ISPAB gets new office bearers

STAR BUSINESS DESK

The Internet Service Providers Association of Bangladesh (ISPAB) recently elected new office bearers for a two-year term (2021-2023).

Emdadul Hoque Molla, director of Optimax Communication Ltd, Saiful Islam Siddique, managing director of ICC Communication Ltd, and Md Anwarul Azim, managing director of Chattogram Telecom Services Ltd, were elected as president, senior vice-president, and vice-president respectively.

A total of 13 directors have been elected with nine of them having been elected from the general members' category and four from the associate members' category.

The newly elected members of ISPAB's executive committee are: Nazmul Karim Bhuiyan of KS Network Ltd, Md Abdul Kaiyum Rashed of Triangle Services Ltd, Mohammad Anwar Hossain of Sun Online, Md Assaduzzaman of Antorongo.com, Md Jakir Hossain of Unified Core Ltd, Mahbub Alam of Circle Network, Sakif Ahmed, director of InfoLink Ltd, AM Kamal Uddin Ahmed Salem of BCL Online Service, Fuad Muhammad Shorfuddin of Fisa Communication, and Md Nasir Uddin of Speed Tech Online.

The election commission, led by Chairman Mohammad Nazrul Islam Babu, a member of parliament from the Narayanganj-2 constituency, was conducted by Abdullah H Kafee, managing director of JAN Associates Ltd, and Birendra Nath Adhikary, director of Excel Technologies Ltd.

Eurozone growth slows after new Covid wave

AFP, *Brussels*

Economic growth in the eurozone slowed to a nine-month low in December as a fresh wave of the coronavirus rattled businesses, especially in Germany, a closely watched survey said Thursday.

The purchasing managers' index (PMI) from IHS Markit, which measures business activity, slipped to 53.4 in December, after posting 55.4 points in November and hitting a high 59 points in August. A figure above 50 indicates growth.

Despite the headwinds, the outlook for the future remained strong, with survey respondents confident that pandemic related problems, especially on supply chains, would retreat next year.

But Chris Williamson, Chief Business Economist at IHS Markit, warned that the new Omicron variant posed "further downside risks to the growth outlook as we head into 2022".

Any revived disruption to supply chains "could result in price pressures spiking higher again", he said in a statement.

The inflationary push seen across the global economy has largely been downplayed as a short-term phenomenon by economists and central bankers.

AFP

ECB President Christine Lagarde addresses a press conference following a meeting of the governing council of the ECB in Frankfurt am Main, western Germany yesterday.

Fed signals three rate hikes in 2022

REUTERS, *Washington*

The Federal Reserve said on Wednesday it would end its pandemic-era bond purchases in March and pave the way for three quarter-percentage-point interest rate hikes by the end of 2022 as the economy nears full employment and the US central bank copes with a surge of inflation.

"The economy no longer needs increasing amounts of policy support," Fed Chair Jerome Powell said in a news conference in which he contrasted the near-depression conditions at the onset of the coronavirus pandemic in 2020 with today's environment of rising prices and wages and rapid improvement in the job market.

The pace of inflation is uncomfortably high, he said after the end of the Fed's latest two-day policy meeting, and "in my view, we are making rapid progress toward maximum employment," a combination of circumstances that has now convinced all Fed officials, even the most dovish, that it is time to exit more fully the pandemic policies put in place two years ago.

The scenario laid out by the central bank in its new policy statement and economic projections envisions the pandemic, despite the spread of the Omicron variant, giving way to a particularly benign set of economic conditions - a "soft landing" in which inflation eases largely on its own, interest rates increase comparatively slowly, and the unemployment rate is pinned to a low 3.5 per cent level for three years.

Some analysts were skeptical.

"This is a forecast that implicitly has favorable developments that allow them to leave accommodation but get favorable inflation," said Vincent Reinhart, chief economist at Dreyfuss & Mellon, noting that the three-year rate hike cycle projected by Fed officials never reaches levels that would be considered restrictive, yet inflation is still expected to fall.

"Is that the way to bet?" he said.

The core of Fed officials thinks so. In their new economic projections, policymakers forecast that inflation would run at 2.6 per cent next year, an increase over the 2.2 per cent they projected in September, but then fall to 2.3 per cent in 2023 and 2.1 per cent in 2024.

Unemployment is seen dropping to 3.5 per cent next year, well below the point Fed officials feel is sustainable in the long run, and remaining there through 2024.

As a result of that combination of rising prices and strong employment, officials at the median projected the Fed's benchmark overnight interest rate would need to rise from its current near-zero level to 0.90 per cent by the end of 2022.

That would kick off a hiking cycle that would see the policy rate climb to 1.6 per cent in 2023 and 2.1 per cent in 2024 - still loose by most estimates.

Dropped from the latest policy statement was any reference to inflation as "transitory, with the Fed instead acknowledging that price increases had exceeded its 2 per cent target "for some time." Annual inflation has been running at more than double the Fed's target in recent months.

To open the door to higher borrowing costs, the Fed announced it was doubling the pace of its bond-buying taper, putting it on track to end the purchases of Treasuries and mortgage-backed securities (MBS) by March.

Until recently, the central bank had been buying $120 billion of Treasuries and MBS each month to help fuel the economic recovery.

US stocks closed higher with the S&P 500 gaining more than 1.6 per cent, while yields on Treasury securities were also up.

The dollar initially strengthened after the release of the Fed statement and projections before surrendering the gains to trade lower on the day against a basket of major trading partners' currencies.

ECB begins step-by-step stimulus exit

AFP, *Frankfurt*

The European Central Bank on Thursday said it would wind down pandemic-era bond buys as the eurozone comes under pressure from soaring inflation, even as concerns grow about the fast-spreading Omicron variant of the coronavirus.

The eurozone has "become better at coping with the pandemic waves", said ECB President Christine Lagarde, adding that progress in the economic recovery "permits a step-by-step reduction in the pace of our asset purchases over the coming quarters."

Lagarde admitted however that Omicron and the potential emergence of other variants created "extra uncertainty", and said the bank was ready to react to any "negative shocks".

The ECB's chosen course sets its apart from the US Federal Reserve, which is speeding up its stimulus exit and has flagged a number of rate hikes over the coming years to tame inflation.

In Frankfurt, the ECB confirmed the end of its 1.85-trillion-euro ($2.1 trillion) pandemic-era bond purchasing programme (PEPP) in March 2022, and said it would start slowing the pace of purchases in the first quarter.

The pandemic emergency bond-buying programme, currently hoovering up around 70 billion euros worth of assets every month, is the ECB's main crisis-fighting tool, aimed at keeping borrowing costs low to stoke economic growth.

To avoid an abrupt drop in its bond-buying in March, the ECB will ramp up its pre-crisis asset purchase programme (APP) to soften the transition. This would be increased in the second quarter to 40 billion euros, and reduced to 30 billion in the third quarter, the ECB said.

Wheat flour prices rising on higher import costs

FROM PAGE B1

July and the upward trend continued until November, discouraging price-sensitive consumers.

"Demand for flour has reduced as prices are high. Our capital requirement has increased, while it has become difficult to make a profit because of the higher prices," said Sk Wazed Ali, president of the Auto Flour Mill Business Cooperative Society.

The food ministry in its daily food situation report said wheat price was $322.8-$333 per tonne on December 10. And the possible prices of imported wheat would be Tk 33.69-Tk 33.86 per kg.

A year ago, the prices of the grain, the second most-consumed items in Bangladesh, were $238.6-$257 per tonne, food ministry data showed.

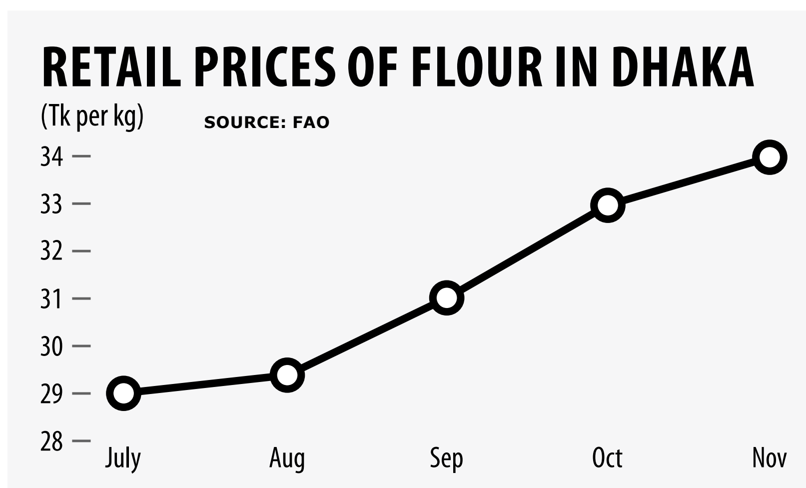
Against the backdrop of the increasing cost, businesses have become cautious in importing the grain. In Bangladesh, most of the local demand is met through imports for inadequate domestic production.

Bangladesh is the fifth-largest wheat importer after Egypt, Indonesia, Algeria, and Brazil. "There is concerns among businesses that it would be tough to sell the grain because of such a high import cost," said Anup Kumar Saha, chief operating officer of Nabil Group, one of the biggest wheat importers.

Wheat imports declined 23 per cent year-on-year to 18 lakh tonnes between July 1 and December 14 from 22 lakh tonnes a year ago, owing to a massive drop in private imports, according to data from the food ministry.

Globally, production has declined for unfavourable weather in major producing countries. On the one hand, global prices soared for reduced production. On the other hand, the depreciation of the taka caused a spike in import costs, said Abul Bashar Chowdhury, chairman of BSM Group, a Chattogram-based major commodity importer.

"All are importing in small quantity because of their worries about potential losses," said Biswajit Saha, director for corporate and regulatory affairs of City Group, one of the largest commodity importers and processors in the country.



Qantas turns to Airbus for domestic fleet

AFP, *Sydney*

Australian flag carrier Qantas on Thursday announced a deal to buy 40 Airbus aircraft, to renew its domestic fleet.

The purchase, which is expected to be finalised at the end of the next financial year, is for 20 long-range A321XLRs and 20 A220s.

"Financial details of the deal are commercial in confidence but represent a material discount from list prices," Qantas said in unveiling "the largest aircraft order in Australian aviation history".

The order is a blow to US planemaker Boeing, which currently supplies much of Qantas' domestic fleet with its 737-800 and B717 models.

The deal also comes as France and Australia move on from a recent diplomatic spat engedered by the collapse of a multibillion-dollar submarine deal.

Paris was furious after Australia ditched the deal in September, saying it had been given no warning that Canberra was negotiating a new defence pact with the US and Britain, which left France rethinking its alliances in the Indo-Pacific. Qantas has been battered by the Covid-19 crisis, which has seen Australia's borders closed for much of the last two years.

The company on Thursday also announced it was about US$4 billion in debt, but expected domestic capacity to return to pre-Covid levels by March 2022.

The deal includes an agreement in principle for a further 90 orders over the next ten years.

US industrial production hits pandemic high

AFP, *Washington*

US industrial production climbed in November to its highest level since the Covid-19 pandemic began, the Federal Reserve said Thursday.

The 0.5 per cent overall gain in the month was less than expected but brought the index to its highest level since September 2019, and 5.3 per cent above its level in November 2020, according to the report.

Mining and manufacturing each posted 0.7 per cent gains, while utilities fell 0.8 per cent, the central bank data said.

There was solid growth in big-ticket manufactured goods production last month, and motor vehicles and parts made up a large part of that, according to the report, indicating the sector is working its way through the semiconductor shortage that hobbled production in recent months.

However, auto and parts production was 5.4 per cent below where it was a year ago.

Ian Shepherdson of Pantheon Macroeconomics said the data boded well for American manufacturers.

Airlines place their bets, looking past pandemic

REUTERS, *Paris*

As the world hunkers down for Omicron, some investors might expect the global jet market to be withering away. Far from it.

Business has begun humming again as airlines look to snap up the greener passenger and freight planes they believe will give them an edge in a post-pandemic recovery driven by predicted travel demand plus the relentless rise of online shopping.

From Arizona to Amsterdam, some of the industry's sharpest buyers are eyeing efficient jets for the second half of the decade, aiming to get ahead of the long waiting lists they fear could derail their growth and environmental targets.

On Wednesday, Singapore Airlines kicked off a trio of major decisions expected in coming days, with a tentative order to replace its cargo fleet with a new A350 lightweight freighter offering from Airbus.

Purchase decisions on small passenger jets are expected shortly from Air France-KLM and Australia's Qantas.

"People are thinking about long-term fleet plans and especially about ESG (environmental, social and governance)," said Rob Morris, global head of consultancy at Ascend by Cirium.

"It's a case of: 'If I don't think about my replacement cycle now, am I going to get left behind'," he added.

Airbus and Boeing are sold out on benchmark medium-haul models until mid-decade after a previous, much larger order boom that was losing momentum when the pandemic wreaked havoc.

But with such long lead times before jets can be delivered, the focus is now turning towards the second half of the decade and a move to get in the front of the queue for future capacity.

"It's a buyer's market and a great time to take advantage of that," said aviation consultant Brendan Sobie.

The starting pistol was fired last month when two industry heavyweights, Air Lease Corp Executive Chairman Steven Udvar-Hazy and a stable of airlines led by Indigo Partners founder Bill Franke, ordered over 300 jets at the Dubai Airshow.

Some were sceptical, noting the PR value of such events. But others said the delivery dates pointed to a preemptive strike.

"It is pretty obvious that ESG considerations are going to be critical through this cycle. There is a bit of a feeding frenzy again with people worried they will not be able to get enough slots," Morris said.

REUTERS/FILE

Aircraft sit on static display during the fifth day of the Dubai Air Show in Dubai, the United Arab Emirates.

Bangladesh makes a name in suit export

FROM PAGE B1

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, says local textile millers don't have significant capability to supply the fabrics used in making suits despite higher demand. As a result, manufacturers mainly import the fabrics from China and South Korea.

The sourcing of suits, blazers and other woven formal garment items from Bangladesh had slowed down during the peak of the coronavirus pandemic as demand dropped. The business is now rebounding thanks to the waning of infections.

"The suit business is also picking up in the western markets in keeping with the re-opening of economies in the Europe and the US," said the country chief of the British retailer.

"But, if the Covid-19 situation deteriorates, the business of formal clothes, especially suits, will again be affected."

Four fast-track projects on course

FROM PAGE B1

Power Development Board (PDB) officials said the plant would start generating electricity on an experimental basis in March next year while it may add electricity to the national grid from May or June.

The Tk 18,034.47 crore Chattogram-Cox's Bazar Rail Link project saw progress of 65 per cent in its physical works while 33.88 per cent of its allotted fund was spent till November, the IMED report said.

The project aims to bring the tourist town under a railway network and establish connections with the Trans-Asian railway corridor.

The Rooppur Nuclear Power Plant project in Pabna recorded physical progress of 42.12 per cent with 40.44 per cent financial progress as of November.

The project is expected to become operational from 2023, months ahead of the scheduled 2024 timeframe, according to its project director Shaukat Akbar.

Originally, the first unit of the nuclear power plant was scheduled to open by 2024 and the second unit by 2025.

Now, the first unit will be running in 2023 and power would be supplied to the national grid accordingly, Akbar told a group of journalists in October.

The second unit will become operational six to eight months after the first unit is opened, he said.

Prime Minister Sheikh Hasina inaugurated the reactor pressure vessel installation work in the first reactor building of the plant on October 10.

The Payra Deep Seaport project, involving an estimated Tk 4,374.47 crore, achieved 83 per cent physical progress and 71.24 per cent financial progress.

Meanwhile, the Tk 39,246 crore Padma Bridge Rail Link project saw 48 per cent physical progress while achieving 51.82 per cent financial progress till November, the report added.

Rules toughen for new ADP schemes

FROM PAGE B1

A total of 1,534 projects were included in the ADP of the current fiscal year with unapproved projects numbering about 609. Besides, 141 projects that were included in the list are set to be implemented through foreign assistance.

According to the circular, the approved allocation for particular projects cannot be used for other projects, even if left unspent.

In addition, project expenditure will have be reported as per the economic code.

The finance ministry made a similar announcement in July earlier this year, stating that a maximum 50 per cent of the budgetary allocation for purchasing motor vehicles and arranging overseas travel for relevant government officials can be spent.

Considering the coronavirus fallout, the purchase of motor vehicles and international travel for government officials had been halted until June 30. However, the finance ministry informed that funds left unspent has to be returned rather than being put to use elsewhere.