Fu-Wang Ceramic's Q3 profit unchanged

STAR BUSINESS REPORT

Fu-Wang Ceramic Industries Ltd's earnings did not see any change in the third quarter of the current financial year.

The ceramics maker reported earnings per share of Tk 0.06 for the January-March quarter against Tk 0.06 registered in the same period a year ago, according to its un-audited financial statement.

The EPS, however, fell to Tk 0.23 during the July-March period from Tk 0.28 for the identical nine-month period last year.

The Net Operating Cash Flows Per Share, a measure of a firm's financial strength, was a minus Tk 1.65 in the July-March period, way lower than Tk 0.61 reported during a similar period a year ago.

The net asset value, which shows a company's total assets minus its total liabilities, was Tk 11.78 per share on March 31 this year and Tk 11.70 on June 30 last year.

Peanuts cultivated in Mombipara village of Patuakhali's Kalapara upazila being put out to dry in the sun. Maturing within 120 to 150 days of sowing, peanuts here are harvested in the April-June period and are currently being sold for Tk 4,000-Tk 5,000 per maund (around 37 kilogrammes). Some 66,745.41 tonnes of peanuts were cultivated on 86,343.16 acres of land in the country in fiscal year 2020-21, according to the Bangladesh Bureau of Statistics. The photo was taken recently. PHOTO: TITU DAS

Stocks fall for third day

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange declined for the third consecutive day yesterday owing to persisting economic uncertainty, runaway inflation and the latest floods.

The DSEX, the benchmark index of the premier bourse in Bangladesh, lost more than 45 points, or 0.72 per cent, to close at 6,311.65.

The DSES Index, which represents the Shariah-based companies, ended at 1,378.91, down 9.11 points or 0.66 per cent. Similarly, the DS30 Index, which consists of the blue-chip firms, slipped 19.16 points, or 0.83 per cent, to 2,295.42.

Turnover, an important indicator of the market, fell nearly 12 per cent to Tk 725 crore. It was Tk 822 crore on Monday.

Losers outnumbered gainers, with 57 securities advancing, 282 declining and 53 remaining unchanged.

Investors are in a selling mood owing to persisting uncertainty from the pandemic and the Ukraine war, a lack of adequate incentives in the budget, higher inflation and the spreading floods.

"The risk-averse investors kept their selling spree on sector-specific issues fearing the macroeconomic outlook," said International Leasing Securities Ltd in its daily market review.

The rising inflation is reducing the real income of investors and the appreciating dollar is decreasing the value of foreign investors' portfolio. Meanwhile, investors preferred to hold cash and cut their participation in the market, it said.

> **"The risk-averse investors kept their selling spree on sector-specific issues fearing the macroeconomic outlook," said International Leasing Securities Ltd in its daily market review**

In Bangladesh, inflation surged to an eight-year high of 7.42 per cent in May, driven by a hike in food costs, while the local currency has kept falling against the US dollar because of a fall in the foreign currency reserves, driven by abnormally high import bills.

Among the individual companies, imam Button Industries topped the gainers' list rising 10 per cent.

Meghna Insurance, Progressive Life Insurance, Emerald Oil Industries, Meghna Cement Mills, Fu Wang Food, Progressive Life Insurance, Al-Haj Textile Mills and Bangladesh Industrial Finance Company posted major gains.

Tallu Spinning Mills, Bangladesh Shipping Corporation, Eastern Lubricants Blenders, Paramount Insurance Company, Eastland Insurance Company, Genex Infosys, and Apex Tannery suffered sizeable losses.

Bangladesh Export Import Company was the most-traded issue on the day, with its shares worth Tk 38.47 crore transacting.

Anwar Galvanizing, Fu Wang Food, JMI Hospital Requisite Manufacturing, Shinepukur Ceramics, and RAK Ceramics (Bangladesh) also saw higher turnover.

The Chittagong Stock Exchange also fell. The CASPI, the all-share price index of the bourse in the port city, gave up 137 points, or 0.73 per cent, to end at 18,591.

Of the securities, 34 advanced, 211 retreated and 30 did not see any price movement.

Turnover fell slightly to Tk 56.27 crore from Tk 57.18 crore a day ago.

Sri Lanka lets younger women work abroad

AFP, *Colombo*

Crisis-hit Sri Lanka on Tuesday reduced to 21 the minimum age at which women can go abroad for work and earn much-needed dollars for the bankrupt economy.

Colombo imposed age restrictions on women working overseas in 2013 after a 17-year-old Sri Lankan nanny was beheaded in Saudi Arabia over the death of a child in her care.

Following outrage over the execution, only women older than 23 were allowed to go abroad, while for Saudi Arabia the minimum age was set at 25.

But with Sri Lanka in its worst economic crisis since independence, the government on Tuesday eased the rules, including for Saudi Arabia.

MTB Foundation, Manabik Shahajya Sangstha sign deal

STAR BUSINESS DESK

Mutual Trust Bank (MTB) Foundation recently signed an agreement with Manabik Shahajya Sangstha (MSS) to provide eye care facilities to the underprivileged segment of the country.

Md Abdul Halim, executive director of MSS, and Samia Chowdhury, chief executive officer of MTB Foundation, inked the deal at the bank's corporate head office in Dhaka's Gulshan, a press release said.

Md Khalid Mahmood Khan, Goutam Prosad Das and Rais Uddin Ahmad, deputy managing directors of MTB, Mohammad Nazmul Hossain, group chief financial officer, Tarikul Ghani, adviser of MSS, Iren Akter, senior programme assistant for eye care programmes at MSS, and Neherin Maqsood, associate manager of MTB Foundation, were present.

FOOD CRISIS

EU vows €600m for Africa, others

AFP, *Brussels*

The European Union on Tuesday pledged an additional 600 million euros to help vulnerable nations weather a food security crisis worsened by Russia's war on Ukraine.

The funds include 150 million euros ($158 million) in humanitarian assistance for African, Caribbean and Pacific nations and 350 million euros to boost sustainable food production in the longer term.

"Russia's war of aggression is taking a heavy and senseless toll, not only on the Ukrainian population but also those most vulnerable around the world," European Commission chief Ursula von der Leyen said.

"Russia is still blocking millions of tonnes of desperately needed grain. To help our partners we will mobilise an additional 600 million euros to avoid a food crisis and an economic shock."

The West and Ukraine accuse Moscow of trying to pressure them into concessions by blockading vital grain exports via the Black Sea to ratchet up fears of global famine.

But the EU has struggled to counter the Kremlin's claims, which attribute rising prices and shortfalls in the Middle East and Africa to the bloc's sanctions imposed on Russia.

EU foreign policy chief Josep Borrell on Monday called Russia's blockade "a real war crime" and warned that Moscow would be held responsible if it keeps on stopping exports.

The EU backs United Nations efforts to mediate a deal between Ukraine, Russia and Turkey to get the grain out, but this has failed to make headway so far.

Brussels is trying to increase exports from Ukraine using railway routes, but there is not enough capacity to take out more than a fraction of the stranded stocks.

Sovereign debt

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dependent. The amount of export earnings and remittances is increasing day by day.

Bangladesh's reserves are over $40 billion and Sri Lanka's was less than $2 billion. Bangladesh's foreign debt per capita is not as high as Sri Lanka's. The per capita debt of Bangladesh is $292 and Sri Lanka is $1,650.

Considering the economic situation, it would not be accurate to compare Bangladesh with Sri Lanka. The society and economy of the two countries are quite dissimilar.

Sri Lanka, which was on the verge of emerging as an upper-middle-income country a decade ago, is now on the verge of bankruptcy. However, it should be recognised that Bangladesh is facing many challenges on the development path. It is addressing these issues through proper policy and planning and will continue to do so in the future.

Managing sovereign debt, a preemptive approach

Proactive debt management, in countries at high risk of debt distress, can lessen the probability of defaulting and open up resources to support economic recovery.

Generally, one of the options for debt management is debt reprofiling, which is modifications of the aggregate schedule of future country repayments through refinancing, debt substitution or renegotiations. The other option is debt restructuring, which is modifications of the financial structure of liabilities to reduce the net present value.

A reprofiling operation could be helpful if a country has multiple loans that come payable in the same year or other kinds of buildup in exposure, such as in the currency structure of obligations. New debt could be issued with a longer or more uniform maturity profile.

Debt reprofiling can also help address currency risk, which often adds to debt sustainability concerns. In such situations, instead of changing the maturity of existing debt, the debt reprofiling operation would retire existing debt designated in one currency and issue new debt in another currency.

Nations facing rising default hazards also have the choice of initiating preventive negotiations with their creditors to reach a debt rearrangement. This option requires transparency in the terms and title of the debt.

Evidence indicates that preemptive restructurings are fixed faster than post-default restructuring, lead to shorter exclusion periods from global capital markets, and are associated with a smaller output loss. In such situations, it is important to minimise the chances that a particular creditor holds out to gain benefit from the process.

What if it's too late?

Once a nation is in debt crisis, the choices available for tackling the issues become more limited. A primary instrument at this phase is debt restructuring, combined with a fiscal and economic reform plan. Optimising the use of this tool requires quick recognition of the depth of the problem, coordination with and among creditors, and an agreement by all parties that restructuring is the first step toward debt sustainability and not the final one.

International financial institutions such as the IMF and the World Bank often play an important role in the debt restructuring process in emerging economies. These organisations conduct the debt sustainability analyses required to understand the problem in a complete manner and frequently provide financing to make the deal feasible.

An immediate and deep restructuring agreement could allow for a faster and sustained recovery. However, based on historical experience, the resolution of sovereign debt distress is often delayed for years. Even if countries enter negotiations with creditors, they often require multiple rounds of debt restructuring to emerge from debt distress.

The author is an economic analyst

Germany risks

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Germany, like Denmark, Austria, the Netherlands, Italy and others, has activated the first early warning stage of its three-stage plan to cope with a gas supply crisis.

As part of contingency plans, the German gas regulator, the Bundesnetzagentur, unveiled details of a new auction system that will start in coming weeks to encourage manufacturers - particularly those using gas in high-temprerature processes - to consume less.

But regulator said it was not time to declare an all-out emergency, or the third stage of its crisis plan, that would see the country ration gas to industry to protect vital services and households.

"I am very much in favour of carefully examining when the right time is for the highest alert level," Bundesnetzagentur chief Klaus Mueller told German broadcaster BR.

Europe has been racing to refill gas storage facilities, now about 55 per cent full, to meet an EU-wide target of 80 per cent by October and 90 per cent by November, a level that would help see the bloc through winter if supplies slowed further or were halted.

But reduced Nord Stream 1 pipeline flows and disruptions to a major US producer of liquefied natural gas that provided shipments to Europe have made those targets harder to meet.

The benchmark gas price for Europe was trading around 123 euros ($130) per megawatt hour (MWh) on Tuesday, below this year's peak of 335 euros but still up more than 300 per cent on its level a year ago.

US in talks with allies

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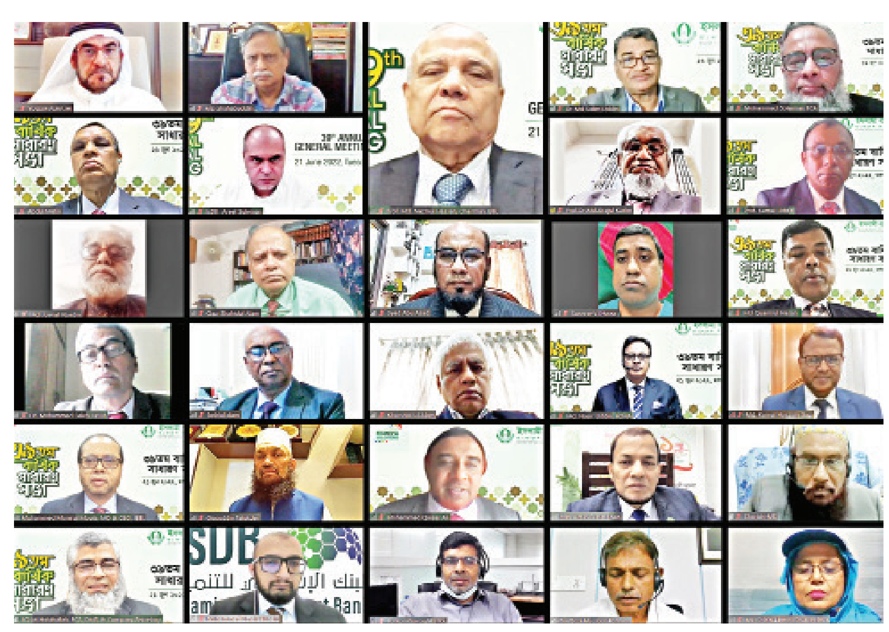
said, speaking alongside Canadian Finance Minister Chrystia Freeland.

Yellen said a price exception is an effective cap that could be achieved through a mechanism to restrict or ban insurance or financing for Russian oil shipments above a certain amount. The United States, Canada, Britain and some other countries have banned imports of Russian oil, but the European Union remains highly dependent on Russian crude.

Asked if US President Joe Biden planned to seek consensus on an oil price plan at the G7 leaders' summit in Germany next week, Yellen said: "We are very active, actively working on this with our partners."

Freeland said Canada "thinks it is a really good idea" to try to limit Russia's oil revenues, but recognizes that this will be challenging for European countries.

"The path forward here is really to be talking with our European partners and to recognize, you know, how central they are in the decision making here," Freeland said, adding that Ukraine needed to be included in any decisions as well.



Prof Md Nazmul Hassan, chairman of Islami Bank Bangladesh, virtually presides over the bank's 39th annual general meeting yesterday. The meeting approved 10 per cent cash dividend for the year that ended on December 31, 2021. Yousif Abdullah Al-Rajhi and Md Shahabuddin, vice-chairmen of the bank, Areef Suleman, representative of Islamic Development Bank, Mohammed Monirul Moula, managing director, Prof Mohammad Gias Uddin Talukder, chairman of shariah supervisory committee, and JQM Habibullah, deputy managing director, were present. PHOTO: ISLAMI BANK BANGLADESH

Emranul Huq, managing director of Dhaka Bank, posed for photographs with flower farmers at Godkhali of Jashore's Jhikargacha upazila recently after disbursing agricultural loans among them as a part of a stimulus package announced by Bangladesh Bank. Md Rafiqul Hasan, additional district commissioner of Jashore, Mostaque Ahmed, deputy managing director of the bank, Mahbubul Huq, upazila nirbahi officer, Bishwajit Kumar ghosh, director for finance and accounts at Jagorani Chakro Foundation in Jashore, and Abdur Rahim, president of Bangladesh Flower Society, were present. PHOTO: DHAKA BANK