STOCKS	Week-on-week
DSEX	CSCX
▲ 1.57%	▲ 1.63%
6,699.39	11,702.06

COMMODITIES	As of Friday
Gold ▲	Oil ▲
$1,779.15	$70.59
(per ounce)	(per barrel)

ASIAN MARKETS			Friday Closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.08%	▼ 0.14%	▼ 0.54%	▼ 0.24%
55,437.29	27,977.15	3,165.49	3,516.30

CURRENCIES (As on Thursday, STANDARD CHARTERED BANK)	$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	83.95	97.29	115.17	12.71
SELL TK	84.95	101.09	118.97	13.37

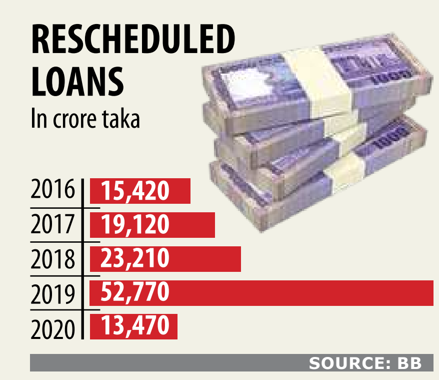
Star BUSINESS

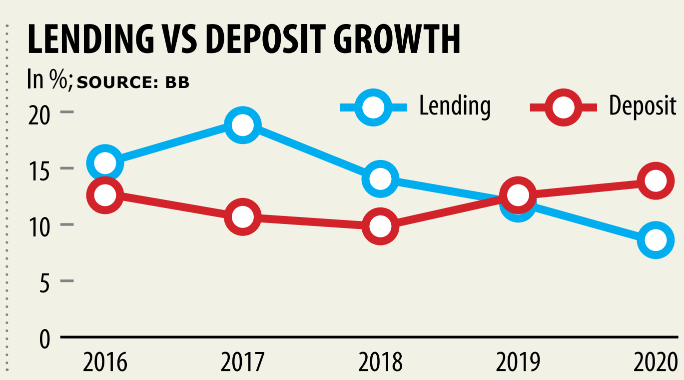
DHAKA SUNDAY AUGUST 15, 2021, *SRABAN 31, 1428 BS* ● starbusiness@thedailystar.net

Unrealised rescheduled loans threat to banks

BB says in Financial Stability Report

AKM Zamir Uddin





Unrealised rescheduled loans might create a challenging situation for the profitability and solvency of banks in the coming days, the Bangladesh Bank has warned.

"Rescheduled loans, if not recovered, might have an adverse impact on banks," it said in its Financial Stability Report (FSR) for 2020.

Close monitoring and stringent supervision are needed to minimise downside risks for the entire banking system, it said.

Although both default and rescheduled loans went down last year, the two types of stressed assets would become a cause for concern for the banking sector, said a BB official, who was engaged in preparing the report.

Last year, the central bank relaxed rules on loan classification to offset the business slowdown derived from the coronavirus pandemic, helping lenders bring down both rescheduled and classified loans in tandem.

The BB also instructed banks not to change the loan classification status between January and December.

Still, non-performing loans (NPLs) demonstrated "no notable changes" in the final quarter of 2020.

The ratio of default loans stood at 8.1 per cent in 2020 versus 9.3 per cent a year ago. The volume of the NPLs reached Tk 88,280 crore last year.

Because of the same relaxed policy, the amount of loans rescheduled fell to at least a five-year low in 2020. Defaulters regularised NPLs amounting to Tk 13,370 crore, down 74.47 per cent year-on-year.

In 2019, the BB issued a relaxed policy on loan rescheduling and a one-time exit policy to address the long-standing bad debts, pushing the volume of the rescheduled loans higher.

Proper monitoring of regular loans along with rescheduled ones amid the coronavirus pandemic may appear to be a critical challenge for banks in the days ahead, the central bank annual report said.

"Therefore, rigorous monitoring and implementation of stringent measures for the recovery of loans have utmost importance in minimising downside risks."

The loans that had been rescheduled for at least once accounted for 14.4 per cent of the banking sector's total outstanding loans.

At 30 per cent, the rescheduled loan ratio in the industrial sector ranked top among all the sectors last year. Clients in the garment industry rescheduled 20.4 per cent of the loans.

The proportion stood at 18.8 per cent, 13.4 per cent and 10.6 per cent for the agricultural, construction and foreign trade sectors, respectively.

READ MORE ON B3

NON-TRADITIONAL MARKETS

RMG exports rise from the rubble

Refayet Ullah Mirdha

Garment exports to non-traditional markets have been showing an encouraging trend amid the ongoing Covid-19 pandemic as shipments grew 6.36 per cent to $5.08 billion in fiscal year 2020-21.

The receipts from garment exports to non-traditional markets have been rising from the rubble of fiscal 2019-20, when the country and global supply chain suffered severe impacts of the pandemic.

That year, garment exports to non-traditional markets dipped 15.95 per cent to $4.78 billion because of the pandemic, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

However, with the restoration of normalcy in the global apparel supply chain, shipments to non-traditional markets was also being revived.

Bangladesh considers all markets as non-traditional ones except for that of the 27 member countries of the EU, US and Canada.

Last fiscal year, the share of the non-traditional markets was 16.16 per cent, in fiscal year 2019-20 the share was 17.10 per cent and in 2018-19 it was 16.66 per cent, the BGMEA data said. Of all the non-traditional or emerging markets, Japan is taking in the highest amount.

Japan is the only non-traditional and Asian destination where $1 billion worth of garment shipments were made from Bangladesh in fiscal year 2018-19 whereas the total amount of goods to be shipped was worth $1.09 billion.

However, the shipment of garments to Japan declined to $961.94 million in fiscal year 2019-20 and $944.82 million in fiscal year 2020-21 because of the fallouts of the pandemic.

China and India are two promising garment export destinations for Bangladesh as the shipments to the two have been rising.

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AT A GLANCE

- Exports to non-traditional markets grew **6.36**% in FY2021
- Share of non-traditional markets was **16.16**% last FY
- Of such markets, highest amount is sent to Japan
- Japan, China, India are more promising than others
- BGMEA to hold roadshow to grab more Arab markets
- Exporters get **4**% cash incentive for these markets

GOVT OFFICIALS

No entertainment allowance for online training

Star Business Report

The government has suspended entertainment allowance and halved the honorarium for trainees and organisers of online in-house training amid the Covid-19 pandemic.

The Finance Division of the Ministry of Finance has issued a circular in this regard recently.

As per the circular, there will be no entertainment allowance for any online in-house training organised by the ministries, departments or their subordinate offices.

Besides, the course directors, coordinators and support staff and trainees will get half of their prescribed training allowance.

However, the trainers will be given their full honorarium at the prescribed rate.

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STOCK INVESTMENT

BSEC spurs loans despite criticism

Ahsan Habib

The stock market regulator has decided to extend loan facilities for investors to buy stocks when the index is at its historical highest level despite analysts' criticism against loan-based investment in the stock market.

Investors can now take loans of up to 80 per cent of their investment in the stock market if the benchmark index crosses 7,000 points and stays within 8,000.

Earlier, investors were allowed to take a loan of Tk 80 against investment of Tk 100 if the benchmark index remained lower than 7,000 points.

For times when the index went over 7,000 points, the loan taking capacity was lowered to Tk 50 against every Tk 100 of investments.

The Bangladesh Securities and Exchange Commission (BSEC) increased the limit and issued a directive saying the Trading Right Entitlement Certificate holders of exchanges are allowed to extend their credit facilities to approved clients on the basis of a 1:0.80 ratio.

"Considering the Covid-19 pandemic situation, and for the interest of the investors the directive was amended," said the BSEC.

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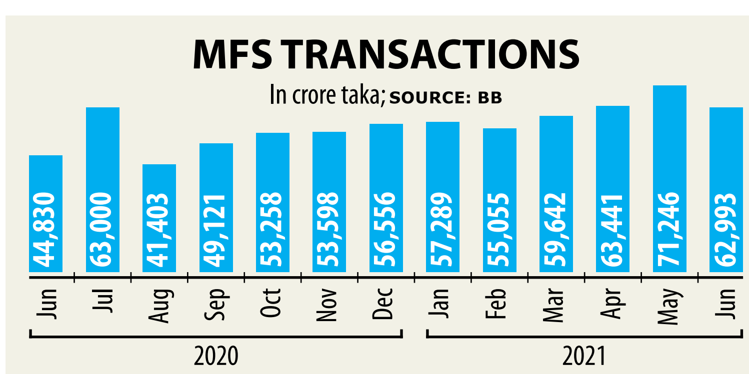
MFS transactions off the charts

Md Fazlur Rahman



Money transferred through growing mobile financial services (MFS) in Bangladesh rose 40.50 per cent year-on-year to Tk 62,993 crore in June as people continue to rely on the digital platform amid the unabating coronavirus pandemic.

Transactions totalled Tk 44,830 crore in the same month last year, data from Bangladesh Bank showed.

Users, however, transacted 11.58 per cent lower funds in June compared to Tk 71,246 crore in May, the highest since Bangladesh allowed mobile banking a decade ago.

The lockdowns, which put a curb on the movement of people and vehicles in the past four months, contributed to the growth in June, according to officials of several operators.

"As lockdowns affected the normal activities of the economy, the financial transactions through the MFS sector rose," said Shamsuddin Haider Dalim, head of corporate communication at bKash.

He said the transaction was higher in May compared to June because of Eid-ul-Fitr. It slowed in the following months.

Person-to-person digital money transfer through MFS operators was Tk 18,827 crore in June, which was Tk 13,130 crore in the same month in 2020.

Payments made to merchants stood at Tk 3,293 crore, against Tk 812 crore in June last year, a year-on-year increase of 305 per cent.

In June, the government transferred Tk 1,225 crore among the beneficiaries of the social safety net programmes, up 242 per cent from Tk 358 crore a year ago.

Utility bill payments through the MFS system rose 25 per cent year-on-year to Tk 1,243 crore.

Zahedul Islam, head of corporate communications and external affairs at upay, the MFS service of United Commercial Bank, said the number of MFS users surged in the last one-and-a-half years due to the pandemic.

"The government has also disbursed various safety net funds through the MFS channels. Besides, the use of digital payments has grown significantly since the start of the pandemic."

The number of MFS accounts rose about 14 per cent to 10.12 crore in June in comparison to the same month last year.

There were 11.31 lakh agents at the end of June, up from 9.98 lakh in the same month a year earlier, central bank data showed.

Amid the growing popularity of mobile financial services, "tap" made a foray into the country's MFS segment on July 28.

Trust Bank of Bangladesh has partnered with Axiata Digital Services of Malaysia to launch the Trust Axiata Pay, or "tap", under the joint venture Trust Axiata Digital Ltd. This took the number of MFS operators in the country to 17.

"As lockdowns affected the normal activities of the economy, financial transactions through the MFS sector rose," said Shamsuddin Haider Dalim, head of corporate communication at bKash

Punish rogue e-commerce firms

Experts call for steps to build strong ecosystem

Star Business Report

The e-commerce sector needs a sound policy to ensure the credibility of all stakeholders and punish delinquent platforms, experts said yesterday, as online firms face a reputational crisis in the wake of questionable business practices by a few.

"The momentum of the growth in the e-commerce sector should not be stalled only for a few fraudulent platforms," said Barrister Tanjib-ul Alam, an expert on company laws.

"We need a proper policy that will ensure the credibility of all stakeholders and punish the delinquent participants."

He spoke at a virtual discussion on "Building a Sustainable Ecosystem for E-commerce" organised by the Dhaka Chamber of Commerce and Industry (DCCI).

The combination of the role of all stakeholders such as digital platforms, sellers, payment gateways, and policy-makers is essential to foster the e-commerce sector.

The standard operating procedure of digital commerce should be viewed as an organic document, and it could go through further modification, Alam said.

"The government can do its part to ensure logistics and automation to boost the sector."

The current e-commerce platform-based business model, in which customers order products on a platform where many sellers are connected, should be seamless. The connection between platforms and sellers should be more seamless and organised.

"This is a booming sector. But if a customer comes to buy something from an e-commerce platform and has a bad experience, they will not be encouraged to return to these platforms. So, building customers' confidence is important," Alam said.

"So, repeated and loyal customers are essentials to grow the industry further. You can't expand it only through discount hunters."

Highlighting the recent controversy over some e-commerce platforms, Fahim Ahmed, president of Pathao, said a massive fraud had been committed.

The "money" is gone because it was never there, he said. "The net liabilities of the company are precisely equal to the losses made by the company."

"Where did these losses go? It went for the deep discounts, the high salaries, the sports team sponsorship, the media buying, and the influencer peddling.

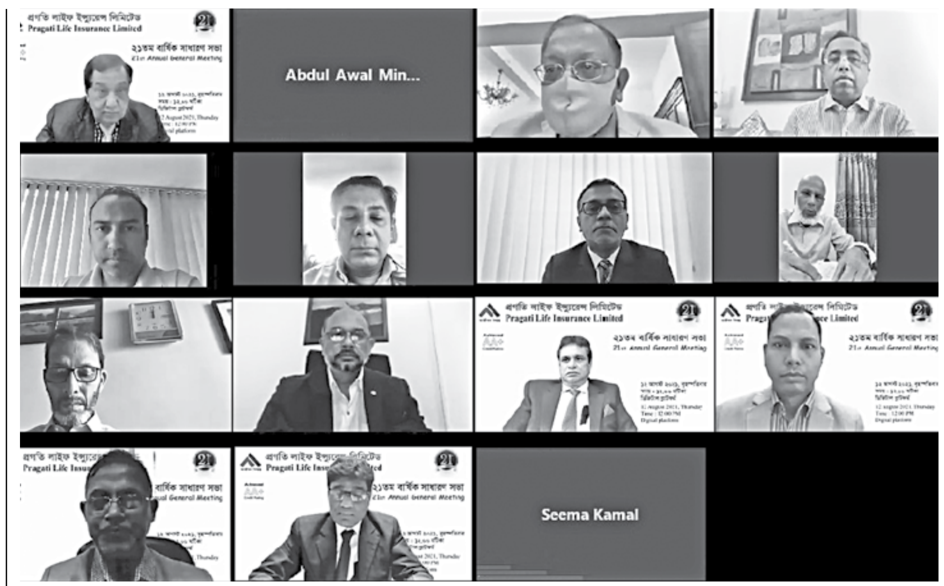
READ MORE ON B3

A delivery man of an e-commerce company is seen on a street in the capital. Concerted efforts of all stakeholders such as digital platforms, sellers, payment gateways, and policymakers are needed to boost the e-commerce sector, say experts.

STAR

BATA

Rajeev Gopalakrishnan, chairman of Bata Shoe Company (Bangladesh), virtually presided over its 49th annual general meeting recently. The meeting approved 25 per cent cash dividend for 2020. Anirban Asit Kumar Ghosh, vice chairman and managing director, Shaibal Sinha, director, Rupali Chowdhury, independent director, Shambhu Nath Jha, finance director, and Hashim Reza, company secretary, attended the meeting.



PRAGATI LIFE INSURANCE

Khalilur Rahman, chairman of Pragati Life Insurance, virtually presided over its 21st annual general meeting recently. The shareholders approved 12 per cent cash dividend for 2020. Directors Abdul Awal Mintoo, Mohammed Abdul Awwal, Nelofer Kamal, ASM Mohiuddin Monem, Tabith M Awal, Md Shafiur Rahman, Mohammed Abdul Hamid, Nigar Jahan Chowdhury, Muhammad Jamaluddin and Rashed Al Mahmud Titumir, Jagadish Kumar Bhanja, company secretary, and CEO Md Jalalul Azim, were present.

Japan's refiners face pandemic stress again

REUTERS, *Tokyo*

Japan's major oil refiners have recovered from last year's steep losses with all reporting a profit for the April-June quarter, but they continue to face headwinds as Covid-19 cases spiral to record highs in the country's fifth wave of the pandemic.

Eneos, Japan's biggest refiner that accounts for about half of Japan's fuel market, on Friday reported profit of 98 billion yen ($888 million) for the first fiscal quarter, versus a 5 billion yen loss a year earlier. Sales rose 44 per cent but were 12 per cent below the same quarter in 2019 before the pandemic.

"The impact of the spike in new coronavirus variant infections is uncertain and there is a risk that the recovery in fuel demand will be delayed," Eneos Senior Vice President Soichiro Tanaka told reporters.

Idemitsu Kosan reported last week a net income of 88 billion yen versus a year-earlier loss of about the same amount, but warned future profits may be strained as the pandemic clouds the outlook at home and overseas.

Japan's top health adviser has requested for stricter Covid-19 curbs to control the contagion, which he said should be treated as a natural disaster, while the International Energy Agency (IEA) has flagged a hit to global oil demand due to the spread of the more infectious Delta variant of the virus.

Japan's refiners, which have been cutting capacity as long-term fuel demand wanes with the country's declining population, were hit hard last year when the pandemic briefly led to negative oil prices. Their sales have not yet recovered to pre-pandemic levels and, in the quarter just ended, were as much as a fifth below that of the same period in 2019.

Sales for Cosmo Energy, which swung to a 28 billion yen quarterly profit, rose 20 per cent from a year earlier but were still down 22 per cent from the same period in 2019.

The IEA said on Thursday the rising demand for oil abruptly reversed course in July this year and was set for a slower recovery through the end of 2021.

"Growth for the second half of 2021 has been downgraded more sharply, as new Covid-19 restrictions imposed in several major oil consuming countries, particularly in Asia, look set to reduce mobility and oil use," it said.

REUTERS/FILE

The logo of Eneos Holdings and Eneos Corporation is displayed at the company headquarters in Tokyo, Japan.

Drumbeat grows louder for BHP to exit petroleum

REUTERS, *Melbourne*

Expectations are rising that BHP Group Ltd will deliver a verdict on the future of its petroleum business next week, as it comes under increasing pressure from cuts. Its fossil fuel footprint.

The world's largest miner is facing calls to divulge details of how and when it will run out of fossil fuels, with the active investor Market Force this week holding a meeting on the topic for annual meetings in October and November. Proposal filed.

BHP's decision this month to approve $802 million in development spending on oil projects in the US Gulf of Mexico – days before a new report that issued a dire warning about human contributions to climate change – has attracted only a few investors. pressure has increased.

"It's clear something is brewing," said Simon Mavini, chief investment officer at Alan Gray Australia. BHP declined to comment on market speculation.

Analysts value BHP's petroleum business at $10 billion to $17 billion, made up of assets in Australia, the Gulf of Mexico, Trinidad and Tobago and Algeria. The division contributed 5 per cent of BHP's $14.7 billion of underlying earnings in the first half to the end of December, compared to 70 per cent for iron ore.

Investors are divided on its fit to BHP's portfolio, especially as the company focuses on new economy materials like copper, nickel and potash. Morgan Stanley analyst Rahul Anand said in a recent note that the exit from petroleum would result in "a major shift" in BHP's environmental, social and governance (ESG) credentials and overall strategy for fossil fuels.

BHP's late-life, low-return energy assets in Australia are considered particularly ripe for sale amid high oil and gas prices.

Brenton Saunders, a portfolio manager at Pendle Group, said, "For BHP, if you look at its Australian (energy) assets, if they can exit in a meaningful way for some predictable value, that would be a good result. "

Credit Suisse and Citi value Australian energy assets – including the Bass Strait, Northwest Shelf LNG and Scarborough gas fields – by $3 billion to $5 billion.

Woodside Petroleum Limited is seen as the most logical buyer as they will boost its free cash flow and increase its stake in major projects, although not all investors support such an alliance, as Asset mix and potentially require one. Equity raising.

Woodside declined to comment.

Credit Suisse analyst Saul Kavonic said BHP would have to discount any sales given some of the heavy decommissioning liabilities, although a sale could boost its ESG rating and attract new shareholders.

"BHP can sell these for a discount but still increase the share price even though the rest of their business is re-rated," he said.

Elsewhere, investors say BHP's petroleum assets are more attractive.

The most valuable are its stakes in oil fields in the Gulf of Mexico, valued at $10.4 billion by Wood Mackenzie, which made up about 25 per cent of the company's 103 million barrels of oil equivalent output as of June 2021.

"The rest of the portfolio, there are parts that are high-growth, high-returning. They've done a lot of work on them and shareholders have gone through some bad times. They're good assets," said Saunders of Pendle Group.

BHP is due to announce its annual results on Tuesday at 0700 GMT.

Visitors to the BHP (formerly known as BHP Billiton) booth speak with representatives during the Prospectors and Developers Association of Canada (PDAC) annual convention in Toronto, Ontario, Canada.

REUTERS/FILE

Dutch lead charge for electric car stations

AFP, *Rotterdam*

They are best known for bike-riding, but the climate-vulnerable Dutch are leading the way for electric cars with the largest number of charging stations in Europe.

Teslas and other vehicles can be seen plugged in on practically every street corner thanks to a network of some 75,000 stations -- nearly a third of the entire EU total.

Investing to put enough charging stations in the reach of drivers is crucial for countries that have set targets for an all-electric car future.

For Nienke Bergsma, the lightbulb moment when she decided to buy an electric car came when four charging posts were installed at the bottom of her Rotterdam road.

Bergsma, a 37-year-old mature student living in the centre of the port city, said she had wanted to "contribute to the protection of the environment". While it was a headache at first to get used to the rhythm of charging, she said she was now "very happy" to have taken the leap.

Around one in every five of the 400,000 new cars sold annually in the Netherlands is now electric, due partly to tax breaks and other incentives during the last decade.

But the Dutch government has also ensured that drivers have the infrastructure to support efforts to kick the addiction to fossil fuels.

With one-third of the Netherlands lying below sea-level, the country is particularly at risk from climate change, which UN experts this week warned was at "code red".

The Dutch government wants all new cars to be electric from 2030 in the Netherlands, where road traffic accounts for a fifth of greenhouse gas emissions.

Despite its environmentalist image, the Netherlands is one of the EU's top five emitters, and has more cars per capita than France or Greece. Prime Minister Mark Rutte -- his VVD party is nicknamed the 'vroom-vroom' party due to long-time pro-car policies -- only reversed course in recent years after court victories by climate groups that said the Netherlands was breaching EU rules.

Whatever the reasons, the trend is catching on, with the Netherlands proving particularly well-suited to electric vehicles.

Fully-charged, Nienke Bergsma's Volvo has a range of 400 kilometres (240 miles), a distance that the environment and natural sciences student practically never travels.

Short distances in one of Europe's smallest and most densely populated countries and a high-quality road network "encourage people to take up electric motoring", said Maarten van Biezen, co-leader of the Association of Electric Motoring (VER).

The Dutch began to encourage electric cars "very early", in 2012, far sooner than Paris or Berlin, he said. In addition to the 75,000 public charging stations, around 190,000 Dutch people have their own charging post at home.

Around 30 per cent of Europe's electric vehicle charging points are in the Netherlands, according to the European Automobile Manufacturers' Association.

France and Germany, the EU's biggest countries, round out the top three, each accounting for 20 percent of the bloc.

"No other country has the same density of charging points as the Netherlands," the Dutch government business agency RVO said. Around half of the public or semi-public stations are in the two provinces where Amsterdam, The Hague and Rotterdam are located, accounting for a third of the country's population.

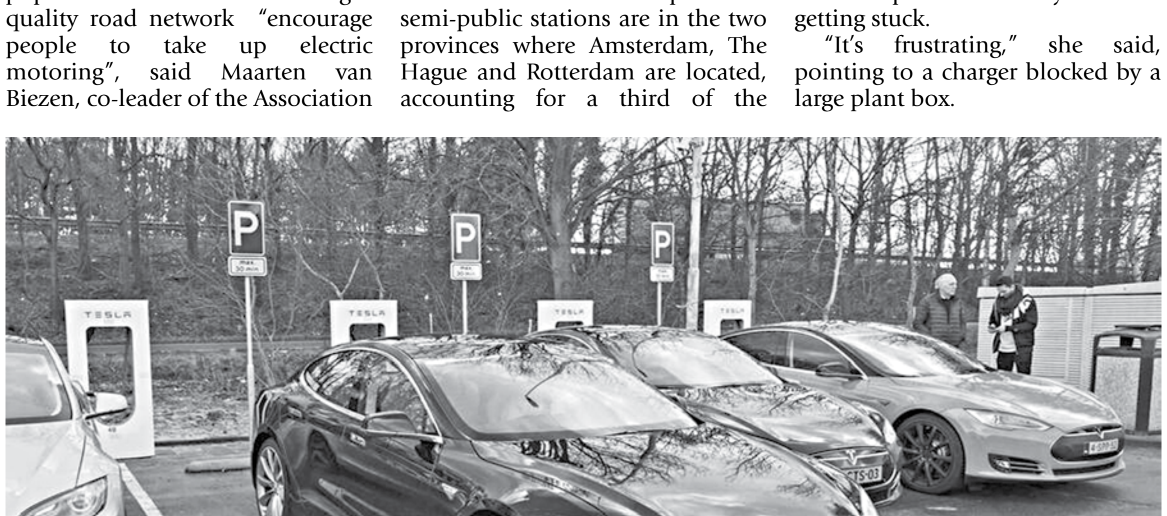
Most can be used just by scanning a card. In towns, every electric car user has the right to a charging station within 200 metres of their home; while in the countryside motorists have their own posts, with 75 per cent of those generating electricity for them by solar power.

The standard chargers "fill up" a car overnight or in several hours. Rapid chargers such as those at motorway service stations can refill cars' batteries in 30 minutes.

But despite everything there still aren't enough, said Bergsma, who charges her car every four nights.

Even avoiding the evening rush hour she often has to spend 15 minutes looking for a charger, and said she now always makes sure she never empties the battery to avoid getting stuck.

"It's frustrating," she said, pointing to a charger blocked by a large plant box.



AFP/FILE

Almost a third of Europe's network of charging stations is in the Netherlands.

Investors give value stocks a second look

REUTERS, *New York*

US value stocks may be getting a second wind, as bets on economic strength bolster Treasury yields and lift cyclically-sensitive shares that have stagnated in recent months after a powerful rally earlier this year.

The S&P 500 value stock index, which is relatively heavily weighted in shares of financials, energy firms and other economically sensitive companies, is up 5.5 per cent from last month's lows, outperforming its tech-heavy counterpart by more than a percentage point in a rally that accelerated over the past week. The value index is up 18 per cent this year, despite stalling after a strong start to 2021.

The move may herald a nascent comeback for the so-called reflation trade, a bet on rebounding economic growth that saw value stocks surge starting late last year alongside Treasury yields.

Yields have climbed this time around as well, with the yield on the benchmark 10-year US Treasury, which moves inversely to prices, up about 20 basis points since last week, to 1.36 per cent, before pulling back on Friday.

"I do think value is somewhat of a coiled spring," said Matt Peron, director of research at Janus Henderson Investors, who believes value could outperform for at least the next six months. "I do think it has another run left in it."

Investors pointed to several reasons for value's rosier outlook. While the rise in coronavirus cases spurred by the Delta variant, remains a wildcard, signs that infections may be slowing in Europe and parts of the United States could mean that the lockdowns required last year will not be needed for the foreseeable future, Peron said.

At the same time, some investors believe growth will remain strong in the US even after peaking in the second quarter. US gross domestic product is expected to rise 6.1 per cent in 2021, and 4.8 per cent in 2022, according to Oxford Economics, stronger than what annual growth has been for the past decade.

"We haven't seen growth rates this high in some time and that's why we think ... value can keep outperforming, even once the rate of growth peaks," said Sameer Samana, senior global market strategist at Wells Fargo Investment Institute.

Among those calling for more gains in value stocks are technical strategists at JPMorgan, who in the past week said the S&P 500 value index "looks poised for a breakout." Truist Advisory Services on Wednesday said it expects more upside for value over the next 12 months given the still strong economic outlook and weak earnings trends for tech compared to the broader market.

Since the 10-year yield made a recent bottom last week, the S&P 500 value index has climbed 2.4 per cent against a 0.5 per cent rise for its growth counterpart.

The value stock bounce comes as investors digest data from the past week showing a potential peak in inflation, while looking ahead to the Federal Reserve's Jackson Hole symposium at the end of the month. That event, or the central bank's next policy meeting in September, could offer signals on when it will begin unwinding the $120 billion a month government bond buying program that has helped support asset prices.

Next week, the monthly US retail sales report and earnings from retailers such as Walmart and Target could shed more light on the health of the consumer.

Investors are also keeping a close eye on Treasury yields, with rising yields often viewed as a sign of economic optimism that could also boost value stocks. Higher yields also particularly benefit profit margins of banks, which tend to make up large portions of value indexes.

Plenty of stumbling blocks remain for the value trade. Signs that the coronavirus is threatening the economic outlook could send investors back toward large technology and growth shares that performed well for much of 2020.

BB rates Brac Bank as one of top 10 sustainable banks

STAR BUSINESS DESK

Brac Bank has been named one of the top 10 sustainable banks of Bangladesh based on its performance during the pandemic last year.

Bangladesh Bank's Sustainable Finance Department (SFD) prepared a list of top 10 sustainable banks and five non-bank financial institutions (NBFIs) based on their performances and published their names on its website based on a rating, said a press release.

This is the first time Bangladesh Bank published such a rating. "It is indeed an honour that we made it to the country's top 10 sustainable banks list. It has been possible because of the constant support of our regulator, board, and management in promoting the sustainability agenda in our organisation," said Selim RF Hussain, managing director and CEO of Brac Bank.

"The key to becoming sustainable is to ensure that a bank strategically contributes to green and sustainable financing, on top of its CSR programmes. Apart from that, transparency has to be ensured by flawless submission of regulatory reporting, effective environmental and social management system for risk mitigation, and appropriate implementation of regulatory directives throughout the year," he added.

Brac Bank has a well-defined policy and governance structure with a dedicated sustainable finance unit to oversee its sustainability.

"We shall continue to explore and expand our avenues in Green Climate Fund, bankable climate adaptation projects, Green Bonds, and the bank's contribution to SDGs in the future. Our diversified business model has laid a strong foundation for Brac Bank to become the number one sustainable bank in the country," Hussain said.

Oil dips, little changed on week

REUTERS, *New York*

Oil prices dipped on Friday and ended the week little changed after weathering concerns from banks and the International Energy Agency that the spread of coronavirus variants is slowing oil demand.

Global oil benchmark Brent crude settled down 72 cents, or 1 per cent, at $70.59 a barrel for the session. US West Intermediate crude settled down 65 cents at $68.44.

For the week, Brent fell less than 1 per cent, after dropping 6 per cent last week, its largest week of losses in four months. Last week WTI slumped nearly 7 per cent in its biggest weekly decline in nine months. On Thursday, the IEA said demand for crude oil ground to a halt in July and was set to rise at a slower pace over the rest of the year because of surging infections from the Delta variant of the coronavirus.

Still, oil has remained supported by improved demand in the world's top consumer, the United States and other nations where the Covid-19 vaccination rate is higher.

"While the IEA's report was pretty dour on demand, in the near term, it's pretty clear that there's a supply deficit and that's likely to continue as we're seeing airline travel restrictions get lifted in the US," said John Kilduff, partner at Again Capital LLC in New York.

Major banks Goldman Sachs and JPM Commodities Research are less bullish on oil due to the rising infection rate.

Goldman cut its estimate for the global oil deficit to 1 million barrels per day from 2.3 million bpd in the short term, citing an expected decline in demand in August and September. However, Goldman expects the demand recovery to continue alongside rising vaccination rates.

"A recent flow of favorable US macroeconomic guidance also suggests further improvement in petroleum demand once the Delta Variant subsides," said Jim Ritterbusch, president of Ritterbusch and Associates LLP in Galena, Illinois. JPM, meanwhile, said it now sees the "global demand recovery stalling this month" with demand remaining roughly in line with the 98 million bpd average for global consumption in July.

By contrast, the Organization of the Petroleum Exporting Countries (OPEC) on Thursday stuck to its forecast for a rebound in global oil demand this year and further growth in 2022, notwithstanding the rising concern over surges in Covid-19.

US energy firms added the most oil rigs in a week since April as the total rig count more than doubled from a record low a year ago, energy services firm Baker Hughes Co BKR.N said.

US oil rigs rose 10 to 397 this week, their highest since April 2020, and up from 172 a year ago, which was their lowest since 2005 before the shale boom boosted activity.

The combined oil and gas rig count, an early indicator of future output, rose by nine to 500 in the week to Aug. 13, which puts it up 105 per cent from a record low of 244 this time last year, according to Baker Hughes data going back to 1940.

REUTERS/FILE

A man holds a fuel pump at a gas station in Rio de Janeiro, Brazil on July 8.

Singapore's Olam picks London to float ingredients arm

AFP, *London*

Olam International, the Singapore-based agricultural trading house, said Friday that it plans to list its food ingredients business on the London stock market next year.

Tapping into rising global demand for healthier eating, Olam said in a statement that it intends on having a primary listing in London for Olam Food Ingredients (OFI) -- a boost for the capital's key financial market facing pressure from European rivals following Brexit. A secondary stock market listing is planned for Singapore, the statement added.

"The primary listing... will give us access to London's large and diverse investor base, with its deep and liquid capital markets, and enable us to benefit from its strong understanding of and research coverage across the food and beverage sector," said OFI chief executive A. Shekhar.

"The concurrent listing in Singapore will also enable us to retain our strong local shareholder base and further tap into growing investor appetite in Asia.

Some Indian buyers cutting imports of costly spot LNG

REUTERS, *New Delhi*

India's largest gas importer Petronet LNG said on Saturday that some of its customers have postponed spot liquefied natural gas (LNG) imports due to high prices. they have provided long term supplies with more attractive term contracts.

"Some people are cutting back on purchases and rescheduling cargoes, "AK Singh, chief executive of Petronet LNG said at a news conference.

High spot LNG prices are unsustainable and India "certainly" will sign long-term deals, he said.

Petronet has an agreement to purchase 7.5 million tons per year (mtpa) of LNG from Qatar and 1.44 million tons per year from the Exxon Gorgon project in Australia.

Asian spot LNG prices hover around $ 16 per million British thermal units, while supplies under long-term deals cost around $ 10 / mmBtu, he said.

He said the Indian energy sector cuts LNG intakes if prices rise by around $ 10 / mmBtu.

India aims to increase the share of natural gas in its energy mix to 15 per cent by 2030 from the current 6.2 per cent to reduce its carbon footprint. The country also plans to use hydrogen in some sectors.

Singh said hydrogen use will not impact LNG demand in the short term.

"Today, the cost of hydrogen production is very high and transportation and distribution are also a challenge. It is an emerging fuel while LNG is an established fuel," he said.

India allowed the use of supercooled gas in transportation to reduce the use of diesel.

Singh, whose company aims to create 1,000 LNG dispensing stations in 4-5 years, hoped India would be able to emulate the Chinese model, where its vast fleet of trucks is migrating to LNG from diesel.

China tightens scrutiny over IPO price-setting

REUTERS, *Shanghai*

China's securities regulators punished 19 institutional investors as authorities tighten scrutiny over price-setting behaviours under a more liberalised listing system.

China launched the tech-focused STAR Market in Shanghai in mid-2019, along with the introduction of a US-style, registration-based initial public offering (IPO) system in that market.

The Securities Association of China (SAC) said late on Friday that a joint probe recently with the Shanghai Stock Exchange over STAR IPOs had exposed issues with 19 institutional investors. The problems included weak internal controls, inadequate rationale for price-settings, non-compliance with stipulated procedures and improper storage of working papers, the SAC said in a statement, without identifying the companies.

One insurer has been temporarily banned from participating in the institutional portion of IPO subscriptions, while eight fund houses and one asset manager have been barred from the share placement market for a month, according to the statement.

SAC said regulators will strengthen supervision and step up penalties against misbehaviour to maintain order for IPO price-setting and protect investors.

Punish rogue e-commerce firms

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We must acknowledge that the amount of these liabilities is significant."

He demanded immediate actions from regulators.

The platforms whose operations have come into question must not be allowed to operate, and bank accounts of these companies and their principals should be frozen, he said.

Tapan Kanti Ghosh, commerce secretary, said the government did not want to impose strong regulations on the sector so that small entrepreneurs could come onboard easily. "We introduced the escrow system for compliance, but the number of transactions fell."

Escrow uses a third party, which holds an asset or funds before they are transferred from one party to another. The third party holds the funds until both parties have fulfilled their contractual requirements.

Ghosh said consumers should not be greedy or discount hunters.

Khondoker Tasfin Alam, chief operating officer at Daraz Bangladesh, said the e-commerce sector had been made synonymous with discounts, but it was not sustainable for long-term growth.

"We have invested Tk 500 crore in developing logistics countrywide. We could get short-term gain in customer acquisition if we could provide hefty discounts with the money. But that growth is not sustainable."

Rizwan Rahman, president of the DCCI, said despite some recent challenges, sustainable development would come to the sector with the intervention of the government, regulators and stakeholders.

According to an estimate, transactions in the e-commerce sector were about $2 billion in 2020, which may go up to $2.5 billion in 2021. Transactions in the f-commerce segment totalled about Tk 320 crore in 2020.

Rahman said the 15 per cent value-added tax imposed on the e-commerce sector might hamper the growth of small investors.

If international e-commerce behemoths such as Amazon enter Bangladesh, it may create opportunities for the local cottage, micro, small and medium-sized traders and manufacturers, he said.

AK Enamul Haque, a professor at the economics department of East West University, said regulating e-commerce should be done with more caution.

"We can't impose strict regulations only because of Evaly as it may hinder the growth of other entities. If you want to book Evaly, do it with other laws."

"Too many regulations may push up the cost of doing business, and it will discourage small investors from entering the sector. Let them grow."

Ashish Chakraborty, chief operating officer at Nagad, Md Abdul Wahed Tomal, general secretary of the e-Commerce Association of Bangladesh, and Khorshed Anowar, deputy managing director of Eastern Bank Ltd, also spoke.

RMG exports rise from the rubble

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However, the pandemic almost stalled the export growth to these promising Asian markets.

For instance, garment exports to China declined to $271.28 million last fiscal year from $329.96 million in the previous fiscal year, said the data.

Bangladesh was significantly utilising a benevolent Chinese tariff benefit for 97 per cent of its products before the pandemic, as the country exported $506.51 million worth of goods in fiscal year 2018-19, said the data.

Similarly, garment shipments to India, one of the most promising markets, was performing well before the pandemic.

However, the shipment was only $421.86 million last fiscal year, which was $420.76 million in the previous fiscal year.

Before the pandemic, the amount was almost $500 million to Indian markets, where Bangladesh enjoys duty-free facility but faces a 12.50 per cent countervailing duty.

Among the Latin American countries, Brazil and Chile have been showing promise for garment export. Last fiscal year, local exporters shipped $70.73 million worth of goods to Brazil and $82.56 million to Chile.

In both of these destinations, the amount of garment shipment was more than $103 million in fiscal year 2019-20.

Bangladesh has been performing strong in Australia even in the time of this pandemic.

For instance, last fiscal year's earnings from garment shipment to Australia was $731.13 million, a rise from $601.14 million in fiscal year 2019-20.

The amount was $719.78 million in fiscal year 2018-19, said the BGMEA data.

Turkey, once a very promising garment export destination where the amount was almost $1 billion, is drying up now because of the imposition of high tariff at more than 17 per cent on Bangladeshi garment items aimed to protect its own apparel industry.

Last financial year the earnings from apparel shipments to Turkey were only $117.15 million, said the data. Fazlul Hoque, managing director of Narayanganj-based Plummy Fashions, said the local exporters were performing very strong in the non-traditional markets in the pre-pandemic time.

However, the fallouts of the pandemic slowed down the growth of the earnings from the emerging markets, he said.

But shipments to those markets is being revived now and it is expected that the trend will continue, Hoque also said.

The local exporters were busy with their own business, factories and the traditional markets and they did not notice the shipments to the non-traditional markets, he said.

Japan is the most promising market for Bangladesh among the Asian markets. "I hope we can export more to Japan as the market is reviving from the fallouts of the Covid-19," said Hoque, who also exports to Japan.

Faruque Hassan, president of the BGMEA, said he was planning to hold a road show in Dubai in December this year to grab a bigger share of the Middle Eastern markets.

Moreover, the BGMEA has been exploring the Russian and South African markets to grab more market shares.

However, in Russia and South Africa, high rates of tariff is a challenge for Bangladeshi garment exporters, he said.

Currently, apart from 1 per cent cash incentive for all the markets, the local exporters receive a 4 per cent cash incentive on garment export earnings in a year.

So, the exporters feel encouraged to export to the non-traditional markets when they receive the cash incentive.

Garment export to the non-traditional markets reached to more than $5 billion from only $500 million in fiscal year 2007-08.

However, garment export to emerging markets started taking a giant step when the government introduced cash incentives for those markets in 2009.

Unrealised rescheduled loans threat to banks

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"But, a large amount of rescheduled loans turned into NPLs once again," the report said. For instance, although 10.6 per cent of foreign trade loans were rescheduled, 24.3 per cent of them remained NPLs.

The non-performing rescheduled loan ratio of garment, working capital, industrial and construction sectors was 23.3 per cent, 18.9 per cent, 17.1 per cent and 14.7 per cent, respectively.

The various policy supports extended by the BB to borrowers to revive their businesses may also pose a downside risk.

The shocks can be withstood if banks and clients use the policy supports, including the stimulus packages, accurately, the FSR said.

The report also said higher deposit growth than lending had created another problem in the banking sector.

The majority of lenders had adopted a cautious policy in giving out loans. As a result, deposit growth surpassed credit growth last year.

The banking sector had been witnessing a precarious trend since 2019, and the situation worsened last year due to the economic slowdown.

Last year, deposit growth stood at 13.6 per cent compared to a credit growth of 8.4 per cent.

Total deposits in the banking system stood at Tk 13,79,740 crore, against total outstanding loans of Tk 11,75,000 crore.

The improved liquidity scenario indicates that banks had a reasonable amount of liquid funds to fulfil the loan demand.

The slower pace of loan growth could also be attributed to the sluggishness in the overall investment scenario in Bangladesh caused by the pandemic.

In order to maintain profitability and utilise the extra liquidity, banks have turned to government securities.

"However, to keep pace with the growth momentum and ensure sustainable growth, banks need to utilise their increased deposit base and ensure smooth credit flow to the thriving private sector," the central bank report said.

BSEC spurs loans despite criticism

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"In general, I don't advise to invest in the equity market by taking loan. Moreover, if anyone has liquid assets, only one-third should be invested in stock market," said Mirza Azizul Islam, former adviser to a caretaker government.

The rest one-third should be invested in fixed income tools and real estate or gold, he said.

About the margin loan facility extension, Islam, a former BSEC chairman, said many stocks were still underpriced and overall price-earnings ratio was also not that high, so the extension was okay.

However, the regulator should monitor whether the market is going to see another bubble like that of 2010. If there is any possibility, it could be reduced further, he added.

A top official of a stock brokerage firm, preferring anonymity, said the high amount of margin loan provided by merchant banks to buy stocks was a big reason for the market bubble of 2010.

So, the BSEC's decision was not wise, he said.

Still many merchant banks are suffering from the loss of margin loans as stock prices nosedived and the government discouraged lenders to sell shares amid a bearish market, he said.

Such a decision by the BSEC will ultimately encourage the purchase of stocks with loans, which is not a good sign for the market, he added. The BSEC's decision may be a counter to a central bank decision, said Prof Mohammed Helal Uddin, director (research) of the Centre on Integrated Rural Development for Asia and the Pacific (Cirdap).

Bangladesh Bank sent a letter last week to scheduled banks to submit their investment ledger daily.

It was not new but the BB's letter was just for creating awareness among people, he said, adding that the central bank and stock market regulator should maintain good cooperation.

Overall, the share market was not overvalued so there was no concern on allowing higher credit facility, Uddin said.

Stock price bubble was seen in the insurance sector but many other sectors are still at a low position, he clarified.

However, policy decisions should be backed by factual and analysis-based reason, so it should not change suddenly, said Uddin, who is a professor of the economics department of the University of Dhaka.

The decision of margin loan extension came when the DSEX reached 6,699 points last Thursday, which is its historical highest level since its inception in 2013.

Investors were panicked thinking they will need to sell shares to adjust margin loans if the index cross 7,000 points, so the BSEC gave them assurance with the directive that they do not need to sell shares.

The BSEC should give a clarification on whether investors need to adjust shares by selling shares if the index crosses the threshold or whether they will not get further loans at the previous rate after the index crosses the threshold, he added.

He also said lenders always want to give margin loans because it was quite liquid and easy to provide as the loan was backed by liquid shares. But investors face huge risks if shares they bought face a price drop, he said.

Md Moniruzzaman, managing director of IDLC Investments, said margin loans were a double-edged sword.

If someone can use it appropriately, he/she can increase returns. Otherwise, someone can get wiped out entirely, he said.

So, new entrants in the market should avoid loans, he added.

No entertainment allowance for online training

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According to an official of the finance ministry, the government has taken the decision to stop the misuse of money in this sector as most of the training was being held virtually.

Usually, training allowances vary based on the type of training, he said.

Meanwhile, due to a lack of training during the pandemic, the government has Tk 1,633 crore unspent from the allocation in one year.

Due to the low number of training during the Covid-19, the expenditure on training in 2019-20 financial year was about 12 per cent less than that the previous year.

The government spent Tk 2,326 crore for training in financial year 2019-2020 which was Tk 2,656 crore in FY 2018-19, according to the finance ministry.

The allocation for training was Tk 4,059 crore in fiscal 2019-20.

In the last financial year, the initial allocation in this sector was Tk 3,947 crore which was later revised to Tk 2,833 crore as the training cost has been reduced.

The ministry official said most of the allocated money would remain unused as most of the training was being held online.

He said in FY 2019-20, the in-house training cost was Tk 52 crore and there was no allocation in this sector in FY 2020-21 as in-house training was suspended last year.

Soybean oil consumption grows fast

STAR/FILE

Rising health consciousness, income and government rules requiring processors to fortify edible oil with vitamin A were driving demand for soybean oil, said industry insiders.

SOHEL PARVEZ

Soybean oil consumption is growing faster than that of palm oil, buoyed by increasing preference among families to prepare foods.

Rising health consciousness, income and government rules requiring processors to fortify edible oil with vitamin A were driving demand for soybean oil, said industry executives.

Bangladesh consumed 13.10 lakh tonnes in the year 2020-21, registering a compound annual growth rate (CAGR) of nearly 5 per cent since the year 2017-18.

On the other hand, palm oil consumption grew 0.5 per cent during this period, according to the US Department of Agriculture.

Bangladesh's palm oil consumption was 16.10 lakh tonnes in the year 2020-21 up from 15.78 lakh tonne three year ago, said the US agency in its "Oilseeds: World Markets and Trade" report released recently.

The report said Bangladesh was the fifth palm oil importing nation after India, China, the European Union and Pakistan in marketing year 2020-21 while it was the third largest soybean oil importer the same year.

Md Shafiul Ather Taslim, director for finance of TK Group, one of the leading edible oil importers and processors, said increased consumption of soybean oil reflect consumers' gradual shift from buying loose oil to packaged or bottled oil which was mainly soybean oil.

Bottled oil today accounts for up to 40 per cent of the total edible oil consumption. The ratio was as much as 15 per cent two decades ago, he said.

"Health consciousness is growing and middle class people, including many families in rural areas, are consuming soybean oil," he said, expecting that consumption of soybean oil would increase further.

The USDA said Bangladesh annually consumes 30 lakh tonnes of vegetable oil and palm accounts more than half of the total. Today palm oil is used mainly for industrial purposes such as for bakery.

Biswajit Saha, director for corporate and regulatory affairs of City Group, another major operator in the sector, said the Covid-19 pandemic induced economic slowdown affected industrial demand for palm oil. And that affected its consumption.

At the same time, crushing of soybeans increased, he added.

The private sector doubled its capacity to crush oilseeds over the last four years to meet growing demand for soymeal from the feed industry and demand for soybean oil for human consumption.

Mohd Didarul Islam, head of finance and accounts of Bangladesh Edible Oil, said the government policy requiring fortification of edible oil and other rules increased packaging of oil for human consumption.

Today, most of the edible oil sold in packaged or bottled form are soybean oil and sales of loose oil will decline gradually, he added.

BGMEA wants more shipping lines for timely export

STAR/FILE

A BGMEA leader said export containers loaded with garment products had to face additional delays at the Chattogram port due to nomination of select shipping lines and off-docks by buyers.

STAR BUSINESS REPORT

BGMEA president said buyers should make optimum use of the capacity of available shipping lines

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has requested global apparel buyers to nominate more shipping lines and off-docks to facilitate timely shipment of export containers.

BGMEA President Faruque Hassan made the call during a meeting with representatives of global brand C&A Sourcing International and shipper Hapag-Lloyd at the BGMEA office in Dhaka on August 12.

The discussion was a part of the BGMEA's continuous efforts to ensure smooth shipment of export and import goods, the association said in a statement.

Hassan also said export containers loaded with garment products had to face additional delays at the Chattogram port due to nomination of select shipping lines and off-docks by buyers.

He also said buyers should make optimum use of the capacity of available shipping lines to handle garment export, which would increase in the coming months.

Earlier, the BGMEA in a letter requested global apparel buyers through Buyers' Forum, a group of the representatives of major apparel buyers, to nominate as many freight forwarders as possible to deliver shipments on time.

GLOBAL BUSINESS

US consumer sentiment plummets in early August

REUTERS, *Washington*

US consumer sentiment dropped sharply in early August to its lowest level in a decade, in a worrying sign for the economy as Americans gave faltering outlooks on everything from personal finances to inflation and employment, a survey showed on Friday.

The unexpected reading could give Federal Reserve policymakers pause if it translates in the months ahead to a dent in economic activity. The central bank has been getting closer to a decision on when to begin pulling back the extraordinary stimulus it put in place to shield the economy from the Covid-19 pandemic.

The University of Michigan said its preliminary consumer sentiment index fell to 70.2 in the first half of this month from a final reading of 81.2 in July.

That was the lowest level since 2011, and there have been only two larger declines in the index over the past 50 years. Those were at the depths of the 2007-2009 recession and during the first wave of shutdowns in April 2020 at the beginning of the pandemic.

The losses were widespread across income, age, and education subgroups and spanned all regions. Economists polled by Reuters had forecast the index would remain unchanged at 81.2.

US stock market indexes slipped immediately after the report was released, while the price of gold gained ground. US Treasury bond yields hit session lows.

"The renewed plunge suggests the latest wave of virus cases driven by the Delta variant could be a bigger drag on the economy than we had thought," said Andrew Hunter, an economist at Capital Economics.

Economic growth is still expected to grow this year at its fastest pace in four decades after falling into a brief recession in 2020 caused by the coronavirus pandemic. But the recovery is showing some indication of cooling off.

Covid-19 cases have doubled in the past two weeks to reach a six-month peak as the more transmissible Delta variant spreads rapidly across the country. Labor shortages across the service sector also persist while supply chain disruptions have continued.

"The pandemic's resurgence due to the Delta variant has been met with a mixture of reason and emotion...mainly from dashed hopes that the pandemic would soon end," Richard Curtin, the survey director, said in a statement. The survey's gauge of current economic conditions also declined to a reading of 77.9 from 84.5 in July while its measure of consumer expectations slid to 65.2 from 79.0 in July.

The survey also showed consumers raising their expectations for medium term inflation, another measure the central bank is closely monitoring to ensure that inflation expectations remain anchored.

The survey's one-year inflation expectation edged lower to 4.6 per cent, down from 4.7 per cent, but its five-year inflation outlook ticked up to 3.0 per cent from 2.8 per cent in July.

REUTERS/FILE

People shop for clothes at Target retail chain in Westbury, New York, US on May 20.

EU exports to Britain rise in June

REUTERS

European Union exports to Britain rose solidly in June from May, data released by the European Union statistics office showed on Friday, contrasting with a slight drop in the bloc's exports to the rest of the world.

Eurostat said that EU's seasonally adjusted exports to Britain, which left the EU's single market at the start of the year, increased by 4.7 per cent in June on the month, whereas imports from the UK were "nearly unchanged". The EU's growth in exports to Britain coincided with a 0.6 per cent drop in the bloc's exports to the rest of the world on the month, Eurostat said.

On the year, non adjusted figures showed that the 27-country bloc recorded in June a 22.3 per cent increase in exports for a total volume of 188.3 billion euros ($221.1 billion), and a 29.6 per cent rise in imports resulting in a trade surplus of 14.8 billion euros, down from 20 billion euros in June 2020.

The smaller euro zone, which comprises 19 of the 27 EU members, recorded a nearly 22 per cent increase of exports and a rise of almost 17 per cent in imports on the month which resulted in a 18.1 billion euros surplus in June from 7.5 billion euros in May. In June 2020, the euro zone surplus was 20 billion euros.

In the first half of the year, EU imports of goods from Britain were nearly 20 per cent below their levels in the same period of 2020 and in June and May were also lower than volumes recorded at the end of last year, Eurostat data showed.

The figures were at odds with data released on Thursday by the UK Office for National Statistics (ONS) which showed British exports to the European Union in May and June exceeded their levels immediately it left the single market at the start of this year, excluding volatile trade in precious metals.

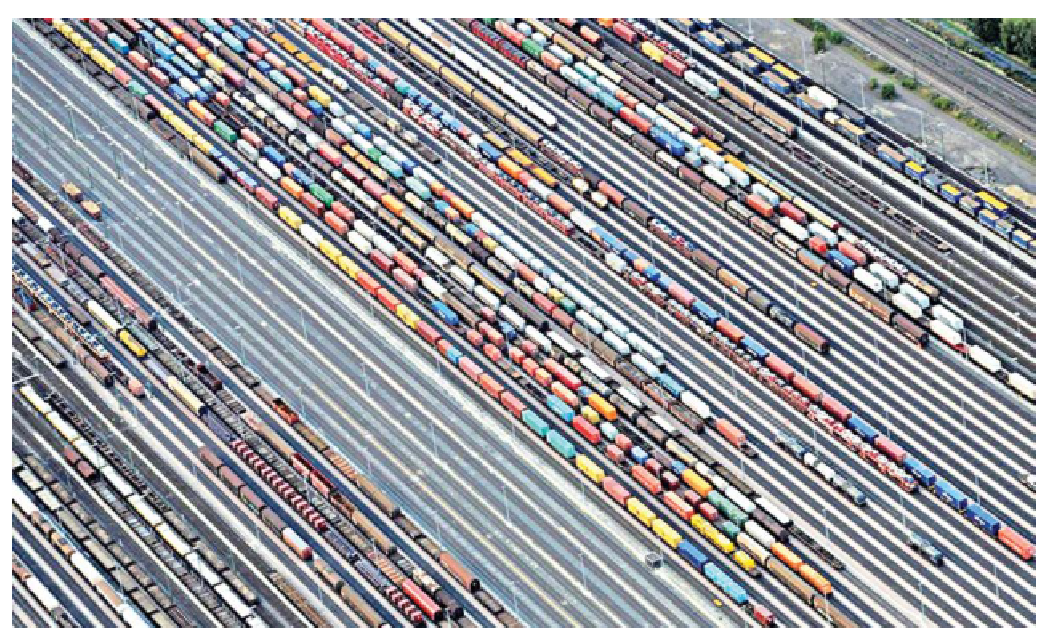
The discrepancy is partly due to a change in the way Eurostat calculates trade with Britain after Brexit. When Britain was still part of the EU's single market, all goods which moved from Britain to an EU member state were treated as British exports.

But since the start of the year, goods which had an origin outside Britain – for example, goods made in China which are shipped into Britain and then on to the Netherlands – are now treated as imports from China rather than from Britain.

"Statistics Eurostat publishes for 2021 are not on the same basis as statistics for previous years," the ONS said last month.

"The larger falls seen in the Eurostat data over this time period will reflect not only changes in trade, but also the fact that imports are being recorded as being from different countries than was previously the case," it added. Eurostat agreed with this interpretation of its data.

Partly due to this change in the methodology, non seasonally adjusted figures published by Eurostat on Friday showed EU countries imported from Britain in the January-June period goods worth 65.9 billion euros, 18.2 per cent less than the imports recorded in the same period last year.



Containers and cars are loaded on freight trains at the railroad shunting yard in Maschen near Hamburg, Germany.

REUTERS/FILE

China cranks up carbon-intensive projects

REUTERS, *Shanghai*

China announced scores of new carbon-intensive coal and steel projects in the first half of 2021, research showed on Friday just days after a key UN report urged immediate global action to curb use of fossil fuels and prevent runaway climate change.

The push comes as climate experts exhort governments around the world to take drastic action amid increasingly widespread extreme weather events, like deadly wildfires, drought and even central China's highest rainfall in 1,000 years events that experts say are directly linked to human impact on the environment via carbon emissions.

"The rest of the world is getting the message that it's time to move away from coal, but coal interests in China are dragging their feet, and the central government is not reining them in," said Christine Shearer, coal programme director at Global Energy Monitor (GEM), the US think-tank that jointly authored the report on China's first-half carbon projects with the Helsinki-based Centre for Research on Energy and Clean Air (CREA).

During the first half, China, the world's biggest coal consumer and source of climate-warming greenhouse gases, announced plans to build 18 new coal-fired blast furnaces, more than in the whole of last year, according to the CREA-GEM research. Another 43 coal-fired power plant units were also proposed, the research showed.

China has promised to cut carbon emissions to net zero by 2060, but faces growing calls to set more ambitious targets and act faster.

The United Nations' Intergovernmental Panel on Climate Change (IPCC) warned in a nearly 4,000-page report this week that climate change had "affected every inhabited region across the globe" and was in danger of spiralling out of control.

UN Secretary General Antonio Guterres described the report as a "code red for humanity" that should "sound a death knell for coal and fossil fuels".

However, according to the CREA-GEM study, China started construction on 15 gigawatts (GW) of new coal-fired power capacity in the first half.

That's a slower pace than last year, but still amounts to one plant per week, and is enough to power roughly 4.5 million homes - more than in cities the size of London or New York.

China's greenhouse gas emissions surged after Covid-19 lockdowns ended last year, and growth rates only started to slow in the second quarter this year, the CREA-GEM study said.