

## Global gas markets to remain tight in 2023: IEA

REUTERS, London

Global gas markets are gradually rebalancing but are expected to remain tight in 2023 amid lower Russian pipeline gas deliveries to Europe, the International Energy Agency (IEA) said on Thursday.

The European and global gas markets suffered a major supply shock in 2022 when Russia reduced its pipeline gas deliveries to the European Union by 80 per cent, triggering a global energy crisis.

Mild weather, an increase in liquefied natural gas (LNG) exports and a strong decline in gas demand helped to cushion the shock leaving Europe's storage 60 per cent full.

"The reduced market strains and relatively well-stocked storage sites ahead of the summer are reasons for cautious optimism for supply security," the IEA said in its quarterly gas market report.

"The improved outlook for gas markets in 2023 is no guarantee against future volatility... global gas supply is set to remain tight in 2023, and the global balance is



The photo shows pipe systems at the industrial plant of the Nord Stream 1 Baltic Sea pipeline near Lubmin, northeastern Germany. The European and global gas markets suffered a major supply shock in 2022 when Russia reduced its pipeline gas deliveries to the European Union by 80 per cent, triggering a global energy crisis.

PHOTO: AFP/FILE

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subject to an unusually wide range of uncertainties," the report said.

The risks, which include adverse weather, such as a dry summer, lower availability of LNG, and the possibility of a further decline in Russian deliveries to Europe, could renew market tensions and price volatility.

In Europe, gas consumption fell by a record 16 per cent, or 55 billion cubic meters (bcm), during the 2022/23 heating season.

The report said that the EU only needs half of the storage injection level seen in summer 2022 to reach its 90 per cent storage target by the start of the 2023/24 heating season.

LNG now accounts for two-thirds of Europe's gas imports, meeting around one-third of its gas demand during the 2022/23 heating season. European LNG imports rose by 25 per cent, or 20 bcm during the heating season, with the United States supplying over 45 per cent of incremental supply.

## Fed raises interest rates

REUTERS, Washington

The Federal Reserve moved its management of the post-pandemic economic recovery into a new phase on Wednesday with what may be the last in a historic series of interest rate hikes and heightened attention to credit and other economic risks.

The US central bank raised its benchmark overnight interest rate by a quarter of a percentage point to the 5.00 per cent-5.25 per cent range, as expected by financial markets, but in doing so dropped from its policy statement language saying that it "anticipates" further rate increases would be needed.

The change doesn't foreclose the central bank's policy-setting committee from hiking rates again when it meets in June, but Fed Chair Jerome Powell said it was now an open question whether further increases will be warranted in an economy still facing high inflation, but also showing signs of a slowdown and with risks of a tough credit crackdown by banks on the horizon.

"We're closer, or maybe even there," Powell said of the end-point of rate increases that have boosted the Fed's policy rate by a full 5 percentage points in the 10 meetings since March 2022, a torrid pace for the central bank and one that may now warrant allowing some time for the impact to be felt in full.

Using language reminiscent of when

it halted its tightening cycle in 2006, the Fed said that "in determining the extent to which additional policy firming may be appropriate," officials would take into account how the impact of monetary policy was accumulating in the economy.

Top of mind: inflation and the impact of a credit tightening Fed officials feel is still evolving in the wake of both higher interest rates and a financial sector rattled

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by the recent failure of three US banks.

At a press conference following the release of the statement, Powell said inflation remains the chief concern, and that it is therefore too soon to say with certainty that the rate-hike cycle is over.

"We are prepared to do more" he said, with policy decisions from June onward to be made on a "meeting-by-meeting" basis.

He also pushed back on market expectations that the policy-setting Federal Open Market Committee would cut rates this year, saying such a move was unlikely.

"We on the committee have a view that inflation is going to come down not

so quickly, it will take some time," he told reporters, and "in that world, if that forecast is broadly right, it would not be appropriate to cut rates" this year.

Powell, however, agreed "policy is tight," and said that makes it possible the central bank has done enough with rates, particularly given the developing strains in the economy, the possibility that credit tightening by banks may slow the economy more than expected, and a remaining Fed hope that a recession can be avoided.

The Fed's policy rate is now roughly the same as it was on the eve of a destabilizing financial crisis 16 years ago, and is at the level which a majority of Fed officials projected in March would in fact be "sufficiently restrictive" to return inflation to the central bank's 2 per cent target. Inflation is currently still more than twice that target.

Economic growth remains modest, but "recent developments are likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring and inflation," the Fed said in its statement.

Yet job gains "have been robust," the Fed said, and Powell noted that some recent data on falling job openings and lower earnings growth, coupled with historically low unemployment, supported the idea that the economy could slow without a dramatic rise in joblessness.

"The case of avoiding a recession is in my view more likely than that of having a recession," Powell said.

## Citibank works on digitalisation, innovation for local banks

Says country officer

STAR BUSINESS DESK

Citibank endeavours continuously on digitalisation, innovation and replication of global best practices in the local banking industry, said Md Moinul Huq, Citi country officer, Bangladesh.

Huq made the comment at a roundtable hosted by Citibank, NA Bangladesh on trade and payment digitisation titled "Resilience and Transformation in Turbulent Times" held at The Westin Dhaka recently with participation from regulators, local corporates and global subsidiaries.

As the leading global bank, Citi has been leading the dialogue on transformation and resilience through technology-based innovation and systemic improvements in the financial ecosystem, said a press release.

Themes, including evolution of digital payments, current e-commerce landscape, future of trade, and Global Economic Outlook were also covered in the discussions.

Among the keynote speakers, senior representatives from the government a2i Programme and regulators from central bank, highlighted Bangladesh government's vision of digitisation and social inclusion, and their assent to collaborate with Citi on developing solutions.

The event also showcased some of Citi's new and innovative products, which simplify and improve payment processing and supply chain resilience for clients with Citi supply chain financing.

## bKash app adds new features

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bKash recently added new features named "Auto Pay", "Balance Hide Option" and "View Charges in Statement" to its app.

To avail the Auto Pay service, a customer needs to tap on the "New Auto Pay" button by selecting "Auto Pay" from "My bKash" or bKash menu option in the app, said a press release.

Customers have to select the type of bill, account details, bill amount and date on which the auto pay will be done in the next step.

The service will be activated with consent. Before the due date in every month, customers will be notified through messages to keep sufficient balance. Customers can enable auto pay for multiple prepaid bills if they want.

They can also cancel any auto pay option at any time. List and details as well as tutorial video can be seen from the autopay menu as well.

Customers, however, can share transaction details of the home delivery of any product keeping their account balance private in balance hide option.

In the View Charges in Statement option, customers can keep track of every detail of their transactions.



A delegation of Bangladesh Civil Service, National Defence College and members of the armed forces, including visiting personnel from Egypt, India, Indonesia, Kenya, Saudi Arabia, Oman, Malaysia, Mali, Nepal, Niger, Nigeria, Jordan, Sri Lanka, South Sudan and Sudan, led by Air Vice Marshal Muhammad Kamrul Islam, visited Walton Hi-Tech Industries' headquarters at Chandra in Gazipur on Wednesday. Maj Gen Syed Tareq Hussain, SM Shamsul Alam, vice-chairman of Walton Hi-Tech Industries, Maj Gen (ret'd) Ibne Fazal Shayekhuzzaman, adviser, Md Liakat Ali, additional managing director of Walton Digi-Tech Industries Limited, Colonel (ret'd) SM Shahadat Alam, SM Zahid Hasan, Yousuf Ali and Easir Al-Imran, senior executive directors of Walton Hi-Tech Industries, Mohashin Ali Molla, executive director, and Abdur Rouf, in-charge of Walton International Business, were present.

PHOTO: WALTON



MTB Foundation in partnership with the Bangladesh Business & Disability Network (BBDN) organised a programme titled "Sensitisation on Disability Inclusion" at MTB Centre in Gulshan, Dhaka recently. Samia Chowdhury, chief executive officer of MTB Foundation, moderated the event, where Syed Mahbubur Rahman, managing director of Mutual Trust Bank, Rais Uddin Ahmad, deputy managing director, and Aziza Ahmed, head of operations at the BBDN, were present.

PHOTO: MUTUAL TRUST BANK

## As savings shrink, Europeans drain billions from banks

REUTERS, London/Dublin

European savers are pulling more of their money from banks, looking for a better deal as lenders resist paying up to hold on to deposits some feel they can currently live without.

The trend emerged as some of the region's biggest lenders outlined a profitable start to the year in results that also offered a glimpse of a phenomenon dubbed a "bank walk" - a slow but notable outflow of customer cash.

Lenders wasted little time in charging more for loans when interest rates rapidly rose from an almost 15-year slumber around zero last year, but most have dragged their feet on boosting deposit rates paid to millions of their customers.

That has boosted profits at many major banks beyond many analysts' expectations, but left savers disgruntled, raising fresh questions over the longer-term stability of the sector.

"Traditional banks need to decide whether to maximise their return by keeping rates on deposits as low as possible, or to prioritise their liquidity and stability by increasing rates and retaining customers' funds,"

Nicola Marinelli, assistant professor of finance at Regent's University London, said.

Money market funds are proving popular among savers seeking bigger returns on their cash as high levels of inflation persist.

In recent years, returns on these funds have only narrowly beaten bank deposit rates but the Crane sterling denominated Money Market Fund index reported a 7-day annualised yield of 4.12 per cent as of April 25, compared with some bank interest rates still stuck below 1 per cent. The euro-denominated equivalent was 2.81 per cent.

Data from Refinitiv Lipper showed more than 34 billion euros (\$37.6 billion) of net flows into European money market funds in March, the best-selling asset type that month.

The fund class was already worth more than 1.4 trillion euros at the end of last year although it remains tiny compared to the 9.45 trillion euros held in current, or checking, accounts at banks across the euro zone.

Fidelity International also reported an 8 per cent year-on-year uplift in flows into money market funds on its investment platform between

January 1 and April 26.

Senior bankers have been dismissive of the threat posed by lower deposits, in a region where consumer interest groups claim people are more likely to dump spouses than banks.

Asked about a 1.6 per cent decline in deposits in the first quarter, UniCredit CEO Andrea Orcel said the bank had such a solid liquidity position - with a coverage ratio of 163 per cent - it could afford to chase profitability in managing its deposit base.

The broader fall in deposits may also help banks balance their liabilities - chiefly what they owe depositors - against a future fall in their assets, as demand for loans shows signs of a slowdown.

But lenders must also ensure they have sufficient liquidity and capital on hand to cover lending bets which can suddenly turn sour.

Most banks boast liquidity and capital levels above regulatory requirements but the demise of U.S. lender Silicon Valley Bank and Switzerland's Credit Suisse are cautionary tales of what can happen when customers desert lenders at greater pace.

## India, Russia suspend negotiations

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Russia is not comfortable holding rupees and wants to be paid in Chinese yuan or other currencies, a second Indian government official involved in the discussions said.

"We don't want to push rupee settlement any more, that mechanism is just not working. India has tried everything we could to try and make this work but it hasn't helped," a third source who is directly aware of the developments said.

Since Russia's invasion of Ukraine on February 24 last year, India's

imports from Russia have risen to \$51.3 billion until April 5, from \$10.6 billion in the same period in the previous year, according to another Indian government official.

Discounted oil has constituted a large part of India's imports, surging twelve-fold in the period. Exports from India in the same period fell slightly to \$3.43 billion from \$3.61 billion in the previous year, the official said.

Another official said both countries have started looking for alternatives after the rupee

settlement mechanism did not work out but did not give details.

The sources said trade with Russia has been continuing despite sanctions and payment issues.

"Right now, we are making some payments in dirham and a few other currencies but the majority is still in dollars. Settlement is happening in different ways, third party countries are also being used," one of the government officials said.

Indian traders are currently also settling some of the trade payments outside Russia, the officials said.