Qatar Tribune
Business
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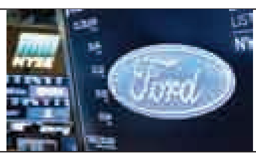
Mediaplus launches 16th edition of Qatar Business Card Directory PAGE 8

Ford shuffles management, seeks new global supply chain head PAGE 9



DOW 30,104.20 -79.58 PTS	QE 12,643.80 -114.45 PTS	SENSEX 59,119.72 -337.06 PTS	GOLD 1,678.60 +0.17%
BRENT PRICE 90.46 PERCENTAGE +0.70%	WTI PRICE 83.46 PERCENTAGE +0.63%		SILVER 19.6 +0.62%

Nakilat to be major beneficiary of LNG expansion projects: QNBFS

QNBFS rates Nakilat as 'Accumulate' with one-year target of QR4.1 per share , projects EPS growth of 9.7% for 2022

SATYENDRA PATHAK
DOHA

THE year 2022 or 2023 could be watershed years for Nakilat if it is selected as one of the ship owners involved in Qatar's massive LNG expansion programme, QNB Financial Services (QNBFS) has said in a company report published recently.

Considering Nakilat's strategic importance and impressive track record in Qatar's existing LNG shipping value chain, QNBFS said, "We expect Nakilat to be a major beneficiary of this expansion. Our analysis also reveals that every incremental vessel (@100%) adds roughly 1 percent to our target price and an award of 20-30 ships could significantly increase our price target and estimates."

"The stock has essentially dropped anchor and is in a holding pattern as we await news about a potential contract win. Given typical lead times for LNG ship construction, we should expect to hear about final ship owner selections later in 2022 or early 2023. We remain bullish on Nakilat and consider it as the best avenue for equity investors to participate in the long-term growth expected in Qatar's LNG sector," it said.

Irrespective of the volatility of the LNG shipping market, the report said, Nakilat's business should remain relatively unaffected given its LT charters.

"Nakilat's fleet continues to provide the company with stable, contractually sustained cash flow that allows for a healthy residual income stream for equity investors after providing for debt service. Moreover, the 40-year life of Nakilat's vessels against the maximum debt life of 25 years with the last debt maturing in 2033 could lead to value-enhancement. Near-term, the addition of 4 LNG ships and impetus in the shipyard should aid 2022 earnings growth," it said.

"We project a 9.7 percent EPS growth for 2022. Our previous forecast called for an earnings growth rate of 7.4 percent. Our 2022 net income forecast of QR1.48 billion is driven by higher JV income as 2022 is the first year of near full-year contribution from the 60 percent-owned Global Shipping JV, along with the growth from the shipping JVs and the shipyard," the report said.

"We note our 2H2022 earnings estimate of QR754.8 million is consistent with 1H2022's QR729.6 million, which included roughly QR30 million in the one-time write-off of legacy financing costs due to refinancing. For next year, similar factors, along with a modest fall in finance charges despite higher rates as 70 percent of Nakilat's interest costs, including debt held in JVs, are fixed/hedged drive our 1.9 percent growth in earnings to QR1.51 billion," it said.

Nakilat's fleet continues to provide the company with stable, contractually sustained cash flow that allows for a healthy residual income stream for equity investors after providing for debt service.

"We remain hopeful that Nakilat could secure a significant share of upcoming NF ship contract awards. QatarEnergy is expanding Qatar's LNG capacity from 77 MTPA to 110 MTPA with the first production expected in 4Q2025 and further to 126 MTPA a couple of years later," the report said.

To cater to this expansion, back in April/June 2020, QatarEnergy signed major LNG shipbuilding capacity agreements with Chinese and South Korean companies to build more than 100 LNG vessels worth more than QR70 billion.

Furthermore, in the first quarter of 2021, QatarEnergy issued an invitation to tender a package to ship owners for the chartering of LNG carriers in relation to this project. QatarEnergy intends to assign selected ship owners from this tender to the shipyards' construction slots reserved in China and South Korea. In October and November of 2021, QatarEnergy moved ahead with the construction of ten LNG ships with four in China and six in South Korea.

Given typical lead times for LNG ship construction, the report said, "We should expect to hear about final ship owner selections later in 2022 or early 2023. We do note that already on April 12, 2022, QatarEnergy announced that it awarded its first batch of time-charter parties (TCPs) with a subsidiary of Mitsui O.S.K Lines (MOL) for the long-term charter and operation of four LNG ships."

In a statement, Minister of State for Energy Affairs HE Saad Sherida Al Kaabi, who is also the president and CEO of QatarEnergy, stated that he expected to announce similar contracts in the near future.

In early June 2022, South Korean shipbuilders announced some details of construction orders involving six ships (174k cm each) at a cost of $215 million per ship.

"Considering Nakilat's strategic importance and impressive track record in Qatar's existing LNG shipping value chain, we expect Nakilat to be a major beneficiary and secure a meaningful share of new contracts," it said.

The report said, "High leverage but backed by watertight charter agreements; we do not foresee issues in debt servicing or repayments. Nakilat has QR19.4 billion in debt (92 percent of its market cap). Nakilat made QR1.1 billion in principal repayments in 2021 and we expect another QR1.1 billion in repayments this year. Two major bank-loan bullet payments, totalling QR10 billion, are due in 2025 but we expect Nakilat to refinance most of this amount.

"We model principal repayments and finance charges to average QR2.2 billion over 2021-33, which is easily covered by OCF (average QR2.8 billion over 2021-33) and FCF before finance charges (2021-33 average QR3.2 billion)."

"We continue to assume the entire debt is paid off by 2033. Nakilat's high leverage remains manageable as debt is mostly secured by watertight charter agreements for its existing fleet. Considering the current $230 million price tag for LNG ship new builds, if we assume an increase of 25 vessels related to the NF expansion, Nakilat will have to take on new debt of QR16.8 billion. However, this debt would also be secured by charters and hence, not a cause for concern. We also expect a portion of this fleet increase to be done through JVs, keeping the related debt ring-fenced/off the books," it said.

GCC central banks raise interest rates after Fed's increase

AGENCIES
DUBAI

THE central banks of Qatar, the UAE, Saudi Arabia, Bahrain, Kuwait and Qatar raised their benchmark borrowing rates after the US Federal Reserve raised its key interest rate for the fifth time this year to slash surging inflation and restore price stability.

The Fed on Wednesday increased the policy rate by 75 basis points (bps), its third consecutive three-quarters of a percentage point increase.

The latest move by the US central bank came after consumer prices rose by 8.3 percent in August, exceeding economists' expectations of 8.1 percent and above the Fed's 2 percent target.

After being criticised for acting too slowly to curb rising prices and being behind the inflation curve, the Fed has shifted gears and is doubling down on higher interest rates to bring consumer prices down.

The Fed signalled further rate raises were possible, stating that it "anticipates that ongoing increases in the target range will be appropriate".

Most central banks in the GCC follow the Fed's policy rate moves because their currencies are pegged to the US dollar.

In line with its "objective of maintaining monetary and financial stability, and in light of recent global developments", the Saudi Central Bank, better known as Sama, raised its repurchase agreement (repo) rate by three quarters of a percentage point to 3.75 per cent and its reverse repo rate by a similar margin to 3.25 per cent.

The Central Bank of the UAE raised its benchmark base rate for its overnight deposit facility (ODF) by three quarters of a percentage point to 3.15 per cent. It maintained the rate applicable to borrowing short-term liquidity from the regulator through all standing credit facilities at 50 bps above the base rate, the CBUAE said on Wednesday.

Inflation in the UAE is relatively low when compared with rates in other parts of the world.

Japan makes first intervention to support Yen since 1998

QNA
TOKYO

JAPAN intervened in the foreign exchange market by buying yen for the first time in 24 years, shortly after the Bank of Japan accelerated a fall in the currency by confirming it would maintain ultralow interest rates.

The yen rose as much as 2.3 percent against the dollar, pulling back sharply from the lows of the day when it had breached a key psychological level of 145, as top currency official Masato Kanda said on Thursday the government was taking "decisive action."

The intervention shows that Prime Minister Fumio Kishidas government has reached the limit of its patience after the yen tumbled around 20 percent against the dollar this year as hedge funds kept adding to short bets on the yen.

This intervention was the latest example of global concern triggered by the strong dollar, which has gained ground on the back of the Federal Reserves interest-rate increases.

LuLu Financial Group partners with Bharat Billpay, Federal Bank to enable direct bill payment for NRIs

The move will benefit the Indian diaspora in the GCC countries who can now remit money directly to 20,000 billers for domestic utility bill payments through any LuLu Exchange branch or through the LuLu Money app

TRIBUNE NEWS NETWORK
DOHA

IN a major boost towards strengthening the scope of cross-border remittances into India, the much-awaited Bharat Bill Payment System (BBPS) has been activated for Indian expats living in the GCC region.

Federal Bank, one of India's leading private sector banks, launched this facility in association with Bharat BillPay Limited (NBBL), the wholly owned subsidiary of National Payments Corporation of India (NPCI), and Lulu Financial Group, at the Global FinTech Festival held in Mumbai earlier this week.

This arrangement, considered a long-pending ask of NRIs, will now allow Indians living in the GCC to remit money directly to pay for their utility bills back home through any LuLu Exchange branch, as well as the digital money transfer app, LuLu Money.

At present, over 20,000 billers across 20 categories are covered for receipt of inward remittances in a cost-effective and convenient option, through the LuLu Exchange network.

Commenting on this historic launch, Federal Bank Executive Director Shalini Warrier said, "We are delighted to be the first mover in launching this much-awaited facility for non-resident Indians in collaboration with NBBL and Lulu International Exchange at the Global Fin tech Festival in Mumbai. The direct payment facility in cross-border transactions has optimised the digital payment ecosystem and will equally delight the beneficiaries as it enables seamless bill payment."

Federal Bank launched the facility in association with Bharat BillPay Limited and Lulu Financial Group at the Global FinTech Festival held in Mumbai earlier this week.

LuLu Financial Group MD Adeeb Ahamed said, "The BBPS facility enables Indian expats to have greater control over the hard-earned money remitted to meet the expenses of their families back home. This facility has immense applications in widening the scope of cross-border payments beyond its traditional role, and Lulu Exchange is proud to partner with Federal Bank and NBBL to make this a reality for Indians living in the GCC region."

The arrangement comes on the heels of RBI's recent decision to permit foreign inward remittances to be received under the rupee drawing arrangement (RDA) through the Bharat Bill Payment System.

Turkey makes big rate cut amid 80% inflation

AGENCIES

TURKEY'S central bank delivered another massive interest rate cut Thursday despite eye-popping inflation above 80%, moving the opposite way from world economies that are raising rates to control prices as the lira sunk to record lows.

The Central Bank of the Republic of Turkey lowered the benchmark rate by 1 percentage point, to 12%. The lira was trading around 18.38 against the dollar, weakening further than the previous record low of 18.36 in December.

The depreciation of Turkey's currency is likely to intensify the financial worries of residents who have seen their purchasing power erode during a series of economic shocks in the country.

Turkey has followed President Recep Tayyip Erdogan's unorthodox belief that high interest rates cause high inflation, cutting borrowing costs despite consumer prices rising by 80.21% in August from a year earlier. Traditional economic thinking says raising interest rates fights inflation.

"Inflation is not a crippling economic threat," Erdogan said in an interview with PBS NewsHour this week. "There are currently countries threatened by inflation rates of 8% and 9%. This rate is 80% in our country." He said Turkey would bring inflation under control after New Year's and that supermarkets were well stocked.

Central banks around the world are taking the reverse action from Turkey, aggressively raising rates to target soaring inflation.

The U.S. Federal Reserve hiked rates by a large three-quarters of a point for the third consecutive time Wednesday, followed Thursday by the Swiss National Bank's biggest hike ever to its key interest rate. The Bank of England enacted a smaller half-point hike as other banks from Europe to Canada move quickly to rein in rising prices.

Official Turkish statistics released this month showed annual inflation was the worst among the Group of 20 major economies, but independent experts say inflation is actually much higher. Critics also say the independence of the central bank and the official statistical institute have been undermined under Turkey's presidency.

Last year, the currency kept hitting record lows as the central bank lowered interest rates from 19%. When it finally hit 18.36 against the dollar, Erdogan announced extraordinary measures that he claimed would safeguard the lira.

The government encouraged people to swap their dollars for the lira and place them in a deposit account that would give the interest rate plus any lira depreciation against the dollar.

Bezos, Jassy must testify in probe of Amazon Prime: FTC

The FTC is investigating the sign-up and cancellation practices of Amazon Prime

AGENCIES

Then Amazon CEO Jeff Bezos speaks at the Amazon re:MARS convention on June 6, 2019, in Las Vegas.

FEDERAL regulators are ordering Amazon founder Jeff Bezos and CEO Andy Jassy to testify in the government's investigation of Amazon Prime, rejecting the company's complaint that the executives are being unfairly harassed in the probe of the popular streaming and shopping service.

The Federal Trade Commission issued an order late Wednesday denying Amazon's request to cancel civil subpoenas sent in June to Bezos, the Seattle-based company's former CEO, and Jassy. The order also sets a deadline of Jan. 20 for the completion of all testimony by Bezos, Jassy and 15 other senior executives, who also were subpoenaed.

Jassy took over the helm of the online retail and tech giant from Bezos, one of the world's richest individuals, in July 2021. Bezos became executive chairman.

Amazon hasn't made the case that the subpoenas "present undue burdens in terms of scope or timing," FTC Commissioner Christine Wilson said in the order on behalf of the agency. However, the FTC did agreed to modify some provisions of the subpoenas that it acknowledged appeared too broad.

The FTC has been investigating since March 2021 the sign-up and cancellation practices of Amazon Prime, which has an estimated 200 million members around the globe.

Amazon didn't immediately respond to a request for comment Thursday on the FTC's order.

In a petition to the FTC filed last month, the company objected to the subpoenas to Bezos and Jassy, saying the agency "has identified no legitimate reason for needing their testimony when it can obtain the same information, and more, from other witnesses and documents." Amazon said the FTC was hounding Bezos, Jassy and the other executives, calling the information demanded in the subpoenas "overly broad and burdensome." The company said it has cooperated with FTC staff to provide relevant information, offering up some 37,000 pages of documents.

The investigation has widened to include at least five other Amazon-owned subscription programs: Audible, Amazon Music, Kindle Unlimited, Subscribe & Save, and an unidentified third-party program not offered by Amazon. The regulators have asked the company to identify the number of consumers who were enrolled in the programs without giving their consent, among other customer information.

With an estimated 150 million U.S. subscribers, Amazon Prime is a key source of revenue, as well as a wealth of customer data, for the company, which runs an e-commerce empire and ventures in cloud computing, personal "smart" tech and beyond. Amazon Prime costs $139 a year. The service added a coveted feature this year by obtaining exclusive video rights to the NFL's "Thursday Night Football." Last year, Amazon asked unsuccessfully that FTC Chair Lina Khan step aside from separate antitrust investigations into its business, contending that her public criticism of the company's market power before she joined the government makes it impossible for her to be impartial. Khan was a fierce critic of tech giants Facebook (now Meta), Google and Apple, as well as Amazon. She arrived on the antitrust scene in 2017, writing an influential study titled "Amazon's Antitrust Paradox" when she was a Yale law student.

Qatar takes part in annual ISO meeting

QNA
DOHA

QATAR is participating in the annual meeting of the International Organization for Standardization (ISO) being held in the UAE. The five day meeting will conclude on Friday.

The state delegation to the meeting is headed by the Chairperson of Qatar General Organization for Standardization and Metrology (QGOSM) Engineer Mohammed bin Saud Al Musallam.

The agenda of the organization's annual meeting includes a number of legislative and discussion sessions, including the meeting of the Developing Countries Affairs Committee (DEVCO) to discuss the effective participation of members of the organization from developing countries and priority areas for standardization.

The State of Qatar is also participating in the 44th meeting of the General Assembly of the organization, which reviews during its holding a set of procedural and executive items, including the report submitted by HE the Secretary-General of the organization on the activities of the organization and member states and the tireless efforts to confront challenges and keep pace with various changes and developments and the vital role of international standardization and standard specifications, in addition to the report of the Vice President for the Organization's work policies, and the report of the Vice President for Financial Affairs.

The work of the General Assembly meeting also includes the election of the next president of the organization for 2024-2026, the election of board members for 2023-2025, as well as the appointment of the vice president for financial affairs for 2023-2024.

The State of Qatar is a member of the International Organization for Standardization (ISO) since 1993.

Higher restaurant prices add to pressure on consumers in Japan

AGENCIES

WHEN Yoshihiko Koyama ordered a fried dumplings set meal at a well-known Chinese chain restaurant in Tokyo in September he noticed something different -- the price was a little higher than his previous visit.

Koyama was charged 710 yen instead of the 670 yen he usually paid for the set menu in a Hidakaya restaurant in the capital's Okachimachi district, illustrating how eateries and restaurant chains such as Hiday Hidaka Corp are passing on soaring material and energy costs to consumers.

"It feels like a small increase but it's happening at other restaurants too," said 74-year-old Koyama who works in the jewelry industry in the area. "The cumulative effect can be huge." Imported raw materials from cooking oil to flour have become more expensive on the back of the war in Ukraine and the yen's depreciation, which saw it hit a fresh 24-year low against the U.S. dollar in early September, adding to the pressure on consumers in the world's third-largest economy who are already struggling with higher prices for groceries and fuel.

Rising labor costs are also adding to the restaurant sector's woes as it has become more difficult to recruit staff since many eateries cut opening hours or closed temporarily amid the coronavirus pandemic.

According to a survey of 122 Japanese restaurant chains by private credit research firm Tokyo Shoko Research, 71 companies had raised prices or announced plans to do so this year as of early September. Of those, five chains had made such announcements twice, it showed.

Japanese restaurant chain Yayoiken, which operates more than 360 eateries nationwide, has been charging more for set meals and rice bowl dishes since September due to increased prices for imported beef and pork.

It is now offering its popular ginger pork set meal at 670 yen, up 30 yen, while the price of its pork cutlet rice bowl has been raised by 20 yen to 710 yen.

Diner chain Denny's raised the prices of some of its menu items such as pasta and steak by 10 to 80 yen from Sept. 6, saying, "It has become difficult to strike a balance between prices and quality" amid soaring material costs.

The chain said, however, it was not increasing the prices of some of its popular dishes such as hamburger steak and desserts to retain customers.

Conveyor-belt sushi chain Sushiro has said it will raise prices at its restaurants from October to cover higher material, logistics and labor costs.

McDonald's Co (Japan), curry restaurant operator Ichibanya Co and Torikizoku Holdings Co, which operates a chain of izakaya Japanese-style pubs, have also passed on higher costs to consumers this year.

Wu Haokai, a student from China who is enrolled in an MBA program at J.F. Oberlin University in Japan, said that as he supports himself with a part-time job, he is concerned the recent price increases will add to his financial burden.

Walmart to hire 40k mostly seasonal workers for holidays

AGENCIES

WALMART said it will hire 40,000 U.S. workers for the holidays, a majority of them seasonal workers.

The move, announced Wednesday, comes as the nation's largest retailer and largest private employer said it's in a stronger staffing position heading into the holidays than last year and is now focusing on hiring only seasonal workers, rather than permanent workers. Just like in past years, the company will first offer current workers the opportunity to pick up additional shifts if they want to earn extra money for the holidays.

A year ago, the Bentonville, Arkansas-based chain announced that it was looking to hire roughly 150,000 new U.S. store workers, most of them permanent, full-time positions. Last fall, it also said it was planning to hire 20,000 permanent workers for its distribution and fulfillment centers, as the pandemic created big disruptions at various points in retailers' supply chain network.

Companies that typically hire thousands of seasonal workers are again heading into the holidays during one of the tightest job markets in decades, making it challenging for many to find workers they need.

The job market has slowed but still strong. E mployers added 315,000 jobs i n August, about what economists had expected, down from an average 487,000 a month over the past year, according to a government report earlier this month.

The jobless rate reached 3.7%, its highest level since February. But it increased for a healthy reason: Hundreds of thousands of people returned to the job market, and some didn't find work right away, which boosted the government's count of unemployed people.

Mediaplus launches 16th edition of Qatar Business Card Directory

TRIBUNE NEWS NETWORK
DOHA

ADVERTISING and event management company Mediaplus has launched the 16th edition of the Qatar Business Card Directory (QBCD).

Billed as the most popular business directory in the country, QBCD is said to have benefitted thousands of business enterprises over the years. It has a print and an online edition along with a smartphone application.

Mediaplus Chairman Ali Abdulla Al Kaabi described the publication as an asset to any retail business organisation. This year's edition is a special gift to the entrepreneurs who are visiting Qatar for FIFA World Cup Qatar 2022, he added.

Becon Group COO Nishas Muhammed Ali received the first copy of the directory from Kaabi. Acon Holding Group Chairman Shukkur Kinalur chaired the event. Doha Beauty Centre MD Sheela Pholippose, Sixco Group MD Ashraf Abdul Azeez, Avens Travel and Tours MD Naser Karukappadath and Sky Beauty Centre MD P Suresh Babu spoke on the occasion.

The launch was held at the Radio Malayalam 98.6 FM premises, where an array of community leaders and businessmen including IBPC President Jafar Sadik, Kerala Business Forum President CA Shanavas Bava, Kerala Entrepreneurs Club President Shereef Cherakkal, National Director of BNI Qatar P Muhammed Shabeeb, Member of Loka Kerala Sabha Abdul Rauf Kondotty, ICBF General Secretary Sabith Saheer, Al Suwayed Group Director Faisal Razak and Radio Malayalam Marketing Manager Noufal Abdurahiman.

BNI Qatar's P Muhammed Shabeeb handed over a copy of QBCD to Kerala Entrepreneurs Club's Shereef Cherakkal.

QBCD Chief Editor and Mediaplus CEO Amanulla Vadakkangara said the directory facilitates interactions with the business community for mutually-rewarding enterprises.

"Started publication in 2007, we were very particular to add new attractions every year and now we have made it a unique product published consecutively for the last 16 years with added attractions. The whole version of the directory is available online and the business cards are available in mobile application for free download," he said.

QBCD Chief Editor and Mediaplus CEO Amanulla Vadakkangara with Indian Sports Centre President Dr Mohan Thomas

Jerome Powell's stark message: Fight against inflation may cause recession

AGENCIES

THE Federal Reserve delivered its bluntest reckoning Wednesday of what it will take to finally tame painfully high inflation: Slower growth, higher unemployment and potentially a recession.

Speaking at a news conference, Chair Jerome Powell acknowledged what many economists have been saying for months: That the Fed's goal of engineering a "soft landing" — in which it would manage to slow growth enough to curb inflation but not so much as to cause a recession — looks increasingly unlikely.

"The chances of a soft landing," Powell said, "are likely to diminish" as the Fed steadily raises borrowing costs to slow the worst streak of inflation in four decades. "No one knows whether this process will lead to a recession or, if so, how significant that recession would be." Before the Fed's policymakers would consider halting their rate hikes, he said, they would have to see continued slow growth, a "modest" increase in unemployment and "clear evidence" that inflation is moving back down to their 2% target.

Federal Reserve Chair Jerome Powell speaks at a news conference Wednesday, Sept. 21, 2022, at the Federal Reserve Board Building, in Washington. Intensifying its fight against chronically high inflation, the Federal Reserve raised its key interest rate by a substantial three-quarters of a point for a third straight time, an aggressive pace that is heightening the risk of an eventual recession.

"We have got to get inflation behind us," Powell said. "I wish there were a painless way to do that. There isn't." Powell's remarks followed another substantial three-quarters of a point rate hike — its third straight — by the Fed's policymaking committee. Its latest action brought the Fed's key short-term rate, which affects many consumer and business loans, to 3% to 3.25%. That's its highest level since early 2008.

Falling gas prices have slightly lowered headline inflation, which was a still-painful 8.3% in August compared with a year earlier. Those declining prices at the gas pump might have contributed to a recent rise in President Joe Biden's public approval ratings, which Democrats hope will boost their prospects in the November midterm elections.

On Wednesday, the Fed officials also forecast more jumbo-size hikes to come, raising their benchmark rate to roughly 4.4% by year's end — a full point higher than they had envisioned as recently as June. And they expect to raise the rate again next year, to about 4.6%. That would be the highest level since 2007.

By raising borrowing rates, the Fed makes it costlier to take out a mortgage or an auto or business loan. Consumers and businesses then presumably borrow and spend less, cooling the economy and slowing inflation.

Other major central banks are taking aggressive steps, too, to combat global inflation, which has been fueled by the global economy's recovery from the COVID-19 pandemic and then Russia's war against Ukraine. On Thursday, Britain's central bank raised its key interest rate by a half-percentage point — to its highest level in 14 years. It was the Bank of England's seventh straight move to increase borrowing costs at a time of rising food and energy prices, which have fueled a severe cost-of-living crisis..

This month, Sweden's central bank raised its key interest rate by a full point. And the European Central Bank delivered its largest-ever rate increase with a three-quarter-point hike for the 19 countries that use the euro currency.

In their quarterly economic forecasts Wednesday, the Fed's policymakers also projected that economic growth will stay weak for the next few years, with unemployment rising to 4.4% by the end of 2023, up from its current level of 3.7%. Historically, economists say, any time unemployment has risen by a half-point over several months, a recession has always followed.

"So the (Fed's) forecast is an implicit admission that a recession is likely, unless something extraordinary happens," said Roberto Perli, an economist at Piper Sandler, an investment bank.

Fed officials now foresee the economy expanding just 0.2% this year, sharply lower than their forecast of 1.7% growth just three months ago. And they envision sluggish growth below 2% from 2023 through 2025. Even with the steep rate hikes the Fed foresees, it still expects core inflation — which excludes volatile food and gas costs — to be 3.1% at the end of 2023, well above its 2% target.

Powell warned in a speech last month that the Fed's moves will "bring some pain" to households and businesses. And he added that the central bank's commitment to bringing inflation back down to its 2% target was "unconditional." Short-term rates at a level the Fed is now envisioning will force many Americans to pay much higher interest payments on a variety of loans than in the recent past. Last week, the average fixed mortgage rate topped 6%, its highest point in 14 years, which helps explain why home sales have tumbled. Credit card rates have reached their highest level since 1996, according to Bankrate.com.

Inflation now appears increasingly fueled by higher wages and by consumers' steady desire to spend and less by the supply shortages that had bedeviled the economy during the pandemic recession. On Sunday, Biden said on CBS' "60 Minutes" that he believed a soft landing for the economy was still possible, suggesting that his administration's recent energy and health care legislation would lower prices for pharmaceuticals and health care.

The law may help lower prescription drug prices, but outside analyses suggest it will do little to immediately bring down overall inflation. Last month, the nonpartisan Congressional Budget Office judged it would have a "negligible" effect on prices through 2023. The University of Pennsylvania's Penn Wharton Budget Model went even further to say "the impact on inflation is statistically indistinguishable from zero" over the next decade.

Even so, some economists are beginning to express concern that the Fed's rapid rate hikes — the fastest since the early 1980s — will cause more economic damage than necessary to tame inflation. Mike Konczal, an economist at the Roosevelt Institute, noted that the economy is already slowing and that wage increases — a key driver of inflation — are levelling off and by some measures even declining a bit.

Surveys also show that Americans are expecting inflation to ease significantly over the next five years. That is an important trend because inflation expectations can become self-fulfilling: If people expect inflation to ease, some will feel less pressure to accelerate their purchases. Less spending would then help moderate price increases.

Pedestrians walk past The Bank of England in London, Thursday, Sept. 22, 2022. Britain's central bank is under pressure to make another big interest rate hike Thursday. Inflation in the United Kingdom is outpacing other major economies, but the US Federal Reserve and other banks are moving faster to get prices under control.

Bank of England raises rates but avoids bolder hike like US Fed

AGENCIES

THE Bank of England raised its key interest rate Thursday by another half-percentage point to the highest level in 14 years, but despite facing inflation that outpaces other major economies, it avoided more aggressive hikes made by the U.S. Federal Reserve and other central banks.

It is the Bank of England's seventh straight move to increase borrowing costs as rising food and energy prices fuel a cost-of-living crisis that is considered the worst in a generation. Despite facing a slumping currency, tight labor market and inflation near its highest level in four decades, officials held off on acting more boldly as they predicted a second consecutive drop in economic output this quarter, an informal definition of recession.

The bank matched its half-point increase last month — the biggest in 27 years — to bring its benchmark rate to 2.25%. The decision was delayed for a week as the United Kingdom mourned Queen Elizabeth II and comes after new Prime Minister Liz Truss' government unveiled a massive relief package aimed at helping consumers and businesses cope with skyrocketing energy bills.

The new measures have eased uncertainty over energy costs and are "likely to limit significantly further increases" in consumer prices, the bank's policymakers said. They expected inflation — now at 9.9% — to peak at 11% in October, lower than previously forecast.

"Nevertheless, energy bills will still go up and, combined with the indirect effects of higher energy costs, inflation is expected to remain above 10% over the following few months, before starting to fall back," the monetary policy committee said.

The bank signaled it is prepared to respond more forcefully at its November meeting if needed. Its decision comes during a busy week for central bank action marked by much more aggressive moves to bring down soaring consumer prices.

The U.S. Federal Reserve hiked rates Wednesday by three-quarters of a point for the third consecutive time and forecast that more large increases were ahead. Also Thursday, the Swiss central bank enacted its biggest-ever hike to its key interest rate.

Three of the British bank's nine committee members wanted a similar three-quarter-point raise but were outvoted by five who preferred a half-point and one who voted for a quarter-point.

The decision "suggests the Bank of England is concerned about the UK's economic deteriorating outlook amid the looming threat of recession," said Victoria Scholar, head of investment at interactive investor.

INFLATION BITES

Ford shuffles management, seeks new global supply chain head

AGENCIES

FORD is restructuring its vehicle development and supply chain operations, shuffling multiple executives just days after announcing that it would build up to 45,000 vehicles with parts missing due to shortages.

The Dearborn, Michigan, automaker gave some executives new roles and said that its chief financial officer will begin reworking supply chain operations until a new global purchasing chief is hired.

The changes arrive at a time of profound change for Ford and the auto industry, which for more than a century have made a living by selling petroleum-powered vehicles. The company has plans for half of its global production to be electric vehicles by 2030, but like its main competitors, Ford will need to keep selling gas-burning vehicles to fund the massive transition.

Earlier this year CEO Jim Farley split the company into two units, Ford Model e to develop electric vehicles, and Ford Blue to handle internal combustion cars, trucks and SUVs.

Early Thursday, Ford announced that CFO John Lawler would run a makeover of its supply chain operations until the company finds a new supply chain chief.

Doug Field, who was hired from Apple Inc., will now become chief advanced product development and technology officer. He'll lead vehicle design and hardware engineering, and continue duties overseeing electric vehicles, software and digital systems, and driver assistance systems.

Former Chief Operating Officer Lisa Drake, now vice president of EV industrialization, takes on manufacturing engineering as Ford plans to produce EVs at a rate of 2 million per year by the end of 2026.

The company also announced two new hires from Hewlett-Packard and Google to develop vehicle software and driver assistance systems.

"Developing and scaling the next generation of electric and software-defined vehicles requires a different focus and mix of talent from the accomplished Ford team, Farley said in a statement.

Ford previously announced that Hau Thai-Tang, former head of product development and purchasing, will retire Oct. 1 after more than 34 years with the company. It announced Thursday that Dave Filipe, vice president of vehicle hardware, will retire.

Guidehouse Research Principal E-Mobility Analyst Sam Abuelsamid said Farley is changing the people Ford hires as it joins other automakers in developing new vehicles that can be changed over time with software updates. "Customers like to get new features added over the life of a car," he said. "The industry likes it because they see potential for new revenue streams." But that change takes a different mindset than people who are used to developing vehicles that aren't changed for years until the next version comes out, he said.

Ford, he said, will probably experience instability for a while as large changes happen. "They need to hire a lot of people with different skill sets," he said.

On Monday, Ford revealed that a parts shortage would keep many of its most profitable vehicles sitting on lots waiting to be fully assembled. The issue forced the automaker to slash its third-quarter earnings forecast. The company also has been hobbled by problems with manufacturing launches of new vehicles and high warranty claims.

Last month the company let go of 3,000 white collar workers to cut costs and help make the long transition from internal combustion vehicles to those powered by batteries. Governments across the globe are pushing to eliminate combustion automobiles to mitigate the impact of climate change. Companies like Ford are orchestrating the wind-down of their combustion businesses over multiple years, even though they are still generating the cash to fund electric vehicle development.