Euro tumbles to 20-year low against dollar

AFP, *New York*

European stocks sank Tuesday along with oil prices, while the euro slumped towards parity with the dollar on deepening recession fears as central banks contend with soaring inflation.

European stock markets fell nearly three percent, weighing on Wall Street early in the day before US stocks staged a turnaround.

"Fears about the health of the world economy are circulating and that is why we are seeing major declines in stocks, energies, and industrial metals," said market analyst David Madden at Equiti Capital.

The euro sank to a 20-year dollar low of $1.0238 as investors eyed aggressive interest rate hikes by the US Federal Reserve in its fight against inflation, in contrast with the European Central Bank, seen as planning more modest increases.

The main international crude oil contract, Brent North Sea, fell nearly 10 percent, while the main US contract WTI, fell more than eight percent to finish under $100 per barrel for the first time in around two months.

"There are increasing worries the elevated energy prices will chip away at demand, hence the fall in the oil contracts," said Madden.

Sentiment in Europe was shaken by the latest survey data showing economic growth in the eurozone floundered in June.

S&P Global's closely-watched monthly purchasing managers' index (PMI), which measures corporate confidence, fell to 52.0 in June from 54.8 in May.

Nevertheless, the reading, which was a 16-month low, remains above the 50-point level signalling expansion.

"Growing fears of a recession are hammering the euro lower, whilst the dollar is soaring on bets that the Fed will keep hiking rates aggressively to tame inflation," City Index analyst Fiona Cincotta told AFP.

Hay costing Tk 7 to Tk 8 per bundle is being brought into the capital ahead of Eid-ul-Azha, when around 1.21 crore animals are expected to be sacrificed around the country, according to the Ministry of Fisheries and Livestock. The photo was taken near the Gabtoli cattle market on Tuesday.
PHOTO: PRABIR DAS

Dollar reigns as investors fear recession pain

REUTERS, *Tokyo*

Asian stocks fell and the dollar stood by a two-decade high on the euro on Wednesday as investors' fears deepened that the continent is leading the world into recession, while oil and European equity futures made a wobbly attempt to steady.

Brent crude futures have slid this month on worries that a global slowdown will sap demand. Prices slumped 9.5 per cent to a 2-1/2 month low of $101.10 on Tuesday, before bouncing slightly to $103.86 a barrel in the Asia session on Wednesday.

MSCI's index of Asia-Pacific stocks outside Japan fell 1 per cent, led by a 2 per cent drop for Taiwan's benchmark index - heavy with growth-sensitive computer chip makers - which hit an 18-month low. Japan's Nikkei fell 1.1 per cent.

S&P 500 futures fell 0.1 per cent while FTSE futures and EuroSTOXX 50 futures rose 1 per cent after heavy Tuesday selling.

News has been relentlessly negative, with talk of gas rationing in Europe, a political crisis in Britain and a fresh flare up of COVID-19 cases prompting fresh restrictions in Shanghai.

In the United States, the two-year Treasury yield has dropped below the 10-year yield, a reliable market signal of a recession capping growth in the medium term.

"The drumbeat is getting louder and louder about recession risk," said Jason Teh, chief investment officer at Vertium Asset Management in Sydney. "Right now defence is the name of the game. It's the best strategy right now, because in a recession a lot of things can fall out of bed."

Accordingly, the dollar has been king and a safety bid has even returned to the beaten-down Japanese yen. The US dollar index hit a 20-year high of 106.79 on Tuesday, hoisted by a tumbling euro.

The index hovered at 106.440 on Wednesday and the yen rose about 0.4 per cent to 135.39 per dollar.

The euro huddled at $1.0266 after dropping as far as $1.0236 on Tuesday and traders expect little respite. Selling could follow if Eurozone retail sales figures due at 0900 GMT disappoint expectations for a 0.4 per cent monthly rise in May.

"There are no important support levels for EUR/USD until $1," said Commonwealth Bank of Australia strategist Kristina Clifton.

Sterling was near a two-year low at $1.1944 after the resignation of two of Britain's top government ministers put Prime Minster Boris Johnson's leadership under new pressure.

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Uncertainty over Europe's gas supply is leading the latest round of worries, and has sent prices rocketing against slumps in other commodities on growth worries.

Benchmark Dutch gas prices have doubled since the middle of June.

Some investors worry that flow along the Nord Stream pipeline, which brings gas from Russia to Germany, might not resume after a ten-day maintenance shutdown from July 11 and that winter supply shortages will then prompt rationing and a sharp drop in economic activity.

StanChart, UCEP to help northern communities

STAR BUSINESS REPORT

Standard Chartered Bangladesh and UCEP Bangladesh have launched a re-skilling and employment reintegration programme for individuals whose livelihoods have been impacted by Covid-19 and the recent flooding in northern Bangladesh.

UCEP Bangladesh is a non-government organisation that provides a second chance at education for out-of-school children and decent work for young adults through skills development training.

UCEP places a special focus on social inclusion and gives priority to women, children, and youths from poor and underprivileged families.

Under the partnership with Standard Chartered, 500 beneficiaries in the Sylhet district will receive market-driven vocational training.

Russian court orders halt to Caspian oil pipeline

REUTERS, *Moscow*

Caspian Pipeline Consortium (CPC), which takes oil from Kazakhstan to the Black Sea via one of the world's largest pipelines, has been told by a Russian court to suspend activity for 30 days although sources said exports were still flowing.

CPC, which handles about 1 per cent of global oil, said the ruling to suspend operations related to paperwork on oil spills and said the consortium, which includes US firms Chevron and Exxon, had to abide by the ruling which was issued on Tuesday.

Two trading sources familiar with the terminal operations told Reuters oil exports from the CPC terminal on the Black Sea were continuing on Wednesday morning, after Tuesday's ruling.

New UK finance minister pledges to grow economy

REUTERS, *London*

Britain's new finance minister Nadhim Zahawi pledged on Wednesday to rebuild and grow the struggling economy and said he would look at all options to do that, including possible tax cuts.

Zahawi, who moved from the education ministry to the Treasury on Tuesday after the resignation of Rishi Sunak in protest against embattled Prime Minister Boris Johnson, said "nothing is off the table".

But he also faced questions in his first media interviews in the job about whether he would even have a chance to steer the economy out of its looming slowdown, given Johnson's weakened grip on power.

AB Bank Limited yesterday held its 40th annual general meeting, which approved 2 per cent cash dividends and 3 per cent stock dividends for 2021. The bank completed its 40th year of operations on April 12 this year. Muhammad A (Rumee) Ali, chairman of the board, presided over the meeting while Tarique Afzal, president and managing director, members of board and a good number of shareholders attended the meeting virtually.
PHOTO: AB BANK

Seven top-performing Premier Bank customers who are also entrepreneurs of small and medium enterprises were honoured by the lender through a programme at Renaissance Dhaka Gulshan Hotel recently marking "World MSME Day". M Reazul Karim, managing director and CEO, presided over the event while Syed Nowsher Ali and Shahed Sekander, deputy managing directors, Muhammad Ali, adviser, Md Obaidul Hoque, executive director, and Md Jaker Hossain, general manager, SME Special Programmes Division of Bangladesh Bank, were present.
PHOTO: PREMIER BANK

125 firms to import 2.5 lakh tonnes

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The National Board of Revenue (NBR) cut the duty on rice imported between June 22 and October 31 to 25.75 per cent from 62.5 per cent to facilitate the purchase of the cereal from international markets as prices have risen in the local market.

Fine rice is being sold for between Tk 64 and Tk 80 per kg in the kitchen markets in Dhaka today.

The prices were up 7.46 per cent from a month ago, according to the Trading Corporation of Bangladesh (TCB).

Prices of coarse rice remained unchanged in the past one month, TCB data showed.

In order to avail the tax waiver, importers will have to take permissions from the food ministry for every shipment, according to the NBR.

Eurozone consumers cut food spending

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Despite the marginal overall increase in retail spending, sales of food, drinks and tobacco dropped on the month by 0.3 per cent, compounding the 2.3 per cent slump recorded in April, which was the worst fall since June 2020 when euro zone nations started to timidly reopen their economies after COVID-19 lockdowns.

However, Eurostat revised slightly upwards its preliminary estimate of the fall in April retail sales, which it initially had reckoned to be of 2.6 per cent.

On the year, sales of food, drinks and tobacco fell by 3.6 per cent in May, matching the fall recorded a month earlier, in line with the downwards trend which began in December.

The drop in purchases of essential goods coincided with the record spike in prices, with headline inflation at 8.1 per cent in May, and estimated to have grown to 8.6 per cent in June.

Prices of food, alcohol and tobacco are estimated by Eurostat to have risen 7.5 per cent in May on the year, and 8.9 per cent last month.

Eurozone consumers also cut their spending on fuel and on online shopping by 0.2 per cent on the month in both cases.

The overall rise in retail sales was due to a 1.2 per cent increase in non-food products, a vast category including clothing, medicines and cosmetics.

HSBC Bangladesh recently organised a virtual panel discussion, styled "Transitioning to a circular economy with Sustainable Waste Management", to find innovative solutions and adopt the best practices in this regard across all manufacturing and service sectors. Held on July 4, the event featured Md Mahbub ur Rahman, CEO of HSBC Bangladesh, Robert Chatterton Dickson, British High Commissioner to Bangladesh, Md Shahab Uddin, minister for environment, forest and climate change, Md Moniruzzaman, additional secretary, Wai-Shin Chan, head of climate change at HSBC Global Research, and senior officials from Coca-Cola Bangladesh, the Geocycle project of LafargeHolcim and Pran-RFL Group.
PHOTO: HSBC BANGLADESH

Md Mahbub Ul Alam, chairman of the board of directors of Social Islami Bank, presided over its 27th annual general meeting yesterday. The bank's shareholders approved 5 per cent cash and 5 per cent stock dividends for 2021. Managing Director and CEO Zafar Alam was present.
PHOTO: SOCIAL ISLAMI BANK

China's oil import

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month, its third shipment of Iran oil since last December, confirming an earlier Reuters report.

Despite US sanctions on Iran, China has kept taking Iranian oil, usually passed off as supplies from other countries. The import levels are roughly equivalent to 7 per cent of China's total crude oil imports.

China's overall crude oil imports rose nearly 12 per cent in May from a low base a year earlier to 10.8 million bpd, versus the 2021 average of 10.3 million bpd.

Customs reported zero imports from Venezuela.

State oil firms have shunned purchases since late 2019 for fear of falling foul of secondary US sanctions. Imports from Malaysia, often used as a transfer point in the last two years for oil originating from Iran and Venezuela, amounted to 2.2 million tonnes, steady versus April but more than double the year-earlier level.

Imports from Brazil fell 19 per cent from a year earlier to 2.2 million tonnes, as supplies from the Latin American exporter faced cheaper competition from Iranian and Russian barrels.

Separately, data also showed China's imports of Russian liquefied natural gas (LNG) amounted to nearly 400,000 tonnes last month, 56 per cent more than May of 2021.