

Business

Lebanese demonstrators block roads to protest currency crisis

Pound hits record lows on black market amid political impasse

BEIRUT: Demonstrators blocked key roads across Lebanon yesterday in protest at the country's political paralysis after the Lebanese pound hit record lows on the black market. Black smoke billowed up from overturned rubbish dumpsters and tires set ablaze by protesters at various entrances to Beirut from the early morning. Lebanon is in the grips of its worst economic crisis in decades, compounded by the coronavirus pandemic. The value of the Lebanese pound has plunged by more than 80 percent, sending pricing soaring, and more than half the population are living below the poverty line. "We've closed off all the roads today to tell everyone: It's over, we have nothing left to lose. We've even lost our dignity," said Pascale Nohra, a protester blocking the northern road into Beirut.



BEIRUT: A man stands next to flaming tires at a make-shift roadblock set-up by anti-government demonstrators next to the Mohammed Al-Amin Mosque in the Martyrs' Square in the center of Lebanon's capital Beirut yesterday during a protest against the deteriorating value of the local currency and dire economic and social conditions. — AFP

She said it was time to revive the mass cross-sectarian protests of late 2019 against the political class. "We want everybody to show solidarity and come out on the street to demand their rights. The economic crisis touches all Lebanese and religious sects," said the former worker in real estate. "We need to return to the streets and revive our revolution," she said. The value of the local currency has hovered at an all-time high of nearly 11,000 pounds to the greenback on the black market in recent days, even though the official exchange rate remains 1,507.

Lebanese fear the government will soon lift food subsidies, and footage has circulated of fighting over cheaper, subsidized baby milk in a supermarket. Mohammad Faour, a research fellow in banking and finance at University College Dublin, said the pound's ongoing free fall was "a mere continuation of a clear downward trend in the exchange rate since the very

beginning of the crisis, and the concurrent policy inaction". The protests came on the same day as Lebanon entered a new phase in easing up a lockdown to keep COVID-19 infection rates in check. Lebanon has been without a fully functioning government since a massive blast in Beirut last summer that killed more than 200 people and ravaged swathes of the capital. The government stepped down after the disaster, but a deeply

divided political class has since failed to agree on a new cabinet to replace it.

Money running out

In a country that imports 80 percent of its food, much of the six million population depends on subsidies to get by. Even without them being lifted, many are already struggling, said Beit El Baraka founder Maya

Ibrahimchah. "There have been many more demands for help over the past four months," she said.

"Those we are helping today are all from the middle class." The state has poured up to \$437 million into subsidies a month, the World Bank estimates, to keep prices in check for bread, medicine, fuel and electricity, as well as around 300 other items since mid-2020.

To counter the pound's drastic devaluation, importers get access to dollars at a preferential rate to ensure they can afford to continue bringing in supplies. For flour, fuel and medicine, for example, they offer dollars at the official exchange rate of 1,507 pounds to cover most of their cost. But traders must resort to the black market to cover the difference, where Tuesday the rate hit a record low of 10,000 pounds to the dollar. As a result, in less than a year the price of a large bag of subsidized bread has risen from 1,500 to 2,500 pounds. Authorities have remained vague about how the subsidies will be reduced, though meetings are ongoing. In early December, central bank governor Riad Salameh said it could only fund subsidies for another two months. Later that month, he said two billion dollars were available for them. At the end of February, the central bank's website showed it had \$17.9 billion in foreign currency reserves, yet \$17.5 billion of that is the bank's required reserves. The bank did not respond to AFP's repeated requests for comment. The UN food agency has warned any subsidy reduction would have "major inflationary repercussions" and "put an unbearable strain on households". The price of bread could increase by up to three times and fuel by 4.5 times, the World Food Programme said, adding it was critical to immediately scale up assistance to the poorest. — AFP



Abdulaziz Yaqoub Al-Babtain



Ooredoo offers 3 months free who have had COVID vaccine

KUWAIT: To promote vaccination against COVID-19, Ooredoo Telecom, the first to introduce innovative digital services in Kuwait, is offering three months free of charge to all its customers -with post-paid subscriptions- who have had the COVID-19 vaccine. Announced yesterday (8 March 2021) the offer is already active, provoking a range of positive reactions from customers. Hence, all customers must show the original COVID-19 medical certificate in order for them to enjoy the offer.

In light of the above, Abdulaziz Yaqoub Al-Babtain, Chief Executive Officer of Ooredoo Kuwait, said: "Our Company determination is to stand by the Government and its entities in their efforts to fight the COVID-19 pandemic, and inspire the people of Kuwait to take the two shots. This is mainly driven by our national corporate social responsibility program, in which we pursue all that we deem appropriate procedures and practices that contribute to achieving sustainable development and improving the lives of members of society as a whole."

Al-Babtain added: "We value the efforts of the Minister of Health (MoH), first-line medical staff and all workers of the Kuwait Vaccination Center. We also urge everyone to act in a responsible way and get vaccinated in order to protect themselves and society. At Ooredoo Kuwait, we aim to conduct business in a responsible manner, thus, we are working hand in hand with the government and health entities to protect society. Indeed, that is the ultimate goal, to protect our people."

Al-Babtain concluded: "We take pride being the leading telecom company in Kuwait to launch this humanitarian initiative that offers our valued customers free of charge service, promising them with more unique activities to further enrich their communication experiences." Ooredoo Kuwait reaffirms its keenness to adhere to all instructions issued by the official authorities in the State of Kuwait related to the current situation, confirming its cooperation and its complete readiness to implement the procedures followed in this regard during the coming period.

Why staff in Saudi could be looking forward to a 5% pay rise this year

RIYADH: Over half of skilled employees in Saudi Arabia expect a salary increase this year, according to the latest report from recruitment giant Hays. And the Hays 2021 Saudi Arabia Salary & Employment Report revealed that, while nine percent of those working in the kingdom experienced a pay cut last year as a result of the economic turmoil caused by the global coronavirus pandemic, 39 percent of respondents said they had actually received a pay rise in the last 12 months.

"Saudi Arabia has not been exempt from the negative impacts of COVID-19. Indeed, lockdown measures and consequential reductions in energy prices forced a number of organizations in the country to make redundancies and reduce salaries in a bid to remain operational," said Chris Greaves, managing director of Hays in the Middle East.

"However, this was largely only during the height of the pandemic and when looking on a global scale, Saudi Arabia's job market has fared very well." According to the survey, double the number (18 percent) of professionals in the UAE faced salary decreases compared to those in Saudi, and nearly half (45 percent) of employees in the UAE were forced to lay off staff, while more than two thirds (68 percent) of organisations in Saudi made no redundancies.

"This really does highlight the resilience of the Saudi economy. The UAE alone has been relatively robust throughout the pandemic and yet results from

our survey show that Saudi Arabia has been affected even less so by the epidemic," said Greaves.

Of the Saudi employers who took part in the survey, a significant 81 percent said they were already in recovery, business as usual, or growth phases following the pandemic, with 62 percent expecting business activity to increase in 2021 and 76 percent planning to recruit additional headcount in the next year. Greaves said: "From our own experiences of working in Saudi Arabia, we have certainly witnessed growing confidence in the market since the last quarter of 2020. When it comes to salaries, while organizations will want to keep a lid on pay increases in an attempt to recoup some of the financial losses made in the past year, we expect this optimism to translate in a higher number of pay rises in 2021 than were awarded in 2020."

Some 53 percent of employers said they will award pay rises to their employees in 2021, most commonly increasing rates by up to five percent.

The survey also found salary to be the number one factor why 44 percent of professionals working in Saudi Arabia are looking to move jobs in the next 12 months. "Given employees -

particularly expats working in private sector organizations - will no longer need employers' consent to leave an organization once their contract is up, we expect mobility of labor to be higher than previous years with professionals being more willing to leave an organization based on pay offered by another. Employers will need to be competitive with salaries, paying more than others to secure the top talent," added Greaves.

London, Frankfurt and Paris were all up in early European trade.

The losses come as investors also worried that valuations may have run a little too far and were in line for a correction. "Profit taking is not over yet, given that the yield continues rising and investors have become cautious," Jackson Wong, at Amber Hill Capital, said.

Most markets fall as inflation fears trump recovery signs

HONG KONG: Asian markets mostly fell yesterday as persistent inflation fears overshadowed a forecast-busting US jobs report and Senate approval of Joe Biden's huge stimulus package, while Brent crude broke past \$70 for the first time in almost two years after an attack on energy facilities in Saudi Arabia. Traders were given a stellar lead from Wall Street, where the three main indexes surged following news that the world's top economy created 379,000 jobs in February, reaffirming the view that it is on track for a strong recovery.

The report came just ahead of senators passing Biden's \$1.9 trillion rescue plan, setting it up for the president's signature by the end of the week. In another sign that the world economy is getting back on track, China at the weekend released data showing a better-than-expected jump in exports in January and February, suggesting global trade is revving up again after being hammered by the coronavirus pandemic.

However, the news added to fears about soaring inflation that could force the Federal Reserve and other central banks to wind back the ultra-loose monetary policies that have been a key driver of a year-long equity market rally. "The US federal government and the Federal Reserve seemed to have learnt something from their attempts to reheat the economy after the great financial crisis," said David Kelly at JP Morgan Asset Management.

"The economy is already surprisingly warm and, with the help of very aggressive policy, is likely to heat up quickly from here. However, the critical question remains whether they have the skill and discipline to turn the policy temperature down to a simmer before inflation, and not just the economy, comes to a boil." Hong Kong ended 1.9 percent lower while Shanghai closed down 2.3 percent. Tokyo, Seoul, Wellington, Taipei and Jakarta also suffered selling pressure.

However, Sydney, Singapore, Mumbai and Bangkok all rose.

Oil prices extend rally

While the outlook for the global economy is for a strong rebound from last year's recession, there is a growing worry about soaring prices, with benchmark US 10-year Treasury bond yields continuing to rise. Yields rise as bond prices fall, and investors have been rushing out of them as inflation would eat into their returns over time, sparking the selloff in world markets.

And observers say markets are worried that the Fed is reacting too slowly, with strategist Louis Navellier saying at the weekend that traders are worried the central bank may not have enough firepower to control the surge in yields.

Fed boss Jerome Powell "keeps talking about how inflation is transitory and may not persist", he said. "This is the real problem. Wall Street sees higher crude oil prices and Treasury yields, while Powell is essentially in denial about inflation, which does not inspire investor confidence."

Investors will be keeping tabs on the European Central Bank's latest policy meeting this week, hoping officials will stress their commitment to keeping borrowing costs low, while the Fed is due to gather next week. Crude prices, already rallying on expectations that the global recovery will fan a surge in demand, jumped more than two percent Monday - having climbed around four percent Friday - after a missile and drone attack on Saudi Arabia's oil industry.

Brent at one point peaked at \$71.38 before easing slightly but is still sitting at levels not seen since May 2019. The strike on the Aramco facilities - including one of the world's biggest oil ports - by Yemen's Houthi rebels Sunday followed the bombing of the country's capital Sanaa by a Saudi-led military coalition. The rising hostilities underscore a dangerous intensification of Yemen's conflict between the coalition-backed Yemeni government and the Iran-backed Houthis, despite a renewed US push to end the war in the crude-rich region. — AFP



JYSK launches flagship store at the Avenues

KUWAIT: JYSK, the Scandinavian furniture brand for sleeping and living franchised by Ali Abdulwahab Al-Mutawa Commercial Co (AAW), has officially opened its new flagship store in Kuwait at The Avenues, the country's largest shopping destination. Building on the success of its other branches, this is JYSK's third store opening in Kuwait and comes as the Scandinavian furniture brand celebrates its three-year anniversary since opening in the country. It is part of the brand's strategic expansion plan into the furniture sector in Kuwait and comes in response to high customer demand on simple, modern, and affordable Scandinavian furniture.

The new 1,700 sqm store is located at The Avenues, and offers a wide collection of simple, modern and affordable Scandinavian furniture including bedrooms, living rooms, dining rooms, outdoor furniture, textiles, and home accessories. With its new concept, the store features a new modern layout including room set displays, stronger decor, much better lighting and wood-

en flooring, offering customers more inspiration for interior design.

Like other JYSK stores in Kuwait, JYSK at The Avenues follows the guidelines set by the local public health authorities and ensures that all safety precautions are adhered to. These precautions include daily sanitization of the showroom, daily temperature checks for employees and customers, and providing Personal Protective Equipment (PPE) such as masks, gloves and hand sanitizers at the store.

As part of its social responsibility, the brand recently introduced the "Shop Safe" initiative to encourage customers to shop online on the JYSK website (JYSK.com.kw). All products will be delivered to them safely by the companies' drivers who follow protective measures and guidelines outlined by the World Health Organization (WHO). JYSK is a global retail chain of stores and e-commerce websites that delivers a great Scandinavian offer for everyone within sleeping and living. In total, they have more than 3,000 stores in 51 countries. In 2017, the brand launched the first JYSK furniture store in Kuwait and the Middle East in the Al-Dajeej area.

The new flagship store is located in The Avenues Phase 1 on the ground floor and is open seven days a week from 8 am to 8 pm. JYSK Shuwaikh is open Saturday to Thursday from 10 am to 8:00 pm, and Friday from 2 pm to 8 pm, and JYSK Al Dajeej is open daily from 9 am to 8 pm.