

# Fed focus on jobs implies significant inflation overshoot

REUTERS, London

The US Federal Reserve's determination to stimulate the economy through low interest rates and bond buying until employment returns to pre-epidemic levels will likely raise commodity prices significantly in the interim.

Production and employment have fallen much further below their long-term trends than prices, as a result of the epidemic, and before that the trade wars with China and other trading partners in 2018/19.

If the central bank is determined to stimulate the economy until the production and employment gaps have been closed fully, it will have to accept a significant overshooting in prices compared to trend.

By targeting parts of the economy that exhibit the most cyclical slack, the central bank must accept that other parts of the economy with far less slack will exhibit significant frictional inflation.

Top officials calculate these price signals will be temporary and will not become embedded into corporate and household expectations and price- and wage-setting behaviour.

If they are correct, wages will experience a one-off fall in real terms. If not, embedded inflation will require more contractionary monetary and fiscal policies in future to stop overheating and bring prices back to target.

Estimating the amount of cyclical slack in the economy as a result of the epidemic, lockdowns, trade wars and the general business cycle downturn, is more of an art than a science.

Estimates depend on identifying a point in the past when the economy was at full capacity utilisation and employment, an underlying trend growth rate, and then projecting output, employment and prices forward.

The National Bureau of Economic Research's Business Cycle Dating Committee estimates the last cycle peaked in February 2020, immediately before the first wave of coronavirus infections hit.

Manufacturing output peaked more than a year earlier in December 2018, after which the economy started to be hit by the impact of conflicts with major trading partners and a rise in policy uncertainty.

Sometime from December 2018 to February 2020 is therefore most likely to correspond to full employment and capacity utilisation when the unemployment rate was around 3 per cent and the utilisation rate was 75-78 per cent.

In the five years prior to December 2018, manufacturing output increased at an average annual rate of 1.2 per cent, while the number of nonfarm jobs increased by around 1.8 per cent per year.

By December 2019, production had already fallen 2 per cent below its previous trend, as



The Federal Reserve building is pictured in Washington, DC.

a result of the trade wars, and the deficit had widened to 22 per cent at the height of the first wave of the epidemic and lockdowns in April 2020.

Since then manufacturing output has rebounded as a result of fiscal and monetary stimulus, as well as the re-opening of much of the economy, and is now just 5 per cent below its 2014-2018 trend.

In the labour market, nonfarm employment is currently 7 per cent below the 2014-2018 trend, with the deficit slightly worse in services (-7 per cent) and construction (-7 per cent) and narrower in manufacturing (-6 per cent).

The loss of employment compared with the previous trend is equivalent to 9 million jobs in services, 800,000 jobs in manufacturing and 600,000 jobs in construction.

Overall, therefore, output and employment are about 5-7 per cent below their pre-epidemic trend and probable potential level, which is the best measure of the gap the Fed is trying to close.

By contrast, downward pressure on prices has been more modest. The personal consumption expenditures price index for all items other than food and energy is less than 1 per cent below its level in December 2018 projected forward at the Fed's target increase of 2 per cent per year.

On the pricing side, the negative deviation from trend is likely to be closed within the next 3-6 months between July and October.

Negative deviations in production and employment are likely to take much longer to close, depending on relaxation of coronavirus controls and the speed of the business expansion.

The Fed's dilemma is that it has only one instrument (really a suite of inter-related

instruments including short-term interest rates and portfolio adjustments).

With one instrument, it can only have one primary target, a point made by the Dutch economist Jan Tinbergen, and known as the Tinbergen rule.

So the Fed must choose between targeting the negative production-employment gap, which implies a longer period of stimulus, or the price gap, which implies a far shorter one.

The Fed's public explanations of its strategy, articulated in press statements and speeches by policymakers, tend to make confusing remarks about both the production-employment and price gaps.

Top officials talk about the need for prices to catch up after a period of below-target increases, though the target level is unstated, and the evidence for prices being significantly below trend is limited.

By contrast, Fed actions show it is primarily focused on closing the production-employment gap, and prepared to tolerate a degree of overshooting on prices in the meantime.

In reality, the central bank has no choice, given its limited range of policy instruments and the different degrees of slack in different parts of the economy.

But prolonged stimulus through 2021 and into 2022 will ensure the manufacturing supply chain (including raw materials, freight transportation, warehousing and distribution) is stretched taut for at least the next 12-18 months.

Prices for raw materials, transportation and manufactured items will therefore move above long-term trend levels earlier than usual in this business cycle as the Fed tries to mop up remaining pockets of unemployment.

# Asia snubs IEA's call to stop new fossil fuel investments

REUTERS, Melbourne

Asian energy officials on Wednesday disputed the International Energy Agency's (IEA) call for no new oil, natural gas and coal investments for the world to be able to reach net-zero carbon emissions by 2050, viewing that approach as too narrow.

The IEA, which has previously championed the oil and gas industry, this week outlined a path to net-zero emissions that suggested stopping new investments in oil, gas and coal supply, retiring coal-fired plants in advanced economies by 2030, and banning sales of new internal combustion engine cars by 2035.

Energy companies in Australia, the biggest carbon emitter per capita among the world's richest nations, and officials in Japan and the Philippines said there were many ways to get to net zero, even as the IEA said its pathway was "the most technically feasible, cost-effective and socially acceptable".

Akihisa Matsuda, the deputy director of international affairs at Japan's Ministry of Economy, Trade and Industry (METI), said the government has no plans to immediately stop oil, gas and coal investments.

"The report provides one suggestion as to how the world can reduce greenhouse gas emissions to net zero by 2050, but it is not necessarily in line with the Japanese government's policy," he said.

"Japan needs to protect its energy security including a stable supply of electricity, so we will balance this with our goal of becoming carbon neutral by 2050." Japan was the

region's third-largest carbon emitter in 2019, after China and India, according to the BP Statistical Review of Energy.

Australia's top oil and gas industry and mining lobby groups said there was "no one size fits all" for decarbonisation.

"The IEA report doesn't take into account future negative emission technologies and offsets from outside the energy sector -- two things that are likely to happen and will allow vital and necessary future development of oil and gas fields," Australian Petroleum Production and Exploration Association Chief Executive Andrew McConville said.

Australia's top independent gas producer, Woodside Petroleum, said it still aims to make a final investment decision for an \$11 billion investment to develop a new gas field off Western Australia in late 2021. "For its part, Woodside is working with its customers, all of whom are in countries that have committed to net zero, to ensure we can supply them with the energy they are seeking in order to achieve their decarbonisation pathways," a Woodside spokeswoman said.

Australia on Wednesday committed A\$600 million (\$467 million) in taxpayer funds to build a new gas-fired power station to back up wind and solar power, which Energy Minister Angus Taylor said was a pragmatic move.

In the Philippines, where coal is set to be the dominant power source for years even after a ban on new coal plant proposals, Energy Secretary Alfonso Cusi said the energy transition should be "fuel and technology-neutral".



A coal-fired heating complex is seen behind the ground covered by snow in Harbin.

# UK's Johnson announces urban renewal plans after promise to "level up"

REUTERS, London

British Prime Minister Boris Johnson on Wednesday announced a series of urban renewal projects worth 830 million pounds (\$1.2 billion) in towns and cities away from London as part of his promise to "level up" the country's economy.

Johnson, who won a 2019 election thanks largely to voters in struggling regions of England and is facing pressure from nationalists in Scotland and Northern Ireland, also said more than 3,000 interior and business ministry jobs would move to Stoke-on-Trent in central England, Edinburgh and Belfast by 2025.

# Pharmas rake in higher profits

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Elaborating, he said administrative costs fell during the period. "Due to the pandemic, our communication cost declined along with promotional expenditure," he added.

Md Jubayer Alam, company secretary of Renata, echoed the same, saying higher profits mainly came from lower marketing costs. Renata's profits rose to Tk 363 crore this year, whereas it was Tk 305 crore last year. This year company representatives went on fewer visits to meet doctors, so the marketing costs were also lower, he said.

However, sales growth of the drug maker was relatively lower compared to previous years, Jubayer Alam said, adding that most of companies' sales growth was 5 to 6 per cent this year which was much higher a year earlier.

"This is because many doctors refrained from private practices due to the contagion, and people were reluctant to go to clinics and hospitals for treatment."

The export slowed a little bit this year, but it will surge in the coming months as the second wave of the pandemic is easing out, he hoped.

Responding to a question, Alam said Renata did not raise the price of the medicines during the pandemic.

"From a stock market viewpoint, pharmaceuticals were a preferable sector for institutional investors," said Mir Ariful Islam, head of research and portfolio management of Prime Finance Asset Management Company.

"Medicines are a necessary product, so it was expected that they would fare better in any situation."

Though sales were low for most for many reasons, the sector generated the highest hopes. Institutional investors believe that the sector would be able to sustain its performance even if the market took a plunge, he added.

Among the listed drug makers and chemical companies, Renata closed 0.01 per cent higher on the Dhaka Stock Exchange yesterday.

Square Pharmaceuticals declined 0.23 per cent, Beximco Pharmaceuticals dropped 2.63 per cent, Ibn Sina Pharmaceutical was down 1.27 per cent, Acme Laboratories shed 0.98 per cent, Beacon slipped 0.71 per cent, and Reckitt Benckiser went down 0.15 per cent.

# Payra channel dredging to cost over Tk 5,600cr

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The committee also approved setting up a 400-megawatt power plant at Raozan of Chattogram at a cost of Tk 1,796.72 crore. The work was awarded to Sepco-III Electric Power Construction Co, China.

The production cost was fixed at Tk 1.38 per kilo watt, informed Akhter. The committee also approved importing 12.80 lakh tonnes of urea fertiliser in total from Qatar, Saudi Arabia and the United Arab Emirates.

Following the meeting, the finance minister at a virtual briefing said every macroeconomic fundamental of the country was currently on an upward trend.

The inflation rate remained constant at 5.47 per cent, export stood at \$32.1 billion as of April with 8.7 per cent growth even amidst the pandemic and remittance inflow reached \$22 billion in the first 11 months, he said.

Mentioning that the country's foreign exchange reserve would reach \$45 billion by this month while it was \$36 in June last year, he hoped for the figure to turn \$50 billion next year. Non-performing loans in the banking sector came down to a great extent, to 7.66 per cent of total loans against 9.16 per cent in June last year, said the minister, adding that the interest rate has also reduced to 7.4 per cent.



## বরিশাল সিটি কর্পোরেশন

নগর ভবন, বরিশাল  
(প্রশাসনিক শাখা)

### চুক্তিভিত্তিক নিয়োগ বিজ্ঞপ্তি

তারিখঃ ১৯/০৫/২০২১খ্রিঃ

শ্রমিক নং- বিসিসি/প্রশাসনিক/নিয়োগ-০৫/২১-১৬০

বরিশাল সিটি কর্পোরেশনের আওতাধীন নিম্নবর্ণিত পদে ০৩ (তিন) বছর মেয়াদী সম্পূর্ণ অস্থায়ী ভিত্তিতে চুক্তিভিত্তিক জনবল নিয়োগের লক্ষ্যে যোগ্যতাসম্পন্ন প্রকৃত বাংলাদেশী নাগরিকদের নিকট হতে দরখাস্ত আহ্বান করা যাচ্ছে।

ক্রঃ নং	পদের নাম	পদ সংখ্যা	২০/০৬/২০২১ তারিখ পর্যন্ত প্রার্থীর বয়স	প্রয়োজনীয় শিক্ষাগত যোগ্যতা ও অভিজ্ঞতা	চুক্তি মূল্য
(১)	(২)	(৩)	(৪)	(৫)	(৬)
১.	সার্ভেয়ার	০৫ (পাঁচ)টি	অনূর্ণ ৩০ বৎসর	(ক) কোন স্বীকৃত ইনস্টিটিউট হইতে ডিপ্লোমা ইন সার্ভে কোর্স সম্পন্ন হতে হবে। (খ) তবে শর্ত থাকে যে, ডিগ্রিটাল সার্ভে কাজে অভিজ্ঞতাসম্পন্ন প্রার্থীকে অগ্রাধিকার প্রদান করা হইবে।	আবেদন সাপেক্ষে

আবেদনপত্রের সাথে আবশ্যিক দাখিলযোগ্য কাগজপত্রঃ

- প্রথম শ্রেণীর গেজেটেড কর্মকর্তা কর্তৃক ইস্যুকৃত মূল চারিত্রিক সনদপত্র। এছাড়া, সকল শিক্ষাগত যোগ্যতার সনদ, অভিজ্ঞতার সনদ (প্রয়োজ্য ক্ষেত্রে), জাতীয় পরিচয়পত্রের কপি এবং সদ্য তোলা ০৩ (তিন) রুপি পাসপোর্ট সাইজের রসিন ছবি ও প্রযোজ্য অন্যান্য কাগজপত্র প্রথম শ্রেণীর গেজেটেড কর্মকর্তা কর্তৃক সত্যায়িত হতে হবে।
- স্থানীয় ইউনিয়ন পরিষদ চেয়ারম্যান/পৌরসভার মেয়র/সিটি কর্পোরেশনের ওয়ার্ড কাউন্সিলর কর্তৃক ইস্যুকৃত নাগরিক সনদপত্র।
- আবেদনকৃত পদের নামসহ, আবেদনকারীর নাম (স্পষ্টাকরে), পিতার নাম, মাতার নাম, বর্তমান ঠিকানা, স্থায়ী ঠিকানা, ২০/০৬/২০২১খ্রিঃ তারিখে বয়স, নাগরিকত্ব/জাতীয়তা, নিজ জেলা, শিক্ষাগত যোগ্যতা (বোর্ড, বিভাগ, সন, ইত্যাদি উল্লেখসহ), অভিজ্ঞতা (প্রয়োজ্য ক্ষেত্রে) ইত্যাদি উল্লেখপূর্বক জীবন বৃত্তান্তসহ ডাকটিকেট সংযুক্ত ফেরত খামে আবেদনকারীর পূর্ণ ঠিকানা সম্বলিত আবেদনপত্র আগামী ২০/০৬/২০২১খ্রিঃ তারিখের মধ্যে মাননীয় মেয়র, বরিশাল সিটি কর্পোরেশন, নগর ভবন, বরিশাল, বরাবর পৌঁছাতে হবে।
- আবেদনপত্রের সাথে "মেয়র, বরিশাল সিটি কর্পোরেশন" এর অনুকূলে ৫০০/- (পাঁচশত) টাকা মূল্যমানের অফেরতযোগ্য পে-অর্ডার/ব্যাংক ড্রাফট সংযুক্তপূর্বক উহার নম্বর আবেদনপত্রে উল্লেখ করতে হবে (কোন পোস্টাল অর্ডার গ্রহণযোগ্য নয়)।
- চাকুরীরত প্রার্থীদের স্ব-স্ব নিয়োগকারী কর্তৃপক্ষের মাধ্যমে আবেদনপত্র প্রেরণ করতে হবে।
- অসম্পূর্ণ, ত্রুটিপূর্ণ এবং ভুল তথ্য সম্বলিত বা বিলম্বে প্রাপ্ত আবেদনপত্র সরাসরি বাতিলযোগ্য বলে গণ্য হবে।
- প্রার্থীদের লিখিত ও মৌখিক পরীক্ষায় অংশগ্রহণ করতে হবে এবং উহার জন্য কোন টিএ/ডিএ প্রদান করা হবে না। মৌখিক পরীক্ষার সময় মূল সনদপত্র প্রদর্শন করতে হবে।
- বিজ্ঞপ্তিতে উল্লেখিত পদের সংখ্যা হ্রাস/বৃদ্ধি, বাতিল/প্রত্যাহার এর সকল ক্ষমতা কর্তৃপক্ষ সরক্ষণ করেন। নিয়োগের ক্ষেত্রে কর্তৃপক্ষের সিদ্ধান্তই চূড়ান্ত বলে বিবেচিত হবে।


সম্পূর্ণ অস্থায়ী ভিত্তিতে চুক্তিভিত্তিক জনবল নিয়োগের লক্ষ্যে এ বিজ্ঞপ্তি জারি করা হলো।

প্রধান নির্বাহী কর্মকর্তা  
বরিশাল সিটি কর্পোরেশন  
বরিশাল

জিডি-১০০২

## Government of the People's Republic of Bangladesh

Energy Efficiency & Conservation Promotion Financing Project  
Power Division  
Ministry of Power, Energy & Mineral Resources  
IEB Bhaban, Ramna, Dhaka



Ref: 27.02.0000.130.07.011.20-715

### Invitation for Tenders

Date: 18.05.2021

1	Ministry/Division	Ministry of Power, Energy & Mineral Resources, Power Division.		
2	Agency	Sustainable and Renewable Energy Development Authority (SREDA).		
3	Procuring entity name	Energy Efficiency & Conservation Promotion Financing Project.		
4	Procuring entity district	Dhaka.		
5	Tender Invitation for	Supply and Installation of Office Equipment with all accessories for Energy Efficiency and Conservation Promotion Financing Project.		
6	Invitation Ref. No.	27.02.0000.130.07.011.20-715		
7	Date	18.05.2021		
<b>KEY INFORMATION</b>				
8	Procurement method	Open Tendering Method.		
<b>FUNDING INFORMATION</b>				
9	Budget and source of funds	Development Budget, GoB.		
10	Development partner (if applicable)	N/A.		
<b>PARTICULAR INFORMATION</b>				
11	Project/programme name (if applicable)	Energy Efficiency & Conservation Promotion Financing Project.		
12	Tender Package No.	GD-3 (FY-2020-21).		
13	Tender package name	Supply and Installation of Desktop with all accessories and Laptop for Energy Efficiency and Conservation Promotion Financing Project.		
14	Tender publication date	19/05/2021		
15	Tender closing date	19/05/2021 to 09/06/2021 (during office hour).		
16	Tender opening date and time	10.06.2021 at 11.00am (Tender receive any day before 10.06.2021 during office hours).		
17	Tender opening date and time	10.06.2021 at 11.30am (Tenderer or their authorized representatives are allowed to attend).		
18	Name and address of the office	Office of The Energy Efficiency & Conservation Promotion Financing Project, IEB Bhaban (9th Floor), Ramna, Dhaka-1000, Bangladesh.		
	- Selling tender document (principal)	Office of The Energy Efficiency & Conservation Promotion Financing Project, IEB Bhaban (9th Floor), Ramna, Dhaka-1000, Bangladesh.		
	- Selling tender document (others)	N/A.		
	- Receiving tender document	Office of The Energy Efficiency & Conservation Promotion Financing Project, IEB Bhaban (9th Floor), Ramna, Dhaka-1000, Bangladesh.		
	- Opening tender document	Office of The Energy Efficiency & Conservation Promotion Financing Project, IEB Bhaban (9th Floor), Ramna, Dhaka-1000, Bangladesh.		
19	Place/date/time of pre-tender meeting (optional)	N/A.		
<b>INFORMATION FOR TENDERER</b>				
20	Eligibility of tenderer	Manufacturer/authorized supplier/agent/partner/re-seller of the manufacturers of goods and similar supply experience as mentioned in the tender document.		
21	Brief description of goods or works	Supply and Installation of Office Equipment with all accessories for Energy Efficiency and Conservation Promotion Financing Project.		
22	Brief description of related services	Installation, commissioning and warranty service of hardware.		
23	Price of tender document (BDT)	Non-refundable BDT Tk 1000.00 (Tk one thousand) in shape of Pay Order in favor of Project Director, Energy Efficiency & Conservation Promotion Financing Project, SREDA, IEB Bhaban (9th Floor), Ramna, Dhaka-1000.		
24	Identification	Location of delivery	Tender security amount in Tk	Completion of time in days/weeks/months
	Supply and Installation of Desktop with all accessories and Laptop for Energy Efficiency and Conservation Promotion Financing Project	Energy Efficiency & Conservation Promotion Financing Project, SREDA, IEB Bhaban (9th Floor), Ramna, Dhaka-1000	Tk 40,000.00 in the form of Pay-Order from any scheduled bank in favor of "Project Director"	Within 1 week after signing of the contract
25	Name of official inviting tender	Mohd Rezaul Hoq.		
26	Designation of official inviting tender	Project Director, Energy Efficiency & Conservation Promotion Financing Project, SREDA, Power Division.		
<b>PROCURING ENTITY DETAILS</b>				
27	Address of official inviting tender	Energy Efficiency & Conservation Promotion Financing Project, SREDA, IEB Bhaban (9th Floor), Ramna, Dhaka-1000.		
28	Contact detail of official inviting	Tel: 02-55110540		
29	Special instructions	Any tender received by the purchaser after the deadline for submission of tenders shall be declared late, will be rejected, and returned unopened to the tenderer. The purchaser reserves the right to accept any tender to annul the tender process, or to reject any or all tenders at any time prior to contract award.		
30	This tender will be performed according to "The Public Procurement Rules-2008".			

Sd/-  
Mohd. Rezaul Hoq  
Project Director  
Energy Efficiency & Conservation Promotion Financing Project, SREDA

GD-1001