

Indian rupee plunges to record low versus dollar

REUTERS, Mumbai

The Indian rupee weakened in opening trade on Thursday to hit record lows against the greenback for a fourth straight session after data showed US inflation, already at four-decade highs, accelerated even further.

The dollar resumed its relentless rise, driven by both expectations for faster policy tightening by the Federal Reserve and safe-haven flows as fears grow for a recession.

The partially convertible rupee was trading at 79.75/76 per dollar by 0338 GMT, compared to its close of 79.63 on Wednesday. The unit touched a life low of 79.77.

Traders expect dollar selling intervention by the central bank to slow the slide in the rupee but expect it to touch levels of 80 to the dollar in the near future.



Tanners have started collecting salted rawhides from markets all over the country following the recent Eid-ul-Azha but as fewer animals than their target were sacrificed this year, they might not be able to achieve their procurement goal. The photo was taken in the Posta area of Lalbagh in the capital yesterday.

PHOTO: AMRAN HOSSAIN

UK 'jobs miracle' turns into employers' nightmare

AFP, Keswick

Job vacancies seem to come ten a penny in Keswick, a tourist town in England's picturesque Lake District, as the hospitality sector cries out for staff — shortages which are a direct result, critics say, of the coronavirus pandemic and of Brexit.

"Two live-in chef positions available. Excellent rates of pay," reads one advert in a restaurant window.

"Hiring. No experience needed," says another in a fish-and-chip shop.

Britain's ruling Conservative party claims to have engineered a "jobs miracle" since coming to power in 2010, with the national unemployment rate currently standing at 3.8 per cent, the lowest level in almost 50 years.

That is, in fact, better than the International Labour Organisation's definition of "full employment" — a jobless rate of five per cent.

But for Tony Wilson, director of the

Institute for Employment Studies, while the current situation in Britain may be "the best context in 20 years for workers", it is not good for the economy as a whole.

The shortage of workers may be "leading to pay growth and some improvements in employment terms, but it doesn't help the economy at all," he said.

If companies are unable to fulfil their potential then profits and overall growth take a hit, he argued.

Indeed, Britain is set to have the lowest economic growth of any Group of Seven countries, projections show.

Back in Keswick, Alison Lamont, the 60-year-old co-owner of the Relish cafe, does not have a minute to spare as she juggles serving with taking payments.

Since Covid lockdowns were lifted, the small eatery has switched to takeaway services only. There is simply no "time for clearing the tables", says Lamont.

Despite attempts to recruit via social media or simply by word of mouth, she

cannot find the extra staff needed to run the cafe properly. Young people "all want to be influencers or work from home", Lamont complains.

"The main impact on family life is that we don't get weekends together and no time away, we have to work and work and work," she tells AFP, as her husband, who prepares the food upstairs, runs down to bring a sandwich.

Lamont, welcoming each customer like an old friend, says she bought the cafe with her husband around a year before Covid struck. She struggles to sleep some nights and sees no end to the current situation. "You can only do this for so long," Lamont says.

Further up the street, the restaurant at George Hotel was forced to shut for three-and-a-half months this year because it had no chef, costing the business 30,000 (\$35,000) a week, a situation that is seen again and again across the UK.

The owner of a London beauty salon

told AFP she had even resorted to using a headhunter, typically used for recruiting senior management positions, to find a beautician — with no luck so far.

In other sectors, airlines such as British Airways and EasyJet are struggling to re-hire the staff they laid off in their thousands at the start of the pandemic.

The result: mass flight cancellations and a situation that is only set to become worse during the upcoming summer holiday season.

The reasons for Britain's current labour market woes are widely blamed on the country's decision to quit the European Union and on the economic fallout from the coronavirus pandemic.

"Since the economy reopened... the demand for workers is much higher than the job seekers, especially in low-paid, low-skill sectors" such as cleaning, construction, distribution and warehousing, said Jack Kennedy, UK economist at recruitment group Indeed.

Our love for the Big 4!

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cheating on accountant exams" - Reuters.com; Ernest Young, the firm that audits the Ethics of an organisation, admits that its auditors cheat on Ethic exam. "KPMG fined over Rolls-Royce audit" - FT.com; "EY accused of basic failings in \$ 2.7bn claim over NMC collapse" - FT.com; "KPMG to be fined Pound 14m for forging documents over Carillion audit" - TheGuardian.com; "Deloitte hit with Pound 2mn fine after rule breaches over Mitie" - TheTimes.co.uk; "PwC fined over exam cheating involving 1,100 of its auditors" - FT.com.

These are merely some examples to stir our blind trust in them!

However, when it comes to audit, opting for the Big 4 is fully justified for ensuring compliance, business/system improvements, independence, credibility, detecting and preventing fraud and so on.

Exceptions aside, they do a very good job too in the majority of cases. And approximately, one third of their revenue comes from this business segment. As for consultancy and others, these firms have a great

knowledge base across industries, internationally.

Hence, there is no denying the need and importance of such firms and how irreplaceable they can prove to be, given they follow high ethical standards. Because of such conflicting issues, one of the Big 4 considering to split the company into audit and consultancy operations.

Having said that, if the same firm is given the job of execution of their recommendation, it becomes a different story. Unfortunately, from my three decades of experience in the Bangladesh market, I cannot cite any good experience I had with them on this execution issue.

One of the reasons for this may be that most of their resources are from outside the country who may not have the local knowledge and understanding required for a smooth execution of the recommendation plan.

It is also common that the corporates often misuse the Big 4 for achieving an ulterior motive. Similarly, the Big 4 firms also face a tight spot between revenue and ethics. And cases like the ones cited above mostly occur when revenue

outweighs ethics. In all likelihood, the actual number of such cases would be way higher than what gets reported.

If the above examples are carefully examined in developed countries, then the concerned authorities would most likely impose fines, although any fine would be a paltry sum, a slap on the wrist, against their regular exorbitant revenue!

For the "love" of the Big 4 today, both corporates as well as auditors are equally responsible although the onus is more with the auditors for the statutory nature of their role. They may not represent the company but they do represent the investors, shareholders, creditors and stakeholders.

What is important is to bear in mind that while we use the Big 4 to fulfil our own goal, we can be at the hapless receiving end too. To break this loop, it is important that all parties remain strictly professional coupled with effective imposition of regulations by the concerned authorities in Bangladesh.

The author is a telecom and management expert.

US inflation hits 40-year high

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The war in Ukraine has pushed global energy and food prices higher, and US gas prices at the pump last month hit a record of more than \$5 a gallon.

However, energy prices have eased in recent weeks, with oil prices falling below \$100 a barrel for the first time since April, which could start to relieve some of the pressure on consumers.

The Federal Reserve is likely to continue its aggressive interest rate increases as it tries to tamp down the price surge by cooling demand before inflation becomes entrenched.

The US central bank last month implemented the biggest rate hike in nearly 30 years, and economists say another three-quarter point increase

is likely later this month.

Wall Street stocks declined Wednesday after the release of the report, which added to recession fears, and some analysts worry the report will prompt the Fed to adopt even tougher measures to tighten monetary policy, such as a full percentage point interest rate increase.

Ian Shepherdson of Pantheon Macroeconomics summed up the data in one word: "Ouch." "This report will make for very uncomfortable reading at the Fed," he said. "It rules out the chance of the Fed hiking by only 50bp this month."

Driven by record-high gasoline prices, the consumer price index jumped 1.3 per cent in June compared to May.

But Shepherdson noted some signs of cooling prices in the data and predicted "this will be the last big increase." When volatile food and energy prices are stripped out of the calculation, "core" CPI increased 5.9 per cent over the past year — still a rapid pace but slowing from the pace in May, according to the data.

Food and housing prices also rose in June, as did car prices, though the rate has stabilized or slowed from the past month, the report said.

Mickey Levy of Berenberg Capital Markets said the "broadening" of price increases to more categories is a "cause for concern" for the Fed's efforts, but "there is reason to believe price increases may moderate in the near term," Yellen told reporters.

It's in China's

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International Monetary Fund, with another \$1 billion due to other rich countries.

"Sri Lanka is clearly unable to repay that debt, and it's my hope that China will be willing to work with Sri Lanka to restructure the debt," Yellen told a news conference on the sidelines of a meeting of G20 finance officials on the Indonesian island of Bali.

She declined to comment on recent events in Sri Lanka, where people are waiting for the resignation of President Gotabaya Rajapaksa, who has fled the country to escape a popular uprising as it struggles with an economic crisis.

Sri Lanka defaulted on its \$51 billion of international debt in May after years of heavy borrowing and tax cuts by the government, plus the damaging impact of the Covid-19 pandemic.

The economy of the country of 22 million people began to show cracks in 2019 after large tax cuts by Rajapaksa's government drained the country's coffers.

The pandemic then shattered the lucrative tourism industry, and rising global prices have left Colombo struggling for essentials such as fuel, medicine and food.

Yellen singled out China for failing to cooperate in efforts to provide debt relief under the Common Framework adopted by G20 members and the Paris Club of official creditors in October 2020 to help heavily indebted low-income countries weather the Covid-19 pandemic.

Three countries — Zambia, Ethiopia and Chad — have applied for help under the framework, but those efforts have stalled, largely due to foot-dragging by China, now the world's largest sovereign creditor, and private sector creditors. "More needs to be done to help the most vulnerable, and this is a key message I will be emphasizing at these G20 meetings," Yellen told reporters.



Mohammad Mamdudur Rashid, managing director of NCC Bank, greets Abu Noman Md Rafiqur Rahman, chairman of the bank's shariah supervisory committee, with a bouquet at the committee's first meeting at NCC Bank Bhaban in Dhaka recently. Md Abul Bashar, chairman of the bank, virtually joined the meeting.

PHOTO: NCC BANK

Burned Twitter deal bankers see silver lining in Musk's startups

REUTERS

Wall Street's top investment banks that stand to lose lucrative fees from Elon Musk abandoning his \$44 billion acquisition of Twitter Inc hope the start-ups backed by the world's richest person will make up for the lost business.

Musk has been one of Wall Street's biggest patrons, doling out nearly \$500 million in fees to investment banks such as Goldman Sachs Group Inc and Morgan Stanley since 2000, mostly for work on Tesla Inc, according to an estimate by Refinitiv.

This estimate does not include Musk's privately held start-ups SpaceX, Neuralink and The Boring Company. Bankers said these companies have paid tens of millions of dollars in investment banking fee revenue over the years for their capital raisings.

The bankers, who spoke about their business prospects with Musk on condition of not being identified,

Shanta First Income Unit Fund declares 10pc dividend

STAR BUSINESS DESK

Shanta First Income Unit Fund has announced a 10 per cent, or Tk 1 per unit, dividend for the fiscal year that ended on June 30, 2022.

Earnings Per Unit (EPU) of the fund stood at Tk 1.14, implying that the fund has disbursed 87.7 per cent of its earnings to its valued investors, a press release said.

Now they can opt for the dividend as cash or reinvest the dividend by purchasing units of the fund for further growth.

Shanta Asset Management Ltd, a sponsor and asset manager of the fund, stipulates that only the shareholders who have held units on June 30, 2022 will be entitled to the dividend.

"Despite a challenging year, with a market return of only 3.7 per cent in FY2021-22, we are delighted to declare a decent dividend for our esteemed investors," said Mohammad Emran Hasan, chief executive officer of Shanta Asset Management.

Commerce Bank gets new DMD

STAR BUSINESS DESK

Bangladesh Commerce Bank recently appointed Md Abdul Kader as its deputy managing director.

He previously served Union Bank as the senior executive vice-president, a press release said.

Kader started his banking career at First Security Islami Bank as a probationary officer.

He is actively involved with the Bankers Forum and the Bangladesh Public Relations Association.

Kader obtained his bachelor's and master's degrees from the University of Dhaka.

UAE to invest \$2b in India 'food parks'

REUTERS, Jerusalem

The United Arab Emirates has pledged \$2 billion to help develop a series of "food parks" in India to tackle food insecurity in South Asia and the Middle East, UAE, India, the United States and Israel said on Thursday.

The idea is to bring farmers, processors and retailers together in one place using the latest climate technology to minimise waste, conserve water and maximise crop yields. The four countries would also advance renewable energy projects in India, they said in a statement.

"US and Israeli private sectors will be invited to lend their expertise and offer innovative solutions that contribute to the overall sustainability of the project," the statement said.