

Shake Shack shrugs off trade war, opens outlet in Beijing

Antagonisms between China and the United States didn't stop Beijing's burger lovers from standing in line for hours for a bite of Shake Shack's snacks.

The New York burger brand opened its first restaurant in the Chinese capital on Wednesday in Beijing's TaiKoo Li, a shopping area popular among young people.

Shake Shack opened its first restaurant in mainland China in

Shanghai last year.

Nearly 200 customers wound around the Beijing restaurant ahead of its 10:30 a.m. opening.

Yang Fan, 18, said she got there at around 6 am and was first in line keen to enjoy an experience she first had while visiting the US a few years ago.

"So when I heard about Shake Shack to open a restaurant in Beijing I was very excit-

ed. I came very early to queue up," she said.

Shake Shack broke ground in the capital city at a time when relations between China and the US are at their worst in decades, amid disagreements over trade, Hong Kong, human rights and Beijing's claims to territory in the South China Sea.

For Yang and others, all that took a backseat to American-style cheeseburgers, hot dogs,

fries and ice-cold beverages.

"Although we are Chinese, we should not discriminate against US brands, because it (government-level tensions) have nothing to do with its people," she said.

He Xiaolin, a financial worker waiting for his first try of a Shake Shack burger, agreed.

"What we eat should not be politicized, as long as they are delicious," He said. (AP)



Workers attend to customers at the opening of the first Shake Shack outlet in Beijing on Aug 12, 2020. (AP)

Market Movements

12-08-2020

	Change	Closing pts		Change	Closing pts
JAPAN - Nikkei	+93.72	22,843.96	AUSTRALIA - All Ordinaries	-15.12	6,256.99
HONG KONG - Hang Seng	+353.34	25,244.02	CHINA - Shanghai SE	-21.02	3,319.27
S. KOREA - KRX 100	+20.78	5,218.52	INDIA - Sensex	-37.38	38,369.63
PHILIPPINES - PSEi	+41.06	5,995.00	PAKISTAN - KSE 100	-85.97	40,473.18

Business

Bumpy road ahead

Britain bracing for big spike in unemployment

LONDON, Aug 12, (AP) — The UK has kept a lid on its unemployment rate so far during the coronavirus pandemic but, scratch beneath the surface, there are worrying trends that will likely see the jobless total soaring by the end of the year.

As department store Debenhams announced another 2,500 job losses on Tuesday, official figures showed that the number of people in paid employment in the April-June quarter fell by the most since the global financial crisis more than a decade ago.

That didn't lead to an automatic increase in the unemployment rate, which held steady at a historically low 3.9% as workers need to be actively looking for a job to be counted as jobless. But as a key government salary support package is being phased out, there are concerns that the number of people officially labeled as unemployed could at least double toward the 3 million mark last struck in the 1980s.

"Some parts of the economy are undoubtedly showing great resilience but clearly there are going to be bumpy months ahead and a long, long way to go," Prime Minister Boris Johnson said.

Jobless

The stable jobless rate is largely due to a government salary support scheme that will end in October, a cliff-edge moment that many economists think will lead to an almost immediate doubling in unemployment.

Under the Coronavirus Job Retention Scheme, the government has been paying a large chunk of the salaries of workers retained rather than fired. Some 1.2 million employers have taken advantage of the program during the lockdown to furlough 9.6 million people at a cost to the government of 33.8 billion pounds (\$44 billion).

The government has started phasing out the furlough program, with firms now having to cover some of the costs of the plan. The government has said it will end the program in October on the grounds it gives "false hope" to furloughed workers while at the same time limiting their prospects of getting new jobs as their skills fade.

While admitting that not every job can be saved, Treasury chief Rishi Sunak said Tuesday's figures said the support measures, have helped to "safeguard millions of jobs and livelihoods that could otherwise have been lost."

The big question is how many of those furloughed workers are being kept on as lockdown restrictions across sectors, including retail and hospitality, have been eased, and how many will be kept on the payroll after the October cut-off date. It's a tough call for firms facing a historic cash crunch following one of the deepest economic slumps ever recorded in the UK.

Indicators

"A wide range of indicators suggest that job losses will crystallize from August, when employers must start to cover some of the costs of furloughed staff," said Samuel Tombs, chief UK economist at Pantheon Macroeconomics.

In a sign of the weakness of the UK's labor market, employment fell in the April to June quarter by 220,000, its biggest three-month decline since the 2009 recession. Figures due for release on Wednesday are set to show the economy contracted by nearly 25% in the second quarter of the year from the previous three-month period.

The statistics agency also reported that the number of people on payroll in the UK fell 81,000 in July to 28.27 million. The number of people coming off the payroll since March is now 730,000, with the falls in employment greatest among younger and older workers.

The number of firms cutting jobs has accelerated in the past month or two with big companies like British Airways and Rolls Royce announcing big layoffs, in addition to Tuesday's news from Debenhams.

Unions are urging the government to at least extend the furlough scheme to sectors still suffering from lockdown restrictions.

"The alarm bells couldn't be ringing any louder," said Frances O'Grady, general secretary of the Trades Union Congress.

UK records deepest recession among world's top economies

Economy shrinks by a fifth in 2nd quarter alone

LONDON, Aug 12, (AP) — The British economy has recorded the deepest coronavirus-related slump among the world's leading industrial economies after official figures on Wednesday showed it shrinking by a fifth in the second quarter alone.

The 20.4% quarter-on-quarter drop in the April to June period is worse than anything since records began in 1955, the Office for National Statistics said.

Following a 2.2% contraction in the first three months of the year, the U.K. economy is now in recession, commonly defined as two quarters of contraction.

Britain's recession is deeper than those recorded by comparable economies in Europe, notably Germany, France and Italy, or that of the United States. The other Group of Seven economies, Japan and Canada, have yet to post second-quarter numbers but no economist thinks they will be as bad as the UK's.

Kallum Pickering, senior economist at Berenberg Bank, said the main reason why the UK economy has fared so badly is that the lockdown was introduced at "a later stage" in the outbreak, particularly when compared with others in Europe.

By the time Prime Minister Boris Johnson introduced the lockdown on March 23, the UK had "a bigger first wave" than could have otherwise been the case, meaning restrictions had to persist for relatively longer. Shops in Germany, for example, reopened on May 6 compared with June 15 in



In this file photo, members of the public walk past a closed shop in Leicester city centre, England. The UK economy has officially fallen into a recession after official figures showed it contracting by a record 20.4% in the second quarter as a result of lockdown measures put in place to counter the coronavirus pandemic. The slump recorded by the Office for National Statistics follows a 2.2% quarterly contraction in the first three months of the year. (AP)

England.

The UK has the highest official coronavirus-related death toll in Europe with 46,611 deaths. The actual death toll is believed to be higher as the official dataset only incorporates those who have tested positive for COVID-19.

Unlike others, Britain's statistics agency provides monthly growth figures and these offer hope that the economy is healing as lockdown restrictions are eased. In June, the British economy grew by a monthly 8.7%.

"The economy began to bounce back in June with shops reopening, factories beginning to ramp up production and house-building continuing to recover," said statistician Jonathan

Athow.

The British government hopes additional measures such as the reopening of pubs and restaurants and a return to offices will further fuel the recovery.

However, Samuel Tombs, senior UK economist at Pantheon Macroeconomics, thinks the UK economy will "lag" others because of "structural disadvantages," notably the fact that the economy is so dependent on the services sector, where human interactions are so much more crucial than in manufacturing or construction.

Whatever the scale of the bounce-back in coming months, it's almost inevitable that unemployment will sky-rocket, potentially more than doubling to the 3 million mark last seen in the 1980s.



In this file photo, workers load large containers of nectarines for sorting at Eastern ProPak Farmers Cooperative in Glassboro, New Jersey. US wholesale prices fell 0.6% in February 2020, the biggest decline in five years, led by a sharp drop in energy costs. The Labor

Department said the decline in its producer price index, which measures price pressures before they reach the consumer, followed a 0.5% rise in January. It was the sharpest decline since a similar 0.6% drop in January 2015. (AP)

Biggest jump since October 2018

US producer prices up unexpected 0.6% in July

WASHINGTON, Aug 12, (AP) — US wholesale prices shot up an unexpected 0.6% in July, biggest gain since October 2018, as energy prices moved sharply higher.

The Labor Department said Tuesday that the jump last month in its producer price index — which measures inflation before it reaches consumers — followed a 0.2% drop in June and a 0.4% uptick in May. The increase last month was about twice what economists had expected.

Wholesale energy prices shot up 5.3% in July, including a 10.1% surge in gasoline prices. Food prices slid 0.5%. Excluding the volatile food and energy prices, so-called core producer prices rose 0.5% last month.

Over the past year, producer prices are down 0.4%, and core prices are up 0.3%. Inflation has been held in check by the sharp recession caused by the coronavirus outbreak and the resulting lockdowns and

fear that have kept Americans away from restaurants, airplanes and shopping centers. Producer prices for airline services plummeted 7% last month.

"Core inflation readings will likely remain muted over coming months in response to ongoing weak demand and ample excess capacity," Rubeeela Farooqi, chief US economist at High Frequency Economics, wrote in a research report.

the bottom line

CALIFORNIA: Tesla will split its stock for the first time in its history so more investors can afford to buy a stake in the electric car pioneer following a meteoric rise in its market value.

The five-for-one stock split announced Tuesday won't change how much Tesla's business is worth, but will automatically reduce the price of its shares by 80% when it's completed on Aug 31.

The sharp drop in price per share creates a wider universe of potential investors and also often has the psychological effect of making it seem as if a stock is on sale. Those factors often spark rallies after a split is announced. For instance, Apple's stock price has surged by 14% since the iPhone maker disclosed a four-for-one split less than two weeks ago.

Now, it appears Tesla is about to benefit from the same phenomenon. The company's shares surged 6% to \$1,459 in extended trading after the news about the split came out.

It marks the first time that Tesla has split its stock since the Palo Alto, California, company went public at \$17 per share a decade ago. Any investor who bought \$10,000 worth of stock at that IPO price and would now have stock worth about \$860,000.

Tesla's shares already have tripled so far this year to give the automaker a market value of \$256 billion — nearly three times more than the combined value of long-established rivals Ford Motor, General Motors and Fiat Chrysler.

The rapid run-up in Tesla's stock has been propelled by a widening belief that the company has fixed its past manufacturing problems. It is also seen as moving to widen the appeal of its vehicles beyond the luxury niche with a series of new models.

Tesla also has been able to reverse a long history of losses under its eccentric CEO and co-founder, Elon Musk, to post four consecutive quarters of profits.

The company's financial turnaround has qualified Musk for two lucrative awards valued at nearly \$3 billion since May. (AP)

NEW YORK: Foot Locker expects to turn a second-quarter profit thanks in part to aid sent to Americans to help during the pandemic.

The announcement caught Wall Street, which had expected big losses from the retailer, by surprise Monday. Shares jumped 6%.

Footlocker Inc., based in New York, reports earnings next week.

The company said the pent up demand and checks from the US helped push comparable-store sales up by about 18% in the second quarter. Industry analysts had been projecting a 9.1% decline, according to a survey by FactSet.

The company now expects to report a per-share adjusted profit between 66 and 70 cents. Wall Street had been projecting a loss of 16 cents.

"As we continued to reopen stores throughout the quarter, we saw a strong customer response to our assortments, which we believe was aided by pent-up demand and the effect of fiscal stimulus," said Chairman and CEO said Richard Johnson. "This fueled our in-store sales and also drove continued momentum across our digital channels." (AP)

SEATTLE: Federal employees overseeing Boeing and other aircraft makers say they face pressure from the companies and fear retribution from their own bosses if they raise too many safety concerns, according to a survey of the workers that was delivered to Congress on Friday.

Many of the Federal Aviation Administration employees surveyed said they believe that agency managers are too concerned with the industry's objectives and aren't held accountable for decisions about safety.

One FAA employee said companies will say they will lose money if the FAA doesn't certify its plane fast enough. Another said the message to FAA workers is, "Don't rock the boat" with Boeing.

The summary and comments were contained in a private company's report, dated in February, on the safety culture at the FAA. The FAA faces scrutiny from Congress over its approval of the Boeing 737 Max, which remains grounded after two deadly crashes less than five months apart.

The report reflects "a disturbing pattern of senior officials at a Federal agency rolling over for industry," said Rep. Peter DeFazio, D-Ore., chairman of the House Transportation Committee. "That's especially disturbing to see when it comes to Boeing, which, as we know now, pushed a plane through a broken regulatory process that resulted in the deaths of 346 innocent people." (AP)