Ferrari to accept crypto as payment

REUTERS, *Milan*

Ferrari has started to accept payment in cryptocurrency for its luxury sports cars in the US and will extend the scheme to Europe following requests from its wealthy customers, its marketing and commercial chief told Reuters.

The vast majority of blue-chip companies have steered clear of crypto as the volatility of bitcoin and other tokens renders them impractical for commerce. Patchy regulation and high energy usage have also prevented the spread of crypto as a means of payment.

These include electric carmaker Tesla, which in 2021 began to accept payment in bitcoin, the biggest crypto coin, before CEO Elon Musk halted it because of environmental concerns.

Ferrari's Chief Marketing and Commercial Officer Enrico Galliera told that

The vast majority of blue-chip companies have steered clear of crypto as the volatility of bitcoin and other tokens renders them impractical for commerce

Reuters cryptocurrencies had made efforts to reduce their carbon footprint through the introduction of new software and a larger use of renewable sources.

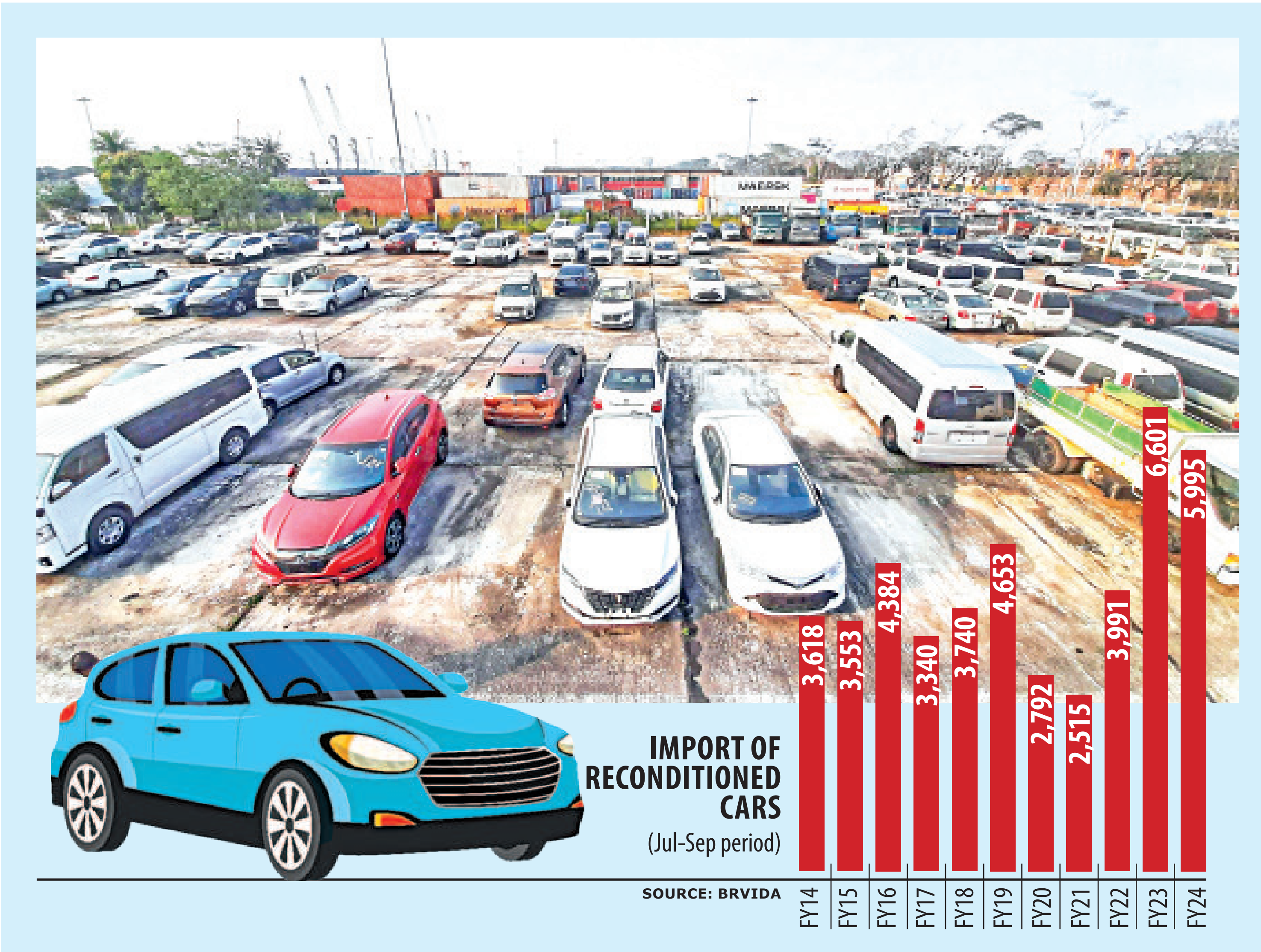
"Our target to reach for carbon neutrality by 2030 along our whole value chain is absolutely confirmed," he said in an interview.

Ferrari said the decision came in response to requests from the market and dealers as many of its clients have invested in crypto.

"Some are young investors who have built their fortunes around cryptocurrencies," he said. "Some others are more traditional investors, who want to diversify their portfolios."

While some cryptocurrencies, such as the second-largest, ether, have improved their energy efficiency, bitcoin still attracts criticism for its energy-intensive mining.

Ferrari shipped more than 1,800 cars to its Americas region, which includes the US, in the first half of this year.



Reconditioned car imports, sales decline

Insiders blame costly dollars, macroeconomic vulnerability

JAGARAN CHAKMA

Both imports and sales of reconditioned cars declined due to price increases stemming from the increase in the price of US dollars and the prevailing macroeconomic vulnerability, according to market insiders and market data.

However, the market for brand-new cars fared slightly better, achieving steady growth despite falling sales.

According to the data from the Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida), imports of reconditioned cars dropped 10 percent during the July to September period of the current fiscal year compared to the same period last year.

The data shows that 5,995 units of private passenger cars were imported during the first quarter of the current fiscal year. That figure stood at 6,601 units in the last fiscal year.

The BRTA data also illustrates that private car registration declined by 36 percent compared to last year.

Around 892 private passenger cars were registered with the Bangladesh Road Transport Authority (BRTA) per month this year compared to 1,391 per month last year.

"Despite the vulnerable macroeconomic situation, at least the government is allowing us to import cars so we can continue business. But on top of everything else, we have to provide a 100 percent margin," said Mohammad Shahidul Islam, chairman of HNS group.

He added that although business was slow, importers would brave the lean patch by making nominal profits or attempting to break even.

He believed the automobile business is dependent on forex reserves and a stable economy, urging the government to form a taskforce to ensure entrance of remittance through formal channels and introduce better incentives for remitters.

Shahidul, also secretary general of Barvida, said only one-third of remittances entered Bangladesh through formal channels, which fuelled the dollar crisis and ultimately impacted the automobile business.

According to Barvida, imports of reconditioned cars dropped 10 percent year-on-year during the July to September period of the current fiscal year

A major reconditioned car importer and dealer, on condition of anonymity, told The Daily Star he felt besieged by trouble given slow sales and difficulties opening letters of credit (LCs).

Cars are luxuries, so they are related to the growth of the economy and stable economic situation, he said.

He added that if the situation persists for the next year, some dealers would be compelled to shut up shop.

Abdul Haque, managing director of Haq's Bay Automobiles Ltd, reiterated that imports declined due to the dollar crisis, saying prices of cars increased due to the devaluation of the taka against the greenback.

At the same time, the impact of the dollar's price hike was also felt in import duties, causing prices to increase.

According to Haque, the import duty for a high-end reconditioned car like a Land Cruiser or Pajero is more than Tk 1 crore.

Duties on mid-level and low-end cars have also increased, putting them beyond the reach of the middle class.

Haque, also former president of Barvida, suggested adjusting duties in order to reduce prices, increase sales and boost government revenue from this sector.

A senior official of Uttara Motors, the sole distributor of Suzuki cars in Bangladesh, said although the sales of reconditioned cars were in decline, demand for brand-new cars was increasing as they offer warranty and better value for money.

"People are getting brand-new cars at the price of reconditioned cars. It can even be cheaper than a reconditioned car since customers don't need a fitness certificate for the first five years," he said.

According to him, the market share of reconditioned cars had grown from 10 percent to 18 percent in the past five years.

He added that they were thinking of setting up an assembling plant in Bangladesh for popular models offered by Suzuki to provide cars at reasonable prices and in a short time in order to increase market share.

South Korean automotive manufacturer Hyundai and Malaysia's Proton have already invested in such initiatives alongside local companies such as Runner Group and Bangladesh Auto Industries Ltd.

Investments from at least six other manufacturers in four-wheeler manufacturing, including South Korea's Kia, are in the pipeline.

BSRM sees profits fall despite record turnover

STAR BUSINESS REPORT

BSRM Ltd, the largest steelmaker in Bangladesh, said its profits fell in the financial year ending in June 2023 even though it recoded 44 percent higher sales to take the turnover to over Tk 11,500 crore, the highest so far.

The Chattogram-based steelmaker recorded a 5 percent drop in its profit year-on-year to Tk 291.3 crore in the July-June period of financial year 2022-23, according to price sensitive information posted on the company's website.

BSRM's earnings per share (EPS) declined to Tk 9.76 during the last financial year from Tk 10.34 in financial year 2021-22.

"We had the highest ever sales in our history last financial year. However, our profits fell as a result of increased finance cost. The higher interest cost and devaluation of taka is to blame for this," said Shekhar Ranjan Kar, company secretary of BSRM.

He said the company had to pay an extra Tk 10-12 per US dollar for import payments for raw materials compared to the booking rate listed on the letters of credit.

"This has affected our profit," he added.

BSRM declared 25 percent cash dividends for its shareholders.

And while BSRM reported a decline in earnings, its sister concern BSRM Steels Ltd was not immune from a fall in profit either.

BSRM Steels, another listed company, saw its profits decline 9 percent year-on-year to Tk 298 crore in financial year 2022-23.

BSRM Steels sold Tk 8,452 crore worth of rods and other steel products in the July-June period of financial 2022-23, which was 25 percent higher than the previous year, according to price sensitive information of the steelmaker.

Similarly, the company's board reported 25 percent cash dividend for the year that ended on June 30. Shares of both the companies under BSRM group remained unchanged at the Dhaka Stock Exchange yesterday.

Doreen Power's profits drop 61%

Higher foreign currency cost to blame

STAR BUSINESS REPORT

Profits of Doreen Power Generations and Systems Ltd fell 61 percent year-on-year to Tk 64.8 crore in fiscal 2022-23, according to a disclosure on the Dhaka Stock Exchange (DSE) yesterday.

The listed private power producer registered lower profits as its subsidiaries suffered significant losses in foreign currency transactions resulting from taka's devaluation against the US dollar, it said.

As such, Doreen power reported consolidated earnings per share (EPS) of Tk 3.56 for the preceding fiscal year, down from Tk 9.21 in fiscal 2021-22.

The company's EPS decreased as it incurred significant losses in foreign currency transactions made by its subsidiaries amid the severe devaluation of taka against the US dollar, the disclosure added.

Muhammad Amzad Shakil, company secretary of Doreen Power, said their finance cost increased to Tk 280 crore in fiscal 2022-23 from Tk 111 crore the year prior due devaluation of the local currency.

However, he hopes they will be able to recover the losses if there is no massive depreciation of taka against the US dollar in the future.

The company said its consolidated net operating cash flow per share (NOCFPS) increased to Tk 50.47 in fiscal year 2022-23 from Tk 47.46 the previous year.

The NOCFPS increased because of significant recovery of receivables from the Bangladesh Power Development Board and reduced payments to suppliers for efficient inventory management, it added.

Oil, treasuries, gold prices jump amid Mideast fears

REUTERS, *New York*

Oil, US Treasuries and gold prices rose on Friday, with crude soaring nearly 6 percent, on safe-haven buying driven by the escalating Middle East conflict as Israel urged civilians to leave the northern Gaza Strip.

Brent crude surged 7.5 percent in the week since the conflict began, posting its highest weekly gain since February, as investors priced in a chance of escalation in the world's top oil producing region.

On Wall Street, the S&P 500 ended lower despite upbeat results from big US banks on Friday, which marked the unofficial start of the third-quarter reporting period for S&P 500 companies.

Weak US consumer data also weighed on stocks. U.S. consumer sentiment deteriorated in October, with households expecting higher inflation over the next year.

Shares of JPMorgan were up 1.5 percent after it reported a 35 percent profit increase from the year-ago quarter.

The Israeli military called for civilians to leave Gaza City ahead of an anticipated ground invasion in response to devastating attacks by Hamas militants at the weekend.

The yield on 10-year Treasuries was last down 8.2 basis points at 4.629 percent.

Spot gold added 3.2 percent on the day to $1,928.99 an ounce, and had its biggest weekly percentage gain since March.

Brent futures rose $4.89, or 5.7 percent, to settle at $90.89 per barrel, and US crude closed $4.78, or 5.8 percent, higher at $87.69 a barrel.

What impact can the Middle East conflict have on oil?

REUTERS, *London*

A war between Islamist group Hamas and Israel poses one of the most significant geopolitical risks to oil markets since Russia's invasion of Ukraine last year.

Unlike Russia, one of the world's top oil and gas producers, Israel has very modest energy production. But there is a risk the war could spread to major energy producers in the Middle East and affect oil and gas flows.

While those flows have not yet been affected, analysts and market observers point to several major potential complications if the conflict escalates.

First, the US could tighten or step up enforcement of sanctions on Iran should it be implicated in Hamas' attack on Israel, which could further strain an already undersupplied oil market. Iran could retaliate by disrupting energy flows from Opec neighbours via the Strait of Hormuz.

Second, a deal being brokered by Washington to normalise relations between Saudi Arabia and Israel, which could see the kingdom increase oil output, could be derailed.

HOW HAS THE OIL MARKET REACTED?

Brent crude jumped by over $5 to above $90 a barrel over the past week since Hamas launched a surprise attack on Israel on October 7.

Analysts and industry insiders, who had expected a stronger rally, acknowledged that the situation differed from the 1973 oil crisis when Saudi Arabia spearheaded an embargo targeted at nations that had supported Israel during the Yom Kippur War, causing prices to skyrocket.

Saudi Arabia and Russia have already announced voluntary supply cuts until the end of 2023, pushing oil prices to 10-month highs in late September before macroeconomic concerns pulled them dramatically lower again last week.

David Goldwyn, a former special envoy for international energy affairs at the US State Department, said fundamentals would remain a bigger driver of prices than the war.

Rob Thummel, senior portfolio manager at Tortoise Capital, said oil prices would be unlikely to rise substantially unless there is disruption in the Strait of Hormuz, the world's most important oil artery carrying a fifth of global supply, caused by Iran or any other country.

WHAT DOES THE CONFLICT MEAN FOR IRANIAN EXPORTS?

Despite US sanctions, Iranian crude exports have grown significantly this year, offsetting some of the 1.3 million barrel per day (bpd) voluntary cut by Riyadh and Moscow.

Hamas backer Iran has denied any involvement in the group's attack on Israel. US Treasury Secretary Janet Yellen on Wednesday said she had nothing to

READ MORE ON B2

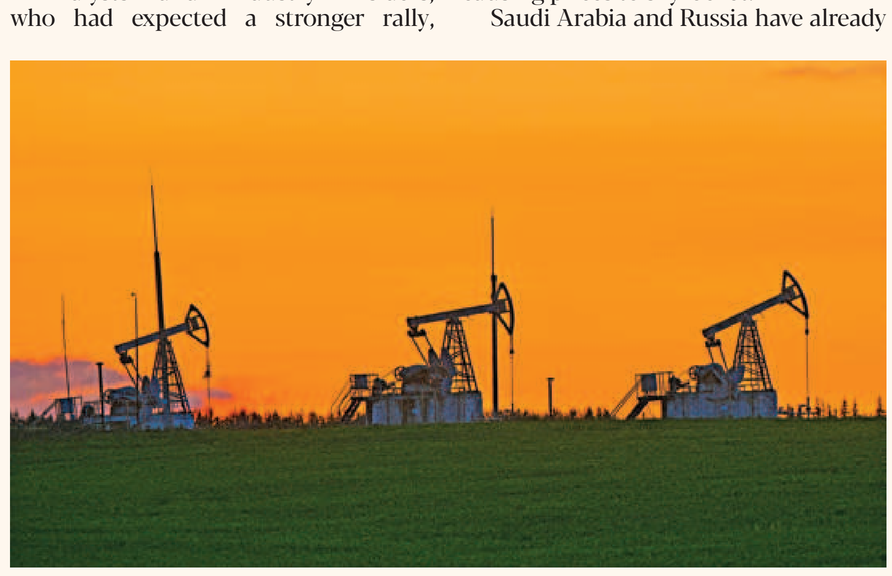


PHOTO: REUTERS/FILE

Oil pumpjacks are seen outside Almetyevsk in the Republic of Tatarstan, Russia.