In this file photo, a customer waits for service at a Optus phone store in Sydney, Australia. (AP)

Poland raises interest rates, seeking to tame inflation

Poland's central bank unexpectedly raised interest rates on as the central European nation faces an accelerating inflation rate that is currently the highest in the European Union.

The annual inflation rate rose to 5.8% in September, the highest in two decades, while economists have predicted that it is likely to accelerate even further in the coming months.

Either way it is already well above the central bank's target of 2.5%, and it is common to hear Poles grumble these days about the rising price of food, gas and utilities.

The Polish authorities had until recently seemed to play down the risk of inflation given that wages are also rising amid fast economic growth in a country that has been an economic success story since the fall of communism three decades ago.

But not all Poles benefit from the wage increases, and as inflation made an unexpected jump in September, it became clear that the economy faces the threat of a dangerous wage-price spiral.

The National Bank of Poland, or NBP, raised the reference rate by 40 basis points from 0.1% to 0.5%. The decision, which marks the first interest hike in nine years, came as a surprise to economists.

Experts had not expected interest rates to go up now because many of the reasons for the rising inflation - including a surge in gas and oil prices - are related to temporary shocks beyond the influence of the central bank. (AP)

Business Buzz

Analysts expect strong growth in 2021 but warn many toy companies could shutter

Toymakers race to get products on shelves amid supply clogs

NEW YORK, Oct 10, (AP): Running out of time to get its products on store shelves ahead of the holidays, the Basic Fun toy company made an unprecedented decision: It's leaving one-third of its iconic Tonka Mighty Dump Trucks destined for the US in China.

Why? Given surging prices for shipping containers and clogs in the supply network, transportation costs to get the bulky yellow toy to U.S. soil is now 40% of the retail price, which is roughly $26. That's dramatically up from 7% a year ago. And it doesn't even include the cost of getting the product from U.S. ports to retailers.

"We've never left product behind in this way," says Jay Foreman, CEO of Basic Fun. "We really had no choice."

Toy companies are racing to get their products to retailers as they grapple with a severe supply-network crunch that could mean sparse shelves for the holidays. They're trying to find containers to ship their goods while searching for alternative ports. Some are flying in some of the toys instead of shipping by boat to ensure delivery before Dec. 25. And in cases like Basic Fun, they are leaving toys behind in China and waiting for costs to come down.

Like all manufacturers, toy companies have been facing supply chain woes since the pandemic started and temporarily closed factories in China in early 2020. Then, U.S. stores temporarily cut back or halted production amid lockdowns. The situation has only worsened since the spring, with companies having a hard time meeting surging demand for all sorts of goods from shoppers re-entering the world.

Manufacturers are wrestling with bottlenecks at factories and key ports like Long Beach, California - and all points in between. Furthermore, labor shortages in the U.S. have made it difficult to get stuff unloaded from ships and onto trucks.

But for toymakers that heavily rely on holiday sales, there's a lot at stake for the nearly $33 billion U.S. industry. The fourth quarter accounts for 70% of its annual sales. On average, holiday sales account for 20% of the overall retail industry. And 85% of the toys are made in China, estimates Steve Pasierb, CEO of The Toy Association.

The snarls are so severe that some retailers are telling companies they don't want products if they're shipped after mid-October. That's because products that typically took four to six weeks from when they left a factory in China to landing at a U.S. distribution center now take 12 to 16 weeks, says Marc Rosenberg, a toy consultant.

The struggles are happening as the U.S. toy industry enjoyed a nearly 17% increase in sales last year and a 40% increase in the first half of this year as parents looked to entertain their kids at home, according to NPD Group, a market research firm.

But while analysts expect strong growth in 2021, many toy companies said they'll see their sales reduced because they won't be able to fulfill orders on hot items, particularly surprise hits. They are also incurring big costs that will force some toy companies to shutter.

Toy executives say they can't raise prices any more than 10% - even though it won't completely cover the higher costs - because they're worried about shopper reaction. Mattel Inc., the nation's largest toy company, warned this summer it's raising prices in time for the holiday season to offset higher shipping costs, though it didn't say by how much.

Costs of containers on ships have increased more than six-fold from last year with some brand executives saying they've gone up to $20,000 from roughly $3,000 a year ago. That has forced big retailers like Walmart and Target among others to charter their own ships.

Foreman calculates 1,800 Tonka trucks fit on each 40-foot container. So at $20,000 per container, that's costing him $11 each. That's up from an average of $1.75 each in a typical year. He says he's focusing on shipping smaller items like Mash'ems - soft, squishy, water-filled collectibles - onto containers as he looks to maximize the total dollar value of the container and profit margins. He estimates he can fit $150,000 worth of Mash-ems in a container versus $40,000 worth of Tonka trucks.

Some like MGA Entertainment, the maker of L.O.L dolls, are expediting the flying of its toys because it now costs roughly the same shipping.

Jim Silver, editor-in-chief of TTPM, a toy review site, says big discounters like Target and Walmart should have a healthier supply of toys compared with smaller ones because of their clout. Target says it has been teaming up closely with its vendors and transportation partners to keep stores well-stocked and ready for its customers.

But Melissa McCollum, owner of Learning Express Toys in Birmingham, Alabama, says she's received only 25% of the holiday toys as of mid-September; typically, that figure is 50%. And The Toy Book, the leading trade magazine serving the toy industry, is promoting a curated list of in-stock products that retailers can get fast from U.S. warehouses.

Many toy companies like Basic Fun and PlayMonster have reduced advertising.

"We would be advertising to empty shelves," said Tim Kilpin, president of PlayMonster, who says 15% to 20% of its holiday goods are snarled in the supply chain. Koosh, a toy ball made of rubber filaments, was completely sold out in August, and he didn't think there would be a chance of it being replenished by Christmas, he says. But on Wednesday, Kilpin said he received word that some of the containers including shipments of Koosh are flowing from the West Coast.

The bottlenecks are expected to have lingering consequences. Toymakers are facing pressure from retailers to ship the first flow of holiday 2022 goods in early March instead of late April and the second cycle in June instead of by late July, says Andrew Yanofsky, head of marketing and operations at WowWee.

Masters of the Universe figures, by Mattel, are displayed at the TTPM Holiday Showcase, in New York, Thursday, Sept. 23, 2021. With three months until Christmas, toy companies are racing to get their toys onto store shelves as they face a severe supply network crunch. Toy makers are feverishly trying to find containers to ship their goods while searching for new alternative routes and ports. (AP)

President touts drop in jobless rate to 4.8% as proof of 'real progress'

US hiring slowdown menaces Biden

WASHINGTON, Oct 10, (AP): President Joe Biden promised an economy that could be firing on all cylinders next year, but Friday's disappointing jobs report suggests a slowdown in growth could instead loom atop voters' minds in the 2022 elections.

Republicans quickly seized on the modest gains of 194,000 jobs in September as evidence that Biden's $1.9 trillion coronavirus relief package, enacted more than six months ago, has failed to deliver as promised.

Biden instead chose to highlight a drop in the unemployment rate to 4.8% as proof of "real economic progress" even if it wasn't the boom he was touting months ago. And Democrats further offered the latest jobs report as a reason to pass their proposed multitrillion-dollar tax and spending program to help with infrastructure, school, child care, family leave and health care, saying it is needed to improve prospects for continued growth.

Biden, taking note of the rancorous debate over his spending plan in Washington, pleaded for patience after the jobs report came out.

"Turn on the news and every conversation is a confrontation. Every disagreement is a crisis," he said. "But when you take a step back and look at what's happening, we're actually making real progress."

"Maybe, it doesn't seem fast enough," he allowed. "I'd like to see it faster and we're gonna make it faster."

The jobs report revealed an economy still trying to heal from the coronavirus pandemic, but views of the pace and robustness of that recovery can easily fall prey to political spin. The U.S. economy is large and diverse enough that it can send conflicting signals.

Republicans can correctly assert that Biden is now unlikely to deliver on the 7 million new jobs he touted earlier this year. Democrats can simultaneously highlight what appears to be the strongest economic growth in decades.

Rep. Kevin Brady, R-Texas, was happy to offer a reminder that Biden repeatedly cited a report by Moody's Analytics that his relief package would create 7.2 million jobs, a total now unlikely.

The Republican said the infusion of government aid actually has discouraged Americans from seeking jobs and Biden's proposed corporate tax increases are now spooking employers.

"Frankly, the president's leadership is to blame here," Brady said. "I think one of the reasons economic optimism is down across the board significantly, not just with families but with businesses as well, is because they see these impending tax hikes. They know they'll be crippling."

But House Speaker Nancy Pelosi saw the jobs report as "additional proof" of a need for the programs those taxes would support.

"While historic progress to create jobs, lower unemployment and defeat the pandemic has been forged under President Biden and Congressional Democrats, more must be done," she said.

Whatever the political spin, inflation running above 5% and job growth slowing will put Democrats on the defensive.

Glen Bolger, a Republican strategist and co-founder of Public Opinion Strategies, noted that independent voters tend to put a greater priority on the economy and their support will be decisive in the 2022 elections.

President Joe Biden speaks about the September jobs report, Friday, Oct. 8, 2021, from the South Court Auditorium on the White House campus in Washington. (AP)

The latest jobs report is "not going to inspire confidence in either the Biden administration's policies or the direction the country's going economically," he said.

But Bolger cautioned that what will really matter is the health of the economy a year from now, when voters begin to cast ballots. That is unknown, and the jobs report contained reasons for optimism — with rising wages and hours worked.

Total job gains were down in part because of seasonal adjustments that showed local school districts shed 144,200 jobs, a temporary setback that will likely disappear in future employment data.

Douglas Holtz-Eakin, president of the center-right American Action Forum, said the report indicates strong demand for labor and that would be a positive for growth. The slippage in hiring likely reflected the continued risk from the coronavirus' delta variant and that means the report will likely have no impact on Biden's efforts to get his economic and social agenda through Congress.

"I think the politics stay about the same," he said. "The substance of the economy is in pretty good shape."

The Moody's Analytics jobs estimate that Biden relied on came with a critical caveat. It assumed that the coronavirus would be under control by July 4. But that wasn't the case. The spread of the delta variant and the reluctance of many Americans to get vaccinated enabled COVID-19 to continue to weigh on the economy.

Yet Biden continues to rely on the Moody's estimates when stumping for his social spending package, saying the increased child tax credit, shift to electric vehicles, investments in passenger rail and establishment of universal prekindergarten programs and other initiatives would all lift up economic capacity.

The slowdown in hiring does not mean that Republicans have a better grip on how to achieve growth. One of their key talking points was undermined by the September jobs report. They told voters that the expiration of enhanced unemployment benefits that month would create a rush to employment, but Friday's figures indicate that the exact opposite happened.

The labor force participation rate — which measures the percentage of people who have jobs or are seeking work — ticked down in September to 61.6%. That rate was 63.3% before the pandemic and to achieve that level now another 4.3 million people would need to join the U.S. labor force.

One thing that seems clear is the unique nature of an economy that is still muddling through a pandemic. It has experienced unprecedented layoffs, historic levels of government aid, bursts of job growth, cooling off periods as the virus reasserted itself and the uncertainty caused by workers and employers adjusting to these conditions.

More of the economic analysis needs to start by focusing on the relationship between public health and economic growth, said Lily Roberts, managing director of economic policy at the liberal Center for American Progress.

The career fair was hosted at MGRP, as part of Gulf Bank's commitment to spearheading Kuwaitization efforts & developing local job opportunities

Gulf Bank Hosts Its First Career Fair Since The Pandemic

Gulf Bank hosted its first career fair since the pandemic. The event, which took place last week in the Manpower and Government Restructuring Program (MGRP) building, came as part of Gulf Bank's commitment to offering employment opportunities to local youth.

Representatives from Gulf Bank's Call Center, Branches and Direct Sales attended the career fair, which offered various opportunities to local talents, including the chance to join one of Gulf Bank's departments. During the course of the career fair, Gulf Bank's employees met with multiple ambitious young men and women who wished to join the banking sector. Gulf Bank employees described the nature of work at Gulf Bank, and took applicants through the variety of opportunities available, answering any questions that the applicants had.

Gulf Bank's participation in the virtual career fair is part of its long-term strategic partnership with MGRP, while reflecting the Bank's ongoing commitment to the national development plan, Kuwait Vision 2035 "New Kuwait." Gulf Bank's efforts are part of the Bank's corporate social responsibility initiatives, encompassing both social and economic sustainability. By working to support and empower Kuwaiti youth on their paths to become the future leaders of the workplace, Gulf Bank is working in line with "New Kuwait," which prioritizes Kuwaitization in the private sector and the development of a more sustainable national economy.

"Our people are the cornerstone of our success at Gulf Bank. That is why we are constantly working on fostering a strong workplace culture, engaging and empowering employees to excel and advance in their careers, while maintaining our position as a preferred employer for employees and job seekers," said Gulf Bank›s General Manager of Human Resources, Ms. Salma Al-Hajjaj. "We prioritize participating in career fairs due to their vital role in expanding our network of employees and championing Kuwaitization in the private sector — all part of our efforts to achieve Kuwait Vision 2035. At Gulf Bank, we are proud to be contributing to a more sustainable national economy through the development of local skills, and are looking forward to spearheading more efforts that will assert our position as the Kuwaiti Bank of the Future."

Salma Al-Hajjaj

Gulf Bank›s vision is to be the leading Kuwaiti Bank of the Future. The Bank is constantly engaging and empowering its employees as part of an inclusive and diversified workplace in recognition of every employee's role in delivering customer excellence and serving the community at large. With its extensive network of branches and innovative digital services, Gulf Bank is able to give its customers the choice of how and where to conduct their banking transactions, all while ensuring a simple and seamless banking experience. Gulf Bank is committed to maintaining a robust sustainability program at the community, economic, and environmental levels through sustainability initiatives that are strategically selected to benefit both the country and the Bank. Gulf Bank supports Kuwait Vision 2035 "New Kuwait" and works with the different relevant parties to achieve it.

To learn more about Gulf Bank's activities, customers can visit one of Gulf Bank's branches or log on to www.e-gulfbank.com.