STOCKS (Week-on-week)		COMMODITIES (As of Friday)		ASIAN MARKETS (Friday Closings)			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.29%	▲ 1.52%	▲ $1,864.04 (per ounce)	▲ $82.17 (per barrel)	▲ 1.28%	▲ 1.13%	▼ 0.03%	▲ 0.18%
6,995.93	12,317.98			60,686.69	29,609.97	3,228.45	3,539.10

CURRENCIES (As on Thursday, STANDARD CHARTERED BANK)

	USD	EUR	GBP	CNY
BUY TK	84.85	96.33	114.87	13.02
SELL TK	85.85	100.13	116.67	13.69

Star BUSINESS

DHAKA SUNDAY NOVEMBER 14, 2021, *KARTIK 29, 1428 BS* ● starbusiness@thedailystar.net

Rod prices go thru the roof

JAGARAN CHAKMA

Rod prices in Bangladesh hit Tk 80,700 per tonne because of the persistent high prices of raw materials globally, supply constraints, and the latest hike in fuel prices locally, official figures showed on Friday.

It was up 4.12 per cent from Tk 77,500 per tonne on Thursday, according to the state-run Trading Corporation of Bangladesh (TCB).

However, Mir Nasir Hossain, managing director of Mir Akhter Hossain Ltd, a contractor, said the actual price of rod was Tk 83,000 per tonne yesterday.

The price of the 60-grade rod went up by 7.06 per cent in the last month and 32.67 per cent in the last one year, TCB data showed.

Manufacturers largely blame the increasing cost of melting scrap in the international market for the price hike in the local market.

The price of steel scrap rose to $630 per tonne recently, said Tapan Sengupta, deputy managing director of BSRM, the largest steelmaker in Bangladesh.

Melting scrap, the raw material of steel products, was selling at $300 to $350 per tonne last October. It, however, surged since then, prompting several countries, including India, to cut the tariffs on raw material imports.

Besides, the recent increase in the fuel price has affected the steel price as the transport cost has gone up, said Sengupta.

On November 4, the government raised the prices of diesel and kerosene by Tk 15, or 23 per cent, to Tk 80 per litre.

Sengupta, however, claimed that the retail price of steel was still below the production cost as per the present input costs and feared the price would increase further in the coming days.

Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry, echoed Sengupta, saying the price would shoot up to Tk 100,000 per tonne due to the impact of the fuel price increase and the upward trend of raw material prices in the international market.

"The cost of construction has gone up by 20 per cent in the last one year due to the increasing steel and other raw material prices."

Abdul Mannan, a retailer in the Bongshal area of the capital, says they were told by millers that the price went up because of global raw material shortages and the appreciation of US dollars against taka.

"The price had been going up gradually in the last six months. But, it has increased by Tk 8,000 to Tk 9,000 per tonne in the last 15 days."

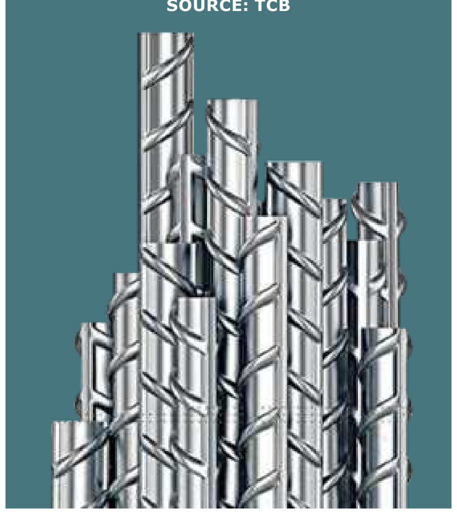
The exchange rate of the USD rose to Tk 85.79 on November 11 from Tk 84 a year ago, fueled by rising imports and a slowdown in remittance flow.

READ MORE ON B3

PRICES OF MS ROD (60-grade)
Price per tonne (maximum)

YESTERDAY	A WEEK AGO	A MONTH AGO	A YEAR AGO
Tk 80,700	Tk 77,500	Tk 75,700	Tk 66,000

SOURCE: TCB



AVERAGE RATE IN CALL MONEY MARKET

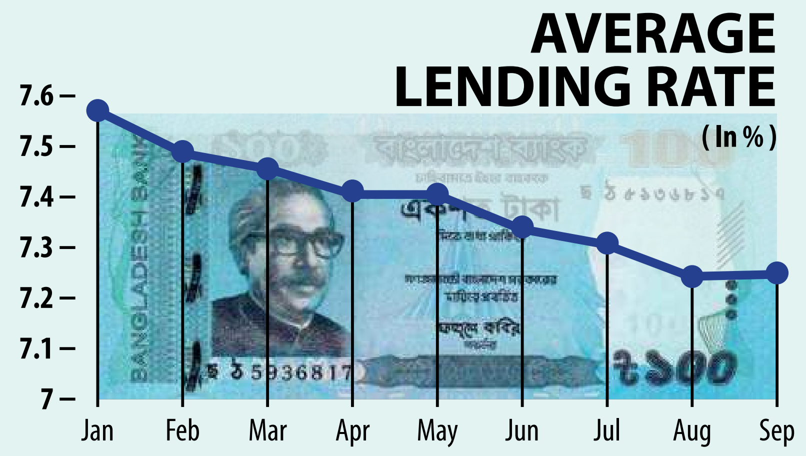
AUG	SEP	OCT
1.79pc	1.90pc	2.25pc

INTEREST RATE ON 5-YR T-BOND

SEP	OCT	NOV
4.97pc	5.75pc	6.5pc

"The era of cheap lending rate has ended as demand for loans is on the rise. The rates will gradually increase as the economy is getting back its momentum.

Mirza Elias Uddin Ahmed
MD of Jamuna Bank



SOURCE: BB

Are the days of cheap loans over?

AKM ZAMIR UDDIN

Up until July this year, firms had been able to borrow at unprecedented lower interest rates as the cost of funds declined amid business slowdown.

But as the economy inches towards normalcy riding on falling coronavirus infections and ongoing vaccination programme, the demand for loans has made a comeback in the last couple of months.

The recovery in credit demand is expected to bring about a credit crunch – a situation that is forcing banks to raise lending rates. This was evident from a number of indicators in the banking sector, signalling the end of cheap loans in Bangladesh.

Bankers say the lending rates are likely to increase in the next couple of months as the economy is gradually recovering from the slowdown brought on by the coronavirus pandemic.

A rising trend of import financing and demand for short-term loans are playing a major role in pushing up the credit demand.

Four top bankers say the lending rate has already started to increase in keeping up with the demand for loans.

The weighted average lending rate stood at 7.24 per cent in September, unchanged from August, according to data from the Bangladesh Bank. But, the average lending rate had faced a downward trend since at least January last year.

In addition, the yield on Treasury bills and bonds has seen an upward movement in recent months.

The interest rate on a five-year T-bond stands at 6.50 per cent this month in contrast to 5.75 per cent a month ago.

The government chiefly borrows from the banking sources by issuing T-bills and bonds, and the rate usually increases if it takes on debts on a regular basis.

The government secured a net loan of Tk 9,696 crore from the banking sector between July and October.

Banks also consider the yields on the government securities while setting the interest rate of their lending products.

The interest rate of the inter-bank call money market stood at 2.25 per cent in October, up from 1.90 per cent the month before.

The inter-bank call money market is a platform where lenders borrow and lend each other on an overnight basis. Banks commonly meet short-term funding requirements by borrowing from the market.

The credit growth in the private sector stood at 8.77 per cent in September, up from 8.42 per cent a month earlier.

"The era of cheap lending rate has ended as the demand for loans is on the rise," said Mirza Elias Uddin Ahmed, managing director of Jamuna Bank.

"The rates are gradually increasing as the economy is getting back its momentum."

The bank now charges interest rate between 7 per cent and 7.5 per cent on working capital, which was 3-6 per cent a couple of months ago.

Working capital, with a repayment tenure of a maximum of one year, is given out to businesses to fulfil their regular expenses.

The interest rate on time loans, which carry a repayment period from three to six months, has doubled to nearly 6 per cent at Jamuna Bank, Ahmed said.

The pickup in the lending rates also came after the central bank asked banks to set an interest rate on deposits that is higher than the inflation rate. This has given a boost to the lending rate as banks are now compelled to pay more than 5 per cent to savers.

The interest rate on term loans has recently touched 8 per cent, which had declined to 6 per cent a couple of months ago.

"The surge in the import financing has also been responsible for the upward trend of lending," Ahmed said.

Sohail RK Hussain, managing director of Meghna Bank, said that liquidity stress in the banking sector might appear in the days ahead as credit demand increased.

Meghna Bank is charging 5.5 per cent for the working capital loans, up by at least one percentage point compared to the levels seen at the height of the pandemic.

The same is also applicable to home loans as the interest rate stands at 8 per cent in contrast to 7.5 per cent three to four months ago.

Md Abdus Salam Azad, managing director of Janata Bank, said that credit demand had accelerated as the economy opened up.

"There is no scope for the lending rate to go down in the coming days."

READ MORE ON B3

Japanese firms keen on entering Bangladesh's e-commerce: envoy

STAR BUSINESS REPORT

Some Japanese companies are thinking of entering the e-commerce business in Bangladesh, said ITO Naoki, Japanese ambassador to Bangladesh, yesterday.

"I learned of several Japanese companies which are thinking of entering e-commerce business or selling their products through e-commerce here in Bangladesh," he said.

In future, some Japanese companies will be visible through e-commerce platforms in Bangladesh, he added.

He was addressing a session on "Ecommerce & Digital Business - Flourishing Sector to Lead the Future" at a four-day World Congress on Information Technology (WCIT) Bangladesh 2021 at Bangabandhu International Conference Center.

"I talked to some Japanese business people in Bangladesh and asked what the potential challenges were.

READ MORE ON B3

RMG workplace safety lauded

STAR BUSINESS REPORT

Bangladeshi garment factories are one of the safest workplaces in the world for developments recommended by foreign inspection and remediation platforms Accord and Alliance, said a German author yesterday.

Launching his book "Celebrating 50 years of Bangladesh" at Economic Reporters' Forum in Dhaka, Daniel Seidl was sharing his experience of staying and working in Bangladesh before and after the Rana Plaza building collapse in April 2013.

On the eve of the collapse, Seidl, the then executive director of the Bangladesh-German Chamber of Commerce and Industry (BGCCI), was leading a big German business delegation in Dhaka, highlighting Bangladesh's economic transformation.

However, the country's deadliest industrial accident took place at Savar the following morning and the German buyers sought to withdraw their business from Bangladesh citing the reputational risks posed on their brands, he said.

Seidl said to have urged not to do so, reasoning that Bangladesh had already invested a lot in the garment sector and the retailers and brands had also benefitted from the competitive prices and quality products from this apparel sourcing destination.

"It should not be a blame game and it should be a common game. Many people always talk about the negatives and I say you should be positive about Bangladesh. We need to grow together," he said.

READ MORE ON B2

Bangladesh offers best incentives for investors

FBCCI tells French businesses

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has urged French investors to take note of Bangladesh as an ideal destination for relocating industries.

"Bangladesh offers the best competitive fiscal and non-fiscal incentives for investment," said FBCCI President Md Jashim Uddin.

His comments came as the FBCCI signed a memorandum of understanding (MoU) with the France Bangladesh Economic Chamber to increase bilateral trade and investment opportunities.

READ MORE ON B3

Airbus recovers as Boeing reels

AFP, Paris

The aviation industry is slowly recovering from last year's Covid-induced downturn, but European aircraft maker Airbus is having a smoother ride than American rival Boeing, which has endured a series of crises.

The world's dominant aerospace companies will seek new business as they attend the five-day Dubai air show on Sunday, the industry's first major event since the pandemic started last year.

But while Airbus has returned to profit and delivered 460 aircraft in the first 10 months of the year, Boeing remains in the red and has supplied just 268 planes.

Boeing's 737 MAX returned to the skies last year after the entire fleet was grounded for 20 months following two crashes -- in Ethiopia and Indonesia -- that left 346 people dead.

Almost 370 of the planes remain in inventory and Boeing chief executive David Calhoun has said that it will take two years to sell them all.

The 737 MAX has also yet to be re-certified in China, a major market for aircraft makers. Boeing's production plans will depend on access to the Chinese market, Calhoun says.

The 787 Dreamliner has had its share of problems which is estimated to have cost the company $1 billion.

The company halted deliveries of the 787 in May following a series of issues with the plane -- the second suspension in the past year.

Boeing announced in July that it had spotted additional problems near the nose of the plane and was working to fix them.

A delay for the first deliveries of its new wide-body 777X plane -- which were pushed back from 2022 to late 2023 -- is costing the company $6.5 billion.

"There's been so many problems that it's very difficult to say they're over," Richard Aboulafia, analyst at aerospace consultancy Teal Group, told AFP.

Covid has also hit Boeing's strong point -- long-haul aircraft -- as international travel has been curbed by pandemic restrictions, said Remy Bonnery, an analyst at Archery Strategy Consulting.

International air traffic is only expected to return to pre-pandemic levels between 2023 and 2025.

Domestic air travel, meanwhile, is doing better -- which benefits Airbus and its A320 family of narrow-body aircraft.

Airbus will display its latest single-aisle plane, the A321neo, in Dubai.

The company aims to release the long-range version of the aircraft in 2023, the A321XLR, which can fly for 10 hours -- a feat only achieved by bigger planes until now.

"Airbus is alone in the single-aisle, long-haul market," said Bonnery at Archery Strategy Consulting.

"The next 10 years, we will have more plane deliveries by Airbus than Boeing," he said.

Boeing decided last year to hold off on launching its New Midsize Aircraft (NMA) project.

The plan was to deliver by 2025 an aircraft that could transport up to 275 passengers nearly 9,000 kilometres (5,600 miles).

The US company "is losing 10 points of market share, largely due to the A321neo. Losing 10 points of market share is a road towards being a marginal player," Aboulafia said.

Boeing would have to launch a new plane to claw back market share, said Michel Merluzeau, an analyst at AIR consultancy. "It must really staunch the bleeding against Airbus," Merluzeau said.

Regaining a place on the market "is very complicated and very expensive" -- at least $15 billion -- he said.

Boeing's debt has increased five-fold in less than three years to $62 billion.

It would be hard for Boeing to get a new plane out before 2028-2029, according to Merluzeau.

Calhoun indicated in October that the company has put a team together to design a new plane and production system.

AFP/FILE

Emirati and foreign delegates gather around an Airbus A380 passenger jet on a runway at the 2007 Dubai air show.

Global stocks rise in week dominated by inflation fears

AFP, London

Global stock markets mostly climbed on Friday, edging up over a week in which the threat of inflation spooked investors -- but not enough to scuttle the rally.

US major benchmarks all gained by lunchtime in New York, paring their losses for the week and taking their cue from Europe, where the FTSE was notable in bucking the bullish Friday feeling.

The euro dropped to a 15-month low versus the dollar before steadying, with the US currency benefiting from expectations the under-scrutiny Federal Reserve will begin a series of rate rises to stamp out surging inflation in the world's biggest economy.

"Inflation is running super-hot," said Neil Wilson, chief markets analyst at Markets.com, pointing to multi-decade highs of key gauges in the US, Japan and China.

Friday saw yet more evidence with German wholesale prices jumping 15.2 per cent year-on-year in October, the fastest clip since March 1974 and an acceleration from the previous two months, he said.

"Yet investors don't seem that bothered," Wilson said.

"Ultimately, the market remains fairly comfortable with fundamentals" and with central banks keeping rates -- and with them, bond yields -- artificially low, "equities remain the only game in town".

While inflation headwinds are clearly spooking some, persistently low interest rates are leaving yield-hungry investors with few options other than to keep their faith in stocks -- a scenario analysts dub TINA -- there is no alternative.

"Equities can't continue to hold firm against this backdrop but in a TINA world, stranger things have happened," said Oanda analyst Craig Erlam, pointing to surging gold prices and the strengthening dollar.

Gold futures in New York were little changed at a five-month high of $1,864.3 per ounce as the precious metal's traditional value as protection against inflation meant "investors turned to an old friend in time of need", Erlam said. Markets are looking to see if the global inflation spurt will ease as supply chain disruptions and wage hikes normalise and businesses recover from their pandemic hit.

Musk sells nearly $7b worth of Tesla shares this week

Reuters

Tesla CEO Elon Musk offloaded a combined $6.9 billion worth of shares in the electric car company this week, taking advantage of a meteoric rally that vaulted the firm's value to over $1 trillion.

The billionaire sold 1.2 million shares held by his trust for more than $1.2 billion on Friday, the latest in a flurry of his stock transactions, according to a US securities filing released later in the day.

The world's richest person and Tesla's top shareholder last Saturday tweeted that he would sell 10 per cent of his shares if users of the social media platform approved the move.

The 10 per cent would be about 17 million shares at the time of his tweet.

He has sold 6.36 million shares this week - around 37 per cent of 17 million.

He now needs to offload about 10 million more shares to fulfill his pledge to sell 10 per cent of his holdings.

Shares of Tesla Inc closed lower on Friday, down 2.8 per cent at $1,033.42, snapping an 11-week winning streak.

The shares are up more than 46 per cent this year following a sharp rally in October.

The stock sales, which marked the first time that Musk cashed out on a stake of that size since the company was founded in 2003, were massive by capital market standards, eclipsing the initial public offerings of most companies.

By getting Twitter users to green-light the move, he has blunted potential criticism of cashing out at a time when Tesla's valuation has become frothy and shares are at record highs.

Tesla shares fell 15.4 per cent this week and lost some $187 billion in market value, more than the combined market capitalizations of Ford Motor Co and General Motors Co.

Despite the week's losses, Tesla is still the most valuable automaker in the world. Recent strong gains in the stock have underscored demand for shares of electric vehicle (EV) makers.

After the blockbuster market debut of Rivian Automotive Inc on Wednesday, the two most valuable US automakers are EV companies.

In a veiled jab at the Irvine, California-based rival, Musk tweeted on Thursday: "There have been hundreds of automotive startups, both electric & combustion, but Tesla is (the) only American carmaker to reach high volume production & positive cash flow in past 100 years."

Musk had previously said he would have to exercise a large number of stock options this year, which would create a big tax bill.

Selling some of his stock could free up funds to pay the taxes.

Prior to the sale, Musk owned a stake of about 23 per cent in Tesla, including stock options.

After his exercise on 2.15 million stocks on Monday, he has options for 20 million more shares he needs to exercise by next August.

"We expect the share sales will continue, as Musk holds millions of options worth billions of dollars that would otherwise expire worthless, and he has also prearranged share sales under 10b5-1 plans," said Jason Benowitz, senior portfolio manager at the Roosevelt Investment Group LLC in New York.

Number of Americans quitting jobs reaches record high

Reuters

The number of Americans voluntarily quitting their jobs rose to a record high in September while job openings stayed stubbornly above pre-pandemic levels, a sign that businesses may have to continue to raise wages in order to attract workers.

The Labor Department's monthly Job Openings and Labor Turnover Survey, or JOLTS report, released on Friday, reflects an uneven economy with strong demand grinding against labor and goods shortages, driving overall inflation to its biggest annual gain in 31 years.

Wage inflation shows few signs of abating even as the daily case rate of coronavirus infections ebbs, with employers in almost every industry competing to lure workers and three million fewer people in the labor force compared to pre-pandemic levels.

The scramble for workers boosted wage growth to an annual increase to 4.9 per cent in October, although this has been outstripped by overall inflation, leading to a fall in real earnings.

A separate survey by the University of Michigan, also on Friday, showed consternation among consumers with sentiment on the economy falling to a decade low, with few believing policymakers are taking sufficient steps to tackle inflation.

Quits rose by about 164,000 in September, lifting the total to a record high of 4.4 million. The quits rate is seen as a good measure of labor market confidence as workers leave when they are more secure in their ability to find a new job.

There were 56,000 people who quit in the arts, entertainment and recreation industry while 47,000 left in the other services category. State and local government education saw 30,000 departures.

"The continued surge in quits points to wage growth of between 4.5 per cent-5.0 per cent, well above rates that would be consistent with inflation falling sustainably back towards the Fed's 2 per cent target," said Michael Pearce, senior US economist at Capital Economics in New York, following the report.

The Federal Reserve has so far resisted calls to take stronger action to combat higher-than-expected inflation, arguing that it remains transitory even if it persists well into next year.

The central bank announced at its last meeting that it will begin to taper its massive bond buying program this month, seen as precursor move to raising interest rates from their current level near zero. Investors currently expect a rate liftoff in mid 2022.

Job openings, a measure of labor demand, edged down by 191,000 to 10.4 million on the last day of September. Hiring also remained largely unchanged at 6.5 million in September.

The number of job openings was little changed in all four regions with vacancies increasing most in healthcare and social assistance, and state and local government, excluding education.

The government reported last Friday that nonfarm payrolls increased by 531,000 in October after posting gains of 312,000 in September. Job growth has averaged 582,000 per month this year.

Labor shortages could persist a while longer even as the Delta wave of Covid-19 infections slide from their mid-September high.

All-time high savings fueled by government aid, as well as a strong stock market and record house price gains, look set to continue to provide a short-term buffer as workers weigh up when to re-enter the jobs market.

Higher-than-normal early retirements are also playing a role.

That said, there is hope that with infections declining and schools fully reopened for in-person learning, more people will rejoin the labor force once excess savings helped by the generous government aid, some of which has ended, is depleted.

REUTERS/FILE

A job posting is shown on the window of a retail store looking for seasonal workers at a shopping mall in Carlsbad, California on November 9.

RMG workplace safety lauded

FROM PAGE B1

He said Bangladesh was his second home for he had already spent half of his life, or 25 years, here as he very much loved the country for its environment, people and fabric of society.

Seidl, also a former anchor for CNN Germany's business news, was accorded the title "Brand Ambassador of Bangladesh" by Bangladesh's Ministry of Commerce for promoting and branding Bangladesh for decades.

The book is described to be an engaging, upbeat account of Seidl, describing the development and transformation of a country that had to fight hard for its liberty, emerging from the struggle for independence to become a global manufacturing hub with exceptional economic growth.

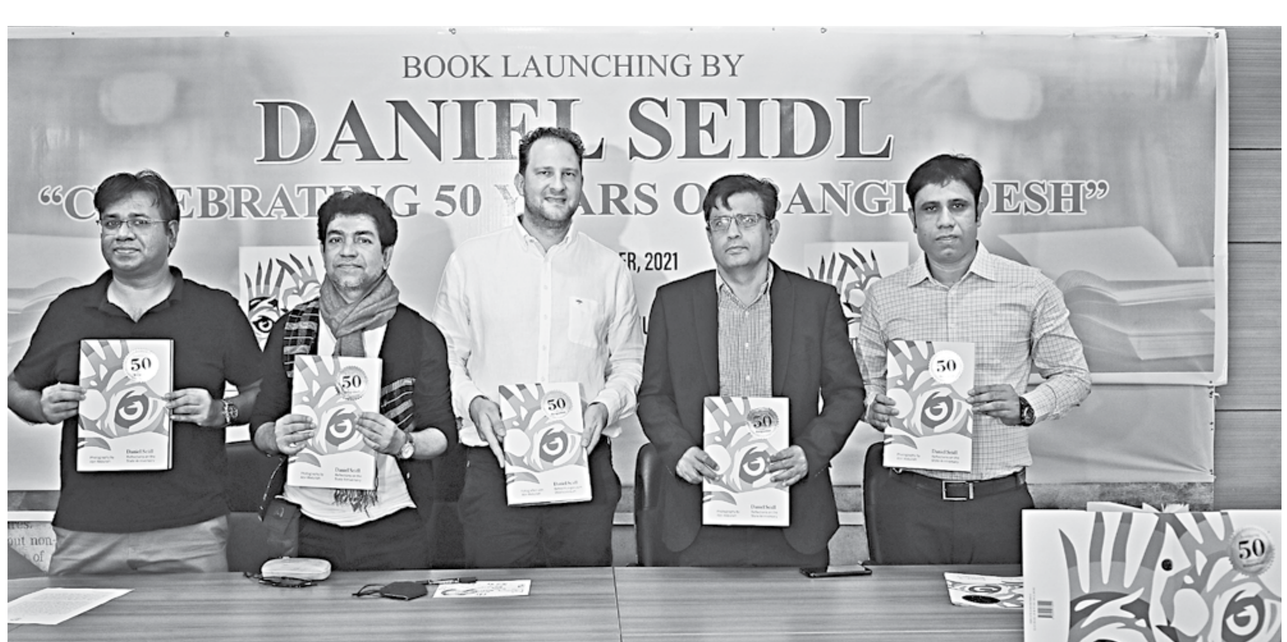
The author not only gave a general overview of facts worth knowing, but also addressed uncomfortable and future-relevant issues, albeit without raising an admonishing finger, it said.

"Bangladesh is portrayed as a poor country with natural disasters and bad working conditions. In this book we have gathered a list of 50 FACTS and 50 PERSONAL STORIES to present the success story of Bangladesh," it read.

"Pictures say more than a thousand words, and with this in mind, renowned photographer Abir Abdullah has enriched the book's chapters portraying this colourful and multifaceted land with realistic illustrations," it added.

This book has been endorsed and distributed by McKinsey & Company and amfori (former: Foreign Trade Association).

Abir Abdullah, Shafiqul Alam, Bangladesh bureau chief of the Agence France-Presse (AFP), and SM Rashidul Islam, general secretary to the ERF, also spoke at the ceremony.



STAR

Daniel Seidl, *centre*, a former executive director of the Bangladesh-German Chamber of Commerce and Industry, poses for photographs during the launch of his book "Celebrating 50 years of Bangladesh" at Economic Reporters' Forum in Dhaka yesterday.

Could we have avoided the fuel price hike?

FROM PAGE B4

It was also noticed that people in the border areas smuggle fuel products out of Bangladesh whenever the prices are comparatively low in the country to sell the fuel at a higher price in neighbouring nations.

In one sense, Bangladesh in using its hard-earned foreign currency to supply fuel to people in neighbouring countries, or at least the inhabitants of border areas.

So, some government officials were even heard saying that the prices were adjusted to prevent such smuggling.

The concerned ministry mentioned that due to the rising price of fuel in the international market, like neighbouring India and many other peer countries, Bangladesh has also decided to adjust local prices.

However, the sad part is that the government never reduced fuel prices when global prices were low.

We have heard former finance minister AMA Muhith saying that even when international fuel prices were low, they did not reduce the local prices in order to cover previous losses incurred by the BPC. This casts doubt on the recent decision to abruptly hike domestic fuel prices.

The way governments in the past and present have adjusted fuel prices were not at all aggressive in their intent for capacity building at the BPC and other fuel marketing companies or getting rid of corruption and inefficiency in the decision-making process.

For known reasons there have been, and most likely will be, more ups and downs in the international fuel market but countries that could partially or fully operate in the commodities futures market could book most of their fuel procurement deliveries at a lower or planned rates. However, this is something Bangladesh could not do due to age-old legal constraints.

Going forward, the government should be more focused on creating synergy in public sector undertakings; the public expenditure committee should apply more diligence in making their financial management strong, and make sure they are audited regularly by competent firms and audit objections are taken very seriously.

The possibility of engaging local or international private sector entities may also be considered in the import, refining and distribution of fuel.

Timing is of paramount importance for any government, especially in the way any change or shifts to the economy are being communicated to broader citizenry.

The author is an economic analyst.


Salma Banu


Chanu Gopal Ghosh


Mir Mofazzul Hossain

Bangladesh Krishi Bank gets 3 new DMDs

STAR BUSINESS DESK

Bangladesh Krishi Bank recently promoted three general managers to deputy managing directors.

Of them, Salma Banu previously served as general manager of Rupali Bank, where she began her banking career as a senior officer in 1998, according to a press release.

Banu had obtained her honours and master's degrees in economics from the University of Dhaka.

Similarly, Chanu Gopal Ghosh began his career as a senior officer at the Bangladesh House Building Finance Corporation in 1996 before going on to become the organisation's general manager.

Ghosh then joined Bangladesh Krishi Bank in the same capacity before his recent promotion.

He completed both honours and master's degree in economics from Chittagong University and also obtained certification as a master of business administration in accounting and information systems from the University of Dhaka.

Likewise, Mir Mofazzul Hossain, another new promotee, previously served Palli Sanchay Bank as general manager of the admin and accounts division.

Hossain also began his banking career at the Bangladesh House Building Finance Corporation as a senior officer in 1996.

He had obtained his honours and master's degrees in economics from Jahangirnagar University.

US, Japan launch talks to resolve steel, aluminum tariffs

AFP, *Washington*

The United States said Friday it had opened talks with Japan aimed at reducing US tariffs on steel and aluminum imports imposed under former president Donald Trump, after Washington reached a deal on the same issue with the European Union.

Citing "distortions" caused by global overproduction fueled by China, "the United States and Japan will seek to resolve bilateral concerns in this area," US Trade Representative Katherine Tai and Commerce Secretary Gina Raimondo said.

"The United States and Japan have a historic alliance, built on mutual trust and respect," Tai and Raimondo said in a statement, before taking aim at Beijing.

"These consultations present an opportunity to promote high standards, address shared concerns, including climate change, and hold countries like China that support trade-distorting non-market policies and practices to account."

The US officials said market distortions from global non-market excess capacity "driven largely" by China "pose a serious threat to the market-oriented US steel and aluminum industries and the workers in those industries."

Raimondo is due in Tokyo next week for talks with Japanese officials. Her first official Asian trip will also take her to Malaysia and Singapore, where she will meet with officials from Australia and New Zealand.

In June 2018, Trump imposed tariffs of 25 per cent on steel and 10 per cent on aluminum from several economies, including the European Union and Japan.

The Republican said he was acting on national security grounds, a claim rejected by critics.

Last week, the United States and the EU announced they would lift those tariffs in what President Joe Biden called a "new era in transatlantic cooperation."

The conflict had poisoned trade links between Washington and Brussels.

The US-EU deal will allow limited quantities of European steel and aluminum products to be imported by the United States without tariffs.

In exchange, the EU is lifting threatened retaliatory steps, which had been set to take effect December 1.

Japan and the United States are among the world's top steel producers, ranked behind China, the European Union and India, according to data from the World Steel Association.


AFP/FILE

After resolving a dispute over steel tariffs with the European Union, the United States is looking to do the same with Japan.


Moazzem Hossain Moti

New office bearers of garment accessories' assoc

STAR BUSINESS REPORT

Moazzem Hossain Moti, a director of Classic Carton Industries, was elected president of the Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association for 2021-2023 yesterday.

Four vice-presidents -- Mohammad Belal, AKM Mostofa Selim, Zahir Uddin Alamgir and Monir Uddin Ahmed -- were also elected, according to a statement from the association, said a press release.

Another 16 were elected directors of the platform of makers of garment accessories such as zippers, buttons and hangers.

The election on the basis of consensus was held on November 6 in Dhaka although competition took place in the Chattogram office to elect five directors.

The directors later elected the president and vice presidents at the association office yesterday.

Dollar dips

REUTERS

The US dollar lost some ground on Friday as high inflation wreaked havoc on consumer sentiment, but the greenback was on track for its third straight weekly gain after a surprisingly strong US inflation print shocked markets on Wednesday, prompting investors to advance their bets for a US rate hike.

Rod prices go thru the roof

FROM PAGE B1

Shafiqul Haque Talukdar, president of the Bangladesh Association of Construction Industry, said: "Our projects are facing problems due to the rising cost of raw materials." He urged the government to move to keep the price stable.

Kamal Mahmud, a vice-president of the Real Estate & Housing Association of Bangladesh, and managing director of Skiros Builders, said the cost of construction had already increased, but the realtors could not adjust their prices since they signed agreements with the clients before the price hike.

"So, the realtors will incur losses," he said, adding that steel millers had increased the price of MS rod illogically.

Iconic corporate names breaking up in trend to boost value

AFP, *New York*

Three multinational giants -- General Electric, Johnson & Johnson and Toshiba -- this week announced plans to split into multiple companies, joining a trend the firms hope will provide more growth opportunities.

It is a move in large part forced on them by financial markets, analysts say.

The break ups "represent a trend line that has been out there for 20 years ," said Michael Useem, professor at the University of Pennsylvania's Wharton School. The big names joining the trend indicate the model of a huge, diversified conglomerate "is unequivocally on its way out," he told AFP.

Useem, who specializes in corporate restructuring, said the move allows the companies "to become more focused on single markets.

"GE, like Japan's Toshiba, announced it was splitting into three companies, involved in aviation, health and energy.

Toshiba, which had previously spun off several divisions, will break off infrastructure and electronic devices like semiconductors, leaving the flash memory business. Meanwhile, pharmaceutical giant Johnson & Johnson on Friday announced plans to spin off its consumer health arm that sells Band-Aids and Tylenol from its pharmaceutical division that includes the single-shot Covid-19 vaccine.

Last week DuPont, which in 2019 became an independent entity after it broke off from Dow Dupont, announced it was exiting the industrial products business line. And IBM floated Kyndryl, which manages companies' IT infrastructure.

Gregori Volokhine, portfolio manager at Meeschaert Financial Services, said this process separates the wheat from the chaff.

He noted that GE was long weighed down by "black sheep" in the energy unit and its financial services division that suffered in the wake of the 2008 financial crisis. "All the other branches suffered" as a result, he told AFP, not just in the stock market valuation but "also from the capital allocation" between segments standpoint.

Useem said the depressed share prices amounted to a diversification penalty, reflecting the fact that analysts and investors can find it "intellectually challenging" to get a good read on the fortunes of the massive and complex corporations.

Volokhine said it is better for the companies to split up on their own terms and control the strategy "rather than being pushed to do so by activist shareholders.

But the breakups are not all driven by financial struggles, said Jim Osman of The Edge, who specializes in spinoffs.

"J&J is a fine company" with "two business segments, which are market leaders ... that they think can flourish on their own," he told AFP.

For corporations like these, spinoffs are a way to create more value when the stock price is already at record levels, amid the Covid-19 market rally this year. "It's a natural thing to do" when the market is at a peak and "you can't get any more growth out the system," he said.

Howard Yu, professor at the IMD in Switzerland, makes the case that some old conglomerates, such as Honeywell, have been able to withstand the pressure because they capitalized on digital advances.

Unlike GE, that company was able to "demonstrate the ability to make data flow ubiquitously across different business areas.

Are the days of cheap loans over?

FROM PAGE B1

The state-run lender has been following 6 and 9 per cent rates for deposit and loans respectively for months, as instructed by the central bank in April last year.

"All state-run commercial banks have followed the same ceilings."

Mohammad Shams-Ul Islam, managing director of Agrani Bank, said his bank had received a good number of credit proposals from businesses as firms were expanding.

"Against the backdrop, lending rate will increase as expected."

But, Emranul Huq, managing director of Dhaka Bank, said the demand for loans was yet to pick up, and his bank now disbursed loans only to good borrowers.

The bank has kept the lending rate almost unchanged, he said. The lending rate would return to the normal level within six months.

Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank Ltd, echoed Huq to some extent, saying he had not seen any remarkable change in the credit demand at his bank except for the working capital.

APEC to cut vaccine tariffs, mulls US hosting offer

AFP, *Wellington*

Pacific Rim leaders agreed to cut tariffs on Covid-19 vaccines at a virtual summit Saturday, but failed to deliver meaningful movement on climate change and reacted coolly to US efforts to re-engage with the region.

The annual Asia-Pacific Economic Cooperation (APEC) summit brought together leaders from 21 member economies, including US President Joe Biden and his Chinese counterpart Xi Jinping, in a bid to chart a path to pandemic recovery.

New Zealand Prime Minister Jacinda Ardern said the group discussed an economic "reset" in the wake of the coronavirus crisis. "APEC leaders are determined to work together to defeat Covid-19," she said.

"We are focused on driving a coordinated economic response to the biggest downturn in 75 years, creating new models of growth and responding to climate change.

"The meeting's major outcome was a commitment to slash tariffs on vaccines and other pandemic-related medical supplies to streamline the international response to the deadly health crisis.

The leaders also agreed to push for a freeze on increases to fossil fuel subsidies as part of a plan to make the pandemic recovery environmentally sustainable.

But the pledge, first raised by APEC in 2010, did little to meet the soaring rhetoric of regional leaders in the build-up to the summit, who had talked up transitional change toward a green future.

Toyota to develop alternative fuels

REUTERS, *Okayama*

Toyota Motor Corp said on Saturday it will partner with four other Japanese vehicle makers to explore the viability of alternative green fuels for internal combustion engine cars, including hydrogen and synthetic fuels derived from biomass.

The companies, which in addition to Toyota include Mazda Motor Corp, Subaru Corp, Yamaha Motor and Kawasaki Heavy Industries, made the announcement at a race track in Okayama, western Japan, where Toyota is racing a hydrogen car.

The hydrogen race car is being driven by Toyota chief executive Akio Toyoda along with other Toyota drivers.

Converting internal combustion engines to green fuels such as hydrogen is technologically difficult, but doing so would allow the companies to support decades-old existing supply chains employing hundreds of thousands of workers that they may otherwise have to drop as they switch to building electric vehicles (EV).

As nations tighten environmental regulations to cut carbon emissions, automakers including Toyota, are ramping up production of EVs. Japan has said it aims to be carbon neutral by 2050 and is promoting the use of hydrogen fuel.

Toyota plans for 15 EV models by 2025 and is investing $13.5 billion over the next decade to expand battery production capacity. At the same time however, it is continuing to develop vehicles powered by hydrogen.

Japanese firms keen on entering Bangladesh's e-commerce: envoy

FROM PAGE B1

They said one of the challenges is related to logistics, as timely delivery is very crucial for the success of e-commerce and facilitation of e-logistics is very important," the ambassador said.

Another challenge is shoddy or counterfeit goods and these goods should be excluded from the market as these do not give confidence to the system, he said.

Other challenges are a secure online payment system, regulatory framework and coordinated efforts, said Naoki.

"I really hope that Bangladesh will see a better future for the e-commerce sector in the near future," he said.

"One of the important developments of Softbank's decision to buy some shares of bKash, a mobile payment service company, is very successful," he said.

"The fact that Softbank decided to put money to bKash, its mean company like Softbank recognised overall running system by bKash," he added.

"I think that is a very important message for outside investors to Bangladesh. If bKash goes more successful as a result of Softbank investment, following it prospective investors will come to the e-commerce area in Bangladesh," said the ambassador.

"I think that will provide a tremendous opportunity for Bangladesh to make the e-commerce sector more mature," he said, adding that Softbank's decision has a symbolic meaning for the future development of the sector.

Formulating a special law and introducing a regulatory authority are crucial for warding off future e-commerce frauds, said Hafizur Rahman, an additional secretary to the commerce ministry.

"We should require an agency that would work promptly and immediately to address the irregularities in the e-commerce sector. I believe the government is working to take initiative to regulate the e-commerce in future," he said.

"One issue is framing a special law and another issue is introducing one authority. Though we know that many laws may disrupt, may create problems for e-commerce," said Rahman.

"Stringent laws will not help flourish the e-commerce smoothly. Our target is keep the system simple and easy, so that every entities and entrepreneurs can join e-commerce," he said.

But law and authority should be operational so that scams and fraudulent activity cannot go ahead, he added.

There are some laws -- the consumers' right protection act, digital security act and penal code -- which are highly applicable to e-commerce, he said.

"I believe those laws that apply to our brick-and-mortar are not inadequate for e-commerce. Those can be applicable to e-commerce entities," said Rahman.

But the e-commerce business has some specialty as it works on an online system, he said.

He went on to say that this was a good time, if not the best, for e-commerce in Bangladesh.

"Few days ago, we couldn't say this, but now time is going well with the e-commerce. For those who like to do business fairly and using the innovative ideas, this is a good situation," said the additional secretary.

"We had problems a few days ago, different kinds of online scams, fraudulent activities had taken place in the e-commerce. With regulatory changes and active intervention of some government agencies, we are in a situation that has controlled all kinds of fraudulent activities," he added.

Customers and merchants who engaged in business with fraudulent e-commerce entities are facing some problems getting their payments or products back, said Rahman.

The government is working with those issues and finding ways over how customers or merchants will be paid back their money, he said.

"Though there is some uncertainty in some areas, because some money has already gone out of the country or not traceable, that would be difficult to bring back to customers," he said.

"But money that is in government custody, in the payment gateway system—as we know a considerable amount of money is stuck in the payment gateway system— the government is working on how that money can be given back to the customers," he added.

"The government has been working on some issues to regulate the e-commerce sector. I personally have been working with one issue that is unique business identification number for e-commerce sites to track all the activity," said Rahman.

"In one or two months we will be able to introduce the system," he added.

Now the industry is running a manual escrow system for payment. The government is trying to make it digital so that as soon as the delivery message is sent to the payment gateway, the money can be immediately sent to the e-commerce entities, he said.

Bangladesh offers best incentives for investors

FROM PAGE B1

Jashim and France Bangladesh Economic Chamber President Kazi Enayet Ullah inked the deal in Paris on Friday, said a press release yesterday.

Jashim said the MoU would certainly help further promote cooperation for diversifying trade and expanding investment in a meaningful manner.

Manufacturers of Bangladesh are adopting greener technologies and modern production methods aligned with the 4th industrial revolution and challenges of climate change, he said. He said among the world's top 10 green garment factories, the top 7 were located in Bangladesh.

Jashim said Bangladesh requires a huge amount of foreign direct investment (FDI) for inclusive growth.

He also invited non-resident Bangladeshis to invest in Bangladesh, availing the investment incentives. The FBCCI, as the apex trade body of Bangladesh, is always open to facilitate business interests in Bangladesh, he said.

Mostofa Azad Chowdhury Babu, senior vice president of the FBCCI, urged the non-resident Bangladeshi businesspersons to come forward for branding Bangladeshi products in France.

MA Momen, vice president of the FBCCI, emphasised regular networking among the business people of Bangladesh and France to enhance bilateral trade and economic activities.

Earlier on Wednesday, the FBCCI signed an MoU with MEDEF International (Mouvement des Entreprises de France International), the apex trade body of France.

Reform key to cutting logistics bottlenecks

FROM PAGE B4

In her keynote paper, Tatiana Peralta Quiros, senior transport specialist of World Bank Group, said logistics costs increase the overall production and business operation cost by 4.5 per cent to 4.8 per cent.

"The implementation of just three initiatives, such as reducing dwell times in Chattogram port and congestions on national highways with the initiation of a national logistics strategy, could increase Bangladesh's overall exports by 19 per cent," she added.

Masrur Reaz, chairman of the Policy Exchange of Bangladesh, said after the country graduates from the United Nation's least developed grouping, it would have to face a most favoured nation duty of about 12 per cent if it was unable to secure GSP Plus status.

He focused on the need to initiate and implement a national logistics policy and identify the logistics demand from production houses, economic zones and priority sectors such agriculture and pharmaceuticals, and trade gateways.

Md Tofazzel Hossain Miah asserted that Bangladesh cannot move forward without supporting the private sector during this global economic transition period as it was the country's engine for economic growth.

Logistics available in Bangladesh remain inadequate given the country's export-import volume as some 98 per cent of local freight forwarding agents suffer from a lack of modern equipment. However, this situation could be resolved through increased investment and policy reforms, experts say.

PHOTO: STAR/ FILE

Reform key to cutting logistics bottlenecks

Speakers say at virtual discussion

STAR BUSINESS REPORT

Structural reforms are required to mitigate key bottlenecks of the domestic logistics system as most private sector entities suffer for a lack of adequate facilities, according to business leaders.

"The government should declare logistics as a high-priority thrust sector and provide enough incentives to attract both local and foreign investment," said Abul Kasem Khan, chairperson of Business Initiative Leading Development (BUILD), a public-private dialogue platform.

Most developing countries invest 9 per cent to 10 per cent of their gross domestic product to improve their local logistics environment. Success stories of China, India and Vietnam set the perfect example for the benefits of maintaining the best practices in logistics, he said. "The return on investments in the sector is one of the highest in the world," he added.

These comments came at a virtual discussion on the national logistics strategy, jointly organised by BUILD and the Prime Minister's Office yesterday.

Syed Ershad Ahmed, president of the American Chamber of Commerce in Bangladesh, urged for the proper utilisation of the Pangaon port and Dherasram project, which should be linked with temperature-controlled logistics.

Some 98 per cent of the country's freight forwarding operators suffer from a lack of modern technology and equipment, he added.

Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry, said there was no policy focusing time schedules for the movement of container trucks in Chattogram.

So, establishing a central truck terminal may reduce the traffic congestions that stem from this issue. Additionally, water connectivity may reduce over-dependency on road transport, Alam added.

The formulation and implementation of a National Integrated Logistics Policy could help attract investment and increase the country's export competitiveness to realise the targets of its eighth Five-Year Plan and Perspective Plan 2041, said Ferdaus Ara Begum, chief executive officer of BUILD.

Kabir Ahmed, president of Bangladesh Freight Forwarders Association, urged for proper utilisation and equipping of Hazrat Shahjalal International Airport, one of the most important gateways for local exports.

READ MORE ON B3

Could we have avoided the fuel price hike?

MAMUN RASHID

OPINION

There is an uproar, at least among civil society forums, the media and common people, regarding a recent government decision to increase the price of diesel and kerosene by Tk 15 per litre each.

The situation quickly deteriorated as transport operations called a nationwide strike soon after the price hike was announced, causing untold sufferings for commuters.

The state-owned Bangladesh Petroleum Corporation (BPC) reportedly incurred losses of Tk 11,478 crore in diesel sales over the past five-and-a-half months for not adjusting local fuel prices in line with that of the international market.

However, many vested quarters feel that a sudden increase in fuel prices of this magnitude is not the right way to offset these losses.

Although the non-partisan caretaker government almost decided to tag local fuel prices with that of the international market in 2007-08, the World Bank previously recommended that increments can be periodic and so, major communication campaigns should be launched beforehand to inform people about the rationale behind a potential increase.

It could be considered common knowledge that the Bangladesh Energy Regulatory Commission (BERC) was assigned to this task.

Available statistics indicate that the prices of diesel and kerosene make up just a small portion of spending by lower-income groups, providing the government stronger ground for the necessary upward price adjustment.

Still though, the abrupt decision that is seemingly void of good administrative diligence, has put the concerned authorities on the back foot as they are struggling to convince larger stakeholders of the correctness of their decision.

As such, almost all felt that the authorities should have discussed the matter with stakeholders in the greater interest of growing their businesses.

But despite the recent hike in the local price of diesel, Bangladesh still offers the fuel at a cost lower compared to most of its South Asian peers.

Data shows that only Pakistan and Sri Lanka sells diesel at lower prices than Bangladesh while the fuel is more expensive in India, Bhutan, Maldives, and Nepal when taking its equivalent value in taka into consideration.

Diesel costs about Tk 109 per litre in India, Tk 96 per litre in Bhutan and Tk 83 per litre in Nepal, just three taka more than the price in Bangladesh.

On the other hand, Sri Lanka and Pakistan, have so far managed to keep prices at staggeringly low levels. In Sri Lanka, diesel is sold for about Tk 47, or around 60 per cent less than its cost in Bangladesh. While it is around Tk 72 per litre in Pakistan.

Besides, both countries charge well below the average international price, which currently stands at about $1.13 per litre, or roughly Tk 97.

We have seen that fuel prices differ from country to country as rich nations usually have significantly higher fuel prices compared to their poorer counterparts, especially those that produce oil.

Countries like Bangladesh have been subsidising fuel prices regularly to help consumers cope with the higher oil prices in the global market.

We have heard ministry and BPC sources saying that in determining the price of diesel and kerosene, many issues have been given priority, including the prices of fuels in neighbouring countries as well as the internal subsidy architecture.

The BPC also issued a letter to curb fuel smuggling in border districts, echoing what we have heard from the state minister pf power, energy and mineral resources. As fuel prices have been rising in the international market since the beginning of the current fiscal year, the BPC has been facing losses in the case of diesel -- the most-used fuel.

READ MORE ON B2

GLOBAL BUSINESS

Singapore migrant workers suffer under Covid curbs

AFP, *Singapore*

Bangladeshi migrant worker MD Sharif Uddin used to spend his days off with friends outside his cramped Singapore dormitory, but coronavirus curbs have for 18 months left him stuck inside during his spare time.

More than 300,000 migrant workers, many of them from South Asia, live in dorms in the prosperous city-state, where they are typically packed into shared rooms and sleep on bunk beds.

The vast complexes were hit by Covid-19 and locked down at the start of the pandemic, while restrictions were introduced across the whole country for a period to prevent a broader outbreak.

Curbs have been eased for most in Singapore, where -- despite currently facing a renewed virus wave -- vaccinated people can go out shopping and to restaurants, and borders are gradually re-opening.

But it is a different story for the low-paid migrants, who remain subject to far more onerous restrictions that mostly allow them to travel only between their work and accommodation.

"It's a very painful life... like prison," said construction site worker Uddin, adding that before the pandemic he used to meet friends at the weekend to drink coffee, recite poetry and gossip.

"We're only allowed to go to work and home, back and forth, and nowhere else. It's like living under house arrest," added the 43-year-old, who has worked in Singapore for 13 years and written two books about his experiences.

Beyond heading to work, the migrants are allowed occasional trips to specially-built "recreation centres" that typically comprise shops set around a square, and sports facilities.

When the dormitories -- self-contained and usually in out-of-the-way parts of Singapore -- became the epicentre of the city's first Covid-19 wave last year, it sparked national soul-searching.

AFP/FILE

Migrant workers are seen resting after lunch time on the staircase of a dormitory that houses foreign employees. Many of these facilities have been made into isolation areas to prevent the spread of Covid-19 in Singapore.

Calls mounted to improve the livelihoods of migrants who have for decades done the back-breaking work of constructing the financial hub's gleaming skyscrapers, cleaning housing estates and maintaining public transport.

The government pledged to take steps such as building new dormitories with more modern facilities and more space for residents.

But the continued restrictions faced by the workers -- who typically earn from Sg$500 to $1,000 (US$370 to $740) a month in one of the world's most expensive cities -- highlight how little has changed in reality, critics say.

"Our government doesn't quite see them as fully human," Alex Au, vice-president of migrant rights group Transient Workers Count Too, told AFP.

Authorities treat the migrants like "an economic commodity", and fail to "accord them the same rights, the same freedoms that our citizens have," he said.

As criticism mounted, authorities in the city-state of 5.5 million started a scheme that allows a limited number to make organised trips to designated areas.

About 700 participated in the scheme's first month in September, and it was expanded at the end of last month to allow up to 3,000 workers a week from the dorms to participate.

But this still represents only a tiny proportion of the workers.

The government maintains that continued curbs on migrants -- who come from countries including Bangladesh, India and China -- are necessary as there is a higher risk of virus transmission due to their living conditions.

This is despite the fact 98 per cent of dorm residents have been fully vaccinated, higher than the city-state's overall rate of 85 per cent.

"Any easing of movement restrictions will need to be done in a careful and calibrated manner," Minister for Manpower Tan See Leng told parliament last week.

He also said authorities have improved access to mental health services.

But this is little comfort for dorm resident Amir from Bangladesh, who longs to have the freedom to go where he wants.

"I miss nature, open space," said the 32-year-old construction site supervisor, who spoke using a pseudonym.

"We can only see our dormitory life and our construction site. We cannot travel... cannot see outside."

For Uddin, change can't come soon enough for the increasingly stressed migrant workers.

"We are facing psychological problems," he said, adding their "fundamental rights as workers and human beings" had been breached.

"This imprisoned lifestyle won't let a person live a healthy life."

Johnson & Johnson plans to split into two companies

AFP, *New York*

US pharmaceutical giant Johnson & Johnson on Friday announced plans to break up, splitting its consumer health arm that sells Band-Aid and Tylenol from its pharmaceutical division that includes the single-shot Covid-19 vaccine.

The spin-off will create "two global leaders that are better positioned to deliver improved health outcomes for patients and consumers through innovation," Johnson & Johnson said in a statement.

It is the third major company to announce plans to break up its business this week after General Electric and Toshiba. Johnson & Johnson is still dealing with the fallout from thousands of lawsuits over talcum powder containing traces of asbestos causing ovarian cancer in some people. A US court last year ruled it would have to pay $2.1 billion in damages.

The firm has never admitted wrongdoing but stopped selling the talc-based baby powder in the US and Canada in May 2020. The separation is expected to take 18-24 months, creating two publicly-traded companies, and the transaction will "qualify as a tax-free separation. "Alex Gorsky, executive chair and CEO of the 135-year-old company, said the decision to create a new consumer health business was made following a "comprehensive review.

UAE accepts future is not oil: US delegation

AFP, *Dubai*

The United Arab Emirates accepts that oil is not its future despite being one of the world's top exporters, a visiting delegation of US politicians told AFP on Friday.

The UAE's leaders "recognise that their future is not going to be in oil", Senator Ben Cardin said at the end of a trip that also included the COP26 climate summit in Glasgow.

Both the UAE and neighbouring Saudi Arabia, the number one oil exporter, announced net zero carbon goals in the build-up to the UN environmental meeting, which ends on Friday. The targets were set despite plans to ramp up oil production.

Net zero refers to emissions created within a country, not by products sold and consumed abroad. But UAE officials "recognise reality", delegation member and House of Representatives Majority Leader Steny Hoyer said after talks with Dubai ruler Sheikh Mohammed bin Rashid Al-Maktoum.

"They know the world is working very hard not to be in a position to buy their product anymore, because they're going to alternative energy," he said at the Dubai Expo world fair, which has sustainability as one of its major themes.

US consumer confidence hits 10-year low

AFP, *Washington*

Rising prices taking a bite out of American wallets caused consumer sentiment to drop to a 10-year low in November, a sign inflation is increasingly a political liability for President Joe Biden.

While the world's largest economy has bounced back strongly from the Covid-19 pandemic impact, global shortages of key components and supply chain snarls have added to a US worker shortage, raising costs and pushing prices higher.

Following a government data report Wednesday showing consumer price inflation jumped to a 30-year high of 6.2 per cent in October, a survey released Friday with the sharp drop in sentiment came as another blow, although economists do not expect shoppers to pull back on spending. The University of Michigan said its preliminary sentiment index dropped to 66.8 this month, a 6.8 per cent decline. Survey chief economist Richard Curtin said one in four families suffered eroding living standards but lower income families were feeling the most pain.

Biden on Wednesday pledged to make putting a lid on inflation was a "top priority," but Curtin attributed the dismal sentiment reading to "the growing belief among consumers that no effective policies have yet been developed to reduce the damage from surging inflation. "The US central bank has stuck to its view that most of the inflation pressures will fade once the global supply issues -- including ongoing manufacturing shutdowns, especially in Asia, due to coronavirus infections -- are resolved.