

Inflation quickens in US, Europe

Inflation accelerated in the US and Europe last month, highlighting sticky price pressures that will keep central bankers committed to raising interest rates. Prices in the US, according to the Federal Reserve's preferred metrics, rose 5.4% from a year earlier and the core gauge was up 4.7%, both hotter than forecast after slowing for several months, according to Bloomberg. In Europe, core price growth reached a record 5.3% — more than an initial reading of 5.2%. Headline inflation, which includes food and power, also ticked up. Inflation is also too high in Israel and New Zealand, where officials hiked rates this week. However, there was more promising news in some emerging economies as price growth slowed in Mexico, Brazil, and Malaysia. The Fed's preferred inflation gauges unexpectedly accelerated in January and consumer spending surged after a year-end slump, adding pressure on policymakers to keep ratcheting up interest rates. The figures suggest that the Fed's path to taming prices



and demand will be bumpier and longer than data for late 2022 had previously indicated. Underlying inflation in the euro area hit a record in January, revised data showed, likely cementing the European Central Bank's plan to raise interest rates by another half-point next month. The report underscores the enduring effects of Europe's worst price shock in a generation after the Ukraine war sent energy costs soaring.

Mexico's inflation decelerated more than forecast in early February, suggesting that policymakers may have some room to maneuver after they surprised analysts with a bigger-than-expected interest rate hike at their last meeting. Brazil's annual inflation cooled for the ninth-straight month as the central bank pledges to hold its interest rate high and eases tensions with President Luiz Inacio Lula da Silva's economic team. Malaysia's headline infla-

tion decelerated for a second month in January, supporting the central bank's decision to pause its interest-rate tightening. Two of Japan's biggest automakers agreed to the biggest wage hikes in decades in an early sign of momentum in annual pay negotiations as the central bank looks for evidence of a wage-price cycle that could lead to policy change. Toyota Motor Corp. agreed to give the largest wage hikes in two decades according to its union, while

Honda Motor Co. Ltd said it will boost pay by 5%. Israel extended its longest cycle of monetary tightening in decades, and New Zealand's central bank boosted rates by a half point. The Bank of Korea sought to keep the door open to resuming policy tightening after a pause, while Turkey surprised with a smaller cut after the country's worst earthquake disaster in decades, signaling further monetary easing is now less likely.

A view of different flags of the European Union Members
● RONALD WITTEK/REUTERS

NEWS IN BRIEF

Cost-of-living crisis rallies thousands in Portugal



REUTERS — Thousands took to Lisbon's streets on Saturday to demand better living conditions at a time high inflation is making it even tougher for people to make ends meet. House prices in Portugal rose 18.7% in 2022, the biggest increase in three decades, and rents have also increased significantly in part due to a speculative property bubble.

Global asset managers aren't investing responsibly

REUTERS — Global asset managers controlling trillions of dollars are failing to invest in a way that will protect climate, biodiversity, and people, despite efforts by the industry to promote its sustainable finance credentials, the corporate responsibility group ShareAction said on Sunday. Two-thirds of 77 asset managers surveyed, which control \$60 trillion of assets, had "serious gaps in their responsible investment policies and practices," the group found based on an analysis of their policies. These include a failure to assess and prevent negative impacts on nature or include Scope 3 emissions, those tied to a company's value chain, in climate targets.

Yemen's Hodeidah receives first ship carrying cargo in years



Workers gesture to a crane operator unloading a container from a commercial ship in the Houthi-held Red Sea port of Hodeidah, as a container ship carrying general commercial goods docked at the port for the first time since at least 2016, in Hodeidah, Yemen, on February 25, 2023.
● REUTERS

According to Reuters, granting access to commercial ships was a trust-building step aimed at supporting Saudi-Houthi talks to reinstate the truce, which expired in October. Port officials said the SHEBELLE, which according to ship tracking data is an Ethiopian-flagged general cargo ship, was given clearance by United Nations inspection body, the Verification and Inspection Mechanism for Yemen (UNVIM). "The mechanism previously only provided clearance for specific shipments but now UNVIM is granting clearances for all kinds of shipments to Hodeidah port," said Muhammad Abu-Bakr bin Ishaq, head of Houthi-run Red Sea Ports Corporation.

He did not say what cargo the ship was carrying. He said increased flow of goods into the western port would reduce transportation costs for products. The military alliance launched an air campaign against Yemen in March 2015 after the Houthis ousted a Saudi-backed government from the capital, Sana'a. Direct talks between Saudi Arabia and Ansarallah, facilitated by Oman, are parallel to UN-led efforts to restore the truce, which has largely held, establish a formal ceasefire and launch inclusive political negotiations. The Saudi-led war has killed tens of thousands of people, destroyed Yemen's economy and left millions hungry. The Houthis say they are fighting a corrupt system and foreign aggression.

Russia halted pipeline oil supplies to Poland

Russia has halted oil supplies to Poland via the Druzhba pipeline, the chief executive of Polish refiner PKN Orlen says, adding that the company would tap alternative sources to plug the gap. The supply halt via the pipeline — exempted from EU sanctions imposed on Russia following the beginning of the Ukraine war — came a day after Poland delivered its first Leopard tanks to Ukraine, Al Jazeera wrote. "Russia has halted supplies to Poland, for which we are prepared," wrote the PKN Orlen Chief Executive Daniel Obajtek on Twitter, adding that only 10 percent of crude oil has been coming from Russia, which they will replace with oil from other sources. The company said it could fully supply its refineries via sea and that the halt

in pipeline supplies would not affect deliveries of petrol and diesel to its clients. As of February, after a contract with Russia's Rosneft expired, Orlen has been getting oil under a deal with Russia's oil and natural gas company Tatneft. The supply halt came after US President Joe Biden visited Warsaw and Kyiv this week in a show of support for Ukraine. On Friday, the European Union agreed on the 10th package of sanctions on Russia. Poland delivered four Leopard tanks to Ukraine already and is prepared to deliver more quickly, Polish Prime Minister Mateusz Morawiecki said on Friday. "We will support Ukraine until complete victory over Russia," Morawiecki said during a visit to Kyiv, standing next to Ukrainian President Volodymyr Zelenskyy.



A gas compressor station that is a part of the Polish section of the Yamal pipeline, which links Russia with Western Europe, is seen in Gabinek near Wloclawek, Poland May 23, 2022.
● KACPER PEMPEL/REUTERS

Australia's 'main game' is curbing record inflation



A shopper holds items and looks at others on sale at a clothing retail store in central Sydney, Australia.
● REUTERS

Australia's Treasurer Jim Chalmers said on Sunday that stubbornly-high inflation in the country has likely peaked but conceded it remains a big economic challenge. Inflation is running at a 32-year high of 7.8% and is only expected to slow to the top of the Reserve Bank of Australia (RBA)'s target range of 2-3% by mid-2025, Reuters reported. Speaking from India, where he has been attending the G20 financial

leaders' meet in Bengaluru, Chalmers said the global economy was on an "incredibly narrow path" with "the inflation challenge on one side and a big global downturn on the other." "Everybody here is trying to navigate that narrow and perilous path, we do have a big inflation problem in the global economy and in our own economy," Chalmers told Sky News television, according to a government transcript.

"Even though the peak of inflation is likely to be behind us, it will still be higher than we'd like for longer than we'd like," he said, citing the conflict in Ukraine as a key driver. The RBA has recently revised its forecasts for core inflation and wage growth and warned further hikes in interest rates would be needed to head off a damaging wage-price spiral. Australia's central bank this month lifted its cash rate for the ninth straight

time to a decade-high of 3.35%, taking total tightening since last May to 325 basis points, in a bid to curb surging prices. Inflation was the "defining challenge" in the Australian and global economy, said Chalmers, who warned against complacency. "At some future point, the focus will shift from inflation to growth, but for the time being inflation is the main game. It's true of the world and it's true of us."

Vegetable shortages in UK could be 'tip of iceberg'



JAMES VEYSEY/SHUTTERSTOCK
THE GUARDIAN — Shortages of some fresh fruit and vegetables such as tomatoes and cucumbers could be the "tip of the iceberg", the National Farmers' Union (NFU) has said. Certain products are hard to come by in UK supermarkets due to poor weather reducing the harvest in Europe and North Africa, Brexit rules, and lower supplies from UK and Dutch producers hit by the jump in energy bills to heat glasshouses.