 36, has not heard back on any of the five jobs he has applied for since.

"Everything is upside down in our world," said Seevers, who hopes to find another job before the forbearance on his mortgage expires in six months.

The number of advertised job openings increased in September, according to an

nearly 50 per cent from a year ago, and food prep and childcare down about 20 per cent.

"There has been definitely a shift in the composition of jobs," said Nick Bunker, the economic research director for North America at Indeed Hiring Lab.

Low-wage job postings, those paying less than roughly \$30,000, are rebounding more quickly than middle or high-wage

US Travel Association.

Castillo said she would be happy to do other work, but worries about matching her previous earnings and benefits - about \$1,400 a week before taxes with generous healthcare benefits and the opportunity for overtime pay. "Where am I going to get that?" she said.

She holds out hope that her employer will call her back to work, as occurred this spring when the hotel hosted doctors and nurses who were treating COVID-19 patients in the city. Castillo is considering applying for food stamps to supplement the \$442 a week she receives in unemployment benefits.

After paying her nearly \$1,300 rent bill and utilities, she has only about \$100 left for the month to buy groceries for her daughter and herself.

More people face prolonged periods of joblessness as hiring slows.

The number of people who had been out of work for at least 27 weeks increased by 781,000 in September to 2.4 million, according to the Labor Department. Another 345,000 people were permanently laid off that month, increasing the total to 3.8 million.

Some economists are concerned the pandemic has set off a long-term shift that echoes the 2008 financial crisis. Cost-cutting and technological improvements contributed to a drop in office, administrative, manufacturing and construction jobs, which never returned to 2007 levels.

Workers may need training for new careers, policymakers say.

Helping the out-of-work rebuild careers is "a pretty important thing for us to work on," Richmond Fed President Thomas Barkin said on Bloomberg TV last week.

Seevers, the laid-off bartender, said he is looking to learn computer science or other tech skills. "If I don't get my job back, I'm just trying to figure out something that has more of a future."



A waiter in a face mask carries food to diners seated outdoors at a restaurant in Alexandria, Virginia, US.

REUTERS/FILE

RBI widely seen holding rates at policy meeting ending Friday

REUTERS, Mumbai

The Reserve Bank of India is widely expected to keep rates steady when its two-day monetary policy committee (MPC) meeting concludes on Friday.

The RBI said it will hold the MPC meeting from Oct. 7 to Oct. 9, having delayed it by a week in order to give the government time to appoint three new external members to the panel.

The government named its nominees late on Monday. Ashima Goyal is currently a member of Indian Prime Minister Narendra Modi's economic advisory council, while Shashanka Bhide is a senior advisor at the National Council for Applied Economic Research - a New Delhi-based think - and Jayanth Varma is currently a finance and accounting professor at the Indian Institute of Management, Ahmedabad.

They will join three RBI members on the panel.

"We do not believe the new appointments dramatically change the near-term monetary policy outlook," said Rahul Bajoria, economist with Barclays.

"Given our new inflation forecast trajectory, we believe that room to cut rates further will likely open up only in Q1 2021," he added.

All 66 respondents in a Reuters poll conducted ahead of the originally scheduled MPC meeting said they expect the repo rate to remain unchanged at 4.0 per cent and a large majority saw no cuts until the January-March quarter.

It has so far slashed rates by 115 basis points in response to the COVID-19 pandemic since late March.

The RBI however is expected for the first time

since February provide guidance on how the economy is performing amid the coronavirus pandemic and give its outlook on inflation and growth.



CCTV cameras are seen installed above the logo of Reserve Bank of India inside its headquarters in Mumbai.

REUTERS/FILE

South Korean retail investors bid over \$50 billion to win coveted shares in BTS label

REUTERS, Seoul

South Korean retail investors ponied up over \$50 billion as they sought to lay their hands on shares in Big Hit Entertainment, the management label of K-pop sensation BTS - more than 600 times the value of shares on offer.

The combined 58.4 trillion won (\$50.3 billion) in orders fell just shy of a record 58.55 trillion won in bids for the retail portion of Kakao Games' listing in September.

Most of the bids for Big Hit's stock, priced at 135,000 won per share, came late on the second of two days of orders from individual investors.

"I waited until 2 p.m. this afternoon to subscribe because I wanted to choose the arranger with less competition for bidding," said Oh Sang-min, a 32-year old retail worker who placed bids worth 100 million won after taking out a loan.

He was told by his money manager that he would be able to pick up just two shares.

There has been some concern that funds pouring in from retail investors could affect short-term money markets as the funds would be at brokerages' disposal for three days before investors who are not allocated shares get their money back.

But the total amount of retail bids did not match some heady forecasts of 100

trillion won, and market sources said on Tuesday they were monitoring the situation but were not overly concerned about the impact.

Some analysts said talk that the band's members may have to complete mandatory military service could have prevented retail demand from reaching such lofty heights.

By law, all able-bodied men in South Korea aged between 18 and 28 must serve in the military for roughly two years as part of the country's defences against North Korea.

But there have also been growing calls for BTS members to be granted alternatives or delays to the service, with some lawmakers and fans arguing they are doing plenty for their country without wearing a soldier's uniform.

The band, supported by a massive global fan base, has just notched up the first No.1 on the US Billboard Hot 100 singles chart by a South Korean group with the song "Dynamite".

Offering about 20 per cent of the company in its IPO, Big Hit Entertainment, led by CEO Bang Si-hyuk, has raised some 962.6 billion won (\$830 million). In the institutional portion of the offer, investors expressed interest in more than 1,000 times the number of shares on offer.

The label is due to make its market debut on Oct. 15.

Australia tips into record budget deficit as it cuts tax, boosts jobs support

REUTERS, Sydney

Australia pledged billions in tax cuts and measures to boost jobs on Tuesday to help pull the economy out of its historic COVID-19 slump in a budget that tips the country into its deepest deficit on record.

Prime Minister Scott Morrison's conservative government has unleashed A\$300 billion in emergency stimulus to prop up growth this year, backpedalling on a previous promise to return the budget to surplus.

Treasurer Josh Frydenberg on Tuesday announced A\$17.8 billion in personal tax cuts and A\$5.2 billion in new programmes to boost employment in a recovery plan aimed at creating one million new jobs over the next four years.

Those measures are forecast to push the budget deficit out to a record A\$213.7 billion, or 11 per cent of gross domestic product, for the fiscal year ending June 30, 2021.

"There is no economic recovery without a jobs recovery," Frydenberg said in prepared remarks to parliament. "There is no budget recovery without a jobs recovery."

Australia's unemployment rate hit a 22-year high of 7.5 per cent in July as businesses and borders closed due to strict lockdown measures to deal with the coronavirus.

While the number of deaths and infections in Australia from COVID-19 has been low compared with many other countries, the hit to GDP has been severe.

Australia's A\$2 trillion economy shrank 7 per cent in the three months ended June, the most since records began in 1959.

In its new projections, the government expects unemployment to rise to 7.25 per cent by the end of the current fiscal year and then fall to 6 per cent by June 2023. Australia's GDP is expected to shrink 1.5 per cent for the current fiscal year before returning to growth of 4.75 per cent in the next.

Australia will spend A\$4 billion over the next year to pay businesses that hire those under the age of 35 as it targets youth unemployment.

The budget also brings forward previously legislated tax cuts for middle-income earners and extends tax breaks for individuals offered in last year's budget for low- and middle-income earners.

Some of these cuts will be retrospectively backdated to July 1, 2020.

The government's highly expansionary budget comes shortly after the central bank's policy decision on Tuesday, at which it kept interest rates at a record low and flagged reducing high unemployment rate as a national priority.

Covid-19 challenge is both a marathon and a sprint

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There are already 60 banks in the country. "The more you innovate, the more you will be able to retain your position and expand footprint."

As banks are becoming more digitalised, it has to focus on cybersecurity and enhance protection, the career banker said.

The pandemic has induced a change in behaviour among all categories of end-users, be it individuals and corporates, in terms of how digital channels are viewed. While greater use of online payments and online services came as a necessity during the lockdown period, these changes in behaviour will not reverse, according to Bijoy.

There is a significant scope of digitalisation in the trade ecosystem in the country, starting from issuing the letter of credit (LC) to regulatory reports and customs procedures.

Standard Chartered has a customer base of 300,000 in Bangladesh and it feels that it has to ramp up the number of customers. And Bijoy said it is not possible to acquire customers one by one. It has to be done digitally.

In 2018, Standard Chartered was one of the five banks and the only foreign bank that integrated with bKash. As a result, 3.5 crore wallets of bKash became clients of the bank instantly. The bank is also exploring the possibilities of agent banking.

He said the need for brick and mortar branches would be there but it would reduce gradually.

"Rather, it would be good if the bank can meet all the requirements of customers from bills and house rent payments to paying fees to schools and making payment to other banks

through the app."

He said if the country wants to include all the population under the financial system, whether through banks or MFS, it can't do without digital options.

In November, Bijoy would complete three years as the CEO.

"I am extremely delighted with the achievements in the last three years. The bank had double-digit growth in revenue and operating profit in the first two years."

The bank also had double-digit growth in the first quarter of 2020. The second quarter affected the business because of the interest rate cap and depressed activity owing to the coronavirus pandemic.

"Overall, the second-quarter was not that bad given the current circumstances at home and abroad."

He said there were green shoots in July and August. Volumes are almost 80 per cent back. "Year-on-year, we expect to remain ahead of last year."

During his stint, the bank received more than 54 international awards in the last three years, in a testament to the contribution of the bank to the economy.

Because of the deep uncertainty caused by the pandemic, investors are thinking twice before making any investment decisions. At the same time, a lot of people are thinking about alternative investment destinations away from China.

"Investors would look to move to countries which will not be affected by the geopolitical tension. But Bangladesh is not the only potential

destinations investors are looking at. There are India, Indonesia and Vietnam. We have to attract investment proactively," Bijoy said.

He is bullish about wooing foreign investment and international orders because the Bangladesh Investment Development Authority, the Bangladesh Economic Zones Authority, the Bangladesh Export Processing Zones Authority and the National Board of Revenue are working proactively.

The Prime Minister's Office has followed up whether a particular remittance of a foreign investor has been carried out and if not, why it is being delayed.

"The Prime Minister's Office wants to fast-track the process to attract foreign investment. The purpose of this oversight is to ensure that this can be delivered timely. This is a huge cultural change."

The bank has disbursed all of its quotas under the stimulus packages for the exporters and a majority of the large borrowers. It is facing challenges in distributing the stimulus packages related to SMEs and microfinance institutions.

Term-loan to finance core working capital of the SME clients constitutes the main portfolio of the bank's SME lending. The bank gives loans for five years. But only the working capital loans with a tenure of less than one year qualify for the stimulus package.

The target for the bank on SME fund disbursement would be achieved within the next 4-8 weeks. The credit guarantee scheme with some modifications can be a potential game-changer.