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BANKING/FINANCE

Investors' Bets on Risky Assets Get Undercut by Strike Threats



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There is growing unease among some market strategists that a breakout in labor costs will crimp the flow of money out of havens and into assets that thrive in an economic upswing.

by Richard Henderson

Investors positioning for a rally in riskier assets next year may be underestimating the threat from millions of workers around the world protesting for higher wages.

While signs that inflation has peaked have fueled bets on everything from a weaker dollar to a rebound in global stocks in 2023, there is growing unease among some market strategists that a breakout in labor costs will crimp the flow of money out of havens and into assets that thrive in an economic upswing.

The flip side of this scenario of worker unrest and entrenched high inflation is elevated Treasury yields, a resurgent greenback and demand for physical commodities and value stocks.

Warning signs abound, with labor unrest surging in key economies. U.K. Border Force workers and railway staff launched fresh strikes Wednesday that Prime Minister Rishi Sunak's spokesman said were causing "massive disruption." In one dispute in Germany, some 900,000 workers participated in walkouts before the country's largest labor union and employers agreed to an 8.5% wage increase. South Korean truck drivers have disrupted the auto, petrochemical and steel industries. And striking Starbucks baristas in Seattle have also grabbed headlines.

Federal Reserve Chair Jerome Powell and his European counterpart Christine Lagarde both underscored the impact of labor costs after hiking interest rates this month.

This is the definitive battle of 2023 it's labor versus the paymasters," said John Vail, chief global market strategist for Nikko Asset Management in Tokyo. "If wage hikes go through, it'll be stagflationary and a headwind for markets, both bonds and stocks.

"Higher rates for longer would potentially mean another leg up in bond yields, which is bad news for investors in government bonds and high-risk corporate debt," said Shane Oliver, head of investment strategy and economics for AMP Services Ltd. in Sydney.

"It perpetuates the defensive trade and the value trade. It would be a very negative environment for growth stocks," he said.

Michael Mullaney, head of research for Boston Partners, sees shorter duration, more cyclical stocks doing well if 2023 is a year of persistent high infla-

"Stocks with long, long tails of earnings distribution will continue to suffer in the higher-for-longer interest rate scenario," said Mullaney. "Value stocks do well and commodity plays, whether materials or industrials.

Cash would also find fresh appeal, according to Nikko's Vail, mirroring a winning trade when the mix of inflation and low growth sapped markets nearly half a century ago.

"If you were investing in the late 1970s, the best thing would have been to put your money in a money market fund. Short-term interest rates go up in a stagflationary environment," said Vail.

The case for putting money into physical commodities is a tougher call, in his view, given that inflation tends to push them up while the weak economy saps demand.

Highlighting what's at stake, U.S. President Joe Biden turned to a law crafted before the Great Depression to stop rail workers from a strike that would have cost the economy an estimated \$2 billion per day. The U.K. has even turned to the military to reduce disruption caused to airports by strikes.

The median forecast of Fed policymakers is for rates to rise next year and stay elevated before falling in 2024. Yet market pricing for the Fed and ECB rates is for cuts in the middle of the year.

Central banks "view labor as the most difficult part of the inflation equation," said Kristina Hooper, chief investment strategist for Invesco, who warned that workers hold more sway for wage increases. "There's a lot more power now and leverage because of tight, tight labor markets.

That's not to rule out the Fed allowing wages to run hot if price increases in other areas like goods and housing begin to abate, she added.

For AMP's Oliver, a four-decade veteran of financial markets, the wave of worker unrest rekindles images of the picket lines of the 1980s in the U.S., U.K. and Australia when workers revolted against economic liberalization.

"We may have come into a world with more worker militancy," he said. "It's bad news for investors because it would stretch out the period of high inflation.

Richard Henderson reports for Bloomberg News.



CITY OF DORAL NOTICE OF ZONING WORKSHOP

All residents, property owners and other interested parties are hereby notified of a **Zoning Workshop** on Thursday, January 12, 2023 at 6:00 p.m. The Meeting will take place at the City of Doral, Government Center, Council Chambers located at 8401 NW 53rd Terrace, Doral, Florida, 33166.

The following application will be presented:

HEARING NO.: 23-01-DOR-03

APPLICANT: Century Midtown Properties, LLC, Century Town Center 1, LLC, and Century Town

PROJECT NAME: Midtown Phase II PUD

PROPERTY OWNER: Century Midtown Properties, LLC, Century Town Center 1, LLC, and Century Town

LOCATION: East of NW 107 Avenue and situated to the north and south of NW 82 Street FOLIO NUMBER: 35-3008-000-0033, 35-3008-000-0036, 35-3008-000-0038

SIZE OF PROPERTY: ±8.8 acres

FUTURE LAND USE MAP DESIGNATION: Community Mixed Use and Regional Activity Center Overlay **ZONING DESIGNATION: Planned Unit Development (PUD)**

REQUEST: The Applicant is requesting a modification to Phase II of Midtown Doral Planned Unit Development (PUD) proposing an updated development program comprising of a 58,052 square foot clubhouse, 61,064 square feet of gross leasable commercial use, and 734 dwelling units. This will allow for an additional 59 dwelling units, an increase of 11,052 square feet of clubhouse amenity space, and a reduction of 31,936 square feet of gross leasable area of commercial use.

Location Map



ZONING WORKSHOP PROCESS: The zoning workshop consists of two sessions:

- 1. First Session. The first session of a zoning workshop shall provide a forum for members of the public to learn about proposed developments within the city. Developments may be presented to the public simultaneously, in several locations within the meeting site. During this session, members of the public are encouraged to ask questions and to provide feedback to the applicant about the proposed development. The applicant shall provide visual depictions, such as renderings, drawings, pictures, and the location of the proposed development. In addition, representatives of the applicant shall be available to answer questions that members of the public may have about the proposed development. The members of the City Council shall not be present during the first session of the zoning workshop.
- Second Session. The second session of a zoning workshop shall provide a forum for the City Council to learn about the proposed developments discussed at the first session of the zoning workshop. No quorum requirement shall apply. Developments shall be presented by the applicants sequentially, one at a time, for the City Council's review and comment. The applicant shall again present visual depictions of the proposed development. In addition, the applicant shall be available to answer any questions that members of the City Council may have about the proposed development.

No quorum requirement shall apply nor will any vote on any project be taken, but roll call will be taken, as it is a publicly noticed meeting.

Information relating to this request is on file and may be examined in the City of Doral, Planning and Zoning Department located at **8401 NW 53rd Terrace, Doral, Fl. 33166**. Maps and other data pertaining to these applications are available for public inspection during normal business hours in City Hall. Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL

In accordance with the Americans with Disabilities Act, all persons who are disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to

NOTE: If you are not able to communicate, or are not comfortable expressing yourself, in the English language, it is your responsibility to bring with you an English-speaking interpreter when conducting business at the City of Doral during the zoning application process up to, and including, appearance at a hearing. This person may be a friend, relative or someone else. A minor cannot serve as a valid interpreter. The City of Doral DOES NOT provide translation services during the zoning application process or during any quasi-judicial proceeding.

NOTA: Si usted no está en capacidad de comunicarse, o no se siente cómodo al expresarse en inglés. es de su responsabilidad traer un intérprete del idioma inglés cuando trate asuntos públicos o de negocios con la Ciudad de Doral durante el proceso de solicitudes de zonificación, incluyendo su comparecencia a una audiencia. Esta persona puede ser un amigo, familiar o alguien que le haga la traducción durante su comparecencia a la audiencia. Un menor de edad no puede ser intérprete. La Ciudad de Doral NO suministra servicio de traducción durante ningún procedimiento o durante el

Connie Diaz, MMC City of Doral

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