Saudi Aramco profit soars on higher oil prices

REUTERS, *Dubai*

State oil giant Saudi Aramco on Sunday reported its highest quarterly profit since the company went public in 2019, boosted by higher oil prices and refining margins.

Aramco joins oil majors such as Exxon Mobil Corp and BP that have reported strong or record breaking results in recent weeks after Western sanctions against major exporter Russia squeezed an already under-supplied global market causing a surge in crude and natural gas prices.

The company expects "oil demand to continue to grow for the rest of the decade despite downward economic pressures on short-term global forecasts," CEO Amin Nasser said in Aramco's earnings report.

Net profit increased 90 per cent to 181.64 billion riyals ($48.39 billion) for the quarter to June 30 from 95.47 billion riyals a year earlier and compared with a mean estimate from 15 analysts of $46.2 billion.

It declared a second-quarter dividend of $18.8 billion, in line with its own target, to be paid in the third quarter.

Aramco shares, which were little changed on Sunday, have risen more than 25 per cent this year.

Nasser, speaking to reporters on an earnings call, voiced concern over a lack of global investment in hydrocarbons that has led to "very limited" spare capacity. He said

Aramco joins oil majors such as Exxon Mobil Corp and BP that have reported strong or record breaking results in recent weeks after Western sanctions against major exporter Russia caused a surge in oil prices

Aramco stands ready to raise oil output to its maximum sustained capacity of 12 million barrels per day should the Saudi government ask.

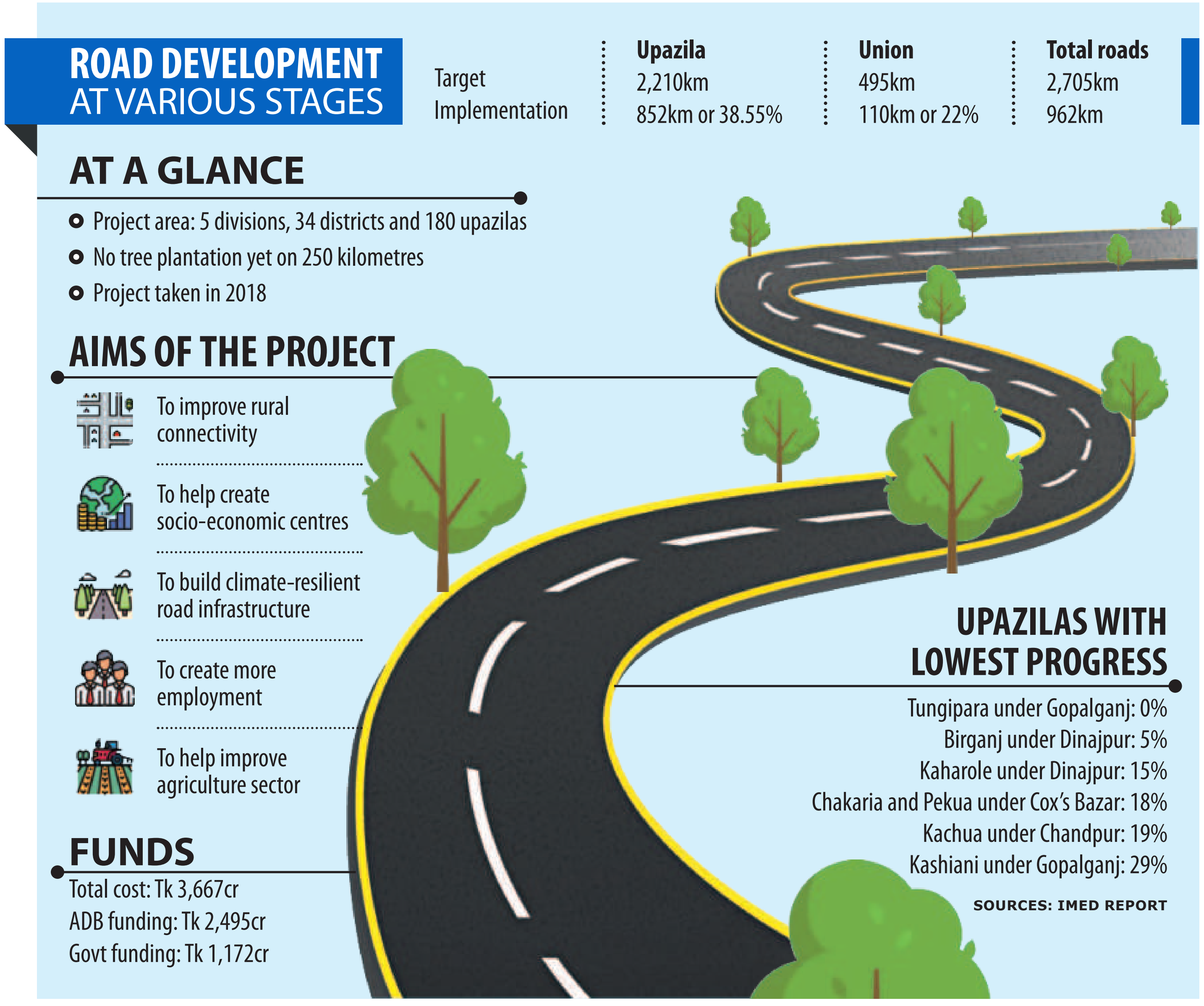
Aramco said its average total hydrocarbon production was 13.6 million barrels of oil equivalent per day in the second quarter. The company is working to increase production from multiple energy sources, including renewables and blue hydrogen as well as oil and gas, as it works on both energy security and climate goals, Nasser said.

Capital expenditure increased by 25 per cent to $9.4 billion in the quarter compared to the same period in 2021. Aramco said it continued to invest in growth, expanding its chemicals business and developing prospects in low-carbon businesses.

It is also currently studying opportunities in the liquid-to-chemicals sector with a focus on the Asian market.

In July, Exxon posted its biggest quarterly profit ever, a net income of $17.9 billion, an almost four-fold increase from a year earlier, while European majors Shell and TotalEnergies also benefited from surging margins for making fuels like gasoline and diesel. read more

The Saudi stock market, up 11 per cent this year, is very promising for company listings in the near future, Nasser said, adding that there is "some expectation" that Aramco might list some entities within the firm.



Rural road project set to miss deadline

MD ASADUZ ZAMAN

Though four of its five stipulated years have already elapsed, a Local Government Engineering Department (LGED) project on developing 2,210 kilometres of rural roads has witnessed the completion of only a third of its core task.

In other words, only 852km of roads have been developed while just one year remains for the project to be implemented, according to a report of the Implementation Monitoring and Evaluation Division (IMED).

Taken up in 2018, the "Rural Connectivity Improvement Project" sought to improve road networks in order to create jobs and connect the rural population with economic centres in 34 districts under five divisions.

The project has been estimated to cost Tk 3,667.42 crore, a majority to be funded by the Asian Development Bank (ADB). Of the sum, 41.17 per cent was spent as of March this year, an IMED analysis of the data from 51 upazilas in 17 districts showed.

If the project's other tasks are taken into account, such as vehicle purchases, foreign trips for gaining experience and training programmes at home, the project saw a physical progress of 53.63 per cent.

Key informant interviews, which are usually in-depth interviews with the people who know what is going on in a project, put the physical progress at 66 per cent and the financial progress at 48.54 per cent, according to the IMED report, which was published in June.

Though trees were supposed to be planted along 250km of roads, none was planted as of March.

The report said the project may not be completed within the stipulated time but the ADB had consented to give out another loan of $150 million and the project completion could be extended to 2026.

The report blamed the coronavirus pandemic and an abnormal rise in the price of construction materials for the implementation slowdown.

Experts of the IMED and economists have expressed concerns that delays may increase costs.

"This is an example of over-ambitious and inefficient project planning and implementation that are fast becoming a part of project culture in the country," Dr Iftekharuzzaman, executive director of the Transparency International Bangladesh, told The Daily Star.

"This not only results in wastage of public resources but also often creates opportunities for vested quarters to benefit from the time and cost overruns."

He said the LGED website, updated as of 22 June, says the project is running well. But the IMED findings, in terms of both content and quality of implementation, clearly indicate severe backlog, gross inefficiency, and a lack of internal control and oversight, he said.

Based on the IMED progress report, the remaining construction works are unlikely to be completed in the year remaining, said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh, a think tank.

"The work may have been delayed for one year due to the coronavirus pandemic, but it appears that a bigger reason behind the lagging schedule of the overall construction works is the weak institutional capacity for project implementation."

As the ongoing progress was very poor, the authorities should highly focus on the construction works to complete it. Otherwise, it will burn the government's money and incur time overruns, said Md Abdul Majid, a director-general of the IMED.

Last week, Project Director Md Kamrul Islam declined to make comments, citing illness.

READ MORE ON B2

Stocks begin week on positive note

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) reversed course yesterday as its key index started the week on a positive note thanks to an increased participation of investors.

The DSEX, the benchmark index of the largest bourse in Bangladesh, lost 163.5 points, or 2.59 per cent, last week as investors were weighed down with apprehensions over the economic fallout of a recent record fuel price hike.

But it bounced back yesterday, rising 26.5 points, 0.43 per cent, to close the day at 6,175.

The DS30, the blue-chip index, advanced 0.22 per cent and the DSES, the Shariah-based index, was up 0.39 per cent.

Daily turnover settled at Tk 644 crore, an improvement of more than 10 per cent from the previous session. On the day, 168 securities were up, 82 down and 130 were unchanged.

"A daylong battle between optimist and pessimist investors was observed but gainers took a lead over the losers at the end of the session," said International Leasing Securities Ltd in its daily market review.

Among the sectors, paper and printing rose 2.8 per cent, travel and leisure won 2.7 per cent, and textile gained 2.1 per cent.

The cement sector lost 0.6 per cent, the fuel and power sector gave up 0.2 per cent, and the general insurance edged down 0.1 per cent.

The investors' activity was mostly concentrated on textile and pharmaceuticals stocks, said the brokerage house.

Among the individual firms, Sonargaon Textiles Ltd gained the most, rising 10 per cent.

Mozaffar Hossain Spinning Mills, Union Capital, Kay & Que, and Tamijuddin Textile Mills rose more than 8 per cent.

READ MORE ON B2

Russia starts delivering extra gas to Hungary

AFP, *Budapest*

Hungary said Saturday that Russia has started delivering additional gas to the EU member following a July visit to Moscow by its foreign minister.

Hungary's Foreign Ministry said trade negotiations with Moscow "led to an agreement", resulting in Russia's Gazprom starting to deliver "above the already contracted quantities" on Friday.

"It is the duty of the Hungarian government to ensure the country's safe supply of natural gas, and we are living up to it," ministry official Tamas Menczer said on his Facebook page.

In the first phase, an additional volume of 2.6 million cubic meters per day will arrive from the south through the TurkStream pipeline until the end of August, he said, adding negotiations were underway for September deliveries.

Hungarian Foreign Minister Peter Szijjarto made a previously unannounced visit to Moscow in July to discuss the purchase of an additional 700 million cubic metres of natural gas.

"In light of what is known about the current European market conditions, it is clear that the acquisition of such a large amount is impossible without Russian sources," Menczer said in the post on Saturday, mentioning Szijjarto's visit.

An EU plan to cut gas consumption across the bloc by 15 per cent to cope with an energy price crisis spurred by Russia's war in Ukraine came into effect this week.

Some EU countries, though, had carve-outs from strictly following the rule, which was in any case termed a "voluntary demand reduction".

US employers struggle to find enough workers

AFP, *Washington*

Salespeople, food servers, postal workers -- "Help Wanted" ads are proliferating across the United States, as companies struggle to deal with a worker shortage caused by the pandemic, a rash of early retirements and restrictive immigration laws.

More than 10 million openings went unfilled in June, according to government data, while fewer than six million people were seeking work, even as employers desperately try to boost hiring amid a frenzy of consumer spending.

"We have a lot of jobs, but not enough workers to fill them," the US Chamber of Commerce, which represents American companies, said in a statement.

Many of those who stopped working as Covid-19 first ravaged the US economy in early 2020 have never returned.

"There would be 3.4 million more workers today if labor force participation" -- the percentage of the working-age population currently employed or actively seeking work -- was at the pre-pandemic rate, the Chamber calculated. It has slipped from 63.4 per cent to 62.1 per cent.

And where have all these people gone? Many simply took early retirement.

"Part of that is just the US population continues to age," Nick Bunker, a labor-market specialist with jobs website Indeed, told AFP.

The huge cohort of "baby boomers" had already begun leaving the labor market, but there has been an

READ MORE ON B2

People line up as the doors open to the Mega Job Fair held at the FLA Live Arena in Sunrise, Florida on June 23. Employers are desperately trying to boost hiring amid a frenzy of consumer spending.

PHOTO: AFP

ENERGY CRISIS

More cash needed to save Britons

PM contender Sunak says

REUTERS, *London*

Britain's energy crisis will push millions into destitution this winter unless the government hands out more cash to help struggling households pay fuel bills, Rishi Sunak, the trailing candidate in the contest to become Britain's next leader, said.

Former finance minister Sunak is up against foreign minister Liz Truss to succeed Prime Minister Boris Johnson next month, when the winner will take charge of an economy facing prolonged recession and battling soaring energy price-driven inflation.

"The first rule of any crisis is to acknowledge that you are facing one. We are facing an energy crisis," Sunak said in a statement on Saturday.

READ MORE ON B2