US airlines see strong travel recovery after Omicron

AFP, *New York*

Major US carriers lifted their revenue forecasts Tuesday as a faster-than-expected travel recovery from the latest Covid-19 wave mitigates the drag from higher jet fuel costs.

American Airlines, Delta Air Lines, United Airlines and Southwest Airlines all offered similar appraisals of market conditions in presentations at an investment conference Tuesday.

American now expects first-quarter revenues to be down 17 per cent compared with the 2019 period, after previously projecting a drop of as much as 22 per cent.

"The improvement in revenue is expected to more than offset the increases in fuel and other expenses in the quarter," American said in a securities filing.

Delta Air Lines reported "strong spring and summer travel demand" as it lifted its revenue forecast for the first quarter of 2022.

"The improvement in revenue is expected to more than offset the increases in fuel and other expenses."

Southwest Airlines used similar language to describe booking trends, while United Airlines said that "in the period following the peak in Covid-19 case counts associated with the Omicron variant in January 2022, demand for travel has exceeded the company's previous expectations."

But higher jet fuel costs in light of spiking crude prices act as a counterweight to the improved travel outlook.

Delta now projects fuel prices of \$2.80 a gallon, up from its prior range of \$2.35 to \$2.50. American and United also warned of a hit from fuel.

Rising fuel costs, along with aircraft delivery delays, were a factor in United's move to trim its overall flight capacity in 2022.

Southwest proved an exception since the carrier's hedging program locked in fuel costs when prices were lower. As of March 10, the program amounted to an asset of \$883 million based on current prices for the commodity.

The Notun Bazar NCDP Wholesale Market in the sadar upazila of Nilphamari has been shuttered for years as farmers and wholesalers did not use it for their lack of knowledge about modern marketing systems. The market was set up to help growers receive fair prices for their produce. The photo was taken recently.

PHOTO: EAM ASADUZZAMAN

Grower markets remain idle, govt draws new plan

Will now turn them into hubs for small agro entrepreneurs in Rangpur

EAM ASADUZZAMAN, *Nilphamari*

The government has initiated a move to transform the growers' markets in Rangpur into hubs for small agro entrepreneurs since they have been lying idle for more than a decade owing largely to farmers and wholesalers' lack of interest and a propaganda carried out by a vested group.

The markets, established in 2008 with the financial support from the Asian Development Bank (ADB) and the government under the North-West Crops Diversification Project (NCDP) of the agriculture ministry, had aimed at allowing growers to process and sell products at a fair price, thus eliminating middlemen.

Of the 29 markets in Rangpur, Dinajpur, Gaibandha, Nilphamari, Kurigram, Lalmonirhat, Thakurgaon and Panchagarh in the division, 24 were dedicated to growers so that they can sell their produce in the retail market and the rest five were for wholesale markets where farmers can sell their crops.

In the markets, there are separate areas for sorting, grading, washing and packaging crops, holding auctions, warehouses, and training centres. But the markets were abandoned within a couple of years of their launch, as farmers, mostly illiterate, did not accept the modern marketing concept.

Farmers' lack of awareness about the benefit of the markets, propaganda carried out by the middlemen who feared they would lose control over the markets, and little awareness-raising campaigns by the government rendered them useless.

Dewan Kamal Ahmed, president of the Nilphamari Growers Markets Managing Committee, and the mayor of Nilphamari municipality, says the markets were introduced without making farmers aware of the handling process and benefits, so they failed to achieve expected outcomes.

Mistrust and vested interest of the members of the market management committee also stood in the way of popularising the markets, he said.

The markets were established in 2008 with the financial support from the Asian Development Bank and the government under the North-West Crops Diversification Project of the agriculture ministry

Belal Hossain, president of the Nilphamari Boro Bazar Wholesalers Association, says most of them were confused since the introduction of the markets as they are used to running independent businesses and prefer a free atmosphere where they can compete with other traders.

"We had thought that we had to follow a number of rules and regulations to run operations in the growers' markets. So, we didn't accept the concept."

Emdadul Haque, a farmer in Hasimpur village in Dinajpur, says a few influential people told them that they had to pay a higher charge to use the markets.

"We were concerned. So, we avoided the markets."

Atiar Rahman, president of the Nilphamari District Unit Krishok Samity, described the awareness campaigns run by the concerned government department inadequate.

"So, the vested quarter had been able to carry out propaganda against the markets successfully."

Officials of the Department of Agricultural Marketing (DAM) under the agriculture ministry say there is no government funds for the maintenance of the markets as the NCDP project ended long ago.

Anwarul Huque, divisional deputy director of the DAM in Rangpur, said, "We had launched a number of programmes to make farmers interested in the growers' markets but we did not get the expected results."

During a visit to a number of growers' markets in Nilphamari and Rangpur recently, it was found that quilt is being made in one of the markets, while a TV repair shop was set up in another, as the local offices of the DAM leased them out at a very nominal price to prevent the structures from decaying for persisting non-use.

As farmers hesitated to accept the modern marketing method, the DAM could not allow the markets to remain unutilised for long, according to Huque.

Now, the agriculture ministry is set to undertake a fresh programme to turn the markets into hubs for agro-based entrepreneurs.

"We have decided to promote small agro-based entrepreneurs. This will ultimately benefit farmers as they will be able to sell their produce at the hubs at a fair price," Huque said.

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Stocks remain flat for third day

STAR BUSINESS REPORT

The domestic stock market has remained flat for three straight days now as many investors are still shaky about buying shares.

The DSEX, the benchmark index of the Dhaka Stock Exchange, remained unchanged at 6,765 points yesterday.

The stock market witnessed three consecutive flat sessions as investors were active on both sides of the trading fence ahead of the year-end corporate declarations for 2021, International Leasing Securities said in its daily market review.

Among the sectors, banks rose 0.8 per cent, pharmaceuticals and chemicals edged up 0.4 per cent, and food and allied appreciated 0.3 per cent.

The investors' attention was mainly concentrated on IT (14.6 per cent), textile (13.8 per cent) and miscellaneous (10.8 per cent).

At the DSE, 119 stocks advanced, 228 declined and 33 remained unchanged.

Turnover dropped 21 per cent to Tk 837 crore, down from Tk 1,065 crore the previous day.

Beximco Ltd was the most traded stock with shares worth Tk 62 crore changing hands while BDCOM Online, Aamra Technologies, GBB Power, and Bangladesh Shipping Corporation followed with Tk 39 crore, Tk 23 crore, Tk 19 crore, and Tk 17 crore respectively.

Gemini Sea Foods topped the gainers list, rising 8.78 per cent, followed by Sunlife Insurance, Apex Foods, Bangladesh Industrial Finance Company, and RN Spinning Mills.

Robi Axiata shed the most, dropping 3.59 per cent, while Bangladesh Shipping Corporation, and Alif Industries dropped 2 per cent each.

Similarly, Eastern Insurance and Bangladesh Thai Aluminium lost 1.98 per cent and 1.97 per cent respectively.

The Chittagong Stock Exchange (CSE) fell yesterday as the Caspi, the main index of the port city bourse, edged down by three points to hit 19,821. Among 301 traded stocks, 82 rose, 192 fell and 27 remained the same.

All systems go for Fed's liftoff of interest rates

REUTERS, *Washington*

The Federal Reserve on Wednesday will close the door on its ultra-easy pandemic-era monetary policy and step up the fight against stubbornly high inflation with the first in what is likely to be a series of interest rate hikes this year.

ANALYSIS

The shift, beginning with an expected quarter-percentage-point increase in the US central bank's benchmark overnight interest rate, has been in the works since last fall and has already driven up the cost of home mortgages and other key types of credit in anticipation of what the Fed will do to curb prices that are rising at their fastest pace in 40 years.

Yet the urgency surrounding the Fed's policy meeting this week has intensified because inflation has shown no signs of easing and may even rise further on the back of Russia's invasion of Ukraine, which fueled an oil price spike this month.

The precise language of the Fed's new policy statement and the details of updatedquarterly economic and interest rate projections will provide the first concrete guidance about how all that has influenced policymakers, and in particular whether it has rattled faith that the

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Russia teeters on brink of historic default

REUTERS, *London*

The economic cost of Russia's assault on Ukraine was fully exposed on Wednesday as Vladimir Putin's sanctions-ravaged government teetered on the brink of its first international debt default since the Bolshevik revolution.

Moscow was due to pay \$117 million in interest on two dollar-denominated sovereign bonds it had sold back in 2013. But the limits it now faces making payments, and talk from the Kremlin that it might pay in roubles - triggering a default anyway - meant even veteran investors were left guessing at what might happen.

One described it as the most closely watched government debt payment since Greece's default at the height of the euro zone crisis. Others said an emergency 'grace period' that allows Russia another 30 days to make the payment could drag the saga out.

"The thing about defaults is that they are never clear cut and this is no exception," said Pictet emerging market portfolio manager Guido Chamorro.

"There is a grace period, so we are not really going to know whether this is a default or not until April 15," he said referring to the situation if no coupon payment is made. "Anything could happen in the grace period."

A Russian government debt default was unthinkable until what Putin called a "special military operation" in Ukraine began in late February.

It had nearly \$650 billion of currency reserves, coveted investment-grade credit ratings with S&P Global, Moody's and Fitch, and was raking in hundreds of millions of dollars a day selling its oil and gas at soaring prices.

Pedestrians cross the road as skyscrapers of the Moscow International Business Centre are seen in the background in Moscow.

PHOTO: REUTERS/FILE

IEA cuts oil demand outlook, fears Russia supply shock

AFP, *Paris*

The International Energy Agency cut its world oil demand forecast for 2022 on Wednesday, warning that sanctions against Russia over its invasion of Ukraine could spark a global supply "shock".

"Faced with what could turn into the biggest supply crisis in decades, global energy markets are at a crossroads," the IEA said in a monthly report.

"While it is still too early to know how events will unfold, the crisis may result in lasting changes to energy markets," said the Paris-based agency, which advises developed countries.

Russia, the world's biggest exporter of oil, has been hit with a slew of international sanctions over the war in Ukraine, which sent oil prices soaring.