



## Selim elected ABB chairman

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Selim RF Hussain, managing director of Brac Bank, has been elected chairman of the Association of Bankers Bangladesh (ABB) for a two-year term (2022-23) effective from January 1, 2022.

The announcement came from the association's 24th annual general meeting held virtually on December 27, says a press release.

Hussain, a banker with over 35 years' experience in South Asian financial institutions, started off his career at ANZ Grindlays Bank and later served Standard Chartered Bank.

He moved to non-banking financial institution IDLC Finance as managing director in 2010. He also served as the chairman of IDLC Investment and IDLC Securities. Hussain obtained a BBA degree in accounting from the University of Dhaka and an MBA from the Institute of Business Administration.

## Pran's concern wins ICMAB award

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Agricultural Marketing Company, a concern of Pran-RFL Group, has received an Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Award-2020.

Choudhury Atiur Rasul, director for accounts at Pran-RFL Group, received a crest from Commerce Minister Tipu Munshi at a city hotel on Thursday, said a press release.

Shibli Rubayat-Ul-Islam, chairman of the Bangladesh Securities & Exchange Commission, and Kazi Akram Uddin Ahmed, chairman of Standard Bank, were present.



People get tested for Covid-19 at a testing site in Washington, DC on December 29, 2021.

PHOTO: AFP/FILE

# Omicron, inflation cloud 2022 US profit picture

REUTERS, New York

Profit growth for US corporations is expected to slow next year after a gangbuster 2021, with rising inflation and a rapidly spreading Covid-19 variant adding to uncertainty as investors try to justify stock prices trading near record highs.

The S&P 500 is on track to rise about 24 per cent this year, and the index's price-to-earnings ratio sits well above its long-term average, raising worries the market may be overbought.

S&P 500 earnings are seen up about 8 per cent in 2022 after an estimated 50 per cent jump this year, when companies rebounded from lockdowns and recession in the early stages of the pandemic, according to IBES data from Refinitiv.

Wall Street's 2022 consensus estimates have changed little in recent weeks even as stock indexes have lost ground amid worries over how quickly the Omicron variant is spreading.

"We are moving into an environment where we're likely to go from seeing multiple expansion to multiple compression," said Robert Phipps, a director at Per Stirling Capital Management in Austin, Texas, referring to

a company's earnings rising but its share price not following suit, leaving investors with little reward.

The forward price-to-earnings ratio for the S&P 500 is at 21.5, compared with its long-term average of 15.5, according to Refinitiv DataStream.

A key factor helping to support valuations has been ultra low interest rates, which is likely to change now that the Federal Reserve is becoming more hawkish with inflation worries rising, Phipps said.

Rising interest rates increase borrowing costs for businesses and consumers, while higher rates also can depress stock multiples, especially for technology and other growth stocks.

The tightening labor market and strengthening economy pushed the Fed last week to announce that it would end its pandemic-era bond purchases in March. That could open the door for three quarter-percentage-point interest rate increases by the end of 2022.

Fed policymakers also forecast that inflation would run at 2.6 per cent next year, above the 2.2 per cent they projected in September.

At the same time, companies are still battling supply disruptions due to the

pandemic, which appears to be entering a new, heightened phase as Omicron cases surge across the globe.

The possibility of faster spread and renewed restrictions loomed large in some countries ahead of the holidays. Since the start of the month, US Covid cases have risen 50 per cent, according to a Reuters tally.

"You do have a lot of things that can go wrong," said Christopher Harvey, head of US equity strategy at Wells Fargo Securities, which sees increased chances for a roughly 10 per cent market decline by next summer.

US companies this year managed to keep profit margins up because they have cut costs and passed along high prices to customers.

It is unclear, however, how much the latest risks will change 2022 earnings estimates and results.

Estimated 2022 S&P 500 earnings growth was at 8.3 per cent as of Friday, compared with 8.0 per cent at the start of December, according to Refinitiv data.

"Earnings estimates are actually going up in December, so Omicron is not even factored into the estimates at this point," said Nick Raich, CEO of independent research firm The Earnings Scout.

## China factory activity edges up in Dec

AFP, Beijing

Manufacturing activity in China edged up in December, official data showed Friday, beating expectations as the price of commodities eased and despite sporadic closures due to Covid outbreaks.

The Purchasing Managers' Index (PMI) – a key gauge of manufacturing activity – in the world's second-biggest economy rose to 50.3, remaining above the 50-point mark separating growth from contraction.

The data from the National Bureau of Statistics marks a slight increase from last month's reading of 50.1 and beats expectations from analysts who had broadly predicted a slight decline.

"With the intensification of efforts to stabilize the economy, such as securing supply and stabilizing prices... the prices of some commodities have fallen significantly, and the cost pressure on companies has eased," said NBS statistician Zhao Qinghe.

Factory activity returned to expansion in November after seven months of decline due to power shortages and high raw material prices.

The PMI reading contracted below 50 for two months in September and October as the power crunch hit business operations.

Meanwhile, the non-manufacturing business activity index was 52.7 per cent in December, an increase of 0.4 percentage points from the previous month.

The recovery was driven in part by the recuperating air transport sector and hospitality.

Analysts have warned that China's domestic coronavirus outbreaks will likely continue to weigh on the country's economy, with sporadic outbreaks – including the ongoing lockdown in the city of Xi'an – hitting consumer confidence and shutting businesses. The historic northern city of 13 million is a key destination for tourists.

A separate flare-up of cases in late October spread to 21 provinces and prompted sweeping travel restrictions and closures.

The NBS data also showed a 2.8 per cent decrease in the business activity index of the construction industry to 56.3 per cent, over Beijing's deleveraging crackdown on the bloated property sector.

## Turkey jacks up electricity, gas prices

REUTERS, Istanbul

Turkey sharply raised electricity prices by 50-100 per cent for households and companies on Saturday, and again increased monthly natural gas bills, adding to strains in an economy facing soaring overall inflation.

The Energy Market Regulatory Authority said electricity prices were raised around 50 per cent for lower-demand households for 2022, while they were increased by more than 100 per cent for high-demand commercial users.

Natural gas prices jumped 25 per cent for residential use and 50 per cent for industrial use in January, national distributor BOTAS said separately.



Hassan O Rashid, managing director of Prime Bank, receives a letter of appreciation from Fazole Kabir, governor of the Bangladesh Bank, at the central bank headquarters in Dhaka recently. Prime Bank disbursed its designated portion of loans from the government's Covid-19 stimulus package for cottage, micro, small and medium enterprises in the first phase in fiscal year 2020-21.

PHOTO: PRIME BANK

# China to scrap subsidies for electric vehicles

AFP, Beijing

China will end subsidies for electric and hybrid cars at the end of the year, authorities have announced, saying the strength of sales in the sector meant state support was no longer needed.

In a statement published Friday, the Ministry of Finance said purchase subsidies would be reduced by 30 per cent from the beginning of 2022 before being scrapped completely by the end of the year.

"Given the growth of the industry for vehicles with new energy, the sales trends and the smooth transition of manufacturers, the subsidies... will end on December 31," the ministry said.

"Vehicles registered after December 31,

2022 will not be subsidised."

Sales of electric and hybrid cars have boomed in China, with increases of more than 100 per cent year-on-year in recent months.

The cars are set to represent 18 per cent of all vehicle sales in 2022, the China Association of Automobile Manufacturers (CAAM) estimated last week.

In 2019, they accounted for only five per cent.

Of the 27.5 million vehicles set to be sold this year, according to CAAM, five million will be electric and hybrids.

Overall growth in the world's largest market for vehicles will likely come in at 3.1 per cent for 2021, according to CAAM – the first year of sales growth since 2018.

# Euro marks 20 eventful years

AFP, Paris

The euro on Saturday marked 20 years since people began to use the single European currency, overcoming initial doubts, price concerns and a debt crisis to spread across the region.

European Commission chief Ursula von der Leyen called the euro "a true symbol for the strength of Europe" while European Central Bank President Christine Lagarde described it as "a beacon of stability and solidity around the world".

Euro banknotes and coins came into circulation in 12 countries on January 1, 2002, greeted by a mix of enthusiasm and scepticism from citizens who had to trade in their Deutsche marks, French francs, pesetas and liras.

The euro is now used by 340 million people in 19 nations, from Ireland to Germany to Slovakia.

Bulgaria, Croatia and Romania are next in line to join the eurozone – though people are divided over the benefits of abandoning their national currencies.

European Council President Charles Michel argued it was necessary to leverage the euro to back up the EU's goals of fighting climate change and leading on digital innovation. He added that it was "vital" work on a banking union and a capital markets union be completed.

The idea of creating the euro first emerged in the 1970s as a way to deepen European integration, make trade simpler between member nations and give the continent a currency to compete with the mighty US dollar.

Officials credit the euro with helping Europe avoid economic catastrophe during the coronavirus pandemic.

"Clearly, Europe and the euro have become inseparable," Lagarde wrote in a blog post. "For young Europeans... it must be almost impossible to imagine Europe without it."

In the euro's initial days, consumers were concerned it caused prices to rise as countries converted to the new currency.

Though some products – such as coffee at cafes – slightly increased as businesses rounded up their conversions, official

statistics have shown that the euro has brought more stable inflation.

Dearer goods have not increased in price, and even dropped in some cases. Nevertheless, the belief that the euro has made everything more expensive persists.

The red, blue and orange banknotes were designed to look the same everywhere, with illustrations of generic Gothic, Romanesque and Renaissance architecture to ensure no country was represented over the others.

In December, the ECB said the bills were ready for a makeover, announcing a design and consultation process with help from the public. A decision is expected in 2024.

"After 20 years, it's time to review the look of our banknotes to make them more relatable to Europeans of all ages and backgrounds," Lagarde said.

Euro banknotes are "here to stay", she said, although the ECB is also considering creating a digital euro in step with other central banks around the globe.



Euro coins and banknotes are displayed on an euro symbol.

PHOTO: AFP