Eastern Bank inks deal with Basecamp Adventures

STAR BUSINESS DESK

Eastern Bank recently signed an agreement with Basecamp Adventures, a trekking and tour company.

M Khorshed Anowar, deputy managing director and head of retail and SME banking of the bank, and Kazi Monzurul Morshed Inam, manager for sales and marketing of the trekking and tour company, inked the deal in Dhaka, the bank said in a press release.

Under the arrangement, the bank's cardholders can enjoy special benefits on accommodation and other services offered by the company.

Among others, Farzana Qader, senior manager of bancassurance, student banking and retail propositions of the bank, and Md Imran Talukder, assistant manager for sales and marketing of the trekking and tour company, were also present.

M Khorshed Anowar, deputy managing director and head of retail and SME banking of Eastern Bank, and Kazi Monzurul Morshed Inam, manager for sales and marketing of Basecamp Adventures, exchange signed documents of an agreement in Dhaka recently. PHOTO: EASTERN BANK

Eurozone inflation rose in December

AFP, *Brussels*

Eurozone inflation increased in December, official data showed Friday, breaking seven months of falls and leaving analysts divided over when the European Central Bank would start to cut interest rates.

Consumer prices edged up to 2.9 percent last month from the 2.4 percent annual rate in November 2023, in line with expectations by analysts for Bloomberg.

It is the first rise in the annual rate of inflation since an unexpected increase in April last year.

The data supports comments by ECB chief Christine Lagarde, who has warned that Europe must remain on guard despite falling inflation.

The ECB undertook a series of interest rate hikes to tame red-hot inflation after consumer prices reached a peak of 10.6 percent in October 2022.

But as eurozone inflation edged closer to the ECB's two-percent target, there have been growing calls to cut rates. Bank officials have pushed back hard against this.

"December's jump in headline inflation in the eurozone was widely anticipated and entirely due to a base-effects driven increase in energy inflation, so it won't alter ECB policymakers' views on the outlook for monetary policy," said Jack Allen-Reynolds, deputy chief eurozone economist at Capital Economics.

The rise had been expected because governments had provided exceptional support in December 2022 to households to confront heating bills that had surged after Russia's invasion of Ukraine.

Energy prices in the eurozone fell in December, by 6.7 percent on an annual measure, but that was less than the 11.5 percent drop in November, data published by the EU's official statistics agency showed.

Food and drink price increases slowed to 6.1 percent last month compared with 6.9 percent in November, according to Eurostat.

Core inflation, which strips out volatile energy, food, alcohol and tobacco prices, however slowed to 3.4 percent in December from 3.6 percent in November, Eurostat said.

Core inflation is the key signal for the ECB.

Nishat Tasnim Shuchi, a director of Walton Hi-Tech Industries and online sales monitoring director of Walton Plaza, poses for photographs with other senior officials of the company after inaugurating a new website of Walton Plaza at Walton corporate office in the capital recently. PHOTO: WALTON

Walton Plaza launches new website

STAR BUSINESS DESK

Walton Plaza recently launched a new website with an updated look and improved functionality as part of its efforts to become the number one online sales network of electronics products by this year.

Nishat Tasnim Shuchi, a director of Walton Hi-Tech Industries and an online sales monitoring director of Walton Plaza, inaugurated the new website at the Walton corporate office in Dhaka, read a press release.

"This is our new endeavor to keep pace with the changing world and make online services for customers easier, faster and safer," said Shuchi.

"Through this new website, customers and stakeholders from any part of the world can easily find information about their desired products as well as buy their preferred products."

The company has offered up to 12 percent discounts for customers on purchase of Walton products to mark the launch of the website.

US service sector growth misses expectations

AFP, *Washington*

US service sector activity grew less than analysts expected in the final month of 2023, according to survey data published Friday, as growth of new orders slowed.

The services index of the Institute for Supply Management (ISM) came in at 50.6 percent in December, down 2.1 percentage points from November, the report showed.

December's release nevertheless marked the 12th straight month in which the ISM services index was above the 50-point threshold marking growth in the sector.

With the exception of December 2022, the services sector has expanded in 42 out of the last 43 months.

This stands in sharp contrast to the manufacturing sector, which has contracted for 14 straight months, according to ISM.

"The services sector had a pullback in the rate of growth in December, attributed to the decrease in the rate of growth for new orders and contraction in employment," ISM survey chair Anthony Nieves said in a statement.

Mashrur Arefin, managing director and CEO of City Bank, and Nazeem Noordali, chief operating officer of the International Islamic Trade Finance Corporation, a member of the Islamic Development Bank (IsDB) Group, shake hands and exchange signed documents of an agreement on Murabaha trade finance facility at the former's head office in Dhaka yesterday. Story on B4 PHOTO: CITY BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (JAN 6, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	-1.46 ↓	1.50 ↑
Coarse rice (kg)	Tk 48-Tk 50	-4.85 ↓	0
Loose flour (kg)	Tk 45-Tk 50	0	-19.76 ↓
Lentil (kg)	Tk 105-Tk 110	0	4.88 ↑
Soybean (litre)	Tk 155-Tk 160	3.28 ↑	-9.22 ↓
Potato (kg)	Tk 55-Tk 65	20.00 ↑	150.00 ↑
Onion (kg)	Tk 80-Tk 90	-33.33 ↓	112.50 ↑
Egg (4 pcs)	Tk 42-Tk 45	6.10 ↑	16.00 ↑

SOURCE: TCB

Iran's oil trade with China stalls as Tehran demands higher prices

REUTERS, *Singapore*

China's oil trade with Iran has stalled as Tehran withholds shipments and demands higher prices from its top client, tightening cheap supply for the world's biggest crude importer, refinery and trade sources said.

The cutback in Iranian oil, which makes up some 10 percent of China's crude imports and hit a record in October, could support global prices and squeeze profits at Chinese refiners.

The abrupt move, which one industry executive called a "default", could also represent the backfiring of an October US waiver on sanctions of Venezuelan oil, which diverted shipments from the South American producer to the US and India, elevating prices for China as shipments dwindled.

The National Iranian Oil Co, China's commerce ministry and the US Treasury Department did not immediately respond to Reuters requests for comment.

Early last month Iranian sellers told Chinese buyers they were narrowing discounts for December and January deliveries of Iranian Light crude to between $5 and $6 a barrel below dated Brent, five traders who handle the oil or are familiar with the transactions told Reuters.

Those deals had been struck in November at discounts around $10 a barrel, the traders said.

"This is considered as an extensive default and the order to hike prices apparently came from the headquarters in Tehran, as they're holding back supplies also to the intermediaries," a China-based trading executive said.

An executive at a Chinese middleman that procures direct from Iran said the Opec producer was "holding back some shipments", leading to a "stalemate" between Chinese buyers and Iranian suppliers.

"It's not clear how things would end," this executive said. "Let's wait a bit and see if refineries are willing to accept the new price."

China has saved billions of dollars buying often deeply discounted oil from sanctioned producers Iran, Venezuela and, more recently, Russia - countries that supply almost 30 percent of China's crude imports.

It is not clear how extensive Iran's cutbacks to China are. At least one buyer has accepted higher prices: a Shandong-based refiner bought a cargo late last month at discounts between $5.50 and $6.50 on a delivered ex-ship basis, two traders said.

The discounts could narrow further, as the latest offer heard was $4.50, the traders said. Last year's average discount for Iranian Light, a key grade China buys with a high middle-distillates yield, was about $13, traders say.

"The buyers are still struggling to find a solution as the new prices are too high," said a Shandong-based buyer. "But since they have limited choices and the Iranian side is very tough, the room for price negotiations is difficult and is not favouring Chinese buyers."

China's smaller independent refiners, called "teapots", have become Tehran's top clients since first buying Iranian oil in late 2019. They replaced state-run refiners, which stopped dealing with Iran over concerns about falling afoul of US sanctions.

Teapots absorb about 90 percent of Iran's total oil exports, usually passed off as oil originating in Malaysia or the United Arab Emirates, trade sources say.

Amid the tussle over prices, Iran's overall exports and China's imports from Iran have fallen.

Oil and gas tanks are seen at an oil warehouse at a port in Zhuhai, China. The cutback in Iranian oil, which makes up some 10 percent of China's crude imports and hit a record in October, could support global prices and squeeze profits at Chinese refiners. PHOTO: REUTERS/FILE

Opec oil output rises

REUERS, *London*

Opec oil output rose in December, a Reuters survey found on Friday, as increases in Iraq, Angola and Nigeria offset ongoing cuts by Saudi Arabia and other members of the wider Opec+ alliance in support of the market.

The Organization of the Petroleum Exporting Countries pumped 27.88 million barrels per day (bpd) last month, up 70,000 bpd from November, according to the survey that tracks a wide array of shipping, flows and production data. Output is down more than 1 million bpd from the same month a year ago.

The boost comes ahead of further Opec+ cuts in 2024 and Angola's exit from Opec, which are set to lower January output and market share. Opec's market share has already been falling due to output restraint and the departure of some members.

Oil to remain

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"We expect oil to remain volatile, exacerbated by outsize paper market influence, informed by geopolitics and Opec policy," BofA wrote in the note.

The Organization of the Petroleum Exporting Countries and allies, or Opec+, is currently cutting output by around 6 million barrels per day, representing about 6 percent of global supply.

According to BofA, the bigger challenge for investors this year is to not underestimate Saudi's commitment to oil while acknowledging that Brent could remain in a notional $70-$90 band due to non-OPEC output and an uncertain demand outlook.

The brokerage said absolute valuations for the sector, on average, are less compelling than at any time since Covid, following the strong recovery over the past three years.

Focus on good governance

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"I hope the new government will address the bottlenecks businesses are witnessing. There should be adequate emphasis on keeping the supply chain smooth," Alam said.

The chief of the country's apex trade body cited challenges such as the US dollar crisis stemming from the Russia-Ukraine war and inadequate policy responses.

"Initiatives have to be taken so that the dollar inflows to Bangladesh accelerates within a short period time."

Owing to higher US dollar outflows compared to inflows, Bangladesh's foreign currency reserves have halved in two years, forcing the government to tighten imports, leading higher consumer prices to persist for more than a year and a half, hurting the low-income groups disproportionately.

He says industries should be able to run their operations as smoothly as possible.

Alam suggested short-, mid- and long-term strategies to ride out the foreign exchange crisis.

The short-term strategies should include making Bangladeshi embassies abroad more active so that they can raise awareness among migrant workers to send funds to their beneficiaries at home through official channels.

"If we can raise the inflows of remittances through formal platforms, it will give a huge boost to the remittance collection."

Bangladesh's remittance inflows have remained flat in the past two years although more than 30 lakh people have gone abroad in search of jobs in the last three years.

Migrant workers sent home $21.91 billion in 2023, a year-on-year increase of only 2.96 percent, according to the central bank.

"We also need to raise the skills of the people going abroad. This is because our people are mostly engaged in low-paid jobs whereas people from other South Asian nations are hired in high-paid jobs just because of their skills," Alam said.

The mid-term strategies will include export diversification, according to the business leader. Bangladesh relies on a narrow basket of goods to drive exports, with low- and mid-priced garments accounting for 85 percent of the national income.

Earnings from merchandise shipments rose 1.99 percent to $55.78 billion in the just-concluded calendar year because of the slowdown in apparel sales in the international markets, data from the Export Promotion Bureau showed.

Alam said Bangladesh needs to move to high-end products to get better prices. "Manufacturers should make the most of modern technologies to produce high-end products."

When asked about a massive gap between exports and actual export proceeds, he said there is a misunderstanding.

He argued that suppliers don't get 100 percent payments against the shipments and there are always some arrears, which are shown as unrealised proceeds.

It was shared with the businessman that the unrealised export proceeds increased to $9.6 billion in the last fiscal year of 2022-23 as per the International Monetary Fund.

"We need to be given specific names of the businesses that are mismatch. Then we can deal with it," Alam said.