

Gold near 2-week high

REUTERS

Gold prices rose more than 1 percent to a near two week high on Wednesday, driven by increased bets for a September interest rate cut by the Federal Reserve after recent US data suggested that the labor market was softening.

Spot gold was up 1.2 percent at \$2,357.06 per ounce by 02:08 a.m. ET (1808 GMT). US gold futures settled 1.5 percent higher to \$2369.40.

The precious metals complex, as well as base metals, are rallying across the board on ADP and jobless claims data that reinforces the 'softening economy' narrative which will likely lead to the first rate cut in September," said Tai Wong, a New York-based independent metals trader.

"Bulls are trying to get ahead of what many believe will finally be a weak payrolls report on Friday," he added.

First-time applications for US unemployment benefits increased last week, while the number of people on jobless rolls rose further to a 2 1/2 year high towards the end of June, consistent with a gradual cooling in the labor market.

A measure of US services sector activity slumped to a four-year low in June amid a sharp drop in orders, potentially hinting at a loss of momentum in the economy at the end of the second quarter.

Following the US data, the dollar slipped to a two-week low, making gold more attractive for other currency holders, while the yield on the benchmark US 10-year Treasury note slid.

Al-Arafah Islami Bank opens Atwari branch in Panchagarh

STAR BUSINESS DESK

Al-Arafah Islami Bank yesterday opened its 220th branch, located in the Atwari upzila of Panchagarh district in Rangpur.

Farman R Chowdhury, managing director and CEO of the bank, inaugurated the branch as chief guest, the bank said in a press release.

Chowdhury said the Islamic banking system enables socio-economic development and halal business management.

"The Islamic banking system has already succeeded in proving that. With all the latest banking services, Al-Arafah Islami Bank will assist the development of this area," he said. ANM Mufidul Islam, head of Bogura zone and executive vice-president of the bank, presided over the ceremony.

Jalal Ahmed, executive vice president and head of public relations division, conducted the event, where Md Habib Ullah, senior executive vice-president of the bank, and Md Jahedul Islam, manager of the Atwari branch, were present.

Samsujooha Ahmed, managing director of Syan Cold Storage, Md Delwar Hossain, owner of SK Cold Storage, and Anisur Rahman, chairman of Atwari Upazila, along with a number of locals were also present.

Data centre boom reveals AI hype's physical limits

REUTERS, London

The craze in artificial intelligence has so far focused on chips made by Nvidia and apps like OpenAI's ChatGPT. Underpinning this frenzy is a rush to build the infrastructure needed to train and run generative AI (GenAI) models. Nvidia CEO Jensen Huang predicts the sum invested in these data centres will double to \$2 trillion in the next five years. Yet the world's ability to construct, power and cool these facilities will determine the physical limits of the boom.

The real-world manifestation of the AI scramble is evident in the northern English county of Northumberland. That is where Blackstone, the world's largest commercial real estate owner, in May bought 95 hectares of land with plans to spend 10 billion pounds (\$13 billion) building one of Europe's largest data centre campuses. The derelict site, which once housed a power plant, is first in line to be connected for electricity, according to a person familiar with the matter. Still, that depends on negotiations with Britain's National Grid, and planning permissions from local authorities. Blackstone could yet walk away.

The seemingly insatiable appetite for AI contrasts with the more mundane challenges of building and operating data centres. These warehouse-like buildings which house servers and chips are measured by their demand for electricity. So-called "hyperscaler" data centers, which are mainly used for data storage and cloud computing services, typically have capacity of 20 to 50 megawatts.

The arrival of GenAI means greater processing power which requires more electricity. A ChatGPT text search consumes 10

times the power of a Google search, per Goldman Sachs analysts, while generating an image using a GenAI model could take as much energy as half a smartphone charge, according to a study by researchers at the AI startup Hugging Face and Carnegie Mellon University. Data centre operators are now planning and constructing facilities with capacity of 200 to 500 MW. Morgan Stanley analysts estimate the cost of building a campus at \$10 million per megawatt.

These plans are testing energy infrastructure. Data centres, including those used to mine cryptocurrencies, sucked up about 460 terawatt hours (TWh), or 2 percent of global electricity demand in 2022, according to the International Energy Agency. In Europe, Morgan Stanley analysts estimate they will account for 4 percent of power demand by 2035,

up from 1 percent today.

In some areas, however, the figure is much higher. Ireland, which is home to many large tech companies, has seen the proportion of its electricity consumed by data centres rise from 5 percent in 2015 to 18 percent in 2022. The figure is projected by EirGrid to hit 28 percent by 2031, prompting the state utility to place a moratorium on new data centres until 2028. By 2033, Goldman analysts expect AI data centres to add 370 TWh of power demand globally, equivalent to the combined power consumption of the United Kingdom and the Netherlands in 2023.

One potential solution is to build data centres in regions like Scandinavia, which have fewer people, a cooler climate, and an abundance of hydro power. But governments there are cautious.

Sweden, once considered a prime destination for bitcoin miners in Europe, eliminated tax incentives for data centres last year, and started charging additional taxes on a per kilowatt hour (kWh) basis. A 2017 plan to build a 1,000 MW data centre – the world's largest – in Norway collapsed, opens new tab after the government tweaked rules over reliefs on cryptocurrency miners.

Giant data centres in remote locations can perform the large numbers of calculations required to train AI models. When it comes to using applications like ChatGPT, however, physical proximity matters. A user who is 100 km away from an AI application's servers will receive slower responses than one who is 10 km away. While a scientist may be willing to wait for more accurate queries, users looking for a better alternative to Google expect the same instant results.



An employee checks a server room of Samsung Networks' Telco Data Centre at the headquarters of Samsung Electronics in Suwon, South Korea. These warehouse-like buildings which house servers and chips are measured by their demand for electricity.

Eastern Bank launches revamped Skybanking app with new features, security



Ali Reza Iftekhar, managing director of Eastern Bank, poses for photographs after the launch of a new app, styled "EBL Skybanking", at a function at the bank's head office in the capital's Gulshan yesterday.

PHOTO: EASTERN BANK

STAR BUSINESS DESK

Eastern Bank Limited (EBL) yesterday launched a revamped mobile banking app, "EBL Skybanking", with numerous new features and robust security.

The user-friendly app is set to revolutionise customers' banking experience. The new app will be available on the Google Play Store and Apple's App Store from today, the bank said in a press release.

Ali Reza Iftekhar, managing director of the bank, inaugurated the app at a function held at the bank's head office in the capital's Gulshan.

"The launch of EBL Skybanking is a testament to our commitment to meeting customers' evolving needs and staying ahead in the rapidly changing financial landscape," Iftekhar said.

"EBL Skybanking is more than just a digital platform; it is a commitment to our customers to provide them with the most advanced, secure, user-friendly, and enjoyable banking services."

The app will also allow non-resident Bangladeshis (NRBs) to register on the app. They can then instantly open an EBL local currency account or apply for an offshore banking account using their

overseas mobile phone number.

EBL Skybanking now offers more than 150 services and has a user base of over 5 lakh. The average transaction volume per day is more than Tk 60 crore. It crosses 120 crore during festival days.

Ahmed Shaheen, additional managing director of the bank, M Khorsheed Anowar, deputy managing director and head of retail and SME banking, Ahsan Ullah Chowdhury, head of digital financial services, Amin Md Mehedi Hasan, head of digital banking, and Sanjat Dutta, head of technology development and transformation, were among those present.



Farman R Chowdhury, managing director and CEO of Al-Arafah Islami Bank, cuts a ribbon to inaugurate a new branch at Atwari in Panchagarh yesterday.

PHOTO: AL-ARAFAH ISLAMI BANK

Akram, Hannan elected as vice-chairmen of Mercantile Bank



Akram Hossain



Md Abdul Hannan

STAR BUSINESS DESK

Akram Hossain (Humayun) and Md Abdul Hannan have recently been elected as vice-chairmen of Mercantile Bank.

Both Humayun and Hannan are eminent businessmen and sponsor directors of the bank, according to a press release.

Humayun is the chairman and managing director of FARS Group and is also engaged in the real estate business.

On the other hand, Hannan is the chairman and managing director of Dabstar & Associates Limited.

He is also involved with several export-oriented ready-made garment factories and other businesses.

Oil prices slip

REUTERS, London

Oil prices edged lower on Thursday, retreating from the previous session's multi-month highs, with investors taking profits as demand caution remained in focus despite last week's decline in US inventories.

Brent crude futures were down 40 cents, or 0.46 percent, at \$86.94 a barrel by 1105 GMT while US West Texas Intermediate (WTI) crude futures fell 44 cents, or 0.52 percent, to \$83.44 in trade thinned by the US Independence Day holiday.

In the previous session, Brent gained 1.3 percent to settle at \$87.34 for its highest close since April 30.

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (JULY 4, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 78	0	2.22 ↑
Coarse rice (kg)	Tk 48-Tk 52	-3.85 ↓	2.04 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-20.56 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 155	1.69 ↑	-12.28 ↓
Potato (kg)	Tk 56-Tk 65	5.22 ↑	55.13 ↑
Onion (kg)	Tk 95-Tk 100	21.88 ↑	30.00 ↑
Egg (4 pcs)	Tk 48-Tk 52	-4.76 ↓	2.04 ↑

SOURCE: TCB

EU slaps Chinese electric

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The United States has already hiked customs duties on Chinese electric cars to 100 percent, while Canada is considering similar action.

But Brussels faces a delicate balancing act as it seeks to defend Europe's auto industry -- the jewel in its industrial crown with iconic brands such as Mercedes -- while avoiding a showdown with China and meeting its targets for slashing carbon emissions.

The EU aims to get more Europeans driving electric vehicles as it plans to outlaw the sale of new fossil fuel-powered cars from 2035.

Chinese-made vehicles' market share in EU electric car sales climbed from around three percent to more than 20 percent in the past three years, according to the European Automobile Manufacturers' Association.

Chinese brands account for around eight percent of that share, it said.

Germany's Kiel Institute for the World Economy, alongside Austrian

institutes, predicted the provisional higher taxes would reduce vehicle imports from China by 42 percent. They added that electric car prices could rise by an average of 0.3 to 0.9 percent in the EU.

Germany, a significant trade partner to China, is unhappy about the EU's move. German auto manufacturers fear any retaliation could hurt their activities in China.

Germany's Vice Chancellor Robert Habeck visited Beijing last month on an 11th hour mission to find a way out of a damaging trade war.

But Germany's moves to appease China, like reportedly offering a compromise to lower tariffs to 15 percent, were described by some in the automotive industry as a stunt.

In contrast, French auto makers have welcomed the tariffs to level the playing field.

Electric automaker Tesla, owned by tech billionaire Elon Musk, is the only company that has asked Brussels for its own duty rate calculated based on evidence it has submitted.

Sri Lanka bond holders

FROM PAGE B4

The latest deal with private creditors was announced at the London Stock Exchange, where \$4.4 billion out of \$12.5 billion of the ISBs were listed.

Under the agreement announced Thursday, the Sri Lankan government said it would pay \$225 million upfront to bond holders.

The nominal haircut of 28 percent could go up to almost 40 percent should the South Asian nation's economy contract over the next few years and dip below agreed targets.

Sri Lanka owes \$2.18 billion to the China Development Bank, and it was not immediately clear if that debt has also been restructured in line with the ISB deal.

The agreement with bond holders must now be presented to official creditors to ensure "comparability of treatment".

Colombo has also secured a moratorium on bilateral debt repayments until 2028, but ISB repayments are due to start in September.

President Ranil Wickremesinghe has doubled taxes, removed generous energy subsidies and is set to sell off loss-making state enterprises to shore up state revenue under the IMF deal.