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STAND BY FOR MORE BLOOD, SWEAT AND TEARS IN 2002

The unemployment rate in the US is likely to peak at about 6.30 percent before the end of the year.

If TARGET be proved incorrect, it would be a most welcome error on this medium's report card.

But such an eventuality is highly unlikely.

There are just too many signs and symptoms of a continuing, deteriorating situation in the world's largest economy for one to feel that another 8.62-percentile increase in the jobless rate is not on the cards.

The package of US Government Administrative stimulants has yet to demonstrate much of an impact on the 270-million human population of The Land of The Free and The Home of The Brave.

Consumers' pocketbooks continue to be zipped up tightly – which is a sure-shot sign of consumer uncertainty about the near term and intermediate term.

Last week, it was reported that the labour market in the US continued to weaken, during the month of December.

Officially, the employment rate was put down at about 5.80 percent, as at December 31, 2001.

Officially, also, another 124,000 nonfarm jobs were lost during the month of December, indicating a Year-on-Year change of minus 0.80 percent.

The December statistics were considerably smaller than their November counterparts, which stood at about negative 371,000 nonfarm jobs.

The above statistics, in order to be fully appreciated, should be compared with the like 2000 period when the unemployment rate stood at about 4 percent.

Therefore, unemployment in the US has escalated by about 45 percentile points, Year-on-Year.

The increase in the number of people in the US, supposedly looking for work within the 12-month period, ended December 31, 2001, is, now, thought to be not less than 2.60 million workers, Year-on-Year.

In a survey of those workers, laid off during the past year, it was confirmed that about 4 workers out of 10 workers think that it is unlikely that they will ever be rehired by their former employers.

Unemployment, of course, is a direct result of industry, finding itself unable to sell its goods on the marketplaces of the world.

The US manufacturing industry is taking a beating, the likes of which have not been seen for more than a decade.

In December 2001, alone, US industry shed about 133,000 jobs.

Since the beginning of 2001, full-time employees in US industries have been cut back by not less than 1.30 million jobs.

The year, 2001, ended with 1.10 million jobs fewer than one year earlier.

And the paring of jobs has yet to cease.

It was only last Friday that long-distance telephone company, AT & T, announced that it would set aside $US1 billion in order to pay compensation to the expected 2002 crop of 10,000 more jobs that it anticipated it would be cutting out of its Establishment.

The largest losers in the jobless count, last year, were in electronics, transportation and industrial machinery manufacturers.

Airlines made dramatic cuts to its staff counts, last year, out of absolute necessity.

More cuts are, just about, guaranteed to come, as some airlines will, undoubtedly, go to the wall.

For those optimists, who like to believe that the good news is just around the next corner, **TARGET** would like to point out that business employment services continue to shrink.

Look at the number of international stockbrokerage houses/banks that have cancelled plans for online this and online that, as well as sacking large chunks of current operational staff.

There is insufficient business to justify the retention of many stockbroker/merchant bank hotshots of yesterday, many of whose take-home pay is an embarrassment to senior management.

Even the online retailing of stocks, shares and bonds is no longer a viable proposition for Asia as daily turnovers on the largest bourses continue to contract.

Online bond trader, Asiabondportal.com, was reported last week to have sacked about half of its workforce.

Asiabondportal.com is only 3 months old, having been launched last October.

The Government of Singapore is a major backer of the company, which has only managed to attract 10 bond dealers and about 100 institutional investors, assuming that Management's bumf is to be completely believed.

Boom Securities, an online securities firm, domiciled in the Hongkong Special Administrative Region of the People's Republic of China, sacked half of its workforce, last week, also.

As for the retail sector of the US economy, it is well known that the Christmas shopping non-event saw many a large departmental store extend the working hours of its full-time staff, thereby obviating the necessity of hiring many part-timers.

One may, safely, assume that the labour market in the US will continue to contract, during the first quarter of this year, and that gains, recorded for the succeeding 3 quarters will be modest – if at all.

The reason for **TARGET**'s very negative labour prognosis is that US corporations will be reluctant to increase staff levels until demand for product picks up considerably.

In the meantime, the corporate watchword must, invariably, be containment.

Considerable reductions in recurrent costs and restructuring may well see many more US workers hit the streets in search of alternative employment, pushing the unemployment rate to about 6.30 percent.

Nascent evidence points to business investment cutbacks approaching a bottom.

But such evidence is not conclusive, at least, not at this point, since any number of factors could alter the present situation.

Lower tax rates will help businesses and consumers, to some extent, of course, but these tax reductions will, most likely, not be sufficient to stem the present tide.

The unknown factor to the equation is what special action the US Government will take in order to give a boost to its struggling economy because, as has become only too obvious, of late, the health or otherwise of the US economy is the barometer of international trade.

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