In this Sept 28, 2020 file photo, a view of the TikTok app logo, in Tokyo. (AP)

Chinese app TikTok cuts jobs in India following ban

Popular short-video Chinese app TikTok is cutting its workforce in India after hundreds of millions of its users dropped it to comply with a government ban on dozens of Chinese apps amid a military standoff between the two countries.

'Given the lack of feedback from the government about how to resolve this issue in the subsequent seven months, it is with deep sadness that we have decided to reduce our workforce in India," a TikTok statement said .

The statement didn't give details, but media reports say the company has more than 2,000 employees in India. It expressed the hope it will get a chance to relaunch TikTok in India to support hundreds of millions of users, artists, storytellers, educators and performers.

The Indian government announced a ban on 59 Chinese apps, including TikTok, which is operated by Chinese internet firm Bytedance, in June as its relations with China deteriorated. It said the apps were prejudicial to the sovereignty and integrity of India.

China says New Delhi has been using national security as an excuse to prohibit Chinese mobile apps.

China's government on Thursday criticized Indian moves to ban Baidu, TikTok and other popular Chinese apps and appealed to New Delhi to get economic ties "back on track."

Gao didn't address Indian complaints that Chinese apps might be a security threat but said Beijing requires its companies to abide by local laws abroad.

"The hard-won development of China-India economic and trade cooperation is in the common interests of the two peoples," Gao said. (AP)

French GDP shrinks 1.3 pct in Q4 of 2020 – institute

German unemployment steady, but virus having effect on jobs

Indian economy shrinks 7.7% in fiscal '20-21 amid pandemic

India invites investors to help develop manufacturing hub

Indians wearing face masks as a precaution against the coronavirus walk to buy vegetables in Hyderabad, India, Jan 30, 2021. (AP)

NEW DELHI, Jan 31, (AP): India's economy contracted by 7.7% in the 2020-21 financial year, battered by the coronavirus pandemic, according to a report.

The government survey estimates the economy, previously one of the fastest growing among major economies, will bounce back, growing 11% in the fiscal year that begins in April.

Finance Minister Nirmala Sitharaman presented the report to Parliament on Friday. She will present the national budget for 2021-22 on Monday.

Agriculture remained the silver lining with 3.4% growth, the report said.

It said the recovery would be seen in a resurgence in demand for power and steel, rail freight and tax collections on goods and services

''The economy would take two years to reach and go past the pre-pandemic level. These projections are in line with the International Monetary Fund estimate of real GDP growth of 11.5% in 2021-22 for India and 6.8% in 2022-23," it said.

India's economy contracted at a 7.5% annual pace in the July-September quarter following a record slump of nearly 24% in the previous three months that pulled the country into a recession. India last suffered a recession in 1979-80 after an oil shock.

A country enters a technical recession if its economy contracts for two successive quarters.

The downturn followed a strict two-month lockdown imposed across the country beginning in March to combat the pandemic. It triggered massive unemployment in small and medium-sized businesses and left farmers in distress.

The government has sought to cushion the blow from the lockdowns and virus outbreaks, introducing a $266 billion package in May to boost consumer demand and manufacturing. A large part of the package was actually loans provided by banks, many of them without collateral.

That was followed by a $35.14 billion package to stimulate the economy by boosting jobs, consumer demand, manufacturing, agriculture and exports hit by the coronavirus pandemic.

Meanwhile, India's prime minister invited foreign investors to take advantage of the country's $26 billion incentive-linked program and help the country become a manufacturing hub.

India will need an investment of $4.5 trillion by 2040 to develop its vast infrastructure, Prime Minister Narendra Modi told business and political leaders in a virtual talk organized by the World Economic Forum.

He identified electric mobility, clean energy, oil and gas pipelines, airports and mobile manufacturing as some of the areas that might be attractive to foreign investors.

BERLIN, Jan 31, (Agencies): Germany's job market performed unexpectedly well in January, according to statistics released , though lockdown measures meant to slow the spread of the coronavirus continue to leave their mark on Europe's largest economy.

The unemployment rate in January remained unchanged at 6% when adjusted for seasonal factors, with 41,000 fewer people out of work, according to the Federal Labor Agency.

Economists had been predicting a slight uptick in number of unemployed and a rise in the adjusted rate to 6.1%.

In unadjusted terms, the headline figure in Germany, the January unemployment rate rose to 6.3% from 5.9% in December, with some 193,000 more people registered as jobless for a total of some 2.9 million out of work.

"All in all, the labor market remained in robust condition in January," said Federal Labor Agency head Detlef Scheele. "But the measures meant to contain the coronavirus are leaving their mark."

Like many countries, Germany has implemented widespread restrictions meant to slow the spread of the coronavirus, including shutting restaurants for all but takeout and delivery, bars, and leisure and sports facilities.

Rises in unemployment in Germany, which has Europe's biggest economy, and elsewhere on the continent have been moderate by international standards. That is because employers are making heavy use of salary support programs, often referred to as furlough schemes, which allow them to keep employees on the payroll while they await better times.

In Germany, the labor agency pays at least 60% of the salary of employees who are on reduced or zero hours.

Separate data showed that Germany's economy grew only slightly in the fourth quarter of 2020, though the recovery process slowed as new lockdown measures were imposed, the Federal Statistical Office said Friday.

German gross domestic product grew 0.1% over the previous quarter when adjusted for price, seasonal and calendar factors the Wiesbaden-based agency said.

The office had already reported earlier in January that the economy was expected to have "roughly stagnated" during the fourth quarter when it reported that for the year, GDP shrank by 5%.

The office said new lockdown measures implemented in early November had taken their toll on household consumption in particular during the fourth quarter.

"After the historic 9.7% slump of the gross domestic product in the second quarter of 2020, the German economy was recovering in the summer of the year," the agency said. "In the fourth quarter, however, the recovery process slowed due to the second coronavirus wave and another lockdown imposed at the end of the year."

Also:

PARIS: The French National Institute for Statistics and Economic Studies said that France's GDP shrank by 1.3 percent in fourth quarter of 2020, affected by new coronavirus lockdown measures.

In a statement, the institute said that the second biggest European economy saw a rise of 18.5 percent in the same period of 2019.

It added that Q4 2020's economic loss was less than that of the March lockdown.

Weekly Money Market Report
31 January 2021

الوطني NBK

US Equity Market Frenzy Halts Risk Sentiment

>NBK Treasury
+965 22216603
tsd_list@nbk.com

Highlights

- Fed meeting reinforces stagnant interest rates prospect
- Retail-traders create a frenzy in US equity markets
- IMF report revises GDP growth expectations for the US higher
- ECB President Lagarde speaks on recovery prospect in the Eurozone
- US GDP grew in Q4, but for 2020 the US economy shrank by 3.5% which is the worst since 1946

United States

The Federal Reserve's Meeting

In its first monetary policy meeting of the year, the US Federal Reserve delivered a slightly dovish tone as it held its main interest rate close to zero and kept its asset purchases steady. The central bank described a waning in the recovery evident by weakness in economic data. In its statement, the FOMC said: "The pace of the recovery in economic activity and employment has moderated in recent months, with weakness concentrated in the sectors most adversely affected by the pandemic." The moderation in activity led Powell to state it is now "too early to focus on tapering dates" as the economy is still far from its inflation and employment goals.

Markets are expecting interest rates to be stagnant near the 0% levels until 2023. If we took a look into the Fed Funds Futures it is pricing 0 hikes and/or cuts until January of next year. Nevertheless, economic recovery especially when it comes to the labor market and inflation targets will be main catalysts for changes in monetary policy, as Fed Chairman Powell keeps reiterating in his remarks.

The US dollar rose as a "short squeeze" led to an unwinding of risky positions as investors worry massive losses by hedge funds could force liquidation of other investments. The retreat in stocks and rise in US dollar saw the Dow Jones drop to a 3-month low while the S&P 500 index lost 2.24% of its value.

Looking at Treasuries, the yield on the US 10-year note declined though remained above the 1% mark as its safe-haven appeal attracted investors after the growing concerns of retail-traders speculations in the equity market in certain stocks.

IMF Report

The IMF released its updated projections for real GDP growth last week. From the last release in October, there has been a substantial upward revision to the US GDP forecast with most of Europe downgraded. The US is now forecast to grow by 5.1% in 2021 with the USD 900bn fiscal stimulus package agreed in December explaining much of that revision. President Biden's latest package that is being negotiated in Congress (USD 1.9trn) is not at all incorporated into the IMF projections implying a further substantial upward revision is possible. The IMF estimates that package if passed in full could add a further 1.25% to US GDP growth this year and 5.0% over the next three years.

The IMF does make some very crucial assumptions - one that is widely shared amongst market participants and one that is much more debatable. The first is that the vaccination roll-outs accelerate and importantly is quicker than any further developments of mutated variants that could cause the COVID crisis to worsen again. This is certainly what is currently priced into asset prices.

T: (965) 2221 6603, F: (965) 2241 9720, tsd_list@nbk.com, © 2019 NBK www.nbk.com

الوطني NBK

US GDP Rebound

Despite increased restrictions and lockdowns and hence significant drop in economic activity, real GDP grew at a solid pace in the fourth quarter of 2020 in the United States. Real GDP rose 4.0% on quarterly annualized basis in Q4 2020, a touch below consensus expectations. The recovery still didn't make up for a bad first quarter and a historically awful second quarter. For 2020 as a whole, GDP decreased by 3.5% from the prior year. That was the worst decline since 1946. It was the first time US GDP declined since 2009, when it fell 2.5% during the financial crisis.

US Consumer Confidence

Consumer confidence in the US rose slightly in January to a reading of 89.3 from 87.1 in December. The gain reflects optimism following the release of vaccines as well as the $900 billion in additional pandemic relief provided by the government. So far in the US, more than 25 million people have been infected with COVID-19 while about 6% have been vaccinated. President Joe Biden has vowed to conclude 100 million doses during his first 100 days in office

Europe & UK

Lagarde's Speech

ECB president Christine Lagarde said last Monday that 2021 could be a year of recovery, but that would most likely be accompanied by a "very high level of uncertainty" before achieving the transition to a "new economy". In an online panel discussion for the World Economic Forum, Lagarde said that data from the fourth quarter of 2020 indicated that the "journey to recovery" in the Eurozone has been "somewhat delayed but not derailed" as a series of lockdown measures and restrictions have had to be rolled out despite the positive progress in vaccinations.

The euro showed no immediate reaction to the comments as it kept trading in a narrow range throughout the week from 1.2060 to 1.2180.

Kuwait

Kuwaiti Dinar

USD/KWD closed last week at 0.30285.

Rates – 31st January, 2020

	Previous Week Levels				This Week's Expected Range		3-Month
Currencies	Open	High	Low	Close	Minimum	Maximum	Forward
EUR	1.2170	1.2183	1.2059	1.2136	1.2040	1.2335	1.2170
GBP	1.3670	1.3759	1.3610	1.3708	1.3600	1.3900	1.3731
JPY	103.79	104.94	103.55	104.72	102.70	106.655	104.48
CHF	0.8855	0.8918	0.8847	0.8907	0.8710	0.9105	0.8880

'We have reached a significant milestone on a long road'

EASA clears Boeing 737 Max to fly again

BERLIN, Jan 31, (AP): A modified version of the Boeing 737 Max, incorporating multiple safety upgrades, has been approved to resume flights in Europe, following nearly two years of reviews after the aircraft was involved in two deadly crashes that saw the planes grounded worldwide, the European aviation safety agency said .

Changes mandated by the European Union Aviation Safety Agency, or EASA, include a package of software upgrades, a reworking of the electrical system, maintenance checks, operations manual updates and new crew training.

"We have reached a significant milestone on a long road," said EASA executive director Patrick Ky.

"Following extensive analysis by EASA, we have determined that the 737 MAX can safely return to service. This assessment was carried out in full independence of Boeing or the Federal Aviation Administration and without any economic or political pressure – we asked difficult questions until we got answers and pushed for solutions which satisfied our exacting safety requirements. We carried out our own flight tests and simulator sessions and did not rely on others to do this for us."

The planes were grounded in March 2019 following the crashes of a Lion Air flight near Jakarta on Oct 29, 2018, and an Ethiopian Airlines flight on March 10, 2019, killing a total of 346 people. Investigators determined that the cause of the crashes was a faulty computer system that pushed the plane's nose downward in flight and couldn't be overridden by pilots.

Changes mandated by EASA, based in Cologne, Germany, include a recertification of the plane's flight-control system, called the Maneuvering Characteristics Augmentation System, or MCAS, which was not a part of previous 737 models.

"While the investigations assessed that the behavior of the MCAS and related alerting systems were the clear main cause of the two crashes, EASA rapidly realized that a far wider review of the 737 MAX was needed," the agency said.

EASA extended its analysis to the entire flight control system, with a particular focus on human factors – "the actual experience for a pilot of flying the plane."

To that end, all 737 Max pilots will now need to undergo one-off special training, including on a simulator, to ensure they are fully familiar with the redesigned plane and able to handle specific scenarios that might arise during flight.

The European pilots' association ECA welcomed the new airworthiness directive, saying it was important that "European pilots continuously engaged with EASA to make sure the operational perspective of the line pilots are well reflected in the review process."

"One fundamentally wrong – and eventually fatal – idea had influenced the initial aircraft design and certification process: that pilot training is a burden, a cost, instead of being seen as an investment," said ECA technical affairs director Tanja Harter. "It was important that the re-certification corrects this."

Ky said EASA will continue to monitor 737 Max operations closely as the aircraft resumes service.

"Let me be quite clear that this journey does not end here," he said.

Despite the green-light from EASA, the actual return of the aircraft to the skies of Europe may still take some time.

Airlines will still need to ensure their pilots have received the training needed to fly the plane, and that the maintenance and changes necessary have been carried out after the long grounding. Some EU states will have to lift their own individual grounding notices as well and the UK, which has left the bloc, will have to make its own ruling.

The pandemic, meanwhile, has caused severe travel restrictions. Many airlines are flying a fraction of their usual routes, which EASA said could affect the pace of the aircraft's return to commercial operations.

The 737 Max returned to the skies in the United States last month, after the Federal Aviation Administration approved changes that Boeing made to the automated flight control system.

Milestone decision

Chase to 'launch' digital consumer banking in UK

LONDON, Jan 31, (Agencies): JPMorgan Chase (NYSE: JPM) today announced it will offer UK consumers a completely new banking choice when it launches a digital retail bank in the coming months. Using the Chase brand, the bank will provide products and features tailored to meet the needs of customers in the UK, delivered via an innovative mobile app.

"We are bringing Chase to the UK because we want to provide customers with a new banking choice - one that will enable them to benefit from a simple and exceptional banking experience, built on the significant capabilities of JPMorgan Chase," said Gordon Smith, CEO of Consumer & Community Banking and co-President of JPMorgan Chase. "The UK has a vibrant and highly competitive consumer banking marketplace, which is why we've designed the bank from scratch to specifically meet the needs of customers here."

Sanoke Viswanathan has been appointed CEO of the digital bank having previously been Chief Administrative Officer and Head of Strategy at J.P. Morgan's Corporate & Investment Bank.

The digital bank is headquartered at Canary Wharf, London, and its customers will be served by a purpose-built customer contact centre in Edinburgh. The business has already created 400 jobs in the UK, and has more hires planned as it grows. A UK based subsidiary of JPMorgan Chase is licensed to operate the business. Its activities are regulated by both the Prudential Regulation Authority and the Financial Conduct Authority.

Chase has a unique opportunity to make a difference for UK consumers, by combining the reassurance of an established and trusted bank with a seamless customer experience. The bank intends to offer a range of products starting with a new take on current accounts. Chase's UK-based customer contact centre will be central to the proposition, providing fast to access, personalised service around the clock. The offering is currently being piloted in an internal testing phase, prior to public release.

"Our decision to launch a digital retail bank in the UK is a milestone, introducing British consumers to our retail products for the first time," said Daniel Pinto, JPMorgan Chase's London-based co-President. "This new endeavour underscores our commitment to a country where we have deep roots, thousands of employees and offices established for over 160 years."

When considering entry into the UK, the firm conducted extensive research to identify where it could make an impact for consumers and meet their needs. Even as digital banking has become mainstream, the bank found that the stability and trustworthiness of the banking provider remains a key consideration for consumers.

In the United States, Chase is one of the largest consumer banks serving nearly half of the country's households, including 55 million digitally active customers. It offers a broad range of consumer banking products and holds several number-one positions including in deposit taking, digital banking and credit card issuance.

China Jan factory activity weakens

BEIJING, Jan 31, (AP): An official indicator of China's manufacturing activity weakened for a second consecutive month in January, following outbreaks of domestic COVID-19 cases that affected the operations of some industries.

The purchasing managers' index, or PMI, for China's manufacturing sector fell to 51.3 in January, down 0.6 percentage points from December, according to data from the National Bureau of Statistics on Sunday.

Readings above 50 indicate expansion of the manufacturing industry, while a reading below it reflects a contraction.

China has seen new virus clusters across the country, particularly in the north, and restrictions have been tightened to curb the spread.