

Shanta Securities, Janata Capital ink deal

STAR BUSINESS DESK

Shanta Securities Ltd and Janata Capital and Investment Ltd, a subsidiary of Janata Bank, signed a memorandum of understanding to provide panel broker services.

Shahidul Hoque, chief executive of Janata Capital and Investment, and Quazi Asaduzzaman, chief executive officer of Shanta Securities, signed the agreement at the latter's office in Motijheel, Dhaka recently, a press release said.

Under this deal, all the clients of Janata Capital and Investment Limited can enjoy exclusive brokerage services from Shanta Securities.

India cenbank tightens scrutiny over digital lending apps

REUTERS, Mumbai

The Reserve Bank of India on Wednesday issued detailed guidelines that will increase scrutiny and supervision over digital lending apps and lenders who engage with them, after several complaints of malpractice against such apps.

Only regulated entities such as banks and shadow banks will be allowed to disburse and collect repayments on loans, and this will not be left to third parties, the central bank said.

"All loan disbursements and repayments are required to be executed only between the bank accounts of borrower and the regulated entity without any passthrough/pool account of the lending service providers or any third party," the RBI said.

The fee paid to the apps would now have to be borne by the lenders and the onus would not fall on the borrowers, it added.

The central bank also addressed concerns over data collection.

"Data collected by DLAs (digital lending apps) should be need-based, should have clear audit trails and should be only done with prior explicit consent of the borrower," the RBI said as part of the guidelines.

It also prohibited automatic increases in credit limits without explicit consent of the borrower and said that interest rates and other charges needed to be clearly communicated to the borrower.

In January last year, the central bank had formed a committee to formulate norms on digital lending after serious concerns were raised by borrowers' malpractices.



Speedboats for hire transporting people between Barishal and Bhola are now charging Tk 350 per person, which is Tk 50 higher than what was before the August 5 hike in fuel prices of up to 51.7 per cent, the highest in the country's history. This has reduced the number of passengers availing the 50-minute journey, leading to just 20 speedboats remaining operational on the route whereas earlier it was double that. The photo was taken at DC Ghat in Barishal city by the Kirtankhola river on Wednesday. PHOTO: TITU DAS

Fed officials say more rate hikes needed

REUTERS

Slowing US inflation may have opened the door for the Federal Reserve to temper the pace of coming interest rate hikes, but policymakers left no doubt they will continue to tighten monetary policy until price pressures are fully broken.

A US Labour Department report Wednesday showing consumer prices didn't rise at all in July compared with June was just one step in what policymakers said would be a long process, with a red-hot job market and suddenly buoyant equity prices suggesting the economy needs more of the cooling that would come from higher borrowing costs.

The Fed is "far, far away from declaring victory" on inflation, Minneapolis Federal Reserve Bank President Neel Kashkari said at the Aspen Ideas Conference, despite the "welcome" news in the CPI report.

Kashkari said he hasn't "seen anything that changes" the need to raise the Fed's policy rate to 3.9 per cent by year-end and to 4.4 per cent by the end of 2023.

The rate is currently in the 2.25 per cent-2.5 per cent range.

To be sure, Kashkari is the Fed's most hawkish member; most of his 18 colleagues believe a little less policy tightening may

be enough to do the trick to bring prices under better control.

San Francisco Fed President Mary Daly, in an interview with the Financial Times, also warned it is far too early for the US central bank to "declare victory" in its fight against inflation.

However, Daly said that a half-percentage point rate rise was her "baseline" but did not rule out a third consecutive 0.75 per cent point rate rise at the central bank's next policy meeting in September, according to the report.

Calling inflation "unacceptably" high, Chicago Fed President Charles Evans said he believes the Fed will likely need to lift its policy rate to 3.25 per cent-3.5 per cent this year and to 3.75 per cent-4 per cent by the end of next year, in line with what Fed Chair Jerome Powell signalled after the Fed's latest meeting in July.

Still, he said, the CPI report marks the first "positive" reading on inflation since the Fed began raising interest rates in March in increasing increments — a quarter of a percentage point to start, then a half a point, and then three-quarters of a percentage point in both June and July.

After Wednesday's CPI report, traders of futures tied to the Fed's benchmark

interest rate pared bets on a third straight 75-basis point hike at its Sept. 20-21 policy meeting, and now see a half-point increase as the more likely option.

Equity markets took a similar cue on hopes for a less aggressive central bank, with the S&P 500 rising 2.1 per cent.

Financial markets are currently pricing a top fed funds rate of 3.75 per cent by year-end, with rate cuts to follow next year, presumably as policymakers move to counter economic weakness.

Kashkari called that scenario unrealistic, and said Fed policymakers are "united" in their determination to bring inflation down to the Fed's 2 per cent target. The risk of recession "will not deter me" from advocating for what's needed to do so, he said.

For the Fed to scale back, fresh inflation data will need to confirm the idea that price increases are slowing.

The consumer price index rose 8.5 per cent in July from a year earlier, Wednesday's report showed. While that marked a drop from June's 9.1 per cent rate, prices are still rising at levels not seen since the 1970s and early 1980s. Food prices in July were up 11 per cent from the year before, devastating for lower income families in particular.

Sino-Bangla chamber, BIAC sign MoU

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The Bangladesh China Chamber of Commerce and Industry (BCCCI) and Bangladesh International Arbitration Centre (BIAC) signed a memorandum of understanding (MoU) in Dhaka on Wednesday.

Kaiser A Chowdhury, chief executive officer of the BIAC, and Al Mamun Mridha, acting secretary general of the BCCCI, signed the deal at the BIAC secretariat in the capital, a press release said.

Under the agreement, both the parties will be able to exchange information and publications of mutual interest in the field of ADR and organise seminars, webinars, conferences, awareness and training programmes on mediation, arbitration and other methods of ADR.

Pan Pacific Sonargaon gets new GM

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Pan Pacific Sonargaon Dhaka appointed Robin James Edwards as its new general manager on Wednesday.

Edwards was previously working as group director of operations at Sshya Hotels and Resorts, Abha in Saudi Arabia.

He had served in numerous properties which included Radisson Hotel Group Radisson Blu, Chittagong in Bangladesh, a press release said.

With his vast knowledge on hotel management, sales and marketing and human resources, he worked at leading hotel and resort global brands like InterContinental Hotels Group (IHG), Starwood Hotels and Resorts, Jebel Ali International and Radisson Hotels and Resorts during an over 43-year-long professional career.

Coca-Cola HBC flags \$195m hit from Russia

REUTERS

Coca-Cola HBC AG said on Thursday it took a one-time hit of 190 million euros (\$195.4 million) in the first half from costs related to its Russian business after it stopped selling Coke and other Coca-Cola Co products in the country.

The company also reinstated its forecast for the year, expecting annual comparable operating profit between 740 million and 820 million euros.



Monzurur Rahman, chairman of Pubali Bank, inaugurates the bank's "2nd Business Conference-2022" at its head office in Dhaka yesterday. Safiul Alam Khan Chowdhury, managing director of the bank, presided over the conference, where Mohammad Ali, additional managing director, Zahid Ahsan, Mohammad Esha and Mohammad Shahadat Hossain, deputy managing directors, were present. PHOTO: PUBALI BANK

Inflation widening

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The outcome may be much bleaker for some that might face bankruptcy or get acquired by shark companies like Berkshire Hathaway of Warren Buffett, Apple and Alphabet. The companies with large cash on their balance sheet will opt to buy the sick or struggling companies if it brings synergy for them. I have observed the same phenomenon for startup companies. If the current global crisis continues, many potential startups may plunge to early death due to a lack of funds.

In a briefing — Inequality Kills — published on January 17 2022 ahead of the World Economic Forum's Davos Agenda, Oxfam says inequality is contributing to the death of at least 21,000 people each day, or one person every four seconds. This is a consecutive finding based on deaths globally from a lack of access to healthcare, gender-based violence, hunger, and climate breakdown.

The report also highlights that the 10 richest in the world had their fortunes doubled during the pandemic while the incomes of the rest witnessed a fall.

It is always the poor who bear the brunt of high inflation because they are unlikely to afford products that are essential to their health or household needs. A big chunk of their earnings is essentially spent on basic

needs like food and education. Hence any increase in the price of their basic needs would severely impact them.

Let's take an example of a family whose monthly income is Tk 20,000. Some 40 per cent goes for house rent, 40 per cent for food, 10 per cent for family transport and 10 per cent for education and miscellaneous expenses. If the inflation is 15 per cent, then the impact is Tk 6,000 on the household with no increase in salary or earnings.

The best way to deal with it is to further reduce the quality of food intake, ask children to study from home, and opt to walk or ride a bicycle instead of taking a mode of public transport. But if we look at the life of the upper-middle-class or the rich, inflation has little impact on their lifestyle.

Inflation driven crises are as old as time and it has always hit the poor most while creating opportunities for certain segments of the rich, especially the cash-rich corporates. To handle the current challenges from inflation triggered by external factors that are not really in our control, our government may consider some unique approaches based on the insights shared above to mitigate the sufferings of the poor.

The author is a telecom and management expert.

India's retail inflation likely eased in July

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The Aug. 2-9 Reuters poll of 48 economists showed inflation, as measured by the consumer price index (CPI), likely fell to an annual 6.78 per cent in July, a five-month low, from 7.01 per cent in June.

Forecasts ranged from 6.40 per cent to 7.10 per cent for the data, which is due at 1200 GMT on August 12.

"Food and energy prices are essentially easing quite marginally, even as the rupee hit historic lows in recent weeks," said Miguel Chanco, chief emerging Asia economist at Pantheon Macroeconomics.

"It (inflation) could remain sticky over the next few months, but it's not going to be much worse than where we are at currently."

Wholesale price inflation was seen moderating to 14.20 per cent in July from 15.18 per cent in June, the poll showed.

While the lagged effect from a cut in fuel taxes helped restrain price pressures somewhat, consumer price rises are expected to persist at a

strong pace in the months ahead.

India's central bank, a relative laggard in the global tightening cycle, raised interest rates on Friday by 50 basis points to 5.40 per cent, taking it above where it was before the pandemic, with more rate rises expected to come.

Governor Shaktikanta Das has warned that persistently elevated cost of living conditions could translate into higher wages and inflation, which is unlikely to fall within the top end of the mandated target band until December.

That is roughly in line with a separate Reuters poll that has inflation staying above target until early next year.

"We think the RBI will continue to hike rates over the next few months. We expect at least a 25bp hike in September, followed by another 25bp hike in December 2022," said Mitul Kotecha, head of emerging markets strategy at TD Securities, noting risks cited by Das including inflation remaining above the target band for a few more months.

Opec, unlike IEA, sees lower 2022 oil demand growth

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higher on average and not burdened by current potentially impactful issues," Opec said.

"Therefore, it is obvious that significant downside risk prevails."

Oil held on to an earlier gain after the report was released, finding support from the IEA's view on demand and trading above \$98 a barrel.

Opec and allies including Russia,

known collectively as Opec+, are ramping up oil output after record cuts put in place as the pandemic took hold in 2020.

In recent months Opec+ has failed to fully achieve its planned production increases owing to underinvestment in oilfields by some Opec members and by losses in Russian output.

The report showed Opec output in July rose by 162,000 bpd to 28.84 million bpd.



Alamgir Kabir, chairman of Southeast Bank, virtually presides over the bank's 27th annual general meeting yesterday. The meeting approved 8 per cent cash and 4 per cent stock dividends for 2021. Duluma Ahmed, vice-chairperson of the bank, M Kamal Hossain, managing director, and AKM Nazmul Haider, company secretary, joined the meeting. PHOTO: SOUTHEAST BANK



Sahabub Alam Khan, chief financial officer of Dhaka Bank, receives the award of appreciation as one of the highest taxpayers in the banking sector for 2021-2022 fiscal year from Md Iqbal Hossain, commissioner of Taxes for Large Taxpayers Unit at the National Board of Revenue, at the Tax Zone-1 in Dhaka recently. PHOTO: DHAKA BANK



Nur Mohammed, chairman of Jamuna Bank, inaugurates the bank's half-yearly "Business Conference 2022" for Sylhet zone at the Grand Sylhet Hotel and Resort, Sylhet recently. Kanutosh Majumder, director of the bank, and Mirza Elias Uddin Ahmed, managing director, were present. PHOTO: JAMUNA BANK