

Canada jobless rate up

AFP, Ottawa

Canada's unemployment rate rose 0.2 percentage points in October to 5.7 percent, marking a fourth monthly increase in the past six months, the government statistical agency said Friday.

Since April, the rate has increased by a total of 0.7 percentage points, after holding steady at a near record low from December 2022 to April 2023.

Some 18,000 new jobs were created in October, said Statistics Canada – not enough to keep pace with soaring population growth (up 85,000) and slightly below analysts' forecast of 25,000 new jobs.

Employment gains in construction (+23,000) and information, culture and recreation (+21,000) were partially offset by decreases in wholesale and retail trade (-22,000) and manufacturing (-19,000), the agency said.

One in three Canadians reported living in a household experiencing financial difficulties due to inflation

Among those unemployed in September, nearly two-thirds remained so in October. This was a greater proportion than a year earlier, Statistics Canada said, indicating that "job seekers are facing more difficulties finding employment than a year ago."

It noted also that one in three Canadians reported living in a household experiencing financial difficulties due to inflation, despite average year-over-year price increases recently falling to 3.8 percent from a June 2022 peak of 8.1 percent.

Most of those persons struggling were living in southern Ontario – Canada's industrial heartland and home to one-third of its population.

Quebec residents fared the best in the measure of cost of living stresses.

Analysts said the job data reinforces a consensus view, based on overall indicators, that the Canadian economy is softening and even on the brink of a recession.

"As a result, we believe the next move from the Bank of Canada will be (an interest rate) cut in the second quarter of 2024," Desjardins' Royce Mendes said in a research note.

Apple sales lose ground, but iPhone growth strong

AFP, San Francisco

Apple on Thursday reported that sales fell for the fourth consecutive quarter when compared to the prior year, but profit rose on the back of iPhones and services.

The tech giant said it made a profit of \$23 billion on revenue of \$89.5 billion, which was down slightly from the same period last year.

Apple chief executive Tim Cook said iPhone sales set a new record for its September quarter while money taken in from services hit an all-time high.

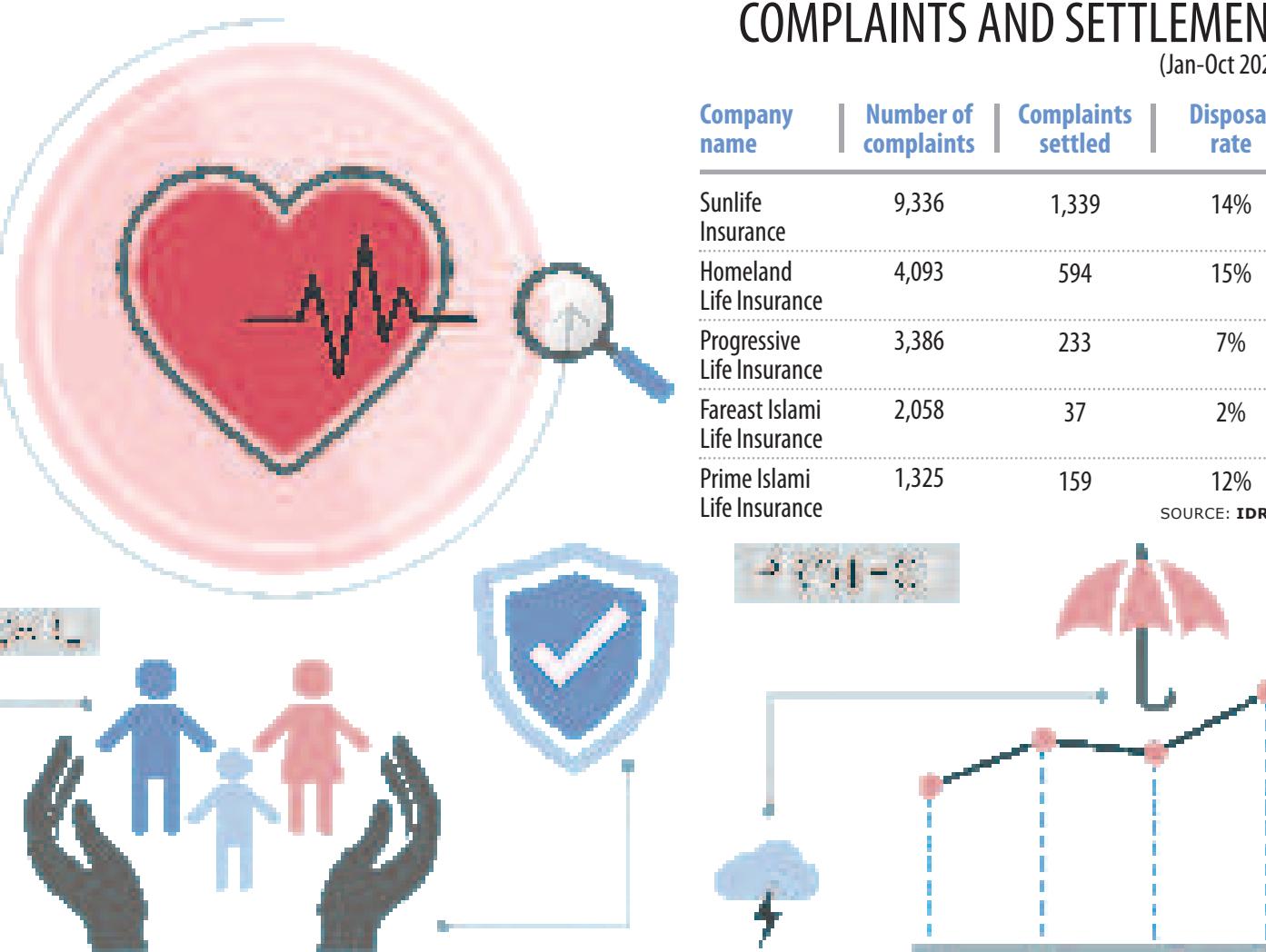
The company brought in \$43.8 billion from iPhone sales while its services unit selling products such as Apple Music and iCloud brought in \$22.3 billion, up 16 percent from a year ago.

"We now have our strongest lineup of products ever heading into the holiday season, including the iPhone 15 lineup," Cook said in an earnings release.

The iPhone performance came as sales of smartphones continued to shrink globally in the recently-ended quarter as consumers watched spending, according to market tracker Counterpoint.

Smartphone sales fell 8 percent, marking the ninth consecutive quarter of decline in year-over-year comparisons, according to research by Counterpoint's Market Pulse service.

Apple's strong September sales along with buzz around the new iPhone 15 line-up were signs the current quarter may break the losing trend, according to the market tracker.



24,605 complaints filed against 14 insurers in 10 months

A majority is related to claims, figures from regulator show

SUKANTA HALDER

More than a dozen life insurance companies settled only 14.09 percent of the 24,605 complaints they received in the first 10 months this year, creating uncertainty about whether policyholders will get back their money, official figures showed.

Of them, 95 percent are related to non-settlement of claims despite policies reaching maturity, said an official of the Insurance Development and Regulatory Authority (Idra).

The remaining complaints are linked to management issues, violation of rules in appointing top officials and bad investments, among others.

Policyholders filed the complaints against 14 life insurance companies, which settled 3,467 claims between January and October.

The insurers are Sunlife Insurance, Homeland Life Insurance, Progressive Life Insurance, Fareast Islami Life, Prime Islami Life Insurance, Golden Life Insurance, Baira Life Insurance, Padma Islami Life Insurance, Sunflower Life Insurance, Popular Life Insurance, National Life Insurance, Swadeshi Islami Life Insurance, MetLife Bangladesh, and Trust Islami Life Insurance.

There are 35 life insurance and 46 non-life insurance companies in Bangladesh.

On October 12, the Idra directed the chief executive officers of the 14 companies to resolve the complaints by December this year.

The piling up of complaints come as several life insurance companies are struggling to settle claims due to a lack of liquidity resulting from bad investments and fund embezzlement.

Of the insurers, the highest number of complaints, at 9,336, was filed against Sunlife.

In contrast, the lowest number of claims, just one, was lodged against Trust Islami Life, according to the data of the Idra.

Sunlife settled 14 percent of the complaints.

Mohammad Nurul Islam, CEO of Sunlife Insurance, said due to the Covid-19 crisis, the revenue stream was reduced at one point. As a result, the claim settlement decreased.

"The claims could not be settled due to a huge cash crunch. As per Idra instructions, we have decided to resolve the complaints by December."

Of the complaints, 95 percent are related to non-settlement of claims despite policies reaching maturity, said an official of the Insurance Development and Regulatory Authority

Green Delta Insurance Company is going to purchase a 43 percent stake in Sunlife.

The second highest number of complaints was filed against Homeland Life Insurance. It settled 15 percent of the 4,093 complaints made.

Faridul Alam, chief executive officer (current charge) of Homeland, said after the meeting at the Idra on October 12, some 20 percent more claims were paid as of October 27. The rest will be cleared in a gradual manner.

He also blamed the lack of liquidity for the lower settlement ratio.

Recently, the insurance regulator gave Homeland Life Insurance the approval to withdraw Tk 10 crore from its fixed deposits.

"Money is being withdrawn and insurance

claims are being settled step by step," Alam said.

Progressive Life Insurance, which attracted the third highest number of complaints, resolved 7 percent of the 3,386 complaints filed.

Shajahan Azadi, managing director of Progressive Life Insurance, could not be reached for comments.

The fourth highest number of complaints, at 2,058, were filed against Fareast Islami Life, which settled 2 percent of them.

Sheikh Kabir Hossain, chairman of Fareast, recently described the company as "sick" as it owes a lot of money while its owners are in jail for alleged funds embezzlement.

"So, it is not possible to pay back debts at the required rate."

According to an audit report, Tk 2,367 crore has been embezzled from the company. Apart from this, accounting irregularities amounting to Tk 432 crore were also detected.

Nazrul Islam and MA Khaleque, former chairman of Fareast Islami, Hemayet Ullah, former CEO, and former directors and senior officials were found involved in the embezzlement.

The government has appointed a new board, comprising independent directors, to run Fareast.

Prime Islami Life Insurance received 1,325 complaints, the fifth highest. Of them, 12 percent were sorted out between January and October.

Zahangir Alam, spokesperson of the Idra, told The Daily Star that more than half of the country's life insurance companies are financially weak.

"They don't have enough liquidity, so they can't settle the claims."

How can Bangladesh tackle deglobalisation?

MAMUN RASHID

Deglobalisation is a term used to describe how the interconnectedness of the world economy is weakening due to factors such as trade barriers, a rise in nationalism, wars, and disruptive occurrences such as the pandemic.

Bangladesh relies heavily on apparel exports, making up 84 percent of total export earnings, and bolstering foreign reserves. For a nation dependent on imports, this is essential. Current geopolitics also emphasises the risks associated with limited exports or import destinations.

In terms of export performance and as reported by the Export Promotion Bureau in 2022-23, Bangladesh's dependence on certain export destinations become very evident. During this period, Bangladesh exported \$9.7 billion worth of goods to the US, which is more than 17 percent of total exports. In the total export to the US, more than \$8.4 billion was woven clothes and knitwear.

The export destinations following the US are Germany, with nearly 13 percent of total exports and the United Kingdom, with more than 9 percent of total exports. So, approximately 40 percent of the country's exports depend on only three countries. What is even more worrying is the share of woven clothes and knitwear in the exports to the UK and Germany is quite like the US's share. Hence, Bangladesh has an extremely concentrated export basket and export destinations.

During the Covid-19 pandemic, global exports shrank by almost 9 percent while exports from Bangladesh shrank by more than 16 percent.

Bangladesh and the Philippines were the two countries with over 30 percent export concentration and these two countries reported the sharpest declines in their exports during the period.

India, Indonesia and Vietnam, the countries with the lowest export concentration, reported the lowest decline in exports for the same period. Vietnam, in fact, reported growth in its exports.

Another important aspect we need to consider when discussing deglobalisation is our imports.

Bangladesh is very dependent on imports to sustain the production of export items. If we investigate the ratio of domestic value added embodied in foreign exports to foreign value added embodied in exports, Bangladesh is in a much worse position than comparable economies such as India, Indonesia, the Philippines, Cambodia and Vietnam. Now if we see the magnitude of dependence on foreign value added share of total gross exports, the textiles and apparel industries are the most dependent, which is again, alarming to say the least.

With the understanding of our vulnerability, the question now is what the solution is. At a time of global uncertainty and subsequent deglobalisation, looking into the long term, we need an internal backbone to support the economy. The most logical choice would be the IT sector. The IT boom is a major reason for the massive development success of India, and Bangladesh is not at all lacking in the base skill set and resources required to boost up this sector to the same level that India has done.

We have already made great strides in the sector and now we just need to keep on developing and promoting the IT sector such that its contribution to the economy in terms of international trade is significantly enhanced. The cost of doing business with India in the IT sector is already relatively expensive and, in this regard, Bangladesh could easily become the next IT hub of choice.

Furthermore, Bangladesh is already a very promising start-up hub. Looking into the region, Dhaka has more startups than in cities such as Hanoi, Singapore, Bangkok, Colombo and Manila. We need to nurture them and create an environment for them to grow and our startups have the potential to disrupt more industries.

To support them, efforts to expedite digitalisation are necessary. Actions should be taken to increase the ease of doing business and the use of internet and devices, and support technological advancements through local research and development.

The author is an economic analyst

As US job market cools, Fed's own job gets easier

the central bank kept its benchmark overnight interest rate steady in the 5.25 percent-5.50 percent range.

They are waiting for more confirmation the economy is coming

into better balance after pandemic disruptions to the supply of goods and labor helped push inflation to 40-year highs in 2022.

But Powell also signaled a further rate



Job seekers speak with prospective employers during a career fair in Los Angeles on November 2.

hike could yet be in the offing as he and his colleagues were not yet confident that monetary policy is restrictive enough to bring inflation down to the Fed's 2 percent target. He cited the rise in longer-term borrowing costs, including the rise in 30-year fixed-rate mortgages to nearly 8 percent, as potentially doing some of the Fed's work.

Friday's drop in the yield on the benchmark 10-year Treasury note to below 4.5 percent after the jobs report poses a problem that, if it continues, may actually bolster the case for another rate hike to ensure overall borrowing conditions do not loosen. So far, neither analysts nor Fed policymakers are framing the bond yield drop itself as a spoiler.

"It's too soon to call," said Minneapolis Fed President Neel Kashkari, a skeptic of reading too much into financial market moves.

"We just need to keep watching the actual data to see, are we actually making enough progress to get inflation down to our 2 percent target," he said, adding that the latest data "gives us more comfort that the economy is moving back into balance."

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