

Gold prices rise in global market

REUTERS

Gold prices rose on Friday, holding close to record highs hit earlier this week, as signs of a weakening US labor market reinforced expectations the Federal Reserve will deliver its first rate cut of the year next week.

Spot gold was up 0.4 percent at \$3,648.55 per ounce, as of 02:25 p.m. EDT (1825 GMT), close to Tuesday's all-time high of \$3,673.95. The metal has gained 1.7 percent so far this week and is poised for a fourth consecutive weekly advance.

US gold futures for December delivery settled 0.3 percent higher at \$3,686.40.

"Weaker employment and spotty inflation... priced in with the Fed having to cut rates is pushing metals higher because there is the risk of longer-term inflation," said Daniel Pavilonis, senior market strategist at RJO Futures.

Recent data showing a jump in jobless claims, alongside soft nonfarm payrolls and revisions that cut 911,000 jobs from the past year, point to cooling momentum in the economy.

At the same time, consumer prices posted their sharpest monthly gain in seven months in August, but investors are giving more weight to labor market weakness than to sticky inflation in shaping rate expectations.

Fed fund futures fully price in a 25-basis point cut at the September 17 meeting, with bets on a larger 50-bps move easing.



Magnus Glennborn

Arla focuses on youth talent, sustainability in Bangladesh

Says its Southeast Asia head Magnus Glennborn in an interview with The Daily Star

MD ZAHIDUR RABBI

Global dairy giant Arla Foods plans to expand its operations in Bangladesh with a focus on affordable nutrition, local talent and long-term investment in the country's dairy sector, according to Magnus Glennborn, vice-president and head of Southeast Asia at the company.

He said Arla has introduced smaller pack sizes to ensure affordability amid strained household spending, while fortifying products like Dano Daily Pushti with protein, calcium, and vitamins.

In an interview with The Daily Star, Glennborn said that innovation continues in family packs and value-added formats.

Besides, the Danish-Swedish multinational co-operative sees its work on local talent development as equally important.

Glennborn described it as "a deliberate investment" in "empowering people on the ground".

He said, "In smaller markets, centralised control does not work. You need to empower people on the ground."

Born in Sweden, the Arla vice-president studied international business in English before moving far from home.

He spent time in the United States and later in Taiwan. After an internship in Saudi Arabia, he joined Arla's graduate

programme and took up posts in Dubai, Denmark, Sweden and Australia.

He now heads the company's Southeast Asia operations from Malaysia.

"The more countries I have worked in, the more I have seen the commonalities in people rather than the differences," he

said, describing his approach as engaged, passionate and empowering.

Glennborn called Bangladesh's human capital one of its greatest resources. "Bangladesh has a vibrant and fast-evolving talent pool," he said.

"What stands out is the ambition, adaptability, and openness to learning

that professionals here demonstrate."

The top executive said Arla runs leadership schemes, functional training and regional programmes to expose Bangladeshi staff to global best practice. Many now hold positions across Arla's network.

The company is best known

"One key shift is focusing more on powdered dairy. It is scalable, shelf-stable, and cost-effective," Glennborn said.

He said Arla has introduced smaller pack sizes to ensure affordability, while fortifying products like Dano Daily Pushti with protein, calcium, and vitamins.

The company has also adapted to local purchasing habits with small sachets priced at Tk 10, allowing families to buy daily without compromising quality.

This approach, Glennborn said, supports the United Nations Sustainable Development Goals on hunger and health.

Citing the Bangladesh Nutrition Monitoring Report, he said, "About 26 percent of children under five are stunted, and 22.6 percent are underweight. Micronutrient deficiencies, particularly in vitamin A, zinc, and iron, remain widespread. That is why we have focused on inclusive dairy nutrition through products like Dano Daily Pushti, introduced in 2016."

The company's Gazipur factory operates to European safety and hygiene standards and won a national award in 2022. It now looks to deepen its presence in Bangladesh by investing directly in the local dairy sector.

READ MORE ON B2

TALENT & LEADERSHIP

Arla sees Bangladesh's young professionals as a vibrant, ambitious talent pool

Leadership programmes expose Bangladeshi employees to global best practices

Glennborn stresses empowering local teams over centralised control

TAKEAWAYS FROM INTERVIEW

SUSTAINABILITY & LOCAL INVESTMENT

Arla launched a Tk 25.4 crore Green Dairy Partnership to boost local productivity

The Gazipur factory operates at European standards, winning a national award in 2022.

Arla plans long-term investment in local dairy sourcing despite infrastructure gaps

INVESTMENT AMBASSADOR

Arla sees itself as an ambassador for Bangladesh, encouraging others to invest in the country's future



US consumer inflation heats up But unlikely to deter rate cut

AFP, Washington

US consumer inflation rose last month to its highest level since January, government data showed Thursday, although analysts believe that this will not deter the central bank from an interest rate cut next week.

The data also underscored cost-of-living pressures on households as President Donald Trump's tariffs filter through the world's biggest economy, complicating the Federal Reserve's role in maintaining stable prices.

The consumer price index (CPI) picked up to 2.9 percent in August, accelerating from 2.7 percent on a year-on-year basis in July, said the Labor Department.

The figure was in line with analysts' expectations, as economists try to gauge if Trump's duties will trigger a one-off price increase or lead to persistently higher costs.

On a month-on-month basis, CPI rose 0.4 percent in August, the report said, also picking up from 0.2 percent in July.

A measure of underlying inflation, stripping away the volatile food and energy components, was up by 3.1 percent from a year ago.

"We are seeing some impact from tariffs, especially with higher prices on cars and clothes," said LPL Financial chief economist Jeffrey Roach.

Cost-of-living pressures weigh on households as President Donald Trump's tariffs filter through the world's biggest economy

He added that grocery costs also clocked their biggest jump since 2022, adding to consumers' stress.

Since returning to the presidency in January, Trump has imposed a 10 percent tariff on almost all trading partners and higher rates hitting dozens of economies.

He has separately targeted sector-specific imports such as steel and autos, and economists warn that the cumulative effect will take time to reach consumers.

All eyes are on inflation numbers given their potential bearing on the Fed's interest rate decisions.

But the central bank is poised to start cutting rates at its next policy meeting from September 16-17 even with slightly hotter inflation, Nationwide chief economist Kathy Bostjancic told AFP.

"The jump in initial jobless claims to its highest reading since October 2021 overshadows the importance of the inflation report," she said, referring to a separate set of data released Thursday.

The uptick signals that the labor market is losing steam "and reinforces that the Fed needs to start cutting rates next week."

International Monetary Fund spokesperson Julie Kozack told reporters Thursday that "some strains are beginning to show" in the US economy, with demand cooling and job growth slowing.

"There is scope for the Fed to begin to lower policy rates," she added at a press briefing, noting risks to the employment market.

A rate reduction, which would be the first since December, will likely also be the start of a series of cuts, Bostjancic said.

Traders widely anticipate that the Fed will lower the benchmark lending rate by 25 basis points at the end of its September meeting.

READ MORE ON B2

Impose tariffs on China, India over Russian oil purchases

US calls on G7, EU

REUTERS, Washington

Group of Seven nations' finance ministers discussed in a call on Friday further sanctions on Russia and possible tariffs on countries that they consider "enabling" its war in Ukraine, as the US called on its allies to impose tariffs on purchasers of Russian oil.

Canadian Finance Minister Francois-Philippe Champagne chaired the G7 meeting, which was held to discuss further measures to increase pressure on Russia to end its war against Ukraine, according to a statement from Canada, the head of the rolling G7 presidency.

The ministers agreed to speed up discussions to use frozen Russian assets to fund Ukraine's defense, and discussed a "wide range of possible economic measures

to increase pressure on Russia, including further sanctions and trade measures, such as tariffs, on those enabling Russia's war effort," the statement said.

The ministers agreed to speed up discussions to use frozen Russian assets to fund Ukraine's defense, and discussed a "wide range of possible economic measures to increase pressure on Russia"

US Treasury Secretary Scott Bessent told finance ministers during the call that they should join the US in imposing tariffs on countries that purchase oil from

Russia, Bessent and US Trade Representative Jamieson Greer said in a separate statement following the meeting.

"Only with a unified effort that cuts off the revenues funding Putin's war machine at the source will we be able to apply sufficient economic pressure to end the senseless killing," Bessent and Greer said.

Bessent and Greer welcomed commitments made during the call to increase sanctions pressure and explore using immobilized Russian sovereign assets to benefit Ukraine's defense, according to the joint statement.

Earlier in the day, a US Treasury spokesperson called on G7 and European Union allies to impose "meaningful tariffs" on goods from

READ MORE ON B2

Inflation defences are no match for debt burden

REUTERS, London

Countries across the Western world are over-indebted. In theory, they could grow their way out of the debt or rein in their fiscal deficits. But the richer countries have a miserable recent growth record. And as the fall of French Prime Minister Francois Bayrou this week shows, there's no public appetite for austerity. The siren of inflation calls. Whether countries succumb depends on how tightly they have lashed themselves to the mast.

Anti-inflation commitments vary in strength, from weak to strong. The weakest is central bank independence. Central bankers do not usually face the sack for missing their inflation target. Keeping monetary policy tight presents a bigger career risk, as Federal Reserve Chair Jay Powell has learned. Although the US central bank is notionally independent of the executive, President Donald Trump wants easy money and has taken to publicly berating Powell's decisions.

Trump is following a well-trodden path. Presidents Lyndon Johnson and Richard Nixon both pressured their top central bankers to ease policy. At one fractious meeting, LBJ is said to have pushed Fed Chair William McChesney Martin against a wall. Martin's successor,

Arthur Burns, failed to stand up to Nixon and unwittingly unleashed the Great Inflation of the 1970s.

Governments that issue inflation-linked bonds are making a much stronger commitment to price stability.

When the United Kingdom issued its first government bonds whose principal and interest was tied to the price level in 1981 a Treasury paper opined: "Indexed borrowing imposes discipline in that it becomes less easy for a government to

inflate as a way of resolving immediate difficulties ... only a government committed to a sustained reduction in inflation would wish to issue them."

Today, nearly a third of Britain's outstanding gilts are so-called "linkers". The Spectator magazine frets that this mountain of indexed borrowing will cause the public finances to crash. In June, the government paid just short of 11 billion pounds in interest on index-linked bonds, equivalent to 63 percent of its debt-servicing costs. The inflation "uplift" on the nominal 423 billion pounds of outstanding linkers has added 254 billion pounds to the national debt.

Still, such fears are probably overdone. The June spike in interest costs was anomalous. Over the past couple of years, inflation-linked gilts have accounted for 30 percent of total debt-servicing costs, in line with their share of the public debt. Furthermore, most outstanding inflation-linked debt carries very low coupons. For instance, the 2073 index-linked bond was issued with a coupon of just 0.125 percent.

If inflation picks up again, the British government has several options to limit the costs. For instance, it might tweak the inflation numbers used to calculate payments. It has already taken a step in that direction.

READ MORE ON B2



People shop for fruit and vegetables at Borough Market in London. If inflation picks up again, the British government might tweak the inflation numbers used to calculate payments.

PHOTO: AFP/FILE