STANDARD BANK

Kazi Akram Uddin Ahmed, chairman of Standard Bank's Board of Directors, virtually presided over its 343rd board meeting (special) in Dhaka recently. Vice Chairman Ashok Kumar Saha, Managing Director and CEO Khondoker Rashed Maqsood, Additional Managing Director Md Touhidul Alam Khan, and Deputy Managing Director Mohammad Rafiqul Islam were present.

EASTLAND INSURANCE COMPANY

Eastland Insurance Company Chairman Mahbubur Rahman virtually presided over its 34th annual general meeting in Dhaka recently. The company approved 7 per cent cash and 3 per cent stock dividends for 2020. Executive Vice Chairman Ghulam Rahman and Chief Executive Officer Arun Kumar Saha were present.

IDLC Investments wins FinanceAsia 'Best Investment Bank' title

STAR BUSINESS REPORT

IDLC Investments has recently been accorded a "Best Investment Bank in Bangladesh" title at FinanceAsia Country Awards 2021.

Operational for over two decades, the non-banking financial institution was issue manager for Bangladesh's "biggest" IPO and "only" listed company in engineering construction during the Covid-19 pandemic, says a press release.

It also completed a merger and acquisition in the power sector and acted as trustee of a "first-ever" Basel III-compliant contingent convertible perpetual bond.

"Our trendsetting initiatives, strong performance in the market along with compliance and setting examples of best practices have been repeatedly recognised in the local and international arena," said Managing Director Md Moniruzzaman.

Fed meeting looms for stocks as inflation worries collide with 'Goldilocks' markets

REUTERS, *New York*

Investors will be zeroing in on the Federal Reserves monetary policy meeting next week as a "Goldilocks" market environment that has helped lift stocks to record highs and tamed a bond selloff is tested by rising inflation.

Stocks have climbed steadily in recent weeks and now stand at fresh records, extending a rally that has seen the S&P 500 gain 13 per cent this year and nearly 90 per cent from its March 2020 low.

US government bonds have also rallied after their first-quarter selloff, with the benchmark 10-year Treasury yield , which moves inversely to prices, recently at 1.46 per cent, some 30 basis points below its first quarter highs.

Some of those gains have been predicated on the Feds assurances that rising inflation will not last long enough to warrant a sooner-than-expected end to easy-money policies. Signals that the Fed is growing less confident in those assumptions could unsettle stocks, which have benefited from quantitative easing, and hurt bonds, as rising prices erode the value of longer-dated debt.

Investors are going to be looking for signs that the Fed might believe that inflation is more permanent," said Michael Arone, chief investment strategist for State Street Global Advisors.

The Fed has maintained that it has the tools to deal with accelerating inflation. The central bank may open discussion at the Tuesday-Wednesday meeting about when to begin unwinding its $120 billion per month purchases of government bonds, though most analysts don't expect a decision before the Fed's annual Jackson Hole, Wyoming, conference in August.

For now, it appears some investors are coming around to the Feds way of thinking on inflation. Stocks on Thursday brushed off data showing that consumer prices rose in May at their fastest annual pace in 13 years, as the S&P 500 hit a new record.

By contrast, a much higher-than-expected inflation number last month caused a selloff in stocks.

Strong inflation numbers aside, recent data has offered snapshots of an economy that is strengthening but does not appear to be close to overheating. Employment, for instance, remains about 7.6 million jobs below its February 2020 peak while the latest monthly report fell short of economists estimates.

"We are making progress, but the economy is not completely on fire and a runaway train where the Fed has to take action," said Chris Galipeau, senior market strategist at Putnam Investments.

"That puts us in the 'Goldilocks' scenario." Still, others worry that markets have grown too complacent on inflation and other risks that could derail the current rally, from potential higher taxes to peaking economic growth rates.

Analysts at BofA Global Research on Friday outlined a number of reasons that inflation may be more sustained than many expect, including second-tier indicators such as the National Federation of Independent Businesses survey of small businesses showing price pressures are filtering to customers. The list of excuses for transitory inflation is getting long. The risk of higher, more persistent inflation is growing, BofAs analysts wrote.

More broadly, bullish sentiment among individual investors has been above its historical average of 38 per cent for 25 of the last 30 weeks, according to the American Association of Individual Investors.

Bearish sentiment, meanwhile, is below its historical average of 30.5 per cent for the 18th consecutive week.

At current levels, pessimism remains unusually low, the AAII said on its website. Historically, below-average readings for bearish sentiment have been followed by below-average six- and 12-month returns for the S&P 500 index.

G7 leaders agreed to keep the money taps open

REUTERS

G7 leaders sit around a table at the top of the G7 meeting in Carbis Bay, Cornwall, Britain on June 11.

REUTERS, *Carbis Bay, England*

Leaders of the Group of Seven rich nations were in broad agreement about the need to continue supporting their economies with fiscal stimulus after the ravages of the Covid-19 pandemic, a source familiar with the discussions said on Friday.

The backing for more stimulus was shared by all leaders including Angela Merkel of Germany which has traditionally opposed heavy borrowing to spur growth, a position it has relaxed in the face of the Covid-19 crisis.

The administration of US President Joe Biden has been pushing its allies to keep on spending with Treasury Secretary Janet Yellen urging her G7 colleagues in February to "go big". "There was broad consensus across the table on continued support for fiscal expansion at this stage," the source said, adding that Biden, British Prime Minister Boris Johnson and Italy's Mario Draghi expressed particular support.

The International Monetary Fund has repeatedly urged Group of Seven countries and others to continue fiscal support measures.

The source said the G7 leaders believed there should be long-term policies for ensuring the health of public finances in the future, echoing the position of their finance ministers who met earlier this month in London.

Draghi, president of the European Central Bank from 2011 to 2019, said the rich major Western economies needed some sort of "long-term fiscal anchor" to reassure investors and avoid a rise in market interest rates that could hurt the recovery, the source said.

The leaders believed a post-lockdown rise in inflation in many countries would prove temporary, the source said.

"There was a bit of discussion on inflation but the feeling was that it was temporary," the source said.

G7 leaders stressed the importance of taking action to reduce unemployment such as retraining and offering support for younger workers, a proposal supported by Canada's Justin Trudeau, the source said.

At the opening of the meeting, Johnson said the leaders needed to be careful not to "repeat the mistakes of the last great crisis, the last big economic recession of 2008 when the recovery was not uniform across all part of society."

Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, formally inaugurated a couple of new client service centres in Uttara and Mirpur recently. Sabbir Ahmed, head of retail banking, and Lutful Habib, head of distribution, were also present.

STANDARD CHARTERED BANK

Digital transactions - the new normal

FROM PAGE B4

About 45 per cent of it was channelled through bKash, 29 per cent through Rocket, and the rest by other MFS providers.

Besides, the stimulus packages for the beneficiaries in other sectors such as education, fisheries and livestock, agriculture and sports were also disbursed through the MFS providers.

The MFS has also become a favourite platform for migrant workers because of its swift transaction mode and faster transfer of funds to beneficiaries. In the first four months of 2020, bKash alone channelled an inward flow of Tk 138 crore from our migrant workers.

All these stories indicate that the pace for digitalisation has triggered momentum in keeping the wheel of livelihood and the economy moving despite the cruel and traumatic onslaught of the pandemic. With lockdowns, quarantines, social distancing and the fear of virus transmission through the use of cash, there has been a boom in e-commerce. Consumer behaviour is fast changing with remarkable digital adoption. The usage of digital payments and transactions is skyrocketing.

There remain a plethora of challenges as well.

The biggest issue would be the security of transactions. MFS usage must be monitored properly so that these are not abused by unscrupulous elements because, despite all precautions, fraudulent practices can take place.

A few months ago, the government's stipend money sent to the primary school students failed to benefit the recipients because of some fraudulent practices by unscrupulous people.

The success of MFS will also depend on the availability of proper devices and supportive contents. A vast majority of our rural population or the lower-income group, the biggest segment of MFS users, cannot afford smartphones. The government can play a catalytic role by providing subsidised phones, cutting taxes, and encouraging the inclusion of as many utility services as possible.

It is a matter of genuine concern that the government is likely to hike the corporate tax of MFS up to 40 per cent from the existing 32.5 per cent. This may be a significant blow for the budding MFS industry, where providers need to make a massive investment in technological innovations to ensure customer-centricity. None of them has made a mentionable profit yet.

The implementation of the proposed corporate tax would be detrimental to the progress made by the government in the field of digital transactions and financial inclusion.

It is now well-accepted that MFS has been acting like a life jacket, giving us a sense of assurance in cruising through the pandemic challenges. The consumers' reliance on MFS has strengthened a lot and would continue to grow as they realise the comfort, safety and convenience of using MFS. As digital transactions will become the new normal, it would also help narrow down the digital divide sooner than expected.

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Biden considers giving refiners relief from US biofuel laws

REUTERS, *New York*

President Joe Biden's administration, under pressure from labor unions and US senators including from his home state of Delaware, is considering ways to provide relief to US oil refiners from biofuel blending mandates, three sources familiar with the matter said.

The issue pits two of the administration's important political constituencies against each other: blue-collar refinery workers and farmers who depend on biofuel mandates to prop up a massive market for corn.

It could prompt an about-face for the administration, which had been rolling back former President Donald Trump's dramatic expansion of waivers for US refiners from the Renewable Fuel Standard.

The law requires them to blend billions of gallons of ethanol and other biofuels into their fuel each year or buy credits from those that do.

The credits, known as RINs, are currently at their highest price in the program's 13-year history, and refiners have said the policy threatens to bankrupt fuel makers already slammed by sinking demand during the pandemic.

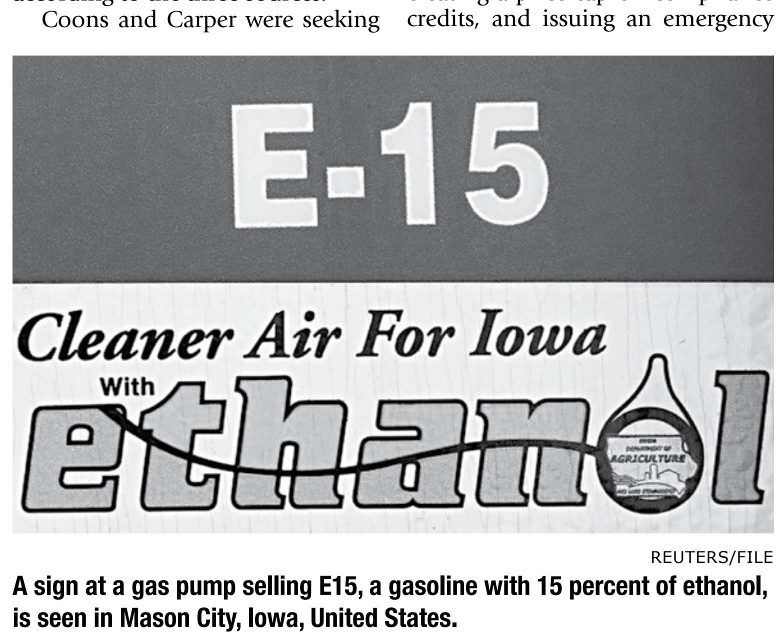
Biofuel advocates counter that fuel makers should have invested in biofuel blending facilities years ago and can pass through added costs for buying credits.

Renewable fuel credits traded down 15 per cent on Friday morning after the news. Credits traded at $1.70 each, down from $2.00 on Thursday, traders said. Prices later traded at $1.85 each.

Democratic senators Chris Coons and Tom Carper of Delaware have held at least two discussions in recent weeks with Michael Regan, head of the US Environmental Protection Agency, to discuss providing relief for refiners, according to the three sources.

Coons and Carper were seeking to help the state's lone refinery, a plant in Delaware City with a capacity of about 180,000 barrels per day. Their requests added to a chorus of pleas from other states hosting refineries, including Pennsylvania, Texas and Louisiana.

In the meetings, Regan and the senators discussed options like a nationwide general waiver exempting the refining industry from some obligations, lowering the amount of renewable fuel refiners must blend in the future, creating a price cap on compliance credits, and issuing an emergency declaration, two of the sources said.



REUTERS/FILE

A sign at a gas pump selling E15, a gasoline with 15 percent of ethanol, is seen in Mason City, Iowa, United States.

Nick Conger, an EPA spokesperson, confirmed Regan had met with the senators but did not comment further on the discussions or confirm whether the agency was looking at ways to provide relief to refiners.

Coons did not respond to a request for comment.

A spokesperson for Carper said the senator has spoken to Regan a number of times about the high costs for RINs. Seth Harris, deputy assistant to the president on labor and economic issues, has also met with union representatives to hear their grievances about biofuel mandates, the two sources said.

Harris did not respond to a request for comment.

Merchant refiners like PBF Energy, which operates the Delaware City plant, say biofuel laws could shut down plants and kill thousands of union jobs.

The company recently shut most of its refinery in New Jersey, the latest in a series of shutdowns along the US East Coast. The region, which faces higher refining costs because of its distance from US oil fields, has seen fuel production capacity drop about 40 per cent since 2000.

Federal data shows that only eight refineries remain out of the 17 that were operating on the US East Coast in 2000.