

Signature Bank becomes next casualty of banking turmoil after SVB

Economy Desk

State regulators closed New York-based Signature Bank on Sunday, the third largest failure in U.S. banking history, two days after authorities shuttered Silicon Valley Bank in a collapse that stranded billions in deposits.

The Federal Deposit Insurance Corporation (FDIC) took control of Signature, which had \$110.36b in assets and \$88.59b in deposits at the end of last year, according to New York state's Department of Financial Services, Reuters reported.

All of the depositors of Signature Bank and Silicon Valley Bank will be made whole, and "no losses will be borne by the taxpayer," the U.S. Treasury Department and other bank regulators said in a joint statement.

Representatives for the lender did not immediately respond to a request for comment.

Investors were unnerved by the speed at which startup-focused SVB, the

16th largest lender in the U.S., was toppled by customer withdrawals. The episode last week erased more than \$100b in market value from U.S. banks, prompting swift action from government officials over the weekend to try and restore confidence in the financial system.

The FDIC established a "bridge" successor bank on Sunday which will enable customers to access their funds on Monday. Signature Bank's depositors and borrowers will automatically become customers of the bridge bank, the FDIC said.

Silicon Valley Bank customers will have access to their deposits starting on Monday, U.S. officials said on Sunday. The federal government also announced actions to shore up deposits and try and stem any broader fallout.

European stocks slide

European equities slumped the most since mid-December, extending Friday's declines, as investors weighed the repercus-



sions from SVB's collapse while also bracing for this week's key US inflation data.

Swiss financial regulator FINMA on Monday said it was closely monitoring the banks and insurers it oversees after the U.S. moved to guarantee the deposits of two failing lenders in an effort to stem contagion.

Asia's anxiety

Stunned by the sudden

collapse of SVB, the main go-to foreign bank for the majority of Chinese start-ups, entrepreneurs and venture funds are scrambling for alternatives despite U.S. regulators' guaranteeing decisions.

Chinese start-ups and fund managers said they are still looking to move their money out of SVB once they can. Some of them are turning to bigger U.S. banks, while a

few Chinese lenders such as China Merchants Bank and the Industrial & Commercial Bank of China are also rushing to fill the gap.

India's state minister for technology said on Sunday he will meet start-ups this week to assess the impact on them of Silicon Valley Bank's collapse, as concerns rise about the fallout for the Indian start-up sector.



A worker arrives to the Signature Bank headquarters in New York City, U.S., on March 12, 2023.

● EDUARDO MUNOZ/REUTERS

NEWS IN BRIEF

VW: No rush to decide on new European battery plants

REUTERS - Volkswagen's battery needs are covered until 2028 by its three confirmed factories in Europe - the Salzgitter plant in Germany, Northvolt's plant in Sweden and a planned plant in Valencia, board member Thomas Schmall said on Monday. The carmaker is still targeting 240 gigawatt hours of battery cell production capacity in Europe but could do this with fewer than the originally planned six plants, Schmall said.

Caught red-handed: Samsung's moon fraud



ghacks.ne - Controversy on Samsung's "fake" Space Zoom feature is brought to light once again after a user's post on Reddit. Samsung has launched the Space Zoom technology with the S20 model. It lets you take impressive and precise photos of the moon with a camera sensor that supports up to 100x zoom. However, the controversies about it never ended. Some users and articles from the past claimed Samsung's Space Zoom technology doesn't really take explicit photos of the moon, but it artificially enhances the image to take realistic photos. The Reddit user posted a detailed examination on Space Zoom, giving examples and proof of why they think Samsung is "tricking" people with false advertising. The user mentioned that they always doubted Space Zoom's authenticity as it appears too perfect. "While these images are not necessarily outright fabrications, neither are they entirely genuine," they added.

Thousands of doctors walk out in latest UK strike



● KIN CHEUNG/AP

UK hospital doctors on Monday began a three-day strike over pay at the start of a week that will also see teachers, train staff and civil servants walk out, in the latest wave of industrial action.

The doctors say years of below-inflation pay increases mean they have effectively had a 26% pay cut since 2008, AFP reported. Ahead of the stoppage, the body that represents them, the British Medical Association (BMA), launched an advertising campaign claiming a newly qualified doctor earned less than some coffee shop staff.

"Pret a Manger has announced it will pay up to £14.10 (\$17.13) per hour," the ad said.

"A junior doctor makes just £14.09. Thanks to this government you can make more serving coffee than saving patients. This week junior doctors will take strike action so they are paid what they are worth."

On Wednesday, hundreds of thousands of workers are expected to walk out, including teachers, London Underground train drivers, BBC journalists, and university staff.

Since last year the UK has been

plagued by strikes across the economy from nurses and ambulance staff to lawyers and dock workers fuelled by soaring food, energy and housing costs.

They have all clashed with the government, which insists the country cannot afford inflation-busting pay hikes.

The strike by so-called junior doctors - a category of doctors who are not senior specialists but who can still have decades of experience - is the longest they have ever staged.

The BMA says junior doctors in England, who mostly work in hospitals but also in some cases in general practitioners' surgeries, have suffered a 26% real-terms cut to their pay since 2008-09.

Doctors and nurses have repeatedly warned that poor pay and conditions are driving UK-trained medical and nursing staff abroad at a time of record waiting lists exacerbated by the COVID-19 pandemic backlog.

Around 80 doctors and supporters joined a picket line outside Leeds General Infirmary in the northern city.

A constant stream of motorists

signalled their support by honking their car horns as the doctors sang "Claps don't pay the bills", referring to the country's weekly routine of applauding healthcare workers during the pandemic.

Health Secretary Steve Barclay said the BMA's decision to push ahead with the strike was "incredibly disappointing".

He said the body had declined to enter formal pay negotiations on condition that the strikes were paused.

Other unions representing nurses and ambulance workers had put their strike action on hold to allow negotiations to continue this week, he added.

Flights canceled in Germany

But UK is not the only one to have been affected by strikes. Flights were canceled from the northern German cities of Bremen and Hamburg, as well as Berlin, as workers went on strikes over pay for working unsociable hours, DW reported.

Airport staff embarked on the walkouts called by the Verdi trade union in a dispute over pay for working nights, weekends,

and bank holidays.

Berlin Airport said in a notice that 200 flights would be canceled Monday, affecting around 27,000 passengers.

Hamburg Airport said that all departing flights were canceled and nearly half of arrivals were too, while Bremen airport said there would be no flights from the airport.

Germany's airport association (ADV) said around 45,000 passengers were directly affected as a result of the strikes.

The walkouts by airport staff come amid difficult pay talks for employees of Germany's federal and municipal governments.

German unions are seeking a 10.5% pay raise, while employers have offered an increase of a total of 5% in two stages and a one-off €2,500 (\$2,630) payment per employee.

Unions have rejected the offer, saying they were insufficient to meet expenses. The next round of talks is due to begin on March 27.

Additionally, there are negotiations nationwide over payments for air safety workers, and locally for ground service workers.

Russia's economy holds up amid Western sanctions

"Economically, nothing has changed," said Vladimir Zharov,

53, who works in television. "I work as I used to work, I go shopping as I used to. Well, maybe the prices have risen a little bit, but not in such a way that it is very noticeable."

Russia's economy has weathered the West's unprecedented economic sanctions far better than expected. But with restrictions finally tightening on the Kremlin's chief moneymaker - oil - the months ahead will be an even tougher test.

Economists say sanctions on Russian fossil fuels only now taking full effect - such as a price cap on oil - should eat into earnings that fund the war. Some analysts predict signs of trouble - strained government finances or a sinking currency - could emerge in the coming months.

But other economists say the Kremlin has significant reserves of money that haven't been hit by sanctions, while links to new trade partners in Asia have quickly taken shape. They say Russia isn't likely to run out of money this year but

instead will face a slow slide into years of economic stagnation.

"It will have enough money under any kind of reasonable scenario," Chris Weafer, CEO and Russian economy analyst at the consulting firm Macro-Advisory, said.

Russia will keep bringing in oil income, even at lower prices, so "there is no pressure on the Kremlin today to end this conflict because of economic pressures," he said.

As the economy teeters between sanctions and resilience, what everyday Russians can buy has

stayed remarkably the same.

It is clear goods are skirting sanctions through imports from third countries that aren't penalizing Russia. For example, Armenia's exports to Russia jumped 49% in the first half of 2022. Chinese smartphones and vehicles are increasingly available.

The auto industry is facing bigger hurdles to adapt. Western automakers have halted production, with sales plunging 63% and local entities taking over some factories and bidding for others.

Unlike European automakers,

some corporations are far from bailing. While 191 foreign companies have left Russia and 1,169 are working to do so, some 1,223 are staying and 496 are taking a wait-and-see approach.

One big reason for Russia's resilience: record fossil fuel earnings of \$325 billion last year as prices spiked. The surging costs stemmed from fears that the war would mean a severe loss of energy from the world's third-largest oil producer.

That revenue, coupled with a collapse in what Russia could

import because of sanctions, pushed the country into a record trade surplus - meaning what Russia earned from sales to other countries far outweighed its purchases abroad.

The boon helped bolster the ruble after a temporary crash and provided cash for government spending on pensions, salaries and - above all - the military.

The economy shrank 2.1% last year, Russia's statistics agency said. The International Monetary Fund predicts 0.3% growth this year - not great, but hardly disastrous.