

## Kazakhstan to start oil sales via Azeri pipeline to bypass Russia

REUTERS, Moscow/London

Kazakhstan is expected to sell some of its crude oil through Azerbaijan's biggest oil pipeline from September, as the nation seeks alternatives to a route Russia threatened to shut, three sources familiar with the matter said.

Kazakh oil exports account for more than 1 per cent of world supplies, or roughly 1.4 million barrels per day (bpd).

For 20 years, they have been shipped through the CPC pipeline to Russia's Black Sea port of Novorossiisk, which provides access to the global market.

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In July a Russian court threatened to shut the CPC, prompting the Kazakh government and major foreign producers to set up contracts for other outlets as a precaution.

None of the alternatives are as practical as the CPC pipeline, raising the risk of further volatility on energy markets.

Shortly after Russia invaded Ukraine in February, international crude prices hit 14-year-highs and prices have stayed high, sustaining an average above \$100 a barrel in July.

A source with direct knowledge of the matter said Kazakhstan's state oil firm Kazmunaigaz (KMG) was in advanced discussions with the trading arm of Azerbaijan's state firm SOCAR to allow 1.5 million tonnes per year of Kazakh crude to be sold through the Azeri pipeline that delivers oil to Turkey's Mediterranean port of Ceyhan.

At just over 30,000 bpd, the volume is a trickle compared to the usual 1.3-1.4 million bpd that flows through the CPC pipeline.



Fish traps, locally known as “teprai”, being transported by a wholesaler for sale at a market in Shimulbari village of Kurigram's Phulbari upazila for Tk 300 to Tk 600. Demand increases during the monsoon when there are more water bodies to fish in. Artisans spend Tk 70 to Tk 200 making each trap with bamboo and sell it to wholesalers for Tk 220 to Tk 500. The photo was taken last Thursday.

PHOTO: S DILIP ROY

# Payments companies brace for M&A

REUTERS, London/New York

Battered by a near 50 per cent plunge in its shares over the last 12 months, Nexi, Europe's biggest payments processor, has not gone unnoticed.

Earlier this year, the Italian company received several unsolicited approaches from private equity firms including Silver Lake wishing to take the business private, two sources familiar with the matter told Reuters.

Discussions between the US buyout firm and Nexi Chief Executive Paolo Bertoluzzo faltered before the end of March due to differences on price for the 11 billion-euro, Milan-listed company, the sources said.

Nexi and Silver Lake declined to comment. Shares in Nexi jumped 7.4 per cent on the Reuters report and were temporarily suspended from trading. They were up 6 per cent at 1344 GMT.

While it is not clear if potential buyers for Nexi will come knocking again, discussions among European and North American payments companies and potential acquirers are heating up again, bankers and industry experts said.

The gap in expectations over pricing is narrowing as company executives adjust to the idea that valuations, hit by the high-growth tech stock rout, won't return to previous peaks any time soon.

“Many companies which went public the last few years are realising that being public isn't always a good thing, especially if they are subscale or have yet to achieve profitability,” said Peter Christodoulou, partner at Francisco Partners.

While current disruption in debt capital markets may curtail some dealmaking, the more proactive attitude among sellers is expected to lead to an increase in deal volumes through the year-end and into 2023, the sources said.

Global Payments Inc's \$4 billion swoop on smaller peer EVO Payments Inc on August 1 may trigger a chain reaction as companies vie for market share, the sources said.

Fiserv Inc and FIS could follow Global Payments in doing similar bolt-on deals, while large-scale M&A remains challenging, they said. Fiserv's chief strategy and growth officer, Byron Viclehr, said the company's strategy was focused on driving innovation for its clients but declined to comment on specific acquisitions.

FIS did not respond to a comment request. BTRS Holdings Inc is among the dozen payments companies which went public in the United States between October 2020 and November 2021. The owner of business payments vendor Billtrust is now exploring options including a potential sale, sources told Reuters last month.

Paya Holdings Inc, previously the US

payment arm of Britain's Sage Group, is also pursuing a sale after making its Nasdaq debut in 2020, the sources said. Paya did not respond to a request for comment.

Shares in BTRS and Paya have lost around 38 per cent and 28 per cent, respectively, over the past 12 months, although both have recovered ground amid reports they are reviewing options.

While payments providers which listed before 2020 have also suffered, the trend is accentuated among those who hit the public markets during the pandemic - either through a traditional initial public offering (IPO) or merging with a blank-check firm.

Investor sentiment has turned following a retreat from high-growth technology assets due to rising interest rates.

“Payments companies are fundamentally defensive and well positioned for an inflationary environment, so if public investors won't recognise the true value of some of these names, there will be private investors who will,” said Jeff Paduch, managing partner at Advent International.

Paduch is a board member of Nexi, but declined comment on any aspect of the Italian company's operations.

Privately held firms have not been immune to the carnage, with both payments processor Stripe Inc and fintech Klarna Bank AB having to swallow significant valuation cuts.

## Islamic Finance gets new MD

STAR BUSINESS DESK

Islamic Finance and Investment Ltd recently appointed Mohammed Mosharaf Hossain as its new managing director and chief executive officer on August 7.



The appointee, Hossain, previously worked in First Finance Limited as managing director and chief executive officer, a press release said.

His 32-year-long professional career started with Uttara Bank Ltd as a probationary officer in 1987.

He obtained M Com degree in accounting from the University of Dhaka.

## Global stocks rise, US yields fall as inflation slows

REUTERS, New York

Global equity markets rose while US Treasury yields fell on Friday as investors tempered their expectations of the scale of the Federal Reserve's interest rate raising cycle as falling oil prices helped to cool inflation.

Market sentiment has been buoyed by US Labour Department data this week showing a slowdown in consumer and producer prices in July following a series of interest rate hikes by the Fed.

“With inflation now backing off, all the managers who stayed in cash and didn't believe we could move off the June lows are now being forced back into the market,” said Thomas Hayes, chairman at Great Hill Capital.

The MSCI world equity index, which tracks shares in 50 countries, was up 1.1 per cent. The pan-European STOXX 600 index gained 0.16 per cent.

USTreasury yields were down as traders weighed a likely moderation of the Fed's monetary policy stance. Benchmark 10-year note yields dipped to 2.8385 per cent, after reaching 2.902 per cent on Thursday, the highest since July 22.

“With inflation coming down, consumer confidence is going to be coming back, and employment is still strong, you could see a situation where the market has stabilised and the economic numbers continue to slow based on the lag effect of the Fed tightening that has already happened,” Hayes added.

All three main Wall Street indexes ended higher, making it the fourth straight week of gains, driven by stocks in technology, healthcare, communication services, consumer discretionary and financials.

The Dow Jones Industrial Average rose 1.27 per cent to 33,761.05, while the S&P 500 gained 1.73 per cent to 4,280.15 and the Nasdaq Composite added 2.09 per cent to 13,047.19.

Oil prices dipped around 2 per cent on expectations that supply disruptions in the US Gulf of Mexico would be short-term, while recession fears clouded the demand outlook.

## Breakthrough

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Several years have also passed since the initiative to introduce a new income tax law was taken.

“The laws should be framed. The tax administration should be overhauled and officials should be tasked based on functional lines,” Ahmed said.

Another major problem facing the NBR is the question of the integrity of revenue officials.

“Tax officials should not compromise when it comes to the issue of revenue collection. Tax should be collected by giving services to taxpayers,” Ahmed said.

## Russia economy shrinks

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The market also absorbed contrasting demand views from the Organization of the Petroleum Exporting Countries (Opec) and the International Energy Agency (IEA).

The Russian central bank said Friday that it is projecting economic contraction of between four and six percent for the whole of 2022 and then a further contraction of between one and four per cent for 2023, before growth picks up again in 2024.

“The decline in GDP will bottom out in the first six months of 2023,”

The former bureaucrat thinks policy-making should be separated from implementation since it creates a conflict of interest when the same organisation draws up a policy and executes it.

“India has already separated its policy-making from implementation. So, policy-framing in Bangladesh and the administration should be separated gradually,” said Ahmed, adding that the finance ministry is supposed to formulate the policy.

He suggested the NBR high-ups sit with former NBR officials to discuss ways of giving a much-needed boost to revenue generation.

said the deputy head of the Bank of Russia, Alexei Zabolotin.

“The economy is moving towards a new long-term equilibrium... With the transformation of the economy, growth will resume,” he said.

Western sanctions have targeted Russia's energy and banking sectors in particular.

Inflation in the country soared to a two-decade high in April, but has since slowed somewhat, but remains high, standing at 15.1 per cent in July.

## Oil price falls 2pc

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The market also absorbed contrasting demand views from the Organization of the Petroleum Exporting Countries (Opec) and the International Energy Agency (IEA).

“We are seeing an economic slowdown, but its unclear if it's as big a slowdown as some of the recent outlooks have been predicting,” said Ole Hansen, head of commodity strategy at Saxo Bank. “The demand will ebb and flow, but supply is still the main concern.”

European sanctions on Russian oil are due to tighten later this year while a six-month coordinated energy release agreed by the United States

and other developed economies is due to run its course by the end of the year.

On Thursday OPEC cut its forecast for growth in world oil demand in 2022 by 260,000 barrels per day (bpd).

It now expects demand to rise by 3.1 million bpd this year.

The IEA, meanwhile, raised its demand growth forecast to 2.1 million bpd, citing gas-to-oil switching in power generation.

The IEA also raised its outlook for Russian oil supply by 500,000 bpd for the second half of 2022 but said Opec would struggle to boost production.

## Energy firm profit is not evil

Says Liz Truss, British PM candidate

REUTERS, London

British leadership candidate Liz Truss, the front-runner to become prime minister, said that while energy giants should be held to account their profits should not be seen as either dirty or evil.

Her comments came as analysts forecast a cap on the most widely used household energy bills could reach over 5,000 pounds (\$6,095.50) a year in 2023, up 150 per cent compared with current levels.

This month British energy giants Centrica, BP and Shell have published bumper profits, largely due to high wholesale gas prices, prompting renewed calls from opposition parties and charities for the government to impose tougher windfall taxes on energy firms.

“Of course, the energy giants, if they're in an oligopoly, should be held to account and I would make sure they're rigorously held to account,” Truss told an event on Thursday for Conservative Party members, who are voting over the next few weeks to decide the country's next leader.

“But the way we bandy the word around ‘profit’ as if it's something that's dirty and evil, we shouldn't be doing that as Conservatives,” she said.

Current Prime Minister Boris Johnson has deferred all decisions on further support for households to his successor, but on Friday he sought to ease concern, saying that there would be more help on the way.

“What we're doing in addition is trying to make sure that by October, by January, there is further support and what the government will be doing, whoever is the prime minister, is making sure there is extra cash to help people,” he told broadcasters.

The government introduced a 25 per cent windfall tax on oil and gas producers' profits in May, which helped to fund a package of support for households. Since then, wholesale gas prices have more than doubled.

Analysts at consultancy Auxilione forecast the price cap, which will be updated every three months from October, could hit 5,038 pounds a year in April 2023 due to soaring energy prices across Europe. The current cap level is 1,977 pounds.

Finance minister Nadhim Zahawi said on Thursday that energy companies have agreed to work with the government to help the people who need it the most, ahead of a further surge in energy bills going into the winter.

“It seems there is little appreciation for just how impossible that task really is and that energy companies and the government have little control over this in such a globally influenced market,” Auxilione analysts said.

## US says India hid Russian origin of fuel

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plastic. He did not identify the Indian vessel or refiner.

“So that's the way war works. It works in strange ways,” he said

India, the world's number 3 oil importer and consumer rarely bought Russian oil in the past.

But since the war started, Indian refiners have been snapping up discounted Russian oil, shunned by many Western countries and companies.



Hassan O Rashid, managing director of Prime Bank, plants different varieties of saplings at Purbachal Model Town yesterday to pay tribute to the Father of the Nation Bangabandhu Sheikh Mujibur Rahman as part of observance of the 47th martyrdom anniversary and National Mourning Day. Faisal Rahman, additional managing director of the bank, and other senior management officials were present.

PHOTO: PRIME BANK



Actress Jaya Ahsan hands over a gift-hamper to a participant of “Berger Luxury Silk Emulsion ‘Smritir Angina’” campaign at a dinner party organised by Berger Paints Bangladesh at Renaissance Dhaka Gulshan Hotel in the capital recently. Rupali Chowdhury, managing director of the company, was also present.

PHOTO: BERGER PAINTS BANGLADESH

## Russia may buy yuan, rupee, lira

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“Further developments in the Russian economy are characterised by substantial uncertainty... The main challenge in the coming years is to create the conditions for a successful transformation of the economy,” the bank said.

The key interest rate, the main instrument of central bank monetary policy, will average 6.5 per cent-8.5 per cent next year and will gradually decline to 6 per cent-7 per cent in 2024 and 5 per cent-6 per cent in

2025, the bank forecasts in its base case scenario.

The central bank also said it saw no strong reason to keep capital controls in place once the risks to the country's financial stability subside.

Russia introduced capital controls after February 24, when it began what it calls a special military operation in Ukraine. The controls were aimed at limiting the risks to financial stability, including by imposing a limit on withdrawals of foreign currency funds from bank accounts.