

Oil falls 1.5%

REUTERS, Houston

Oil futures fell about 1.5 percent on Friday, finishing the week lower on declining Chinese demand and hopes of a Gaza ceasefire agreement that could ease Middle East tensions and accompanying supply concerns.

Brent crude settled down \$1.24, or 1.5 percent, at \$81.13 a barrel. West Texas Intermediate crude ended \$1.12, or 1.4 percent, lower at \$77.16 a barrel.

For the week, Brent was trading down more than 1 percent while WTI fell beyond 3 percent.

"Yesterday's better-than-expected US GDP growth figures initially supported the crude market," said George Khoury, global head of education and research at CFI.

"However, these gains were overshadowed by concerns about declining Chinese oil demand." Data released last week showing that China's total fuel oil imports dropped 11 percent in the first half of 2024 have raised concern about the wider demand outlook in China.

"The Chinese demand situation is going down the tubes here and crude oil prices are going down with it," said Bob Yawger, director of energy futures at Mizuho in New York.

China's economy, opens new tab is threatening to enter a deflationary cycle, where prices will fall because of falling demand, Yawger said.

"And that is about the worst possible scenario for a country that is the largest importer of crude oil on the planet," he said.

Meanwhile, demand from the world's top oil consumer was also expected to ease as US refiners are preparing to cut back production as the end of the summer driving season in early September nears.

The nation's second largest refiner, Valero Energy said on Thursday its 14 refineries would run at 92 percent of combined capacity in the third quarter. Valero's refineries ran at 94 percent in the second quarter.

ONE Bank declares 7% dividends

STAR BUSINESS DESK

ONE Bank announced 7 percent dividends, including 3.5 percent cash dividend, for the year that ended on December 31, 2023.

The announcement came at the bank's 25th annual general meeting (AGM), which was held at the Lakeshore Grand hotel in the capital's Gulshan recently, the bank said in a press release. ASM Shahidullah Khan, chairman of the bank, presided over the meeting, while Zahur Ullah, a director of the bank, joined the AGM virtually.

Sayed H Chowdhury, a director and former chairman of the bank, Kazi Rukunuddin Ahmed, Shawket Jaman and Anannya Das Gupta, directors, and Chief of Naval Staff Admiral (ret'd) Aurangzeb Chowdhury, independent director, were present.

Md Monzur Mofiz, managing director of the bank, and John Sarkar, deputy managing director and company secretary, along with shareholders and senior executives of the bank were also present.

China's industrial profits post faster gains in June

REUTERS, Beijing

China's industrial profits grew at a faster clip in June, official data showed on Saturday, even as businesses were grappling with a downshift in consumers' sentiment amid a shaky economic recovery.

A 3.6 percent year-on-year rise in profits last month followed a 0.7 percent gain in May, while first-half earnings were up 3.5 percent, accelerating from a 3.4 percent increase in the January-May period, National Bureau of Statistics (NBS) data showed.

"Relatively rapid industrial production growth, coupled with a significantly easing in factory gate price declines since the second quarter, have promoted a stable recovery of corporate revenue," NBS statistician Wei Ning said in a separate statement.

"Meanwhile, we should also see that insufficient domestic effective demand has constrained the continuous improvement of corporate performance, and the severe and complex international environment has increased the operating pressure of enterprises."

The robust data contrasted with a slowing economy, which missed forecasts in the second quarter as the consumer sector was downbeat amid job market woes and a protracted housing downturn.

Roughly half of more than 10 mainland-listed alcoholic beverage firms that had released forecasts for H1 earnings expected a loss-making first half.

Yet in spite of rising trade tensions with the West, optical transceiver firms Zhongji InnoLight and Suzhou TFC Optical Communication forecast multi-fold rises in first-half earnings, as the two suppliers for US chip giant Nvidia turn out to be big winners from a global artificial intelligence build out.

China is trying to provide heavier monetary stimulus to prop up its fragile economy, surprising markets for a second time on Thursday by conducting an unscheduled lending operation at steeply lower rates. Only days earlier the authorities cut several benchmark lending rates in the wake of a top leadership meeting, which had mapped out other major reforms.

The country's state planner and finance ministry announced plans on Thursday to arrange about 300 billion yuan of funds from ultra-long special treasury bonds to step up a nationwide equipment upgrade and consumer goods trade in campaign.

State-owned firms reported profits up 0.3 percent in the first half, foreign firms recorded an 11 percent gain, while private-sector companies booked a 6.8 percent rise, according to a breakdown of the NBS data.

Stocks drop as investors take go-slow policy

DSEX, the key index, edges down 0.55%

STAR BUSINESS REPORT

The indexes of Bangladesh's share markets fell yesterday as skittish investors adopted a go-slow policy because of the uncertainty centring last week's countrywide quota reform movement.

The benchmark of the Dhaka Stock Exchange (DSE), the DSEX, edged down by 29.92 points, or 0.55 percent, from the previous day to settle at 5,383.72.

Similarly, the shariah-based stock index, the DSES, slipped 5.65 points, or 0.48 percent to 1,177.72, while the blue-chip share index, the DS30, went down by 11.51 points, or 0.59 percent to 1,921.26.

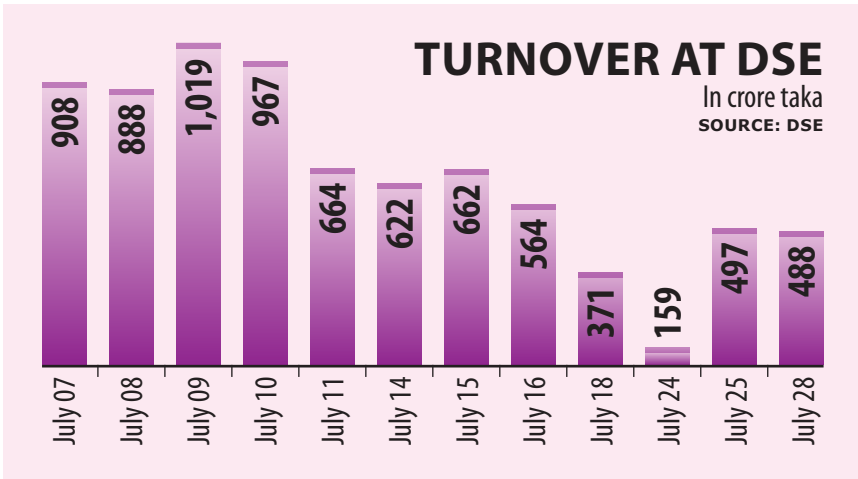
The market ended the day in the negative territory with a decrease of turnover, UCB Stock Brokerage said in its daily market update.

The turnover, which indicates the trading value of the day's shares, stood at Tk 488 crore, a decrease of 1.8 percent from that of the previous trading session.

Contribution by the block trades, meaning high volume transactions of privately negotiated securities outside the open market, was 6.3 percent of the overall market turnover.

Agni Systems was the most traded share with a turnover of Tk 28.7 crore stocks.

The information technology, bank and jute were the top three sectors to close on a positive note while travel and



leisure, services and real estate and non-bank financial institutions (NBFIs) sectors ended in the negative territory.

The banking sector dominated the turnover chart, accounting for 16.86 percent of the day's total market turnover.

A mixed performance was posted by large-cap sectors, according to the daily market update by BRAC EPL Stock Brokerage.

Telecommunication booked the highest gain of 1.17 percent, followed by bank 0.69 percent, fuel & power 0.04 percent, pharmaceuticals 0.68 percent, food & allied 0.99 percent, engineering 1.07 percent, and NBFIs 1.89 percent

respectively.

Out of the 392 scrips that changed hands on the DSE, 88 advanced, 261 closed lower and 43 did not witness any price movement.

Shares of blue-chip firms such as Grameenphone, Heidelberg Materials Bangladesh, IFIC Bank, Robi Axiata, United Commercial Bank and Jamuna Bank performed well.

LafargeHolcim Bangladesh, Beximco Pharmaceuticals, BAT Bangladesh, Beacon Pharmaceuticals, BRAC Bank, Square Pharmaceuticals, Eastern Bank, Best Holdings, Orion Pharma and National Bank that displayed lacklustre performance.

Khairul Alam re-elected as AB Bank chairman

STAR BUSINESS DESK



Khairul Alam Choudhury has recently been re-elected as the chairman of AB Bank for a second consecutive term.

Choudhury is a senior lawyer of the Supreme Court of Bangladesh, the bank said in a press release. He was also called to the Bar from Lincoln's Inn, London.

He is involved in various social and charitable activities.

Choudhury graduated from the University of Wolverhampton in 2001 and attained a post-graduate degree from City University in the United Kingdom in 2002.

Reserve Bank of India fines Visa

REUTERS, Bengaluru

The Reserve Bank of India imposed a penalty of 24.1 million rupees (nearly \$288,000) on Visa in relation to its usage of an unauthorised payment transfer method, the central bank said on Friday.

"It was observed that the entity (Visa) had implemented a payment authentication solution without regulatory clearance from RBI," the central bank said in a statement, without providing details on the transgression.

"We duly acknowledge the RBI order and remain committed to following RBI guidelines and regulations to continue providing safe and secure payment solutions in India," a Visa spokesperson said in a statement.

In February, the RBI had ordered the credit card company to stop using an unauthorised route to make some commercial payments, per a Reuters report. The central bank has aimed to tighten scrutiny of the processes followed by financial technology, or fintech, companies.



ASM Shahidullah Khan, chairman of ONE Bank, poses for photographs with directors, shareholders and top officials of the bank during its 25th annual general meeting at the Lakeshore Grand hotel in the capital's Gulshan recently. The meeting declared 7 percent dividends, including 3.5 percent cash dividend, for 2023.

PHOTO: ONE BANK

Donald Trump may dent but not dethrone King Dollar

REUTERS, London

Donald Trump says he wants to reverse the strong dollar policy which has underpinned the US economic framework since the early 1990s. "We have a big currency problem," the former president said in an interview with Bloomberg published last week.

His choice for vice president, JD Vance, goes even further. The senator from Ohio wants rid of the dollar's role as de facto global currency as well. "The strong dollar is sort of the sacred cow of the Washington consensus," he explained in 2023, "but when I survey the American economy, and I see our mass consumption of mostly useless imports on the one hand and our hollowed out industrial base on the other hand, I wonder if the reserve currency status also has some downsides."

Conventional wisdom holds that a second Trump administration would struggle to make good on either mission. That view is correct when it comes to the greenback's global reserve status, but more questionable when it comes to a weaker exchange rate.

A diminished global role for the US dollar is not completely implausible. Indeed, several recent developments have made that momentous shift likelier than in previous decades.

The first is that Uncle Sam has aggressively wielded his currency as a weapon against geopolitical rivals, most prominently freezing Russia's dollar reserves following the invasion of Ukraine in 2022. That has prompted central banks to diversify their holdings, shrinking the US dollar's share of global foreign exchange reserves to 59 percent, from 73 percent in 2001.

Meanwhile, international bodies have stepped up their attempts to develop viable alternatives to the dollar-based payment system on which global trade depends. The Bank for International Settlements is currently piloting one such system, Project Agora, to link up seven payments systems operated by members of the

Organisation for Economic Co-operation and Development. Another, mBridge, aims to provide seamless settlement using central bank digital currencies including the Chinese renminbi.

A third reason to take the prospect of global monetary regime change seriously is that the current system is quite new. It was only in 2022 that financial regulators completed the migration of global credit from a model based on unsecured lending and priced off the London Interbank Offered Rate (LIBOR) to one based on secured lending and the new Secured Overnight Financing Rate (SOFR). One consequence is that global finance is now more tightly coupled to the supply of high-quality US dollar collateral. This new regime has yet to be tested in a crisis.

Ultimately, however, King Dollar remains unique in too many important respects. US financial markets are by far the largest and most liquid in the world. An overwhelming proportion of

international trade invoices are in dollars. Most importantly, the Federal Reserve is willing and able to backstop global dollar-denominated finance, as it showed most recently when the pandemic roiled markets in 2020. Even Vice President Vance would struggle to shake the dollar's status as the preferred haven in a financial storm.

The buck's value relative to other currencies, however, is a different matter. There is no doubt that the US dollar is indeed historically strong. In real, trade-weighted terms, it has appreciated more than 30 percent in the last decade and is close to its richest in 40 years, the BIS calculates.

On the face of it, Trump's mooted policies would do little to reverse this trend. Start with trade. The former reality TV host has talked of imposing a 10 percent tariff on all imports, rising to 50 percent or 60 percent for products from China. If implemented, that would probably strengthen the dollar as higher

import prices staunch demand for overseas goods and services and hence for the currency needed to purchase them. It is also likely to stoke inflation, prompting the Fed to keep interest rates high and thus attracting more capital inflows.

Trump's future fiscal plans could make things even worse. The former president has pledged to renew the tax cuts introduced during his first term and to reduce corporation tax. Such largesse would goose demand, leading to tighter monetary policy still – and thus an even stronger dollar.

These contradictions are why Trump supporters are discussing less conventional countervailing strategies. The former real estate developer has suggested imposing capital controls to stem demand from overseas investors for American assets, and the dollars needed to buy them. The Republican Party's 2024 Platform even appears to suggest an outright ban on Chinese acquisitions of direct equity investments or real estate.

Trump allies have discussed hobbling the Fed's independence to rein in interest rates, the Wall Street Journal reported in April, citing people familiar with the matter, though the campaign played down the story. Fed Chair Jerome Powell's term comes up for renewal in 2026: a replacement might be more amenable to lower interest rates. Another option would be to broker an international monetary agreement to weaken the US dollar modelled on the 1985 Plaza Accord, which depreciated the currency against the yen and Deutsche mark. The theory is that the threat of tariffs might bring China and Japan to the table.

Such heterodox measures are risky. Conventional wisdom holds that the benefits of a weaker dollar are historically not broad enough to win sufficient support. While parts of the domestic economy would stand to gain from a cheaper greenback, the financial sector likes sound money. It is also unclear why Asian creditor nations would agree to help their biggest debtor devalue.



Republican presidential nominee and former US President Donald Trump raises his fist from the stage of the Republican National Convention at the Fiserv Forum in Milwaukee, Wisconsin. Trump's future fiscal plans could lead to tighter monetary policy and an even stronger dollar.

PHOTO: REUTERS/FIFE