

## Asian currencies bear retreat

REUTERS

Bearish bets on emerging Asian currencies eased on hopes that monetary tightening will cool red-hot inflation, with short bets on the Thai baht falling sharply after the first-rate hike in the country in nearly four years, a Reuters poll found.

Short positions on all emerging Asian currencies fell, with bets on China's yuan at their lowest since late-April, according to the fortnightly poll of 12 analysts.

Short bets on the Philippine peso, the Singapore dollar and the Indonesian rupiah also fell to multi-month lows.

An unchanged US inflation print for July, the first notable sign of relief after persistently rising prices, also helped improve the sentiment in the region.

**Short positions on all emerging Asian currencies fell, with bets on China's yuan at their lowest since late-April**

Short bets on the Thai baht slipped to their lowest since early June after the Bank of Thailand (BoT) on Wednesday raised its interest rate by 25 basis points, kick-starting its tightening cycle after lagging regional peers.

Thailand, which is heavily reliant on tourism, has started to see signs of a gradual economic recovery as tourists return, allowing the BoT to manoeuvre its monetary policy.

Analysts widely expect the BoT to continue gradual policy normalisation through the rest of the year.

The baht, among the least shorted currency in the poll, looks set on a recovery path, having appreciated nearly 4 per cent since the start of this month. The currency depreciated by 10.2 per cent in the first seven months of the year.



Lighter vessel owners have raised the fare for transporting imported goods on inland water routes by 15 to 22 per cent, in keeping with the price hike of fuel recently. Around 1,800 lighter vessels are involved in unloading imported bulk cargoes from mother vessels at the outer anchorage of Chattogram Port and Kutubdia and delivering them to 40 destinations across the country.

PHOTO: RAJIB RAIHAN

# Lighters' fare raised by 15-22pc for fuel price hike

STAFF CORRESPONDENT, Chattogram

Lighter vessel owners yesterday announced a 15 to 22 per cent increase in fares for transporting imported goods on different inland water routes due to the recent hike in fuel prices.

The Water Transport Cell (WTC), a private organisation that coordinates the allocation and schedules of lighter vessels, took the decision after an emergency meeting of its executive committee yesterday afternoon.

In a circular issued after meeting, the WTC said the new rates would be effective since August 6.

Leaders of the Bangladesh Cargo Vessel Owners Association, Coastal Ship Owners Association of Bangladesh, Inland Vessel Owners Association of Chattogram, WTC Goods Agents Association, and WTC Local Agents Association attended the meeting at the WTC office in the Agrabad commercial area of Chattogram.

According to the circular, 22 per cent of the existing fare has been added to the rates mentioned in the WTC fare chart for transporting goods from Kutubdia, the outer

anchorage of Chittagong Port, and different ghats of Karnaphuli river to Dhaka, Barishal and Chandpur.

Besides, the fare taken for transporting goods to other destinations has been raised by 15 per cent, it said.

However, the fare for transporting imported goods from the outer anchorage to different ghats of Karnaphuli river remains same, a WTC official said.

He went on say that it would previously cost an average of Tk 478 per tonne for transporting cement clinker and other raw materials of cement factories from Chattogram to Dhaka.

Now, the new fare for transporting these materials will be Tk 583 per tonne, he added.

The WTC coordinates around 1,800 lighter vessels engaged in unloading imported bulk cargoes from mother vessels at the outer anchorage of Chittagong Port as well as Kutubdia anchorage and carrying the goods to some 40 destinations across the country through inland waterways.

Around 93 per cent of the country's total imports are delivered to Chittagong Port, where around 70 per cent of them are released

at the outer anchorage. On average, 140 crore tonnes of different types of imported cargoes are transported annually using lighter vessels under the WTC. In 2020, the figure was around 1.47 crore tonnes.

However, importers expressed concern over the fare hike as it would have an effect on the price of imported commodities, including industrial products.

Abul Bashar Chowdhury, chairman of leading commodity importer BSM Group, said such a hike in fares amid the increase in dollar rates and prevailing economic crisis would increase overall transport costs for imported goods. In addition, it would surely have an impact on the commodity market, ultimately affecting the consumers.

"It is obvious that the water transport fares would be increased due to the recent fuel price hike but the WTC should not have increased the fare alone," he said.

Such a decision needs to be taken in a meeting coordinated by government representatives and in presence of the various stakeholders, including major importing firms, so that the fare can be adjusted logically, Chowdhury added.

## Jittery investors pull down stocks

STAR BUSINESS REPORT

Dhaka stocks finished the week amidst sell-offs as investors were weighed down with apprehensions over the economic fallout of a recent record fuel price hike.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), lost 163.5 points, or 2.59 per cent, to close at 6,148.7

The other major indices -- DSES and DS30 -- also ended lower at the end of the week from that in the previous week.

The daily average turnover declined 11 per cent week-on-week to Tk 896 crore, according to the DSE, the main bourse.

Overall market capitalisation declined by nearly 2 per cent.

The stock market passed a gloomy week as the government increased fuel oil prices, said International Leasing Securities in its weekly market review.

From August 6, the government raised the price of diesel and kerosene by 42.5 per cent and petrol and octane by 51.1 per cent and 51.7 per cent respectively.

The hike, the largest in the country's history, could hit the earnings of the listed companies since it would fuel inflationary pressures, which surged to a nine-year high in June before dropping slightly in July.

The International Leasing Securities said, "The jittery investors converted their investments into cash fearing the price hike of necessities driven by the price hike of fuel oil that may raise the overall inflation by the end of the year."

It also cited that the cost of a US dollar rose to a new high of Tk 119 on the kerb market.

Investors' participation remained sparse on the trading floor as most were stuck with losses in their portfolios that caused the average turnover to decrease, it added.

Of the 395 stocks to undergo trade, 41 made gains while 287 dropped, according to the DSE.

## McDonald's plans phased reopening in Ukraine

AFP, New York

McDonald's announced plans Thursday for a "phased" partial reopening of restaurants in Ukraine, where operations have been shuttered since February due to the Russian invasion.

The US burger chain will "reopen some restaurants in Kyiv and western Ukraine, where other businesses have safely reopened," Paul Pomroy, senior vice president for international operated markets, said in a message to employees.

Pomroy cited requests from the company's Ukrainian employees for the relaunch to signify "a small but important sense of normalcy" in the besieged country.

McDonald's suspended its operations in Ukraine on February 24 following the Russian siege of the country.

The company has continued to pay salaries of more than 10,000 employees since then, Pomroy said.

## Double whammy

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largely for the fallout of the Russia-Ukraine war.

In July, food inflation stood at 8.19 per cent, slightly down from a multi-year high of 8.37 per cent a month ago. Non-food inflation rose six basis points to 6.39 per cent, according to the Bangladesh Bureau of Statistics.

Owing to higher consumer prices, people have cut consumption by about 5 per cent, according to a study paper presented at a programme at the Bangladesh Institute of Development Research (BIDS) recently.

The paper says households have been hit twice, by rising prices and falling incomes, and rising food prices are the most important driver of consumption losses.

During visits to various retail shops in Mirpur, Bashundhara City, New Market and Elephant Road over the last couple of days, the presence of customers was found to be thinner compared to normal times.

Shop operators say shoppers' turnout has fallen by 30-35 per cent.

"Some consumers are buying more of the products that have lower prices and carry discounts and offers. This is very normal in the current situation," said Sabbir Hasan Nasir, executive director of ACI Logistics Ltd, which runs Shwapno, the largest chain supershop in Bangladesh.

As a result, the sales of lifestyle products had a negative growth of 5 per cent in July.

"For the last few days, I have seen that the sale of grocery items is also decreasing a bit. That means consumption is decreasing," he said.

Omar Faruk, in charge of the Almas Super Shop in Dhanmondi 5, estimates that sales of cosmetics decreased by 60 per cent in July compared to June.

"This is a matter of concern for us," he said, adding that most of his customers belong to the middle-class.

In Bangladesh, sales usually slow after Eid-ul-Azha and the situation

persists for the next several months.

Sales are increasing on the occasion of Durga Puja, due to be celebrated by the Hindus in October, said Sharifunnessa Reba, a director of SaRa, a fast-growing retail brand in Bangladesh.

"We will get a clear idea about the direction of the situation after a month," she said.

Mohammad Ashrafal Alam, chief operating officer of Aarong, terms the unavailability of raw materials and their price hike as major concerns.

Kazi Iqbal, a senior research fellow of the BIDS, said: "The government is consciously trying to slow down the economy. If people reduce their spending, it will have an impact on the overall economy."

"That's why the import costs have been increased in the case of expensive products."

Besides, economies are slowing globally, which is affecting the economy in Bangladesh.

"Because of the two factors, retail sales have fallen," said Iqbal.

## Now ICDs raise service charge

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Currently, almost 90 per cent of exports are loaded into containers at the 19 private ICDs located in and around the port city before they are shipped off through the Chattogram port.

On the other hand, 21 per cent of import-laden containers are sent from the port to these ICDs from where the goods are brought out and delivered to the receivers.

Bangladesh Freight Forwarders Association Vice President Khairul Alam Sujon said they would soon sit with the Bicda leaders to ensure that the increases were rational.

## 'Climate risks dwarf Europe's energy crisis'

REUTERS, Paris

The head of the European Space Agency (ESA) has warned economic damage from heatwaves and drought could dwarf Europe's energy crisis as he called for urgent action to tackle climate change.

Director General Josef Aschbacher told Reuters successive heatwaves along with wildfires, shrinking rivers and rising land temperatures as measured from space left no doubt about the toll on agriculture and other industries from climate change.

"Today, we are very concerned about the energy crisis, and rightly so. But this crisis is very small compared to the impact of climate change, which is of a much bigger magnitude and really has to be tackled extremely fast," he said.

He was speaking in an interview as heatwaves and floods generate concerns over extreme weather across the globe.

More than 57,200 hectares have been swallowed by wildfire in France this year, nearly six times the full-

year average.

In Spain, a prolonged dry spell made July the hottest month since at least 1961. Utah's Great Salt Lake and Italy's Po River are at their lowest recorded levels. France's Loire is now on the watch list.

On Tuesday, Britain issued a new amber "Extreme Heat" warning, read more That follows record temperatures above 40 degrees Celsius (104 Fahrenheit) that placed a renewed focus on climate risks at July's Farnborough Airshow in southern England, where Aschbacher said the issue was humanity's biggest challenge.

"It's pretty bad. We have seen extremes that have not been observed before," Aschbacher told Reuters this week.

Soaring air temperatures are not the only problem. The Earth's skin is getting warmer too.

Aschbacher said ESA's Copernicus Sentinel-3 satellite series had measured "extreme" land surface temperatures of more than 45C in Britain, 50C in France and 60C in Spain in recent weeks.

## MCCI seeks five-year term

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several licences, including a trade licence and environmental clearance certificate, are needed to start any business in the country.

In most cases, these licences are issued or renewed for only a year, making it a time-consuming process.

"This impedes the ease of doing business as they face hassles in each step of the process," Islam added.

Chief guest Sheikh Fazle Noor Taposh, mayor of the Dhaka South City Corporation (DSCC), gave his consent to the proposal, which he

termed as very logical.

He then said the DSCC is ready to give multiple-year trade licences as long as other relevant bodies whose approvals are required by businesses provide permission in this regard.

"We can extend it to five years but the National Board of Revenue needs to agree as well as it plays a crucial role in collecting value added tax and advance income tax on the licences each year," Taposh added.

Among others, Nihad Kabir, former MCCI president, and Kamran T Rahman, senior vice president, attended the event.

## US gasoline prices fall

REUTERS

The average price of US retail gasoline fell below \$4 per gallon on Thursday for the first time in months, giving some relief to drivers in the world's largest consumer of the fuel.

The national average price for regular unleaded gas fell to \$3.990 a gallon on Thursday, according to the American Automobile Association.

Gasoline prices peaked at a record \$5.02 in June, pinching wallets and causing drivers to buy less fuel in July than they did during the pandemic in July 2020.

The latest price drop may help President Joe Biden's administration and Democrats in Congress during November's midterm elections. The White House has taken several steps to curb oil prices in the wake of Russia's invasion of Ukraine. Biden said Wednesday that inflation was showing signs of moderating, even though people were "still hurting."

At one point, crude oil, the main driver of gasoline prices, reached \$139 a barrel; it was at \$98 on Thursday. Prices have dropped as market fears of severe restrictions on supply have ebbed.

The White House is releasing more than 180 million barrels of crude oil from the US Strategic Petroleum Reserve. US oil output has risen by about 500,000 barrels per day (bpd) this year to 12.2 million bpd.

Overall gasoline product supplied, a proxy for demand, is down 6.3 per cent over the last four weeks when compared with a year ago, according to EIA data.

The most recent week of data showed demand picking up from July, which analysts hoped was a signal that the recent dip in prices would resurrect demand.

For the four weeks ended July 29, gasoline product supplied was 8.59 million bpd, compared with 8.72

million bpd in July 2020.

"When you look at gas prices breaking below the \$4 mark on the national average, hopefully any impact of demand destruction has been transitory and potentially in the rearview mirror," said Matt Smith, lead oil analyst for the Americas at Kpler.

Consumers interviewed in recent days, however, said that while they were glad to see prices fall, they were still being cautious in terms of purchases.

"They're coming down but not near enough," said Kevin Williams, a US Postal Service worker who was filling his tank in Atlanta on Wednesday. "Even with prices down, it's still running me \$50-\$60 to fill up. It used to be \$30."

With job growth still strong, demand could rebound in coming months with prices at lower levels. Refining executives on earnings calls in the last week were optimistic about consumption for the rest of 2022.

Gasoline futures are down 27 per cent from June highs, while the retail decline is just over 20 per cent. Some states have seen more relief, such as Ohio, where prices are down 27 per cent from the peak. Gasoline prices tend to peak in the summer and drop as driving season wanes.

The SPR release, in coordination with releases from members of the International Energy Agency, lowered the price of gasoline by 17 cents to 42 cents per gallon, the US Treasury Department said in July, though it said the true impact was hard to ascertain.

The fall in prices has helped low-income Americans. Average gasoline spending as a share of total credit card spending per household fell to 9.3 per cent in July for lower-income households, down from a peak of nearly 10 per cent in June, according to Bank of America.