Some Chinese state banks will reduce deposit rates

REUTERS, *Shanghai*

Some Chinese state banks, such as Bank of China and Bank of Communications, will cut deposit rate ceilings on Monday, joining smaller lenders, sources told Reuters. The planned cuts come a week after regulators encouraged smaller banks to lower the ceiling for their deposit rates. The moves will also coincide with China's reduction in banks' reserve requirements, effective on Monday.

Bank of China, will cut the rates for time deposits of 2-3 year tenors by roughly 10 basis points, according to two banking sources. Bank of Communications, will make similar moves, said another source. Bank of China and Bank of Communications were not immediately reachable for comment outside working hours.

Beijing has repeatedly urged banks to reduce borrowing costs for smaller companies in an economy hit by Covid-19 outbreaks

It was not immediately clear if other state banks, including Industrial and Commercial Bank of China (ICBC), China Construction Bank (CCB) and Agricultural Bank of China will also cut deposit rates, but the sources say state lenders typically move in tandem on rate moves.

Beijing has repeatedly urged banks to reduce borrowing costs for smaller companies in an economy hit by Covid-19 outbreaks, fallout from the Ukraine crisis, and capital outflows triggered by US monetary tightening.

To prod banks to lend more, the PBOC has announced it would cut the reserve requirement ratio (RRR) for all banks by 25 basis points, effective from April 25.

Children's clothes costing two to three times lower than those in regular shops put out on a footpath in the capital's New Market targeting customers of the low-income bracket. Business is brisk here, with around a week to go before Eid-ul-Fitr. The photo was taken on Saturday.

PHOTO: RASHED SHUMON

Slowdown warnings flash for UK economy

REUTERS, *London*

Britain's economy is heading for a slowdown, or possibly even a recession, as consumers and businesses are hit by the leap in inflation, higher taxes, rising interest rates and uncertainty caused by the war in Ukraine.

Bank of England Governor Andrew Bailey said on Thursday the BoE was walking a tight line between tackling inflation and avoiding a recession.

So far, finance minister Rishi Sunak has resisted to calls to add to his support for households.

Below is a series of graphics showing some of the signs of the strain on the world's fifth-biggest economy.

IMF Britain's economy will slow in 2022 and faces weaker economic growth and more persistent inflation than any other major rich nation in 2023, the International Monetary Fund forecast this week.

The IMF said its downgrades for 2022 and 2023 reflected "elevated inflation pressures" and tighter monetary policy.

The consumer price index jumped to 7 per cent in the 12 months to March, a 30-year high, and is set to go higher in April when big hikes in power tariffs kicked in. The government's budget forecasters said in March that inflation could touch almost 9 per cent later this year, depending on energy prices.

Consumer confidence slumped this month to close to its lowest level since records began nearly 50 years ago, market research firm GfK said on Friday. The report sent a recession warning signal.

Among businesses, optimism dropped for the third month running in April and was the lowest since October 2020, according to the S&P Global/CIPS composite Purchasing Managers' Index.

Spending in shops by consumers fell more than expected in March, adding to a slip in February, according to official data published on Friday. Volumes are above levels before the pandemic but are lower than they would have been without it.

Separate figures on Thursday showed spending on card payments was 105 per cent of its February 2020 average level in the week to April 14 as work-related spending - includes the purchasing of petrol and diesel - jumped.

Britons' inflation-adjusted earnings shrank by the most since 2013 in the three months to February, according to official data.

As the squeeze on earnings tightens, households have been using savings they built up during the coronavirus pandemic. The amount of money households save as a percentage of gross disposable income plus pension accumulations fell back to close to its pre-pandemic level in the last three months of 2021.

The number of employees in Britain is above its pre-pandemic level, providing a source of strength for the economy. But the total size of the workforce, including self-employed people, remains lower than it was in February 2020.

British lenders expect loan defaults to rise over the coming months and also plan to rein in mortgage lending by the greatest amount since the early days of the Covid-19 pandemic, a Bank of England survey showed earlier this month.

Singer launches AC with voice control features

STAR BUSINESS DESK

Singer Bangladesh yesterday launched a "Green Inverter Plus Smart" series air conditioner with voice control features.

A HygieneMax feature can remove up to 91 per cent bacteria and virus, a self-clean feature automatically cleans the indoor unit and an inverter feature saves up to 60 per cent energy.

MHM Fairoz, managing director of Singer Bangladesh, Chandana Samarasinghe, marketing director, Kazi Rafiqul Islam, sales director, and Md Ashgar Hossain, general manager for corporate sales, unveiled the product at the company's head office in Dhaka, said a press release.

Bengal Cement to be used in elevated expressway

STAR BUSINESS DESK

Bengal Cement recently signed an agreement with the company building the first elevated expressway in Dhaka to supply cement for the project.

The expressway will stretch from Hazrat Shahjalal International Airport to Kutubkhali on Dhaka-Chattogram highway and facilitate quick entry and exit of vehicles to and from Dhaka.

Baskan Khanaba, managing director of expressway company, and Firoz Alam, managing director of Bengal Cement, signed the agreement in the latter's head office in Gulshan, Dhaka recently, said a press release.

"We have been testing the concrete settings of Bengal Cement for a long time and the result comes out very much satisfactory," said Khanaba.

Asadul Haque Sufiani, chief operating officer of Bengal Cement, Saroj Kumar Barua, general manager for corporate sales, and Ziaul Haque Farhan, co-general manager for corporate sales, were present.

S&P upgrades Greece debt rating

AFP, *Washington*

S&P Global Ratings on Friday upgraded Greece's debt rating to BB+, citing its improving economy even as the country deals with the shocks from the war in Ukraine.

"The upgrade reflects our expectation of a continuous improvement in Greece's policy effectiveness, while the fallout from the war in Ukraine appears manageable in light of considerable buffers in both the private and public sectors," the agency said in a statement.

The upgrade raised Greece's rating from BB, while S&P put its outlook for the country at stable, citing "our expectation that Greece's fiscal buffers and proven policy effectiveness will allow the country to absorb the indirect impact of the war in Ukraine on its economy and public finances."

Emranul Huq, managing director of Dhaka Bank Ltd, and Sharif Zahir, managing director of Ananta Real Estate Ltd, exchange signed documents of a memorandum of understanding to provide home loan facility to the clients of the realtor at the bank's corporate head office in the capital recently. Mohammad Abu Jafar, additional managing director of the bank, Md Mostaque Ahmed, deputy managing director, Sujit Kumar Saha, chief financial officer of the real estate company, Goutam Tarafdar, chief sales and marketing officer, and Tamanna Rabbani, vice-president, were present.

PHOTO: DHAKA BANK

Global stocks slide on jitters over higher interest rates

AFP, *New York*

Global stock markets dropped sharply Friday as the latest hawkish commentary from the Federal Reserve sent investors fleeing equities on worries over higher interest rates.

Frankfurt lost 2.5 per cent at the close and Paris ended off 2 per cent as investors shrugged off a survey showing the EU bloc's economic activity accelerated in April, while London lost 1.4 per cent on the session.

Wall Street followed the glum trend, with the Dow finishing off 2.8 per cent, or nearly 1,000 points, following an ugly session.

Helping to batter London was a sterling slump against the dollar to an 18-month low after data showed tumbling British retail sales amid a cost-of-living crisis. The euro also slid against the US currency. Oil prices fell on demand fears arising from rising interest rates in the United States and Covid restrictions in China.

"(Price) risks are certainly more tilted to the upside, given the war in Ukraine and a potential embargo on Russian exports, but lockdowns in China and the risk of a Fed-driven economic slowdown are also significant," observed Craig Erlam, Senior Market Analyst.

Fed Chairman Jerome Powell, who has signaled that the Fed will have to move more aggressively to counter decades-high US inflation, stated on Thursday that a half-point interest rate increase was "on the table" for next month's meeting, sending Wall Street tanking.

"Further hawkish comments from the Federal Reserve Chair put another cat among the pigeons in a day of violent swings," said Richard Hunter, head of markets at Interactive Investor.

"Quite apart from the widely expected 0.5 per cent rate hike in May, this could also imply similar rises in subsequent months." That stoked worries the Fed could send the US economy's pandemic recovery back into reverse.

New Pakistan govt

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Ismail, himself a former IMF economist, said at the Atlantic Council.

"We can't afford to do the subsidies that we're doing. So we're going to have to curtail this," he said.

He said that former prime minister Imran Khan, seeking to avoid ouster, set a "trap" for his successors through heavy subsidies on fuel and electricity, as well as a tax amnesty scheme for businesses -- measures that derailed a disbursement from the IMF loan.

"He gave an amnesty to businesses for setting up factories so that they don't have to pay taxes, or even if they evaded taxes that's ok," Ismail told reporters at an event organized by Pakistan's embassy.

But Ismail added that some targeted subsidies should remain for Pakistan's poorest amid sky-high global prices.

The country's new Prime Minister Shehbaz Sharif has vowed to jumpstart a moribund economy, certain to be a major issue in elections due next year.

Pakistan has repeatedly sought international support and suffers from a chronically weak tax base.

Ismail said that Pakistan, the world's fifth most-populous nation, needed to move to a new economic model by removing obstacles and promoting exports to the world.

"We have such an elite-benefitting country that almost every subsidy that you can speak of actually goes to the richest people," he said.

Ismail said his immediate goal was reining in double-digit inflation -- a target complicated by lifting fuel subsidies -- and kickstarting job creation.

He denied Pakistan was in danger of defaulting on its debts, with foreign reserves currently standing at $10 billion, and much of its bilateral debt held with friendly countries China, Saudi Arabia and the UAE.

Sharif has little over a year before he has to call a general election, leaving observers wondering whether ousting Khan will backfire, since his government inherited an economic crisis that will take time to overcome.

Shanghai's economy

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In March alone, retail sales nosedived by 18.9 per cent.

In the first quarter, the city's consumer prices rose 1.8 per cent from a year earlier, with prices in January-February up 1.6 per cent year-on-year and accelerating in March to 2.2 per cent clip.

The higher consumer inflation came as Shanghai residents complained about food and basic supplies during the lockdown, with some saying prices of vegetables had gone up by five to 10 times of levels before the outbreak.

Job creation also slowed, with Shanghai reporting 192,600 new jobs in the first quarter, a drop of 26,200 from the year-earlier quarter.

Arif Dowla, managing director of ACI Ltd, poses for photographs with the new Foton Ambulance at the ACI Motors' corporate headquarters in Dhaka on Saturday. The ambulance has unique features for ensuring comfort for both patients and drivers. FH Ansarey, managing director of ACI Motors, Pradip Kar Chowdhury, executive director for finance and planning, and Subrata Ranjan Das, executive director, were present.

PHOTO: ACI MOTORS

Egypt gig economy workers face rough ride

AFP, *Cairo*

Young men on bikes and scooters zip through Cairo, Egypt's sprawling megalopolis, dodging cars to deliver more than a million orders each day, with little physical or legal protection.

Egypt's digital gig economy is growing, as economic pressures push more of its key demographic -- educated, urban youth -- into the work-on-demand model.

Engineer Mohamed Sherif, 37, joined online food ordering company Talabat as a bicycle courier in Alexandria three months ago because he couldn't find a job.

"They bleed you dry left and right, but there's nothing else to do," he told AFP.

In early April, Talabat couriers called a two-day strike to demand higher wages, with only a fraction of the 12,000 workforce joining.

The work stoppage reflected, however, the state of Egypt's sizeable, app-based gig economy.

Inflation has climbed to a three-year high of 12.1 per cent while the Egyptian pound plunged to 18 per cent of its value.

The mounting economic hardships come as global commodity prices have soared following Russia's invasion of Ukraine.

A courier who declined to be named said commissions have been stagnant since 2020 at 9-18 Egyptian pounds (50 cents and $1).

"You can work a nine or 10-hour shift, and just not get enough orders," Sherif told AFP.

After paying for gas, oil and other expenses, "you could end up only making 30 or 40 pounds that day".

In Egypt, where 60 per cent of the 103-million-strong population are under 30 and 14.5 per cent of university graduates are unemployed, digital labour platforms have attracted 100,000-200,000 workers.

Uber alone employed 90,000 drivers in 2019, all without contracts, insurance or social security.