

Business

US retail sales falter again; producer prices rise solidly

PPI excluding food, energy, trade rises 0.4%

WASHINGTON: US retail sales fell for a third straight month in February as households cut back on purchases of motor vehicles and other big-ticket items, pointing to a slowdown in economic growth in the first quarter.

Other data yesterday showed underlying producer prices increasing solidly in February amid strong gains in the cost of services such as hotel accommodation, airline fares and hospital inpatient care. Inflation is steadily rising and the Federal Reserve is expected to raise interest rates next week.

The Commerce Department said retail sales slipped 0.1 percent last month. January data was revised to show sales dipping 0.1 percent instead of falling 0.3 percent as previously reported. It was the first time since April 2012 that retail sales have declined for three straight months.

Economists polled by Reuters had forecast retail sales rising 0.3 percent in February. Retail sales in February increased 4.0 percent from a year ago.

Excluding automobiles, gasoline, building materials and food services, retail sales edged up 0.1 percent last month after being unchanged in January.

These so-called core retail sales correspond most closely with the consumer spending component of gross domestic product.

Consumer spending, which accounts for more than two-thirds of US economic activity, appears to have slowed at the start of the year after accelerating at a 3.8 percent annualized rate in the fourth quarter.

The dollar slipped against a basket of currencies after the data, while prices for US Treasuries were little moved. US stock index futures slightly extended

gains. Slower consumer spending supports expectations of moderate economic growth in the first quarter. GDP growth estimates for the January-March quarter are around a 2 percent annualized rate.

The economy grew at a 2.5 percent pace in the fourth quarter. But revisions to December data on construction spending, factory orders and wholesale inventories have suggested the fourth-quarter growth estimate could be raised to a 3.0 percent pace. The government will publish its third estimate for fourth-quarter GDP growth later this month.

Strong labor market

Consumer spending, however, remains underpinned by a strong labor market, which is viewed by Fed officials as being near or a little beyond full employment.

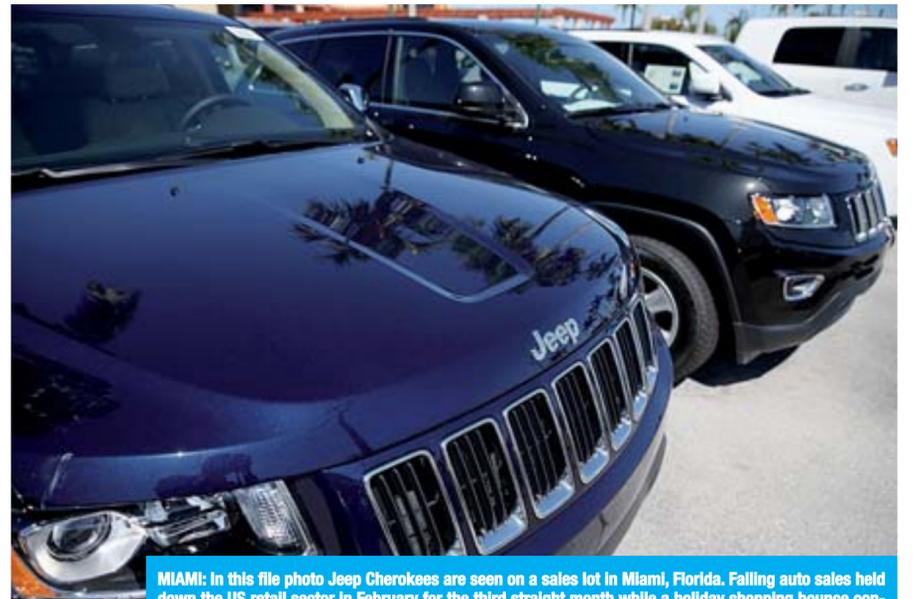
The economy created 313,000 jobs in February.

Consumer spending could also get a lift from a \$1.5 trillion income tax cut package. Auto sales fell 0.9 percent in February after a similar drop in January. Receipts at service stations declined 1.2 percent, reflecting lower gasoline prices.

There were also declines in sales at furniture stores, health and personal care stores and electronics and appliance stores. But there were some pockets of strength. Sales at building material stores increased 1.9 percent last month.

Receipts at clothing stores gained 0.4 percent and sales at online retailers surged 1.0 percent. Consumers also spent more at restaurants and bars and splurged on sporting goods and hobbies.

In a separate report, the Labor Department said a



MIAMI: In this file photo Jeep Cherokees are seen on a sales lot in Miami, Florida. Falling auto sales held down the US retail sector in February for the third straight month while a holiday shopping bounce continued to recede, official data showed yesterday. —AFP

Labor market remains bullish



key measure of underlying producer price pressures that excludes food, energy and trade services rose 0.4 percent last month, matching January's gain.

That boosted the year-on-year increase in the so-called core PPI to 2.7 percent, the biggest gain since August 2014, from 2.5 percent in January. The increase in underlying wholesale prices supports views that consumer inflation will pick up this year.

Economists believe that a tightening labor market, weak dollar and fiscal stimulus from the tax cuts and increased government spending will lift inflation toward the Fed's 2 percent target this year.

The US central bank's preferred inflation measure, the personal consumption expenditures (PCE) price index excluding food and energy, has undershot its target since May 2012. —Reuters

Infiniti Al-Babtain participates in Amiri Diwan open day

KUWAIT: Abdulmohsen Abdulaziz Al-Babtain Company (AABC), the sole authorized dealer of Infiniti vehicles in the State of Kuwait, recently participated in the Amiri Diwan Open day for its employees held at SIRBB circuit. The staff and their employees were able to view and explore the exquisite details of some of the popular Infiniti models on display during the memorable day.

The open day that included several activities ranging from interactive children's games, food stalls, also displayed two premium Infiniti vehicles, the QX80 and QX60 coupled with test drives to enjoy on its premium compact models - Q30 and Q60.

Preferred by families is the QX60, which reflects the concept of high-end cars, and is designed to be a masterpiece of all standards. This innovative icon is a role model for the future in Infiniti's pioneering automotive technologies like the family-friendly features like a Rear Entertainment System with dual 8-inch monitors and wireless headphones incorporating a range of advanced technologies that the manufacturer has adopted in its research to create exceptional, high-performance cars.

With a 295-horsepower, 3.5-LITER V6 direct injection engine to keep the driver satisfied, QX60 displays the signature INFINITI design. From the double-arch grille to the LED taillights that accentuate the D-pillar, the confident curves captivate attention not usually given to a 7-passenger SUV.

Exemplifying Infiniti's presence in the luxury SUV



segment, the QX80 meets the needs of today's luxury car buyers, and introduces a more modern interpretation of upscale luxury to the full-size SUV segment. A model that speaks to the affluent, high-achieving entrepreneurs and business leaders, often with families, the QX80 provides space and utility, hand-crafted quality and modern design, and effortless on-road performance.

The QX80 has a refined and spacious cabin that features high-quality materials, a hand-crafted finish

and advanced drive-assist technologies. With a comfort-oriented suspension, and substantial performance from its 5.6-liter V8 engine, the QX80 guarantees drivers a feeling of control and confidence at the wheel.

Infiniti Al-Babtain encourages its customers to discover the diversified range of models that owe to its market leadership in Kuwait and be part of the Infiniti family by visiting the designated showroom located in Al-Rai.

US energy pipeline developers to seek exemptions to steel tariff

HOUSTON/SEOUL: US energy pipeline developers say they intend to pursue exemptions to the Trump Administration's proposed steel tariffs, as concerns grow for those companies and from key exporters to the United States like South Korea. "We have a number of pipeline projects that would be impacted significantly by this cost increase," said Adam Bedard, chief executive of Arb Midstream, an energy transportation and marketing company. If exemptions become available, "we'd certainly try and qualify for it."

He was referring to the US Commerce Department's effort to devise a procedure for companies to apply to avoid paying a 25 percent tariff on imported steel or 10 percent on imported aluminum.

Commerce has 10 days to come up with the procedure to apply for exemptions from the steel and aluminum tariff declaration issued last week. There is a national security exemption for US companies to buy steel items that domestic manufacturers do not produce in the volumes or quality required. The president also said exemptions would be available to certain countries. Imports account for 77 percent of the steel used in US pipelines, according to a 2017 study conducted for the pipeline industry. Some manufacturers already have customers waiting two years for pipeline to construct lines to carry shale oil and gas from West Texas fields to US Gulf Coast export hubs.

Energy trade associations fought for a way around the tariff. They argued that US manufacturers either do not offer key metal grades or diameters, or have long production times that would impede development of shale oil and gas pipelines. NAmerico Partners LP, which is proposing a multibillion dollar pipeline to move natural gas from west Texas to the US Gulf Coast, estimates the steel tariff would raise the cost to its customers by between 2 percent and 4 percent.

"We will do everything we are capable of to limit the impact to our shippers," said Jeff Welch, the company's managing partner. NAmerico has not yet made the final decision to begin construction of the 468-mile (753 kilometer) pipeline, he said. Even with exemptions, tariffs could still raise costs and slow down projects, said Nicolas Adrian McTyre, an Austin, Texas attorney and former trial attorney for the Federal Energy Regulatory Commission.

"You are looking at a new regulatory hurdle potentially and there are a lot of unknowns to that process currently."

S Korea looks elsewhere

One of the primary providers of steel for pipeline companies is South Korea. Manufacturers there have said they are considering sending exports to other parts of the world due to difficulties with shipping to the United States, even before the tariffs go into effect.

John Stody, a spokesman for the US Association of Oil Pipe Lines, said at least one member firm, which he did not name, tried to buy steel from South Korea in recent days, but was rebuffed due to tariff uncertainty. "Foreign pipe sellers are hesitant to sell pipe," he said. —Reuters

NBK participates in KNPC's Talent Management Program

KUWAIT: The National Bank of Kuwait (NBK) recently took part in the conclusion ceremony of the 2017-2018 Talents Management Program organized by Kuwait National Petroleum Company (KNPC) for its employees. Speaking on the occasion, NBK's Human Resources Manager Emad Ahmed Al-Ablani reviewed the program's effects on the employees and the bank's continuous local, regional and international achievements.

"It is talented individuals who make positive differences," he said noting that talent management is an integrated strategy formulated to deal with its employees and utilize all their potential.

Al-Ablani added that major firms always maintain their leadership through preparing new generations of leaders to be ready to take over when the time comes. He added that NBK is always keen on spreading the culture of development and developing its human resources and talents. "Ample, efforts, time and resources are dedicated to provide our employees with vocational workshops and training," he added. Concluding the ceremony, KNPC's CEO Mohammed Ghazi Al-Mutairi presented a trophy to NBK in appreciation of its role in conducting the program.

