Mohammad Hedayet Ullah

Syngenta Bangladesh gets new country general manager

STAR BUSINESS DESK

Syngenta Bangladesh recently promoted Mohammad Hedayet Ullah to the post of country general manager.

Hedayet Ullah will also play a role of a member of the Syngenta Asia Group Leadership Team concurrently, a press release said.

Hedayet replaces AMM Golam Towhid, who has been appointed as regional commercial operations lead for new farming ecosystem at Syngenta Asia Pacific based in Singapore.

He joined the multinational company as head of sales in 2020, where he has been instrumental in taking the business to new heights and setting new benchmarks in strategy, speed, and execution.

Syngenta is a global company headquartered in Switzerland, with 30,000 employees in more than 90 countries working to transform how crops are grown and protected.

Union Bank, Titas Gas sign deal

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Union Bank Ltd has signed an agreement with Titas Gas Transmission and Distribution Company Ltd enabling clients of the gas company to pay gas bill through all branches, sub-branches and iBanking of the bank.

Md Nazrul Islam, deputy managing director of Union Bank, and Md Eaqub Khan, company secretary of Titas Gas Transmission and Distribution Company, signed the agreement at the latter's head office in Karwan Bazar, Dhaka yesterday, a press release said.

ABM Mokammel Hoque Chowdhury, managing director of the bank, and Md Harunur Rashid Mollah, managing director of the gas company, were present.

Dock workers unload 25 and 50-kilogramme sacks of livestock feed from Bhola onto a warehouse by the Kirtankhola river in Barishal city. Working around 10 hours from 9:00am earns them Tk 700 to Tk 1,500. The photo was taken near Bandh Road recently. PHOTO: TITU DAS

Asian cenbanks forced to play catch-up in raising rates

REUTERS, *Singapore*

Having bucked a global dash to tighten monetary policy for a year, Asian central banks find themselves scrambling to catch up in order to tackle rising inflation and defend weakening currencies.

Market analysts suspect Indonesia, the last remaining dove in emerging Asia, may be the next to move by pushing interest rates higher on Thursday, as policymakers rush to convince investors they are tackling rising prices.

Singapore and the Philippines surprised markets with unscheduled tightening announcements last week, underlining the growing urgency among policymakers to act.

Asia has lagged as the rest of the world, including emerging markets, began lifting rates as early as last June, after the US Federal Reserve kicked off an accelerated timeline for its policy tightening.

While relatively subdued inflation allowed central banks in Asia to remain dovish in a bid to support the post-pandemic economic recovery, that led to weakening currencies and capital outflows, even as the war in Ukraine exacerbated price pressures globally.

"Have central banks been too slow to act? Yes, I know, it's a common question," Ravi Menon, managing director of the Monetary Authority of Singapore, said at a conference on Tuesday.

"And I don't want to sound defensive on behalf of my colleagues elsewhere but very few people saw this coming. The markets didn't see it.

"The climb in inflation has been quite rapid. It was unusually fast ... And many thought the bigger risks were on the downside on growth and so did not see this coming."

Currencies and bonds have borne the brunt. Among the worst hit, the Philippine peso is down more than 10 per cent year-to-date, and just off a nearly 17-year low of 56.53 per dollar. Yields on the country's government bonds have spiked about 200 basis points (bps) since the start of the year.

The Thai baht has fallen more than 10 per cent this year, and Thailand snapped a five-month streak of foreign investment into equities to lose $816 million in June.

A large part of the selling has been a response to rising Treasury yields and the US dollar - factors beyond domestic policymakers' control, giving Asia an excuse to hold off on rate hikes.

But central banks are suddenly finding they can no longer ignore rising food and oil prices. Thailand and Indonesia saw inflation hit multi-year highs this month.

Even South Korea, which began raising rates as early as August 2021, saw prices hit a 24-year high in June, triggering a record half-point rate hike last week.

"What I suspect they're doing at this stage is really (to) still focus on fighting inflation for the next few months, because that's where the concern is," said Euben Paracuelles, chief ASEAN economist at Nomura.

He added that rising global headwinds and the risk of recession in major economies complicated the policy challenge at a time when inflation was at the start of a sharp pickup in Southeast Asia.

India, which first saw its central bank raising rates by 40 bps in an off-cycle move in May, has logged six straight months of foreign investor equity outflows, contributing to a record drop in the rupee.

The historically volatile Indonesian rupiah is actually only down around 5 per cent versus the dollar for the year, although it saw its largest monthly fall of 2.2 per cent in June.

It has to some extent been helped by resource-rich Indonesia's improved trade position and the fact foreigners now hold less than a fifth of its high-yielding bonds.

Walton goes for power saving

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Walton Hi-Tech Industries PLC, an electronics and technology product manufacturer and exporter of Bangladesh, has taken an initiative to save electricity and gas in keeping with the government's move to cut energy consumption.

The company gave directives and instructions to all of its departments and officials to take steps to address the current situation, said Golam Murshed, managing director and chief executive officer of Walton Group, in a press release on Wednesday.

"I call upon every member of the Walton family to be aware of saving electricity and energy everywhere, including at their homes and social events. Our awareness regarding electricity usage can only bring relief to other families during these hard times," he said, adding that Walton has taken necessary steps to save electricity and energy.

Walton Research and Innovation Centre is carrying out research constantly to increase the power-saving capacity of electronics products.

Dutch-Bangla chamber gets new office bearers

Anwar Shawkat

Ataus Sopan

STAR BUSINESS DESK

Anwar Shawkat Afser, managing director of Sakhi Group, has recently been re-elected president of the Dutch-Bangla Chamber of Commerce & Industry for a two-year term (2022-2024).

Ataus Sopan Malik, managing director of AR Malik and Company, has been elected new secretary general of the chamber, a press release said.

US, allies to improve supply chains

AFP, *Washington*

The United States and 17 allies have agreed to work together to improve and diversify global supply chains to avoid the shortages that plagued the economy during the pandemic, officials said Wednesday.

US Secretary of State Antony Blinken and Commerce Secretary Gina Raimondo co-hosted the Supply Chain Ministerial Forum on Tuesday and Wednesday.

China was not a part of the meeting, and US officials have said they aim to increase "friend-shoring" to move production of key supplies to allied nations.

Regulatory moves target private sector

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The burden of 'unjust' capacity charges from idle power plants has also increased. It was Tk 21,600 crore in the last financial year. The non-producing rental power plants are claiming $1.5 billion more!

The government is going to take unexpected decisions like closing petrol pumps once a week, shutting shops after eight o'clock in the evening, enforcing compulsory load-shedding for 1-2 hours a day, and reducing office hours by 1-2 hours.

In the private sector, which accounts for 89 per cent of the formal labour market, the government's contractionary policies have reached a peak. However, the government's own imports and public administration expenditure did not experience a major contraction.

There is no initiative to stop unnecessary 'development' projects. There was no direct announcement of cancelling the contract of inefficient rental and quick rental power plants that produce less electricity by burning more fuel.

Even in the electricity-fuel crisis, there is no new understanding of green power generation strategy.

There is not enough 'fuel diplomacy' with OPEC's major oil and gas producers instead of a commission-friendly spot market for continuous and sustainable fuel supply. It is surprising to know that a 14-year-old government lacks so much in primary energy diplomacy. It does not have any large-scale constant fuel supply agreements with OPEC countries.

There is no implementation of available reform proposals to increase the country's gas production and offshore exploration.

There is no effective initiative to discover new labour markets or means of remittance income by sending workers abroad at a lower cost. In other words, although contraction has been imposed in the private sector, there is not enough initiative to reduce the 'dollar expenditure' in the public sector.

Some of Bangladesh Bank's initiatives as part of the monitoring framework are certainly useful. But the political integrity of regulatory audit of under-invoicing in exports, over-invoicing in imports, and monitoring of the number of dollars kept in Nostro accounts of private banks are missing. That is, rather than a direct effort to save the dollar, the government's efforts are inadequate and, in some cases, indirect.

Discouraging the opening of LCs via several active and passive measures will have a profound impact on the economy.

The obligation to open LCs at a 100 per cent margin means blocking the flow of trade capital, affecting both import and export trade. The price of goods will rise again. Much-needed imports too will be blocked, and industrial production will be disrupted. This will further increase inflation, reduce export earnings and will lead to layoffs and more misery in public life.

Aberrant monetary policy in favour of 'cheap money and credit', running single-digit interest despite double-digit inflation, loaning more than the NBR and non-NBR revenue can sustain increased expenditure of public administration, unfair selling of government bonds to Bangladesh Bank, reckless money supply, mismanagement in the banking sector, policy in favour of black money, reducing collateral numbers in bank lending, and giving incredible opportunities to defaulters were all political decisions. It was the process of creating new riches and profit-centred 'development' policies. Due regulation was completely absent.

Now in crisis, we are seeing the severity of the regulatory decisions, yet the government is unable to take political decisions to reset the energy security policy. Good governance, accountability and transparency should also be the focus.

Foreign currency reserves are now $39.7 billion, according to the government, but $32.5 billion, according to the International Monetary Fund. But some sources claim that the EDF, non-investment grade bonds, reserve loans given to various government banks, development projects, loans given to Sri Lanka and Sudan etc are in the reserve accounts, but not in hand and not usable. At this point in time, expendable reserves are incredibly low.

The massive waiver of interest rate to defaulters (4 per cent instead of 10 per cent) will not work and it never worked before.

If the exporters have smuggled or laundered a part of the EDF loans, it should be audited properly by LC audit and the prime minister herself should take initiative to bring back the funds. The Bangladesh Bank policy will not work here because many of those loans were politically motivated.

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ADB slashes

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But the bank warned: "A worsening fallout from the war in Ukraine could lead to a further surge in global energy and commodity prices, with likely knock-on effects on growth and inflation in developing Asia."

Adding to the region's woes was the strengthening US dollar, seen as a safe haven during periods of uncertainty, which the bank said was weighing on regional currencies and stock markets. "With financial conditions tightening, growth in advanced economies is softening," the bank said.

"And with activity in the PRC (China) hampered by supply chain disruptions, domestic demand and exports in developing Asia are set to face significant challenges."

The growth forecast for East Asia, which includes China, was cut to 3.8 per cent from 4.7 per cent, as Covid-19 lockdowns batter the world's second-biggest economy.

Russian gas flow lifts euro

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"European markets are going to be pulled and pushed by Putin's mood," said Michael Hewson, chief markets strategist at CMC Markets.

Markets are looking to see how much the ECB will raise interest rates later at 1215 GMT on Thursday, with a 25-bps hike already price in, Hewson said.

Traders also await details of an ECB tool to contain stress in bond markets, made all the more urgent by a crumbling government in Italy, one of the euro zone's most indebted countries.

Rate hikes from the US Federal Reserve next week and from the Bank of England in August are also well anticipated by now, Hewson said.

The STOXX index of 600 European companies was off 0.4 per cent. The MSCI All-Country stock index eased 0.14 per cent.

Italian bonds sold off sharply following the collapse of Mario Draghi's government in the euro area's third biggest economy.

Nadege Dufosse, head of cross-asset strategy at Candriam, said political turmoil in Italy is putting more pressure on the ECB to have its so-called anti-fragmentation tool in place to cap bond yields and reassure markets.

"I think they will have to deliver on that point, I think it's the main risk today. It must convince investors that it will be efficient," Dufosse said.

After the latest series of rate hikes, investors will be trying to gauge whether the economy is headed for a soft or hard landing as higher borrowing costs are absorbed, she said.

"It's the expectations for the fourth quarter or next year that can really determine the trend in the market. For now we do not have the answer and we just have to be very pragmatic," Dufosse said.

Bucking the trend, the Bank of Japan left monetary policy unchanged on Thursday, as expected, and raised its inflation forecasts a little bit. The yen held steady at 138.37 per dollar.

Md Omar Faruk Khan, additional managing director of Islami Bank Bangladesh, inaugurates a workshop on "Automated Foreign Currency (FC) Clearing through RTGS System" organised by the bank at Islami Bank Tower in Dhaka yesterday. Md Zainul Abedin and Md Shahinuzzaman, joint directors of Bangladesh Bank, Mizanur Rahman, senior executive vice-president of Islami Bank Bangladesh, and AKM Shafiar Rahman, senior vice-president, attended the programme. PHOTO: ISLAMI BANK BANGLADESH

Mahbubur Rahman, chairman of Eastland Insurance Company, virtually presides over the insurer's 35th annual general meeting on Wednesday. The meeting approved 10 per cent cash dividend and audited financial statements for the year that ended on December 31, 2021. Ghulam Rahman, executive vice-chairman of the company, and Abdul Haque, chief executive officer, joined the event. PHOTO: EASTLAND INSURANCE COMPANY

Chip shortage easing: Nokia

REUTERS, *Stockholm*

Finnish telecom equipment maker Nokia said it expects the global semiconductor shortage to ease later this year, as it reported quarterly operating profit that beat market expectations, boosted by solid demand for 5G gear.

The strong performancent its shares up as much as 7 per cent.

A semiconductor shortage that began around the height of the pandemic in 2020 has affected a range of industries, including telecoms.

Nokia said it expects the pressure to ease through the second half of 2022 and the first half of next year.