

Russia cancels banking licence of American Express subsidiary

REUTERS

Russia's central bank on Tuesday cancelled the banking licence of American Express Co's Russian subsidiary after the US lender's unit filed a voluntary liquidation request.

Russian President Vladimir Putin decreed in May that American Express could liquidate its Russian business, a little over two years after the company had suspended all its operation in Russia in response to what the bank called Russia's "unjustified attack on the people of Ukraine".

The bank ranked 300th in Russia's banking system in terms of assets, the central bank said. Since mid-2022, foreign banks have required Putin's approval to exit the market or sell stakes in their Russian business.

The bank's Russian unit filed a liquidation application in early July, Russia's corporate registry, SPARK, showed. American Express did not immediately respond to an emailed request for comment.

In March 2022, shortly after Moscow launched its full-scale invasion of Ukraine, which Russia called a "special military operation", American Express said it had dozens of staff inside Russia. It was not immediately clear how many staff the bank still has in the country.

Bank Asia donates Tk 10 lakh to Gulshan Society under CSR



Sohail RK Hussain, managing director of Bank Asia, hands over a cheque of Tk 10 lakh to Omar Sadat, president of Gulshan Society, at a function at the Bank Asia Tower in the capital's Karwan Bazar yesterday.

PHOTO: BANK ASIA

STAR BUSINESS DESK

Bank Asia donated Tk 10 lakh as part of its corporate social responsibility (CSR) to Gulshan Society, a community organisation, for cleaning and desilting the Gulshan Lake.

Sohail RK Hussain, managing director of Bank Asia, handed over a cheque to

Omar Sadat, president of Gulshan Society, during a function at the Bank Asia Tower in the capital's Karwan Bazar yesterday, the bank said in a press release.

This contribution reflects Bank Asia's commitment to environmental sustainability and community welfare, aiming to enhance the condition of Gulshan Lake for the benefit of the local

community and the environment.

Syed A Habib, secretary general of the community organisation, Syed Almas Kabir, vice-president, Ali Ashfaq, treasurer, and Shafiuzzaman, additional managing director of the bank, along with deputy managing directors of the bank and other senior officials were also present.

BRAC Bank, VisionSpring sign deal to screen vision of 15,500 people

STAR BUSINESS DESK

BRAC Bank recently signed an agreement with VisionSpring, a US-based social enterprise, to extend complimentary eye care through the bank's corporate social responsibility initiative dedicated to health, named 'Aporajeyo Ami'.

Sabbir Hossain, deputy managing director and chief operating officer of the bank, and Misha Mahjabeen, country director of the social enterprise, penned the deal at the bank's head office in Dhaka, according to a press release.

Hossain emphasised the significance of the partnership, affirming: "This collaboration with VisionSpring is a stride towards enhancing the lives of those we serve. By offering essential eye care, we ensure a better quality of life for our clients and co-workers."

Mahjabeen added: "We trust this collaboration will inspire numerous organisations to dismantle social taboos



Sabbir Hossain, deputy managing director and chief operating officer of BRAC Bank, and Misha Mahjabeen, country director of VisionSpring, pose for photographs after signing an agreement at the bank's head office in Dhaka recently.

PHOTO: BRAC BANK

and ensure clear vision for their people."

By collaborating with VisionSpring, the bank aims to screen the vision of 15,000 factory workers from its corporate and emerging corporate clients and 500 non-executive staff members this year.

Under Aporajeyo Ami, this endeavour is designed to bolster the well-being of individuals who often lack access to such essential services due to social taboos or fear of stigmatisation.

The initiative seeks to enhance productivity, prolong service periods, increase employee retention, and increase overall productivity.

Under their Clear Vision Workplaces (CVW) programme, VisionSpring screens the vision of employees who earn less than \$4 a day and provides affordable eyeglasses to those who need them.

The enterprise has helped 2.5 million low-income Bangladeshis see clearly through spectacles since 2006.

China bond frenzy puts central bank in quandary

REUTERS, Hong Kong

A quick look at China's bond market appears to show it has many of the ingredients for success. The country's leaders want it to develop more financing power, while investors have a big appetite for safe-haven assets. That ought to be a perfect match to help Beijing sell more government debt at lower cost. Trouble is, these factors are also creating excessive speculation, which is putting the central bank in a quandary.

Chinese regulators have long expressed a wish to increase the proportion of direct financing which, including bonds and stocks, accounted for only 31 percent of total social financing last year, per PBOC data, with the remainder dominated by bank loans. That compares with more than 70 percent in the United States. The central government is also planning to sell more long-dated sovereign bonds to raise funds to spur the \$17 trillion economy.

The People's Bank of China, meanwhile, has spent most of the year squaring off with bond bulls who have been driving yields to record lows. A statement early last month that it was prepared to short-sell long-term securities cooled the bond frenzy for a time. Yet investors ignored the warning and started pouring money into government bonds again after the central bank's surprise rate cut three weeks later, betting more are in store.

The recent rush for government bonds fits perfectly with Beijing's long-term agenda. But it complicates the PBOC's efforts to maintain a strong yuan, as a flattening yield curve lessens the bank's policy flexibility, and reinforces expectation of more monetary easing.

At least the PBOC no longer seems to be fighting alone. The interbank market watchdog has stepped up to investigate suspected bond market manipulation by regional banks. The securities regulator has also ordered some brokerages to inspect their bond trading activities, Reuters reported. The PBOC will welcome the reinforcements. The big question is whether they're enough to defeat the bond market bulls - whether in the market or in other parts of the government.

US manufacturers hit by soaring property insurance costs

REUTERS

James Kirsh expects the cost of the property and casualty insurance for his family-owned foundry in Wisconsin that makes cast iron parts for tractors and other equipment to at least double when it's up for renewal this fall.

He's been told it could triple.

The problem is that his long-time insurer - Acuity - has told his insurance agent it no longer wants to cover factories like his, which handles molten metal. So, they'll need to piece together coverage from multiple, higher-cost alternative providers.

"It's a mess for the whole industry," said Kirsh, the company's president.

A spokesperson for Acuity declined to respond to questions about its plans to stop providing insurance to the foundry industry.

The cost of insuring everything from homes to cars in the US has surged in recent years, driven by factors including rising costs of car and home repairs and more storm damage amid climate change. Auto insurance, for instance, has seen its biggest increases since the 1970s over the past year - and is even cited by economists as an outsized factor in the inflationary wave the Federal Reserve has fought to tame with interest rate hikes beginning in March 2022.

So, it's no huge surprise that factories are getting hit.

Many manufacturers handle dangerous materials and operate heavy machinery that can cause accidents and fires, which has always meant paying hefty premiums. This is especially true for smaller manufacturers, who are generally viewed as posing more risks by insurers.

Big companies have internal risk managers who assess potential dangers and bigger budgets to spend on safety measures like sprinkler systems or fireproof rooms that can minimise insurance claims.

Insurance coverage for all types

of businesses - it isn't broken out for manufacturing alone - has risen by around 12 percent since the beginning of 2022, according to the Bureau of Labor Statistics, nearly three times the increase over comparable time spans during the decade before the pandemic.

It's the scope of the recent increases that has shocked foundries and other metalcasters, a \$50 billion industry that produces parts for everything from appliances to bulldozers.



A man works in the Kawasaki factory in Lincoln, Nebraska. Big companies have internal risk managers who assess potential dangers and bigger budgets to spend on safety measures.

PHOTO: AFP/FILE

"It wasn't long ago that health insurance went through the roof," said Doug Kurkul, CEO of the American Foundry Society.

"But now that's been eclipsed by property and casualty insurance."

'GETTING A CLOSE LOOK'

Overall, commercial rates for all types of business insurance rose in the second quarter of 2024, increasing about 10% in

some regions, said Loretta Worters, of the Insurance Information Institute.

Worters said rising rates are part of the larger surge of inflation roiling the US economy.

"If you have an explosion at your property and it has to be rebuilt, the cost to rebuild is much higher than it was five years ago," she said.

Severe weather is another factor.

"If you're seeing an increase in hurricanes that damage manufacturing plants - and

look by insurers."

Hensley said the problem is especially acute in an industry like foundries, which face obvious fire risks, but is not limited to them. "You have other industries - like chemicals and plastics - that carry high hazards," she said.

Hensley said large insurers that long covered these types of businesses are in some cases pulling out entirely, reducing the pool of big insurers and leaving manufacturers with fewer options.

"It's happening more and more," she said. "They say it doesn't matter how many safety provisions are put in place, how good they are - they say, 'We won't handle them.'"

Other types of producers are keeping their insurers - but paying much higher prices. Gent Machine Co., in Cleveland, paid \$30,785 to insure its small precision machining operation in 2019. The premiums have jumped every year since, including a nearly 28 percent jump between 2022 and this year.

"We went back to our agent and asked them to quote this - and they came back to us that every other carrier" was quoting far higher prices, said Rich Gent, the company's vice president.

"The feedback I got was that our current carrier knows we have a good deal - that's why they're raising the price, because what are you going to do, go uninsured?"

At Kirsh Foundry, based in Beaver Dam, Wisconsin, the question now is how much of the higher insurance bill it can pass on to customers. The company is under pressure to chop prices, not layer on more increases, said Kirsh. One option he's considering is reducing the amount of coverage, since the chances of the entire factory getting destroyed are small.

He said his customers "understand when I say I need to cover material, labour, or benefits. But this is something that's going to be a hard conversation with our customers."

Oil prices steady after rising for five sessions

REUTERS

Oil prices were stable on Tuesday as supply risks arising from expectations of widening Middle Eastern conflict were tempered by demand concerns after Opec on Monday cut its forecast for demand growth in 2024.

Benchmark Brent crude futures were down 8 cents, or 0.10 percent, at \$82.22 a barrel as of 1030 GMT. US West Texas Intermediate crude was down 1 cent, or 0.01 percent, at \$80.05.

Both benchmarks had risen for five straight sessions till Monday.

Downside potential in oil prices could be limited as geopolitical tensions persist, contributing to market uncertainty and supporting crude prices, said Li Xing Gan, financial markets strategist at Exness.

Brent on Monday gained more than 3 percent, while US crude futures rose more than 4 percent.

"Crude oil traders are facing a geopolitical curveball courtesy of yet another face-off between Israel and Iran. But unless oil and gas facilities are hit, any upside for oil prices will not be sustained in the face of uncertain demand," Gaurav Sharma, an independent analyst, said.

"Even Opec - up until now the most bullish of demand forecasters - revised its projections lower on Monday on concerns over China's imports," Sharma added.

The 2024 demand forecast cut from the Organization of the Petroleum Exporting Countries' (Opec) highlighted the dilemma faced by the wider Opec+ group as it aims to raise output from October.

Also on Tuesday, the International Energy Agency (IEA) kept its 2024 global oil demand growth forecast unchanged but trimmed its 2025 estimate, citing the impact of lacklustre Chinese consumption on economic growth.

Still, investors remained watchful of the latest geopolitical tensions.

The Middle East conflict has escalated, with the US preparing for what could be significant attacks by Iran or its proxies in the region as soon as this week, White House national security spokesperson John Kirby said on Monday.

Any attack could tighten access to global crude supplies and boost prices. An assault could also lead the United States to place embargoes on Iranian crude exports, potentially affecting 1.5 million barrels per day of supply, analysts said.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (AUG 13, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 78	0	2.99 ↑
Coarse rice (kg)	Tk 50-Tk 54	4.00 ↑	6.12 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-16.67 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 155	-1.00 ↓	-8.62 ↓
Potato (kg)	Tk 52-Tk 60	-7.44 ↓	47.37 ↑
Onion (kg)	Tk 110-Tk 120	2.22 ↑	39.39 ↑
Egg (4 pcs)	Tk 48-Tk 50	3.16 ↑	-14.78 ↓
SOURCE: TCB			