Gold bid, stocks dumped further

REUTERS, *Hong Kong*

Russia's invasion of Ukraine saw investors scrambling for the safety of gold and the protection of inflation hedges as weeks of brinkmanship came to a head on Thursday.

While market participants had been bracing for some form of aggression on Russia's part, Thursday's attack that brought explosions even in the Ukrainian capital of Kyiv, and across the country, made the war real for market participants.

Trader playbooks seemed to change from one that was built around the possibility of a diplomatic resolution to the crisis, to what had at one point been a tail-risk, or extreme, scenario.

"It looks pretty clear that they are moving toward Kyiv, which was always one of the worst case scenarios, because we now have a long night ahead of us trying to understand how bad this gets, and what sanctions get put up," said Chris Weston, head of research at brokerage Pepperstone in Melbourne.

"There are no buyers here for risk, and there are a lot of sellers out there, so this market is getting hit very hard."

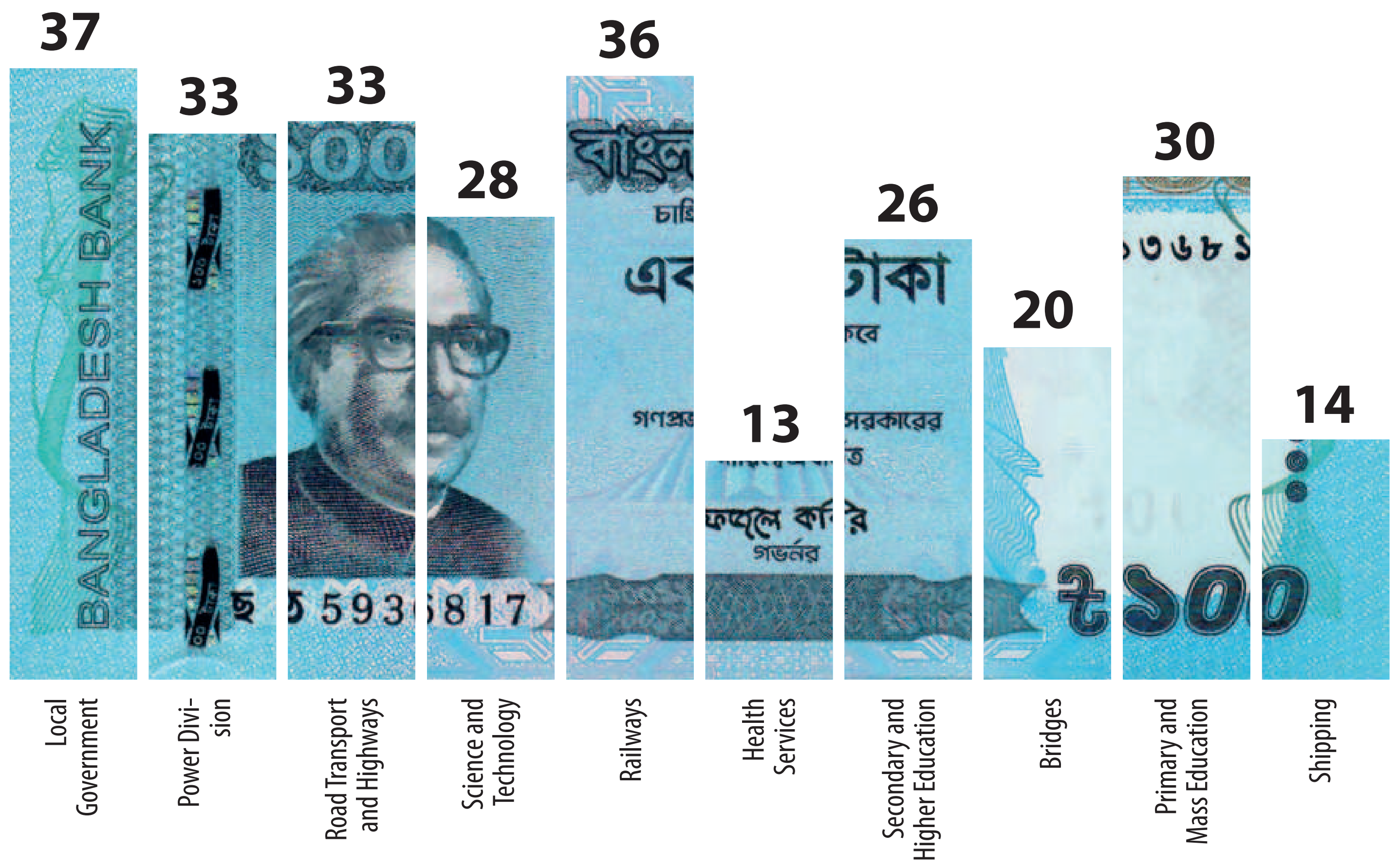
Gold prices jumped to their highest in more than a year as stock markets and futures on their indexes fell. Oil prices surged past $100 a barrel for the first time since September 2014.

Nasdaq futures fell sharply, and suggested the US tech-heavy index was on track to confirm being in a bear market - down 20 per cent from its recent high.

"Whether there will be a full-blown war or not, the simple strategy is to bet on a spike in inflation," said Yuan Yuwei, a Chinese hedge fund manager at Water Wisdom Asset Management.

Implementation of ADP by top 10 ministries and divisions

in (%); SOURCE: IMED



Development spending rising

REJAUL KARIM BYRON *and* DWAIPAYAN BARUA

Development spending in Bangladesh rose 17 per cent year-on-year in the first seven months of the current fiscal year, highlighting the momentum in the economic recovery from the pandemic-induced slowdown.

Though the second wave of Covid-19 hit the country during the second quarter of 2021 prompting the government to impose a countrywide lockdown, the situation started improving from the beginning of the current fiscal year leading to the quick resumption of economic activities.

As a result, the government managed to spend Tk 71,532 crore from its ADP budget in the July to January period, which was Tk 61,048 crore in the same period a year ago, according to data from the Implementation Monitoring and Evaluation Division (IMED) under the planning ministry.

As of January, the ministries and divisions spent 30.21 per cent of the total ADP allocation of Tk 236,793 crore set aside to carry out development activities during the current fiscal year, against 28.45 per cent spent in the same period in FY21.

Planning Minister MA Mannan told reporters on Tuesday that ADP implementation has seen an increase by 2 percentage points so far in the current fiscal year compared to the previous fiscal year.

"ADP implementation has increased in the country at a time when the rest of the world is struggling," he said.

Although the implementation marked a rise, the spending is still below the pre-pandemic stage. In the first seven months of FY20, the period before the pandemic, the ministries and divisions were able to spend 32.07 per cent of the development budget.

The average monthly ADP spending in the seven months of FY22 has been Tk 10,218 crore. This means ministries and divisions will have to expend more than Tk 33,000 crore on average in each of the five remaining months to hit the ADP target, a goal that an official of the planning ministry says will be impossible to hit.

So, the government is planning to slash the target in the revised ADP next month, he said.

According to the monthly progress report of the IMED, the implementation of both government funds and project assistance increased.

In the seven-month period, the implementing entities managed to spend 31.27 per cent of the government funds, versus 29.22 per cent registered in the same period in the last fiscal year.

The implementation of the project assistance was 28.75 per cent in the July-January period, compared to 28.39 per cent a year ago.

Despite ongoing health crisis, the health services division has been one of the worst-performing divisions as it could spend Tk 1,713 crore from July to January, which accounted for only 13.18 per cent of the total allocation of Tk 13,000 crore.

Other low-performers include the shipping ministry, which achieved 14.46 per cent of the spending target.

The bridges division implemented 19.91 per cent of the budget and the Prime Minister's Office 21.93 per cent of the allocation. Of the 15 largest recipients, the industries ministry was the top performer in the first seven months as it implemented 62.75 per cent of its allocation.

The housing and public works ministry spent 39.84 per cent of the allocation, the local government division 36.50 per cent, the railway ministry 36.10 per cent and the water resources ministry 34.48 per cent.

City Bank, Maldivian GSA Total Air Services sign agreement

STAR BUSINESS DESK

City Bank recently signed an agreement with Maldivian GSA Total Air Services Ltd.

Zafrul Hasan, head of digital financial services at City Bank, and Morshedul Alam Chaklader, managing director of Maldivian GSA Total Air Services, signed the agreement at the bank's head office in Dhaka, a press release said.

Under the agreement, the bank's American Express Credit and Debit card holders will enjoy 10 per cent discount on Dhaka-Male return fare on Maldivian airlines.

They will enjoy a package starting at a total of Tk 53,000.00 per person on twin sharing basis.

This package includes 3 days 2 nights' accommodation in a 3-star beach hotel, complimentary breakfast, return air fare on Maldivian Airlines, return airport to hotel transfer on speed boat.

The offer starts on February 1 and will end on March 31. Bookings have to be made 10 days' prior to departure. High officials of both the organisations were present.

IDLC savings schemes available on bKash

STAR BUSINESS DESK

People can access IDLC Finance's digital savings services through their bKash accounts, a scope that would allow customers to save from anywhere in Bangladesh.

They can start IDLC's monthly savings schemes of different terms and amounts in just two minutes without any hassle of papers and forms, a press release said.

They can avail of savings schemes in monthly instalments of Tk 500, Tk 1,000, Tk 2,000 and Tk 3,000 starting from a minimum period of two years to a maximum of four years.

The savings instalments will be automatically transferred from the bKash account to IDLC Finance on a specific date of each month.

"The opportunity to save small amounts of money without any hassle will help all save money. This will bring good for the economy and improve the living standard of people," said Ali Ahmmed, the chief commercial officer of bKash.

"The service of IDLC and bKash will play a vital role in the structural transformation of the country's economy and fulfil the dream of Digital Bangladesh," said Syed Javed Noor, deputy managing director of IDLC.

Customers can withdraw the savings amount through the bKash app at any stage after three months of opening the scheme and cash out the full amount, including interest, without any charge upon the maturity of the schemes.

One simply needs to click on the "savings" (in bank and financial institution)' icon from the home screen of the bKash app to open a savings account with IDLC. Around 90,000 customers availed the savings schemes, amounting to Tk 14 crore since the inception of the service in September.

Of the customers, 64 per cent availed the service for future purposes, 25 per cent to ensure the financial security, 6 per cent to bear educational expenses and the remaining 5 per cent for other purposes.

Working together

FROM PAGE B4

that all the stakeholders show equal enthusiasm and work together to realise the benefits of this technology.

Initiatives by the governments and the operators are good starting. Further steps need all the stakeholders to collaborate as 5G network will require huge infrastructure. If all the stakeholders join hands and invest, then the cost of production and maintenance for 5G networks will fall. As a consequence, customers will benefit from affordable devices and high-quality services.

Investment and engagement by all stakeholders are very vital as this is the efficient way to reduce the cost necessary for 5G deployment.

Looking at Europe and countries like France, Germany, England, Japan, China and also Bangladesh, we can see that governments have invested time and effort into creating a supportive regulatory environment. The categorised targets have been like mainly to being compatible with the international standardisation process, streamlining procedures to allow timely infrastructure deployments and spectrum availability, stimulating experimentations, adapting telecommunications and sectoral regulations to 5G needs.

Bangladesh has recently launched 5G. State-owned telecom operator Teletalk has deployed 5G networks initially. The government has plans to gradually roll out an advanced 5G network at the district level for mass adoption.

Apart from public usage, the 5G network will have tremendous impacts at the industry level. Market mavens and tech experts are calling for greater actions from industry stakeholders to realise the full potential of the 5G network for expediting growth. As per the government's roadmap, the other operators of Bangladesh are also going for spectrum bidding in 2022.

All eco-partners need to collaborate closely to develop a supportive and developing environment and nurture business opportunities while ensuring safety at all levels. For example, the use cases in transportation (e.g. autonomous driving) and healthcare (e.g. remote surgery) will need a collaborative approach involving multiple partners within the traditional telecom industry and beyond.

On the other hand, a collaborative effort of industry associations, research institutes, operators, equipment vendors, and other industry players will help efficiently realise the full potential of the 5G network.

Bangladesh has abundant human resources, a peaceful development environment, stable economic growth, and good digitalisation and telecom infrastructure. I believe that in the future, under the guidance of the government, the Digital Bangladesh will surely make greater achievements and everyone can be a beneficiary of this advanced network. And Huawei will be always there for building a fully connected, intelligent Bangladesh.

The author is the president of Huawei for the Asia Pacific region.

British High Commissioner to Bangladesh Robert Chatterton Dickson poses for a photograph after visiting a factory of Fair Electronics Ltd, a subsidiary of Fair Group in Shibpur, Narsingdi recently. Teresa Albor, partner of Dickson, Shahriar Rouf, head of IT at the British High Commission, Khalid Gaffar, acting head of trade and investment, Mahtalat Mahboob, executive assistant to the high commissioner, and Maj Gen (retd) Hamid R Chowdhury, adviser of Fair Group, were present.

PHOTO: FAIR GROUP

Oil's journey from worthless

FROM PAGE B4

The potential for conflict to interrupt supply added more pace to a rally underpinned by a recovery in demand that has been faster than oil producers can match.

Worldwide oil consumption last year outstripped supply by about 2.1 million bpd, according to the International Energy Agency, and will surpass 2019-levels this year.

Oil suppliers had to drain inventories to meet demand, and consumer nations are pleading for companies like Shell to drill more.

Such a cycle has replayed often throughout the history of oil.

"If you go back to the days of whale oil, oil has been a story of boom and bust," said Phil Flynn, senior analyst at Price Futures Group in Chicago.

"Its a peak-to-valley cycle and usually when you hit the valley, get ready because the peak isnt that far ahead."

The trough in oil prices in early 2020 triggered political moves that might have otherwise been unimaginable.

Donald Trump, the US president at the time, became so concerned about the potential collapse of domestic oil drillers that he delivered Saudi Crown Prince Mohammed bin Salman an ultimatum in an April phone call: cut production or risk the withdrawal of US troops from the kingdom.

Investor and governmental pressure for oil producers to cut emissions was also on the rise.

In mid-May 2021, the International Energy Agency said there should be no new funding of major oil-and-gas projects if world governments hoped to prevent the worst effects of global warming.

It was an about-face for an organisation long seen as a major fossil fuel cheerleader.

The politics of the transition have made European oil majors reluctant to invest in increasing production, so their typical reaction to higher prices - to pump more - has been slower than it might otherwise have been.

Several OPEC+ members simply didn't have the cash to maintain oilfields during the pandemic as their economies crashed, and now cannot increase output until costly and time-consuming work is completed.

Those with spare capacity such as Saudi Arabia and the United Arab Emirates are reluctant to overstep their OPEC+ supply share agreements.

Even the US shale industry - the world's most critical swing producer from 2009 through 2014 - has been slow to restore output amid pressure from investors to increase their financial returns rather than spending.

All of this sowed the seeds for the current boom.

The Biden Administration, which wants to fight climate change but also protect consumers from high pump prices, is now encouraging drillers to boost activity and calling for OPEC+ to produce more oil. So is the IEA.

That could be a struggle, according to Scott Sheffield, CEO of US shale producer Pioneer Natural Resources.

He told investors last week that OPEC+ does not have enough spare capacity to handle rising world demand, and that his own company would limit production growth to between zero and 5 per cent.

RBC Capital's Mike Tran said it will be high prices, not new supply, that ultimately balances the market.

Stocks suffer worst decline

FROM PAGE B1

Amid the selling spree, turnover on the DSE rose 18 per cent to Tk 1,050 crore yesterday.

Beximco Ltd was the most traded stock with its shares amounting to Tk 89 crore transacted. Orion Pharmaceuticals saw a turnover of Tk 37 crore, Bangladesh Shipping Corporation Tk 29 crore, Dragon Sweater and Spinning Tk 26 crore, and Olympic Industries Tk 21 crore.

Pacific Denims topped the gainers' list as it rose 9.91 per cent. Crown Cement was up 9.86 per cent, Nurani Dyeing advanced 8.45 per cent, Evince Textile increased 4.80 per cent, and Dragon Sweater and Spinning gained 4.7 per cent.

Imam Button was the worst-performing issue on the day, giving up 6.81 per cent. Yeakin Polymer lost 6.69 per cent, ADN Telecom was down 6.36 per cent, Apex Spinning slipped 6.21 per cent, and Union Insurance declined 5.98 per cent.

"The stock market witnessed a massive fall due to the worldwide turmoil," said International Leasing Securities Ltd in its daily market review.

The investors are getting worried about the tension between Russia and Ukraine. Meanwhile, oil and gas prices surged in the international market on the fears that the Ukraine-Russia crisis may disrupt supplies across the world, it said.

As a result, almost all the big cap stocks faced price correction, dragging the key index.

The investors' attention was mainly concentrated on textile (18.5 per cent), pharmaceuticals and chemicals (13.6 per cent) and miscellaneous (12.6 per cent).

The Chittagong Stock Exchange also slumped. The Caspi, the main index of the bourse in the port city, plummeted 322 points, or 1.58 per cent, to end the day at 19,991.

Of the securities, 36 advanced, 254 fell and 19 remained unchanged.