

Business

Central banks must act quickly on inflation: BIS

Threat of stagflation looming over global economy

ZURICH: Central banks must not let inflation become entrenched, with the threat of stagflation looming over the global economy, the Bank for International Settlements warned Sunday in its annual economic report.

"The key for central banks is to act quickly and decisively before inflation becomes entrenched," said BIS general manager Agustín Carstens. "If it does, the costs of bringing it back under control will be higher. The longer-term benefits of preserving stability for households and businesses outweigh any short-term costs."

historically been difficult, and the starting conditions now were making the task all the more challenging. "It would be more desirable if we could have a soft landing because that would mean that the tightening of monetary policy could be more subdued," Carstens told a press conference.

Stagflation dangers

After the shock of the COVID-19 pandemic, central banks initially saw the return of inflation as temporary as the economy picked up again. But the rise in prices has sharply accelerated since Russia's invasion of Ukraine in February.

tion of lingering disruptions from the pandemic, the war in Ukraine, soaring commodity prices and financial vulnerabilities cloud the outlook, it added.

Policy-makers must press ahead with reforms to support long-term growth and lay the groundwork for more normal fiscal and monetary policy settings, BIS said. While the European Central Bank plans to raise interest rates in July and then again September, the US Federal Reserve on Wednesday carried out its largest rate hike since 1994.

1970s comparison

Established in Basel in 1930, the BIS is owned by 62 central banks, representing countries that account for about 95 percent of global gross domestic product (GDP). In its annual report, the

BIS looked at the stagflation of the 1970s, when the oil shocks of 1973 and 1979 caused inflation to jump. In 1973, oil prices had more than doubled in the space of a month. Oil occupied a much more central place in the economy, it said.

But the BIS also highlighted other points of vulnerability, including the current high level of private and public debt. And with Russia's war in Ukraine, inflation this time is not only based around oil, but also other sources of energy, agricultural raw materials, fertilizers and metals. The most pressing challenge for central banks is therefore to bring inflation down to low levels, according to the BIS.

Central Agency for Public Tenders shows activities

Table with 3 columns: Entity, Tenders number, Estimated value, Awarding value. Lists entities like Central Bank of Kuwait, Ministry of Electricity, Water and Renewable Energy, etc.

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Table with 3 columns: Entity, Tenders number, Estimated value, Awarding value. Lists entities like Public Authority for Sport, Directorate General of Civil Aviation, State Audit Bureau, etc.

KUWAIT: Central Agency for Public Tenders statistics about the agency's activities for the years 2020 and 2021 show the total estimated value of all entities from Jan 1, 2020 until Jan 31, 2020 was KD 362,572,093, while the awarded value was KD 303,456,337, according to Secretary General of CAPT Osama Alduaij.



Osama Alduaij, Secretary General of Central Agency for Public Tenders



Table with 3 columns: Entity, Tenders number, Estimated value, Awarding value. Lists entities like Kuwait Integrated Petroleum Industries Company, The Environment Public Authority, Kuwait University, etc.

Table with 3 columns: Entity, Tenders number, Estimated value, Awarding value. Lists entities like Ministry of Information, Kuwait Municipality, Civil Service Commission, etc.

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Summary table for Board of Directors Approval Decisions from 1/1/2020 to 31/12/2020. Columns include Approval, Pre-qualification, etc.

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