

# USA OUTLOOK

Weekly newsletter

July 18 to July 22





## Bank of America revenue tops expectations as lender benefits from higher interest rates

Bank of America on Monday said second-quarter results benefited from rising interest rates, but profit took a hit from about \$425 million in expenses tied to regulatory matters

Profit dropped 32% to \$6.25 billion, or 73 cents a share, from a year earlier as the firm took a \$523 million provision for credit losses. A year ago, the bank had a \$1.6 billion benefit as borrowers proved more creditworthy than expected.

Last week, JPMorgan and Wells Fargo posted second-quarter profit declines as the banks set aside more funds for expected loan losses, while Morgan Stanley disappointed after a bigger-than-expected slowdown in investment banking. Citigroup topped expectations for revenue as it benefited from rising rates and strong trading results.

► Source:

<https://www.cnbc.com/2022/07/18/bank-of-america-bac-2q-2022-earnings.html>

## Yellen says the U.S. and its allies should use 'friend-shoring' to give supply chains a boost

U.S. Treasury Secretary Janet Yellen has reiterated the need for the United States and its trusted trading partners to boost supply chain resilience through "friend-shoring," but said this does not mean the U.S. is retreating from the rest of world.

The term draws on the concepts of "onshoring" and "nearshoring," which refer to the transferring of supply chains back home or closer to home, as opposed to having them in foreign countries. "Friend-shoring" goes beyond that but limits supply chain networks to allies and friendly countries.

The U.S. has been pushing for more security in its supply chains since the Covid pandemic started. U.S. President Joe Biden signed an order in early 2021 to review American supply chains with an aim to reduce reliance on foreign suppliers.

"Supply chain resilience is a key focus of the Biden-Harris administration. And the necessity of this work has been illustrated clearly by the events of the past two years, first by Covid-19 and our efforts to fight the pandemic and now by Russia's brutal war of aggression in Ukraine," Yellen said.



Photo: Made Nagi /Reuters

► Source:

<https://www.cnbc.com/2022/07/19/us-treasury-secretary-on-supply-chain-resilience-use-friend-shoring.html>



Photo: Marta Lavandier/AP

## Gas Prices Continue Their Slide, With \$4 a Gallon a Reality at Many Pumps

Gas prices continue to fall as the summer driving season reaches its peak, with the national average of \$4.47 more than 50 cents below the \$5-a-gallon mark it reached a month ago and sub-\$4 gas available in many states.

With oil trading at around \$100 a barrel, the pricing pressure has eased since February's invasion of Ukraine by Russia when oil prices topped \$125 a barrel. As gas prices rose, demand slumped but has since picked up.

Biden has consistently called the rising price of gasoline "Putin's price hike," and there is no doubt that the invasion of Ukraine disrupted global energy markets and caused prices to spike. However, there are many other factors, including the recovery from lockdowns due to the coronavirus, reduced production from oil firms scarred by previous price downturns and increased global demand for oil as people returned to work and began taking vacations again.

Source: <https://www.usnews.com/news/economy/articles/2022-07-20/gas-prices-continue-their-slide-with-4-a-gallon-a-reality-at-many-pumps>

## Jobless claims rise again in another sign that labor market is cooling

Initial jobless claims hit their highest level since mid-November last week, the latest sign that a historically tight labor market is beginning to slow, according to Labor Department data released Thursday.

Claims totaled 251,000 for the week ended July 16, up 7,000 from the week before and above the 240,000 Dow Jones estimate. The gain brought filings for unemployment insurance to their highest weekly level since Nov. 13, 2021 and provided another indicator that a jobs market on fire in 2021 has begun to cool this year.

Employment has been the primary bright spot, with nonfarm payroll gains averaging a robust 457,000 a month through the first half of the year. However, those increases have been slowing lately, with the last three months averaging 375,000. Fed officials are expected next week to raise interest rates another 0.75 percentage point, taking benchmark overnight borrowing rates up to a range of 2.25%-2.5%. The Fed is seeking to slow an economy that has produced the highest inflation rate since 1981.



Photo: John Smith | Corbis News | Getty

Source: <https://www.cnbc.com/2022/07/21/jobless-claims-rise-again-in-another-sign-that-labor-market-is-cooling.html>



Photo: Yu Ruidong/China News Service/Getty Images

## These airports are the world's worst for delays and cancellations this summer

Anyone who's been to an airport recently can see that demand for travel is back in a big way. What's not back with a vengeance are the resources needed to handle the crush of air travelers.

Add summer weather to staffing issues at airports and airlines and you have a perfect storm of delays and cancellations. At one North American airport -- Toronto Pearson International Airport in Canada -- more than half of the scheduled flights between May 26 and July 19 were delayed, according to data compiled for CNN Travel by flight tracking site FlightAware.

A whopping 52.5% of the airport's scheduled flights have been delayed this summer, the data shows. Toronto Pearson also ranks No. 4 for flight cancellations globally, with 6.5% of its flights canceled during that period.

The policy allows travelers to change their departing or arriving flights to Billy Bishop Toronto City Airport or to extend connection times at Toronto Pearson.

Source:

<https://edition.cnn.com/travel/article/world-airports-most-summer-2022-delays-cancellations/index.html>