

'Dissonance' confronts Fed, with vaccine weighed against joblessness

REUTERS, Washington

In about two weeks, at least 9 million jobless US residents are at risk of losing the unemployment benefits that have helped sustain them through the pandemic.

It seems a gaping wound, and yet as of September US families had set aside record amounts of cash; bankruptcies outside of major corporations have declined; credit market investors say they see few signs of serious stress; and a coming vaccine may boost the economy's fortunes in a rush.

When the Federal Reserve meets this week, policymakers will have to reconcile those conflicting narratives as they issue new projections showing whether they think the economy will suffer a double-dip recession or is on the cusp of a vaccine-inspired boom.

The unemployment rate has come down faster and growth through September was stronger than Fed officials projected earlier this year. Yet job growth recently has slowed and the pandemic's record-breaking surge has raised concern that more business shutdowns and failures may be in the offing.

Meanwhile, early steps like a moratorium on evictions for unpaid rent are also expiring, and "eviction notices are piling up on sheriffs' desks," Moody's Analytics chief economist Mark Zandi wrote, offering a Dickensian view of what may develop unless more government help arrives.

"Mass evictions in the dead of winter and during a raging pandemic will be unbearable," Zandi wrote, leaving the economy limp as the vaccine arrives rather than coiled to spring back.

It might seem a recipe for action.



Chairman of the Federal Reserve Jerome Powell

Yet Congress remains deadlocked over more federal spending, and most analysts expect the Fed at this meeting to talk a lot but do little. Only a fifth of 43 economists in a recent Reuters poll expect the Fed to ramp up economic stimulus when it meets on Tuesday and Wednesday.

Policymakers are expected to deliver a playbook for what might prompt them to buy more bonds each month or shake up their mix of purchases. Just as important, they are seen offering guidance for what might lead to an eventual decrease in the \$120 billion per month of assets currently being accumulated.

But few expect the Fed to expand "quantitative easing" now despite the risks scattered across the landscape.

With interest rates at zero already, bond purchases are the main lever to influence financial conditions, particularly the rates households pay to buy homes and other big-ticket items. Those are already very low, and

some argue the Fed is unlikely to do more barring evidence rates are rising on their own and threatening to slow the economy.

Fed officials "seemingly have little appetite for immediate changes," wrote Capital Economics senior US economist Andrew Hunter, noting recent data have held up "reasonably well."

"For all the focus on the near-term downside risks to the economy, Fed officials will clearly also have been comforted by the recent vaccine news."

Still, jobs growth last month was roughly half what was expected, and a renewed rise in unemployment claims shows the pain continues. Only about half the jobs lost early in the pandemic have been recovered.

The Fed's position stands somewhat in contrast to the European Central Bank, which recently amped up stimulus in light of the new surge in the coronavirus.

Beza's OSS fees can now be paid through bKash

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"The flow of investment to Bangladesh has been good even during the pandemic, and it is really an encouraging development," said Paban Chowdhury.

The better performance of the Beza and innovative initiatives taken by the government have boosted the confidence of foreign investors, he said.

On the same day, two Chinese companies also signed a land lease agreement with the Beza to invest around Tk 244 crore at the BSMSN to set up manufacturing units for non-woven personal protective equipment (PPE), steel structural items and ready-mix concrete.

Ke Changliang, chairman of CCECC Bangladesh, a subsidiary of China Civil Engineering Construction Corporation (CCECC), and Wang Jing, plant director of Jeihong Medical Products (BD), a subsidiary of Kunshan Jiehong Nonwoven Product Company, signed the deal with the Beza.

Some 10 acres will be availed by CCECC Bangladesh as per agreement. It will invest \$15.97 million, equivalent to Tk 136 crore, and employ around 350 people in producing the construction items as "Mitsarai Fabrication".

Established in 1979 and headquartered in Beijing, the CCECC has long been considered one of

the world's top 255 international contractors.

Its business spreads over 101 countries, and it is involved in projects in railways, highways, bridges, dredging, airport, buildings and port development and municipal works.

CCECC Bangladesh was formed in September 2019 to run a similar business model.

Meanwhile, eight acres have been sought by Jeihong Medical Products (BD).

It will invest Tk 108 crore, equivalent to \$12.72 million, to manufacture non-woven PPE products such as isolation gowns, scrub suits, lab jackets, disposable caps, shoe covers, and boot covers.

Pandemic may trigger corporate, household debt defaults

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The G20, along with the WHO, the International Monetary Fund, the World Bank Group, United Nations and other international organisations, are mobilised to take active steps to overcome the pandemic, and the International Chamber of Commerce (ICC) is collaborating as a trusted business adviser.

The report mentioned that as part of this campaign, the ICC has released a call to action encouraging governments to ensure that stimulus efforts flow rapidly into the real economy and provide direct and immediate support to the small firms and their workers to ensure their continued operation.

Given the cross-border nature of supply chains, such stimulus and safeguard measures should be taken in a coordinated manner at both the national and international levels.

Countries around the world are implementing economic and fiscal measures, including emergency tax measures to support their economies under the Covid-19 pandemic.

In this respect, the ICC has

highlighted a number of key tax measures that governments could take to save the small-scale firms and relieve cash flow stress.

The council approved the auditor's report of 2019 and appointed the auditor for 2020, the ICC Bangladesh also said.

The annual council paid tribute to Latfiur Rahman, founding member and vice-president of the ICC Bangladesh, Waliur Rahman Bhuiyan, a former executive board member, Barrister Rafique-Ul-Huq, Niloufer Manzur, wife of Apex Group Chairman Syed Manzur Elahi, and national professors Jamilur Reza Choudhury and Anisuzzaman.

The council was attended by ICCB Vice President Rokia A Rahman, Syed Manzur Elahi, Dhaka Chamber of Commerce and Industry President Shams Mahmud, Chattogram Chamber of Commerce and Industry President Mahbulul Alam, Bangladesh Insurance Association President Sheikh Kabir Hossain, and Nordic Chamber of Commerce and Industry in Bangladesh President

Tareq Rahman.

ICCB executive board members ASM Quasem, Aftab ul Islam, AK Azad, Abdul Hai Sarker, Md Fazul Hossain, Kutubuddin Ahmed, Mir Nasir Hossain, Mohammad Hatem, Simeen Rahman and Tapan Chowdhury were also present.

BTRC gets new chairman

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The tenure of the immediate past chairman, Md Jahurul Haque, ended earlier this month.

"I have taken the responsibility of a sector in which over 16 crore people are involved. So, my commitment would be serving the people to advance the government's Digital Bangladesh goal," Sikder told The Daily Star yesterday.

The government also appointed Abu Syed Dilzar Hossain, former senior district judge and session judge, as a BTRC commissioner for three years.

NBR removes tariffs on wheat imports

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wheat be done by specifying the type of grain through testing at the Bangladesh Wheat and Maize Research Institute (BWMRI).

As such, the customs house sent samples of the imported wheat to state-run BWMRI for testing.

It was then found that the imported cereal was a common type, not durum wheat, for which there are no AIT charges, the Customs House Chattogram said in a statement.

It also sought NBR's directive on whether to release the imported wheat if the tax is paid.

"The NBR previously allowed importers to have the food grains released based on bank guarantees after the detection," said a senior official of the NBR seeking to remain unnamed.

Later, amid pleas from businesses, the tax authority decided to withdraw the advance income tax on all sorts of wheat. However, the NBR did not waive the AIT for grains imported earlier.

"There will be no AIT on wheat imported following the notification. We have removed the tax for the benefit of people," the official said.

Bangladesh highly depends on imported wheat to meet its growing demand for flour-based foods, including biscuits and noodles.

The country imported 64.34 lakh tonnes of wheat in fiscal 2019-20, which was 87 per cent of its annual consumption of 74 lakh tonnes, according to the food ministry and the US Department of Agriculture.

As of December 10, 22.20 lakh tonnes of wheat was imported year, data from food ministry showed.

Credit card use back to pre-pandemic levels

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People have recently started using domestic airlines and travelling heavily, expanding the credit card business as a whole, said Syed Mohammad Kamal, MasterCard's country manager.

"We should promote credit cards in order to push digital payments. Both the government and the central bank should take policy measures to this end," he said.

The Bangladesh Association of Software and Information Services requested the central bank and the finance and ICT ministries in September and October respectively to provide 3 per cent subsidy to clients and 2 per cent to merchants on the use of cards.

"If the government accepts the offer, the country's digital payments will widen tremendously," Kamal said.

The subsidy should continue for a certain period such that people become habituated to the plastic money, he said.

Women garment workers on the decline

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As of Sunday, researchers traced 3,223 factories in four districts. Of them, 1,171 were in Dhaka, 1,053 in Gazipur, 613 in Narayanganj, and 386 in Chattogram.

Of them, 1,886 are members of the BGMEA and 512 are members of the BKMEA. It also found 574 factories that are not a member of any of the two associations but are engaged in export-oriented garment production.

The garment accessory manufacturing units and export-oriented garment factories located inside the country's export processing zones were not included in the study.

Of the total documented factories, 463 were found to be subcontracting, Hussain added.

Advertisement for Bangladesh NRB (Bangladesh NRB) recruitment notice. Includes details about the organization, recruitment process, and a table of job positions.

Advertisement for Government of the People's Republic of Bangladesh Local Government Engineering Department. Includes details about the tender notice and contact information.

Official notice from the Government of Bangladesh regarding the removal of tariffs on wheat imports. Includes details about the policy change and the testing process.