



ASM Feroz Alam



Md Abdul Hannan

Mercantile Bank gets new vice chairmen

STAR BUSINESS DESK

Mercantile Bank has recently witnessed the appointment of two new vice chairmen at its Board of Directors.

The appointees, ASM Feroz Alam and Md Abdul Hannan, were previously sponsor directors, says a press release.

Alam is the managing director of Bengal Trading (Tokyo) while Hannan chairman of Debstar Associates and Murad Apparels.



Kazi Akram Uddin Ahmed, chairman of Standard Bank's Board of Directors, virtually presided over its 344th board meeting recently. Vice Chairman Ashok Kumar Saha, Managing Director and CEO Khondoker Rashed Maqsood, Additional Managing Director Md Touhidul Alam Khan, Deputy Managing Director Mohammad Rafiqul Islam, and acting company secretary Md Ali Reza attended the meeting.

Biden orders probe of latest ransomware attack

REUTER, Central Lake, Michigan

President Joe Biden said on Saturday he has directed US intelligence agencies to investigate who was behind a sophisticated ransomware attack that hit hundreds of American businesses and led to suspicions of Russian gang involvement.

Security firm Huntress Labs said on Friday it believed the Russia-linked REvil ransomware gang was to blame for the latest ransomware outbreak.

Last month, the FBI blamed the same group for paralyzing meat packer JBS SA.

Biden, on a visit to Michigan to promote his vaccination program, was asked about the hack while shopping for pies at a cherry orchard market.

Biden said "we're not certain" who is behind the attack.

"The initial thinking was it was not the Russian government but we're not sure yet," he said.

Biden said he had directed US intelligence agencies to investigate, and the United States will respond if they determine Russia is to blame.

During a summit in Geneva on June 16, Biden urged Russian President Vladimir Putin to crack down on cyber hackers emanating from Russia, and warned of consequences if such ransomware attacks continued to proliferate.

LankaBangla gets data security certification

STAR BUSINESS DESK

LankaBangla Finance has recently received a Payment Card Industry Data Security Standard (PCI DSS) certification for adopting and applying mandatory control systems.

Bangladesh Bank made it mandatory to ensure effectiveness, efficiency, confidentiality and integrity of overall credit card business operations, says a press release.

"Security for payment cards is an essential part of our business and we take this obligation seriously... Processes are now better aligned than before to the organisation's strategy and purpose," said Khwaja Shahriar, managing director and CEO of LankaBangla Finance.

The PCI DSS is a payment card security standard for organisations handling branded cards from the major card schemes. The PCI Standard is mandated by the card brands.

Correction

In a report with the headline "Banks shut for 4 days" published on B1 on July 1, we inadvertently mentioned that bank holidays are observed on July 1 and January 1. Actually, July 1 and December 31 are bank holidays, meaning no banking transactions take place on those days. We regret the error.

Investors eye high-dividend stocks as Treasury yields languish

REUTERS, New York

Expectations that Treasury yields may stay tame in the second half of the year are pushing some investors to take a second look at companies whose dividend payouts beat those offered on US government bonds.

The ProShares S&P Dividend Aristocrats ETF – a measure of companies that have increased their dividends annually for the last 25 years or more – is up 14.3 per cent this year, compared to a 15.8 per cent rise for the benchmark S&P 500.

Some investors believe these stocks may be a good bet in coming months, however, as a more hawkish tone from the Federal Reserve and signs of peaking growth dent expectations that Treasury yields will resume a surge that began in the first quarter but has more recently died down.

The S&P Dividend Aristocrats index pays a dividend yield of 2.15 per cent, while the 10-year Treasury pays a dividend yield of 1.48 per cent. The S&P 500 Dividend Aristocrats ETF remains about 4 per cent below its May peak.

"Increasingly, the market will focus on companies with the potential for growing payouts and rising current returns," said Bob Leininger, portfolio manager at Guggenheim Funds. Overall, dividend payouts in the S&P 500 will grow by 6 per cent this year and next, well above the 0.8 per cent growth rate implied by current valuations, according to estimates from Goldman Sachs.

Of the 57 companies that decreased or suspended their dividends in 2020, 22 have resumed or increased their dividends and another 19 will likely increase their dividends by the end of the year, the firm estimates.

Financial companies will likely lead the way for dividend increases after the Federal Reserve relaxed limitations on

payouts and buy-backs, noted Mark Haefele, chief investment officer at UBS Global Wealth Management.

Firms including Goldman Sachs Group, Morgan Stanley, JPMorgan Chase and Bank of America said on June 28 they were hiking their payouts after they passed the Fed's stress tests, which evaluate how companies would fare in a significant economic downturn.

Overall, the total buy-back and dividend payouts from financial companies will likely top \$130 billion, according to analyst estimates.

Leininger said that he is starting to target companies such as brewer Molson Coors Beverage Co, which suspended its dividend last year but said in April that it expects to reinstate it by the end of 2021. Shares of the company are up nearly

19 per cent for the year to date.

Dividend-paying stocks trade at below 18 times forward earnings, a small discount relative to their historical median – increasing their allure in a market where valuations are elevated compared to historical levels, said Katie Nixon, chief investment officer for wealth management Northern Trust.

"We anticipate that dividends will increase at a rate above inflation over the next several years, offering investors the opportunity to generate their own cash flow in a yield-starved world," she said.

Investors may get a deeper glimpse at the Federal Reserve's views on inflation when the minutes from its most recent meeting are released Wednesday, while the ISM reading of service industry activity is set to be released on Tuesday.

The index hit a record high in May as the economy recovery accelerated.

Dividend-paying stocks look to be in a sweet spot, offering stable payouts that are expected to increase if the economic rebound continues, said Burns McKinney of NJF Investment Group.

McKinney is looking at companies that suspended or cut their dividends during the widespread economic lockdowns last year and will likely increase them this year.

"You've got a number of companies that are going to keep up with inflation and you're going to get rewarded in the meantime" through rising dividend payouts, he said. This includes companies such as industrial firm Honeywell International Inc and technology firm Broadcom Inc as well as the S&P 500 energy sector, he said.



A Wall Street sign is pictured outside the New York Stock Exchange in New York.

Tunisia hopes Libya stability could bring economic relief

AFP, Ben Guerdane

After years of war in Libya, Tunisian traders celebrated the reopening of the border with their oil-rich North African neighbour as a positive sign they hoped would stimulate economic growth.

In the hardscrabble Tunisian coastal town of Ben Guerdane, some 30 kilometres (18 miles) from Libya's frontier, merchant Jaafar Ben Ali said it was a big relief.

"Now that the war (in Libya) is over, and that the borders are open, it is much easier," said Ben Ali, who crosses to Libya to buy Turkish-made blankets.

"I do a round-trip in a day. "Tunisia's economy has lurched from crisis to crisis since the country's 2011 revolution, most recently due to the coronavirus pandemic and lockdown measures.

But it was also hit by the impact of war next door in Libya, where a decade of conflict raged ever since the 2011 uprising that killed dictator Moamer Kadhafi.

One United Nations study estimated the Libyan crisis was "responsible for 24 per cent of the deceleration of economic growth" in Tunisia from 2011-2015.

That was equivalent to a loss of \$880 million per year, or two percent of Tunisia's GDP, the UN said.

The town of Ben Guerdane, in Tunisia's under-developed and impoverished southeastern region, felt the impact harder than most.

For years, Tunisian authorities had turned a blind eye to smuggling, partly because of the dire economic situation in the border region.

But in 2016, after a jihadist attack claimed by a Libyan branch of the Islamic State group, Tunisia imposed stricter controls, sparking protests.

EU to propose aviation fuel tax in green policy push

REUTERS, Brussels

The European Commission has drafted plans to set an EU-wide minimum tax rate for polluting aviation fuels, as it seeks to meet more ambitious targets to fight climate change, a document seen by Reuters shows.

The European Commission is drafting an overhaul of EU energy taxation, as part of a package of measures it will propose on July 14, to meet a target to reduce EU greenhouse gas emissions by 55 per cent by 2030, from 1990 levels. A draft of the Commission's tax proposal takes aim at aviation, which escapes EU fuel taxes.

That exemption "is not coherent with the present climate challenges and policies," the document said, adding that EU tax rules promote fossil fuels over green energy sources and need rewriting to support the bloc's climate goals.

The proposal would impose an EU-wide minimum level of tax on energy products supplied as aircraft fuel for flights within the EU.

From 2023, the minimum tax rate for aviation fuel would start at zero and



An aeroplane flies underneath the jet stream of another aircraft above the Italian city of Padua.

REUTERS/FILE

European vacation: car rentals complicated and expensive

AFP, Paris

Increase gradually over a 10-year period, until the full rate is imposed. The draft proposal did not specify what the final rate would be.

Sustainable fuels, including renewable hydrogen and advanced biofuels, would not face minimum EU taxes during that 10-year period. The Commission declined to comment on the draft proposal, which could change before publication.

Introducing the proposals could be relatively difficult. Changes to EU tax rates require unanimous approval from the 27 EU countries, meaning a single state could veto them. EU countries are responsible for setting national taxes, although Brussels can set bloc-wide minimum rates.

The levies would be based on a fuel's energy content and environmental performance, meaning polluting fuels would become pricier.

The aim is to encourage airlines to start switching to sustainable fuels, such as e-kerosene, to curb greenhouse gas emissions. Uptake of such fuels has been hampered by high costs, and they make up less than 1 per cent of Europe's jet fuel consumption.

For Italy, the figure is 407 euros this summer compared to 250 euros in 2019.

In Spain, the average cost has jumped to 263 euros from 185 euros. According to another website, Liligo, daily rental costs have nearly doubled on the French island of Corsica.

At the resort city of Palma on the Spanish island of Mallorca, rental prices have nearly tripled.

Today's problem is a direct result of the coronavirus pandemic.

Faced with near absence of clients, selling off vehicles to raise cash made lot of sense for car rental firms struggling to survive.

"Everyone drastically reduced their fleet," said the head of Europcar, Caroline Parot.

Until the spring, most companies

still had fleets roughly a third smaller than in 2019, she said.

Car rental firms are used to regularly selling their vehicles and replacing them, so rebuilding their inventory should not have been a problem.

Except the pandemic sent demand for consumer electronics surging, creating a shortage of semiconductors, or chips, that are used not only in computers but increasingly in cars.

"A key contributor to the challenge right now is the global chip shortage, which has impacted new vehicle availability across the industry at a time when demand is already high," said a spokesman for

Enterprise.

It said it was working to acquire new vehicles but that in the mean time it is shifting cars around in order to better meet demand.

"We've begun to warn people: if you want to come to Italy, which is finally reopening, plan and reserve ahead," said the head of the association of Italian car rental firms, Massimiliano Archiappati.

He said they were working hard to meet the surge in demand at vacation spots.

"But we've got two big islands that are major international tourism destinations," he said, which makes it difficult to move cars around, especially as the trip to



Long wait at car rental counters is something that many vacationers in Europe may face this summer.

Sardinia takes half a day.

"The ferries are already full with people bringing their cars," he added.

"Given the law of supply and demand, there is a risk it will impact on prices," Archiappati said.

The increase in demand is also being seen for rentals between individuals.

GetAround, a web platform that organises such rentals, said it has seen "a sharp increase in searches and rentals" in European markets.

Since May more than 90 per cent of cars available on the platform have been rented on weekends, and many have already been booked for much of the summer.

GetAround has used the surge in demand to expand the number of cities it serves. For some, their arrival can't come fast enough.

Bruno Riondet, a 51-year-old aeronautics technician, rents cars to attend matches of his favourite British football club, Brighton.

"Before, to rent a car I was paying between 25 and 30 euros per day.

"Today, it's more than 90 euros, that's three times more expensive," he said. In the United States, where prices shot higher during the spring, tourists visiting Hawaii turned to renting vans.

In France, there are still cars, according to Jean-Philippe Doyen, who handles shared mobility at the National Council of Automobile Professionals.

"Clients have a tendency to reserve at the last minute, even more so in the still somewhat uncertain situation," he said.