

US economy looks stronger as hiring, wages pick up



REUTERS

People seek employment at a job fair for the homeless at the Los Angeles Mission in Los Angeles, California.

AFP, Washington

US businesses accelerated hiring and raised wages at a faster pace last month in a fresh sign the country's economy is rebounding from the winter stall.

In a report that gives the Federal Reserve more reason to move toward an interest rate hike in the coming months, the Labour Department said Friday that the economy pumped out 280,000 jobs in May, far more than expected and well above the past year's pace of 251,000 a month.

Wages, which have been frustratingly flat since the country's emergence from the 2008-09 recession, also picked up in an indication that the labour market is tightening.

While the unemployment rate ticked up slightly to 5.5 percent, analysts said that represented not more job losses but a surge in the number of new entrants and returnees to the labour market, with most but not all of them finding jobs.

That was backed by rise in the rate of

workforce participation to 62.9 percent, still low by historical standards but up 0.1 percentage point in each of the last two months.

"The US labour market finally came out of its winter doldrums," said Harm Bandholz, chief US economist at UniCredit.

The May report showed that service industries are easily offsetting the heavy layoffs in the oil industry, due to the crash in the price of crude oil, and weak hiring in manufacturing, which has been hurt by the strong dollar.

Businesses in health care, retail sales and tourism hired new workers generously during the month, and firm gains also came in construction and government. Average wages were up a solid 2.3 percent from a year ago, and were rising at a 2.9 percent annual pace over the last three months, the fastest since 2009.

Other numbers also suggested a stronger market: figures for short-term unemployed and labour market dropouts also fell significantly.

Economists called the May jobs report unambiguously good.

"The economy shows signs of rebounding strongly from the weak spell seen at the start of the year, pulling wages higher and allaying worries that the upturn lacks sustainability," said Chris Williamson, chief economist at Markit.

Ian Shepherdson of Pantheon Macroeconomics noted that, on top of the May numbers, the job creation figures for the previous two months were revised upwards by a net 32,000.

"If payrolls continue to rise at anything like this pace -- and every indicator we follow says they will... the unemployment rate will continue to trend downwards rapidly," he said.

Shepherdson and others said the May report raises the likelihood that the Federal Reserve will soon launch into a series of increases of its benchmark Fed funds interest rate, locked at zero since the recession.

"If the June employment report is as strong as this one, a July hike can't be ruled out; if not then, we think September is the latest" possible delay for the Fed, Shepherdson added.

Markets took the jobs report the same way: stocks sagged, US bond yields jumped, with the five-year Treasury surging from 1.67 percent to 1.75 percent, and the dollar surging around 1 percent against the euro, to \$1.1113.

Analysts, however, said the Fed would have to wait for a few months more of strong data to be certain that the economy can sustain an increase in interest rates.

Other recent data has suggested certain weaknesses, including weak industrial output, a halt to gains in productivity and signs that US consumers remain reticent about spending, a phenomenon that has puzzled economists.

But if the increase in wages is sustained, many think consumers could begin to loosen their purse strings.

That appeared evident in the surge of auto sales last month to their best level in a decade, and expectations of a strong summer for the tourism and entertainment industries.

"It is still too soon to say that wage growth ... is breaking out to the upside," said analysts at Deutsche Bank.

"The bottom line is that the May labour data re-establish the economy's underlying momentum and keep monetary policymakers on track to begin the process of interest rate normalization this September."



PAN PACIFIC SONARGAON

Indian Prime Minister Narendra Modi is welcomed at the Pan Pacific Sonargaon Hotel in Dhaka yesterday. He will be staying at the hotel during his two-day visit to Bangladesh.

In year of Apple Pay, many top retailers remain sceptical

REUTERS, Chicago

In a January earnings call with investors, Apple Inc Chief Executive Tim Cook made a confident prediction: "2015 will be the year of Apple Pay," he said.

Since then, the company has aggressively courted retailers - and claimed significant success. "We've spoken to all of the top 100 merchants in the US, and about half will accept Apple Pay this year, with many more the following year," a company spokesperson recently told Reuters.

But interviews with analysts, merchants and others suggest that Apple's forecast may be too optimistic and that many retailers remain skeptical about the payment system.

The service is one of Apple's biggest bets, a chance to tie customers more tightly to its phones and its new smart watch, as well as to take a tiny bite from every retail transaction.

To assess Apple's progress, Reuters worked from the National Retail Federation's list of the top 100 US retailers, surveying the 98 that had brick-and-mortar outlets (two of the top 100 sell only online). Eighty-five supplied detailed responses, and 11 others supplied information only about whether or not they accept Apple Pay. Two

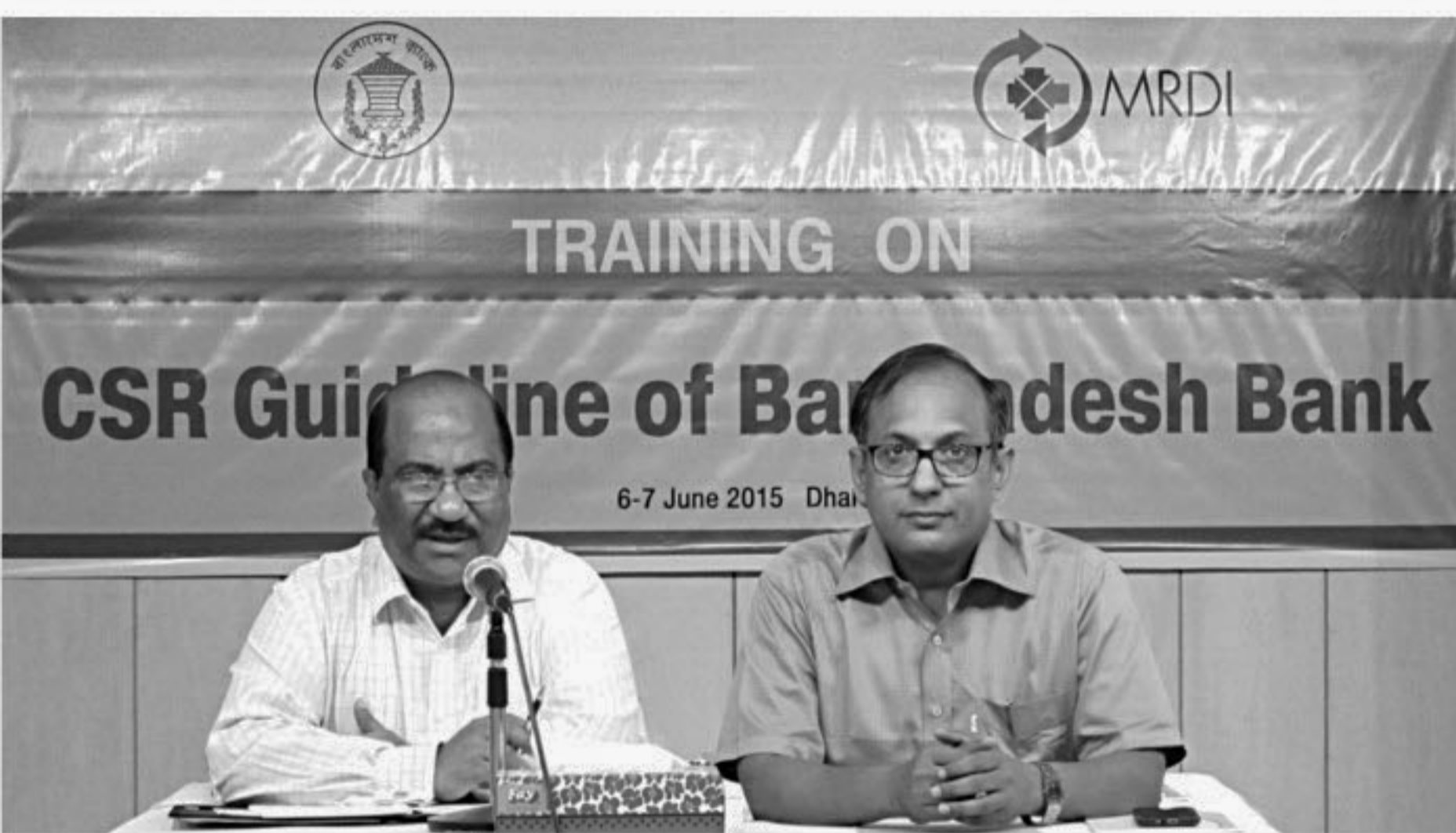
did not respond.

While some of the country's top merchants said they use and like the mobile payment system, fewer than a quarter of the retailers said they currently accept Apple Pay, and nearly two-thirds of the chains said categorically they would not be accepting it this year. Only four companies said they have plans to join the program in the next year.

The top reasons retailers cited for not accepting Apple Pay were insufficient customer demand, a lack of access to data generated in Apple Pay transactions and the cost of technology to facilitate the payments. Some merchants said they were holding out because they plan to participate in a new mobile payment system to be launched by a coalition of retailers later this year.

Reliable statistics on mobile wallet payments are difficult to obtain. Neither the companies offering payment systems nor credit card issuers will disclose detailed data about usage. But analysts agree that they are used for only a tiny percentage of US retail transactions.

An online survey conducted by Verifone and Wakefield Research released in January 2015 found that mobile wallets accounted for about 4 percent of the overall payments market for in-store retail transactions in the US.



MRDI

SK Sur Chowdhury, deputy governor of Bangladesh Bank, speaks at the inauguration of a CSR guideline training programme for the first batch of CSR desk officers organised by the Management and Resources Development Initiative (MRDI) in partnership with the central bank recently. Hasibur Rahman, executive director of MRDI, was also present.

Switzerland plans to drop tax privileges for holding companies

REUTERS, Zurich

The Swiss government said on Friday it is doing away with a frequently criticized privileged tax status for holding companies based in Switzerland, which will lead to a billion-franc shortfall in annual tax revenue.

"While these arrangements made a valuable contribution to the business location's appeal in the past, they are no longer compatible with the international standards, which is proving to be a growing disadvantage for companies engaged in cross-border activities," the Swiss gov-

ernment said in a statement.

For years, the European Union has taken issue with some of the Alpine nation's corporate tax policies, notably how its separate cantons, or states, charge less tax on foreign-earned income than on income earned in Switzerland.

Switzerland's proposal to drop the privileges comes one year after it agreed with the EU to scrap long-cherished rules on corporate tax.

The government estimates that the move, which is being sent to parliament for debate, will take roughly 1.3 billion Swiss francs (\$1.38 billion) off its annual budget.

Japan hotels offer tight space for a tight budget

REUTERS, Tokyo

With Japan's tourist numbers and hotel prices on the rise thanks to a weaker yen, developers are getting creative with a new niche line in stylish but cheap accommodation in bunks, cabins and pods of all shapes and sizes.

Even a tiny double room in a hotel with limited service can set you back 30,000 yen (\$240) a night in central Tokyo these days. But if you look a little more, you can bed down in comfort for a mere fraction of that.

Just 10 minutes' walk from Tokyo's famous Akihabara shopping district, an eight-storey white building called Grids stands among office and apartment blocks. The hotel, a conversion of a 34-year-old office building that opened in April, offers rooms from 3,300 yen to about 5,000 yen a person. A bunk bed in a shared room is the cheapest option, and comes with slippers, a bath towel and a locker and key.

A 12 square-metre standard double with a shared shower and toilet costs just 3,600 yen a person. If you've come with family or friends, the top floor has a 28 square metre premium room with tatami mats on a raised floor where guests can lay out futons for four, costing about 5,000 yen per person.

"Converting an office building into a hotel is an ideal way to respond to the immediate needs for hotel rooms," said Yukari Sasaki, senior managing officer for Sankei Building Co, a property developer for Grids. "Building a hotel from scratch costs too much money now because of high construction costs," she added.

It typically takes about three years to build a new hotel, while Sankei spent less than a year to open Grids once it started planning last summer.

Sankei has already secured another property for Grids in the Nihonbashi district not far from Tokyo station and is planning to build more in Kyoto and Osaka.



REUTERS/FILE

A woman sits inside a one-man capsule bed unit called a pod inside a hotel at Grids at the Akihabara shopping district in Tokyo.

A record 13.4 million foreigners visited Japan last year, partly thanks to the weaker yen. Japan aims to boost that to 20 million by 2020, the year of the Tokyo Olympics, and 30 million by 2030.

First Cabin also runs hotels converted from office buildings in six cities nationwide. It charges about 5,500 yen for a "business class cabin" with a single bed and no additional space. That is slightly larger than a unit in one of Japan's famous capsule hotels, but comes with enough headroom for guests to stand up. For an 1,000 yen, you can get a "first class cabin" with space to open up a suitcase and change.

First Cabin in Tsukiji, near Tokyo's famous fish market, is a converted office building with a cafe on the ground floor that becomes a wine bar

at night. Guests bathe in communal bathrooms large enough for about 10 people.

There are also "nine hours" hotels, based on the notion that people sleep for seven hours and need one hour at either end, at Narita International Airport and in Kyoto.

These feature "sleep pods" which look similar to capsule hotels but are more stylish and claim to have better mattresses.

"Our service is limited to beds and showers," said Takahiro Matsui, chief executive officer of Nine Hours Inc, which runs the hotel. "But we provide the best quality for what we offer."

Nine Hours in Kyoto is a nine-storey structure with 125 pods, while the one in Narita occupies one large floor of an office building.



HSBC

Francois de Maricourt, chief executive officer of HSBC Bangladesh; Muhammad A (Rume) Ali, chairman of International Chamber of Commerce Bangladesh's standing committee on banking technique and practice, and Ataur Rahman, secretary general of ICC Bangladesh, attend a seminar on regulatory requirements for online reporting and automated system for customs data organised by ICC in Dhaka yesterday.

Yahoo folding up map site as priorities shift

AFP, San Francisco

Yahoo will fold up its online map service this month as it strives to recapture past glory by reinventing itself as a premier venue for digital lifestyles.

Word that Yahoo will shut-down an array of tools and services by the end of June comes as the California-based Internet search pioneer spins off an Alibaba investment that bolstered the company's coffers despite lackluster earnings from its own offerings.

"We continue to focus on our key product pillars: search, communications and digital content," Yahoo chief architect Amotz Maimon said in an online post.

"Part of that focus includes taking a hard look at our existing products and services, and ensuring our resources are spent smartly and with a clear purpose."

Yahoo Maps website will close at the end of June, but Yahoo will continue to support maps in products such as search and Flickr, according to Maimon.



ABDUL MONEM LTD

ASM Mainuddin Monem, deputy managing director of Abdul Monem Ltd, and Shoichi Kobayashi, chairman of Japan Development Institute, exchange documents of an agreement to develop the Abdul Monem Economic Zone at Bausia of Gajaria, Munshiganj on Thursday. Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority, and Abdul Monem, chairman of Abdul Monem Ltd, were also present.