

Fed policy on right track, but inflation still too high: officials

REUTERS, California

The Federal Reserve is getting interest rates closer to where they need to be to win the battle against inflation, a pair of US central bankers said on Friday, though neither gave a clear signal on whether they feel they have reached that point.

Coming a week after Fed policymakers raised their target range for the benchmark rate to 5 per cent-5.25 per cent, the remarks from Fed Governor Philip Jefferson and St. Louis Fed President James Bullard suggest some uncertainty about whether the Fed will in fact pause interest rate hikes next month, as is widely expected.

Indeed, a third US central banker speaking early in the day, Governor Michelle Bowman, signaled she feels further policy tightening may yet be appropriate, unless inflation drops more convincingly.

The Fed has raised its benchmark interest rate five full percentage points over the past 14 months - the fastest pace of tightening in 40 years. Inflation by the Fed's preferred



A farmer harvests fruits of the palmyra palm, a genus of solitary palm trees with massive fan leaves and short, spiny stalks split at the base. The fruits are big with three seeds which are fleshy and edible when ripe and refreshing during the hot summer months. Each fruit sells anywhere from Tk 10 to Tk 20. Some 79,060 tonnes of the seed were produced around the country in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken in Korapur area of Barishal sadar upazila recently. PHOTO: TITU DAS

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EU ministers back plan to reduce economic reliance on China

REUTERS, Stockholm

European Union ministers on Friday backed reducing the bloc's economic dependence on China but will now have to figure out how to make that a reality, foreign policy chief Josep Borrell said.

Borrell said foreign ministers gave broad backing to a plan to adjust policy on China to place greater emphasis on its role as a political rival, while continuing also to see Beijing both as a partner on global issues and an economic competitor.

"Colleagues welcomed the paper that we presented. They agree on the basic lines of this re-calibration of our strategy on China," Borrell told reporters after their meeting in Stockholm.

"When a dependency is too big, it's a risk," he declared.

Borrell said the EU had to learn from the "strategic mistake" it made in the years before Moscow's war in Ukraine of becoming too dependent on Russian gas.

He said the EU today was even more dependent on China for key technologies such as solar panels and for critical materials than it had been on Russian

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energy.

"De-risking is just a word. But behind this word, there is a lot of work that will take time, to review all our economic relations with China," he said.

Borrell stressed the aim was not to "de-couple" the European and Chinese economies but to rebalance the relationship.

Lithuanian Foreign Minister Gabrielius Landsbergis warned that even if the EU did not want to de-couple from China economically, it needed to be prepared for such a scenario.

"Somebody has to devise a possibility that a de-coupling might happen - not because we wished it, like with Russia,

not because we willed it but because the situation, for example in the Taiwan Strait, has been changed by force," he said.

Officials will now refine the proposal to present it to EU leaders, who are expected to discuss China at a summit in June.

The plan is the latest attempt to strike a balance between views of the EU's 27 member countries, keep a distinctive EU approach to Beijing and preserve a close partnership with Washington, which is pushing for a harder line on China.

The document states that coordination with the United States will "remain essential".

But it says the EU "should not subscribe to an idea of a zero-sum game whereby there can only be one winner, in a binary contest between the US and China."

In a letter accompanying the proposal, Borrell said there were at least three reasons for "re-calibrating" China policy.

He said these were "the degree to which China is changing with nationalism and ideology on the rise; the hardening of the US-China competition affecting all policies areas; and the fact that China is a key player in regional and global issues".

Walton to supply ice-cream freezers to Lovello

STAR BUSINESS DESK

Walton recently signed an agreement with leading ice-cream brand Lovello to supply its domestically produced international standard ice-cream freezers.

Shamima Nargis Haque, chairman of Taufika Foods and Lovello Ice-Cream, and Zakia Sultana, director of Walton Hi-Tech Industries, inked the deal at The Westin Dhaka in the capital last week, said a press release. Under the deal, Walton is set to supply a total of 25,000 units of ice-cream freezers to Lovello gradually.

"Following the top popular brand Lovello, we hope that the country's other brands will also keep their faith in the locally manufactured Walton's international standard tempered glass door ice-cream and other commercial freezers," said Sultana.

"Through the agreement between Walton and Lovello, Walton has started its journey in the domestic ice-cream freezer market. Gradually, Lovello alone will purchase 25,000 units of ice-cream from Walton. The figure will be further increased in future," said Md Ekramul Haque, managing director of the ice-cream company.

Among others, Md Kamruzzaman, chief operating officer, Kawzar Ahmed, chief administrative officer, Tofail Ahmed, chief business officer of Walton Fridge, and Didarul Alam Khan, chief marketing officer, were present.

Apple to launch first online store in Vietnam

AFP, Hanoi, Vietnam

Apple will launch its first online store in Vietnam next week, the company said Friday, hoping to cash in on the country's young and tech-savvy population.

The iPhone maker is among a host of global tech giants including Intel, Samsung and LG, that have chosen Vietnam for assembly of their products.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAY 13, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	7.14 ↑
Coarse rice (kg)	Tk 46-Tk 50	0	3.23 ↑
Loose flour (kg)	Tk 55-Tk 60	1.77 ↑	41.98 ↑
Lentil (kg)	Tk 90-Tk 100	-2.56 ↓	-9.52 ↓
Soybean (litre)	Tk 175-Tk 185	4.96 ↑	-3.23 ↓
Potato (kg)	Tk 35-Tk 40	36.36 ↑	74.42 ↑
Onion (kg)	Tk 60-Tk 70	85.71 ↑	44.44 ↑
Egg (4 pcs)	Tk 45-Tk 50	9.2 ↑	21.79 ↑

SOURCE: TCB

measure has eased from 7 per cent last summer to 4.2 per cent.

Meanwhile unemployment, which had been expected to rise as borrowing costs surged, has instead fallen to 3.4 per cent, the lowest since 1969.

"Is inflation still too high? Yes," Fed Governor Philip Jefferson said at a monetary policy conference at the Hoover Institution. "Has the current disinflation been uneven and slower than any of us would like? Yes. But my reading of this evidence is that we are 'doing what is necessary or expected' of us," which is the dictionary definition, he said, of being "on track."

At the same time, Jefferson did not ring any victory bells, offering the observation that little recent progress on core inflation, particularly in services inflation, is "bad news." In April, core US consumer prices - stripping out volatile gas and food prices - rose 5.5 per cent after advancing by 5.6 per cent in March.



M Tofazzel Hossain Miah, principal secretary to the prime minister at the Prime Minister's Office, poses for photographs with the winners of the HSBC-IBA's Business Case Competition-2023 in Dhaka recently. Abu Farah Md Nasser, deputy governor of Bangladesh Bank, Md Mahub ur Rahman, CEO of HSBC Bangladesh, and Mohammad A Momen, director of the Institute of Business Administration of Dhaka University, were present. PHOTO: HSBC



Md Masud Biswas, head of Bangladesh Financial Intelligence Unit (BFIU), posed for photographs with participants of the EBL conference for Sylhet zone on "Anti-Money Laundering and Combating Financing of Terrorism" organised by Eastern Bank at the Grand Sultan Tea Resort and Golf in Moulvibazar yesterday. Ali Reza Iftekhar, managing director of Eastern Bank, MM Haikal Hashmi, deputy managing director, Md Masud Rana, additional director of the BFIU, and Md Rokon-Uz-Zaman, joint director, were present. PHOTO: EASTERN BANK

IBA's Team Khichuri becomes HSBC-IBA's Business Case Competition-2023 champion

STAR BUSINESS REPORT

Team Khichuri from the Institute of Business Administration (IBA) of the University of Dhaka has become champion of the "Business Case Competition-2023".

Team Navigators from the Bangladesh University of Professionals came up as the runners-up while Team Taking Over from the Faculty of Business Studies of the University of Dhaka stood second runner-up, said a press release.

Organised by the HSBC Bangladesh in partnership with the IBA, three teams from Bangladesh were selected as the champion, runners-up and second runner-up from a group of five finalist teams.

At the finale, the participants were given a business case on food security and were asked to present their solutions and recommendations to the judges' panel.

The local competition featured a total of 160 participants from universities across Bangladesh.

The champion, runners-up and second runner-up winners received a team development fund of Tk 200,000, Tk 100,000 and Tk 50,000 respectively.

M Tofazzel Hossain Miah, principal secretary to Prime Minister Sheikh Hasina, attended the event as chief guest.

Abu Farah Md Nasser, deputy governor of Bangladesh Bank, Md Mahub ur Rahman, CEO of HSBC Bangladesh, and Prof Mohammad A Momen, director of the IBA, were present.

Toshiba posts 35% decline in full-year net profit

AFP, Tokyo, Japan

Japanese conglomerate Toshiba on Friday said full-year net profit fell by more than a third due partly to weak sales in electronic devices and other one-off factors.

It also said a planned takeover bid process that is expected to take the company private will likely start in late July. For the year that ended March, the engineering giant booked a 126.57 billion yen (\$940

million) net profit, down 35 per cent on year, on sales of 3.36 trillion yen, up 0.7 per cent.

Operating profit dropped 30.4 per cent to 110.55 billion yen, mainly because of a contraction of the hard disk drive market, and other one-off factors, Toshiba said.

For the current financial year to March 2024, it forecasts a 110 billion yen operating profit, down 0.5 per cent from the previous year, on sales of 3.2 trillion yen, down 4.8 per cent.

Europe set for two new gigafactories

REUTERS, Stockholm/Berlin

Two electric vehicle battery makers plan to spend around 10 billion euros (\$11 billion) on factories in Europe, they said on Friday, after Europe loosened state aid rules for green industry projects in a bid to win the subsidy race with the US.

Both plants will start production in 2026, employ thousands of people and supply batteries to European car makers.

After months of worry that it would opt for an investment in North America over Europe, Sweden's Northvolt said it is set to pick Heide in northern Germany for its factory as long as subsidies are approved, estimated by one source close to the matter to be over 600 million euros.

Taiwan's ProLogium, meanwhile, announced a new plant in the French city of Dunkirk after France offered deal sweeteners and competitive power prices, executives from the company said.

With Taiwan a focal point in tensions between Washington and Beijing, the company also wanted to secure a base overseas.

Europe, home to carmakers such as Volkswagen and BMW, has been trying to lower dependency on Asian countries for batteries that will power green electric cars, though the region still relies heavily on Asia for sourcing and processing raw materials like lithium, cobalt and manganese.

High energy prices and a lack of subsidies comparable to the \$430-billion US Inflation Reduction Act has prompted companies from Volkswagen to utility Enel and cement maker Holcim to call on the European Union to do more to encourage investment.

Volkswagen was expected to announce a battery plant location in Europe late last year but said in March it is awaiting more clarity from Europe on subsidies before making a decision.

For Northvolt, Europe's 'Temporary Crisis and Transition Framework' (TCF) which simplifies conditions for countries to grant aid to green projects and allowed Germany more freedom in offering support for the battery plant, helped firm up its plans to build in the region, a spokesperson said.