France sees fastest growth in 52 years

AFP, *Paris*

France's economy grew at its fastest pace since 1969 last year, official data showed Friday, enjoying a strong rebound from coronavirus lockdowns fuelled in part by massive government support.

At 7.0 per cent according to the Insee statistics institute, the 2021 growth beat forecasts from both economists and official bodies.

After a 7.9-per cent fall in 2020, French output over the full year remained below 2019 levels -- the last year before the coronavirus crisis.

But gross domestic product topped the final quarter of 2019 in October-December 2021, Insee said.

It was a "spectacular rebound" which "erased the economic crisis", Finance Minister Bruno Le Maire said, arguing that "this proves the government's economic policy was effective".

It was a spectacular rebound which erased the economic crisis, Finance Minister Bruno Le Maire said

Paris spent around 60 billion euros ($67 billion) last year to support the comeback, sending government debt to around 113 per cent of annual output -- almost double official European Union limits.

Even with the first half of the year hobbled by continuing coronavirus restrictions, France's 2021 growth likely makes it one of the strongest performers among the 19 nations using the single currency, far outstripping the 2.7 per cent booked in Germany.

In the third quarter, unemployment fell to its lowest in almost a decade, according to figures published earlier this week.

Looking ahead to this year, the government expects four per cent expansion, while the Bank of France has predicted 3.6 per cent.

Vendors of winter clothing mostly catering to low-income groups continue to do brisk business from their makeshift shops for the past two months, with yesterday's lowest temperature in Dhaka forecast to be 12.6°C according to Bangladesh Meteorological Department. There is still one month to go before the mercury is projected to start rising at the end of February. The photo was taken at Gulistan in the capital yesterday.

PHOTO: PALASH KHAN

China regulator meets foreign banks to soothe economic woes

REUTERS, *Hong Kong*

The China Securities and Regulatory Commission (CSRC) met this week with executives at top western banks and asset managers to reassure them about the country's economic prospects after regulatory crackdowns in 2021, three people with direct knowledge of the matter said on Friday.

CSRC Vice Chairman Fang Xinghai hosted the virtual meeting with more than a dozen foreign financial institutions on Tuesday, said the people, who declined to be identified as they were not authorised to speak to the media.

Senior executives from firms including BlackRock, Credit Suisse, Fidelity International, Goldman Sachs , JPMorgan, Morgan Stanley and UBS attended the meeting, said two of the sources.

Fang reassured the meeting participants that China will achieve "respectable growth" in 2022, one of the people said. Fang also said that China's leadership understood that the regulatory changes Beijing introduced in 2021 would affect economic growth but was determined to tolerate the pains, the person said.

However, 2022 will be different year as it will have a series of significant events, including the key once-in-five-years Communist Party congress later this year, Fang said, according to that person.

The CSRC did not immediately respond to a request for comment. Fidelity and UBS declined to comment, while the other companies did not immediately respond to a request for comment.

The Chinese regulator called the meeting against the backdrop of a slowdown in growth in the world's second-largest economy amid its struggles with sporadic small-scale Covid-19 outbreaks and the darkening outlook for its heavily indebted property sector.

The economy grew by 4 per cent in the fourth quarter from a year earlier, its weakest expansion in 1-1/2 years and China's central bank has already started cutting interest rates and pumping more cash into the financial system in response.

The International Monetary Fund said in a report on Friday that China's economic recovery was well advanced but imbalanced because of weak consumption, and also warned of uncertainty brought by regulatory crackdowns on the technology sector and slowing productivity.

Chinese regulators last year took aim at tech giants, private education companies and other firms, targeting unfair competition and data governance.

Such reforms could help growth but can damage market sentiment which in turn could dent investment, the IMF said.

The CSRC was also keen to hear from the meeting participants whether foreign financial institutions' asset allocation to China will change because of the prospect of rising US interest rates, said the person.

Federal Reserve chief Jerome Powell unleashed bets on five or more hikes this year after he left the door open on Wednesday to raising rates faster than in previous cycles. Fang also told the executives that China and the United States were making progress in coordinating regulations governing Chinese companies listed in New York and there could be a "positive surprise" by June or earlier, the person said.

The US Securities and Exchange Commission said last month that US-listed Chinese companies must disclose whether they are owned or controlled by a government entity and provide evidence of their auditing inspections.

Renata profit rises 14pc

STAR BUSINESS REPORT

Renata logged 14 per cent higher profits year-on-year in the first six months of the current financial year of 2021-22 in spite of a rise in the price of raw material.

The profits came to reach Tk 274 crore while turnover rose 6.12 per cent to Tk 1,542 crore in the July-December period, according to financial statements of the listed drug maker.

Raw material prices were higher, raising the percentage of the cost of goods sold in the total revenue.

Cost of goods was 52 per cent of its total revenue whereas in the same period of the preceding year it was 50 per cent.

The company's administrative and marketing cost rationalisation kept the profit higher.

Its administrative and marketing costs went down to Tk 343 crore in the first half of the current financial year, from Tk 352 crore in the same period a year ago.

Renata's net profit margin ratio stands at 19 per cent now, which was 17.68 per cent at the end of the first half of the previous financial year, shows analysis of the financial report.

Jamuna wins Best CSR Bank award

STAR BUSINESS DESK

Jamuna Bank Ltd won the "Best CSR Bank 2021" at the Global Economics Awards 2021.

Nur Mohammed, chairman of the executive committee of the private commercial lender, received the award, an initiative of UK-based financial publication The Global Economics, in Dubai recently, a press release said.

"This award will motivate us to continue to be the helpful hand we are now, as well as to thrive," he said.

Mirza Elias Uddin Ahmed, managing director of the bank, was present.

Gold demand soars

AFP, *London*

Global gold demand soared in the fourth quarter of 2021 as inflation rocketed, helping to recoup much of the drop triggered by the pandemic, industry data showed Friday.

Viewed as a haven investment in times of economic unrest, gold saw demand surge 50 per cent in the final three months of last year compared with the October-December period in 2020, the World Gold Council said in a report.

Overall last year, "demand recouped much of the Covid-related losses sustained during 2020", the WGC said, adding that total physical purchases jumped 10 per cent to 4,021 tonnes.

Gold demand "in the consumer-driven jewellery and technology sectors recovered throughout the year in line with economic growth and sentiment, while central bank buying also far outpaced that of 2020", the Council added.

Mastercard, in association with Eastern Bank Ltd, has launched co-branded Mastercard World and Titanium credit cards for the members of the American Chamber of Commerce in Bangladesh at The Westin Dhaka recently. Syed Ershad Ahmed, president of the AmCham Bangladesh, M Khorshed Anowar, deputy managing director of EBL, Ahsan Ullah Chowdhury, head of cards and digital banking of the bank, and Syed Mohammad Kamal, country manager of Mastercard, were present.

PHOTO: MASTERCARD BANGLADESH

ABM Mokammel Hoque Chowdhury, managing director of Union Bank Ltd, inaugurates the bank's Annual Business Conference 2022 at the lender's head office in Dhaka recently. Quazi Osman Ali, adviser of the bank, Md Habibur Rahman, additional managing director, Hasan Iqbal and Md Nazrul Islam, both deputy managing directors, and Golam Mostafa, a senior executive vice-president, were present.

PHOTO: UNION BANK

Spain economy grows by 5pc

AFP, *Madrid*

Spain's economy grew by 5.0 per cent in 2021, showing a remarkable bounceback from a year earlier but below the government's target, an initial estimate by the National Statistics Institute (INE) showed Friday.

The government had expected gross domestic product (GDP) to rise by 6.5 per cent in 2021 after a year in which it contracted by nearly 11 percent in one of the worst results of the eurozone.

Such a forecast was considered unrealistic by economists. However, the INE estimate outdid the expectations of the Bank of Spain and the OECD, which were both estimating growth of 4.5 per cent.

And it also exceeded the expectations of the International Monetary Fund (IMF) which had expected the economy to grow by 4.6 per cent.

The INE figures showed the economy grew by 2.0 per cent in the last quarter, largely resisting the emergence of the Omicron variant and supply problems that affected production.

It had reached 2.6 per cent in the previous quarter. Fourth-quarter growth was also achieved despite sluggish consumption, which fell by 1.2 per cent.

In recent months, Spanish household spending has suffered from soaring inflation, which reached a 30-year high of 6.5 per cent in December due to surging energy prices.

According to Funcas think tank, inflation is expected to slow slightly in 2022 but remain at a high of around 3.5 per cent, while growth should accelerate to 5.6 per cent, allowing for the losses of 2020 to be finally reversed.

The Spanish government, which is predicting growth levels of 7.0 per cent this year, well above the expectations of the main economic bodies.

It had initially pledged a return to pre-pandemic growth by the end of 2021. But this is unlikely to happen until early 2023, according to the European Commission.

Despite growth being lower than his government's forecasts, Socialist Prime Minister Pedro Sanchez said in he was "satisfied with the smooth running of the economy".

Power tariff hike to hit

FROM PAGE B4

The garment industry in Bangladesh is already under tremendous pressure from the abnormal shipping cost, unusual raw material prices and the lower price of garment items.

"Any power tariff hike will only add more burden," said Hassan.

"Local apparel exporters will lose competitiveness in the international market if the electricity price goes up. This will be particularly painful at a time when we are getting more work orders from international retailers and brands and entering new markets."

The BGMEA chief urged the government to improve the efficiency of the power sector and reduce system losses so that the proposed price hike is not needed.

Mohammed Mahtabur Rahman, chairman of NRB Bank Ltd, inaugurates the bank's Annual Managers' Conference-2022 at the lender's corporate head office in Gulshan, Dhaka yesterday. Mamoon Mahmood Shah, managing director of the bank, presided over the meeting. Tateyama Kabir and Mohammed Jamil Iqbal, both vice chairmen, Ali Ahmed, chairman of the executive committee, Md Motior Rahman, chairman of the audit committee, Khandakar Ruhul Amin, chairman of the risk management committee, and Md Mukhter Hossain, adviser, were present.

PHOTO: NRB BANK