A GM logo is shown at the General Motors Detroit-Hamtramck Assembly plant in Hamtramck, Michigan. (AP)

GM exploring electric boats, buys 25% stake in engine maker

General Motors is testing the water in electric boating by buying a 25% stake in a Seattle company that makes battery-powered outboard motors.

The Detroit automaker said Monday that it bought the stake in Pure Watercraft for a venture that it says will develop and commercialize battery electric watercraft.

Pure Watercraft, founded in 2011, is worth $600 million after the GM deal, spokesman Gabe Johnson said. GM said its investment is worth $150 million, including cash and in-kind contributions. The companies would not disclose how much money GM is putting into the deal.

Privately held Pure Watercraft makes an electric outboard propulsion system powered by a lithium-ion battery. It's designed as a drop-in replacement for any boat with a gas outboard motor from 25 to 50 horsepower. The company also works with boat manufacturers to sell complete boats, according to its website.

The two companies will combine Pure Watercraft's marine experience with GM's engineering, supply chain and manufacturing capabilities, the automaker said in a prepared statement.

The deal gives GM an opportunity to use its electric technology in another industry beyond automotive, said Dan Nicholson, vice president of global electrification. "The combined expertise of these two enterprises should result in future zero-emissions marine product offerings," Nicholson said. (AP)

Business Buzz

Fed is expected to hike rates starting next year

Biden's Fed pick reflects political balancing act

By Josh Boak

By picking Jerome Powell to stay on as chair of the powerful Federal Reserve, President Joe Biden is trying to navigate hazardous crosscurrents between economic and political forces.

Monday's announcement frustrated a trio of liberal Democrats who see Powell as too weak on financial regulation and climate change. It drew praise from several Republican senators whose votes will be needed to get him confirmed in the evenly split Senate. But the underlying issue is whether the Fed's often subtle messages and changes in interest rates can translate to a renewed sense of optimism by voters about the economy.

Biden's goals are easy to describe but difficult to achieve.

He needs to tamp down inflation - the rising prices that have Americans so upset - but not so much that it suffocates a strong burst of hiring. He wants to forge bipartisan agreements, though not at the expense of his policy vision. He must put Democrats in the best position to compete in the 2022 midterm elections, yet his coalition is so diverse that it naturally invites infighting that can turn off voters.

Biden chose to nominate Powell to a second term in the belief that the 68-year-old's political independence and experience during the pandemic will give Americans a sense of security. He balanced the choice politically by announcing that he wanted to elevate Fed Governor Lael Brainard to vice chair, a choice that could complement some of the president's progressive Democratic critics.

"We need people with sound judgment and proven courage to preserve the independence of the Fed," Biden said at the White House. "We need people of character and integrity who can be trusted to keep their focus on the right long-term goals for our country."

The president started with the questions of who he believed was best for the US economy - and who could get confirmed - according to administration officials who spoke on condition of anonymity to discuss internal deliberations.

For a time, the pandemic had put the US economy into the financial equivalent of a coma. Then unprecedented aid from both the Federal Reserve and congressional spending reawakened the economy, such that it made sense to Biden to go with someone with a track record in handling crises who also shared his policy goals of maximum employment and controlled inflation, the officials said.

Harvard University economist Jason Furman, who served as top economic adviser during Barack Obama's presidency, said the political message in Powell's pick was about "continuity and bipartisanship and the importance of institutions."

Former President Donald Trump initially elevated Powell to Fed chair in 2018, but the president quickly turned spiteful and tried on Twitter and elsewhere to bully the Fed into cutting rates and juicing economic growth. Powell stood firm and exhibited an independence based on data that made him credible with Biden.

"One really important thing about the renomination of Powell is that he has consistently demonstrated throughout the last four years that political pressures are not going to get to him," said Shai Akabas, who worked with Powell at the Bipartisan Policy Center, a public policy think tank.

At the pandemic's outset, when the Trump administration seemed in denial about its economic consequences, Powell responded quickly by slashing interest rates and purchasing bonds.

The Fed has held rates at near-zero even after enactment of Biden's $1.9 trillion coronavirus relief package. That choice ricocheted through the economy as the unemployment rate quickly fell to a healthy 4.6%, yet the extent of government support also amplified supply chain challenges and pushed inflation to a 31-year high. The Fed is expected to hike rates starting next year.

Biden was quick to emphasize on Monday that the strength of the economy should make it easier for the Fed to tackle inflation, which has become one of his top political vulnerabilities as Americans pay more for gasoline, autos, housing and other items.

"Our economy's doing well, because we have created so many new jobs as fast as we have," Biden said. "We're in a position to attack inflation from the position of strength, not weakness."

Within minutes of Monday's announcement, Sen. Pat Toomey of Pennsylvania, the ranking Republican on the Banking Committee, signaled his support of Powell despite disagreeing with him over the importance of raising rates sooner. North Dakota Republican Kevin Cramer, also on the Senate Banking Committee, endorsed Powell by saying that "stability and consistency are in the best interests of the American economy."

Biden will need Republican backing because he faces dissent among Democrats over Powell from some who see him as lax on regulatory issues, the economic threats from climate change and the policing of Fed officials' stock and bond portfolios.

Massachusetts Sen. Elizabeth Warren tweeted that she will oppose Powell because of what she deems are "failures on regulation, climate, and ethics." Sens. Sheldon Whitehouse of Rhode Island and Jeff Merkley of Oregon issued a joint statement against Powell under the argument that the Fed should do more to protect against and adapt to the economic havoc coming from climate change.

Yet for all the economic power concentrated at the Fed and White House, Biden's fate will ultimately depend upon the individual choices of businesses and consumers who determine the direction of the US economy. Their hopes, fears and choices will be critical as to whether the solid growth out of the pandemic is sustained and whether inflation returns closer to the Fed's 2% annual target.

The outcomes of the 2022 and 2024 elections also will depend on the broader marketplace of ideas. Will strong growth help Democrats? Will cultural issues motivate people more? It is, for Biden, yet another balancing act with the public.

"The economy is not run by the president," said Jonathan Golub, chief US equity strategist at Credit Suisse Securities. "It's average, everyday Americans who make the economy run." (AP)

President Joe Biden (center), speaks as he announces that he is nominating Jerome Powell (left), for a second four-year term as Federal Reserve chair and Lael Brainard (right), as vice chair, the No. 2 slot at the Federal Reserve, during an event in the South Court Auditorium on the White House complex in Washington, Monday, Nov 22, 2021. (AP)

Price squeeze is escalating pressure on the Fed

Why US inflation is so high, and when it may ease

WASHINGTON, Nov 23, (AP): Inflation is starting to look like that unexpected - and unwanted - houseguest who just won't leave.

For months, many economists had sounded a reassuring message that a spike in consumer prices, something that had been missing in action in the US for a generation, wouldn't stay long. It would prove "transitory,'' in the soothing words of Federal Reserve Chair Jerome Powell and White House officials, as the economy shifted from virus-related chaos to something closer to normalcy.

Yet as any American who has bought a carton of milk, a gallon of gas or a used car could tell you, inflation has settled in. And economists are now voicing a more discouraging message: Higher prices will likely last well into next year, if not beyond.

The government said its consumer price index soared 6.2% from a year ago - the biggest 12-month jump since 1990.

"It's a large blow against the transitory narrative,'' said Jason Furman, who served as the top economic adviser in the Obama administration. "Inflation is not slowing. It's maintaining a red-hot pace.''

And the sticker shock is hitting where families tend to feel it most. At the breakfast table, for instance: Bacon prices are up 20% over the past year, egg prices nearly 12%. Gasoline has surged 50%. Buying a washing machine or a dryer will set you back 15% more than it would have a year ago. Used cars? 26% more.

Although pay is up sharply for many workers, it isn't nearly enough to keep up with prices. Last month, average hourly wages in the United States, after accounting for inflation, actually fell 1.2% compared with October 2020.

Economists at Wells Fargo joke grimly that the Labor Department's CPI - the Consumer Price Index - should stand for "Consumer Pain Index.'' Unfortunately for consumers, especially lower-wage households, it's all coinciding with their higher spending needs right before the holiday season.

The price squeeze is escalating pressure on the Fed to shift more quickly away from years of easy-money policies. And it poses a threat to President Joe Biden, congressional Democrats and their ambitious spending plans.

What Caused The Price Spikes?

Much of it is the flipside of very good news. Slammed by COVID-19, the U.S. economy collapsed in the spring of 2020 as lockdowns took effect, businesses closed or cut hours and consumers stayed home as a health precaution. Employers slashed 22 million jobs. Economic output plunged at a record-shattering 31% annual rate in last year's April-June quarter.

Everyone braced for more misery. Companies cut investment. Restocking was put off. And a brutal recession ensued.

Yet instead of sinking into a prolonged downturn, the economy staged an unexpectedly rousing recovery, fueled by massive government spending and a bevy of emergency moves by the Fed. By spring, the rollout of vaccines had emboldened consumers to return to restaurants, bars and shops.

Suddenly, businesses had to scramble to meet demand. They couldn't hire fast enough to plug job openings - a near record 10.4 million in August - or buy enough supplies to fill customer orders. As business roared back, ports and freight yards couldn't handle the traffic. Global supply chains became snarled.

Costs rose. And companies found that they could pass along those higher costs in the form of higher prices to consumers, many of whom had managed to sock away a ton of savings during the pandemic.

Furman suggested, though, that misguided policy played a role, too. Policymakers were so intent on staving off an economic collapse that they "systematically underestimated inflation," he said.

"They poured kerosene on the fire.''

A flood of government spending - including President Joe Biden's $1.9 trillion coronavirus relief package, with its $1,400 checks to most households in March - overstimulated the economy, Furman said.

In a statement Wednesday, Biden acknowledged that "inflation hurts Americans' pocketbooks, and reversing this trend is a top priority for me.'' But he said his $1 trillion infrastructure package, including spending on roads, bridges and ports, would help ease supply bottlenecks.

How Long Will It Last?

Consumer price inflation will likely endure as long as companies struggle to keep up with consumers' prodigious demand for goods and services. A resurgent job market - employers have added 5.8 million jobs this year - means that Americans can continue to splurge on everything from lawn furniture to new cars. And the supply chain bottlenecks show no sign of clearing.

"The demand side of the US economy will continue to be something to behold,'' says Rick Rieder, chief investment officer for global fixed income at Blackrock, "and companies will continue to have the luxury of passing through prices."

Megan Greene, chief economist at the Kroll Institute, suggested that inflation and the overall economy will eventually return to something closer to normal.

Will We Suffer A Return Of 1970'S-Style 'Stagflation'?

The run-up in consumer prices has raised the specter of a return to the "stagflation'' of the 1970s. That was when higher prices coincided with high unemployment in defiance of what conventional economists thought was possible.

Yet today's situation looks very different. Unemployment is relatively low, and households overall are in good shape financially. The Conference Board, a business research group, found that consumers' inflation expectations last month were the highest they'd been since July 2008. But consumers didn't seem all that worried: The board's confidence index rose anyway, on optimism about the job market.

Economic growth, after slowing from July through September in response to the highly contagious delta variant, is thought to be bouncing back in the final quarter of 2021.

What Should Policymakers Do?

The pressure is on the Fed, which is charged with keeping a lid on inflation, to control prices.

Powell has announced that the Fed will start reducing the monthly bond purchases it began last year as an emergency measure to try to boost the economy. In September, Fed officials also forecast that they would raise the Fed's benchmark interest rate from its record low near zero by the end of 2022 - much earlier than they had predicted a few months earlier.

But sharply higher inflation, should it persist, might compel the Fed to accelerate that timetable; investors expect at least two Fed rate hikes next year.

NBK Run registration countdown starts

National Bank of Kuwait (NBK), is opening a final registration period for NBK Run. People still have the chance to visit nbk.com/nbkrun and register. NBK Run will be held on Saturday, 4 December,2021.

NBK Run added a 5 Km race in addition to the existing 11 km to increase the completion among participants. There will be 12 winners at the end of the race. NBK will award the top 6 winners (women and men) in the 11 km race with KD 1000, KD 700, KD 500 cash prizes. The top 6 winners (women and men) in the 5 km race will win KD 500, KD 400, KD 300 cash prizes. Ooredoo will award the top winners with exclusive prizes.

All participants in the race will be eligible to enter the grand draw at the end of the race to win a new Nissan X – TERA car from the strategic partner, Al Babtain Group. All participants will get an exclusive offer from Ooredoo in addition to an exclusive chance to enter the draw on a ticket to watch Paris Saint German (PSG) football match.

"Make your way to 11 km or 5 km challenge with NBK Run"

"All participants are eligible to enter the draw to win Nissan X – TERA car from Al Babtain Group or PSG football match ticket from Ooredoo"

The bib-number for each participant will contain a step-counting chip to identify the winners' places. The results for NBK Run are supervised by the Event Management Company (SUFFIX).

Applicants can then collect their assigned T-shirt and number at Al Shaheed Park Multi-purpose Hall in Phase 1, next to Starbucks between 3:00 pm and 9:00 pm starting from Tuesday, 30 November until Thursday, 2 December 2021.

"exclusive prizes and rewards from Ooredoo to the top race winners"

It is worth mentioning that, NBK Run is supported from Al Babtain Group, Kuwait Municipality, Kuwait Fire Force and the Touristic Enterprises Company in addition to Ministries of Commerce, Health and Interior.

NBK dedicates a special competition within the race for people with special needs, as part of the bank's beliefs of the utmost importance of involving all members of society and their ability to prove their active and vital role in various areas and fields, particularly sports.

The run for both the female and male participants for a distance of 11 Km will start from the Green Island and for the 5 km will start from Souq Sharq on the Gulf Road to the Shuwaikh Beach Park, parallel to the Gulf Road, next to KPC building.

"Applicants can then collect their race kit on Tuesday , 30 November at Al Shaheed Park"