

Oil price rises

REUTERS, London

Oil prices rose on Monday in seesaw trading as the market balanced supply fears with expectations that rise in US interest rates would weaken fuel demand.

Brent crude futures for September settlement rose 79 cents, or 0.77 per cent, to \$103.99 a barrel by 1050 GMT, while US West Texas Intermediate (WTI) crude futures rose 82 cents, or 0.87 per cent, to \$95.52 a barrel.

"A slightly weaker US dollar and improving equity markets are supporting oil," UBS oil analyst Giovanni Staunovo said on Monday.

Oil futures have been volatile in recent weeks as traders have tried to reconcile the possibilities of further interest rate hikes, which could limit economic activity and thus cut fuel demand growth, against tight supply from disruptions in trading of Russian barrels because of Western sanctions amid the Ukraine conflict.



Jute plants undergo retting, a biological process to separate fibres from woody stems without damaging the fibre cellulose using water and aquatic microorganisms or bacteria. The quality of jute fibre largely depends on this post-harvest processing method. The photo was taken at Batna village of Barishal sadar upazila on Saturday.

PHOTO: TITU DAS

German airline orders 41 Airbus A320 jets

AFP, Paris

German charter airline Condor has ordered 41 A320 Airbus jets as it renews its fleet with aircraft using less fuel and emitting less carbon dioxide, the two companies said yesterday.

The order is for 13 A320 and 28 A321 jets fitted with Pratt & Whitney engines for delivery starting in Spring 2024, Condor and Airbus said in a joint statement.

The catalogue price is about 5.0 billion euros (\$5.1 billion) but the final purchase price usually differs due to possible discounts offered to big-ticket customers.

"With the replacement of our entire long-haul fleet with the latest two-litre aircraft by early 2024, it is the obvious next step for us to modernise our short-haul and medium-haul fleet as well," said chief executive Ralf Teckentrup.

Germany on cusp of recession

Says Ifo, as business sentiment sinks

REUTERS, Berlin

German business morale fell more than expected in July, the Ifo business sentiment survey showed on Monday, as the institute that compiles it said high energy prices and looming gas shortages had left Europe's largest economy on the cusp of recession.

The Ifo institute's closely watched business climate index dropped to 88.6, its lowest in more than two years and below the 90.2 forecast in a Reuters poll of analysts. June's reading was marginally revised down to 92.2.

"Recession is knocking on the door. That can no longer be ruled out," said Ifo surveys head Klaus Wohlrabe.

Germany faces the threat of gas rationing unprecedented in generations this winter following a significant drop in supplies from Russia, whose president, Vladimir Putin,

the West accuses of weaponising energy in response to sanctions levied against him over the war in Ukraine.

Russia says it is conducting a "special military operation" there to fight nationalists.

Russia this month shut down the Nord Stream 1 pipeline that supplies Germany with gas via the bed of the Baltic Sea for 10 days of maintenance that some feared would be extended.

Pumping resumed on Thursday, but at only 40 per cent of capacity.

Wohlrabe told Reuters in an interview that if German gas deliveries continued at that level "there will be no recession."

However, Germany's gas network regulator said on Friday that, if gas through the pipeline continued to be pumped at only 40 per cent, the country would need to take "additional measures" to reach the 90 per cent of storage capacity set as a target to avert winter

rationing.

The government has said it would prioritise residents over the corporate sector in the event of rationing, and Monday's Ifo index, which surveys about 9,000 firms, showed expectations for business to significantly worsen in the coming months.

"The Ifo business climate index, like the purchasing managers' index, now clearly points to a downturn in the German economy," said Commerzbank economic analyst Jorge Kraemer.

"How bad it ends up unfortunately lies mainly in Putin hands."

S&P Global's flash Purchasing Managers' Index (PMI) for German services and its index for manufacturing both fell to 49.2 in July, data showed on Friday, below analyst forecasts for them to hold above the 50 mark that separates growth from contraction.

The catalysts of growth

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We see that the general practice is to provide simple overdrafts or short-term loans to clients for the majority of their lending requirements. Usually there is no end-use monitoring of funds, no supporting documents are submitted to document the movements of goods. This gives rise to the risk of money-laundering and also increases the chance of fund diversion and non-repayment of such loans.

Trade loans, on the other hand, are backed up with proper documentation. These specific purpose loans make it easy to monitor the end-use and restrict any accommodation trading. Being self-liquidating in nature, trade products attract lower risk weightage, making them capital allocation friendly, while keeping the bank safe from losses and ensuring higher returns.

Offering the right trade products ensures transparency in clients trade flow and improves their risk grading. Ultimately as transactions become more financially disciplined and transparent, it aids in the growth of the economy as well.

As the world strives towards meeting the sustainable development goals, transaction banking supports clients with products that recognise the sustainable practices at the client's end.

Bangladesh is a leading exporter of ready-made garments (RMG) in the world. That makes our garments industry a strategic playground for promoting sustainable cotton sourcing. At Standard Chartered, we were able to capitalise on this opportunity and executed the first-ever sustainable trade finance transaction in the country, between two of our RMG clients, thus building and deepening sustainability in the financial supply chain of the clients.

Another key driver of employment and income generation in the country is the growth of small and medium businesses. Transaction banking contributes to lifting participation of this priority sector through banking

the ecosystem of the larger clients.

At Standard Chartered, we provide fully automated and collateral free loans for the distributors and suppliers of our clients. These are mostly small and medium businesses, who not only enjoy the benefits of a collateral free, low-cost funding, but also learn financial discipline, proper record keeping and reconciliation through their experience with us.

Over the last decade, we have introduced many digital solutions to clients, who have seen the benefits of these solutions and gradually moved more towards digitalisation. We have seen a peak in the interest for digitalised services during the Covid-19 lockdown situation. Clients appreciated our readiness to serve through our online platform.

In today's scenario, clients know that in order to remain competitive, they must streamline their working capital operations to minimise turnaround times and increase cost-efficiency. It has become imperative for commercial banks in the country to develop a robust transaction banking department that can support this goal.

We are seeing fundamental shifts in technology that will reshape the finance and banking industry. Clients have an increased demand for real time commerce. Banks' operating systems must be ready to support real time transactions, and this can only be done through digital initiation.

Application Programming Interfaces (API) are becoming a standard method of exchanging information between different applications/systems on a real time basis. While we launched the simpler host-to-host integration formats in cash management from 2010 and saw it gain immense popularity over the last decade, clients are now more inclined toward the more secure and much more customised API connectivity for transaction initiation and reconciliation.

We are witnessing fintech companies provide new services and new market platforms. Transaction

banking teams should be ready to collaborate with fintech to capitalise on the innovations brought into the industry by these companies. We work with different fintech globally. Through one such partnership, we were able to transmit the first-ever Letter of Credit on blockchain in Bangladesh.

The future of trade and cash management holds vast opportunities. The role of transaction banking is to leverage these opportunities. A good transaction banking team can catalyse the future growth of clients.

This team works as digital working capital optimisers for clients. Transaction banking plays the roles of deep, proactive risk managers, strategic business partners and financial technologists for their clients to ensure a thriving future and shared prosperity.

The author is the country head of transaction banking at Standard Chartered Bangladesh

Rouble weakens

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likely trade in the 55-57 range against the dollar. "The rouble's weakening after the rate cut will be short-lived, in our view," they said.

The rouble has become the world's strongest-performing currency so far this year, boosted by measures - including restrictions on Russian households withdrawing foreign currency savings - taken to shield Russia's financial system from Western sanctions imposed after Moscow sent troops into Ukraine on February 24.

Before February 24, the rouble traded near 80 to the dollar and 85 to the euro.

The rouble's strength has vexed officials as it dents Russia's income from exports of commodities and other goods priced in dollars and euros. The central bank has eased some restrictions, but many capital controls remain in place.

Robi, Banglalink

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Khairul Basher, head of communications at Gramenphone, said they have been working relentlessly to meet their customers' expectations.

"Through product and service simplification and innovation, the launch of affordable 4G devices with our device partners, integration of personalized services on MyGP, nationwide 4G upgradation at more than 18,400 towers, and deployment of additional spectrum from the 2021 auction enabled us to remain the preferred operator for our existing customers and generated pull from new ones," he added.

State-run Teletalk's subscriber base rose by 13.5 per cent year-on-year to 67 lakh in June.

As such, the country's total mobile subscriber base grew by 4.55 per cent year-on-year to 18.44 crore that month.

The total number of internet users stood at 12.62 crore as of June. Of these users, there are 11.50 crore mobile internet subscribers and 1.11 crore broadband internet users.

Wheat prices rise

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"Along with the uncertainty about how long it will take to clear the mines, ship owners will simply not sail to Ukraine, no matter what the freight rate is, if they think their ship will be hit by missiles," another European grain trader said.

"Ukraine needs high-volume ocean ship exports to clear its storage for the new crop; the land and river exports to east Europe are not enough."

Ukraine pressed ahead on Sunday with efforts to restart grain exports from its Black Sea ports under the new deal but warned that deliveries would suffer if a Russian missile strike on Odesa was a sign of more to come.

"Even if they say they are still working on resuming exports, I don't see who will want to insure ships that would go in that zone," a third European trader said.

AB Bank, Rajuk and Jhilmil Residential BD sign deal

STAR BUSINESS DESK

AB Bank signed an agreement as escrow agent for the Rajdhani Unnayan Kartripakha's (Rajuk) project with Jhilmil Residential BD on Sunday.

Md Anisur Rahman Miah, chairman of Rajuk, Tarique Afzal, managing director of AB Bank, and Sharifah Sabrina binte Abdullah, chairman of SVC Jhilmil Residential BD, signed a tri-party agreement at the Pan Pacific Sonargaon Dhaka in the capital, a press release said.

Sharif Ahmed, state minister for the ministry of housing and public works, Md Shahid Ullah Khandaker, secretary of the ministry, and Haznah Md Hashim, high commissioner of Malaysia to Bangladesh, were present.

France against uniform targets on gas use cuts

REUTERS, Paris

France is against setting uniform targets for the reduction of gas consumption in Europe amid a looming energy crisis, said French energy ministry officials.

The future targets must notably take into account the export capacities of each country, the officials added, ahead of a meeting of European energy ministers on Tuesday in Brussels.

The European Commission proposed on Wednesday that all EU countries should cut their gas use from August to March by 15 per cent. The target would initially be voluntary, but would become mandatory if the Commission declared an emergency.

But from the outset, the proposal met criticism from a range of countries. Spain, Portugal and Greece are among the most openly hostile, while diplomats say Denmark, France, Ireland, Italy, Malta, the Netherlands and Poland also have reservations about giving the Commission the power to order cuts.

Lower gold prices affect miner's profit

REUTERS

Miner Newmont Corp on Monday reported a drop of about 41 per cent in second-quarter adjusted profit hurt by lower gold prices.

Bullion prices faced their worst quarter since early 2021, falling nearly 7 per cent in the three months ended June, as a firm dollar and aggressive rate hikes from central banks to rein in inflation eroded the appeal of the non-yielding asset.

The company said its all-in sustaining cost, an industry metric that reflects total expenses associated with production, rose to \$1,199 per ounce of gold from \$1,035 per ounce.

The attributable gold production in the quarter rose to 1.5 million ounces from 1.45 million ounces a year earlier.

Net income from continuing operations dropped to \$379 million, or 48 cents per share, in the quarter ended June 30, from \$640 million, or 80 cents per share a year earlier.



Emranul Huq, managing director of Dhaka Bank, virtually inaugurates the bank's 24th Colonel Hut sub-branch under Halihsahar branch at Colonel Hut, Chattogram yesterday. Mohammad Abu Jafar, additional managing director of the bank, AKM Shahnawaj, deputy managing director, Akhlaqur Rahman, head of corporate banking division, and Arham Masudul Huq, chief executive officer of Dhaka Bank Foundation, were present.

PHOTO: DHAKA BANK



Mohammed Mahtabur Rahman, chairman of NRB Bank, poses for photographs with the high-ups of the bank after inaugurating its half-yearly Business Conference-2022 at the lender's corporate head office in Gulshan, Dhaka on Saturday. Mamoon Mahmood Shah, managing director of the bank, and Md Mukhter Hossain, adviser, were present.

PHOTO: NRB BANK



Nur Mohammed, chairman of Jamuna Bank, inaugurates the bank's zonal half-yearly "Business Conference 2022" in Mymensingh recently. Mirza Elias Uddin Ahmed, managing director of the bank, was present.

PHOTO: JAMUNA BANK