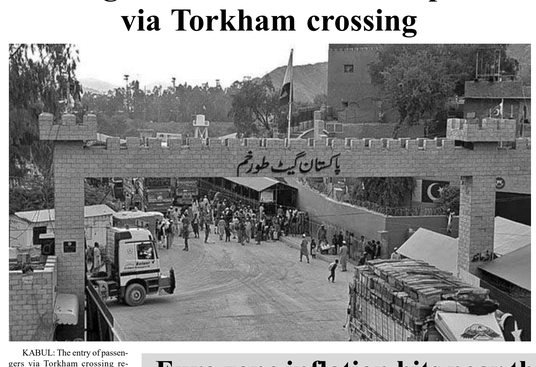
Passengers' entries remain suspended via Torkham crossing



KABUL: The entry of passengers via Torkham crossing remained suspended between Pakistan and Afghanistan after the decision taken by the National Command and Operation Centre of Pakistan (NCOC) two weeks ago. However, the crossing authorities said patients with serious illness were granted permission to enter Pakistan from Afghanistan.

Sources at Torkham confirmed that Pakistanis with valid travel documents were allowed to enter the country via the Torkham crossing. They said on the directives of high-ups they allowed kidney and heart patients needing urgent health care to enter Pakistan.

He said Afghan citizens with valid visas are not being allowed to enter Pakistan. He said the ban was imposed some two weeks ago by the NCOC in its meeting in Islamabad. The police said Afghan citizens in Pakistan who want to return could go back to Afghanistan via the Torkham crossing.

Meanwhile, goods transportation from and to Afghanistan continued amid strict implementation of the corona SOPs.

The Kabul Times

Australia GDP grows faster than at pre-pandemic levels

Buoyed by increased household spending and higher investments by businesses, Australia's gross domestic product grew at 1.8% in the first quarter of 2021. This pushed growth above pre-pandemic levels and beat economists' estimates of between 0.7% and 1.5%.

Michael Smedes, head of national accounts at the Australian Bureau of Statistics, said: "With 1.8% growth in the March quarter 2021, Australian economic activity has recovered to be above pre-pandemic levels and has grown 1.1% through the year." In March 2020 Australian year-on-year GDP growth was 1.4%.

Andrew Hanlan, senior economist at lender Westpac, said today's GDP figures confirmed that Australia's recovery was continuing into 2021: "Reopening of the economy and policy stimulus and an upbeat mood all provided for considerable momentum moving into 2021."

According to the data, private investment rose 5.3% and contributed 0.9 percentage points to growth. In fact, according to the ABS, machinery and equipment investment recorded its strongest quarterly performanee since December 2009, driven by continued business confidence and support from government tax incentives.

ABS data also showed a strong housing market with "dwelling investment" – money invested in housebuilding projects – growing for a third consecutive quarter at 6.4%. Household spending increased 1.2% and added 0.7 percentage points to growth. Spending on services rose 2.4% as COVID-19 restrictions continued to ease around Australia. Spending on goods declined 0.5% but remained above pre-pandemic levels.

According to Robert Carnell, ING Think's Asia Pacific head of research, said that a combination of pent-up demand and the lagged effects of stimulus measures for household spending is powering the Australian economy.

Coronavirus: Economic impact

The pandemic has led to a severe recession. This briefing examines different aspects of the economic impact of the crisis to date and outlines the key issues for the economic outlook.

This briefing was last updated on 1 June. This is a fast-moving area, so please be aware that information may have changed since the date of publication. The Library intends to update this briefing.

The coronavirus pandemic has impacted the economy in many ways. From lockdown restrictions shutting down many businesses to limits on mobility, the economic impact has been severe.

The magnitude of the recession caused by the pandemic is unprecedented in modern times. GDP declined by 9.8% in 2020, the steepest drop since consistent records began in 1948 and the most in over three hundred years on some estimates.

During the first lockdown, UK GDP was 25% lower in April 2020 than it was only two months earlier in February. Economic activity picked up over the spring and summer, reflecting the opening of the economy and pent-up demand from the first lockdown.

This was followed by a further short-lived lockdown in November, leading to another monthly fall in GDP. Restrictions were eased, briefly, in December. As a new variant of the virus drove up Covid-19 infection rates, stricter lockdowns were again introduced across the UK by early January 2021. This contributed to another fall in GDP.

Economists, however, noted that the economy has adapted well to the lockdowns, with a much smaller decline in economic activity recorded in early 2021, when GDP fell by 2.5% in January, than in the lockdown of spring 2020. The level of GDP was 6% lower in March 2021 than before the pandemic.

As the economy has gradually reopened, economic indicators suggest a strong recovery is underway. This has led to upgrades to forecasts for GDP growth in 2021.

The average forecast among economists is for GDP growth of 6.5% in 2021, up from 4.8% two months' ago. The latest Bank of England forecast from early May is for GDP growth of 7¼% in 2021. The Office for Budget Responsibility (OBR) forecasts GDP growth of 5.5% in 2021, although this was published in early March.

There is still uncertainty, however, over how strong and sustained the recovery will be, even assuming there won't be a resurgence of the virus. Much will depend on how strong consumer spending is after the initial post-lockdown period.

The Bank of England expects the level of economic output as measured by GDP to regain its pre-pandemic level by the end of 2021. Less optimistic forecasts don't expect GDP to reach this level until 2022.

Even when the economic shock of the pandemic does eventually dissipate, the crisis may result in permanent damage, or "scarring", to the economy. The OBR estimates this will lower the level of GDP by 3% compared to what it would have been without the pandemic, while the Bank of England's more recent estimate is just over 1%.

Governments and central banks around the world introduced policies designed to mitigate at least some of the negative economic impacts from the coronavirus pandemic.

In the UK, numerous policies have been announced by the Government and the Bank of England to support businesses and workers.

Euro zone inflation hits near three-year high in May

Inflation in the euro zone jumped to its highest level since October 2018 as Covid restrictions across Europe were scaled back, boosting the economy and stoking energy prices.

The rise in inflation was widely expected but will rattle investors after consumer prices in the US made their biggest leap since 2008, fuelling fears that the economy was overheating.

The EU's Eurostat agency said consumer prices in the 19 countries that use the euro rose to 2%, beyond the target of the European Central Bank of "close to, but below" that benchmark.

Price gains were mainly driven by a year-on-year hike of 13.1% in energy prices, Eurostat said, hugely outpacing other consumer items as inflation's main driver.

The agency said that core inflation, which strips out energy and other more volatile items, only inched up in May to 0.9%, from 0.7% a month earlier.

Euro zone inflation has been on an upward trend after sinking into negative territory for several months during the first wave of the pandemic when oil prices collapsed.

Economists had predicted that inflation would leap ahead for the coming months, and expectations were that it would eventually exceed the ECB's long-out-of-reach inflation target.

The price rises are attributed to temporary factors linked to exiting coronavirus lockdowns and the ECB is expected to carry on with its "loose money" policy to further boost growth and inflation.

The jump in inflation "will not be the end of the upward trend," said Andrew Kenningham, chief Europe economist at Capital Economics.

"However, most of the rise is due to temporary factors and we expect the headline rate to drop back to well below the ECB target next year," he added.

Unemployment, meanwhile, dipped to 8% in April, Eurostat said, with the overall European job market remaining relatively spared from the fallout of the pandemic.

The figure was still 0.7 percentage points higher than a year before when the impact of the pandemic was just beginning to take hold. The unemployment rate for under-25s remained stable at 17.2%. Joblessness in Europe exploded in the spring of 2020, the result of a catastrophic recession as restrictions on movement kept people at home in many countries across the globe.

However, many national governments implemented EU-backed job guarantee schemes and other programmes that have so far averted a long-term shock on employment that many had feared.

The unemployment rate in the 27 countries of the European Union stood at 7.3% in April, with 15.38 million people unemployed across the bloc.

German retail sales fall more than expected in April

German retail sales fell much more than expected in April as further Covid-19 restrictions were introduced, according to figures released on Wednesday by Destatis.

Retail sales declined 5.5% on the month following a 7.7% increase the month before, and versus expectations for a 2% drop.

On the year, retail sales were up 4.4% in April following an 11.6% rise in March. Analysts had been expecting a 10.4% increase.

Claus Vistesen and Mel Debono, chief eurozone economist and senior European economist at Pantheon Macroeconomics, said: "This isn't pretty, but it is consistent with weakness in elsewhere at the start of Q2 - mainly in France - in response to new virus restrictions.

"A controversial Federal law - the emergency brake - prescribes that if the number of new infections per 100,000 residents in seven days (7-day incidence) rises above 100 in a city or district for three days in a row, strict lockdowns are imposed. This law was re-invoked at the end of the month.

"Additionally, it is consistent with mean reversion after an 11.2% gain through February and March. Remember also that outliers in the German retail sales data very often are revised; we suspect the April headline will too."

On the bright side, the economists pointed to the fact that new Covid cases fell sharply last month, probably lifting sales in May as many states were taken outside the scope of Federally-prescribed lockdowns.

"We reckon sales will rebound significantly through May and June, by a cumulative 9-to-10%, producing a 4.7% quarter-on-quarter increase in Q2 as a whole," they said.

Japan may see inflation perk up in post-COVID era, says BOJ board member

TOKYO -A post-coronavirus pandemic world could offer an opportunity for Japanese firms to raise prices and help the central bank achieve its 2% inflation target, Bank of Japan board member Seiji Adachi said on Wednesday.

But there was little the BOJ can do besides "patiently" sustaining its massive stimulus, Adachi said, offering the most candid comment to date by a BOJ policymaker on the central bank's dwindling ammunition to prop up growth and inflation.

"Personally, I can't think of any new tool to directly push up prices. If there were one, we would have deployed it already," Adachi told a news conference.

While restaurants and hotels may need to continue shouldering the cost of steps to prevent the spread of the virus, consumers may become more willing to pay more for value-added services, Adachi said in a speech delivered before the news conference.

"This could offer firms a chance to charge more for higher quality services," said Adachi, a former market economist.

"A post-pandemic world may offer a big chance to achieve our 2% inflation target," if retailers are able to charge more for their services unlike in Japan's past periods of deflation, he added.

The BOJ currently caps long-term interest rates around zero, and buys huge amounts of government bonds and assets to achieve its elusive 2% inflation target.

It also put in place last year a series of steps to channel money via financial institutions to firms hit by the pandemic.

Adachi said the BOJ must take into account changes in corporate funding conditions in deciding whether to extend the pandemic-relief programme beyond the current September deadline.

While years of aggressive easing helped pull Japan out of deflation, it was difficult to prop up inflation to the BOJ's target just by ramping up an already massive asset-buying programme, Adachi said. The BOJ may need to respond if the yen spikes on expectations the U.S. Federal Reserve will taper its asset purchases, though it was hard to predict how markets would react to any such move by the Fed, Adachi said.

"Whether the BOJ will respond would depend on whether (the Fed's tapering) triggers a yen rise," he said. **(Reuters)**