

Business

IMF, G20 fret over supply chain bottlenecks and inflation fears

Georgieva attributes supply chain woes to lag in vaccination rates

WASHINGTON: Global finance officials gathered in Washington on Wednesday were focused on finding a way to alleviate supply chain bottlenecks that are driving prices higher and threatening to derail the economic recovery. As demand has spiked, suppliers have not been able to keep up: Ships are lined up outside American ports waiting to offload goods, US consumer inflation remained elevated in September, global oil prices have jumped over \$80 a barrel, the highest in years, and British families may be forced to do without turkeys for Christmas dinner.

The global supply challenges are a key focus of meetings of the International Monetary Fund, the Group of 20 advanced economies and the smaller gathering of finance ministers from the Group of Seven.

Pandemic restrictions shuttered manufacturing and trade routes while suppliers, who are facing shortages of workers and truck drivers, have not been able to keep up with the sudden surge in demand for goods as economies began to reopen. The disruptions, which some policymakers fear may be long lasting, have hobbled the recovery momentum, prompting the IMF to cut growth forecasts for major economies like the United States and Germany.

G7 officials agreed to work together to monitor the difficulties. "Supply chain issues are being felt globally-and finance leaders from around the globe must collaborate to address our shared challenges," said UK Chancellor of

the Exchequer Rishi Sunak, who chaired the meeting of the world's richest nations. The World Bank estimates 8.5 percent of global container shipping is stalled in or around ports, twice as much as in January.

Inflation threat

Italy's central bank chief Ignazio Visco agreed with the IMF and others who have said the inflation pressures are mostly due to short-term factors like the surge in demand and the supply issues.

But he acknowledged that "these may take months before fading away." G20 central bankers are studying the issue to see if there are "more structural factors at work" in the bigger-than-expected inflation spike, and "whether there is some component... that could become permanent," Visco told reporters. Central bankers are walking a fine line between supporting the recovery with easy financial conditions while warding off a permanent increase in inflation. The G20 communique said central banks "will act as needed" to address price stability "while looking through inflation pressures where they are transitory." But World Bank President David Malpass warned that some of the price spikes "will not be transitory."

"It will take time and cooperation of policymakers across the world to sort them out." IMF chief Kristalina Georgieva said the lag in vaccination rates to contain the pandemic in develop-



WASHINGTON: Activists dressed as "debt collectors" hold cutouts of the leaders of Italy, Mario Draghi, United Kingdom, Boris Johnson, United States, Joe Biden, Australia, Scott Morrison and Canada, Justin Trudeau during a demonstration in front of the International Monetary Fund headquarters. —AFP

ing nations is contributing to the supply constraints, and "as long as it widens, this risk of interruptions in global supply chains is going to be higher." In the world's largest economy, US President Joe Biden on Wednesday announced an initiative to ease the backlog by pushing for

24-hour service at ports and suppliers. He won the commitments to work extended hours from the leaders of the giant West Coast port of Los Angeles and the International Longshore and Warehouse Union, as well as from companies including Walmart, FedEx and UPS. — AFP

JPMorgan Chase profits jump

NEW YORK: JPMorgan Chase reported higher third-quarter profits Wednesday as the improving economic outlook allowed it to include in earnings \$2.1 billion set aside earlier in the pandemic for potential loan defaults. The big US bank, kicking off the quarterly earnings season for large financial companies, reported profits of \$11.7 billion, up 24 percent from the year-ago period as chief executive Jamie Dimon offered a fairly upbeat outlook.

Revenues rose one percent to \$29.7 billion. Besides the boost from lower reserves for bad loans, JPMorgan's results were lifted by a surge in financial advisory revenues tied to mergers and acquisition and initial public offerings.

Those gains helped offset a modest decline in revenues tied to trading in financial markets. The bank saw a 26 percent jump in debit and credit card volumes. But firm-wide loan growth was anemic, the latest instance of modest lending that has been seen as due to the availability of government support programs during the pandemic.

Chief Executive Jamie Dimon called Tuesday's IMF projection for 5.9 percent growth in 2021 and 4.9 percent growth in 2022 "great numbers," considering the blow from COVID-19. "The most important thing is you get good growth," Dimon said on a conference call with reporters. — AFP

US jobless claims dip below 300,000

ARLINGTON: New applications for US unemployment benefits dipped below 300,000 last week for the first time since COVID-19 sent them skyrocketing into the millions early last year, according to government data released yesterday. There were 293,000 initial claims for unemployment benefit submitted the week ended October 9, the Labor Department said, 36,000 less than the previous week.

That took the total closer to the 256,000 filed in the week of March 14, 2020, just before the pandemic caused mass layoffs. Weekly jobless claims, a closely watched metric of labor market health, remained elevated throughout 2020, but dropped substantially this year as COVID-19 vaccines allowed businesses to reopen. They level has oscillated in recent weeks as the Delta variant injected uncertainty into the labor market, but analysts saw last week's drop as proof of an improving employment situation.

"Initial claims are now within striking distance of their pre-pandemic level, which could be reached later this year as the Delta wave recedes and hiring improves," Daniel Zhao of job search site Glassdoor said on Twitter. Another 21,624 claims, not seasonally adjusted, were filed last week under the Pandemic Unemployment Assistance program, which was created to aid freelance workers not normally eligible for aid but expired weeks ago. All told, more than 3.6 million people were receiving jobless benefits under all programs as of the

week ended September 25, the latest for which data was available. The report showed another record low was seen in insured unemployment, the share of workers actually receiving benefits.

As of October 2, 2,593,000 people were receiving regular benefits, a drop of 134,000 from the prior week and the lowest level since the pandemic began. The insured unemployment rate as of that week was 1.9 percent, slightly lower than the week before, the report said. —AFP



ARLINGTON, US: Women walk past by a "Now Hiring" sign outside a store in Arlington, Virginia. — AFP