

Commercial Bank of Ceylon, ACI Motors strike deal on EMI facilities

STAR BUSINESS DESK

The Commercial Bank of Ceylon recently signed a memorandum of understanding (MoU) with ACI Motors, an automobile company and a subsidiary of ACI Limited, to offer EMI facilities on Yamaha Motorcycles using CBC Visa credit cards.

Kasun Herath, deputy chief executive officer and chief operating officer of the bank, and Pradi Kar Chowdhury, executive director for finance and planning and chief finance officer of the automobile company, penned the MoU at the ACI Centre in Dhaka, according to a press release.

Other senior officials from both companies were also present.



Pradi Kar Chowdhury, executive director for finance and planning and chief finance officer of ACI Motors, and Kasun Herath, deputy chief executive officer and chief operating officer of Commercial Bank of Ceylon, pose for photographs after signing a memorandum of understanding at the ACI Centre in Dhaka recently.

PHOTO: COMMERCIAL BANK OF CEYLON

Rupee falls to record low

REUTERS, Mumbai

The Indian rupee fell to a record low on Thursday, pressured by likely outflows and strong dollar demand from local importers.

The currency declined to a lifetime low of 83.6650 against the US dollar in the latter half of the trading session and ended at a record closing low of 83.6525. It had closed at 83.4550 in the previous session.

A stronger dollar, along with weakness in the Chinese yuan, also hurt the rupee, traders said.

Its decline below the previous all-time low of 83.5750 triggered stop-losses, exacerbating the fall, a trader at a foreign bank said.

The rupee has been hovering around record lows for weeks despite strong growth in the Indian economy, pressured by equity outflows and importers' dollar demand.

"Corporate outflows have been further adding to rupee weakness. Bond inflows are expected to provide some relief in the coming week," Kunal Sodhani, vice president at Shinhan Bank, said.

While foreigners have sold a net of \$2.6 billion of local equities so far in 2024, inflows into the debt markets have been strong at \$7.5 billion ahead of India's inclusion in the JPMorgan Emerging Market bond index at the end of June.

India's central bank, however, has held the rupee in a tight band, preventing sharp appreciation amid inflows and tempering depreciation during times of outflows.

That support was largely absent on Thursday, allowing the currency to fall, three traders said.

"Some offers (on USD/INR) were present from state-run banks but they were not aggressive," a second foreign exchange trader at a foreign bank said.

The rupee's weakness was in sync with Asian currencies.

The offshore Chinese yuan was down 0.1 percent at 7.28, its weakest level since November 2023. The dollar index was up 0.2 percent at 105.4 while US bond yields ticked higher.

The Indian currency's record low won't "be a matter of concern till it is holding above 83.80," Sajal Gupta, executive director and head of forex and commodities at Nuvama Institutional said.

Any further depreciation is expected to be "quite gradual," Gupta said.



Salahuddin Mahmud, managing director (additional charge) of SME Foundation, and AKM Shahnawaj, acting managing director of Dhaka Bank, shake hands and exchange signed documents of an agreement at a hotel in Dhaka recently.

PHOTO: DHAKA BANK

Dhaka Bank, SME Foundation team up to boost CMSME business

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Dhaka Bank teamed up with the SME Foundation to provide loans to cottage, micro, small and medium enterprises (CMSMEs) under their revolving loan facility amounting to Tk 450 crore with funds from the government's stimulus package and its own sources.

Dhaka Bank and SME Foundation recently signed an agreement in this regard at a hotel in the capital, according to a press release.

AKM Shahnawaj, acting managing director of the bank, and Salahuddin Mahmud, managing director (additional charge) of the foundation, penned the deal on behalf of their organisations.

Under this programme, the SME Foundation will provide Tk 450 crore to participating banks and non-bank financial institutions (NBFI) to be disbursed among entrepreneurs at a subsidised rate of 6 percent.

Md Masudur Rahman, chairman of the foundation, presided over the agreement signing ceremony, where Zakia Sultana, senior secretary of the ministry of industries, and Md Abdur Rahman Khan, secretary of the financial institutions division of the ministry of finance, were present.

Md Mahabubur Rahman Palash, head of MSME and emerging business division of the bank, and senior officials of different banks and NBFIs were also present.

Midland Bank celebrates 11 years of operations

STAR BUSINESS DESK

Midland Bank celebrated its 11th founding anniversary yesterday.

Md Ahsan-uz Zaman, managing director and chief executive officer of the bank, inaugurated the celebrations at the bank's head office in the capital's Gulshan.

He also inaugurated a new product on the occasion.

In his speech, Zaman conveyed best wishes and thanks to everyone for the bank's successful journey and said: "We are at the forefront of innovation in services and products and today, we are pleased to announce the introduction of MDB Digital Secured Credit Card."

"Our customers will now be able to



Md Ahsan-uz Zaman, managing director and chief executive officer of Midland Bank, and other officials take part in a "dua session" while celebrating the bank's 11 years of operations at its head office in Gulshan yesterday.

PHOTO: MIDLAND BANK

apply and obtain a Secured Credit Card anywhere anytime through MDB's mobile digitally against their DPS/FDR from app 'midland online'."

He said that Midland Bank has always been a pioneer in implementing technology-based solutions. The bank offers multiple customised solutions to its customers.

Digitised Secured Credit Cards do not require any branch visits or paperwork.

Zaman added: "As we roll-out MDB Digital Secured Credit Cards, we are moving towards becoming more digitally oriented with access virtually for everyone from anywhere."

Senior management members and divisional heads of the bank attended the programme.

All branches, sub-branches and agent banking centres of the bank organised separate anniversary celebrations across the country.

UK inflation drops to 2% target for first time since 2021

REUTERS, London

British inflation returned to its 2 percent target for the first time in nearly three years in May, but strong underlying price pressures all but rule out a pre-election interest rate cut.

While Prime Minister Rishi Sunak welcomed the fall in headline inflation in May, it has likely come too late to turn around his fortunes in British elections on July 4 or to prompt a Bank of England rate cut on Thursday.

Office for National Statistics data showed services price inflation, which the BoE thinks gives a better picture of medium-term inflation risks, was 5.7 percent. That was down from 5.9 percent in April, but higher than the 5.5 percent economists had forecast in a Reuters poll or the 5.3 percent predicted by the BoE last month.

Sterling rose modestly against the dollar and the euro after the data, but British government bonds underperformed as investors bet the BoE would delay following the lead of the European Central Bank, which cut rates earlier this month.

"Services CPI continues to print to the upside (which) we think removes any lingering risk that the Monetary Policy Committee might announce a cut to Bank Rate tomorrow," said Cathal Kennedy, senior UK economist at RBC Capital Markets.

The drop in annual consumer price inflation from April's 2.3 percent reading - in line with economists' expectations - took it to its lowest since July 2021 and marks a sharp decline from the 41-year high of 11.1 percent in October 2022.

The fall has been sharper than in the euro zone or the United States, where consumer price inflation in

May was 2.6 percent and 3.3 percent respectively, belying concerns a year ago that British inflation was proving unusually sticky.

Inflation first began to pick up in most Western economies in the second half of 2021 due to bottlenecks from the Covid-19 pandemic, then surged after Russia's full-scale invasion of Ukraine in February 2022 caused natural gas prices to soar.

Consumer prices in Britain are up more than 20 percent over the past three years, squeezing living standards and contributing to the unpopularity of Sunak's Conservatives, who are around 20 points behind the opposition Labour Party in opinion polls.

Sunak said that the drop in inflation since he took over from his Conservative predecessor Liz Truss - whose fiscal policy triggered a surge in government borrowing costs - was evidence that his economic policies were working.

"Let's not put all that progress at risk with Labour," he added in a video clip.

Labour's Rachel Reeves, who looks set to be Britain's next finance minister after the election, said reelecting the Conservatives would bring "five more years of chaos".

NO EARLY RATE CUT
The BoE has said a return of inflation to its target is not enough on its own for it to start cutting interest rates.

"Rate-setters will still need to weigh the fall in headline inflation against signs that domestic price pressures, such as elevated pay growth, are proving slower to come down," Martin Sartorius, principal economist at the Confederation of British Industry, said.

ECB policymaker backs more rate cuts this year

REUTERS, Frankfurt

European Central Bank policymaker Klaas Knot on Thursday backed market expectations for one or two more interest rate cuts this year as inflation appeared to be headed towards the ECB's 2 percent target.

The ECB began undoing its steepest ever streak of rate hikes earlier this month but left options open as to what it would do next, also in light of stronger-than-expected inflation and wages data in recent weeks.

Knot stressed inflation was still

seen hitting the ECB target next year, even if the road to 2 percent was likely to be bumpy and services inflation remained high.

"We can continue to slowly but surely lift our foot off the brake," Knot, the Dutch central bank governor, told an event in Milan.

"You could say the score is one-nil - we have taken the lead," he said in a speech peppered with soccer references.

Knot said the "just under three" cuts priced in by financial markets for 2024 were "broadly in line" with the optimal policy path calculated by staff at his central bank.

EU sanctions target Russian gas for first time

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goods to Russia. The EU is keen to stop the flow of dual-use technology such as washing machine chips that could be used by Russia for military purposes.

An EU diplomat said Germany had asked for an impact assessment, and the measure could be included at a later date.

The package also tightens measures against the shadow fleet moving Russian oil outside the price cap on Russian crude set by the Group of Seven (G7) nations. EU countries added tankers to the list of sanctioned entities as well as at least two Russian-owned ships moving

military equipment from North Korea, diplomats said.

Moscow and Pyongyang have grown closer since Russia's February 2022 full-scale invasion of Ukraine. This week, the two countries agreed to provide immediate military assistance if either faces armed aggression in a pact reached after Russian President Vladimir Putin visited Pyongyang.

Overall, 47 new entities and 69 individuals were added to the EU sanctions list, bringing the total to 2,200. The package is expected to be formally approved when EU foreign ministers meet on Monday, diplomats said.

India economic inequality to persist

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"The present government has created an economic system that shrunk the middle-income group considerably. The poor are on public dole ... the rich are on public cross-subsidy using crony capitalism," said Saibal Kar, professor of industrial economics at the Center for Studies in Social Sciences.

"The economic and social freedoms are low owing to repressive public policies. This has to change. Unless it changes, inequality will rise further."

SKILLS NEEDED, NOT JUST JOBS

Asked to rate the quality of India's economic growth over the past 10 years, a near-80 percent majority of economists surveyed, 42 of 53, said it was not inclusive, with 17 saying not at all. Eight said fairly inclusive and three said inclusive.

And yet 60 percent, 32 of 53, said India would maintain or exceed the current solid GDP growth rate over the next five years. The rest said it will fall short.

While the Modi government has set a target of turning India

into a developed economy by 2047, several experts in the survey said the government should first improve workers' skills, create more jobs and focus on inclusive growth.

In December, the government's chief economic adviser said the subsidised grain distribution, as well as spending on education and health had helped to distribute income more equally.

During the election campaign, a government document showed Modi wanted to focus on 70 areas of improvement including workforce skills and vocational training.

Over 90 percent of experts polled, 49 of 54, who answered a separate question said unemployment would be the biggest economic challenge for the government over the next five years.

The unemployment rate was at 7.0 percent in May, according to the Center for Monitoring Indian Economy, a think tank, up from around 6 percent before the pandemic.

"Most countries that have experienced more rapid growth did

it on the basis of a farm-to-factory structural transformation," said Parikshit Ghosh, professor at the Delhi School of Economics, adding manufacturing as a share of GDP had hovered around 15 percent for about 30 years.

"Of the multiple factors behind this, perhaps the most important is the failure to invest seriously in education."

India spends around 3 percent of GDP on public education, half the 6 percent the government's National Policy on Education recommends.

Other experts pointed out the ongoing challenges presented by a society still mired in caste and class divisions.

"We don't even talk about the cleavage that has been ripping our society apart for thousands of years now in our living rooms - we still live in a world where Dalit families are cleaning toilets in urban and rural areas, generation after generation," said Aditi Bhowmik, a public policy expert, who previously worked as India Director at Development Data Lab.

Global tensions hit investments

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Flows to Africa meanwhile slumped three percent, to \$53 billion.

But UNCTAD highlighted that the continent was attracting "a growing share of global mega projects, with six valued at more than \$5 billion".

The largest greenfield announcement for any country in 2023 was a green hydrogen project in Mauritania, expected to generate \$34 billion in investment, the agency said, pointing out that was "several multiples of the country's gross domestic product".

As for foreign direct investment flows to developed countries, they were heavily impacted by the financial transactions of multinational enterprises, UNCTAD said.

This was "partly due to efforts to implement a global minimum tax rate on the profits of these corporations", it said.

Inflows to most parts of Europe and North America were down by 14 percent and five percent respectively, the report showed.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUNE 20, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 68-Tk 78	7.35 ↑	8.15 ↑
Coarse rice (kg)	Tk 50-Tk 54	0	6.12 ↑
Loose flour (kg)	Tk 40-Tk 45	6.25 ↑	-20.56 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 152	-0.68 ↑	-13.16 ↓
Potato (kg)	Tk 55-Tk 60	11.65 ↑	57.53 ↑
Onion (kg)	Tk 85-Tk 90	25 ↑	20.69 ↑
Egg (4 pcs)	Tk 52-Tk 54	8.16 ↑	13.98 ↑

SOURCE: TCB