

## German economy to shrink all winter

Central bank says

REUTERS, Frankfurt

The German economy is contracting already and will likely get worse over the winter months as gas consumption is cut or rationed, the country's central bank said on Monday.

With Russia, which had supplied about 40 per cent of the European Union's gas before the Ukraine conflict, shutting the pipeline taking that fuel to Germany, Europe's largest economy is looking for alternative sources and ways to cut usage.

The Bundesbank said the economy was likely to shrink even if outright rationing is avoided as companies cut or halt production. "Economic activity may pull back somewhat this quarter and shrink markedly in the autumn and winter months," the central bank said.

It cautioned, however, that it did not expect the adverse scenario it published in June, which saw the economy contracting by 3.2 per cent in 2023, to materialise.



Mashiur lays out wood apples to better ripen out in the sun setting up shop by the road near the intersection next to Shaheed Sheikh Abu Naser Specialised Hospital in Khulna city. Once ripe, the hard-shelled fruits have a soft, fleshy, yellowish edible pulp savoury in taste with numerous embedded seeds. Mashiur collects the fruit from Dumuria upazila for sale at Tk 25 to Tk 40 apiece. Some 30,009 tonnes of the fruit were produced on 17,995.18 acres of land in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken around a week ago.

PHOTO: HABIBUR RAHMAN

## Konka refrigerator wins 3 awards at China summit

STAR BUSINESS DESK

Refrigerator brand Konka won three awards in different categories at the China Refrigerator Industry Summit Forum 2022 in Beijing recently.

Of them, the company clinched the "Leading Brand of Ecological Preservation in Refrigerator Industry-2022" award for its excellent performance in high-end intelligent and preservation technology, the "China Refrigerator Industry Ultra-long Fresh Preservation Leading Product-2022" award for its 15-day ecological fresh refrigerator technology and "China Refrigerator Industry Outstanding Channel Performance Product-2022" award for sterilisation clean taste fresh refrigerator technology.

The journey of Konka fridges started in Bangladesh in 1998 by Electro Mart Group.

Trade International Industries, a concern of Electro Mart Group, has been providing new eco-friendly electronic products at affordable prices to its customers through sharing technology of China Bangladesh joint venture.

Currently, 40 more series of Konka refrigerators and freezers are available in all sales and display centres, retail showrooms and partner showrooms in Bangladesh.

## Mercedes-Benz to build wind farm

REUTERS, Berlin

Mercedes-Benz is planning to build a wind farm in the northwestern German state of Lower Saxony, by 2025 that is able to produce a hundred megawatts of electricity, equivalent to over 15 per cent of the carmaker's annual demand in Germany, it said on Monday.

Mercedes will invest a three-digit million figure in a power purchase agreement with an as-yet-unnamed partner to buy the electricity generated by the turbines, the carmaker said.

It is also examining together with local authorities whether it could put solar panels onto the remaining space in the 800-hectare piece of land in Papenburg, a test track owned by the carmaker.

## Norway to hike rates by 50 basis points

REUTERS, Oslo

Norway's central bank is expected to raise its benchmark interest rate again this week and signal a continued rise in the cost of borrowing in the fourth quarter to combat inflation, a Reuters poll showed on Monday.

Of the 30 economists surveyed, 28 predicted Norges Bank will hike by 50 basis points (bps) on September 22 to a rate of 2.25 per cent, the highest level since 2011.

One forecaster said a 25 bps increase to 2.0 per cent was the most likely outcome, while another predicted a rise of 75 bps to 2.50 per cent.

# RBI spending forex reserves at quicker pace to support rupee

REUTERS, Mumbai

India's central bank is using up its foreign exchange reserves at a quicker pace than during the taper-tantrum period in 2013 as it tries to prevent an overshoot in the rupee, but a larger pool of reserves may allow it to support the currency for some more time, economists said.

The Reserve Bank of India has sold a net of \$38.8 billion from its forex reserves between January and July this year, data released on Friday showed.

A net of \$19 billion was sold in July alone, the most recent data available, and intervention remained heavy in August when the rupee fell below 80 against the dollar, traders said.

Alongside its intervention in the spot market, the central bank's forward dollar holdings

have fallen to \$22 billion from \$64 billion in April.

In 2013, the RBI had sold a net of \$14 billion in the June to September period after the so-called taper tantrum—when U.S. Treasury yields spiked after the Federal Reserve said it would slow its pace of bond buybacks—had put pressure on emerging economy currencies, including the rupee.

"The starting point of India's foreign reserves was at a much higher level in this cycle compared to the taper tantrum, providing a much thicker cushion to withstand global volatility/shocks," said Radhika Rao, senior economist at DBS Bank.

India's forex reserves have fallen to a two-year low of \$550 billion from a peak of \$642 billion in October 2021. Apart from actual dollar sales, reserves are

also impacted by a drop in major currencies like the euro and yen against the greenback and a lower valuation of dollar-denominated securities.

The decline in forex reserves led to the import cover falling to its lowest since August 2018, 16 months at the peak.

At the time of the taper tantrum, India's forex reserves-to-imports cover had fallen to below seven months.

Sticky and elevated imports amid depleting forex reserves led to the import cover falling to its lowest since August 2018, Elara Capital economists Garima Kapoor and Subhankar Sanyal said in a report earlier this month. Forex reserves to external short-term debt moved further below five months.

"Further forex reserve depletion by the RBI to arrest volatility remains the key risk," said Kapoor and Sanyal.

The RBI's defence of the rupee at a time when most currencies are weakening against the dollar has meant the local unit has appreciated against trading peers.

"The Indian rupee has appreciated by about 5 per cent against the Chinese yuan for the fiscal year to date," said Madhavi Arora, lead economist at Emkay Global Financial Services.

In inflation-adjusted real terms, the rupee has appreciated 8 per cent against the yuan.

"This matters because Chinese exports are seen as a key competitor to both India's exports abroad and, more importantly, to Indian manufacturing at home," Arora said.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (SEP 19, 2022)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 62-Tk 75	-5.52 ↓	14.17 ↑
Coarse rice (kg)	Tk 47-Tk 52	-6.6 ↓	6.45 ↑
Loose flour (kg)	Tk 48-Tk 55	-1.9 ↓	53.73 ↑
Lentil (kg)	Tk 98-Tk 105	-5.58 ↓	16 ↑
Soybean (litre)	Tk 172-Tk 175	0.29 ↑	30.94 ↑
Potato (kg)	Tk 23-Tk 30	-5.36 ↓	32.5 ↑
Onion (kg)	Tk 40-Tk 45	-15 ↓	-2.3 ↓
Egg (4 pcs)	Tk 45-Tk 50	0	23.38 ↑

SOURCE: TCB



Abdul Wahed, chairman of DBL Group, poses for photographs with the awarded dealers and high officials at "DBL Ceramics Business Conference-2022" organised by the company at Palace Luxury Resort in Habiganj recently. MA Jabbar, managing director of the group, MA Rahim, vice-chairman, MA Quader Anu, deputy managing director, Mohammad Bayazed Bashar, general manager of DBL Ceramics, Kazi Siddiqui Azam, finance controller, and M Abu Hasib Ron, head for sales, were present.

PHOTO: DBL GROUP



Mohammed Monirul Moulana, managing director of Islami Bank Bangladesh, inaugurates a 15-day special campaign titled "Sanchoye Samridhhi Nirapad Agami" at Islami Bank Tower in Dhaka yesterday. Muhammad Qaisar Ali and Md Omar Faruk Khan, additional managing directors of the bank, and other officials were present.

PHOTO: ISLAMI BANK BANGLADESH



Humaira Azam, managing director of Trust Bank, cuts a ribbon to inaugurate the bank's relocated Bashundhara branch at Union Tower in Bashundhara Residential Area, Dhaka on Sunday.

PHOTO: TRUST BANK

## Europe races to prepare

FROM PAGE B4

But the sharp drop in Russian fuel exports, in retaliation for Western sanctions over Moscow's invasion of Ukraine, has left governments scrambling to find energy resources, but also to warn that power cuts could happen, amid fears of recession.

The German economy is contracting already and will likely get worse over the winter months as gas consumption is cut or rationed, the country's central bank said on Monday. It added that the economy was likely to shrink, even if outright rationing is avoided, as companies cut or halt production.

In France, exports of natural gas to Germany could start around October 10, the head of France's CRE energy regulator said, following an announcement by President Emmanuel Macron that the two EU neighbours would help each other with electricity and gas flows amid the crisis.

"Gas was (until now) only flowing from Germany to France, so we did not have the technical tools to reverse the flows and we did not even have a method to regulate prices," CRE chief Emmanuelle Wargon told franceinfo radio.

While French energy group EDF is racing to repair corrosion-hit nuclear reactors, "exceptional" measures

this winter could include localised electricity cuts if the winter is cold and EDF's plans are delayed, Wargon said.

"But there will be no gas cuts for households. Never," she said.

Spanish Industry Minister Reyes Maroto said that obliging energy-intensive companies to close down during consumption peaks is an option on the table this winter if required.

The companies would be compensated financially, she said in an interview with Spanish news agency Europa Press, adding there is no need to impose such closures now.

And Finns were warned they should be prepared for power outages.

"As a result of great uncertainties, Finns should be prepared for power outages caused by a possible power shortage in the coming winter," national grid operator Fingrid said.

Reflecting the disruptions caused across the continent, Finnish power retailer Karhu Voima Oy said it had filed for bankruptcy due to a sharp rise in electricity price rises.

Europe's imports of thermal coal in 2022 could be the highest in at least four years and may rise further next year, analysts said on Monday, highlighting the extent of the energy crisis following sanctions on top supplier Russia.

## China to accelerate projects

FROM PAGE B4

main economic indicators showing positive changes," said spokeswoman Meng Wei at the National Development and Reform Commission (NDRC).

Shanghai, which lifted a two-month Covid lockdown in June, said it would hand out "consumption vouchers" worth around 100 million yuan (\$14.3 million) to residents starting Tuesday, for use in a major shopping district.

The southern island province of Hainan on Monday also said it would issue vouchers, again totalling 100

million yuan, to make consumption the main driver of the recovery.

China's cabinet has rolled out a raft of measures since late May to bolster an economy ravaged by disruptions caused by government restrictions and lockdowns.

"Stringent Covid restrictions amid the Omicron variant have led to frequent local lockdowns and weighed on China's economic activity this year," said Goldman Sachs in a research note.

"We estimate the current level of restrictions is suppressing the level of GDP in China by 4-5 per cent."



Muhammad A Rume Ali, chairman of banking commission of the International Chambers of Commerce Bangladesh (ICCB), presides over the organisation's banking commission meeting at ICCB secretariat in Dhaka recently. Mahbubur Rahman, president of ICC Bangladesh, Emranul Haq, managing director of Dhaka Bank, Helal Ahmed Chowdhury, former managing director of Pubali Bank, Md Ahsan Ullah, former executive director of Bangladesh Bank, Ataur Rahman, secretary general of ICCB, Ahmed Shaheen, additional managing director of Eastern Bank, and Syed Ali Jowher Rizvi, managing director of Summit Alliance Port, were present.

PHOTO: ICC BANGLADESH

## Sterling languishes near 37-year low vs dollar

REUTERS, London

Sterling was weaker against a robust dollar on Monday, hovering near last week's 37-year low, with sentiment towards the British currency remaining weak given a darkening economic outlook.

Currency trade was generally subdued with London markets closed for the Queen's funeral.

It's a potentially big week for the battered currency given that the Bank of England is meeting on Thursday and new finance minister Kwasi Kwarteng is on Thursday or Friday expected to deliver his first fiscal statement with further details on an energy price cap and tax cuts anticipated.

While the Bank of England is expected to raise rates by at least 50 basis points (bps) this week, the prospect of further tightening has failed to shore up the pound. The

Federal Reserve is also meeting this week and expectations for an even bigger hike of at least 75 bps has bolstered the dollar.

The pound was last trading at \$1.1381, down about 0.5 per cent on the day and within sight of the 37-year low hit on Friday at \$1.1351.

Sterling was also a touch weaker at around 87.77 pence per euro, having touched its lowest levels since early 2021 on Friday at around 87.83 pence.

"The momentum is weak and the moves have been strong," said Nordea chief analyst Jan von Gerich. "We should see a stabilisation at some point, but it's hard to say when that will come."

Sterling is down roughly 16 per cent against the dollar so far this year, putting it on track for its worst year since 2016 - when the Brexit referendum outcome roiled UK markets.