

Business

Why US pay raises are elusive even with jobless rate so low

October jobs report shows pay gains remain sluggish

WASHINGTON: With US unemployment at a 17-year low and businesses complaining that they can't fill jobs, you might expect pay to be rising sharply as companies try to attract or keep workers.

It's not. The October jobs report showed that pay gains remain sluggish, and the explanations include weak worker productivity and a still-low proportion of adults with jobs. These are long-running trends that still bedevil the economy despite its steady improvement.

Employers added a solid 261,000 jobs last month, the government said Friday, in part because many businesses in Texas and Florida re-opened after having been forced to shut down in September when hurricanes Harvey and Irma struck. The unemployment rate reached 4.1 percent, the lowest level in nearly 17 years, from 4.2 percent in September. But the rate dropped for a less-than-encouraging reason: Many people stopped looking for work and so were no longer counted as unemployed.

Still, Friday's data showed that the hurricanes, for all their fury, hardly knocked the economy or the job market off course. Over the past three months, job growth has averaged 162,000 - similar to the pace of hiring before the storms.

"Looking through the volatility from the hurricanes, the US job market is in good shape," said Gus Faucher, chief economist at PNC Financial. Normally, with the unemployment rate ultra-low, businesses are forced to raise pay significantly to fill jobs or to retain existing employees. The last time the jobless rate was this low, in 2000, average hourly pay was surging at a 4 percent annual pace.

Then was then. In October, by contrast, wages crept up just 2.4 percent from a year earlier, the government said Friday. Though that's double the pace of five years ago, it's nearly a half-point less than the year-over-year rate in September.

It's particularly surprising given that some employers say they're desperate to hire. Mike Bolen, chief executive of McCarthy Building Companies in St. Louis, said he needs more electricians, carpenters, and laborers, as well as engineers, marketing and IT support. McCarthy has 16 offices and employs 4,000.

"We like to say there is no unemployment," Bolen said. "We have a shortage of everything, everywhere." Four years ago, there would be about 30 potential employees in a union hall waiting for job postings, he said. Now, the halls are empty, and there are posted jobs with no takers.

Bolen is working with high schools and community colleges to train and recruit young people. He says he's raised pay in recent years and offers attractive wages: An entry-level laborer in Denver can start at \$16 to \$20 an hour and earn up to \$30 after one year.

Homebuilders also say they would construct more homes - which could relieve a housing shortage that is depressing sales - if they could find more workers. Still, the construction industry as a whole isn't raising pay much: Wages rose just 2.2 percent in October from a year earlier, Friday's report showed.

That's even lower than the economy-wide average. Reed Nyffeler, CEO of Signal 88 Security, is similarly frustrated. He says job applications have fallen 90 percent since the recession. The company, which provides security in 200 US markets, needs security officers and professional staff.

"We have franchisees telling me every day they are turning down contracts because they can't find workers," Nyffeler said. Signal 88 has raised starting pay for security officers from \$9.25 an hour to \$11.25 in the past two years. But other low-wage employers have also lifted pay, Nyffeler said, thereby creating new competition for Signal.

Many potential applicants can't pass drug tests, Nyffeler says, while others can live off government benefits. His ability to raise pay, Nyffeler says, is limited because his clients are reluctant to pay more for his company's services. Signal 88 bills at \$17 an hour, on average. The company tries to raise prices each year when it renews contracts, but many of its clients then threaten to seek alternatives.

Another major feature of the GOP plan being considered would nearly double the standard deduction to \$24,000 for married couples. That would simplify taxes for many people, while also wiping out the benefits of itemizing deductions for some. In Roseville, Minnesota, Craig Stilen and his wife itemize their tax returns. But in part because of the way the GOP proposal gives with one hand and takes with the other, Stilen hasn't been able to work out what the tax overhaul could mean for his family financially.

"There are a lot of moving parts that me, as Joe Consumer, is trying to digest," said Stilen, a 56-year-old who works in information technology. Richard Middleton, an accountant in Cherry Hill, New Jersey, said the phone hasn't exactly been ringing off the hook with concerned clients - most of whom are higher-income.

But one member of his firm redid the 2016 taxes for a wealthy client using the proposed changes. The change, Middleton said, a bill \$116 smaller. Middleton said the \$10,000 cap on property tax deductions won't have as big of an impact as it might sound in a state where the average bill was \$8,300 last year.

That's because many New Jersey residents are now subject to the federal alternative minimum tax. The AMT is intended to keep high-earners from using lots of deductions to reduce their tax bills.

The majority of households that earn more than \$200,000 are subject to the AMT, which would go away under the legislation. Pharmaceutical company scientist Sean Kohler and his wife bought a \$380,000 three-bedroom house in the Philadelphia suburb of Voohees, New Jersey, a couple of years ago with plans to stay for good and have kids. They make about \$160,000 but are still paying off student loans and have an annual property tax bill of about \$15,000. He said that if the GOP plan goes through, their tax hit could run into the thousands, and

are giving Republican members of Congress pause, too.



Homebuilders to construct more houses



DALLAS: In this Friday photo, a potential job candidate takes a flyer from a human resources representative at a Target store in Dallas. The US government issued the October jobs report on Friday. —AP

Other companies appear in similar circumstances: Price increases throughout the economy are weak. Inflation rose just 2.2 percent in September from a year ago and would have been lower without a spike in gas prices.

One way out of the conundrum would be to raise worker efficiency. When workers become more productive - when their output per hour rises - companies can afford to pay more without raising prices. Yet productivity growth has been weak since the recession ended in 2009. It grew just 1.2 percent a year, on average, in the past decade. That's less than half the growth rate before the recession. One reason productivity has been so sluggish is that companies haven't invested much in machinery, technology and other equipment that could boost workers' output.

The Trump administration and Republican Congress are pushing a steep cut in the corporate tax rate from

35 percent to 20 percent in hopes of encouraging more productivity-boosting investment. But some economists argue that the increased profits stemming from the tax cut will be used mainly to boost dividends and share buybacks.

Jed Kolko, chief economist at Indeed, the job listing website, notes that the proportion of adults with jobs remains below pre-recession levels. That raises the possibility that there are more Americans available to work than the unemployment rate suggests. It also means that if employers can hire them, they may not feel pressure to raise pay.

Last month, 78.8 percent of adults aged 25 through 54 had jobs. That figure has risen 1.5 percentage points in the past two years. Yet it topped 81 percent in 2000, the last time unemployment was this low. "By that measure, the labor market is not unusually tight," Kolko said. —AP

In high-tax states, worries about pain from GOP tax plan

SOUTH ORANGE, NJ: Homeowners in high-tax states like New Jersey, where a modest house within commuting distance of New York City can easily carry property taxes of over \$15,000 a year, are wondering whether the Republican bill being sold as a tax cut would actually result in higher bills for them.

At issue are provisions that would end deductions for state and local sales and income taxes and would cap the property tax deduction at \$10,000.

James Ledoux, a computer programmer who lives in South Orange with his veterinarian wife and their toddler and is expecting a second child, said he now has \$46,000 in itemized deductions - around \$19,500 from property taxes, \$7,000 in state income taxes and the rest from mortgage interest. He estimates that losing those deductions would drive up his federal taxes by \$4,000 a year - enough to call into question whether they can continue to afford the \$630,000 house they bought three years ago.

If not for the mortgage interest deduction, "I would have rented," he said. "We did the math, said, 'Hey, we could afford this. It's a great school district, quiet neighborhood. We'll have a bedroom for each child and a bedroom for ourselves.' It's not an extravagant mansion."

The changes could hit hard in New Jersey and other high-tax states such as New York, Massachusetts and California. Those are places dominated by Democrats. But the deduction changes

US services sector posts strongest gains in 12 years

WASHINGTON: US services companies in October grew at the best rate in more than a dozen years. The Institute for Supply Management said Friday that its services index rose last month to 60.1 from 59.8 in September. Any reading above 50 signals expansion. The October reading was the biggest since August 2005. The services sector has reported growth for 94 consecutive months. The strength in the services sector is emblematic of a US economy that looks increasingly healthy. Employers added a robust 261,000 jobs in October, the Labor Department said Friday. Economic growth climbed above an annualized level of 3 percent for the past two quarters - and appears to be solid for the final three months of 2017.

There's no question that the US economy appears to be stronger than it was a year ago, said Anthony Nieves, chair of the ISM non-manufacturing business survey committee. "The question that remains is how sustainable is this," Nieves said. For services companies, measures of business activity and employment improved last month. But a measure for new orders - while still positive - weakened slightly. —AP

Mexico makes 'major' 1.5-bn barrel oil find: President

MEXICO CITY: Mexican President Enrique Pena Nieto said Friday state oil company Pemex has made a "major" oil and gas discovery with an estimated 1.5 billion barrels of crude equivalent, its largest onshore find in 15 years. The new field, dubbed Ixachi-1, is located in the eastern state of Veracruz near existing Pemex infrastructure, meaning it can be tapped "relatively soon, and at low costs," said Pena Nieto. The estimated volume makes it "the largest onshore find the company has made in the past 15 years," he said to applause from invitees at an event in the central state of Hidalgo.

The field's proven, probable and possible reserves - an estimation of the amount of oil and gas that can be brought to market near-term - are 350 million barrels, the president said. Pemex said the size of the find may prove to be larger, and even double.

Industry experts urged caution, however. "It's very early to talk about reserves... More work needs to be done to see how big it is," said Gonzalo Monroy of Mexico City energy consultancy GMEC.

But he said any new find is good news for Pemex, Mexico's largest company, which has struggled with declining production in recent years. "Pemex has discovered there is still considerable exploration potential" in Mexico, he told AFP. —AFP

EXCHANGE RATES

Al-Muzaini Exchange Co.

ASIAN COUNTRIES	
Japanese Yen	2.682
Indian Rupees	4.679
Pakistani Rupees	2.875
Sri Lankan Rupees	1.971
Nepali Rupees	2.928
Singapore Dollar	223.830
Hongkong Dollar	38.891
Bangladesh Taka	3.688
Philippine Peso	5.890
Thai Baht	9.147

GCC COUNTRIES

Saudi Riyal	80.961
Qatari Riyal	83.386
Omani Riyal	788.462
Bahraini Dinar	806.160
UAE Dirham	82.659

ARAB COUNTRIES

Egyptian Pound - Cash	19.500
Egyptian Pound - Transfer	17.148
Yemen Riyal/for 1000	1.219
Tunisian Dinar	122.090
Jordanian Dinar	428.110
Lebanese Lira/for 1000	2.023
Syrian Lira	0.000
Morocco Dirham	32.277

EUROPEAN & AMERICAN COUNTRIES

US Dollar Transfer	303.400
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Euro	354.670
Sterling Pound	402.460
Canadian dollar	237.400
Turkish lira	80.910
Swiss Franc	306.160
Australian Dollar	234.380
US Dollar Buying	302.200

GOLD

20 Gram	260.520
10 Gram	133.180
5 Gram	67.430

Dollarco Exchange Co. Ltd

Rate for Transfer	Selling Rate
US Dollar	302.600
Canadian Dollar	236.995
Sterling Pound	398.745
Euro	352.840
Swiss Frank	303.565
Bahrain Dinar	803.125
UAE Dirhams	82.775
Qatari Riyals	83.600
Saudi Riyals	81.550
Jordanian Dinar	428.080
Egyptian Pound	17.185
Sri Lankan Rupees	1.971
Indian Rupees	4.653
Pakistani Rupees	2.870
Bangladesh Taka	3.713
Philippines Peso	5.838
Cyprus pound	18.006

Japanese Yen	3.650
Syrian Pound	1.590
Nepalese Rupees	2.910
Malaysian Ringgit	72.275
Chinese Yuan Renminbi	45.945
Thai Bhat	10.080
Turkish Lira	79.610

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CURRENCY	BUY	SELL
Europe		
British Pound	0.393036	0.399536
Czech Korune	0.005775	0.017775
Danish Krone	0.043487	0.048487
Euro	0.347517	0.355017
Georgian Lari	0.135201	0.135201
Norwegian Krone	0.033269	0.038469
Romanian Leu	0.065001	0.081851
Russian ruble	0.005231	0.005231
Slovakia	0.009060	0.019060
Swedish Krona	0.032133	0.037133
Swiss Franc	0.297457	0.308457
Australasia		
Australian Dollar	0.224286	0.236286
New Zealand Dollar	0.203875	0.213375
America		
Canadian Dollar	0.232716	0.241716
US Dollars	0.299450	0.303870
US Dollars Mint	0.299950	0.303870

Asia		
Bangladesh Taka	0.003316	0.003900
Chinese Yuan	0.044352	0.047852
Hong Kong Dollar	0.036927	0.039677
Indian Rupee	0.004158	0.004799
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002579	0.002759
Korean Won	0.000262	0.000277
Malaysian Ringgit	0.067936	0.073936
Nepalese Rupee	0.003029	0.003199
Pakistani Rupee	0.002693	0.002983
Philippine Peso	0.005781	0.006081
Singapore Dollar	0.217995	0.227995
Sri Lankan Rupee	0.001633	0.002213
Taiwan	0.010029	0.010209
Thai Baht	0.008814	0.009364

Arab		
Bahraini Dinar	0.798177	0.806677
Egyptian Pound	0.014256	0.019974
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000207	0.000267
Jordanian Dinar	0.423533	0.432533
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000156	0.000256
Moroccan Dirhams	0.022810	0.046810
Omani Riyal	0.782123	0.787803
Qatar Riyal	0.079088	0.084028
Saudi Riyal	0.079860	0.081160
Syrian Pound	0.001287	0.001507
Tunisian Dinar	0.118110	0.126110
Turkish Lira	0.073897	0.084197
UAE Dirhams	0.081220	0.082920
Yemeni Riyal	0.000987	0.001067