US consumer inflation hotter than expected

AFP, *Washington*

US consumer inflation was hotter than anticipated in September, government data showed Wednesday, as Washington's continued war with Tehran pushed energy costs higher, deepening strains on American households ahead of next month's midterm elections.

The uptick underscores voter worries over high costs of living, and comes as President Donald Trump is campaigning in US states to shore up support for his Republican Party as it tries to retain control of Congress.

The consumer price index (CPI) rose 3.7 percent year-on-year in September, the Department of Labor said, more than the 3.6 percent forecasted by analysts according to MarketWatch.

This was a notable acceleration from 3.4 percent in August, in one of the last major economic reports before the November 3 vote.

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Inflation picked up pace on a month-on-month basis too, accelerating from 0.4 percent in August to 0.6 percent last month.

Gasoline costs accounted for more than half of the monthly CPI jump, surging 9.1 percent in September.

The higher-than-expected inflation reading has raised the odds of a second straight interest rate hike at the US central bank's October 27-28 policy meeting, although many expect the Federal Reserve to proceed cautiously.

Economist James Knightley at ING noted that Fed officials John Williams, Philip Jefferson and Christopher Waller have suggested "that we don't need to see back-to-back interest rate increases," instead leaning towards "a slow and steady" approach.

He expects the Fed will want to be "careful and cautious in terms of its policy tightening."

Traders see a 37.1 percent chance that the Fed will raise rates by another 25 basis points in October, according to CME Group's FedWatch tool. The probability was around 22 percent a day prior.



Rooftop solar panels can reduce electricity costs, cut carbon emissions and attract private investment while expanding Bangladesh's renewable energy capacity. PHOTO: COLLECTED

Solar projects offer Tk 2,777cr revenue potential in 20 years

Projects across universities, colleges and two local govts need Tk 731cr investment, study says

STAFF CORRESPONDENT

Rooftop and floating solar projects at public universities, colleges and two local government areas could generate Tk 2,777 crore in electricity sales over 20 years, creating a potential business opportunity for private investors, according to a study presented yesterday.

The proposed projects, with a combined capacity of 132.61 megawatt-peak (MWp), would require an estimated investment of Tk 731 crore and could generate 370.3 crore units of electricity over the period.

Shihab Uddin, a lecturer in the Department of Electrical and Electronic Engineering at Daffodil International University, presented the findings at a dialogue at the Dhaka Reporters Unity Auditorium yesterday.

The citizen dialogue, titled "Development of Solar Power at Rooftops and Other Locations in City Corporations and Municipalities through Private Investment", was organised by Consumers Association of Bangladesh (CAB) in collaboration with the University Grants Commission (UGC).

The study estimated the average cost of generation at Tk 4.10 per unit, against an assumed selling price of Tk 7.50. However, the Tk 3.40 difference per unit would not necessarily translate into net profit, as the projects' financial viability would depend on the costs included in the estimates and any additional expenses.

The proposed projects cover 31 public universities, 150 colleges, Rajshahi City Corporation and Shailkupa Municipality.

Public universities could accommodate 52.50MWp of solar capacity, while the 150 colleges could host another 51.12MWp, according to the study. The estimated potential is 24.63MWp in Rajshahi city and 4.36MWp in Shailkupa.

Under the proposed model, private investors would finance the installation, equipment and operation of solar power systems. They would recover their investments and earn revenue by selling the electricity generated, reducing the need for host institutions to make large upfront capital investments.

The study estimated that the projects could avoid around 119,502 tonnes of carbon dioxide emissions in the first year and approximately 23 lakh tonnes over 20 years.

Power Division Secretary Mirana Mahrukh said expanding renewable energy was important to address supply shortfalls in the power sector and reduce dependence on imported energy. Private-sector participation would be essential to expanding solar power, she added.

The cabinet approved a renewable energy strategy in July, and the government was taking initiatives to provide tax benefits, incentives and a favourable investment environment, she said. A total of 8,336 new investors had joined the sector over the past four months, she added.

Professor M Shamsul Alam, energy adviser to CAB, highlighted solar power's economic potential and the challenges to implementing the proposed projects. He called for stronger regulation and monitoring, greater capacity among investor companies and better coordination among private-sector entrepreneurs.

Humayun Kabir Bhuiyan, general secretary of CAB, called for stronger action against irregularities and electricity theft. He said the government should protect consumers and ensure affordable electricity while allowing investors to earn reasonable returns.

Participants of the dialogue stressed that attracting private investment would require safeguards for investors, predictable long-term returns, fewer bureaucratic hurdles, effective support from government agencies and consistency in tariffs and incentives.

They also proposed forming a committee or task force of investors to address common problems and coordinate their efforts.

Participants also identified rooftops of educational institutions, government and private buildings, commercial establishments and markets, as well as suitable water bodies, as potential sites for solar generation without the need to acquire large areas of new land.

They further proposed establishing a solar shop and service centre at each public university to provide training and technical support and develop skilled workers.

Build before you scale

MAHTAB UDDIN AHMED

A startup can become a "disruptor" before it has disrupted anything.

Put an app on a phone, add "AI" to the pitch deck, take a photograph with an investor and announce plans to serve 64 districts. Customers may be paying less than the cost of delivery, but that is a small detail. Growth will fix it, apparently. This is like ordering more food to fix a restaurant losing money on every meal.

That belief is the growth trap. A recent Harvard Business Review article argues that businesses must understand how they earn money before growing fast. Each additional order, ride, loan or subscription should bring in more money than it costs to serve.

For each new customer, calculate the cost of acquisition, delivery, payment processing and support. How much money remains? If the answer is "we will figure that out after we grow", the business is taking a risk.

Bangladesh has millions of potential customers. Discounts and free delivery attract them, but these discount-driven customers may leave when promotions end. More orders can bring higher delivery costs, staffing needs and cash outflow without building a stronger business.

Pathao offers a lesson. It built a brand across rides, food and logistics before focusing more on courier services as online commerce grew beyond Dhaka. The company says it reached profitability and grew courier services without relying on discounts. Its experience suggests founders should focus on services customers will pay for.



A recent Harvard Business Review article argues that businesses must understand how they earn money before growing fast

ShopUp offers another lesson. It began with an ambition to serve neighbourhood retailers through commerce, delivery and finance, then narrowed its focus towards core B2B distribution through Mokam. The company reported that its Mokam CPG business became profitable in 2024. Its merger with Saudi Arabia's Sary and $110 million in accompanying funding brought scale and resources.

But a merger or large funding round cannot make an unprofitable order profitable. They can buy time and open new markets; the business still has to prove customers will pay enough for each service to sustain it.

So, founders, start with three questions. First, how much money is left from each sale after discounts, delivery, payment fees, returns and customer support? Work it out for each product and customer group. Second, test costs as carefully as demand. Test different prices, areas, order sizes and service levels. Find out what people will pay for, not only what they will accept for free. Third, grow in stages. Add new areas, marketing and staff when customers return and the business can serve them reliably.

Keep experiments small enough to change. If simpler services, fewer routes or fewer product choices improve customer experience and margins, simplify. For AI startups, include the cost of computing and each AI interaction. When raising capital, show investors evidence of repeat purchases and improving returns.

Investors, too, must reward evidence over theatre. Founders should explain how the business earns money on a normal Tuesday, not just how large it might become in future.

Bangladesh needs ambitious founders, but ambition is not a substitute for arithmetic. If each new customer makes the loss bigger, you have not built a growth company. You have built an efficient machine for turning investment money into a more impressive problem.

The writer is the founder of BuildCon Consultancies Ltd and BuildNation Ltd

Gulf economies won't return to pre-war growth soon

IMF warns

AFP, *Bangkok*

The International Monetary Fund expects energy-rich Middle Eastern economies to bounce back, but not in the medium term, the organisation's regional chief said on Thursday, as fighting continued between Saudi Arabia and Yemen's Houthis.

The statement comes as the IMF projects a widespread contraction in Gulf economies following months of war that began in Iran and has now spread to Saudi Arabia and Yemen, with maritime energy traffic still impacted.

"We will not go back to the pre-war trajectory in the medium term because this shock will have a scarring impact on various sectors and also will disrupt a certain number of infrastructure, and will require additional spending in order to increase resilience," IMF regional director Jihad Azour told reporters.

The warning comes as officials and experts huddled in Bangkok this week to discuss headwinds facing the global economy, including stubbornly high energy costs and questions over the sustainability of the artificial intelligence boom.

The IMF on Tuesday released projections showing that the Middle East and Central Asia region -- directly exposed to the Iran war -- is expected to contract 0.3 percent in 2026. Saudi Arabia is among the worst affected, with its economy projected to shrink 3.3 percent.

The projection points to a rare recession for the Gulf kingdom, which has long been buffered by robust energy exports. On Wednesday, IMF chief Kristalina Georgieva warned that ongoing attacks targeting Saudi Arabia could affect people "everywhere".

Oil's long view darkens as Iran war refuses to end

REUTERS, *London*

Oil markets initially treated the Iran war as a brief bullish disruption in a long-term bearish trend.

But traders are now betting that oil prices will remain elevated through 2028, forcing a rethink of the global inflation outlook.

Eight months into the war, the buffers that helped absorb the initial energy shock – most notably onshore crude oil stockpiles – are wearing dangerously thin.

At the same time, the recovery in crude exports through the Strait of Hormuz remains fragile, global refining capacity has been eroded and credible diplomatic pathways to end the conflict appear narrower than ever.

Global benchmark Brent crude futures tell the story.

Contracts for delivery in December 2027 have climbed more than 13 percent since the start of September to $86 a barrel, the highest level for the contract, while December 2026 contracts have gained around 12 percent.

The Brent forward curve is not a price forecast, of course.

But it reflects the willingness of refiners, airlines, commodity traders and asset managers to lock in elevated prices months and even years into the future.

In effect, market participants are paying a premium against the possibility that today's disruptions will become tomorrow's normal.

This market positioning stands in stark contrast to widely held industry expectations of a recovery in global oil supplies next year.

The International Energy Agency projects global supply will rise to 108.3 million barrels per day (bpd) in 2027 from 100.7 million bpd this year as Middle Eastern exports recover.

Demand, meanwhile, is forecast to increase from 102.4 million bpd to 104.4 million bpd next year, still slightly below 2025 consumption.

This recovery is expected to be concentrated in petrochemical feedstocks rather than transportation fuels like diesel.

Regardless, the agency's projected balances imply a sizeable supply surplus next year that would normally weigh on prices.

Yet the steady rise in long-dated futures suggests investors are increasingly sceptical that this recovery will fully materialise or, if it does, that it will endure.

The standoff between Washington and Tehran remains centred on control of the Strait of Hormuz.

While oil flows through the strategic waterway have rebounded to near pre-war levels in recent weeks thanks partly to US naval support, Iran has intensified attacks on vessels in the past week and threatened further disruption.

The conflict has also expanded beyond the Gulf.

Yemen's Iran-aligned Houthis have recently stepped up missile and drone attacks on Saudi Arabia, including strikes this week on the headquarters of Saudi Arabia's state-owned oil giant Aramco (2222.SE) in Dhahran.

Given this backdrop, every barrel leaving the Gulf now carries a widening security premium.

Complex logistics, elevated freight rates, high insurance costs and military protection now account for nearly a third of the cost of moving a barrel of oil out of the region, compared with 3 percent before the war. Absent a durable settlement over Hormuz, much of that cost is likely to remain entrenched in prices for the foreseeable future.

The strain is even more visible in diesel markets.

Benchmark European diesel futures hit a record $1,480 per metric ton, equivalent to around $210 per barrel, in mid-September amid an acute shortage of supplies caused by disruptions in the Middle East and Russia.

Since Russia's 2022 invasion of Ukraine, drone attacks by Kyiv have crippled Russian refineries, forcing Moscow to ban diesel exports earlier this year.



PHOTO: AFP/FILE

Vessels are seen in the Strait of Hormuz, off the port city of Bandar Abbas in southern Iran.

India says first phase of US trade deal nearly done

REUTERS, *New Delhi*

The first phase of an India-US trade deal is in the final stages of drafting, India's trade minister said on Thursday, but reiterated that New Delhi would proceed only if it secures an advantage over competing exporters.

New Delhi and Washington agreed to a framework for the deal in February which brought down to 18 percent from 50 percent the punitive tariff on most Indian goods imposed in August last year after a previous round of talks collapsed.

Since then, negotiations have run into hurdles, with officials on both sides signalling that efforts to reach a final agreement have slowed.

Indian trade minister Piyush Goyal said the "first tranche" of the deal would be finalised soon.

"It's going through the final contours, the legal drafting, and we hope to be able to finalise that soon and operationalise that once we get comparable advantage or competitive advantage over our peer countries," a statement from his office quoted him as saying at an event in New Delhi.