

Phoenix Ins profit declines in Apr-Jun

STAR BUSINESS REPORT

Phoenix Insurance Company Ltd's profit declined 18.57 per cent year-on-year in the April-June quarter of 2022.

According to the insurer's unaudited financial statements, earnings per share fell to Tk 0.57 in the quarter from Tk 0.70 reported in the same period last year.

The EPS was Tk 1.37 in January-June, slightly lower than Tk 1.39 reported in the identical first half of 2021.

Shares of the insurer ended down 3.99 per cent yesterday.

US considers crackdown on memory chip makers in China

REUTERS, Washington

The United States is considering limiting shipments of American chipmaking equipment to memory chip makers in China including Yangtze Memory Technologies Co Ltd (YMTC), according to four people familiar with the matter, part of a bid to halt China's semiconductor sector advances and protect US companies.

If President Joe Biden's administration proceeds with the move, it could also hurt South Korean memory chip juggernauts Samsung

The move could also hurt South Korean memory chip juggernauts Samsung Electronics and SK Hynix

Electronics Co Ltd and SK Hynix Inc, the sources said, speaking on condition of anonymity.

Samsung has two big factories in China while SK Hynix Inc is buying Intel Corp's NAND flash memory chips manufacturing business in China.

The crackdown, if approved, would involve barring the shipment of US chipmaking equipment to factories in China that manufacture advanced NAND chips.

It would mark the first US bid through export controls to target Chinese production of memory chips without specialised military applications, representing a more expansive view of American national security, according to export control experts.



Rubel Hossain, a farmer of Provurampur under Gaibandha's Gobindaganj upazila, tends to his cauliflowers on 30 decimals of land. Though the vegetable is cultivated during the winter season, Rubel stated that he had taken it up in advance to get yields after a month in the first week of September and hopefully secure good prices. The photo was taken recently. PHOTO: MOSTAFA SHABUJ

Inflation straining finances of low-income Americans

REUTERS, New York

As high inflation forces Americans to spend more on gas and bills, young and low-income consumers are starting to feel financial pressure.

Generation Z consumers and those with low credit scores are falling behind on credit card and auto loan bills and accumulating credit card debt at a pace not seen since before the pandemic.

For instance, credit card balances for people ages 25 and younger rose by 30 per cent in the second quarter from a year earlier, compared with an increase of just 11 per cent among the broader population, according to a random sampling of 12.5 million US credit files compiled by credit score company VantageScore.

Balances for non-prime borrowers, or people with credit scores below 660, rose by nearly 25 per cent over the same period.

For months, things have been looking good for US consumers, their bank accounts padded by government stimulus, student loan forbearance and pandemic-era savings.

Bank executives have consistently said consumers have healthy financial cushions and are spending money despite high inflation and the slowing economy.

Now there are signs that some

Americans have overextended their finances from traveling and dining out while paying down less debt on their credit cards, said Silvio Tavares, head of VantageScore.

That contrasts with consumers' tendencies to pay off loans and be more frugal during the first year of the pandemic, according to Fed data.

"The consumer is strong, their balance sheets are strong, and their repayment history on debt is strong relative to historical averages," Tavares said.

"However, there are areas of concern. Number one among them is consumers are adding leverage." Federal Reserve Chairman Jerome Powell has said the clock is running out to bring down inflation, which is hovering at levels not seen since the 1980s, read more

Data out on Thursday showed US consumer spending grew at its slowest pace in two years, as the economy unexpectedly contracted in the second quarter.

Those surging prices are causing consumers to cut back on discretionary spending, according to retail and consumer companies like Walmart Inc and Tide-maker Procter & Gamble Co, which lowered sales growth forecasts over the past week.

Rapidly accelerating prices could exacerbate financial strains among young people and borrowers with low credit scores, Tavares said.

Among non-prime borrowers, the percentage of credit card and auto loans that were more than 30 days past due also rose, VantageScore found.

Credit card delinquency rates are now back to their pre-pandemic levels for young people and non-prime borrowers, the data showed.

While the delinquency rates are not yet a cause for concern, "it's definitely something to watch," Tavares said.

"You can get a bit of a canary in a coal mine effect. If it happens with one group, sometimes it can spread to another group."

TransUnion, one of the big three consumer credit ratings agencies, estimates credit card delinquency rates could rise to 8.4 per cent in the first quarter of 2023, up from 8 per cent in the first quarter this year, if inflation remains high.

The average debt held by a non-prime customer was \$22,988 in the first quarter of 2022, excluding mortgages, according to TransUnion.

That is up from \$22,461 a year earlier, and \$22,970 in the first quarter of 2020, before the pandemic began in the United States.

City Bank logs Tk 217cr profit

STAR BUSINESS DESK

City Bank made a consolidated profit of Tk 217 crore after tax during the period from January to June of 2022.

It was Tk 230 crore in January to June of 2021, a press release said.

Recently, the private commercial bank held its earnings disclosure event based on the second quarter financial performances.

Consolidated earnings per share of the bank were Tk 2.04 in the first half of 2022 compared to Tk 2.16 during the same period last year.

Mashrur Arefin, managing director of the bank, and Md Mahbubur Rahman, additional managing director, attended the event.

Dhaka Ins posts lower profit in Q2

STAR BUSINESS REPORT

Dhaka Insurance Ltd's profit fell 35 per cent year-on-year in the second quarter of 2022.

Earnings per share of the insurer were Tk 0.65 in April-June compared to Tk 1 during the same quarter last year, according to the unaudited financial statements.

In the first half of 2022, the EPS stood at Tk 1.4, a year-on-year decline of 17.64 per cent from Tk 1.7 reported in the same first half of 2021.

Shares of Dhaka Insurance slipped 0.37 per cent yesterday.

India's factory growth hits 8-month high

REUTERS, Bengaluru

India's factory activity expanded at its quickest pace in eight months in July, driven by solid growth in new orders and output as demand continued to improve on the back of easing price pressures, a private survey showed.

The survey results suggested the Indian economy has remained resilient, at least for now, despite concerns over faster interest rate hikes, massive capital outflows, a weakening rupee and a rapidly slowing global economy.

The Manufacturing Purchasing Managers' Index, compiled by S&P Global, jumped to 56.4 in July from June's 53.9, remaining above the 50-level separating growth from contraction for a thirteenth month.

While both new orders and output grew at their fastest pace since November, both input and output prices increased at their slowest rate in several months in a further boost to demand.

"The Indian manufacturing industry recorded a welcome combination of faster economic growth and softening inflation during July," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence.



US Ambassador to Bangladesh Peter D Haas poses for photographs with Md Abdul Muqtadir, Md Ashaduzzaman and Md Ashraf Islam, directors of Bangla Trac Cricket Academy, while making a courtesy visit at the academy in Rajshahi recently. Iqbal Husain, chief executive officer of Bangla Trac Ltd, and Kathryn D Stevens, mission director of USAID, Bangladesh, were present. PHOTO: BANGLA TRAC



Khalilur Rahman, chairman of Pragati Life Insurance, virtually presides over the insurer's 22nd annual general meeting on Sunday. The meeting approved 11 per cent cash and 6 per cent stock dividends for 2021. Syed M Altaf Hussain, Abdul Awal Mintoo, Mohammed Abdul Awal, Tabith M Awal, Md Shafiqur Rahman, Mohammed Abdul Hamid, Nigar Jahan Chowdhury, Suhel Ahmed Chowdhury, Sayed Qamrul Hossain, directors of the insurer, and Md Jalalul Azim, chief executive officer, were present. PHOTO: PRAGATI LIFE INSURANCE

Euro zone factory activity

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S&P Global said production was falling in all countries surveyed other than the Netherlands and that the rate of decline was of particular worry in Germany, France and Italy - the bloc's three biggest economies.

The US economy unexpectedly contracted last quarter, raising the risk the world's largest economy was on the cusp of a recession.

Still, last month the European Central Bank raised interest rates by more than expected as concerns

about runaway inflation trumped worries about growth.

Euro zone inflation rose further from the ECB's 2 per cent target to a record high of 8.9 per cent in July, preliminary official data showed last week. While the input and output prices indexes fell in the PMI survey, they remained high.

The bloc's economy grew faster than expected last quarter, an early reading showed on Friday, but a July Reuters poll gave a 45 per cent chance of a recession within a year.

Opec+ walks 'fine line'

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However, analysts warn against expecting any drastic increases.

Opec+ has to take into account the fact that the interests of Russia - a key player in the alliance - are diametrically opposed to those of Washington.

"Saudi Arabia has to walk a fine line," says Tamas Varga, analyst at PVM Energy.

The task will be to allow the United States to save face while also placating Moscow in order to ensure the stability of the alliance.

Any decision on Wednesday will

have to be unanimous, which may lead to a longer meeting than normal.

The videoconference meeting is due to start at around 1300 GMT on Wednesday (or 3 pm at the cartel's Vienna headquarters).

"Any new Opec+ deal aimed at further ramping up supplies is likely to be met with market scepticism, considering the supply constraints already evident within the alliance," says Han Tan at Exinity.

The alliance already regularly fails to fill the production quotas already allotted and has struggled to get back to pre-pandemic volumes.

Hong Kong

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For the first half of 2022, a visible trade deficit of \$206.1 billion, equivalent to 8.2 per cent of the value of imports of goods, was recorded.

"Weakened global demand and continued disruptions to cross-boundary land cargo flows between the mainland and Hong Kong weighed heavily on Hong Kong's exports," the government said Monday.

Monetary policy tightening by major central banks around the world is expected to dampen global economic growth significantly while quarantine-free travel between Hong Kong and mainland China is yet to have a clear timetable under Beijing's strict adherence to its zero covid policy.

The financial hub's new leader John Lee said his government would soon announce further shortening of mandatory hotel quarantine for overseas arrivals, according to an interview with the Hong Kong Economic Journal published on Monday.

"Connecting with the world and with the mainland, we shall do both and they are not contradictory," Lee told the newspaper.

"I understand that one of Hong Kong's competitiveness lies in its international connections." In following China's zero covid policy, Hong Kong has been largely cut off from the rest of the world for more than two years.



Dipu Moni, minister for education, inaugurates Bangabandhu Olympiad and Premier Shikkhongon Debit Card at the International Mother Language Institute in Shegun Bagicha, Dhaka recently. M Reazul Karim, managing director of Premier Bank, Prof Md Sazzad Hossain, member of the University Grants Commission, Md Altaf Hossain, project director of IDEA project at ICT division, Md Abul Bashar, executive director of financial inclusion department at Bangladesh Bank, were present. PHOTO: PREMIER BANK



Shamima Nargis, chairperson of Bangladesh Development Bank Ltd, presides over the bank's 12th annual general meeting at the BDBL Bhaban in Dhaka on Sunday. Nahid Hossain, joint secretary of financial institutions division at the ministry of finance, virtually attended the meeting, where Md Ekhlashur Rahman, Md Abu Hanif Khan, Subhash Chandra Sarker, Quazi Shairul Hassan, directors of the bank, and Kazi Alamgir, managing director, were present. PHOTO: BANGLADESH DEVELOPMENT BANK



Tarique Afzal, managing director of AB Bank Ltd, inaugurates the bank's relocated Jatrabari branch at Mona Tower on Shaheed Faruque Road in Dhaka on Sunday. PHOTO: AB BANK