

UK retail sales tumble, debt soars on pandemic fallout

AFP, London

Retail sales in Britain tumbled and government borrowing soared in January after the country re-entered lockdown over the coronavirus pandemic, official data showed Friday.

Retail sales slumped 8.2 per cent last month compared with December, the sharpest fall since April 2020, the Office for National Statistics said in a statement. "All sectors saw a monthly decline in volume sales... except for non-store retailers and food stores," the ONS added.

Separate ONS figures showed government net borrowing hit 8.8 billion (\$12.2 billion, 10.1 billion euros) in January, a record for the month and the first January deficit for a decade.

Since April 2020, or soon after the UK's first virus lockdown, public sector net borrowing has ballooned by 270.6 billion.

Overall public sector net debt stands at 2.1 trillion, or around 98 per cent of Britain's total annual economic output. Finance minister Rishi Sunak on Friday



Shoppers browse aisles in a supermarket in London, Britain.

REUTERS/FILE

reiterated the need for Britain to return to "a more sustainable footing", as he prepares for his annual budget next month. UK debt has rocketed over the past year, largely as the government pays the bulk of wages for millions of private sector workers.

Sunak said in a statement that investing more than 280 billion to protect jobs, businesses and livelihoods under its furlough scheme "is the fiscally responsible thing to do".

He added however that "it's right that once our economy begins to recover, we should look to return the public finances to a more sustainable footing and I'll always be honest with the British people about how we will do this".

Britain's economy shrank by a record 9.9 per cent last year but a rapid vaccines rollout has boosted the outlook.

Activity was hampered also by Brexit turmoil ahead of Britain's final exit from the European Union. Much of the UK re-entered lockdown in early January to curb a variant Covid-19 strain that was deemed more transmissible.

Downturn in Europe softer than 2020 crash: business survey

AFP, Brussels

The eurozone economy is being hit hard by a new wave of virus lockdowns but the damage will be less severe than the crash seen last year, a key survey showed Friday.

The closely watched PMI index compiled by IHS Markit is considered the earliest indicator of the state of the economy and the latest reading confirmed fears that Europe was in recession. "Ongoing Covid-19 lockdown measures dealt a further blow to the eurozone's service sector in February, adding to the likelihood of GDP falling again in the first quarter," Chris Williamson, chief business economist at IHS Markit, said. "However, the impact was alleviated by a strengthening upturn in manufacturing, hinting at a far milder economic downturn than suffered in the first half of last year," he added.

The firm's PMI index edged up to 48.1 points in February from 47.8 points in January, closer to the 50-point level which indicates growth. This level, although recessionary, was higher than the depths seen in Spring 2020, when Europe's economy went into freefall.

Respondents this month warned of a big slump in services activity in Germany and France, which together make up a bit less than half of the eurozone economy.

But those countries also saw promising data for manufacturing, though France's dependence on its services is far greater than its German neighbour. The data firm said businesses expressed confidence that vaccinations would open up the economy in the coming months and that "the second half of the year should see a robust recovery take hold."

US FAA tracking all Boeing 737 MAX airplanes via satellite data

REUTERS, Washington

The US Federal Aviation Administration (FAA) said on Friday it is tracking all Boeing 737 MAX airplanes using satellite data under an agreement with air traffic surveillance firm Aireon LLC.

Aireon and L3Harris Technologies announced in November a new partnership with the FAA giving the agency broad access to Aireon's real-time air traffic surveillance Automatic Dependent Surveillance-Broadcast (ADS-B) data. The FAA said on Friday that "Aireon is providing the agency with ADS-B flight data for all Boeing 737 MAX aircraft."

"Aireon's system will flag deviations from certain parameters during all phases of flight and alert the FAA's aviation safety division.

Safety engineers and inspectors will use the early notification to further analyze the incident," the agency said.

Boeing did not immediately comment.

The FAA 737 MAX monitoring began on Jan. 29, Aireon Chief Technology Officer Vinny Capezzuto said during a Feb. 12 web event hosted by Aviation Week.

"You can literally monitor it on a situational awareness display and it has event detection tied into it," Capezzuto said, adding the FAA can look for emergency codes and track other data.

The system emails FAA "when events are detected and every day you get a report card on" data from flights from the previous day," he said.

The FAA used Aireon data in its decision to ground the entire 737 MAX fleet in March 2019 days after the second fatal 737 MAX crash in five months.

The FAA lifted the 20-month grounding of the 737 MAX in November after Boeing made a series of software safety enhancements and training changes.

The FAA controls 17 per cent of the world's airspace.

Google fires second AI ethics leader as dispute over research, diversity grows

REUTERS

Alphabet Inc's Google fired staff scientist Margaret Mitchell on Friday, they both said, a move that fanned company divisions on academic freedom and diversity that were on display since its December dismissal of AI ethics researcher Timnit Gebru.

Google said in a statement Mitchell violated the company's code of conduct and security policies by moving electronic files outside the company. Mitchell, who announced her firing on Twitter, did not respond to a request for comment.

Google's ethics in artificial intelligence work has been under scrutiny since the firing of Gebru, a scientist who gained prominence for exposing bias in facial analysis systems. The dismissal prompted thousands of Google workers to protest. She and Mitchell had called for greater diversity and inclusion among Google's research staff and expressed concern that the company was starting to censor papers critical of its products.

Gebru said Google fired her after she questioned an order not to publish a study saying AI that mimics language could hurt marginalized populations.



REUTERS/FILE

A woman takes a picture with two smartphones in front of the logo of the US multinational technology and Internet-related services company Google as she visits the Vivattech startups and innovation fair in Paris.

Mitchell, a co-author of the paper, publicly criticized the company for firing Gebru and undermining the credibility of her work.

The pair for about two years had co-lead the ethical AI team, started by Mitchell.

Google AI research director

Zoubin Ghahramani and a company lawyer informed Mitchell's team of her firing on Friday in a meeting called at short notice, according to a person familiar with the matter. The person said little explanation was given for the dismissal. Google

declined to comment.

The company said Mitchell's firing followed disciplinary recommendations by investigators and a review committee. It said her violations "included the exfiltration of confidential business-sensitive documents and

private data of other employees". The investigation began Jan. 19.

Google employee Alex Hanna said on Twitter the company was running a "smear campaign" against Mitchell and Gebru, with whom she worked closely. Google declined to comment on Hanna's remarks.

Google has recruited top scientists with promises of research freedom, but the limits are tested as researchers increasingly write about the negative effects of technology and offer unflattering perspectives on their employer's products.

Reuters reported exclusively in December that Google introduced a new "sensitive topics" review last year to ensure that papers on topics such as the oil industry and content recommendation systems would not get the company into legal or regulatory trouble. Mitchell publicly expressed concern that the policy could lead to censorship.

Google reiterated to researchers in a memo and meeting on Friday that it was working to improve pre-publication review of papers. It also announced new policies on Friday to handle sensitive departures and evaluate executives based on team diversity and inclusion.

Walmart reports strong Q4 sales, announces some wage hikes

AFP, New York

Walmart reported another round of strong sales Thursday amid the coronavirus pandemic as it announced significant investments in higher employee wages and technology for growing e-commerce demand.

The retail giant, which has become a one-stop shop for many consumers during the pandemic, said the new investments will bolster delivery and curbside pickup programs connected to e-commerce and lift wages for some 425,000 US workers.

But shares fell sharply on the announcements, which included a disappointing fourth-quarter loss and a forecast for slower US sales growth and slightly lower profits in the coming year. "Our business is strong, and we're making it even stronger with targeted investments to accelerate growth," said chief executive Doug McMillon in a press release.

Walmart reported a fourth-quarter loss of \$2.1 billion from the accounting for asset sales, compared with profits of \$4.1 billion in the year-ago period. Revenues rose 7.3 per cent to \$152.1 billion as the company pointed to a bounce from a strong holiday shopping season and a lift from a fresh US government stimulus package enacted at the end of 2020. For all of 2020, Walmart reported profit of \$13.5 billion, down 9.8 per cent. Annual revenues jumped 6.7 percent to \$524 billion.

Designated as an "essential" store as a venue for groceries and other consumables, Walmart

was among the beneficiaries from coronavirus shutdowns in the spring when other retailers were forced to close. Sales soared throughout the year even as Walmart struggled at times to keep up with demand for at times unexpected items, such as bandanas, which were used earlier in the pandemic as face masks.

Throughout 2020, Walmart hired more than half a million people, including new staff to deliver items and interface at curbside with customers, and other workers to fill in for those

on leave. At a presentation to Wall Street analysts, Walmart executives said they planned new investments on automation and supply chain improvements. "This year just really fast-forwarded things in terms of customer behavior," McMillon said. "We think the vast majority of that behavior is going to last." McMillon said the spending would boost e-commerce offerings and the attractiveness of "Walmart +," a subscription plan that includes grocery delivery and is a rival to

Amazon's "Prime" service.

Walmart projected capital spending of \$14 billion in fiscal 2022 compared with \$10.3 billion in the year that just ended. Neil Saunders, an analyst at GlobalData, said a weakened profit outlook in light of the spending was inevitable. "Such expenditure is necessary, especially in areas like automation which will yield long term savings, so this is a case of some mild short term pain for a long term gain," Saunders said in a note.

The wage increases will lift

Walmart's US employee average wage to above \$15 per hour. However, Walmart did not alter its national minimum wage -- currently \$11 an hour -- which partly reflects the difference between high- and low-cost regions in the US. About 730,000 of Walmart's 1.5 million US employees will make at least \$15 an hour with the latest change.

President Joe Biden and congressional Democrats have championed legislation to boost the US minimum wage to \$15 an hour from the current \$7.25 an hour.

However, the fate of the proposal is uncertain. Republicans so far oppose the plan and even some Democrats have balked at the size of the increase. Some experts have also said the wage hike should take into account regional cost-of-living.

McMillon, in response to an analyst question, said Walmart wanted to maintain its system of promoting workers and that much of the staff that will benefit from the newest increase are company veterans. "We're trying to move that average up, to create that ladder and continue to have associates that come through our system and become store managers," McMillon said. "We're obviously really well aware of what's happening nationally with this discussion around \$15 and think that's an important target," McMillon said. "But I also think that should be paced in a way that's good for the US economy and you can kind of see us as a model." Shares fell 6.5 per cent to \$137.66.



REUTERS/FILE

A woman is shopping at a Walmart store in Bradford, Pennsylvania.

Chip shortage to leave limited impact on clients

Chairman of Apple Inc supplier Foxconn says

REUTERS, Taipei

The chairman of Apple Inc supplier Foxconn said on Saturday he expects his company and its clients will face only "limited impact" from a chip shortage that has rattled the global automotive and semiconductor industries.

"Since most of the customers we serve are large customers, they all have proper precautionary planning," said Liu Young-way, chairman of the manufacturing conglomerate formally known as Hon Hai Precision Industry Co Ltd.

"Therefore, the impact on these large customers is there, but limited," he told reporters.

Liu said he expected the company to do well in the first half of 2021, "especially as the pandemic is easing and demand is still being sustained."

The global spread of COVID-19 has increased demand for laptops, gaming consoles, and other electronics. This caused chip manufacturers to reallocate capacity away from the automotive sector, which was expecting a steep downturn.

Now, car manufacturers such as Volkswagen AG, General Motors Co and Ford Motor Co have cut output as chip capacity has shrunk.

Counterpoint Research says the shortage has extended to the smartphone sector, with application processors, display driver chips, and power management chips all facing a crunch.

However, the research firm predicts Apple will face a minimal impact, due to its large size and its suppliers' tendency to prioritise it. Apple is Foxconn's largest customer.

Foxconn is looking at other areas for growth, including in electric vehicles (EVs), and Liu said their EV development platform MIH now had 736 partner companies participating.

He expected it would have two or three models to show by the fourth quarter, though did not expect EVs to make an obvious contribution to company earnings until 2023.

Liu also said the company was still looking for semiconductor fab purchase opportunities in Southeast Asia after not winning a bid to take over a stake in Malaysia-based 8-inch foundry house Siltronic.