Bengal Commercial Bank inks deal with Genex Infosys

STAR BUSINESS DESK

Bengal Commercial Bank recently signed an agreement with Genex Infosys, a business process management (BPM) and IT services company, to provide 24/7 "Call Centre" service to the clients.

Tarik Morshed, managing director and CEO of the bank, and Shahjalal Uddin, managing director and CEO (acting) of the BPM and IT services company, inked the deal at the bank's head office, said a press release.

KM Awlad Hossain, deputy managing director and chief business officer of the bank, Md Rafiqul Islam, deputy managing director and chief technology officer, Vaibhav Kapur, chief service officer of the BPM and IT services company, and Md Rezwanul Haque, general manager for business development, were present.

Tarik Morshed, managing director of Bengal Commercial Bank, and Shahjalal Uddin, managing director and CEO (acting) of Genex Infosys, exchange signed documents of an agreement at the bank's head office in Dhaka recently.

PHOTO: BENGAL COMMERCIAL BANK

China urges deeper trade ties with Russia

REUTERS, *Beijing*

China on Tuesday urged increased cross-border connectivity with Russia and deeper mutual trade and investment cooperation, as both allies vowed ever closer economic ties despite disapproval from the West after Russian forces invaded Ukraine last year.

The Russian minister of economic development held "in-depth" discussions on economic cooperation with the Chinese commerce minister in Beijing on Tuesday, coinciding with a trip by China's top diplomat, Wang Yi, to Moscow for strategic talks that led to the confirmation of Russian President Vladimir Putin's visit to Beijing next month.

Chinese Commerce Minister Wang Wentao said in the Beijing discussions that Sino-Russian economic and trade cooperation had continued to deepen and become more "solid" under the "strategic guidance" of the two heads of state, according to a statement from his ministry.

With the war in Ukraine well in its second year and Russia under Western sanctions, Moscow has leaned on its ally Beijing for economic support, feeding on Chinese demand for oil and gas as well as grain.

In August, Chinese imports of Russian goods rose 3 percent from a year earlier to $11.5 billion, reversing a decline of 8 percent in July, the latest Chinese customs data show.

Beijing has rejected Western criticism of its growing partnership with Moscow in light of Russia's war on Ukraine. It insists the ties do not flout international norms, and China has the prerogative to collaborate with whichever country it chooses.

On Tuesday, Group of Seven ministers reiterated its call, without naming any countries, on third parties to "cease any and all assistance to Russia's war of aggression or face severe costs."

The Russian Far East bordering China as well as North Korea has gained new strategic significance as a zone of cross-border trade and commerce.

Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry, and Abdur Rahim, president of the Switzerland-Bangladesh Chamber of Commerce and Industry, pose for photographs after holding a discussion at the FBCCI office in Dhaka.

PHOTO: SWITZERLAND-BANGLADESH CHAMBER

FBCCI chief meets Swiss delegation

STAR BUSINESS DESK

Swiss foreign direct investments have made a huge contribution towards the economic development of Bangladesh, said Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

He made the comment during a meeting with a delegation from the Switzerland-Bangladesh Chamber of Commerce and Industry (SBCCI), led by its president Abdur Rahim, at the FBCCI office in Dhaka, said a press release.

Abdur Rashid, who is also country manager of SGS Bangladesh Ltd, emphasised the presence of Swiss technology in machineries, watches, chemicals, cement, pharmaceuticals and other industries.

Saad Omar Fahim, secretary general of SBCCI and director of Clarichem Ltd, stressed the importance of joint collaboration between FBCCI and SBCCI to take the economy of Bangladesh to new heights.

HN Ashequr Rahman, founder chairman of Meghna Bank, presides over the bank's 10th annual general meeting on Tuesday. Among others, SM Rezaur Rahman, chairman of the audit committee of the bank, Rehana Ashequr Rahman, chairman of the risk management committee, Syed Ferhat Anwar, independent director, and Sohail RK Hussain, managing director and CEO, were present.

PHOTO: MEGHNA BANK

Abul Hashem, chairman of BASIC Bank, presides over the bank's 34th annual general meeting at the lender's head office in Dhaka on Tuesday. Among others, Mafiz Uddin Ahmed, additional secretary to the financial institutions division of the ministry of finance, Nahid Hossain, Md Abdul Khaleque Khan, Shamim Ahammed, Md M Latif Bhuiyan and Md Rafiqul Islam, directors of the bank, Md Anisur Rahman, managing director, and Md Hasan Imam, company secretary, were present.

PHOTO: BASIC BANK

Ahsanul Alam, chairman of Islami Bank Bangladesh, presides over a meeting of the board of directors of the bank, which was virtually held yesterday. Tanveer Ahmad, vice-chairman of the bank, Mohammed Monirul Moula, managing director, and JQM Habibullah, additional managing director, along with directors joined the meeting.

PHOTO: ISLAMI BANK BANGLADESH

Dollar holds fast

REUTERS, *London*

The dollar remained firm on Wednesday ahead of a much-anticipated rate decision by the Federal Reserve later in the day, while sterling slid on increased bets the Bank of England (BoE) will pause its historic run of interest rate hikes.

The US dollar index, which measures the currency against a basket of rivals, stood firm at 105.10 with traders awaiting the Fed's rate decision.

The pound was volatile, last down 0.26 percent to $1.2360 after touching its lowest in almost four months following data showing UK inflation slowed more than expected in August.

British annual consumer price inflation (CPI) unexpectedly fell to 6.7 percent in August, official data showed on Wednesday, a day before the BoE is expected to raise rates again.

Economists polled by Reuters had forecast CPI would rise to 7.0 percent from July's 6.8 percent.

"A shock deceleration in UK inflation provides good news for the BoE heading into tomorrow's rate decision," said Nick Rees, FX Market Analyst at Monex Europe.

UK inflation drops

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government's plan to lower inflation is "working" but conceded that the rate is "still too high".

It comes one day after data showed eurozone inflation also slowed slightly in August.

"The surprise fall in UK inflation triggered a kneejerk selloff in sterling, as today's data cements the expectation that the Bank of England's next rate hike could also be its last," said Swissquote Bank analyst Ipek Ozkardeskaya.

Despite the drop, British inflation remains the highest in the G7 group of rich nations, after peaking at a 41-year high of 11.1 percent in October last year.

Elevated inflation has prompted almost 18 months of regular stoppages by public and private-sector workers whose pay is failing to keep pace.

In the latest walkout, medical consultants and junior doctors working in England for the country's National Health Service held their first ever joint strike on Wednesday.

The BoE has so far ramped up its key interest rate 14 times in a row to the current level of 5.25 percent in a bid to bring down red-hot inflation.

The data "probably won't be enough to prevent the BoE from raising interest rates... to 5.50 percent tomorrow", noted Capital Economics analyst Paul Dales.

"But it supports our view that that will be the last hike".

The ONS added that food prices rose by less in August than a year earlier. This impact was only partially offset by higher energy costs.

"The rate of inflation eased slightly this month driven by falls in the often-erratic cost of overnight accommodation and air fares, as well as food prices rising by less than the same time last year," said ONS chief economist Grant Fitzner.

"This was partially offset by an increase in the price of petrol and diesel compared with a steep decline at this time last year, following record prices seen in July 2022."

However, economists caution that this week's rebound in oil prices toward $100 per barrel will fuel fresh inflationary pressures.

"The ramping up of crude prices over recent weeks will filter through, but there will be relief that oil prices have also snuck away from the week's highs," said Susannah Streeter, head of money and markets at Hargreaves Lansdown.

Oil prices have jumped largely because of output cuts by key producers Russia and OPEC kingpin Saudi Arabia, which will be in place until the end of the year at least.

Inflation to cool in later part

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The Consumer Price Index rose 9.02 percent in FY23 against the government's revised target of 7.5 percent, the highest in 12 years. This was much higher than the 5-6 percent average inflation seen in the decade before the Russia-Ukraine war.

The government has set a target to keep the average annual inflation rate at 6 percent in FY24.

The ADP report states that moderate inflation and an increase in remittances will contribute to reviving private consumption, while the completion of a number of major infrastructure projects will increase investment.

Private investment, however, may be dampened by the initial higher interest rates following the enhancement in the monetary policy framework, it said.

"The government is managing relatively well against the external economic uncertainties while advancing infrastructure development and critical reforms to improve the investment climate," said ADB Country Director Edimon Ginting in a press release.

The key structural reforms include strengthening public financial management, enhancing domestic resource mobilisation, improving logistics, and deepening the financial sector, which are critical for private sector development, export diversification and productive job creation in the medium term.

"Continued high oil prices also provide a good incentive to accelerate reforms to expand domestic renewable energy supply and achieve the country's climate change goals," Ginting said.

Speaking to The Daily Star, Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue, said one part of the inflation is related to imports, but the fall of non-fuel commodity prices is not adequate to cool higher inflation.

"The reduction in fuel prices is very important for us as the exchange rate has an outsized relation to it. Besides, the reserve is depleting. And the formation of a new global fuel alliance indicates that the prices of fuel will not reduce soon. So, the pressure of fuel-related inflation will continue to hurt us."

Moazzem thinks it is nearly impossible that the government will initiate any reform that can ease inflation.

In the case of market management, the government is not containing big business groups. Rather, the government is opting for imports, piling up more pressures on the reserve, he said.

Last week, the reserves slipped below $22 billion.

According to the ADB publication, GDP is expected to grow 6.5 percent in FY2024, up from an estimated growth of 6 percent in the previous fiscal year.

The slightly faster growth forecast reflects an improvement in domestic demand and better export growth on the back of economic recovery in the eurozone area.

The main risk to the growth projection is a further deterioration in export growth if global demand is weaker than expected, the report said.

The ADB termed the government's budget for FY24 ambitious.

The budget aims to achieve a 10 percent revenue-to-GDP ratio and a 15.2 percent expenditure-to-GDP, with a resulting fiscal deficit of 5.2 percent.

The export growth is expected to accelerate to 9 percent.

Japan's exports extend

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"Therefore...the double-digit decrease in exports suggests that the situation continues to be quite bad, and that the situation does not seem to have bottomed out."

Exports to the United States rose 5.1 percent year-on-year in August, driven by shipments of cars, mining and construction machinery.

Japanese policymakers are counting on external demand to pick up the slack and offset weak consumer spending.

However, the trade data has dashed hopes for prospects of an export-led recovery.

Partly reflecting weak domestic demand, imports fell 17.8 percent, weighed by energy costs. The trade balance came to a deficit of 930 billion yen ($6.29 billion), marking two straight months in the red.