Mangoes put up for sale on rickshaw vans at the Kansat mango market in Chapainawabganj's Shibganj upazila. Prices are better compared to the previous two years. The photo was taken on Friday.
PHOTO: RABIUL HASAN

Japan closer to yen intervention

REUTERS, *Tokyo*

Japan's government and central bank said on Friday they were concerned by recent sharp falls in the yen in a rare joint statement, the strongest warning to date that Tokyo could intervene to support the currency as it plumbs 20-year lows.

The statement underscores growing concern among policymakers over the damage that sharp yen depreciation could inflict on Japan's fragile economy by hurting business activity and consumers.

But many market players doubt that G7 member Japan will step in soon to directly prop up the yen, a diplomatically fraught and potentially costly course of action that last occurred 20 years ago.

After a meeting with his Bank of Japan (BOJ) counterpart, top currency diplomat Masato Kanda told reporters that Tokyo will "respond flexibly with all options on the table." He declined to say whether Tokyo could negotiate with other countries to jointly step into the market.

The G7 has a long standing policy that markets ought to determine currency rates, but that the group will closely coordinate on currency moves, and that excessive and disorderly exchange-rate moves could hurt growth.

"We have seen sharp yen declines and are concerned about recent currency market moves," the Ministry of Finance, BOJ and the Financial Services Agency said in the joint statement released after their executives' meeting.

"We will communicate closely with each country's currency authorities and respond appropriately as needed," based on the G7 principles, the statement said.

Officials of the three institutions meet occasionally, usually to signal to markets their alarm over sharp market moves. But it is rare for them to issue a joint statement with explicit warnings over currency moves.

The statement came hours ahead of the release of the US Treasury Department's twice-annual currency manipulation report, which kept Japan on a list of 12 countries whose foreign exchange practices merit "close attention." It took note of the recent yen weakness, which it attributed largely to interest rate differentials owing to the BOJ's continued policy accommodation.

The yen briefly rallied to 133.37 yen per dollar after Tokyo's statement, but retraced most of that after a stronger-than-expected reading of US inflation signaled more aggressive rate increases ahead from the Federal Reserve, which are likely to further widen the rate differentials hanging over the yen. It was last at 134.15.

"Tokyo could intervene if the yen slides below 135 to the dollar and starts going into a free fall. That's when Tokyo really needs to step in," said Atsushi Takeda, chief economist at Itochu Economic Research Institute in Tokyo.

"But Washington won't join so it will be solo intervention. For the United States, there's really no merit in joining Tokyo on intervention."

The yen's sharp declines have inflated already rising raw material import costs, jacking up households' living costs and putting pressure on the BOJ to address creeping inflation.

The BOJ and the US Federal Reserve are both scheduled to hold policy meetings next week.

With the Japanese economy still much weaker than its peers, the BOJ is widely expected to maintain its ultra-easy policy next week. But it will face the dilemma of having to stick with low rates, even though it could fuel further yen declines.

"I don't think today's statement would have a direct impact on the BOJ's policy meeting next week," said Hiroshi Ugai, chief Japan economist at JPMorgan Securities. "There are limits to what the BOJ can do."

Unlike other major central banks which are flagging aggressive interest rate hikes to tackle inflation, the BOJ has repeatedly committed to keeping rates low, making Japanese assets less attractive for investors.

That increasing policy divergence sent the yen down 15 per cent against the dollar since early March and within striking distance of 135.20 hit on January 31, 2002. A break past that would be its lowest since October 1998.

Underscoring growing public sensitivity to rising living costs, BOJ Governor Haruhiko Kuroda was forced to apologise on Tuesday for a remark a day earlier that households were becoming more accepting of price rises.

"What can potentially slow the pace of depreciation is a change in policy but right now it looks like there is no indication that the Bank of Japan is concerned about inflation or the impact of the weak yen on that," said Moh Siong Sim, a currency strategist at Bank of Singapore.

Eastern Bank, DSE launch Visa credit card

STAR BUSINESS DESK

Eastern Bank has launched a co-brand credit card with Dhaka Stock Exchange (DSE) and Visa exclusively for the stock market employees and its trading right entitlement certificate (TREC) holder companies.

Ali Reza Iftekhar, managing director of Eastern Bank, and Md Eunusur Rahman, chairman of the DSE, jointly unveiled the product at the DSE head office in Motijheel, Dhaka recently, said a press release.

Richard D Rozario, president of the DSE Brokers Association of Bangladesh, Soumya Basu, country director of Visa Bangladesh, Siraj Siddiquey, director of products and solutions for South Asia at Visa, M Khorshed Anowar, deputy managing director of the bank, Ahsan Ullah Chowdhury, head of digital financial services, and Ziaul Karim, head of communications and external affairs, were present.

Canada jobless rate hits record low

REUTERS, *Ottawa*

Canada's jobless rate inched down to a new record low after adding more jobs than expected in May, and wage growth picked up steam, official data showed on Friday, bolstering the case for an even larger rate increase next month by the central bank.

Canada added a net 39,800 jobs in May, entirely in full-time work, beating expectations for a gain of 30,000, Statistics Canada data showed. The jobless rate dropped to 5.1 per cent, beating predictions it would remain at 5.2 per cent.

The average hourly wage of permanent employees rose 4.5 per cent, accelerating from 3.4 per cent April and in-line with gains seen in 2019, when the labor market was also extremely tight.

The result is likely to bolster calls for the Bank of Canada to act more aggressively at its July interest rate decision.

"Certainly, this does come down on the hawkish side of the ledger and it is going to add to the speculation around a potential 75-basis-point move next month," said Andrew Kelvin, chief Canada strategist at TD Securities.

"It's another signal to the Bank of Canada that they are a little bit behind the curve on their rate hikes."

The central bank hiked to 1.5 per cent from 1.0 per cent last week, its second consecutive 50-basis point hike, and said it would act "more forcefully" if needed to curb inflation, which is running at a 31-year high.

Money markets see about a 60 per cent chance the bank will increase by 75 bps on July 13 and expect rates to hit 3.25 per cent by year-end, up sharply from 0.25 per cent in January.

For economists, the bigger question is whether inflation moved above 6.8 per cent in May to hit a four-decade high. That data is due later this month. US inflation accelerated to 8.6 per cent in May, driven by rising gasoline and food prices.

High and low tide

FROM PAGE B4

Above and beyond $25 billion

The $25 billion prediction for FY 2022-23 is not riding on the cash incentive alone. There are four more reasons why it is bound to happen and will see a steeper rise in the following years:

First, oil rich countries are getting richer as the fuel prices are soaring. We have the largest concentration of wage earner diaspora, roughly 55 per cent, in this mineral mighty region of Asia. With the widening size of their economies these nations would bring changes in their wage patterns, a basic economic assumption.

Second, our government is relentless in facilitating employment beyond borders. The Bureau of Manpower, Employment and Training (BMET) website shows 7.34 lakh, 7 lakh, 2.17 lakh and 6.17 lakh new workers were sent abroad in last four calendar years respectively. In the first four months of this year, 4.26 lakh have flown out. This is a special year as we are addressing pent up demand (demand withheld during the pandemic) from various countries. Combined with the decision of last week's joint working group meeting with the Malaysian government accommodating 5 lakh employees in five years, total overseas employment by the end of December might hit 1 million.

Third, that people prefer safer, quicker, and more yielding modes of money transfer is common wisdom. The banking channel is safer than hundi. These days they both are quick but for the last three months hundi's yield is significantly higher than the official routes. The more the government truncates the difference, less and less people will use the risky medium.

Fourth, last but not least, the BMET may consider incorporating the tax factor of remittance channeled through banks in their training sessions for the outbound workers. If you send the money officially, you do not pay a pie as tax but can put it in your tax file and make crores of white money in the process. In sharp contrast while your closest keens receive your remittance through illegal routes no one can put it in tax records, nor you neither the receiver. The money can be used now, but also can be questioned at a certain point of time.

The skeptics' dilemma

There is a not-so-popular but alive stream of thought that when a government pampers it's remitters with incentives or otherwise, a poisonous cycle of unearned income may roll out. How? Well, it is a three-step action plan. First you amass illegitimate earnings, then send it abroad through informal ways and then bring it back as remittance.

What a scheme! Legitimising illicit money without paying taxes and there is also a bit of icing on the cake. All you need to run the project is a "brother" who lives abroad and who you can be trusted with hoarding the money for a while and then re-routing it to you.

Skeptics always bring this evil design to the fore whenever the question of more subsidy is raised. They say effective addition of forex is negligible in this process.

There are arguments as well which brush aside all skepticism. Most reasonable of them would be, what is the harm if it really turns out to be a respite for earners of illegal wealth? Forex still rolls on to the country which could have been left outside permanently. If the person in question has really piled up unearned income, he would always be at risk for the money trail he leaves behind unknowingly.

Last word

Remitters are our unsung heroes. That we have never valued them with dignity and honour is evidential in our airports, onboard the national carrier and in many cases in our embassies.

It's time we express our gratitude. One small step would be to add one more taka for every hundred taka they send putting in the blood and sweat.

Views expressed here are personal. The writer is a member of the Pacific Council on International Policy. He can be reached at amamoon42@gmail.com

Servier launches medicine to treat high blood pressure

STAR BUSINESS DESK

France-based pharmaceutical manufacturer Servier has launched a medication in Bangladesh that treats high blood pressure.

The drug is a combination of amlodipine, which works by relaxing blood vessels so blood can flow more easily, and indapamide, which works by creating more urine to help get rid of extra salt and water.

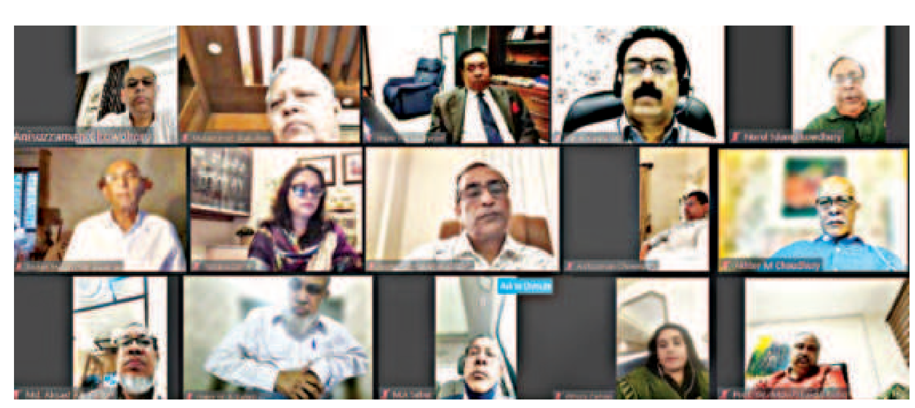
M Nazrul Islam, professor of cardiology at the Bangabandhu Sheikh Mujib Medical University hospital, unveiled the medicine at a scientific symposium organised by Servier at the Radisson Blu Dhaka Water Garden on Friday, said a press release.

Speakers at the symposium said an estimated 1.28 billion people in the world suffer from hypertension (high blood pressure), one of the leading causes of deaths, and two-third are living in low and middle-income countries. Of them, around 3 crore are in Bangladesh, over half of whom are unaware and almost half of whom are aged above 55 years while among those taking anti-hypertensive, 88 per cent are uncontrolled.

Neil Poulter, professor of preventive cardiovascular medicine at Imperial College London in the United Kingdom, delivered a keynote speech.

National Professor Abdul Malik, founder and president of the National Heart Foundation of Bangladesh, Prof KMHS Sirajul Haque, honourary professor of cardiology at Anwer Khan Modern Medical College, and Tofazzal Hossain Bhuiyan, head of operations of Servier Bangladesh, were also present.

M Nazrul Islam, professor of cardiology at the Bangabandhu Sheikh Mujib Medical University hospital, unveiled a medication of France-based pharmaceutical manufacturer Servier that treats high blood pressure at the Radisson Blu Dhaka Water Garden on Friday.
PHOTO: SERVIER BANGLADESH



Bazal Ahmed, vice-chairman of United Commercial Bank, virtually presided over its 39th annual general meeting recently. The meeting approved 10 per cent stock dividend for the year that ended on December 31, 2021. Arif Quadri, managing director, Faruk Ahammad, chief financial officer, and ATM Tahmiduzzaman, deputy managing director, were present.
PHOTO: UNITED COMMERCIAL BANK

India's fuel demand

FROM PAGE B4

"However, high oil prices are likely to have an impact on consumption in the next few months. High fuel prices do not bode well for motorists all over the world," he added. Consumption of diesel rose 31.7 per cent in May year-on-year to 7.29 million tonnes and was up about 32.6 per cent from two years earlier.

Sales of gasoline, or petrol, were 51.5 per cent higher than a year earlier at 3.02 million tonnes.

Daily gasoil sales of Indian state refiners declined in May from April as lower consumer spending curtailed truck movement in the country, preliminary fuel sales data showed on June 1. India's gasoline sales have been rising since the country eased pandemic lockdowns, as people continued to prefer using personal vehicles over public transport for safety reasons and to avoid heatwaves.

US inflation skyrockets

FROM PAGE B4

But he acknowledged the rising inflation was a severe problem, saying in an earlier statement the United States "must do more -- and quickly -- to get prices down."

The new data dealt a crushing blow to Biden's efforts, as the consumer price index (CPI) jumped 8.6 per cent compared to May 2021, up from 8.3 per cent in the 12 months ending in April and topping what most economists thought was the peak of 8.5 per cent in March.

Prices continued to rise last month for goods including housing, groceries, airline fares and used and new vehicles, setting new records in multiple categories, according to the Labor Department report.

"The headline inflation numbers are dreadful. Strip away some special factors & they're merely bad," Harvard economist and former White House advisor Jason Furman said on Twitter.

Some economists expected the easing of pandemic restrictions to cause a shift of US consumer demand towards services and away from goods, which they said would ease inflation pressures, but prices for services increased as well.