

Business

Bank of England hikes rate again as UK enters recession

BoE moves in tune with CBs worldwide in efforts to combat inflation

LONDON: The Bank of England hiked its interest rate again on Thursday to combat soaring inflation as it warned that the UK's economy had already slipped into recession. The BoE's decision caps a busy week for central banks as its peers in the United States and elsewhere in Europe further tightened their own monetary policies in global efforts to tame runaway inflation.

The British central bank's decision had been postponed from last week following the death of Queen Elizabeth II. The BoE met most market expectations as it lifted its key rate by 0.5 percentage points to 2.25 percent, repeating its August increase that had been the biggest rise since 1995.

Some commentators had speculated that the BoE could mirror the European Central Bank and the US Federal Reserve and spring a jumbo hike of 0.75 percentage points—which would have been the BoE's largest in three decades. Across the world, consumer prices have galloped to their highest levels in decades on rampant energy and food prices in the wake of Russia's war on Ukraine.

Central banks have responded by increasing their rates, fanning recession fears because they push up loan repayments for consumers and companies alike, thereby exacerbating the UK's cost-of-living crisis. The BoE said the UK had already entered recession.

The Fed on Wednesday unveiled a 0.75-percentage-point increase, its third straight jumbo hike, one day after Sweden's Riksbank shocked markets with a jump of a full percentage point.

On Thursday, the Swiss National Bank unleashed a 0.75-percentage-point hike that lifted its policy rate out of negative territory for the first time since 2015, meaning depositors no longer have to pay to park their money at the bank. On Thursday, the Norwegian central bank raised its rate by 0.5 percentage points, taking it to its highest level in more than a decade.

The BoE earlier this month defended itself against accusations of being too slow to tackle sky-high inflation, after new Prime Minister Liz Truss proposed to review its operational independence.

Tax cuts

UK inflation eased to 9.9 percent in August but remains near a 40-year high. Truss on Wednesday launched a six-month plan, starting in October, to pay about half of energy bills for businesses, charities, hospitals and schools, as she sought to soften the economic blow of sky-high prices.

The premier had already announced plans for a two-year energy price freeze for cash-strapped households. Finance minister Kwasi Kwarteng will unveil Friday a mini-budget of tax cuts designed to boost economic activity, and will also outline the vast cost of the energy assistance.

Yet the package threatens to ultimately push inflation higher as a result of strengthening demand, according to US bank Citi.

"While the capping of energy prices is disinflationary in the first instance, we continue to see many of these measures as boosting demand and



increasing the risk of more embedded inflation," wrote Citi analysts in a research note. Commentators also warn the measures will ravage public finances that are already reeling from huge

spending during the deadly COVID pandemic. Barclays bank analysts estimate that the government's total cost-of-living expenditure could reach a colossal £235 billion (\$267 billion). —AFP

Norway, Swiss CBs hike rates to tame inflation

OSLO: The Swiss and Norwegian central banks announced hefty interest rate hikes on Thursday as global monetary policymakers ramp up the battle against runaway inflation. The moves follow big rate rises in Sweden and the United States this week and come ahead of another increase expected to be announced by the Bank of England on Thursday.

Norway's central bank raised its rate to its highest level since 2011 while the Swiss National Bank ended its negative-rate era. The Swiss central bank raised its policy rate by 0.75 percentage points to 0.5 percent.

The SNB, which first pushed its rates down into negative territory in January 2015, said the move was needed to counter "the renewed rise in inflationary pressure and the spread of inflation to goods and services that have so far been less affected". It said the change would take effect on Friday, adding, "It cannot be ruled out that further increases in the SNB policy rate will be necessary to ensure price stability over the medium term."

The central bank also said it was "willing to be active in the foreign exchange market as necessary... to provide appropriate monetary conditions". The negative rate meant that depositors had to pay to park their money at the bank. The SNB, which in June hiked its interest rate for the first time in 15 years, has joined a global tightening of monetary policy to tame soaring prices.

Inflation began to rise worldwide as economies emerged from COVID lockdowns, and it worsened as energy and food prices skyrocketed after Russia invaded Ukraine in late February.

Inflation in Switzerland rose 3.5 percent in August and is "likely to remain at an elevated level for the time being", it said. "The latest rise in inflation is principally due to higher prices for goods, especially energy and food," it added.

Given the new rate hike, which should rein in price hikes, the bank said it now forecasts that inflation should gradually decline to three percent for the full year 2022, 2.4 percent for 2023 and 1.7 percent for 2024. "Without today's SNB policy rate increase, the inflation forecast would be significantly higher," it said. The tightening of monetary policy worldwide has caused stock markets to drop as investors fear that the rising rates could spark a recession.

More hikes elsewhere

Norway's central bank lifted its policy rate by 0.5 percentage points to 2.25 percent and warned that it would "most likely" be raised further in November. "Inflation has risen rapidly over the past months and has been far higher than projected," Norges Bank said in a statement.

"The labour market is tight but there are now clear signs of a cooling economy," it said. Inflation reached 6.5 percent in August, more than triple the central bank's two-percent target. "There are prospects that inflation will remain high for longer than projected earlier," said Norges Bank governor Ida Wolden Bache. The Swedish central bank surprised markets on Tuesday with a supersized 1.0-percentage-point hike. The US Federal Reserve rolled out a third consecutive 0.75-percentage-point increase on Thursday, with chairman Jerome Powell saying there was no "painless" way to bring down inflation. —AFP

AG Cafe launches Tim Hortons in Kuwait

KUWAIT: AG Cafe, the master franchisee of Tim Hortons brand in the Middle East, opened five new Cafe & Bake Shops in Kuwait. AG Cafe, a joint venture entity owned by Apparel Group, a global fashion and lifestyle retail conglomerate, and Gateway Partners, an emerging markets alternative investment firm, have collaborated to offer an innovative and unique experience for coffee lovers in Kuwait.

The opening event was attended by Aliya Mawani, Ambassador of Canada to the State of Kuwait, executives from Tim Hortons and AG Cafe, partners from the private and government sectors, and the media. The new Tim Hortons Cafe & Bake Shop introduced distinctive and comfortable interiors and a welcoming environment inspired by the brand's Canadian origins specifically tailored to serve all coffee lovers in Kuwait. In terms of products, the coffee shop offers its iconic beverages such as the smooth and creamy 'French Vanilla' and its creamy blended frozen coffee, the 'Iced Capp' along with made-to-order food and freshly baked pastries like the delicious bite-sized morsels of traditional donuts, the 'Timbits'.

AG Cafe has recognized Kuwait as a dynamic and essential market to introduce the Tim Hortons experience which has captured the hearts and taste buds of guests worldwide with its more than 55 years of coffee experience. The company aims to quickly expand and open several additional restaurants across the country. Additionally, AG Cafe is looking to build a great team of ambitious, warm & welcoming individuals looking to be a part of this iconic story and are excited to create dozens of career opportunities across the country.

Kuwait is considered one of the fastest-growing coffee markets in the region, and coffee for Kuwaitis is perceived as an artisanal product rather than just an energy boost. For that, local guests seek freshly brewed and high-quality coffee and food to kickstart their day, and this experience is what Tim Hortons offers to its guests every day.

Aliya Mawani, Ambassador of Canada to the State of Kuwait, stated: "I am very excited that Tim Hortons is opening in Kuwait. Tim's - as it's affectionately known in Canada - is an iconic Canadian coffee brand that our friends in Kuwait will now be able to taste and enjoy here at home. I'm pleased to be able to support Tim Hortons in their launch and future expansion, as this is yet another example of the strong and deepening ties between Canada and Kuwait."

Thiago Santelmo, EMEA President at RBL, said: "We are thrilled to be bringing Tim Hortons to Kuwait, a country known for taking its coffee and beverages very seriously. The team here has gone to great lengths to ensure our offerings always meet our local guests' expectations."

Jazeera Airways adds second route to Uzbekistan

KUWAIT: A year after launching the first direct route between Kuwait and the Uzbek capital, Jazeera Airways on Thursday announced a new route to Uzbekistan's third largest city, Namangan, located in the eastern area of the country. The airline will be operating the new route with three flights per week, leaving Kuwait on Mondays, Wednesdays and Fridays, with a flight timing change on October 13.

Jazeera Airways Chief Executive Officer, Rohit Ramachandran, said: "This is the first direct route to be launched from the Middle East to Namangan, giving access to growing trade relations and more tourist options in this part of eastern Uzbekistan.



KUWAIT: Grand opening of Tim Hortons Cafe & Bake Shop in Kuwait, in the presence of Aliya Mawani, Ambassador of Canada to the State of Kuwait, Khaled A Al-Zaabi, Counselor of Americas Affairs at the Ministry of Foreign Affairs in Kuwait, and Hesham Al-Mekki - CEO of AG Cafe, the master franchisee of Tim Hortons brand in the Middle East.



Hesham Al-Mekki, CEO of AG Cafe, stated that: "The Kuwaiti people share a lavish taste when it comes to food & beverages. We are delighted to be bringing the authentic Tim Hortons experience to this unique market." Al-Mekki added: "As the master franchisee, we seek to quickly expand throughout Kuwait to serve guests who are looking for a comfortable and quiet place to relax and meet with others, while enjoying high-quality coffee, beverages and food."

Tim Hortons is Canada's largest coffee chain, and started its international expansion in 2011

with the UAE's first Cafe & Bake Shop opening in Dubai by the iconic retail group Apparel. Since then, global expansion has become an increasing priority for the brand across many countries. Over recent years the brand has introduced its well-loved offerings to guests beyond Canada and the United States. Currently Tim Hortons has over 5,100 restaurants across 14 countries and regions, including the Middle East, China, the UK, Mexico, Spain, Thailand and the Philippines. Today, under AG Cafe, the brand has expanded in the GCC and reached currently 235 locations, and recently opened its first restaurant in India.

Flight schedule between Kuwait (KWI) and Namangan (NMA):

| Flight Number | Period | Frequency | From | To | Departure (Local Time) | Arrival (Local Time) |
|---------------|------------------|--------------------------------|----------|----------|------------------------|----------------------|
| J9-645 | Sep 26 to Oct 10 | Monday, Wednesday and Friday | Kuwait | Namangan | 23:30 | 05:05 am |
| J9-646 | Sep 27 to Oct 11 | Tuesday, Thursday and Saturday | Namangan | Kuwait | 06:25 am | 08:20 am |
| J9-645 | Oct 13 | Thursday | Kuwait | Namangan | 01:45 am | 07:20 am |
| J9-646 | Oct 13 | Thursday | Namangan | Kuwait | 08:40 am | 10:35 am |
| J9-645 | From Oct 14 | Monday, Wednesday and Friday | Kuwait | Namangan | 23:30 | 05:05 am |
| J9-646 | From Oct 14 | Tuesday, Thursday and Saturday | Namangan | Kuwait | 06:25 am | 08:20 am |

Namangan is known for being a center for light industry, especially in food, in addition to its historical landmarks and cultural experiences that distinguishes Uzbekistan."

Jazeera Airways operates commercial and cargo

flights out of its Jazeera Terminal T5 at Kuwait International Airport. The airline flies to 53 popular destinations across the Middle East, Central and South Asia, Africa and Europe comprising high-demand business, leisure and weekend destinations.