# Eurozone business activity contracts again

AFP, *Brussels*

Business activity in the eurozone declined further in December, though less sharply than the previous month thanks to an upturn in the services sector, a closely-watched survey showed Monday.

The HCOB Flash Eurozone purchasing managers' index (PMI) published by S&P Global stood at 49.5 compared to 48.3 in November, as companies in the single-currency area continued to struggle to secure new orders.

Any reading below 50 shows contraction, while a figure above 50 indicates growth.

The slump was tied to a "deepening downturn" in manufacturing production, which saw its 21st consecutive monthly fall in output -- "the most marked for a year," S&P Global said in a statement.

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Germany and France, the 20-country eurozone's two biggest economies, were once again driving the weakness.

Business activity in both remained in contraction during December -- in contrast with the rest of the single currency area where it rose to a six-month high, S&P Global said.

"The end of the year is somewhat more conciliatory than was generally expected," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank.

"While manufacturing is still deep in recession, the rebound in services output is a welcome boost for the overall economy."

De la Rubia noted that Germany and France remained "in politically uncertain waters" -- one headed for early elections, and the other battling a period of political instability following snap polls earlier this year.

"This is preventing the necessary reforms from being implemented in the short term to boost growth again and is contributing to the ongoing weakness in both countries," he said.

**Aman paddy accounts for roughly 40 percent of the country's annual rice production. Farmers and millers said the relatively coarse grains are selling for over Tk 1,400 per maund (around 38 kilogrammes) now, up from Tk 1,100 a year ago. The photo was taken at Tebunia Bazar in Pabna sadar upazila last Sunday.**

PHOTO: AHMED HUMAYUN KABIR TOPU

# Fresh Aman fetching higher prices

AHMED HUMAYUN KABIR TOPU
*and* KONGKON KARMAKER

Farmers are getting higher prices for Aman season paddy this year than the previous year, amidst apprehensions of a fall in yields for heavy rainfall and recurrent floods in the eastern regions.

This paddy accounts for the second-biggest amount of rice harvested in a year, or roughly 40 percent of the country's annual rice production.

Farmers and millers said the relatively coarse grains are selling for over Tk 1,400 per maund (around 38 kilogrammes) now, up from Tk 1,100 a year ago.

"It appears that there is a deficit of both rice and paddy," said KM Layek Ali, senior vice-president of the Bangladesh Auto Major and Husking Mill Owners Association.

"Crops alongside rice stocks in households were damaged due to floods in the eastern region in August and September. Many farmers could not replant," he said.

"This is the main reason for the increase in prices of paddy," he added.

Data of the Department of Agricultural Extension (DAE) showed that overall acreage of Aman paddy was at 58.34 lakh hectares this year, higher than that a year ago.

As of this week, 87 percent of the crop has been harvested, said a senior official of the DAE.

He said many farmers replanted Aman seedlings on the flood-affected areas and claimed that overall yield was good this year.

Chitta Majumder, managing director of the Majumder Group of Industries, a leading rice miller and importer, did not agree.

"Heavy rainfall and unfavourable weather affected crops in many areas. So, production suffered this year," he said.

Majumder said some large rice mills were buying paddy over apprehensions that India might restrict export of rice to Bangladesh. But prices will fall if imported grains arrive, he said.

Rice prices began rising since March this year from Tk 47 per kilogramme at retail in February this year.

In October, coarse grains were traded at Tk 54.2 per kilogramme, up 20 percent year-on-year, according to data of the Food and Agriculture Organization.

However, the increase in prices have not brought joy for many farmers who had already suffered losses for floods, inclement weather and rising production costs.

Take the case of Abdus Salam, a farmer in Chatmohar upazila of the northwest district of Pabna.

He cultivated Aman paddy on 10 bighas of land and the entire field was submerged with rainwater for floods throughout the season.

Due to the massive waterlogging, most of the crops were affected. "So, I might get, at best, 10 maunds of paddy from each bigha this year," he said.

"This is the lowest Aman production in the last few decades for me," Salam claimed.

But, he said, if the price remains high, many farmers would be able to recover production costs.

Some farmers who did not see any flood also claimed a fall in yields.

Md Mokhlesur Rahman, a farmer of Harinakundu upazila of Jhenidah district, planted Aman paddy on five bighas of land.

"This year, I got a maximum of 13 maunds of paddy from each bigha whereas I bagged 17–18 maunds last year from the same field," he said.

Farmers in the northwestern districts of Dinajpur and Rangpur reaped bumper Aman harvests this season, surpassing expectations.

However, Abu Belal, a 57-year-old farmer from Biral upazila of Dinajpur, is not that much upbeat.

He said production cost behind each bigha of land, including labour and transportation, stood at Tk 20,000.

During a conversation earlier this month, he hoped to get 28 maunds of paddy from each bigha and sell it for around Tk 35,000, as per rates prevailing in his locality.

"I am labouring to save costs and secure some profit margins," said Belal.

# Govt grants Tk 3,000cr for ICB to stabilise stock market

STAR BUSINESS REPORT

The Investment Corporation of Bangladesh (ICB) has secured a Tk 3,000 crore loan with a state guarantee to bolster the country's capital market, according to a disclosure on the Dhaka Stock Exchange website.

The loan, approved by the Bangladesh Bank, was facilitated through a finance ministry guarantee issued on November 13.

The fund aims at enhancing ICB's investment capacity and repay high-interest deposits and loans.

The interest rate of the approved loan was fixed at the variable bank rate, and the loan amount was deposited into ICB's bank account on December 12.

# Ring Shine terminates share sale to Wise Star

STAR BUSINESS REPORT

Ring Shine Textiles has decided to terminate its share purchase agreement with Wise Star Textile Mills as it doubts that the latter would be able to carry out the deal.

This decision, taken at Ring Shine's 105th board meeting on Sunday, aims to safeguard stakeholders' interests, according to a disclosure on the Dhaka Stock Exchange.

The agreement, which was conditionally approved by the country's stock market regulator in August 2023, would see Wise Star and five Singapore-based companies buy 38 percent of Ring Shine's shares, including those held by sponsor-directors.

But in September that same year, Ring Shine's board expressed concerns about the credibility of Wise Star and its associates.

An official of Ring Shine informed that they found a massive gap in the two companies' paid-up capital, casting doubt on Wise Star's ability to complete the purchase.

Ring Shine confirmed that no financial transactions or considerations have occurred between the two parties and clarified that Wise Star Textile and its nominees do not hold any shares in the company.

# UK wage growth jumps

AFP, *London*

UK wage growth accelerated more than expected, official data showed Tuesday, cementing analyst forecasts that the Bank of England will avoid cutting interest rates this week.

Annual growth in employees' average regular earnings rose to 5.2 percent in the three months to the end of October, up from 4.9 percent in the same period to September, the Office for National Statistics said in a statement.

The ONS added that the unemployment rate stayed at 4.3 percent to the end of October, which came in line with expectations.

The growth in wages, which had been slowing steadily for over a year, reflected a "stronger growth in private sector pay", according to ONS director of economic statistics Liz McKeown.

Analysts have maintained expectations that the Bank of England will keep its main interest rate unchanged at its meeting on Thursday, as inflation stands above the BoE's two percent target.

"Rising wage inflation is a matter for concern, because there's a risk it means businesses raise prices to cover wage costs, and inflation becomes embedded in the economy again," said Sarah Coles, head of personal finance at Hargreaves Lansdown.

# India's gold imports to plunge in December after record November

REUTERS, *Mumbai*

India's gold imports are poised for a sharp slowdown in December following record purchases in November, in the absence of any major festival and as rebounding prices prompt buyers to delay purchases, trade and government officials said.

Lower imports by India, the world's second-biggest consumer of the precious metal, could cap a rally in global prices that hit a record high in October. The drop in imports could also help India narrow its trade deficit and support the ailing rupee .

"Last month, imports shot up thanks to strong demand for investment and jewellery," Prithviraj Kothari, president of the India Bullion and Jewellers Association (IBJA), said.

"But now, things are cooling off, and imports are slowing down. We might see a drop of over 50 percent in December."

Gold imports more than doubled in November compared to the previous month, reaching a record $14.8 billion, which widened the trade deficit to a record level and pushed the rupee to an all-time low.

Many potential buyers had been waiting for gold prices to drop and rushed to make purchases as soon as prices corrected in November, said a Mumbai-based dealer with a private bullion importing bank.

Local prices declined to 73,300 rupees ($863) per 10 grams in mid-November after hitting a record high of 79,775 rupees in October.

# Oil will aid rather than hinder Trump-MBS bromance

REUTERS, *London*

Donald Trump and Mohammed bin Salman each have contradictory objectives in 2025. The US president-elect wants to apply "maximum pressure" on Iran, but won't want the spike in oil prices that may accompany it. The Saudi crown prince is sick of forgoing oil revenue by pumping 3 million barrels below his 12 million barrel daily capacity – but will be wary of a price crash if he opens the taps. Even so, there's a way for their bromance to bloom.

On the face of it, there's much for MBS and Trump to disagree about. If the new president delivers on pledges to slash permitting times and enable fossil fuel companies to "drill, baby, drill", then oil prices could pitch even further below the $100 a barrel level at which the Saudi budget balances. Unlike Trump's first term, MBS has been getting closer to Iran via talks brokered by another Trump foe – China. And Saudi's predominantly youthful 33 million population is naturally sympathetic towards Palestinians – which might jar if Trump brokers a ceasefire deal that seems overly generous to Israel.

Still, MBS-Trump relations are likely to be significantly warmer than the crown prince's frosty relations with President Joe Biden. Trump and adviser Elon Musk were seen recently at an Ultimate Fighting Championship bout with Yasir Al-Rumayyan, boss of Saudi's $925 billion Public Investment Fund. And oil dynamics may help rather than hinder.

At 13 million barrels, US daily oil production is the highest in the world. But according to Goldman Sachs, the crude price required in the key Permian region to drill new wells and manage a 15 percent return is the $70 a barrel at which it traded in late November. Most US oil production is on private land rather than the public areas Trump controls. With forecasters like the International Energy Agency anticipating a price-sapping supply glut of 1 million barrels a day in 2025, and the Organization of the Petroleum Exporting Countries and affiliates like Russia keen to unwind production cuts, it's possible the US oil flood is more like a trickle.

PHOTO: REUTERS/FILE

**In this file photo, Donald Trump speaks with Saudi Arabia's Crown Prince Mohammed bin Salman at the G20 leaders' summit in Osaka, Japan on June 28, 2019.**

As such, MBS and Trump's interests may align. Imagine the US tries to shrink, the $53 billion of annual oil revenues Iran made in 2023 via tougher sanctions. If effective, that could see 1.7 million barrels of Iranian oil exports a day disappear from the market, which could send prices spiking even if the IEA's anticipated surplus materialises. Hence Saudi could then deploy its surplus with impunity. While oil prices would fall, the kingdom's market share could soar.

Such a scenario would allow both MBS and Trump to win in 2025. But both could grease the wheels. Saudi could invest in US sports bets like tennis via the PIF's SURJ Sports Investment company. Trump could champion major chunks of foreign direct investment by US capital providers in the kingdom to juice its Vision 2030 diversification agenda, particularly in the field of artificial intelligence. If so, Saudi might end the year more firmly in the US camp.