

Dollar edges up

REUTERS, London

Global shares and the US dollar edged up on Wednesday as investors made last-minute adjustments to portfolios in the countdown to the year's final flurry of central bank meetings, while news of a potential Nissan-Honda tie-up lifted car stocks.

The dollar traded at multi-month, and even multi-year, highs against a range of currencies, including the Australian, New Zealand and Canadian dollars, ahead of the US Federal Reserve's decision on interest rates later in the day.

The Fed is expected to cut rates by a quarter point, but to signal a cautious approach to loosening monetary policy next year.

S&P 500 futures were up 0.2 percent, suggesting a small rise at the opening bell later.

Traders are almost certain the Fed will move the funds rate window 25 basis points lower - from its current 4.5-4.75 percent range - but lift its long-run interest rate projections.

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"Markets will focus on two things. The key message has been telegraphed: you'll certainly get a cut. But you'll get a 'hawkish cut', in the sense that they will communicate and guide for a slower pace of cutting to a higher terminal rate," Samy Chaar, economist at Lombard Odier in Geneva, said.

Chaar said his expectation was for a revision to the so-called dot plot - Fed policymakers' quarterly economic projections, including rate forecasts - to show rates levelling out around 4 percent, rather than the 3.5 percent markets have priced in, meaning quarterly cuts from the Fed, rather than meeting-by-meeting cuts.

In the last update in September, Fed members' median projection for rates was for 3.4 percent at the end of next year and for a long-run neutral rate of 2.9 percent - well below current market estimates for a long-term neutral rate of around 3.8 percent.

Traders have been driving up US yields and the dollar accordingly, with benchmark 10-year yields touching one-month highs around 4.4 percent overnight, before settling at 4.39 percent.



Workers pick tea leaves at the Tarapur tea garden in Sylhet, some 240 kilometres northeast of capital Dhaka. In Bangladesh, 1,740 kilogrammes (kg) of tea can be produced on an average from each hectare of land, while the output is 2,500 kgs in India and 3,300 kgs in Sri Lanka, according to an expert.

PHOTO: STAR/FILE

Tea industry needs climate-adaptive varieties: experts

OUR CORRESPONDENT, Sylhet

Bangladesh Tea Research Institute (BTRI) alongside universities need to conduct advanced scientific research to come up with tea plant varieties that can adapt to climate change while providing quality and high yields, suggested speakers at a seminar yesterday.

Commonwealth Journalists Association Bangladesh organised the seminar, styled "The State of Tea Industry in Bangladesh: Challenges and Prospects", at Sylhet Agricultural University.

In Bangladesh, 1,740 kilogrammes (kg) of tea can be produced on an average from each hectare of land, said Prof AFM Saiful Islam of the Department of Crop Botany and Tea Production Technology of Sylhet Agricultural University.

The output is 2,500 kg in India and 3,300 kg in Sri Lanka, he said in a keynote speech.

Three quarters of the tea trees in the gardens of Bangladesh are decades-old varieties, for which these produce a low volume of tea leaves, he said.

Besides, droughts lead to a 21 percent to 32 percent reduction in tea production while pest infestation leads to a drop in output of 25 percent to 30 percent annually, said Islam.

In 1990, 45.03 million kg of tea were produced, 19.21 million kg consumed locally while 25.40 million kg exported, he said.

Last year, 102 million kg were produced while local demand stood at 95 million kg and only 1.04 million kg were exported, he added.

Sylhet Agricultural University has

established a germplasm centre for tea and developed four sustainable tea plant varieties which are awaiting trials before they are offered for commercial introduction, said Islam.

The BTRI, the only state-run research centre for tea in Bangladesh, has developed 23 varieties of tea plants, he said.

The BT2 is the most popular, while the other varieties have not been able to spark that much of an interest from the cultivators, he said.

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The professor urged the government for allocating more funds and manpower for the BTRI and establishment of research facilities specialising in genetical engineering for enhancing the quality of tea.

Climate change has been having an adverse impact on tea production, said AKM Rafiqul Hoque, director of the Project Development Unit of Bangladesh Tea Board.

Tea cultivation is suitable within a temperature range of 18°C to 32°C, he said.

However, the climate in regions where tea gardens are situated are experiencing higher temperatures, resulting in droughts and an increase in pest infestations which ultimately affect tea cultivation, he said.

Prices of fertilisers, a labour crisis, disputes

over land, disruptions to power and gas supplies, a lack of availability of bank loans, outdated machinery and disputes over auctions are also affecting the industry, added Hoque.

He also urged the government to take up initiatives to counter the adverse effects of climate change, along with ensuring artificial irrigation and new climate change-adaptive varieties and training for cultivators.

A technological hub should be established in Sylhet through a collaborative approach of all stakeholders of the industry, said the seminar's chief guest, Prof Md Alimul Islam, vice chancellor of Sylhet Agricultural University.

In this place, scientists and researchers can showcase their innovations and the growers can decide on availing innovative solutions, he said.

Many stakeholders of the industry are engaged in unethical practices which need to be stopped to ensure quality production to increase exports, said Maj Gen Sheikh Md Sarwar Hossain, chairman of Bangladesh Tea Board, as the guest of honour.

"We should also break the trend of adhering to the traditional auction method to ensure good prices, while the cultivators should come out of the mindset of prioritising quantity over quality," he said.

Parveen F Chowdhury, president of Commonwealth Journalists Association Bangladesh, presided over the event.

Osman Gani Mansur, general secretary of the association, moderated the seminar while Julhas Alam, a member of the association, gave the vote of thanks.

UK inflation hits 8-month high

REUTERS, London

British inflation hit an eight-month high in November, but the rise in services prices - watched closely by the Bank of England as an underlying measure of inflationary pressures - held steady, offering the central bank a little bit of relief.

Investors added slightly to their bets on interest rate cuts by the BoE next year - having slashed them on Tuesday after strong wage growth data - and sterling weakened as official data showed consumer prices rose by an annual 2.6 percent in November.

That was the highest inflation rate since March, up from 2.3 percent in October.

The rise meant inflation was moving further away from September's 1.7 percent - the first time that inflation had fallen below the BoE's 2 percent target in almost three-and-a-half years, during which time it topped 11 percent at its peak.

"Another consecutive monthly rise in inflation, reaching its highest level since March, underscores the persistent price pressures within the UK economy," Martin Sartorius, principal economist at the Confederation of British Industry, said.

The faster price growth was in line with economists' expectations in a Reuters poll.

Services inflation - which the BoE views as a key measure of underlying price pressure - held at 5.0 percent in November, unchanged from October, the Office for National Statistics said.

The economists polled by Reuters had mostly expected a slight increase in service price inflation to 5.1 percent although the BoE had expected it to dip to 4.9 percent.



Shoppers are seen at a stall in Camden Market in London.

PHOTO: AFP/FILE

Britain's central bank is moving more slowly than others to lower borrowing costs and it is expected to keep interest rates on hold on Thursday after its December meeting.

Britain's headline inflation rate in November was higher than in France, Germany or the United States.

The BoE is worried about persistently strong wage growth - data on Tuesday showed pay rose by more than expected - and the new government's tax rise for employers and higher public spending is also expected to filter through into higher prices.

Some economists have predicted headline consumer price inflation is likely to hit 3 percent in 2025.

The BoE predicted consumer price inflation in November would be 2.4 percent when it published a set of projections six weeks ago.

SERVICES INFLATION

James Smith, an economist with ING, said services inflation was likely to remain stuck at around 5 percent for the next few months but could fall as annual inflation-linked adjustments to prices for phone and internet services are made in the coming months.

"These are often tied to past rates of headline inflation which, through 2024, has been pretty benign," Smith said. "Those annual price hikes for various services should therefore be less aggressive next April than we saw earlier this year."

The increase in the headline rate of inflation was broad-based but most prominent for transport - particularly petrol and car purchase costs - and was only partly offset by smaller rises in air fares and the cost of eating out.

The BoE has said it will move only gradually with cuts to interest rates despite signs that Britain's economy is losing momentum.

Indian rupee slips to lifetime low

REUTERS, Mumbai

The Indian rupee dropped to a record low on Wednesday, weighed by persistent demand for US dollars from importers and speculators ahead of the Federal Reserve's policy decision.

The rupee dropped to 84.9325, inching past its prior low of 84.93 hit in the previous session.

"Natural dollar demand (from importers), lack of supply" is "squeezing" the rupee, a currency trader at a bank said. Overall, the bias is "definitely" towards a higher dollar/rupee, and "suspect that you are seeing a bit of build up in long positions" before the Fed.

The rupee, already pressured by worries over India's growth outlook and a well-supported dollar following Donald Trump's election victory, had to contend with data this week that showed trade deficit surged to a record high in November.

The combination of the wider trade deficit alongside a slowdown in capital inflows means that the rupee will face a large balance of payments (BoP) deficit this quarter.

Based on FX reserves data, the BoP deficit is tracking at \$38.9 billion from Oct to December 6, according to IDFC First Bank, a turnaround from a surplus of \$9.6 billion in the September quarter.

The rupee is expected to weaken to 85.50 by March 2025 and 86.00 by September 2025, the bank said.

Other Asian currencies were mostly lower on the day with the Indonesian rupiah leading losses with a 0.4 percent decline. The dollar index was little changed at 106.9 ahead of the Fed's policy decision due during US market hours. The Fed is widely expected to deliver a 25 basis points cut and focus will be on whether policymakers will make any hawkish revisions to their interest rate projections going into next year.

As bitcoin soars, luxury brands consider accepting crypto payments

REUTERS, Paris

Bitcoin's soaring value has caught the attention of high-end fashion brands and retailers, prompting further interest in offering cryptocurrencies as a means of payment to tap in to fresh pockets of wealth and build loyalty with crypto investors.

Until recently, only a handful of luxury brands including LVMH watch labels Hublot and Tag Heuer as well as Kering-owned fashion brands Gucci and Balenciaga have experimented with crypto payment offers.

In recent weeks, upscale French luxury department store Printemps announced it was teaming up with the world's largest crypto exchange, Binance, and French financial tech company Lyzi to accept cryptocurrencies including bitcoin and ethereum in its stores in France - becoming the first European department store to do so. The move, coming as bitcoin rises, has been noticed by other brands and retailers who are showing interest in joining in.

"There have been quite a few calls - it's generated interest," said David Princay, president of Binance France, who said the company is in talks with other luxury labels.

Luxury lighter and pen maker ST Dupont told Reuters it aims to accept cryptocurrency payments in two Paris stores before the holidays.

In the realm of experiences, cruise company Virgin Voyages began this month offering its first product accepting

bitcoin as a payment option - a \$120,000 annual pass for up to a year of sailing on its cruise ships.

Regulators have long warned that cryptocurrencies like bitcoin are high-risk assets, with limited uses in the real world. High volatility has been another barrier to



People talk inside a bitcoin exchange advertisement truck in Hong Kong. Regulators have long warned that cryptocurrencies like bitcoin are high-risk assets, with limited use in the real world.

PHOTO: AFP/FILE

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