

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."

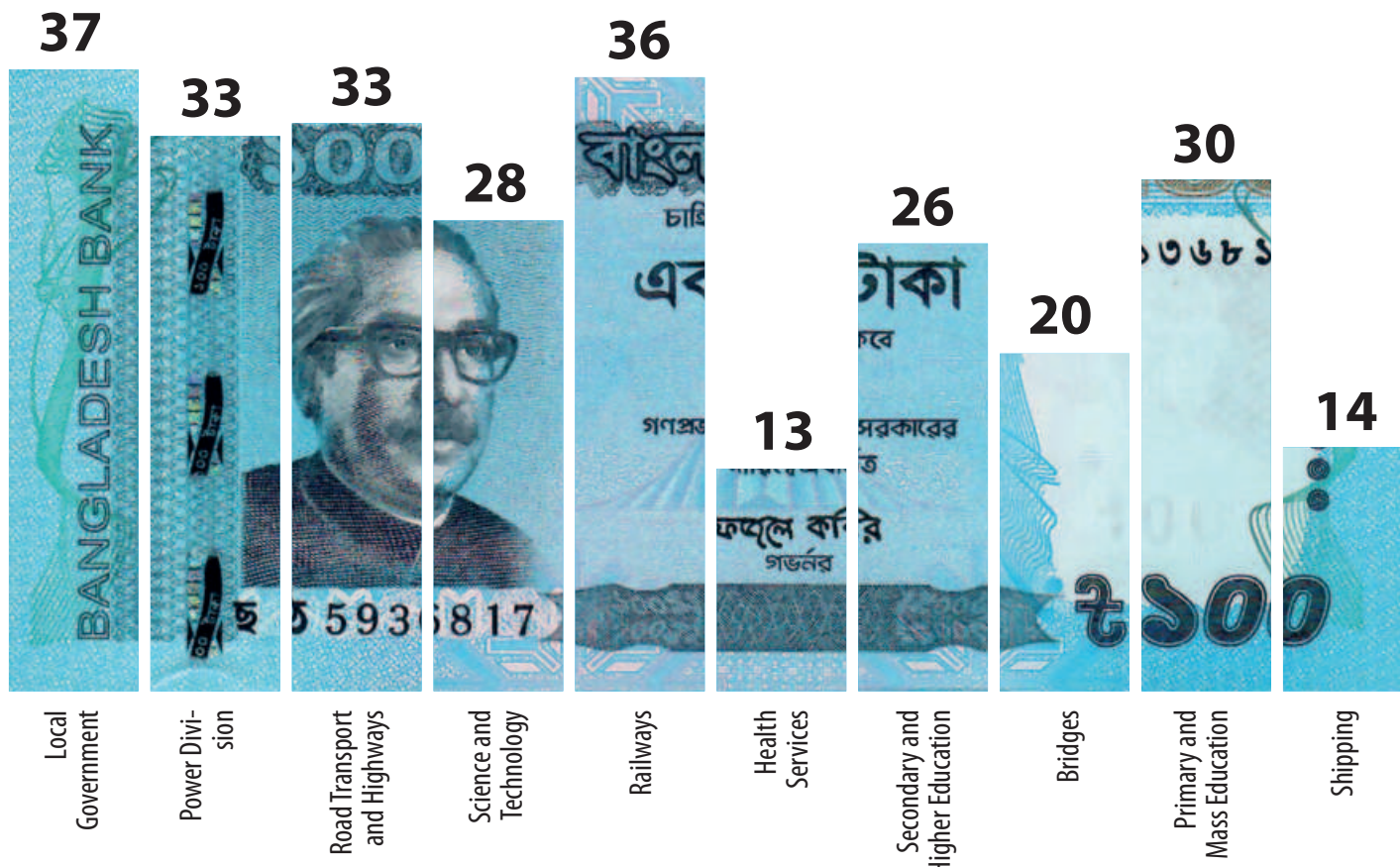
Gold prices jumped to their highest in more than a year as stock markets and futures on their indexes fell. Oil prices surged past \$100 a barrel for the first time since September 2014.

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
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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.

Working together

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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

Timely, accurate fiscal data

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for not only from the perspectives of accountability and transparency for the country's development process but also for policymaking.

"We talked about data deficits, then anarchy and now we are talking about data blindness. Things which are happening in the recent past are totally within data blindness," he added.

Data blindness is present in almost all facets of Bangladesh's economy, whether it concerns the price of petroleum and electricity, the overall subsidy policy or future investments, including mega projects.

With this backdrop, Bhattacharya questioned if there is a lack of political will in the collection of

fiscal data for any reason. "Is there any apprehension to publish the data as the information might create a catastrophe on the political or administrative aspect?" he asked.

"So, it is important to look into whether there is any apprehension from either the planning ministry or the finance ministry to provide relative information on the narrative of the development being portrayed," Bhattacharya said.

Data on state-owned enterprises is very crucial since people get various services, such as water, electricity and gas utilities, from them.

"Since these services are given by the monopoly of state-owned enterprises, we need to get their

financial statements to understand the logic behind price hikes," said Zahid Hussain, former lead economist at the World Bank's Dhaka office.

On the one hand, Dhaka WASA says that production costs are higher than prices being paid while on the other, there has been news that WASA has been making hefty profits over the years.

"So, there is something here we do not know about. One thing is that there could be accrual profit, but there is no proper cash flow since there are outstanding bills," Hussain said.

The problems created by outstanding bills cannot be solved by price hikes because that would mean people who pay their bills would be burdened by those who do not.

But if the balance sheets of state-owned enterprises are available on time, think tanks and research bodies like the CPD would be able to analyse them and infer the logic behind any given price hike.

"The balance sheets of state-owned enterprises are given in pieces. Besides, the actual data remains un-updated," he added.

Prof Rehman Sobhan, chairman of the CPD, said data quality would be maintained if the generated data is derived from the needs of primary users, such as the finance ministry and policymakers.

However, the majority of demand for changes in data quality comes from outside the government, which is a critical weakness as the driver of change should come from within.

Stocks suffer

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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.

The Chittagong Stock Exchange also slumped.

Oil's journey

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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.

"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.

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 Ahmed, 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.