



An employee works on a wind turbine tower at a factory in Lianyungang, in China's eastern Jiangsu province on May 31. While manufacturing activity expanded marginally in China, it contracted in powerhouses Japan and South Korea as Asia's fragile economic recovery struggled to maintain momentum. PHOTO: AFP

## Pakistan inflation eases for first time in seven months

AFP, Islamabad

Pakistan's headline inflation eased for the first time in seven months in June, figures released Monday showed, a bright spot for a beleaguered government that must call an election this year.

Year-on-year inflation was 29.4 per cent last month, Pakistan Bureau of Statistics data showed, compared with a record 38 per cent in May.

Years of financial mismanagement have pushed Pakistan's economy to the limit, exacerbated by the Covid pandemic, a global energy crisis and record floods that submerged a third of the country last year.

Pakistan struck a \$3 billion standby deal with the International Monetary Fund on Friday, which could provide temporary relief for the country's ballooning foreign debt.

To meet the demands of the deal – which will be considered by the IMF's board by mid-July – Pakistan scrapped popular subsidies on gas and electricity, which had cushioned the cost-of-living crisis.

With elections due in October, campaigning is likely to be driven by promises of development and vows to fix the economy.

# Asia's factory output falls

REUTERS, Tokyo

Asia's factory activity slumped in June, business surveys showed on Monday, as sluggish demand in China and advanced nations clouded the outlook for the region's exporters.

While manufacturing activity expanded marginally in China, it contracted in powerhouses Japan and South Korea as Asia's fragile economic recovery struggled to maintain momentum.

The surveys underscore the toll China's weaker-than-expected rebound from Covid lockdowns is inflicting on Asia, where manufacturers are also bracing for the fallout from aggressive US and European interest rate hikes.

"The worst may have passed for Asian factories but activity lacks momentum because of diminishing prospects for a strong recovery in China's economy," said Toru Nishihama, chief emerging market economist at Dai-ichi Life Research Institute.

"China is dragging its feet in delivering stimulus. The US economy will likely feel the pain from big rate hikes. These factors all make Asian manufacturers gloomy about the outlook."

China's Caixin/S&P Global manufacturing purchasing managers' index (PMI) eased to 50.5 in June from 50.9 in May, the private survey showed

on Monday, staying above the 50-point index mark that separates growth from contraction.

The figure, combined with Friday's official survey that showed factory activity extending declines, adds to evidence the world's No. 2 economy lost steam in the second quarter.

**The worst may have passed for Asian factories but activity lacks momentum because of diminishing prospects for a strong recovery in China's economy, says an economist**

The impact is being felt in Japan where the final au Jibun Bank PMI fell to 49.8 in June, returning to a contraction after expanding in May for the first time in seven months.

New orders from overseas customers decreased in June at the fastest rate in four months reflecting feeble demand from China, the Japan PMI survey showed.

South Korea's PMI fell to 47.8 in June, from 48.4 in May, extending its downturn to a record 12th consecutive month on weak demand in Asia and Europe.

Factory activity also contracted in

Taiwan, Vietnam and Malaysia, the PMI surveys showed.

There were bright patches among the economic indicators released on Monday with India's manufacturing industry bucking the trend and expanding at a brisk pace in June, albeit slightly slower than in May, supported by robust demand.

The Bank of Japan's closely watched tankan survey also showed Japanese business sentiment improving in the second quarter as raw material costs peaked and the removal of pandemic curbs lifted consumption.

Asia's economy is heavily reliant on the strength of China's economy, which saw growth rebound in the first quarter but subsequently fell short of expectations.

The fate of Asia's economy, including China's, will have a huge impact on the rest of the world with aggressive monetary tightening also expected to weigh on U.S. and European growth.

In forecasts released in May, the International Monetary Fund said it expects Asia's economy to expand 4.6 per cent this year after a 3.8 per cent gain in 2022, contributing around 70 per cent of global growth.

But it cut next year's Asian growth forecast to 4.4 per cent and warned of risks to the outlook such as stickier-than-expected inflation and slowing global demand.

## Faruk made DMD of UCB

STAR BUSINESS DESK



United Commercial Bank (UCB) has recently promoted a senior executive vice-president to the post of deputy managing director (DMD).

The promotee, Faruk Ahammad, joined the bank as a chief financial officer in 2019.

Ahammad embarked on his professional journey at IPDC and went on to hold senior management strategic roles in different organisations, said a press release.

He previously worked for Prime Bank as a chief internal auditor, City Bank as a chief financial officer and Brac Bank as a company secretary.

He was a director of finance at Edotco Bangladesh Company Limited, a subsidiary of Axiata Group Malaysia, managing director and CEO of Apex Investments Limited, and group chief operating officer of Saad Musa Group of Industries.

Ahammad obtained his bachelor's degree in commerce from the National University and was a qualified chartered accountant and a fellow member of the Institute of Chartered Accountants of Bangladesh.

## Rupee hits near 2-month high

REUTERS, Mumbai

The Indian rupee climbed to a near two-month high versus the US currency on Monday on the back of dollar offers by foreign banks, traders said.

The rupee was at 81.8175 to the dollar by 11:16 IST, up from 82.0375 in the previous session. The local currency reached 81.76, the highest since May 8.

There has been "massive (dollar) selling" by foreign banks since open, a proprietary trader at a private sector bank said.

There was talk of debt inflow related to a large conglomerate, and then "there are the usual equity inflows," the trader added.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUL 3, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	-6.25 ↓
Coarse rice (kg)	Tk 48-Tk 50	0	-2 ↓
Loose flour (kg)	Tk 52-Tk 55	-2.73 ↓	25.88 ↑
Lentil (kg)	Tk 90-Tk 100	0	-11.63 ↓
Soybean (litre)	Tk 167-Tk 175	-5 ↓	-5 ↓
Potato (kg)	Tk 35-Tk 40	-1.32 ↓	29.31 ↑
Onion (kg)	Tk 80-Tk 85	6.45 ↑	73.68 ↑
Egg (4 pcs)	Tk 48-Tk 50	3.16 ↑	25.64 ↑

SOURCE: TCB



IFIC Bank opened three new branches in three different districts -- Meherpur, Nilphamari and Lalmonirhat -- across the country recently. PHOTO: IFIC BANK



Selim RF Hussain, managing director of Brac Bank, poses for photographs with Tara Business Champion Award-winning officials of the bank at its head office in Dhaka recently. PHOTO: BRAC BANK

## IFIC Bank opens 3 branches

STAR BUSINESS DESK

IFIC Bank recently opened three new branches in three different districts -- Meherpur, Nilphamari and Lalmonirhat.

Of these, the Meherpur branch was inaugurated by Md Azizul Islam, deputy commissioner and district magistrate of Meherpur, on Hotel Bazar Road in Meherpur Sadar Upazila.

The Nilphamari branch was opened by SM Sofiqul Alam Dablu, president of the Nilphamari Chamber of Commerce and Industry, on Hazi Mohsin Road in Nilphamari Sadar Upazila.

Lalmonirhat branch was inaugurated by Mohammad Ullah, deputy commissioner and district magistrate of Lalmonirhat, at Lalmonirhat Church Missionary Building in Lalmonirhat Sadar Upazila.

## 46 Brac Bank officials get its Tara business awards

STAR BUSINESS DESK

Brac Bank honoured 46 officials -- 24 from retail banking and 22 from SME banking -- with "Tara Business Champion Award" marking the sixth anniversary of its women's banking initiative "Tara".

Selim RF Hussain, managing director and CEO of the bank, handed over the awards at a ceremony at its head office in Dhaka recently, said a press release.

M Masud Rana, Md Sabbir Hossain, and Syed Abdul Momen, deputy managing directors of the bank, and other senior officials were present.

## Indian refiners start paying

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All the sources declined to be named because of the sensitivity of the matter. None of India's private refiners -- Reliance Industries Ltd, Russia-backed Nayara Energy and HPCL Mittal Energy Ltd -- responded to requests for comment. Indian Oil also did not reply to a request for comment.

It could not immediately be determined how much Russian oil Indian refiners have bought with yuan, although Indian Oil has paid in yuan for multiple cargoes, sources said.

The rise in yuan payments has given a boost to Beijing's efforts to internationalise its currency, with Chinese banks promoting its use specifically for Russian oil trade.

Since the imposition of sanctions on Moscow, Indian refiners have mostly bought Russian crude from Dubai-based traders and Russian oil companies such as Rosneft, the Litasco unit of Russian oil major Lukoil, and Gazprom Neft, according to shipping data compiled by Reuters.

Indian refiners have also settled some non-dollar payments for Russian oil in the United Arab Emirates' dirham, sources have said.

"First preference is to pay in dollars but refiners sometimes pay in other currencies such as dirham and yuan when sellers ask them," said the government source, who did not elaborate further and declined to identify any Indian companies paying in yuan for Russian oil.

India's oil and finance ministries, which had previously been trying to convince Russia to accept rupees for oil payments, did not respond to requests for comments.

Reuters reported in March, citing government officials and banking sources, that India had asked banks and traders to avoid using the yuan to pay for Russian imports because of long-running political differences with China. It was not immediately clear whether recent purchases represent a change in that view.

India's imports from Russia rose to

a record in May, with Russian crude oil accounting for 40 per cent of India's overall oil imports compared with 16.5 per cent a year earlier, denting purchases from Iraq and Saudi Arabia.

While Western sanctions against Moscow are not recognised by India and its purchases of Russian oil may not violate them, Indian banks are wary of clearing payments for such imports.

In May, State Bank of India, the country's top lender and a key banker for state refiners, rejected IOC's planned payment in dollars for a cargo delivered by Rosneft, two sources said.

The cargo was loaded on tanker NS Bora, handled by Dubai-based Sun Ship Management, an entity connected to Russia's largest state shipping company, Sovcomflot, which the European Union sanctioned in February and the United Kingdom in May.

In June, IOC used ICICI Bank, a private-sector Indian lender, to settle this trade with Rosneft by paying in yuan to Bank of China, two sources with direct knowledge of the matter said. One private refiner has also been using the same mechanism for payments for Russian oil, one of the sources said.

Since then, IOC has used the same method to pay with yuan for other cargoes from Rosneft, one of the sources with direct knowledge of the matter said.

"Whenever IOC will face problems it would push for payment in yuan," the person said, adding that IOC had asked Rosneft to consider supplying oil in vessels not managed by sanctioned entities. Rosneft did not reply to a request for comment.

Another state refiner, Bharat Petroleum Corp Ltd, is also exploring yuan payment for Russian oil, a separate source said.

"Many traders (sellers) are insisting for yuan payments," the source said.

BPCL, ICICI, State Bank of India and Bank of China did not respond to requests for comment.