



**HATIL**  
Md Shamsul Arif, first secretary (commercial), Bangladesh's deputy high commission in Kolkata; Arun Agarwal (Bakrewala), chairman of HATIL Dhanbad showroom; Harsh Agarwal and Rajiv Agarwal, owners of Manmac Furnishers; Varun Kumar Jindal, master franchisee of HATIL in Northern & Western India and director of Kratos Furnishers, and Sushanta Saha, business development manager of HATIL in Eastern India, inaugurate a showroom of furniture brand HATIL in Dhanbad, under the state of Jharkhand, India yesterday. Manmac Furnitures, the master franchise partner of HATIL in Eastern India, will operate the showroom.



**PUBALI BANK**  
Safiul Alam Khan Chowdhury, managing director (current charge) of Pubali Bank, attends a managers' conference for 2021 at its head office in Dhaka recently.

# US producer prices rise; consumers' inflation expectations ease

REUTERS, Washington

US producer prices increased strongly in February, leading to the largest annual gain in nearly 2-1/2 years, but considerable slack in the labor market could make it harder for businesses to pass on the higher costs to consumers.

That was supported by a survey on Friday showing an easing in consumers' near-term inflation expectations early this month, even as their confidence in the economy rose to a one-year high.

Receding new COVID-19 cases, an acceleration in the pace of vaccinations and more pandemic relief money from the government are seen allowing wider economic re-engagement in the spring.

Inflation is expected to accelerate in the coming months and exceed the Federal Reserve's 2 per cent target, a flexible average, by April. Part of the anticipated spike would be the result of price declines early in the pandemic washing out of the calculations. Many economists, including Fed Chair Jerome Powell, do not expect the strength in inflation will persist beyond the so-called base effects.

"Beyond a rise in the metrics this year on base effects and a fuller reopening of the economy that will revive demand, price pressures are unlikely to keep accelerating, given an incomplete recovery in the labor market," said Rubeeela Farooqi, chief US economist at High Frequency Economics in White Plains, New York.

The producer price index for final demand rose 0.5 per cent last month, with the costs of energy products and food surging, the Labor Department said. That followed a 1.3 per cent jump in January, which was the biggest advance since December 2009.

In the 12 months through February, the PPI accelerated 2.8 per cent, the most since October 2018. The PPI increased 1.7 per cent year-on-year in January. Last month's rise in the PPI was in line with economists' expectations.

Manufacturing and services industries have been flagging higher production costs as the year-long pandemic gums up the supply chain. Surveys this month showed measures of prices paid by manufacturers and services industries in February racing to levels last seen in 2008.

These inflation jitters have boosted US Treasury yields.

The government has provided nearly \$6 trillion in relief since the pandemic started in the United States in March 2020, with President Joe Biden on Thursday signing legislation for his \$1.9 trillion package. At the same time, Fed is pumping in money through monthly bond purchases, raising fears in some quarters of the economy overheating.

But the worst recession since the Great Depression, which started in February 2020, has left at least 20.1 million Americans on unemployment benefits.

"Supply-chain issues are



**REUTERS/FILE**  
Workers produce some of the specialised valves at a factory in Marshalltown, Iowa, US.

temporarily putting upward pressure on producer prices along with higher energy prices," said Ryan Sweet, a senior economist at Moody's Analytics in West Chester, Pennsylvania. "These pressures should begin to moderate. We expect growth in consumer prices to accelerate through the first half of this year, but this will be transitory."

Consumers' one-year inflation expectations moderated to 3.1 per cent in mid-March from 3.3 per cent in February, the University of Michigan said in a separate report on Friday. Its preliminary consumer sentiment index rose to 83.0, the highest since last March, from a final reading of 76.8 in

February.

Stocks on Wall Street were mostly lower. The dollar gained versus a basket of currencies. US Treasury yields rose.

A 6.0 per cent jump in the cost of energy goods accounted for more than two-thirds of the broad-based rise in the PPI last month. Energy prices rose 5.1 per cent in January. Wholesale food prices jumped 1.3 per cent. Goods prices rose 1.4 per cent.

Excluding the volatile food, energy and trade services components, producer prices climbed 0.2 per cent. The so-called core PPI accelerated 1.2 per cent in January. In the 12 months

through February, the core PPI increased 2.2 per cent after gaining 2.0 per cent in January.

The Fed tracks the core personal consumption expenditures (PCE) price index for its inflation target. The US central bank has signaled it would tolerate higher prices after inflation persistently undershot its target.

The core PCE price index is at 1.5 per cent. The government reported this week that the core CPI barely rose in February after being unchanged for two straight months. In February, wholesale core goods prices gained 0.3 per cent after rising 0.8 per cent in January, driven by the dollar's weakness against the currencies of the United States' main trade partners.

The cost of services edged up 0.1 per cent last month after accelerating 1.3 per cent in January, which was the biggest increase since December 2009. Healthcare costs dipped 0.1 per cent after surging 1.2 per cent in January. Portfolio fees dropped 1.1 per cent after soaring 9.4 per cent January. Those healthcare and portfolio management costs feed into the core PCE price index.

With the PPI and CPI data in hand, economists are estimating that the core PCE price index rose by as much as 0.18 per cent in February. That would lift the annual increase in the core PCE price index to as high as 1.6 per cent. The data is due to be released on March 26.

## US tech stocks lose tug-of-war amid inflation worries

AFP, New York

Wall Street closed out a volatile week mostly higher on Friday, but tech shares once again lost the battle between optimism over a stronger economy and concerns about inflation. US Treasury yields jumped again, returning to the pre-pandemic levels of February 2020, as the 10-year note rose above 1.6 per cent.

That is a sign of growing investor fears that the Federal Reserve will have to raise borrowing rates sooner than expected to contain inflation -- despite the central bank's assurances to the contrary. The tech-rich Nasdaq Composite Index recovered from the lowest point of the day, closing down 0.6 per cent at 13,319.87.

The benchmark Dow Jones Industrial Average climbed 0.9 per cent to 32,778.64, setting another record, while broad-based S&P 500 edged up 0.1 percent to 3,943.34, adding four points to the all-time high set Thursday. "There is a tug of war in the market regarding where inflation will settle," Quincy Krosby of Prudential Financial said, with traders watching how President Joe Biden's \$1.9 trillion stimulus package will impact the economy, as well as the infrastructure package he's pushing. "No one is suggesting at this point that we will be due for hyperinflation," she said. But since the Fed has made it clear they will run the economy hotter, markets are now wondering, "how hot?" "Tech shares are seen as most vulnerable to rising borrowing rates, and Apple and Amazon each lost 0.8 per cent.

## Outgoing CEO says Panasonic must cut Tesla reliance as battery tie-up evolves

REUTERS

Panasonic Corp's outgoing Chief Executive Kazuhiro Tsuga said the company will need to reduce its heavy reliance on Tesla Inc by making batteries more compatible with electric vehicles from other global carmakers, the Financial Times reported on Sunday.

"At some point, we need to graduate from our one-legged approach of relying solely on Tesla," Tsuga, who will step down after nine years as CEO from April 1, told the newspaper in an interview. "We are entering a different phase and we need to keep an eye on supplying manufacturers other than Tesla." The Japanese conglomerate announced in November that Tsuga would step down in April after nine years at the helm and that Yuki Kusumi, the head of its automotive business, would take over.



**LANKABANGLA FINANCE**  
Khawja Shahriar, managing director of LankaBangla Finance, attends its town hall meeting for 2021 at a hotel in Dhaka recently.



**STANDARD BANK**  
Khondoker Rashed Maqsood, managing director of Standard Bank, attends a daylong workshop on "Heading to Strategic Relationship Management" at Chattogram on Saturday.

Government of the People's Republic of Bangladesh  
Local Government Engineering Department  
Office of the Upazila Engineer  
Raninagar, Naogaon.  
[www.lqed.gov.bd](http://www.lqed.gov.bd)

Memo No: 46.02.6485.000.07.001.21-106

**Invitation for OTM Tender (Works)**  
**e-Tender Notice No.: 08/2020-21**

e-Tender is invited in the National e-GP System portal (<http://www.eprocure.gov.bd>) for the procurement of following works:

SI No	Tender ID	Name of work	Last Selling Date & Time	Closing Date & Time	Opening Date & Time	Time for Completion
01	557494	Repair and Renovation of Raninagar URC under-Raninagar Naogaon (Package No-e-Tender/PEDP4/NGN/RAN/2020-21/NV10.274)	31/03/2021 17:00	01/04/2021 12:00	01/04/2021 12:00	03 Month

This is an online tender, where only e-Tender will be accepted in the National e-GP portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP system portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender Documents from the National e-GP System portal have to be deposited online through any registered bank branch up to 5.00 PM on 31/03/2021.

Further information and guidelines are available in the National e-GP system portal and also from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

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GD-524

## Lagging vaccination rate puts Canadian factories at competitive disadvantage

REUTERS

Canadian automation company Promotion had been banking on a weaker currency to help it win a new US contract, but a slower pace of vaccinations in Canada could erase that competitive edge, President Darryl Spector said.

Pandemic travel restrictions make it harder for Promotion's technicians to travel across the border to service and repair plant equipment, a drawback when competing against an increasingly vaccinated US workforce.

"With a fully vaccinated US supply base, why buy from Canada if you can't access the labor to support it?," said Spector.

To prevent spread of the coronavirus, the US-Canadian border has been closed for nearly a year to crossings by all but essential workers and a handful of other exceptions. In

Canada, manufacturers fear the slower vaccination rollout could delay an easing of those restrictions.

US President Joe Biden told states on Thursday to make all adults eligible for a coronavirus vaccine by May 1. Canadian Prime Minister Justin Trudeau has set a September target for having all Canadian adults vaccinated.

In the United States, some manufacturing workers are already receiving inoculations, such as in Detroit-area auto plants. By contrast, general manufacturing workers like those at Spector's Ontario-based firm, are not eligible in Canada yet.

The lag handicaps Canadian firms, they said, and may threaten Canada's economic rebound in coming months.

While the recovery has picked up pace, the Bank of Canada warned on Wednesday the virus will continue posing a risk to the economy until the population is widely vaccinated.

US health authorities have issued guidelines exempting asymptomatic vaccinated workers from strict COVID-19 protocols in case of exposure, but Canada has not yet considered similar action.

That leaves Canadian firms at greater risk of lost working hours or shutdown for COVID-19 tests and contact tracing if an employee tests positive. "People can't work as easily together if they are looking over their shoulder in case someone has COVID," said Spector, who recently sent eight workers home and covered the costs of their test results when an employee's wife tested positive.

Matt Poirier, director of trade policy for Canadian Manufacturers & Exporters, said his association has asked provincial governments to prioritize factory workers for vaccination to curb the impact of outbreaks on plants.