

Wall Street jumps after Biden's Super Tuesday surge

REUTERS
Healthcare stocks boosted Wall Street on Wednesday after a near sweep for Joe Biden in the Super Tuesday Democratic primaries, a day after markets suffered heavy losses following an emergency interest rate cut by the Federal Reserve.

The benchmark S&P 500 rose for the second time in 10 sessions, bolstered by Biden's return to front-runner status in the US Democratic presidential nomination campaign over self-declared socialist Bernie Sanders.

private health insurance altogether, gained prominence.

The three indexes dropped nearly 3 per cent on Tuesday as an emergency interest rate cut by the Federal Reserve amplified fears about the extent of the economic damage from the coronavirus outbreak.

Fears of a global slide into recession, and a resulting collapse in U.S. corporate earnings this year, have knocked \$3.1 trillion off the value of major US companies in the past 10 days.

At 9:54 a.m. ET, the Dow Jones Industrial Average was up 445.37 points, or 1.72 per cent, at 26,362.78, the S&P 500 was up 37.97 points, or 1.26 per cent, at 3,041.34. The Nasdaq Composite was up 88.84 points, or 1.02 per cent, at 8,772.93.

Adding to the upbeat mood, the ADP National Employment Report showed U.S. private payrolls rose more than expected in February. The data is considered a precursor to the more comprehensive jobs report on Friday.

All eyes will also be on the Fed's beige book report, which will offer the first snapshot from the central bank's business contacts on how deeply the coronavirus is impacting the domestic economy.

US food company Campbell Soup Co rose 5.9 per cent after lifting its 2020 profit forecast, and topping analyst estimates for the quarter on improved demand for its soups.

Upscale retailer Nordstrom slid 4.5 per cent after forecasting a 2020 profit largely below market expectations.

Advancing issues outnumbered decliners by a 4.39-to-1 ratio on the NYSE and a 2.88-to-1 ratio on the Nasdaq.

The S&P 500 recorded two new 52-week highs and 13 new lows, while the Nasdaq recorded 14 new highs and 35 new lows.



A trader works on the floor at the New York Stock Exchange on March 3.

"The markets will see Biden's success as helping to eliminate what they see as the worst option, a Sanders presidency," said Chris Nixon Cox, Chief Global Strategist at BrightSphere Investment Group.

Shares of health insurers UnitedHealth Group Inc, Centene Corp, Humana Inc and Cigna Corp surged between 9.8 per cent and 13.4 per cent. The broader healthcare index jumped 3.2 per cent, the most among all the major S&P sectors trading higher.

The healthcare sector had suffered in recent months as Sanders and his "Medicare for All" proposal, which would eliminate



A Rouf Chowdhury, chairman of Bank Asia, poses at an event after awarding certificates among the bank's 46 officers who successfully completed its '53rd Foundation Training Course' at the Bank Asia Institute for Training and Development in Dhaka yesterday. Md Abdul Matin, training and development consultant of the institute; SM Anisuzzaman, company secretary of the bank; M Esamul Arephin, head of people management division; Krisna Saha, head of Lalmatia branch, and Sujit Kumer Sen, the institute's assistant vice president, were present.

German retail sales up in January, coronavirus clouds outlook

REUTERS, Berlin

German retail sales recovered in January after plunging in December, data showed on Wednesday, suggesting that consumers helped prop up growth in Europe's largest economy before the outbreak of the coronavirus.

Retail sales rose 0.9 per cent on the month in real terms after an upwardly revised drop of 2.0 per cent in December, data from the Federal Statistics Office showed. A Reuters poll of analysts has forecast a 1.0 per cent increase.

On the year, retail sales rose by 1.8 per cent in real terms after an upwardly revised rise of 1.7 per cent in December, the data showed.

The figures suggest that household spending had been holding up in Germany at the start of the year. But that was before the coronavirus outbreak.

Germany has now reported 240 cases of the virus, which emerged in China late last year and is spreading around the world. It has killed nearly 3,200 people, though Germany has not reported a fatal case yet.

The epidemic is expected to weaken domestic demand in the weeks ahead, which could throw

the German economy into a recession. Gross domestic product had already stagnated in the fourth quarter of last year as exports fell.

A survey in February showed that German consumer morale deteriorated heading into March as fears that the coronavirus outbreak could worsen an economic slowdown made Germans less willing to spend.

German new passenger car registrations declined by 11 per cent year-on-year in February to just under 240,000 vehicles, a source familiar with the figures told Reuters on Wednesday.

It was not immediately clear if the decline was related to the coronavirus outbreak. German car authority KBA is due to publish official figures later on Wednesday.

A survey among purchasing managers showed on Wednesday that growth in services slowed in February to its lowest point in three months as the coronavirus curtailed new business with China and other foreign clients.

The data showed an immediate effect from the coronavirus outbreak on foreign demand, said Phil Smith, principal economist at IHS Markit, which compiled the purchasing managers' index.

Germany's domestic market still looked to be holding firm. But given the spread of (the disease) to many other parts of the world, including Germany, and the subsequent financial market reaction, it would seem that this domestic resilience is about to be broken," Smith said.

China is Germany's biggest trading partner. Manufacturers depend on both Chinese demand and supply chains.

Domestic businesses hit by the outbreak include hotels and transportation companies, after several international fairs were cancelled, including Germany's ITB Tourism Fair, which was due to take place in Berlin this week.

Berlin is helping small- and medium-sized firms to bridge sudden liquidity problems and avoid lay-offs through labour market instruments such as Kurzarbeit programmes.

Finance Minister Olaf Scholz and Economy Minister Peter Altmaier have said the government is ready to do everything it takes to shield the economy from the impact of the coronavirus. Senior members of the government are expected to discuss additional measures at a meeting on Sunday.



Lt Gen (ret'd) Abdul Wadud, managing director of Summit Power; Md Mozammel Hossain, managing director of Summit Gazipur II Power; Shaheedul Islam, a director at Navana Group; and Kazi Amirul Hoque Shiblee, country director at Navana Petroleum, sign an agreement at Summit Centre in Dhaka yesterday. Navana Petroleum, an authorised distributor of Chevron Lubricants in Bangladesh, will supply lubricants to five power plants of Summit.

India services growth at over 7-year high on strong export demand

REUTERS, Bengaluru

Growth in India's dominant service sector accelerated at a pace not seen in over seven years last month, boosted by a recovery in foreign demand and solid business confidence, a private survey showed on Wednesday.

The Nikkei/IHS Markit Services Purchasing Managers' Index climbed to 57.5 in February from January's 55.5. It was the highest reading since January 2013 and comfortably above the 50-mark separating growth from contraction for a fourth month.

"Behind the resilience in the trend for business activity stands healthy demand for services from both the domestic and international markets," Pollyanna De Lima, principal economist at IHS Markit, said in a release.

"Positive gains in new work across the manufacturing and service sectors suggest that private sector output will likely increase markedly again in March, boding well for final quarter GDP following expectations of a flat growth rate in Q3 FY 2019/20."

The pace of expansion in a sub-index tracking new business slowed slightly from January's seven-year high, but remained above the long-term average since the index was first published in December 2005.

New export business - a proxy of foreign demand - returned to

expansion territory last month after contracting for the first time in 11 months in January. However, firms failed to significantly increase the pace of hiring.

"Service providers experienced a marked improvement in workforce productivity, with the sharp rise in business activity happening despite a softer and only modest increase in employment," de Lima said.

A sister survey on Monday showed factory activity growth slowed in February from January's eight-year high due to a modest weakening in

demand and output.

However, the composite PMI, which includes both manufacturing and services, rose to 57.6 in February from January's 56.3, its highest in eight years.

Service providers remained optimistic about growth in the year ahead and the expectations index strengthened to a six-month high.

On the price front, growth in both input cost and prices charged weakened only modestly in February, suggesting retail inflation is unlikely to slow significantly anytime soon.



A waiter serves coffee to customers inside an Indian coffee house in Kolkata.

Capital flight through trade mis-invoicing staggeringly high

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Cardamone also noted that poorer nations are often the hardest hit by mis-invoicing: of the 10 countries with the largest average value gap from 2008-2017, six are in Africa and are among the poorest countries in the world, including Sao Tome and Principe, the Gambia and Burundi.

The developing countries with the largest annual average value gaps in their bilateral trade with 36 advanced economies over the ten-year period were China (\$323.8 billion), Mexico (\$62.9 billion), Russia (\$56.8 billion), Poland (\$40.9 billion and Malaysia (\$36.7 billion).

Developing countries with the largest value gaps as a per cent of their total bilateral trade with the 36 advanced economies over the ten-year period were the Gambia (37.3 per cent); Togo (30.2 per cent); The Maldives (27.4 per cent); Malawi (26.8 per cent); and the Bahamas (26.6 per cent).

"We would say though that our most recent work does represent new findings for Bangladesh, in that

this report has been made with the most up-to-date available data, and therefore, it is the most current of our work examining Bangladesh."

This report examines the latest official government trade data reported to the United Nations to estimate the magnitude of trade mis-invoicing -- one of the largest components of measurable illicit financial flows (IFFs) between and among 135 developing countries and 36 advanced economies.

Trade mis-invoicing occurs when importers and exporters deliberately falsify the stated prices on the invoices for goods they are importing or exporting as a way to illicitly transfer value across international borders, evade tax and/or customs duties, launder the proceeds of criminal activity, circumvent currency controls and hide profits offshore.

It is important to note that while the term "illicit financial flows" (IFFs) tends to include many types of activities, such as trade mis-invoicing, smuggling, tax evasion and so on,

this report only focuses on trade mis-invoicing or the trade-related aspects of illicit financial flows. It does not address all forms of IFFs.

The US, the UK, Canada, Australia, Singapore, Hong Kong, the UAE, Malaysia, and the British Virgin Islands are among the major destinations the money launderers from Bangladesh use to siphon off their illicit funds, said a government report of Bangladesh in November last year.

The government identified the countries and territories based on independent studies and cases of illicit flow of funds.

The launderers siphon off the money under the guise of some available facilities like investment visa, permanent residency, long-term residency, second home project and relaxed exchange control, according to the report.

Trade-based money laundering, hundi/hawla, bulk cash smuggling and transfer pricing manipulation are used commonly to transfer funds illegally, the paper also said.

Paramount Insurance announces cash dividend after three years

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During this time, the company itself alert stock investors that there was no undisclosed price sensitive information that could explain the abnormal rise in its price.

However, despite the alert, Paramount Insurance's stock kept sailing. The company's net operating cash flow per share is Tk 0.51.

Established in November 1999, the insurer is a subsidiary of Paramount Group. Its shares closed at Tk 37.10 yesterday, up 3.34 per cent from the previous day.

Defaulted loans not that high in neighbours' context: BB

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He said Sonali Bank officials were apprehensive and hesitant on disbursing fresh loans after the Hallmark scam.

There will be no problem if loans are disbursed by properly following rules, he said.

"Some loans may turn into special mention account or doubtful loans if banks disburse funds. This is a regular phenomenon. But you should not stop loan disbursement," he said.

Finance Minister AHM Mustafa Kamal addressed as chief guest and Sonali Bank Chairman Ziaul Hasan Siddiqui and Managing Director Md Ataur Rahman Prodhhan also spoke among others.

Coronavirus to hit cash flow by \$500m: GE

REUTERS

General Electric Co on Wednesday reiterated its 2020 cash and profit targets but warned its first-quarter cash flow would take a hit of \$300 million to \$500 million due to the coronavirus outbreak.

Shares of GE, which employs thousands of workers in China and had been seen as heavily exposed to the economic weakness caused by the virus, were up 2 per cent at \$11.10 in premarket trading.

Chief Executive Officer Larry Culp, who is restructuring GE after a series of failures, in January forecast its first-quarter free cash flow at a negative \$2 billion, largely due to the grounding of Boeing Co's 737 MAX for which it makes engines.

Banks' deposit growth contracts in anticipation

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"Some government organisations have also withdrawn their deposits," Huq said.

A good number of the depositors might have started to shift their funds from banks to government savings tools to enjoy a good return, he said.

Trust Bank Managing Director Faruq Mainuddin Ahmed echoed the same.

"There is no reason for the declining deposit growth other than the 6 per cent interest cap," he said.

Standard Bank has not allowed its customers to keep their fixed deposits at more than six per cent interest, said its Managing Director Khondoker Rashed

Maqsood.

Deposit growth may decline in January as banks take some time to set their annual target, he said. "We should take more time to realise the impact of the 6 per cent interest rate on deposits," he said.

Banks have also taken a cautious stance towards disbursing fresh loans as they think that deposit growth may decline in the coming months.

This has resulted in a massive fall in private sector credit growth in January.

In January, the year-on-year credit growth stood at 9.20 per cent, down from 9.83 per cent from recorded for the previous month, according to data from the central bank.

ISPs await fresh guidelines

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Currently the BTRC has about 30 types of telecom licences and at the end of February the number of its total licences ran into 3,468.

BTRC Chairman Md Jahurul Haque acknowledged that the number is quite high and said the government should take the matter into consideration.

"We have the technical know-how to monitor this huge number of licences but the only challenge is a dearth of manpower," Haque told The Daily Star recently.

The telecom minister said the

government was keen on increasing broadband internet connections and that was why so many licences were awarded.

"The licence number seems huge but it is logical when you see that there are about ten crore active internet connections in the country and most of them want fixed broadband at home and offices," Jabbar added.

The government has scrapped a huge number of licences as the ISPs were not in business, he said, adding that the government will monitor the operators strictly in the coming days.