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Above the Fold

What China's Reopening Means for the Global Economy

After three agonizing years, China is finally allowing its citizens to travel into and out of the country without facing draconian lockdowns or isolation. The move is a dramatic one considering the restrictions were a major hit to economic growth (domestically and globally), even fueling social upheaval within the communist nation. Foreigners will also see relaxed travel restrictions, adding to inbound tourism as outbound tourism also increases. And while airports and train stations are experiencing heavy traffic, it will take some time for major airlines and cruise lines to reset schedules in and out of the country. Cross-border sea crossings and train travel are also now permitted.

Aside from reuniting families, friends and loved ones, the anticipated surge in travel should lift sentiment, while hopefully reinvigorating the slumping $17 trillion economy. The Chinese government expects some 2 billion people to travel this season, nearly double last year's movement and recovering to 70% of 2019 levels. And while the movement of consumers may help ease regional and global economic stresses, a surge in COVID-19 cases has already begun. The country is notorious for underestimating the extent and severity of infections, and countries like South Korea are saying that up to 80% of "imported confirmed [COVID] cases" are coming from China. According to several sources, China's overall vaccination rate is far lower than most developed nations. Travelers may also face delays getting travel approval as China's National Immigration Administration deals with a flood of applications.

Three Things

Gauging "Supercore" Inflation

Investors continue to try to wrap their heads around inflation. Market watchers are weighing which components are more permanent, transitory and, obviously, which are most damaging. The Consumer Price Index (CPI) is a common benchmark for prices, while the core CPI, which strips out volatile food and energy prices, tends to be a more stable trendline for analysts to follow. But as the Federal Reserve wages its greatest war against inflation, some are getting even more granular in their analysis, removing medical care and housing costs or separating goods from services (focused more on the latter). Others are adding an imperial inflation weight to the labor market, as it is a critical integer for interest rate decisions. The hunt for "supercore" inflation is on.

Meta Removes Gender as an Advertising Target

The parent company of Facebook and Instagram, Meta Platforms Inc., will remove gender as an option for ad targeting when it comes to younger teen users. Both platforms will also stop utilizing user activity as a means to target teens, while releasing only age and location for targeted ads. The move comes as part of a broader advertising policy overhaul as the company gains increased scrutiny from regulators domestically and abroad. The changes become effective in February, and Meta hopes the adjustments will enable younger users to interact with more diverse, higher-quality content and less ads. Meta currently prohibits ads for alcohol, financial products and weight loss products for teen users and recently removed the ability for advertisers to target teens based on their interactions with other apps and sites within its platform.

Tough Times in Crypto Space Lead to Layoffs

Following the massive collapse of rival exchange FTX, Coinbase Global Inc. said it would be slashing about 20% of its staff (roughly 950 workers) as it restructures to reduce costs. Coinbase joins a plethora of other crypto-related companies that have or plan to cut jobs. The industry experienced meteoric growth in 2021 as viral interest in trading cryptos fueled big price increases. According to the Wall Street Journal, investors expect further cuts and even bankruptcies as the market normalizes here. Outflows from funds are a key indicator as is the financial health of crypto-lenders such as Genesis, Alchemix and CoinRabbit.

In the Know

The End of the Noncompete Clause?

Last Thursday the Federal Trade Commission issued a plan to ban the common clause that allows an employer to limit or stop an employee from either taking a job with a rival company or starting a competing business themselves. Noncompete clauses actually undermine a more than 100-year-old law that prohibits unfair methods of competition and roughly 20% of Americans are currently under some sort of noncompete. The plan could become legislation in less than two months but is likely to face legal opposition. The U.S. Chamber of Commerce already said it will consider a lawsuit over the proposal if it is adopted. The FTC estimates that the elimination of noncompetes would increase employee earnings by as much as $296 billion annually, transferring capital from businesses directly to workers.