

Retail inflation eased to 3-month low of 5.1%; food prices sticky

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NEW DELHI

India's retail inflation eased to a three-month low of 5.1% in January from 5.7% a month earlier, with food price rise cooling a bit to 8.3% compared with 9.5% in December 2023.

January's headline inflation pace is slightly higher than the 5% average projected by the Reserve Bank of India (RBI) last week for the current final quarter of 2023-24.

Any interest rate cut hopes will have to wait till at least August if not longer, as the Central bank ex-

pects inflation to average 5% in the April to June quarter as well, before it hits its stated inflation target of 4% in the next quarter.

Food inflation sharp

While overall inflation faced by urban consumers dropped to 4.92% from 5.5% a month ago, food inflation remained sharp at 9%, sliding a tad from 10.4% in December. By contrast, rural consumers faced food inflation of 7.91% in January, down from 9% in December, but their overall price rise pace was higher than their ur-

ban counterparts at 5.34%.

On a month-on-month basis, the Consumer Price Index (CPI) dropped 0.11% while the Consumer Food Price Index fell 0.73%. A year ago, in January 2023, CPI inflation stood at 6.52%, while food price inflation stood at 6%.

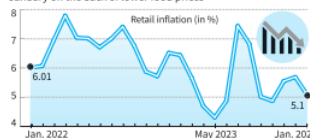
Among food items, vegetables inflation remained above 27%, just slightly below the 27.6% recorded in December.

The price rise in pulses also cooled marginally from 20.7% in December to 19.5% in January.

Cereals and spices inflation saw slightly better

Cooling down

India's retail inflation slowed to a three-month low of 5.1% in January on the back of lower food prices



moderation, dropping from 9.9% and 19.7% in December to 7.8% and 16.4%, respectively. Fruits inflation also fell from 11.1% to 8.65% in January, while

milk prices rose 4.6% compared with 5.1% in December.

Inflation in eggs, however, picked up pace to touch 5.6% in January, as did su-

gar and confectionary price rise which hit 7.5% from 7.1% a month earlier.

Weaker upticks

Most non-food items continued to see weaker upticks in prices compared to food items, with personal care and effects that had clocked a 7.3% rise in prices in December, dropping below 6%. Education inflation inched up a tad from 4.77% in December to 4.93% in January, but the pace of rise in healthcare costs dropped from 5.1% to 4.8%.

Half of the 22 major States for which the Na-

tional Statistical Office calculates inflation rates registered a price rise below the national average of 5.1%, with Delhi recording the lowest inflation of 2.56%, followed by Madhya Pradesh (3.93%), Kerala (4.04%), and Tamil Nadu (4.12%).

On the other hand, five States reported inflation of over 6%, breaching the RBI's tolerance threshold for price rise. Those States are Odisha (7.55%), Telangana (6.34%), Haryana (6.24%), Gujarat (6.21%), and Karnataka which witnessed 6.1% inflation in January.

The real travesty

A Governor who profoundly disagrees with State govt. should not stay in office

The Governor's customary address to the legislature at the first session of every year is being increasingly politicised. More often than not, those responsible for such unseemly controversies overshadowing the solemn occasion are the incumbents in Raj Bhavan. In the latest instance, Tamil Nadu Governor R.N. Ravi has expressed his inability to read out the address prepared by the DMK-run government, citing what he termed "misleading claims and facts" in numerous passages. Reading them out, he claimed, would have made the Governor's address "a constitutional travesty". Compounding this constitutional mischief with a partisan claim, he sought to make much of the fact that the national anthem is played only at the end of the address and not at the beginning also. Anyone who understands the Governor's role in a parliamentary democracy will know that it is the one declining to read out the address prepared by an elected government who reduces the address to a travesty. Governments are run by parties that contest elections on a political platform, and it is only to be expected that they would seek to trumpet their achievements, real or exaggerated, in policy statements. It is the role of the political opposition and the people to judge the content of the address, and not that of the Governor.

A simple test to ascertain the tenability of Mr. Ravi's claim that he declined to read out the customary address on factual and moral grounds is to raise the question whether either the President or a Governor in a Bharatiya Janata Party-ruled State would ever do so. He did not spell out what exactly the misleading or factually wrong points were, but it is not constitutionally sustainable to claim that the Governor's address should contain no criticism of the Centre or make no policy pronouncements against the Centre's policies. However, his point that the Speaker should not have launched a tirade against him after reading out the Tamil version of the Governor's prepared speech is justified. Such conduct by constitutional functionaries detract from the Assembly's dignity. The larger issue is still the propensity of Governors to act as political agents of the ruling party at the Centre. It is an unfortunate feature of India's constitutional system that the country is never short of grey eminences eager to occupy gubernatorial office, but once appointed, they are equally eager to enter the political thicket. It is as if they believe that their duty is to obstruct and undermine State governments run by political adversaries. The real travesty is not in a formal address containing questionable claims, but in a Governor who disagrees profoundly with its policy while remaining in office.

CM

Pakistan in turmoil

Instability will follow any attempt to subvert the mandate for Imran Khan

Pakistan's elections, on February 8, were not held on a level-playing field. Former Prime Minister Imran Khan, arguably the most popular politician, has been in jail since May 2023, facing multiple cases and serving convictions. His party, the Pakistan Tehreek-e-Insaf (PTI), was barred from using its symbol on the ballot paper, forcing it to field independent candidates. Many of its leaders were also in jail or on the run, while others were forced to quit politics or defect to another party. What Pakistan saw in the run-up to the elections was a systematic effort by powerful quarters to dismantle Mr. Khan's political vehicle. Pakistan Muslim League-N (PML-N) leader Nawaz Sharif, once the nemesis of the army, who returned from exile in London, led his party's campaign with the establishment's blessings. But if the generals thought these measures would destroy the PTI's political leverage and catapult their favourites to power, they were proven wrong by voters. Independents won 101 of the 265 seats (93 went to PTI-linked candidates), the PML-N secured 75 seats while the Pakistan People's Party (PPP) won 54, and the Karachi-based Muttahida Qaumi Movement-Pakistan took 17. To form a government, 134 seats are needed.

This does not mean that the PTI, whose independent candidates form the largest bloc, would be able to form the next government. When it was evident that no bloc had an absolute majority, Nawaz Sharif called on every party, barring the PTI, to form a unity government. With Army Chief Gen. Asim Munir backing Mr. Sharif's call, what followed was an in-principle agreement between the PML-N and the PPP "to work together for political stability". All these developments point to political manoeuvring aimed at stitching together a unity government that will keep the PTI and Mr. Khan out of power. The independents could also come under pressure to switch to the coalition parties. The PTI, which has already alleged electoral irregularities, has called for street protests, triggering memories of the widespread clashes in May 2023 after Mr. Khan's arrest. The military may have wanted to turn the page of Mr. Khan's challenge and create a new political reality through the electoral process, but the results have underscored his popularity and public anger towards the establishment. For a long-term solution, the generals should make peace with Mr. Khan and allow the spirit of the results to prevail – an unlikely outcome. As political parties that finished second and third are moving ahead with their plans with blessings from the establishment, public discontent and distrust would remain the unresolved issues. With the PTI's challenge from the streets, Pakistan could face another cycle of instability and chaos.

Robot invasion hit a bump in 2023 as North American economy cooled

Demand pullback occurred in automotive-related industries, which made up about half of the market last year, as well as sectors such as food and metals manufacturing; for robot makers, selling existing machines has been hampered by worries about softening economy and excess inventories

NEWS ANALYSIS

Reuters

North American companies ordered about a third fewer robots last year as worries about a slowing economy and higher interest rates made it harder to justify buying the advanced machines, the first hiccup in five years in what has been a steady progression of the robot invasion of the region's workforce.

"When the economy isn't great, it's easier to delay purchases," said Jeff Burnstein, president of the Association for Advancing Automation, an industry group that tracks robot orders.

Companies bought 31,159 robots in 2023, a drop of 30% over the year before, the largest drop in percentage terms since 2006 and largest drop ever in net units, according to the group, known as A3. The pullback occurred in automotive-related industries — which made up about half of the market last year — as well as other sectors such as food and metals manufacturing.

Orders in the fourth quarter hit 7,683, an 8% drop from the same period a year earlier.

Slowing robot orders came even as some companies announced initiatives to develop more advanced



Slowing demand: Firms bought 31,159 robots in 2023, a drop of 30% from 2022, the largest drop in percentage terms since 2006. REUTERS

versions of the machines. Robotics start-up Figure said last month it forged a partnership with Germany's BMW to deploy humanoid robots in the carmaker's South Carolina factory to take on certain physical tasks. Electric-vehicle maker Tesla also has a humanoid robot in development.

Softening economy

But for many robot makers, selling existing machines has been hampered by worries about a softening economy and the excess inventories built up during the COVID-19 pandemic.

Universal Robots, a Danish maker of small, flexible robots, recently reported its revenue fell 7% last year, to \$304 million.



Slowing robot orders came even as some companies announced initiatives to develop more advanced versions of the machines

Universal's President, Kim Povlsen, told investors: "2023 was characterized by a difficult economic and business environment for many of our core customers with global industrial activity slowing in the first half of the year."

Robot sales boomed during the COVID-19 pandemic — as producers scrambled to use the machines to churn out goods

amid a dire labour shortage. Indeed, 2022 marked a record year for orders, according to A3's data.

To be sure, robots are just one type of equipment companies need, and other gauges of spending have held up better in the U.S. Orders for non-defence capital goods, excluding aircraft — a measure closely watched by economists to track trends in business spending — rose 1.7% last year, according to the Commerce Department, suggesting that investments in more basic types of equipment remained close to steady as the economy defied expectations of a sharper slowdown.

Dave Fox, President of CIM Systems Inc., a Noblesville, Indiana, company

known as an integrator that assembles robotic systems for customers, said his business started off strong last year but then slumped.

"Several big projects got pushed into this year," said Mr. Fox. "There were definitely a few customers who brought up their concern about where the economy is headed. And interest rates probably didn't help." Mr. Fox estimates his business volume fell 30% in 2023, compared with the year before.

Mr. Fox said some customers who delayed orders are now asking for updated quotes, which is a good sign for business in the months ahead. But he said it is too early to say whether business will re-

turn to lofty pandemic levels.

A3's Burnstein said most robot producers he speaks with are optimistic that business will pick up during the second half of this year.

Mr. Burnstein said the industry has largely worked its way through the distortions caused by the pandemic.

During the crisis, many companies put in extra orders for robots because they worried about receiving deliveries amid production delays and a breakdown in global supply chains. "There's still this feeling that companies were buying in advance of their needs (in 2022)," said Mr. Burnstein, "so a lot of companies now have inventory to work through before they order a lot of new robots again."

Joe Gemma, chief revenue officer of Wauson Machine, a systems integrator in Ohio, agreed there was an inventory glut that distorted the business. "A lot of us were ordering extra inventory," he said. "Our customers were too."

Mr. Gemma said an ongoing shortage of labour in the U.S. means the robot business will continue to thrive. "I was at a plant recently that normally has 600 people working in production — and they have 140 open positions," he said. "Almost every place we go, there's still a workforce challenge."

Gas booming for UN COP29 host Azerbaijan

Agence France-Presse
PARIS

Following the UN's COP28 climate talks in oil-fuelled Dubai, the COP29 conference is headed for the historic cradle of oil, Azerbaijan, which is in the midst of a gas boom.

The former Soviet republic of 10 million people brimming with hydrocarbons is on track to increase its gas production by 35% in the next 10 years, contrary to efforts to contain global warming.

Despite the last COP in the United Arab Emirates ending with an unprecedented call to 'transition' away from fossil fuels, an analysis by the NGO Global Witness, based on data from Rystad Energy shows that the upcoming COP29

host aims to hike its gas production from 35 billion cubic metres (bcm) in 2024 to 47 bcm in 2034.

The forecast covers actual production figures, estimates from approved developments, as well as confirmed reserves not yet being exploited. They exclude condensate, a liquid form of gas.

"Azerbaijan is ramping up its gas production when the world urgently needs to kick its fossil fuel habit," Patrick Galey, senior investigator at Global Witness, told AFP.

Long history

The country, a member of OPEC+, has a long history with hydrocarbons, which make up half of its economy. In the 19th century, the explorer Marco Polo wrote



Crucial cog: Azerbaijan is a 'small player' compared with major oil giants like the U.S., Russia and Saudi Arabia, but it plays an important role "for Southern Europeans at least," says Swapnil Babele. AFP

of black gold gushing from the ground. But today, it is gas that is surpassing its declining oil fields.

In the 2020s, gas is expected to represent more

than half of fossil fuel production in the country, according to Rystad Energy data reported to AFP.

Its exports to Turkey, Europe, Georgia and Iran

have already multiplied threefold since 2015.

Baku's expanding gas production is fuelled mainly by the Shah Deniz project, one of the biggest gas

fields in the world, discovered in 1999 along the Caspian Sea and operated by BP, while other projects like Unimadibek and Absheron will increase their output. The Absheron field, which began production in July, is operated by Jocap, which includes national oil and gas firm Socar, as well as France's TotalEnergies and Adnoc, the national Emirati firm that was cause for controversy at the last COP.

Replacing Russia

The UAE, host of COP28, had designated Sultan Al Jaber, the head of Adnoc, to preside over the UN conference, a choice which angered NGOs and certain countries.

The scene is set to be similar in 2024 with COP be-

ing presided over by the former Socar executive, Mukhtar Babayev, Minister of Ecology and Natural Resources.

The country is a "small player" compared to major oil giants like the United States, Russia and Saudi Arabia, but it plays an important role "for Southern Europeans at least," said Swapnil Babele, an analyst at Rystad Energy.

To replace Russian gas, Europe turned to Azerbaijan, whose share of imports grew from 2% in 2021 to 4% in 2023, according to Eurostat.

After Azerbaijan's seizure of the Armenian Nagorno-Karabakh enclave, these supplies were criticised by MEPs, who lamented the EU's timid reaction to Azerbaijan's of-

fensive and called for the suspension of negotiations on the gas agreement signed in 2022.

The objective of that agreement was ambitious: double gas exports to 20 bcm by 2027.

The main obstacle to meeting that potential "is their pipelines' capacity", according to Mr. Babele.

Baku exports its gas through a southern European gas corridor, a network of pipelines that reaches Europe via Georgia and Turkey, including the Trans Adriatic Pipeline (TAP).

Its capacity could be doubled but only with hefty investments that would require "long-term commitments" from European gas operators, according to Rystad.