Ford ramping up electric vehicles in Europe

Ford says it will have three new electric passenger vehicles and four new electric commercial vehicles in Europe by 2024, part of the automaker's continued push to grow its presence in the EV market.

Ford Motor Co. said Monday that it plans to sell more than 600,000 electric vehicles in the Europe by 2026. It anticipates producing 1.2 million electric vehicles in Cologne, Germany over six years.

Ford will start production of an all-new electric passenger vehicle, a medium-sized crossover, in Cologne next year. A second electric vehicle will be added to the Cologne production line-up in 2024. An electric version of the Ford Puma will be made in Craiova, Romania beginning in 2024.

For commercial vehicles, the Transit will include four new electric models - the Transit Custom one-tonne van and Tourneo Custom multi-purpose vehicle in 2023, and the smaller, next generation Transit Courier van and Tourneo Courier multi-purpose vehicle in 2024.

"I am delighted to see the pace of change in Europe - challenging our entire industry to build better, cleaner and more digital vehicles," Ford President and CEO Jim Farley said in a statement. "Ford is all-in and moving fast to meet the demand in Europe and around the globe."

Earlier this month Ford announced that it was splitting its electric vehicle and internal combustion operations into two individual businesses. Ford Blue will focus on traditional combustion engines and Ford Model e will develop electric vehicles. (AP)

In this file photo, a view of a Ford logo on signage at Country Ford in Graham, North Carolina. (AP)

Social media posts suggest govt wants to push people to use EVs

Gas price hikes fueling electric vehicle conspiracy theories

WASHINGTON, March 15, (AP): Some social media users suggest that soaring fuel prices in the U.S. aren't the result of Russia's invasion of Ukraine, increased consumption or supply chain issues as daily life resumes after two years of stagnation brought on by the coronavirus pandemic.

Instead, the flurry of Facebook and Twitter posts offer, without evidence, that a nefarious scheme is underway: President Joe Biden's administration is intentionally driving up the price of gas to get more American drivers behind the wheel of an electric car.

"$6.00 a gallon gas is how you get people to buy electric cars," claims one popular meme, shared thousands of times across Facebook and Instagram since Tuesday.

The newest internet fabrication shows that Americans' obsession with conspiracy theories continues to play an outsize role in how they interpret political decision-making, even during times of war.

"At this point, conspiracy theories have become so ingrained in people's psyche and because of social media, they spread like wildfire," said Mia Bloom, a Georgia State University professor who recently authored a book examining the QAnon conspiracy theory.

"If it's not this conspiracy theory this week, it'll be another one next week."

Gas prices are displayed at a Mobil gas station in West Hollywood, California, on March 8, 2022. Social media users are suggesting soaring fuel prices in the U.S. are part of a government scheme to get drivers into electric vehicles. (AP)

The conspiracy theory-laden memes, Twitter posts and videos began swirling as the average price of regular gas broke $4 a gallon for the first time in nearly 14 years. The output of posts increased Tuesday after Biden announced a ban on Russian oil imports, a move he warned would almost certainly drive up U.S. gas prices further but would deal a "blow" to Russian President Vladimir Putin's offensive in Ukraine.

The claims about electric vehicles echo the core themes at the center of several conspiracy theories peddled at the start of the COVID-19 pandemic by followers of QAnon, a conspiracy theory that cast then-President Donald Trump as a hero fighting a cabal of elites who operate child sex trafficking rings. Many QAnon social media accounts pushed false conspiracy theories that the government would try to microchip people with a vaccine or that a coin shortage during the pandemic was a plot to push Americans into a cashless society that would be easier for the federal government to control.

The electric vehicle appears to be the latest reiteration of those conspiracy theories.

Some social media posts have suggested that the government wants to push people to use electric vehicles so they can shut down a driver's car at will.

"I don't know who needs to hear this, but high gas prices will push more people to electric cars that can be frozen just like your bank account," one false post circulating across social media platforms claims.

Contrary to that assertion, electric vehicles work similarly to gas-powered ones; the government cannot shut down individual vehicles at will. With electric cars, drivers can use public or at-home, private charging stations to recharge. In fact, 80% of electric vehicle charging is done from a driver's home, according to the U.S. Department of Energy.

These types of conspiracy theories are popular during times of crisis - such as when a pandemic shuts down much of the world or during a war - because they give people an explanation for the inexplicable, Bloom said.

"Conspiracy theories provide such comfort during these very stressful times," she said. "Having an explanation, even if it's that someone is pulling the strings is, for whatever reason, less distressing" for some people. "If there's a conspiracy behind everything - 'OK it makes sense. Now I understand.'"

Mentions of "electric cars" and the "government" have increased by 400% over the last four days across public social media accounts, news websites and television news, according to an analysis social media intelligence firm Zignal Labs conducted for The Associated Press.

The spike in conversation also was driven by conservative social media accounts that seized on comments made Monday by Transportation Secretary Pete Buttigieg during an event with Vice President Kamala Harris. The pair promoted the federal government's funding for public transportation and electric vehicles under Biden's infrastructure law passed last year.

"Last month, we announced $5 billion to build out a nationwide electric vehicle charging network so the people from rural to suburban to urban communities can all benefit from the gas savings from driving an EV," Buttigieg said.

But misleading posts across social media took Buttigieg's comments out of context, suggesting that he was responding directly to the recent jump in gas prices by telling people to buy electric vehicles.

Some posts claimed Buttigieg's answer to rising gas prices was for Americans to buy a "$50,000 electric car."

"Pete Buttigieg says if we don't like gas prices, we should change vehicles," claimed one post, shared thousands of times across Facebook and Instagram.

Buttigieg, appearing to respond the claims, shared a website link that lists electric car prices that range from $27,400 to $181,450 on Twitter.

"Seeing some strange claims about EV prices out there," Buttigieg wrote in the tweet.

Economic Update

NBK Economic Research Department I 15 March 2022

Balance of Payments

Kuwait: Current account surplus declines in 3Q21 on lower investment income

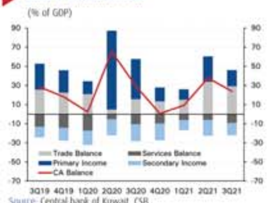
Summary

Kuwait's current account surplus declined in 3Q21 mainly on lower investment earnings from abroad and higher imports, despite the rise in oil price and production levels. However, by the end of 2021, the external position should show a higher surplus thanks to the marked increase in oil prices and the performance of the international financial markets. In 2022, the positive oil price repercussions stemming from the Russia-Ukraine conflict could substantially boost the current account surplus, offsetting even potential negative effects on investment income.

- Preliminary data released by the Central Bank of Kuwait shows that the current account surplus narrowed in 3Q21 to reach KD2.6 billion (24% of GDP), down from KD3.3 billion in the previous quarter. (Chart 1.) The decline was driven by a combination of lower investment income and higher imports of goods and services. On the other hand, net outflows from the financial account eased to KD2.2 billion due to a reduction in equity portfolio investments outside of Kuwait. Therefore, the overall surplus of the balance of payments (broad definition) shrank to KD1.9 billion (18% of GDP) from KD3.5 billion in 2Q21.
- The goods trade balance surplus increased to KD3.2 billion (+8.3% q/q) in 3Q21, boosted by higher oil exports on the back of increases in both oil prices (Kuwait Export Crude +7.8% q/q to $73.3/bbl) and oil production (+3.9% to 2.45 mb/d). (Chart 2.) In addition, non-oil exports (including re-exports) rose by 7.8% q/q. On the other hand, imports continued to recover, rising by 7.5% q/q to KD2.2 billion, on higher imports of base metals, mineral and chemical products, mechanical appliances, and transport equipment.
- The deficit in services nearly doubled to KD1.0 billion, largely on account of increases in outbound travel (26% of total services' payments) and other services payments. These payments offset the increase in services receipts, again largely the travel (inbound), construction, and 'other services' categories. Accordingly, the balance of goods and services continued to improve during the first three quarters of 2021, which could be positively reflected on 2021 real GDP growth.
- The surplus in the primary income account, which mainly consists of investment earnings on Kuwaiti assets abroad, fell 20% q/q to KD1.8 billion. This was largely due to a fall in investment income receipts by (-13.3% q/q), which comes in line with the loss of momentum in the US and European markets during that quarter. On the other hand, investment income debits (including dividend, reinvested earnings, interest, and rents) increased to KD0.2 billion, which could be linked to firms' improved performance and the quarterly gains in Kuwait's All Share index (+7.5% q/q). (Chart 3.)
- The secondary income balance, which is almost always negative on account of expatriate remittances abroad, fell slightly to KD1.4 billion as workers' remittances declined by 1.7% q/q. However, workers' remittances increased during the first three quarters by 8.6% y/y.
- The capital account, which mainly includes capital transfers receivable and payable between Kuwait and the rest of the world, registered a net capital inflow of KD0.5 billion in 3Q21 (this includes KD0.2 billion in war reparations payments owed to Kuwait by Iraq for the 1990 invasion).

Chart 1: Current account

(% of GDP)



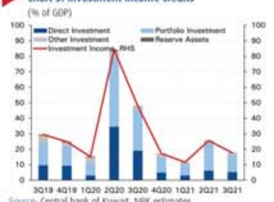
Source: Central bank of Kuwait, CSB

Chart 2: KEC price and production

Source: OPEC

Chart 3: Investment income credits

(% of GDP)



Source: Central bank of Kuwait, NBK estimates

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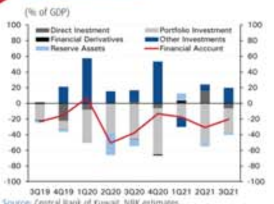
- The financial account, which deals with the net acquisition of financial assets and liabilities, registered a net outflow of KD2.2 billion, down from KD2.6 billion in the previous quarter. (Chart 4.) This means that Kuwait accumulated more overseas assets. Direct investments registered a net outflow of KD0.7 billion due to increased overseas investments (equities) by Kuwaitis, while FDI in Kuwait remained below historical averages at KD28 million. In addition, portfolio investments in equities abroad continued to ease, reaching KD3.7 billion, down from the peak of KD6.8 billion in 4Q20. Moreover, 'other investments' net inflows rose to KD2.2 billion due to a decline in government assets (loans and deposits) abroad.
- Central bank reserves increased by KD296 million in 3Q21 to reach KD14.0 billion, a second consecutive quarter of gains. These reserves covered around 11.5 months of imports. However, by the end of 4Q21, official reserves edged back down to KD13.7 billion. The fall in the last quarter resulted from the decline in the CBK's FX deposits at banks abroad. (Chart 5.)
- Overall, the above figures highlight that Kuwait's external position remains extremely strong. The current account is estimated to register a sizable surplus overall in 2021, benefiting from the improvement in oil prices (+70% to an average of $70.5/bbl). In 2022, the external position is expected to benefit further from the surge in oil prices and production, with the trade balance potentially posting one of its largest surpluses in more than a decade. On the flip side, however, financial market volatility in emerging and advanced economies could adversely affect Kuwaiti investment earnings, offsetting some of the positive impact of higher oil prices.

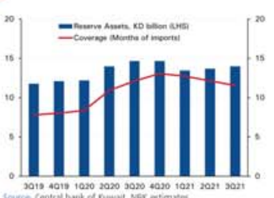
Chart 4: Financial account

(% of GDP)



Source: Central Bank of Kuwait, NBK estimates

Chart 5: CBK reserve assets



Source: Central bank of Kuwait, NBK estimates

Table 1: Summary of Kuwait's Balance of Payments

	KD billion					% q/q change				% of GDP			
	3Q20	4Q20	1Q21	2Q21	3Q21	4Q20	1Q21	2Q21	3Q21	4Q20	1Q21	2Q21	3Q21
Current account	2.4	0.0	1.2	3.3	2.6	-98.1	—	174.7	-20.1	0.5	9.2	37.7	24.0
Trade Balance (net)	1.3	1.1	2.0	2.9	3.2	-9.0	70.7	50.3	8.3	13.4	15.1	33.9	29.2
Exports	3.1	3.2	4.1	5.0	5.4	0.6	29.9	21.3	8.0	37.0	31.7	57.5	49.4
Oil Exports	2.8	2.8	3.8	4.5	4.9	0.2	34.4	21.1	8.0	32.7	29.0	52.5	45.2
Imports (FOB)	1.9	2.0	2.2	2.0	2.2	7.0	6.7	-5.1	7.5	23.6	16.6	23.6	20.2
Services (Net)	-0.8	-0.8	-0.8	-0.5	-1.0	0.0	-5.6	-33.2	88.9	-9.9	-6.1	-6.1	-9.2
Primary Income (Net)	3.4	1.2	1.4	2.3	1.8	-63.2	14.2	61.9	-20.2	14.5	10.9	26.4	16.8
Investment Income (Net)	3.4	1.2	1.4	2.2	1.7	-63.0	14.1	51.6	-21.9	14.6	11.0	24.9	15.4
Secondary Income (Net)	-1.4	-1.5	-1.4	-1.4	-1.4	5.1	-7.4	3.3	-2.4	-17.5	-10.7	-16.5	-12.8
Workers remittances	1.4	1.5	1.4	1.4	1.4	5.1	-7.3	2.4	-1.7	17.3	10.6	16.2	12.6
Capital Account	0.2	0.2	0.2	0.3	0.5	5.4	20.4	37.9	68.1	2.2	1.8	3.7	4.9
Financial Account	-3.0	-1.1	-2.3	-2.7	-2.2	-62.6	—	17.1	-16.8	-13.2	-17.5	-30.8	-20.4
Direct Investment (Net)	0.2	-0.5	0.1	1.4	-0.7	—	—	—	—	-6.1	1.0	16.4	-6.3
Portfolio Investment (Net)	-3.6	-5.1	-2.4	-4.5	-3.4	38.6	-52.6	86.7	-24.2	-59.2	-18.5	-51.7	-31.1
Financial Derivatives (Net)	0.0	-0.1	0.3	0.0	0.0	—	—	-99.7	-22.2	-1.3	2.3	0.0	0.0
Other Investments (Net)	1.1	4.6	-1.5	0.7	2.2	—	—	—	—	53.3	-11.6	7.7	19.8
Reserve Assets	-0.7	0.0	1.2	-0.3	-0.3	—	—	—	6.4	0.0	9.2	-3.2	-2.7
Errors & Omissions	0.5	0.9	0.9	-0.9	-0.9	85.2	-4.2	—	0.8	10.5	6.6	-10.6	-8.5

Source: CSB, NBK estimates

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US Fed to begin its risky pursuit of a soft landing

'Rising price of gas, commodities could choke off growth'

WASHINGTON, March 15, (AP): The Federal Reserve on Wednesday will launch one of the most difficult tasks a central bank can attempt: Raise borrowing costs enough to slow growth and tame high inflation, but not so much as to topple the economy into recession.

With a war raging in Europe and price increases at a four-decade high, Fed Chair Jerome Powell will seek to engineer a "soft landing": A gradual slowdown in economic activity that helps curb surging prices, while keeping the job market and economy expanding.

Yet many economists worry that with the price of gas and commodities spiking, the additional burden of higher interest rates could choke off growth entirely.

"You've got to be both lucky and good" to avoid causing a downturn, said Alan Blinder, a Princeton University economist who served as vice chair of the Fed from 1994 to 1996, when the central bank was widely seen as achieving a soft landing.

As a first step, the Fed is set to raise borrowing rates several times this year, beginning this week with a quarter-point increase in its benchmark short-term rate. Policymakers will also discuss when and how fast to shrink the Fed's $9 trillion in bond holdings, a step that would also have the effect of tightening credit for consumers and businesses.

Such moves mark a sharp turn away from the Fed's ultra-low-rate policies, which it enacted when the pandemic recession erupted two years ago. By pinning its key rate near zero for two years and buying trillions in bonds, the Fed has kept borrowing costs at historically low levels and helped boost stock prices.

The Fed, by its own admission, underestimated the breadth and persistence of high inflation after the pandemic struck. Many economists say the central bank made its task riskier by waiting too long to begin raising rates.

The average 30-year fixed mortgage rate, which reached a record low of 2.65% in January 2021, has jumped to 3.85% in the past three months, as Powell has signaled the Fed's intentions and inflation has spiraled higher.

By raising short-term rates, the Fed hopes to make it costlier to buy homes and cars and to boost credit card rates and borrowing costs for businesses. The resulting pullback in spending should, in turn, slow inflation, Powell told Congress two weeks ago. Strong consumer spending, fueled by stimulus checks and steady hiring and pay raises, has collided with supply shortfalls to raise inflation to 7.9%, the highest rate since 1982.

"People will spend less, and what we hope to achieve is bringing the economy to a level where demand and supply are in sync," Powell said at a Senate Banking Committee hearing.

If the Fed succeeds, he said, the economy should keep growing, and unemployment, over time, should stay low - it's now 3.8% - or fall further.

"I think it's more likely than not that we can achieve what we call a soft landing," Powell told a House panel a day before his Senate testimony.

Yet the Fed faces a dizzying array of uncertainties that will make its task particularly challenging. The economy is still working through shortages of labor and parts stemming from the disruptions of the pandemic. And now prices are rising further for oil, gas, wheat, and other commodities because of Russia's war against Ukraine.

The clearest soft landing was achieved in 1994 and 1995, when the Fed under Chairman Alan Greenspan raised its benchmark rate from 3% to 6% as the economy was rebounding after a brief recession. Inflation, which wasn't a problem then, declined further. And unemployment leveled off at about 5.5% before resuming its decline two years later.

Blinder calculates that the Fed also engineered soft landings in 1965 and 1983. But he worries that this time, the odds are stacked against the Fed and that its rate hikes may end up causing an economic setback.

"It's just so hard in this environment," he said. "You have to have a world in which nothing comes to knock over the apple cart. And for Jay Powell and the Fed, the whole world is just apple cart after apple cart getting knocked over."

One of those apple carts is the sharp rise in gas prices since the invasion, up 65 cents to $4.33 a gallon, on average, nationwide. The increase will send inflation higher, while probably also slowing growth - two conflicting trends that are difficult for the Fed to manage simultaneously.

Last week, Goldman Sachs cut its growth forecast for this year to 2.9%, down from a previous estimate of 3.1%. Others foresee growth decelerating to 2%, down from 5.7% last year.

The economy's steady expansion does provide some cushion against higher rates and more expensive gas. Consumers are spending at a healthy pace, and employers keep rapidly hiring. There are still 11.3 million job openings, far outnumbering the unemployed.

In 1998, the late MIT economist Rudiger Dornbusch wrote that economic expansions didn't die of "natural causes." Rather, he said, "they were all murdered by the Fed over the issue of inflation." He meant that the Fed raised rates too much out of fear of inflation and failed to achieve a soft landing.

Yet many economists say that view is outdated and refers mostly to Fed policies from the 1950s through early 1980s. The Fed now operates differently. It communicates its plans more clearly with the public. And it pays closer attention to factors such as inflation expectations, which measure where consumers, businesses and investors see inflation heading.

Democrat opposes pick

Raskin nomination for Fed in peril

WASHINGTON, March 15, (AP): Sen. Joe Manchin, a West Virginia Democrat, said Monday that he opposes the nomination of Sarah Bloom Raskin to a key position on the Federal Reserve's Board of Governors, endangering her prospects of winning Senate confirmation.

Raskin's nomination has been stuck in the Senate Banking Committee after Republicans last month unanimously refused to vote on it, to prevent her being approved on a party-line vote. Manchin is not a member of the committee. But his opposition means that for Raskin to win approval, she would need to pick up a Republican vote in the Senate.

Committee Republicans, led by Pennsylvania Sen. Pat Toomey, have opposed Raskin on the grounds that she has been an outspoken supporter of having the Fed consider the threat to climate change in its regulation of banks. President Joe Biden has nominated Raskin to serve as the Fed's vice chair for supervision, a top financial regulatory post.

Toomey has asserted that Raskin would seek to use the Fed's regulatory authority to discourage banks from lending to oil and gas drilling companies. Raskin denied that in a February hearing. But Manchin, who has long been a strong advocate for energy companies, expressed similar concerns.

"Her previous public statements have failed to satisfactorily address my concerns about the critical importance of financing an all-of-the-above energy policy to meet our nation's critical energy needs," the senator said. "I have come to the conclusion that I am unable to support her nomination."

Sarah Bloom Raskin, a nominee to be the Federal Reserve's Board of Governors vice chair for supervision, speaks during the Senate Banking, Housing and Urban Affairs Committee confirmation hearing on Thursday, Feb. 3, 2022, in Washington. (AP)