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Inside C2

# Southern DAILY

Make Today Different

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## Spike in corporate hedging weighs on slumping yuan

SHANGHAI, May 6 (Reuters) - The yuan's slump has triggered a scramble by Chinese companies to hedge against the risk of further depreciation, which analysts say could add downward pressure on the currency.

The yuan's 4% tumble in April, its steepest monthly drop since foreign exchange reforms of 1994, is being driven by portfolio outflows, a rising U.S. dollar and a gloomy economic outlook at home.

Lopsided corporate hedging presents yet another risk to the currency as it touched a fresh 18-month low on Friday and jitters swept global markets.

"The expectation of further renminbi depreciation has pushed more companies to hedge against the risk," said Wang Dan, chief economist of Hang Seng Bank (China), calling the yuan by its official name.

"By locking into a forward contract, demand for dollars rises immediately in the market, imposing more downward pressure on the renminbi," she said.

Meanwhile, exporters' views on what to do with their proceeds are diverging, Wang added, with some converting more dollar revenue to yuan in recent weeks, while others are holding out and betting they can get a better price if the yuan keeps falling.

Yuan/dollar forward transactions nearly doubled from a year earlier to 100 billion yuan (\$15 billion) in April, official data showed, the heaviest month of trading since late 2017.

The data does not show the direction of the bets, but non-deliverable forwards are priced for a steady decline in the yuan over the next year and sentiment suggests businesses are concerned about the global backdrop and are buying dollars.

Han Changming, managing director of a car importer in southern Fujian province, said he uses forward contracts to hedge the risk the yuan will depreciate further.

The United States has been raising inter-

est rates, while China has been easing monetary policies, so "the trend of yuan depreciation is quite clear," he said.

Other hedging tools also witnessed a spike in activity, with yuan futures turnover in Hong Kong hitting a record on April 25 as the yuan slumped in spot trade.

China's forex regulator has been stepping up efforts to persuade companies to hedge currency risks using a "market neutral" mentality, and domestic financial institutions have for months avoided making clear forecasts on the yuan's outlook.

But in reality, positions are hardly neutral and client memos seen by Reuters show banks have continued to advise customers on the currency's likely decline or warn it will at least remain volatile.

Bank of Communications said it's stepping up efforts to help companies manage currency risks.

The lender recently advised Chinese miner Chongyi Zhangyuan Tungsten Co lock in forward contracts for a \$7.5 million cross-border loan, buying dollars to guard against a potential fall in the yuan.

To be sure, there are exporters selling dollars at spot prices to convert profits to yuan at favourable levels, and some bankers also reported increased dollar selling in the forward market.

But in the absence of official pushback - and authorities have been allowing the yuan's trading band to move lower - analysts think corporate behaviour may exacerbate the downward momentum.

"Hedging positions were light until about two weeks ago, and many exporters may have also been caught off guard by the latest move," UBS chief China economist Wang Tao

Passengers queue for airport check-in ahead of the Easter Bank Holiday weekend, at Heathrow Airport, in London, Britain, April 14, 2022. REUTERS/Hannah McKay

wrote.

"As more market participants hedge the risk of further CNY depreciation, this could add to the momentum of the CNY depreciation."

(\$1 = 6.6716 Chinese yuan renminbi)



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Wall Street ends down on fears inflation will force tougher Fed tightening

May 6 (Reuters) - Wall Street's main indexes extended losses on Friday as investors worried that the Federal Reserve will need to be more aggressive than expected in raising interest rates to combat inflation.

The tech-heavy Nasdaq registered its lowest close since 2020, notching a fifth straight weekly loss, its longest losing streak since the fourth quarter of 2012. The S&P 500 also posted its fifth straight weekly loss, its longest string of weekly losses since the second quarter of 2011.

"Ninety-five percent of the driver of the market right now is long-term interest rates," said Jay Hatfield, founder and chief executive of Infrastructure Capital Management in New York.

The Labor Department presented stronger-than-expected jobs data with nonfarm payrolls increasing by 428,000 jobs in April, versus expectations of 391,000 job additions, underscoring the economy's strong fundamentals despite a contraction in gross domestic product in the first quarter. read more

The unemployment rate remained unchanged at 3.6% in the month, while average hourly earnings increased 0.3% against a forecast of a 0.4% rise.

Nine of the 11 major S&P sectors declined. Energy (.SPNY) had a 2.9% gain as oil prices climbed on supply concerns.

"Oil is up again, continuing the inflationary worries that we are seeing and energy is bucking the trend of a very weak market. But the higher natural gas and crude oil prices have been tailwinds for the energy sector this year," said Ryan Detrick, chief market strategist for LPL Financial. Megacap growth stocks slipped, with a few exceptions including Apple Inc (AAPL.O), which rose 0.5%. Wells Fargo & Co (WFC.N) declined 0.5% to lead losses among big banks.

The Dow Jones Industrial Average (.DJI) fell 98.6 points, or 0.3%, to 32,899.37, the S&P 500 (.SPX) lost 23.53 points, or 0.57%, to 4,123.34 and the Nasdaq Composite (.IXIC) dropped 173.03 points, or 1.4%, to 12,144.66.

Most traders are expecting a 75 basis-point hike at the U.S. central bank's June meeting, despite Fed chief Jerome Powell's ruling that out. read more



A trader works on the trading floor at the New York Stock Exchange (NYSE) in Manhattan, New York City, U.S., May 5, 2022. REUTERS/Andrew Kelly

IRPR

All eyes are on the monthly consumer price index inflation report on Wednesday, as investors seek clues to whether the economy is nearing a peak in inflation.

Under Armour Inc (UAA.N) slumped 23.8% after the sportswear maker forecast down-beat fiscal 2023 profit. Shares of rival Nike Inc (NKE.N) also slipped. read more

Coinbase Global Inc (COIN.O) dropped 9% on Friday to the lowest level since the cryptocur-

rency exchange's 2021 stock market debut.

Volume on U.S. exchanges was 13.49 billion shares, compared with the 12.10 billion average for the full session over the last 20 trading days.

Declining issues outnumbered advancing ones on the NYSE by a 2.49-to-1 ratio; on Nasdaq, a 3.04-to-1 ratio favored decliners.

The S&P 500 posted one new 52-week high and 63 new lows; the Nasdaq Composite recorded 15 new highs and 799 new lows.

Editor's Choice



People rally for abortion rights after an anti-climb protective fence was installed outside of the U.S. Supreme Court building in Washington, May 5, 2022. REUTERS/Leah Millis



Hannah Yost is comforted after telling a painful personal story while rallying with other people for abortion rights outside of the U.S. Supreme Court building in Washington, May 5, 2022. REUTERS/Leah Millis



A man stands on salt at the Uyuni Salt Flat in Bolivia. REUTERS/Claudia Morales



Students and others protest for abortion rights in Union Square in New York City, May 5, 2022. REUTERS/Mike Segar



Pro-abortion and anti-abortion demonstrators confront during a protest outside the U.S. Supreme Court in Washington, May 4, 2022. REUTERS/Michael A. McCoy



A man walks on salt at the Uyuni Salt Flat, Bolivia. Picture taken with a drone. REUTERS/Claudia Morales

Coffee, Wine, And Wheat Varieties Are Among The Foods We Could Lose Forever  
**The Extinction Crisis That No One Is Talking About**



Tractors harvest a monoculture of soybeans in Mato Grosso, Brazil. (Getty Images/iStockphoto)

**Key Point**

Supply chain challenges and inflation spikes in the midst of the Covid-19 pandemic have now been joined by growing and documented concerns for the potential extinction of endangered foods and the lack of food choices along with the diversity of foods as well as the nutritional values they represent that are in serious danger of disappearing from the global marketplace. Scientific observers are now saying it is time to act and make efforts to bring diversity back into the food system while being motivated by the health of society.

Compiled And Edited By John T. Robbins, Southern Daily Editor

Your morning coffee is in a perilous state. There are just two species of coffee plants on which the entire multibillion-dollar industry is based: One of them is considered poor-tasting, and the other, which you're likely familiar with, is threatened by climate change and a deadly fungal disease. Thankfully, there's another kind of coffee out there, known as stenophylla. It has a higher heat tolerance, greater resistance to certain fungal pathogens, and it tastes great. There's just one problem: It's incredibly rare, and until recently, scientists believed it was extinct. Stenophylla is just one of dozens of important foods that are threatened with extinction, according to Dan Saladino, a BBC journalist and author of the new book, "Eating to Extinction: The World's Rarest Foods and Why We Need to Save Them." While grocery stores may seem as abundant as ever, Saladino argues that the diversity of food is actually in decline. Of the hundreds of thousands of wheat varieties that farmers once cultivated, for example, only a handful are now farmed on a large scale, he told Vox.

As we grow and harvest fewer varieties of plants

and animals, the foods you can buy in the grocery store may become less nutritious and flavorful, and — as the current state of coffee demonstrates — the global food system could become less resilient. That's why it's so crucial to lift up communities that are protecting foods from disappearing, Saladino told Vox in an interview about his new book. The important conversation that followers was held between author Dan Saladino and Vox.com interviewer Benji Jones and pinpoints the food diversity challenges that face us all.

**Grocery stores may be stocked, but the variety of food is in decline**



Benji Jones

You write that a lot of foods, such as varieties of coffee and wheat, are going extinct. Yet when I walk into the grocery store it seems like there's more variety than ever.

**Dan Saladino**

Whether it's cotton candy grapes or certain varieties of avocado, there's a degree of uniformity. And while you'll see this abundance — consider bread, and the wheat it's made of — it's extremely narrow in terms of its genetics.

In this amazing place in the Arctic called Svalbard, there's a seed vault buried deep under the ice, down a tunnel, in which there are more than 200,000 different unique samples of wheat. That's the kind of diversity that's hidden from us. A farmer today in the UK might get a recommended list of wheat varieties to grow — dictated largely by the food industry and millers and bakers — of fewer than 10 kinds.

You can take all of the world's staple crops, including maize [also known as corn] and rice, and you'll see the same thing. In seed banks around the world, there are tens to hundreds of thousands of varieties, yet in the food system that we experience, it's an extremely small number.

**Benji Jones**

Why should the average grocery shopper care about losing these rare varieties of food?

**Dan Saladino**

Endangered foods give us options in a future with many challenges — feeding a growing population, reducing emissions, and finding fresh water, for example.

Take a type of maize tucked away in a mountain village in southern Mexico, very close to where maize was first domesticated thousands of years ago. Botanists arrived in the late 1970s and saw this 16-foot-tall stock of maize. It shouldn't have been growing there because the soil was so poor.

Not only was it so tall, but it also has these aerial roots that were dripping with mucus, like something out of a science fiction film. Just three years ago, a scientist figured out that the mucus is an interplay between sugars and microbes that's actually feeding the plant from the air. That hadn't been seen before in cereal crops.



A type of maize that grows in the Sierra Mixe region of Oaxaca, Mexico. It has aerial roots coated in mucus that help the plant

pull nutrients out of the air. (Photo/Allen Van Deynze et al./PLOS Biology)

Why should we care? If we understand how this plant works, could we potentially use it to reduce our use of fertilizer globally? We know there is a way in which some plants are feeding themselves. We need to give thanks to the Indigenous people who have looked after this maize for centuries, if not thousands of years.

**Benji Jones**

A wider variety of crops also makes our food system more resilient to threats like disease and climate change, right?

**Dan Saladino**

That's another really important lesson. I traveled to eastern Turkey to get as close as I could to the Fertile Crescent, where wheat was first domesticated. I found farmers who had saved a type of emmer wheat that had been growing for 8,000 to 9,000 years. It's been growing in high altitudes where it's damp.

If you put a modern wheat variety in that environment, fungal diseases would ruin the crop. And so what they have in Turkey is a precious genetic resource that has forms of resistance, such as to fungal pathogens.



A field of kavilca, or emmer, wheat. (Dan Saladino)

You can also find those principles of disease resilience among ancient varieties of rice and maize — really, in all of the crops. Over thousands of years, our ancestors created these adaptations through farming under different conditions.

What we've done since is create these incredibly high-performance plants that need specific conditions to grow, and a lot of inputs, like fertilizer. Each wheat or maize plant is almost a clone, whereas in traditional farming, there's a huge amount of genetic diversity in the field. If you get a bad summer or too much or too little rain, some of those traditional varieties are still going to bear grains because there is diversity within the crops.

**You can breed out bitterness, but you might lose deliciousness**

**Benji Jones**

Is there a flavor extinction happening as well?

**Dan Saladino**

Absolutely. I tell the story of a type of wild citrus from northern India called memang narang. It has a cultural, culinary, and medicinal function, but the striking thing is how bitter these fruits are. The people who live here place huge value

on bitterness, a flavor that's disappearing from most of our palates. Fruit breeders, over centuries, have been ingenious at giving us something that we love: sweetness. They have bred out the bitterness.

When you realize that the bitter taste comes from compounds that help plants protect themselves from pests, then you understand why it might be beneficial to retain that flavor. We've taken the beneficial bitter compounds out, and we've cloaked plants in pesticides and other chemicals to protect them.



A type of rare coffee, Coffea stenophylla. (Getty Images)

Another example comes from coffee. We live in a world where we can enjoy a lot of different types of arabica coffee. There's robusta as well. But these are just two of more than a hundred different types of coffee around the world.

Historically, there were cultures in parts of Africa that had more distinctive types of coffee, including one called stenophylla that was prized in parts of East Africa up until the 1960s, when it pretty much went extinct because farming systems changed. It has greater disease resistance than arabica. And arabica is under pressure now because of climate change — it's an extremely delicate plant. Stenophylla offers the benefit of disease resistance, and it's an amazing-tasting coffee.

**Coffee as we know it is in danger. Can we breed a better cup?**

**Benji Jones**

Another example that helps explain the decline of flavor comes from a region of France, home to the Salers cow. It really shows the connection between biodiversity and flavor, right?

**Dan Saladino**

"Salers" is a place, a breed of cow, and a cheese. Farmers would take their cattle in the spring and summer to [mountain] places where the pasture is richest, often ending up in remote places. It was a monastic experience; they were up there living a solitary life. At the end of the summer, the cheese would end up back down in the village. It's this mind-blowing process that highlights the power of cheese: The pasture captures the energy of the sun, the animals convert the pasture into milk and cheese, and the villagers then eat the cheese during the winter when other foods are running out.

(Article Continues Below)

(Article Continues From Above)

Coffee, Wine, And Wheat Varieties Are Among The Foods We Could Lose Forever  
**The Extinction Crisis That No One Is Talking About**

Compiled And Edited By John T. Robbins, Southern Daily Editor

**Dan Saladino**

The remarkable thing is that the pasture is so rich in microbes that these farmers don't even need a starter culture to coagulate the milk and turn it into cheese. As soon as the milk hits these wooden barrels, it's inoculated with microbes. For a modern health inspector, it would be a nightmare to watch.

We've been talking about the endangered genetics of crops and endangered tastes. Here, we're talking about endangered microbes that are not only missing from the cheese making process, but also from our gut microbiomes.



A breed of cattle called Salers in the Cantal region of France. (Photo/Andia/Universal Images Group via Getty Images)

**Benji Jones**

You also explain that when these cows have access to a wide diversity of plants in the pasture, their milk and cheese end up tasting richer. That's because different grasses have different types of defense chemicals called terpenes, which can translate to flavor in the milk.

**Dan Saladino**

Terpenes can be found in milk from rich pastures, but not in cheese made from cattle that have been fed on grains. We're only beginning to understand the connections between biodiversity and our food and our health and our flavors.

**Benji Jones**

You traveled the world sampling all of these foods with unique flavors. What were some that stood out?



**Dan Saladino**

Skerpikjot is this food from the Faroe Islands. There's not enough sunlight or firewood there to produce salt to preserve food. People instead built these huts that have gaps that allow the sea air in. They raise sheep and hang the meat in these huts, which gets bathed by the salty air and slowly fermented and preserved. It doesn't look like food. It's covered in mold. It needs to be washed. It's almost as if this sheep meat is gently rotting away in these huts, but actually, the conditions are exactly right so it doesn't rot or become too funky. It becomes this wonderful preserved meat.

**Benji Jones**

You also have an incredible chapter about a type of wine in the country Georgia, which you explain is where some of the world's first — or the first — winemakers were practicing their craft.

**Dan Saladino**

Georgia is the most likely country in which grapes were domesticated and the first winemakers were practicing their craft. They have a technology that predates the barrel by thousands of years — the qvevri. These are terracotta vessels that you bury underground with whole branches of grapes with skin and pips [seeds] inside. Many people think France and Italy and Spain and California are great wine-producing regions. Here is a place where the relationship with wine just goes up another level. There is a reverence and spiritual dimension to wine drinking.



A workshop where Georgian qvevri are being made. (Photo/Dan Saladino) Our relationship with food mirrors our relationship with nature

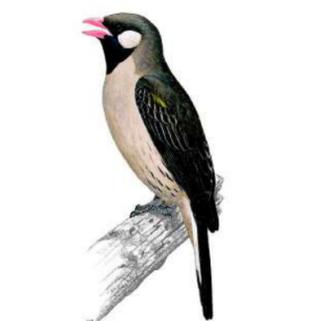
**Benji Jones**

In your book, you talk about how losing certain foods isn't just about losing resilience, flavor, and culture, but also about our changing relationship with nature. You explain that some groups, like the Hadza people of Tanzania, are deeply connected to their environment through food — and by losing certain foods, we may be losing these connections.

**Dan Saladino**

The Hadza story brilliantly sums that up. I followed some of these hunter-gatherers out within a landscape of baobab trees. In those trees, some of which are a thousand years old, you can find bees' nests and one of the greatest prizes the Hadza can find: honey. It's an extremely important food — and their favorite food — but it's hard for them to find the hives high up in the trees.

The Hadza whistle, and after a period of time, if they're lucky, a very humble-looking bird will fly down. The bird will start a "conversation" with the hunter-gatherers and lead them to a tree with honey. The bird knows where the honey is, whereas the hunter-gatherers have the fire and the smoke to get rid of the bees, which are a risk for the bird. The Hadza can go up, extract the honey, and then leave something behind for the birds.



An illustration of a greater honeybird

eyguide. (Photo/Brown Bear/Windmill Books/Universal Images Group via Getty Images.)

Toward the end of the Hadza visit, we went to a mud and brick hut, and inside there were cans and cans of soda. This was a source of sugar and energy that could mean that they no longer use that skill to find honey within our lifetimes — something so fundamentally important to human history could disappear.

**Benji Jones**

Do we run the risk of glorifying some of these older cultures? Don't some of these groups want soda — or access to health care, or other benefits that come with Western or modern life?

**Dan Saladino**

There's story after story of another culture coming in and imposing its food and



its farming systems and its values and its desires on these Indigenous food systems. My argument is that people should be given the choice. They should have access to health care, but that doesn't necessarily mean that their way of life should be fundamentally changed because they're buying into our system.

**How to save endangered foods**

**Benji Jones**

There are clearly a lot of things that don't work with our food system. What gave you hope while reporting the book? What inspired you?

**Dan Saladino**

There's a network of people out there who are saving the diversity of foods. Before Covid, they gathered at a slow food event to bring their foods from around the world, and share stories about what they've saved and what threats they're facing. This solidarity is what gives me optimism.

In southwestern China, I met a farmer saving an extremely rare type of highly nutritious colored rice. He got out his

phone and sold rice through WeChat to people in Beijing and Chengdu, some of the biggest cities in the world. Modern technology can actually connect us.

**Benji Jones**

The food industry is massive and largely run by just a small number of companies. How does one person help prevent these unique foods from going extinct?

**Dan Saladino**

It's important to understand what we mean by endangered foods and diversity. I think we should all choose our favorite foods and interrogate the diversity of that food. Explore cacao, coffee, or different types of cheeses. Then maybe develop a relationship with a cheesemaker and become a different kind of customer — somebody who's supporting a local farmer.

**A man dries a rare, prized type of Venezuelan cacao called criollo. (Photo/Dan Saladino)**

This also needs to be dealt with on a much larger scale. I was inspired by stories of cities, such as Copenhagen, where schools use diversity as a criterion for the contracts they're issuing to farmers: Don't just give me the cheapest apples — give me a choice of apples, and we will reward you. That's also happening in Brazil. Over the last few decades, they've had a policy that requires schools to source 30 percent of ingredients from local family farms.

These levers do exist for governments to make a big, significant change. I also think we have the most selfish reasons to embrace diversity — our own health. We know what's happening in many parts of the world, in terms of type 2 diabetes, cancers, and other diseases that have a food dimension. Perhaps we will be motivated by health to try and bring diversity back into the food system. The science says we need to. (Courtesy vox.com)