Stocks break losing streak

STAR BUSINESS REPORT

The prime index of Dhaka Stock Exchange (DSE) ended the day in the black yesterday despite tumbling over 60 points in the initial hours of trading.

The DSEX, the benchmark index of the premier bourse of the country, edged up 10 points, or 0.16 per cent, to 6,584 at the end of the day. The index rose after falling for two consecutive days.

However, the turnover, an important indicator of the market, dropped to Tk 529 crore yesterday from Tk 532 crore in the previous day.

The DS30, the blue-chip index, and DSES, the Shariah-based index, increased 8 points and 4 points respectively.

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At the Dhaka bourse, 130 stocks advanced, 185 declined and 65 remained the same.

JMI Hospital Requisite Manufacturing topped the gainers' list with a 9.85 per cent rise.

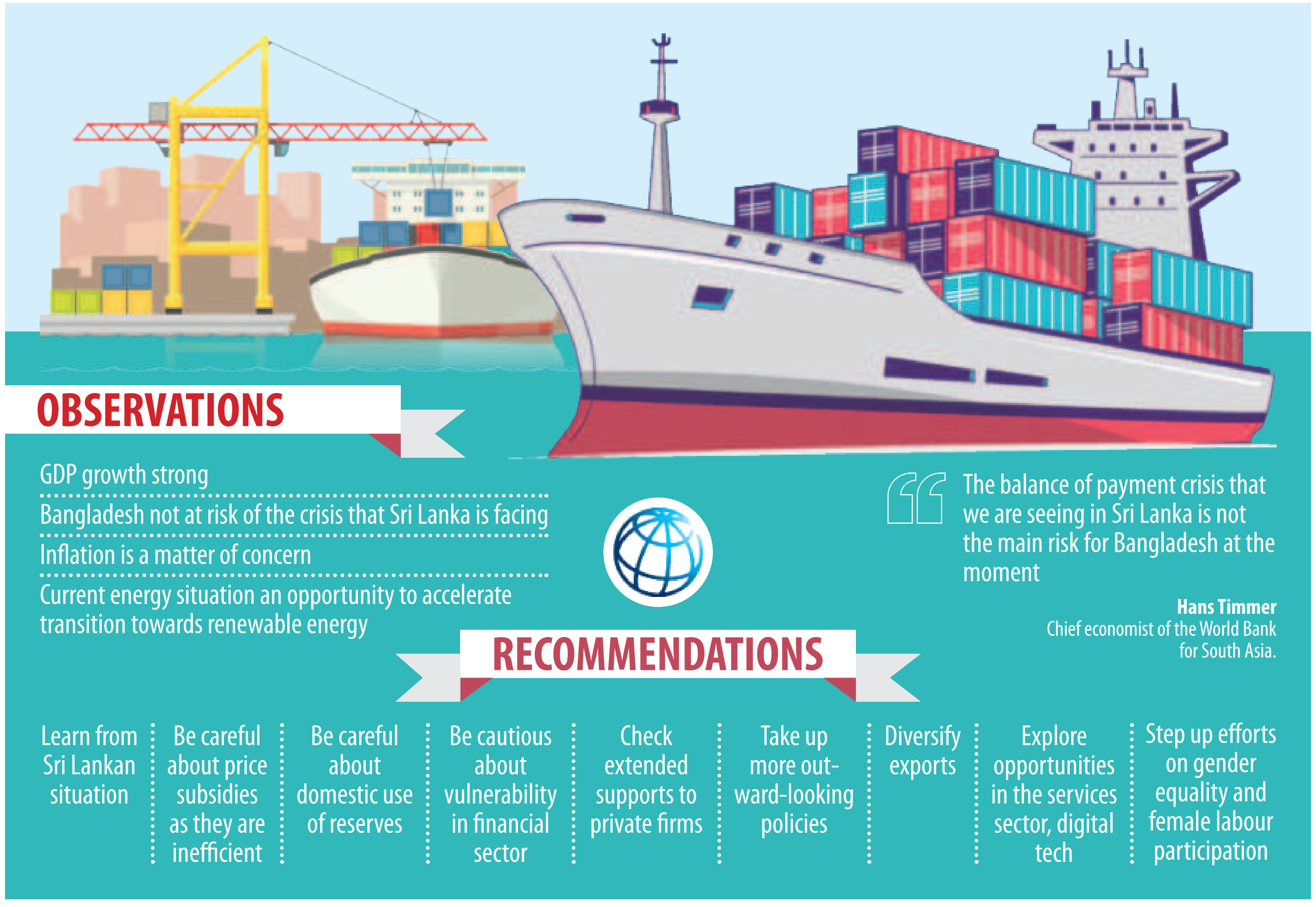
HR Textile Mills, Beacon Pharmaceuticals, Prime Bank and Salvo Chemical Industry also saw major gains.

Takaful Islami Insurance shed the most, dropping 5 per cent. IFIC Bank, National Feed Mills, Peoples Insurance Company and Mercantile Bank were among those suffering similar losses.

IPDC Finance became the stock to be traded the most with shares worth Tk 53 crore changing hands followed by Sonali Paper and Board Mills, Provati Insurance Company and Square Pharmaceuticals.

Chittagong Stock Exchange (CSE) also rose yesterday. The CASPI, the main index of the CSE, went up 17 points, or 0.09 per cent, to close the day at 19,366.

Of the 271 stocks to undergo trade, 65 rose, 164 fell, and 42 did not see any price movement.



Bangladesh not at risk of Sri Lanka-like crisis

Says Hans Timmer, World Bank's chief economist for South Asia

REJAUL KARIM BYRON *and* DWAIPAYAN BARUA

Bangladesh is not at risk of the crisis that Sri Lanka is currently facing, but the country needs to be cautious and learn from the experiences of the island nation, said Hans Timmer, chief economist of the World Bank for South Asia.

"The balance of payment crisis that we are seeing in Sri Lanka is not the main risk for Bangladesh at the moment," he told The Daily Star in an online interview on Tuesday.

"Bangladesh still can learn from this experience."

Sri Lanka has descended into its worst financial crisis since independence for fast-depleting foreign currency reserves, caused by the dragging pandemic and the Russia-Ukraine war.

As a result, the country can't afford to pay for imports of staple foods and fuel, leading to acute shortages and very high prices. And it has already said it would temporarily default on its foreign debts.

Timmer considers Sri Lanka as a special case where it has a lot of foreign debts that it can't service.

"It is a case where the country had to use central bank reserves to service the debts and buy essential imports. As a result, the reserves are decreasing. It is a difficult balance of payment crisis."

The situation in Bangladesh is very different, says the economist.

This is because the foreign debts of Bangladesh account for only 17 per cent of the country's gross domestic product, which is low in international comparison. And most of the external debts are with bilateral or multilateral institutions such as the WB and are concessional or carry low-interest rates.

"Although there has been some increase in the debt for Bangladesh, this is still at a very low level," Timmer said.

Foreign currency reserves in Bangladesh can cover more than six months of imports, which is very solid, he said.

But every country can learn from Sri Lanka's experience.

"Every country has to be careful in spending a lot more than they earn. You have to be careful how you use your foreign exchange reserves."

"Bangladesh should be careful about the monetary use of the reserves to finance domestic investments and to support the exchange rate."

Timmer, who joined the WB in 2000, assumed his current role in January 2019 after serving as the chief economist for the Europe and Central Asia region of the Washington-based lender.

Bangladesh is, however, feeling the impacts of the Russia-Ukraine war as the conflict is causing a food crisis around the world and has sent inflation to a higher level.

"Inflation is a matter of concern for Bangladesh," Timmer said.

The economist also talked about the possible impact of the war on the budget.

There could be an increase in fiscal deficits if the government reacts to higher prices, which require subsidies or support measures for the population.

When asked about the policy measures the government should take to tackle the challenges, Timmer stressed the need to give importance to both the pandemic and the recent rise in oil prices in the international markets as these are negative supply shocks.

In such an environment, general fiscal stimulus is not the way to go because that would end up flaring inflation, he said.

He suggested the government be careful of the price subsidies because they are inefficient and go to richer people, not just the poor.

"Ultimately, it makes the fiscal situation unsustainable."

Timmer, who previously worked at the European Commission, the Intergovernmental Panel on Climate Change, and the Organisation for Economic Co-operation and Development, thinks the current situation might be an opportunity for Bangladesh to accelerate its transition towards renewable energy.

Throughout the region, countries are vulnerable because of their reliance on fossil fuel imports. "When these markets are very volatile and the prices go up, it creates all kinds of problems," he said, calling on the country to be very careful in subsidising energy prices.

He hinted at the vulnerability in the domestic financial sector and the banking sector stemming from the continued support measures from the government in response to the coronavirus outbreak.

Bangladesh has allowed businesses not to service their debts fully or immediately and not to be declared defaulters through the repayment of a small portion of loans.

At the same time, the government has allowed banks to report the interest payments as being paid.

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Dealing with corporate rumours

MAHTAB UDDIN AHMED

On my return from Australia recently, my friend Asif invited me to his office. He shuddered as he lowered his voice to a whisper to inform me, "Mahtab Bhai your name has come up in the Panama file case, do you know that?" He even went on to show me the news on the internet! Even our central bank raised a question about my nomination as independent director of a listed company citing the above.

Meanwhile, another corporate friend of mine asked whether I was involved in an IPO scandal of my former company along with one of my dear friends! This continued in the days to follow where I was thrown askew I-know-your-secret looks if not confronted with direct curiosity!

Corporate rumours come and go; sometimes it takes longer for the dust to settle while others pass as quickly as they come. But I say it is best to learn to wear your mettle with the corporate grapevine.

In recent months I had a fair share of experiences that had me thinking how one can equip oneself to deal with harmful corporate rumours. As for the aforementioned rumours, both were obviously totally false.

In the case of the Panama file news, unfortunately my first name happened to match with that of another, and in the other case, I can simply appreciate the creativity of the creator of the rumour. To my amazement such rumours are spreading like wildfire ever since I left my last job. How does one feel when such corporate rumours hit you – completely dejected, demotivated, down, and more importantly powerless to move forward!

Corporate rumours come and go; sometimes it takes longer for the dust to settle while others pass as quickly as they come. But I say it is best to learn to wear your mettle with the corporate grapevine

Needless to say, a super active corporate grapevine can distort facts to such an extent that it can totally stifle the truth until the distorted version somehow gains the power to squeeze future career opportunities of its victims.

Research by Stanford University's Robb Willer shows that we take negative gossip about others seriously because we view it as useful information that can protect us. The result is that when someone spreads false rumours about you, it's hard to shake off that scar on your reputation. This can damage your personal and professional opportunities, not to mention the heavy toll on your stress level.

I call myself fortunate that such rumours and challenges fail to rob me off a good night's sleep or my spirit to move forward! However, not all victims of corporate gossip can remain unscathed by its vicious forces. And I hope this article would come to some use to this latter group who can take some learning to deal with it and emerge with minimum damage.

My first advice is to keep your emotions at bay and ride on positivity albeit how challenging it may get. It is imperative to remember that there is not much one can do about situations of the past.

It is common to respond with fear, anger, nervousness and helplessness when confronted with the force of such harmful gossip.

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War pushes US inflation to 4-decade high

AFP, *Washington*

Americans paid more for gasoline, food and other essentials last month amid an ongoing wave of record inflation made worse by Russia's invasion of Ukraine, according to government data released Tuesday.

The consumer price index (CPI) climbed 8.5 per cent over the 12 months to March, the biggest jump since December 1981 and a sign of the pressure President Joe Biden's administration is under even as it looks for more ways to punish Moscow for the attack on its neighbor.

The inflation surge has dragged Biden's approval lower since it began last year, and the president sought to pin the blame on Russian President Vladimir Putin and the invasion's disruptions to global energy markets.

"Seventy percent of the increase in prices in March came from Putin's price hike in gasoline," Biden argued during a speech in Iowa, though the Labor Department said it accounted for closer to half.

Prices began rising last year as the economy recovered from the Covid-19 pandemic, and while the latest report showed costs hitting new heights for many items, it also contained signs the spike may be leveling off.

Compared to February, prices rose 1.2 per cent, in line with analysts' forecasts, but "core" prices, which exclude volatile food and energy sectors, rose 0.3 per cent rise, less than expected.

"The Russia-Ukraine war has added further fuel to the blazing rate of inflation via higher energy, food, and commodity prices that are turbo charged by a worsening in supply chain problems," Kathy Bostjancic of Oxford Economics said.

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Apples are stacked for display and sale as people shop at a grocery store in Monterey Park, California on April 12. Americans paid more for gasoline, food and other essentials last month amid record inflation fuelled by Russia's invasion of Ukraine. PHOTO: AFP

China's trade with Russia slows

But still beats overall growth

REUTERS, *Beijing*

China's overall trade with Russia rose over 12 per cent in March from a year earlier, slowing from February but still outpacing the growth in China's total imports and exports, as Beijing slammed Western sanctions on Russia following its invasion of Ukraine.

Shipments to and from Russia increased 12.76 per cent in March to \$11.67 billion, Chinese customs data showed on Wednesday, slowing from 25.7 per cent growth in February, when Russia launched its invasion.

Still, the growth in March was faster than the 7.75 per cent increase in China's trade with all countries and regions to \$504.79 billion that month.

Russia invaded Ukraine on February 24 in a move

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