

Business

Biden vows to tackle inflation 'head on' as price surge hits 30-year high

President in Baltimore to promote \$1.2 trillion infrastructure overhaul

BALTIMORE, US: President Joe Biden acknowledged Wednesday that US shoppers were paying too much for everyday goods, vowing to tackle inflation "head on" after government data showed it had reached a 30-year peak last month. The sharp spike in the consumer price index (CPI) reported by the Labor Department surprised economists and the White House alike, and came as Biden headed to Baltimore to promote the \$1.2 trillion infrastructure overhaul he argues can turn the tide.

"Today's economic reports (show) unemployment continuing to fall but consumer prices remaining too high," Biden said in a televised address from the port of Baltimore. The president was in the east coast city to make the case that his infrastructure package, passed by Congress last week, would bring down costs and reduce supply bottlenecks. "Looking out there, everything from a gallon of gas to a loaf of bread costs more," Biden added.

"Even though wages are going up, we still face challenges and we have to tackle them. We have to tackle them head on." The White House said Biden would sign the infrastructure package into law Monday alongside lawmakers from both parties who helped write it and others who smoothed its path to the president's desk. US inflation had remained muted in recent years, but roared back with a vengeance in 2021 as American businesses began resuming normal operations with the help of COVID-19 vaccines.

Prices were pressured by high demand from

consumers flush with cash, combined with shortages of US workers and snarls in supply chains worldwide that slowed deliveries of crucial components such as semiconductors. While Biden has argued that the increases will prove temporary, they have given his opponents a potent counter-argument to the spending plans he has staked his presidency on as his approval ratings sag.

"Spending trillions of more dollars on the Democrats' tax and spending spree will only make the crisis Americans are facing worse," Republicans on the House Energy and Commerce Committee tweeted, dubbing the trend "Bidenflation."

The president scored a victory when Congress passed the infrastructure overhaul last week, but his Build Back Better plan to strengthen America's social safety net with a \$1.85 trillion investment over 10 years remains mired in infighting among his Democrats who narrowly control the legislature. Senator Joe Manchin, a Democrat who has objected to the plan's cost, said on Twitter following the CPI report: "By all accounts, the threat posed by record inflation to the American people is not 'transitory' and is instead getting worse."

Prices up everywhere

The 6.2 percent climb in CPI compared to October 2020 was the sharpest annual increase since November 1990, and Mickey Levy of Berenberg Capital Markets said "price pressures



SAN FRANCISCO, US: In this file photo, a customer shops for meat at a Safeway store in San Francisco, California. — AFP

have broadened," with an array of goods and services seeing increases. Compared to September, CPI rose 0.9 percent, the Labor Department said, more than double the increase in the prior month and above forecasts from economists. Much of the surge was seen in energy prices, with gasoline spiking 6.1 percent last month alone, and fuel oil seeing a massive 12.3 percent increase.

Grocery prices also climbed last month, with food at home rising one percent, while food away from home, such as meals at restaurants, saw a 0.8 percent increase. Used cars have seen an abnormal price surge throughout 2021 that bolstered overall inflation. After dipping in August and September, the October report showed they again shot up 2.5 percent. —AFP

US Trade Rep calls for 'bold' efforts to reform WTO

WASHINGTON: Trade officials gathering later this month must be "bold" in their efforts to reform the WTO and ensure the global trade body can adapt to the changing economy, US Trade Representative Katherine Tai said Wednesday.

The World Trade Organization "could really use an infusion of energy, dynamism, vision, and I think that we can light that fire," Tai told reporters. The organization will hold its ministerial conference starting November 30 in Geneva, and Tai said officials should "bring your grievances, bring your disappointments (and) be honest" about the changes needed.

Officials are looking to revive the trade body after former US president Donald Trump brought the institution's key functions to a halt in December 2019 by refusing to appoint new members to the dispute-settlement organization.

Tai declined to get into specifics on what changes she would push for but noted the difficulties posed by requiring all decisions to be made by consensus, effectively allowing each of the 164 members to have a veto over decisions. "I think that we need to be very bold here," she said. "Just restoring the WTO to where it was four years ago, five years ago, is not actually going to bring back the energy that we need... for a world economy that is changing very quickly." In mid-October, Tai, on a visit to Geneva, raised the possibility of relaunching the dispute-settlement body. —AFP

Stocks mixed on inflation and growth outlooks

LONDON: Stock markets diverged yesterday as traders reacted to a mixed economic growth picture, stubborn inflation concerns and a positive update regarding embattled Chinese property group Evergrande.

Europe's main equity indices mostly edged higher around midday after gains across Asia. Wall Street closed lower Wednesday for a second session in a row after a record-breaking run higher in recent weeks.

The euro and British pound slumped to multi-month lows versus the dollar as news of surging US inflation increased market expectations of a Federal Reserve rate hike. Oil prices extended losses on US inflation worries.

"There is a fear now that consumers, as well as markets may well have to absorb further price rises," said Michael Hewson, chief market analyst at CMC Markets UK.

Wednesday saw a forecast-beating read on the US consumer price index, which hit a 31-year high last month, putting fresh pressure on the Fed to act to prevent inflation from running out of control. While Fed officials insist the jump will be temporary as the global economy slowly returns to a semblance of normality next year, observers warned the pain could continue for some time.

"We're going to see the inflation picture get worse before it gets better," said Sarah House at Wells Fargo & Co. The growth outlook was also in focus as Brussels on Thursday raised its forecast for eurozone output this year.

At the same time, official data showed Britain's economic recovery slowed sharply in the third quarter on supply constraints as countries reopen after pandemic lockdowns.

Back in Asia, Bloomberg News reported that Evergrande had again stumped up the cash for interest on bonds, slightly easing concerns about its imminent collapse and potential contagion outside China. —AFP



NEW YORK: In this file photo, a Wall Street sign at the New York Stock Exchange (NYSE) is seen in New York, New York. — AFP