MIDAS FINANCING LIMITED

Rokia Afzal Rahman, chairman of the board of directors of MIDAS Financing Limited, presided over its 25th annual general meeting held virtually yesterday. Board members Mohammed Nasir Uddin Chowdhury, M Hafizuddin Khan, Abdul Karim, Ali Imam Majumder, Md Shamsul Alam, Md Shahedul Alam, Gulam Rahman and Nazneen Sultana, Managing Director Mustafizur Rahman, Company Secretary Tanvir Hasan and Chief Financial Officer Nasreen Ahamed were present.

COLLECTED

Eastern Bank Limited Director Zara Namreen formally inaugurated a relocated Khulshi branch in Chattogram yesterday. Director Mufakkharul Islam Khasru, Managing Director and CEO Ali Reza Iftekhar and Deputy Managing Director Ahmed Shaheen were present.

THE DAILY STAR

STS Group CEO Dr Sandeep Ananthanarayanan and The Daily Star Head of Business Shuvashish Roy signed a memorandum of understanding yesterday for the distribution of the newspaper among students of Universal College Bangladesh for a year.

BP gambles big on fast transition from oil to renewables

REUTERS, *London*

Deep in the Oman desert lies one of BP's more lucrative projects, a mass of steel pipes and cooling towers that showcases the British energy giant's pioneering natural gas extraction technology.

The facility earned BP Plc more than $650 million in profits in 2019, according to financial filings reviewed by Reuters. Yet the oil major agreed to sell a third of its majority stake in the project earlier this year. The deal exemplifies a larger strategy to liquidate fossil-fuel assets to raise cash for investments in renewable-energy projects that BP concedes won't make money for years.

BP's big bet is emblematic of the hard choices confronting Big Oil. All oil majors face mounting pressure from regulators and investors worldwide to develop cleaner energy and divest from fossil fuels, a primary source of greenhouse-gas emissions that cause global warming. That scrutiny has increased since early August, when the United Nations panel on climate change warned in a landmark report that rising temperatures could soon spiral out of control.

BP Chief Executive Bernard Looney, who took office in February 2020, is gambling that BP can make the clean-energy transition much faster than its peers. Last year, he became the first major oil CEO to announce that he would purposely cut future production. He aims to slash BP's output by 40 per cent, or about 1 million barrels per day, an amount equal to the UK's entire daily output in 2019. At the same time, BP would boost its capacity to generate electricity from renewable sources to 50 gigawatts, a 20-fold increase and equivalent to the power produced by 50 US nuclear plants.

To hit those targets, Looney plans $25 billion in fossil-fuel asset sales by 2025. That's equivalent to about 13 per cent of the company's total fixed assets at the end of 2019. Under his watch, BP has already sold legacy projects worth about $15 billion. In addition to the Oman deal, Looney unloaded oil and gas fields in Alaska and the North Sea and sold off BP's entire petrochemical operation, which produced a $402 million profit in 2019.

Two of BP's key renewables investments, by contrast, are losing tens of millions of dollars, according to a Reuters review of financial filings with Companies House, Britain's corporate registry. BP owns half of Lightsource, a solar energy company that lost a combined 59.3 million pounds ($81.8 million) in 2018 and 2019, the last year for which data is available. The company's UK-based electric-vehicle charging firm, bp pulse, lost a combined 22.3 million pounds ($30.8 million) over the two years.

Performance figures for other assets recently bought or sold by BP are not available because, like other oil majors, it does not usually disclose financials of individual projects. The performance numbers for the two renewable projects and the Oman unit have not been previously reported. BP did not give Reuters updated financials for those projects or others beyond 2019.

The company acknowledged that its fast-growing clean-energy business - including its solar, EV-charging and wind ventures - continues to lose money. BP does not expect profits from those businesses until at least 2025.

The losses are not slowing Looney's spending on renewable energy. He aims to boost annual investment to $5 billion by 2030, a 10-fold increase over 2019. For bp pulse, that means operating 70,000 charging points by 2030, up from 11,000 now. Lightsource, meanwhile, recently completed a $250 million solar farm in rural north Texas and, separately, acquired a US solar company for $220 million. BP is also moving aggressively into offshore wind power, and paying a high cost of entry relative to companies who got established in the business earlier.

As he launched the transition, Looney has slashed jobs, cutting 10,000 employees, or about 15 per cent of the workforce he inherited. BP's share price, meanwhile, has fallen 39 per cent since Looney arrived, the worst performance by any oil major during the period.

In an interview with Reuters, BP Chief Financial Officer Murray Auchincloss dismissed the importance of the company's recent share performance and said BP and its investors can weather the rapid transformation. The declining oil-and-gas revenue this decade will be offset, in part, by higher expected revenues from gasoline stations and their attached convenience stores, he said. Those stations will increasingly offer electric vehicle charging, a business Auchincloss said is growing much faster than BP had expected, especially in Europe, because of plans by automakers including BMW and Daimler AG, the parent company of Mercedes-Benz, to introduce more electric models.

"Electrification is growing at a much faster pace than we ever could have dreamed," Auchincloss said.

When BP's wind and solar investments start returning healthy profits, Auchincloss said, the returns will be lower than BP expects from oil and gas. But they will be far more stable, he said, compared to the "super volatile" oil business, where prices can rise or fall dramatically. The company also plans to boost profits through its energy-trading operation, one of the world's largest, which will benefit from BP's new focus on generating electricity, Auchincloss said.

Seven current and former BP executives spoke with Reuters on condition of anonymity and shared their views on Looney's transition plan. The executives generally supported the direction but expressed varying levels of concern that Looney is moving too fast in trading high-quality oil assets for more speculative renewable-energy investments. Some worried in particular that selling higher-quality oil assets now could leave BP with mostly lower-quality assets, which will become harder to unload later as the entire industry looks to transition to cleaner energy sources.

Fed to reveal new projections with investors on alert

REUTERS

US Federal Reserve officials will lay bare how soon and how often they think the economy will need interest rates rises over the next three years when they release new forecasts at their policy meeting on Wednesday, with investors on alert for a faster pace of tightening.

The so-called "dot plot," released quarterly, charts policymakers projections, on an anonymous basis, for economic growth, employment and inflation, as well as the timing of interest rate rises.

It will show whether most are sticking to recently expressed views that the Delta variant of the coronavirus, which has dented economic activity, will have a short-lived effect on the recovery despite the current turbulence and uncertainty it is causing. This week's set of dots also will include policymakers' forecasts for 2024 for the first time.

Interest rates have been near zero since the beginning of the COVID-19 pandemic with the Fed vowing not to raise borrowing costs until the economy has fully healed. According to the Fed's new framework, that means a greater emphasis on achieving maximum employment along with its 2 per cnet average inflation goal.

Hotter-than expected inflation despite some recent moderation is testing policymakers' commitment to that new framework and could cause the median of the Fed's forecasts for a liftoff in interest rates to switch to 2022 from 2023 at the June meeting.

For that to happen, only three policymakers would need to bring forward their projections, and a shift of just two would result in a dead-heat split inside the Fed over whether liftoff is in the cards for next year or later.

"We all know the dots are not promises or commitments, but it's still the best that the market has to go by to what policy will be in the future," said Roberto Perli, an economist at Cornerstone Macro and former Fed staffer. "The risks are skewed to the upside." There are rising expectations the central bank will at least use its upcoming meeting on Sept. 21-22 to signal it plans to start reducing its massive bond purchases, also put in place in early 2020 to support the economy's recovery, in November if incoming data holds up, amid the fastest economic recovery in history from a brief recession last year.

Fed officials argue the asset purchase program has run its usefulness given that demand, which it most directly affects, has rebounded even if the supply of both labor and goods has been constrained.

The scaling back could be completed as early as mid-2022, clearing the way for the Fed to lift interest rates from near zero any time after that.

The consensus among economists polled by Reuters is for rates to remain near zero until 2023 but more than one-quarter of respondents in the September survey forecast the Fed raising rates next year.

If the Fed's 2022 and 2023 median interest rate projections stay the same, attention will focus on 2024 as investors parse the pace of rate rises once liftoff begins. It will also show how many policymakers, if any, still see interest rates on hold until at least 2024. In June, five out of the 18 policymakers saw rates staying pat until the end of 2023.

Dollar creeps higher as Fed's taper looms

REUTERS

The dollar began the week firmly on Monday with investors in a cautious mood ahead of several central bank meetings, headlined by the Federal Reserve, while looming catastrophe at indebted developer China Evergrande added to markets' fragility.

In thin trade, owing to holidays in Japan and China, the euro nursed losses from its weakest week in a month, slipping slightly to touch a four-week low of $1.1721. Sterling and the Australian and New Zealand dollars were also pressured toward new troughs.

The kiwi, at $0.7024, and sterling, at $1.3722, made three week lows as did the Aussie which fell 0.1 per cent to $0.7253. "The U.S. dollar is having a bit of a rebound," said Westpac analyst Imre Speizer, drawing support, he added, both from an expectation of imminent asset purchase reductions from the Fed and from caution as equity markets begin to get the wobbles.

"Everyone is eying the Fed, waiting for a tapering signal." The U.S. dollar index rose very slightly to a month-high 93.263. The yen held at 110.01 per dollar. The week brings central banks in Japan, the UK, Switzerland, Sweden, Norway, Indonesia, the Philippines, Taiwan, Brazil, South Africa, Turkey and Hungary as well as elections in Canada and Germany -- though traders are mostly focused on the Fed.

The Fed concludes a two-day meeting on Wednesday and markets' consensus is that it will stick with broad plans to begin tapering this year but will hold off providing details or a timeline for a at least a month. Creeping US yields, however, which at the 10-year tenor rose for a fourth straight week last week point to risks of a hawkish surprise or a shift in projections to show hikes as soon a 2022, both of which could support the dollar. It would only take two Fed members to change their minds for the "dot plot" of median projections to reflect hikes next year, said Marshall Gittler of brokerage BDSwiss.

"So it's quite possible that they go from forecasting no rate rises next year to at least one," he said. "Similarly, they are now forecasting two hikes in 2023 that could easily go to three as well." Among the other major central banks the Bank of England is expected to leave policy settings unchanged, but traders see potential for gains in the currency if the bank adopts a hawkish tone or more members being calling for asset purchase tapering.

US opens probe into 30m vehicles over air bag inflators

REUTERS, *Washington*

US auto safety investigators have opened a new probe into 30 million vehicles built by nearly two dozen automakers with potentially defective Takata air bag inflators, a government document seen by Reuters on Sunday showed.

The National Highway Traffic Safety Administration (NHTSA) on Friday opened an engineering analysis into an estimated 30 million US vehicles from the 2001 through 2019 model years. Automakers were alerted to the investigation, which is not yet public.

The new investigation includes vehicles assembled by Honda Motor Co, Ford Motor Co, Toyota Motor Corp, General Motors Co, Nissan Motor, Subaru, Tesla, Ferrari NV , Nissan Motor, Mazda, Daimler AG, BMW Chrysler, Porsche Cars, Jaguar Land Rover (owned by Tata Motors and others. The automakers on Sunday either declined to comment before NHTSA's expected public announcement on Monday, or did not immediately respond to requests for comment. NHTSA declined to comment.

The 30 million vehicles include both vehicles that had the inflators installed when they were manufactured as well as some inflators that were used in prior recall repairs, NHTSA said in the document.

Over the last decade, more than 67 million Takata air bag inflators have been recalled in the United States -- and more than 100 million worldwide -- in the biggest auto safety callback in history because inflators can send deadly metal fragments flying in rare instances.

There have been at least 28 deaths worldwide, including 19 in the United States tied to faulty Takata inflators and more than 400 injuries.

Heavy vehicular traffic is seen in the Ocean Beach neighbourhood of San Diego, California, US, ahead of the Fourth of July holiday July 3, 2020. REUTERS/Bing Guan

The 30 million vehicles that are part of the new investigation have inflators with a "desiccant" or drying agent. According to the document, NHTSA said there have been no reported ruptures of vehicles on the roads with air bag inflators with the drying agent.

"While no present safety risk has been identified, further work is needed to evaluate the future risk of non-recalled desiccated inflators," NHTSA said in opening its engineering analysis seen by Reuters. "Further study is needed to assess the long-term safety of desiccated inflators."

NHTSA has said the cause of the inflator explosions tied to the recall of 67 million inflators that can emit deadly fragments is propellant breaking down after long-term exposure to high temperature fluctuations and humidity. The agency has required all similar Takata without a drying agent to be recalled.

In the United States, 16 deaths in Honda vehicles have been reported, two in Ford vehicles and one in a BMW, while 9 other Honda deaths occurred in Malaysia, Brazil and Mexico.

NHTSA did not immediately release a breakdown of how many vehicles per manufacturer are covered by the probe.