BUSINESS

War to slash Ukraine's **GDP** output by 45pc: WB

REUTERS, Washington

Ukraine's economic output will likely contract by a staggering 45.1 per cent this year as Russia's invasion has shuttered businesses, slashed exports and rendered economic activity impossible in large swaths of the country, the World Bank said on Sunday.

The World Bank also forecast Russia's 2022 GDP output to fall 11.2 per cent due to punishing financial sanctions imposed by the United States and its Western allies on Russia's banks, state-owned enterprises and other institutions

The World Bank's "War in the Region" economic update said the Eastern Europe region, comprising Ukraine, Belarus and Moldova, is forecast to show a GDP contraction of 30.7 per cent this year, due to shocks from the war and disruption of trade.

Growth in 2022 in the Central Europe region, comprising Bulgaria, Croatia, Hungary, Poland and Romania, will be cut to 3.5 per cent from 4.7 per cent previously due to the influx of refugees, higher commodity prices and deteriorating confidence hurting demand.

For Ukraine, the World Bank report estimates that over half of the country's businesses are closed, while others are operating at well under normal capacity. The closure of Black Sea shipping from Ukraine has cut off some 90 per cent of the country's grain exports and half of its total exports.



The factory building of Universal Jeans, a unit of Pacific Jeans Group, in Chattogram Export Processing Zone.

Pacific Jeans eyes \$500m exports this fiscal year

DWAIPAYAN BARUA, Ctg

Pacific Jeans Group, one of the fastest growing garment exporters in Bangladesh, could rake in \$500 million in export earnings in the current fiscal year as its apparel shipment grows steadily.

Exports fetched \$450 million for the Chattogram-based manufacturer in the last fiscal year of 2020-21. It was \$325 million in 2017

"Our target is to raise export turnover to around \$1 billion in the next five years," said Syed Mohammad Tanvir, managing director of the company, in an interview recently.

The country's leading premium jeans exporter has been posting a consistent

to be more focused to diversify products as it aims to materialise its long-term vision of becoming a global lifewear solution company.

"We want to make all of the quality clothes one needs to lead a better life," said Tanvir.

"Basically, we want to diversify so that we can produce different categories of products depending on different categories of markets and customers."

Tanvir's visionary father M Nasir Uddin started the journey of the group by setting up a small factory, NZN Fashions Ltd, with 500 workers in 1984 in the port city's Patharghata area.

In 1994, Nasir established Pacific Jeans Ltd in the Chattogram Export Processing

Over the years, the group has transformed itself into a top manufacturer

It introduced its knitwear unit. Pacific Casuals, in 2019 and launched Pacific Knitex last year to make fabrics for the plant.

Currently, it runs six units -- Pacific Jeans, Jeans 2000, Universal Jeans, NHT Fashion, Pacific Accessories, and Pacific Casuals -- at the CEPZ and Pacific Knitex at Sitakunda, employing around 35,000

Last month, it opened Pacific Workwear at the CEPZ to produce workwear. The production in the new factory has not started vet.

Of the companies, Universal Jeans and Pacific Jeans were awarded the National Export Trophy and won gold and silver medals respectively for their outstanding performance for the fiscal year of 2017-18.

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COMMODITY EXCHANGE Gold, agri goods to be traded first

STAR BUSINESS REPORT

Some agricultural and gold products would be traded in the first phase on the the country's first ever commodity exchange to be launched this year, Asif Ibrahim, chairman of the Chittagong Stock Exchange (CSE), said yesterday.

To identify the right products for the market, the CSE will appoint Multi Commodity Exchange (MCX) of India as a consultant today.

"As no local firm has technical know-how or practical knowledge on the commodity exchange, the CSE is appointing MCX to this end," he added.

Ibrahim was speaking at an online event organised to brief the media about the contract signing. The CSE chairman said they plan to launch the commodity exchange with two or three assets, including gold and agricultural products.

A commodities exchange is a legal entity that determines and enforces rules and procedures for trading standardised commodity contracts and related investment products.

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POWER PURCHASE KPCL stocks rise on contract extension

STAR BUSINESS REPORT

Stocks of Khulna Power Company Limited (KPCL) rose by around 1 per cent after news broke that the company secured a two-year extension of its power purchase agreement with the government.

The government allowed the extension of two contracts with KPCL to purchase power from the KPC Unit-II 115 megawatt plant in Khulna and KPC 40 megawatt Noapara plant in Jashore on the basis of no electricity, no payment, the company said in a disclosure yesterday.

There was huge criticism from analysts to extend power purchase agreements with rental power plants considering the high prices of their

On this perspective, the government extended some other power purchase agreement on the basis of no payment would be made if their supply

KPCL got listed with the Dhaka Stock Exchange (DSE) in 2010. The company's paidup capital stood at Tk 397 in 2021, when it distributed cash dividends of 12.5 per cent, according to DSE data.

US corporate earnings face uncertain outlook

REUTERS, New York

An aggressive Federal Reserve, soaring inflation and geopolitical uncertainty from the war in Ukraine are muddying the outlook for the upcoming US earnings season, leaving some strategists wary of surprises as corporate results kick off this week.

Expectations for earnings growth have largely held up in recent weeks, despite a first quarter that saw commodities prices surge after Russia invaded Ukraine, threatening to exacerbate already-high consumer prices

Analysts expect S&P 500 earnings to have increased by about 6 per cent in the first three months of 2022 from a year ago and forecast profit growth of about 9 per cent for the year, forecasts in line with those at the start of the month, according to IBES data from Refinitiv.

The reporting period for S&P 500 companies begins this week with results from major banks including JPMorgan Chase on Wednesday.

Some worry, however, that a cocktail of rising prices, higher wages and tightening financial conditions may have weighed on some companies' balance sheets or clouded expectations for the rest of

"The environment is very different this quarter. There are so many things going on," said Jack Ablin, chief investment officer at Cresset Capital Management in Chicago. "It will be fascinating to see how companies respond."

Earnings season comes on the heels of a tumultuous quarter for asset prices that saw the S&P 500swoon nearly 13 per cent before paring losses in a furious rebound late last month. The index is down about 6 per cent for the year-to-date.

Energy and other commodity prices have surged, with Brent crude futures up 32 per cent for the year so far. The war in Ukraine has also created worries about supply and transportation problems, adding to concerns that have been building since the start of the coronavirus pandemic.

That's led a number of companies to warn about the impact of rising raw material and other costs on margins in recent weeks, including packaged food company Conagra Brands Inc, which this month lowered its full-year profit forecast.

Ericsson suspends all Russia operations

AFP, Stockholm

equipment maker Ericsson said Monday that it was suspending all of its Russian operations over the war in Ukraine for the foreseeable future.

The telecom giant already announced in late February that it would stop all deliveries to Russia following Moscow's February 24 invasion of Ukraine.

"In the light of recent events and of European Union sanctions, the company will now suspend its affected business with customers in Russia indefinitely," Ericsson said in a statement.

The company added that it was "engaging with customers and partners regarding the indefinite suspension of the affected business."



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