

Padma Bridge to accelerate GDP growth by 1.2-1.5pc Say experts

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The Padma Bridge would boost the growth of the gross domestic product of Bangladesh by 1.2 per cent to 1.5 per cent, said speakers at a programme on Wednesday.

Green Delta Capital Ltd, a merchant bank, organised the programme styled "Padma Bridge and Opportunities for Bangladesh's Capital Market" to celebrate the opening of the bridge and explore the opportunities it would create, according to a press release.

Md Rafiqul Islam, managing director of Green Delta Capital Ltd, presented a keynote paper, highlighting the opportunities for the capital market that Padma Bridge would bring forth.

"The capital market can add value to meet long-term funding gap for both the public and private sectors. By strengthening the bond market, they can mobilise funds to fully access the wide array of opportunities that Padma Bridge brings to the table."

Mashiur Rahman, the economic affairs adviser to the prime minister, Sheikh Mohammad Salim Ullah, secretary of the Financial Institutions Division, and Nasiruddin Ahmad Choudhury, chairman of Green Delta Capital Ltd, were present.



Inadequate rainfall, which has also given rise to a red spider mite infestation, is eating away tea plants while frequent power cuts amidst searing temperatures is causing workers to fall sick. The photo was taken at Lakkatura in Sylhet a couple of days ago.

PHOTO: SHEIKH NASIR

Global recession drum beat is getting louder

REUTERS, London

Sharply higher interest rates, red-hot inflation and a prolonged energy crisis are leading to conviction that the world economy is headed inexorably towards recession.

It's a risk US Treasury Secretary Janet Yellen and European Central Bank chief Christine Lagarde have acknowledged even if neither considers it a baseline scenario. Federal Reserve chief Jerome Powell rejects the notion.

Paul O'Connor, head of the multi-asset team at Janus Henderson, notes that since 1955 "the US economy has always experienced a recession within two years from every quarter in which inflation was above 4 per cent and unemployment was below 5 per cent, as they are today."

The International Monetary Fund this week warned inflation and war may push the world economy to the brink of recession.

Here's what some key recession risk indicators say:

The US Treasury yield curve has a track record of predicting recessions, especially when two-year yields rise above 10-year maturities. The 2/10s yield curve has inverted before every one of the last 10 US

recessions.

The yield gap between the two maturities is around 20 bps, and was recently its most inverted since 2000.

Central banks are jacking up interest rates. The Fed just delivered a second 75 basis point increase on Wednesday to tame 9.1 per cent inflation.

Some investors tie the global recession risks to gas supplies from Russia.

The IMF says a complete supply cut to Europe by year-end and another 30 per cent drop in Russian oil exports would see European and US growth at virtually zero.

Global growth could slow to 2 per cent in 2023, it warns, a level effectively amounting to recession given population growth and poor countries' need for faster expansion.

European gas prices have soared 180 per cent already this year.

An "inflationary recession" in Europe this year will ripple outward, asset manager PIMCO said, noting the United States sends a third of its exports to Europe and relies on European Union producers for 25 per cent of its imports.

Purchasing Managers Indexes are reliable predictors of manufacturing, services, inventories, orders, and therefore future growth. So, the unexpected

contraction in US and euro zone July PMIs sparked an investor dash for the safety of bonds.

For Citi analysts, the July PMIs confirm that Germany is in recession, with the euro area not far behind.

Within global PMIs, higher inventories typically signal slower growth, especially if accompanied by a slide in new orders. Goldman Sachs noted this ratio hit its lowest level since May 2020 this month.

Copper, a growth bellwether, is down 22 per cent this year.

Dubbed "Dr Copper" because of its record as a boom-bust indicator, the metal has also seen its price ratio to safe-haven gold hit an 18-month low.

Standard Chartered said recessionary fears had caused a fall in base metal prices and it had revised down its forecasts.

Brent crude prices have also slid for two straight months.

Corporate sector stress, especially at the lower end of the credit spectrum, is another warning signal.

Financing costs for sub-investment grade, or "junk" US companies stand just below 8 per cent, having almost doubled this year, while in euro markets, yields have soared to 6.4 per cent from 2.8 per cent in early-2022.

Panasonic's profit hit by China lockdowns

REUTERS, Tokyo

Japan's Panasonic Holdings Corp, which supplies batteries to Tesla, posted a 39 per cent drop in first-quarter earnings on Thursday as China's Covid-19 lockdowns and rising material costs disrupted production and squeezed profitability.

A two-month lockdown in Shanghai this spring kept people at home and forced factories to curtail output, exacerbating shortages of components including semiconductors. At the same time, rising material costs caused by Russia's invasion of Ukraine have eroded profits.

The Japanese conglomerate, however, stuck with its full-year operating profit forecast of 360 billion yen (\$2.66 billion) for the year to March 31 as it bets that it can boost earnings by increasing prices on some products and cutting costs. That outlook is lower than an average profit estimate of 412 billion yen from 19 analysts, according to Refinitiv.



Syed Habib Hasnat, managing director of Global Islami Bank, virtually inaugurates the bank's three sub-branches-- at Bajitpur of Kishoreganj, Majhira of Bogura and Voktobari Bazar of Narayanganj-- from its head office in Dhaka yesterday. Md Golam Sarwar and Kazi Mashiur Rahman Jayhad, additional managing directors, Ataus Samad and Sami Karim, deputy managing directors, were present.

PHOTO: GLOBAL ISLAMI BANK



Abu Naser, director of operations at Shwapno, inaugurates the company's 227th outlet at Sena Shopping Complex in Nabinagar, Savar in Dhaka yesterday. Sajid Ahmed, regional sales manager of the company, and Hasan Ahmed, outlet manager, were present.

PHOTO: SHWAPNO

After another big Fed hike

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gain on Wednesday, its biggest daily percentage gain since April 2020. The benchmark S&P 500 is up nearly 10 per cent from its mid-June low, after falling as much as 23.6 per cent in the first half of the year.

Colin Graham, head of multi-asset strategies at asset manager Robeco, which oversees \$228 billion in assets, said Wednesday's meeting reinforced his bullish outlook and bolstered his confidence that policymakers will get inflation under control.

It was a sentiment echoed by Blackrock's Rick Rieder, who in a statement said "it certainly seems like slowing down the pace of policy

tightening would be possible given what we heard today". He expects a 50 basis point increase at the Fed's September meeting and "possibly one or two more 25 bps rate hikes" thereafter.

"I think the Fed has sort of caught up," said Van Hesser, Chief Strategist at KBRA. "They've convinced the markets that they understand the gravity of the situation, and have acted accordingly."

Of course, many investors are wary of calling a peak in Fed hawkishness, after a year in which inflation has repeatedly surprised markets and forced policymakers to ramp up their monetary tightening.

What to expect

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When the incompetent boss is at the helm supported by his yes-man group, it not only impacts the employee's morale but more importantly it can cause the company's bottom line to plunge.

Bad leadership leads to high talent attrition and demotivates the remaining employees, making them much less productive than they would otherwise be as they become more cautious and slower to act.

As per studies of Harvard Business Studies, 67 per cent of leaders fail during or after their first term and only 33 per cent survive and sustain over a longer period. The incompetent boss most likely falls in the first group. At some point in time, nature takes its own course, such incompetent leaders are removed, some prematurely and others unceremoniously, but in all

likelihood, they leave the company in utter cultural and financial chaos.

It is my strong belief that the damage caused by such authoritarian incompetent leaders can take place in a considerably short time, say a year, but the recovery may take years and beyond.

Now that brings us to who is responsible for such a situation in the first place! Is it the unwisely appointed leader, the leaders of the past who fashioned the true culture of MNC, the team which failed to adjust to the new situation, or the board of the MNC who appointed the incompetent CEO? Like all of you, I think the same way - it is the board of a company or government-influence on the board, that is at the crux of it all.

The author is a telecom and management expert.

Dhaka stocks plunge

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Bangladesh Export Import Company Ltd was the most-traded stock on the day with its shares worth Tk 35 crore changing hands.

Sonali Paper & Board Mills, Fortune Shoes, Matin Spinning Mills, Intraco Refueling Station, and IPDC Finance also saw heavy trading.

Most shares on the Chittagong

Stock Exchange fell yesterday as well.

The CASPI, the all-share price index of the bourse in the port city, lost 204 points, or 1.14 per cent, to close at 17,597.

On the CSE, only 17 stocks advanced while 240 fell and 14 remained unchanged.

Turnover slipped to Tk 11 crore, a decrease of 15 per cent from Tk 13 crore a day earlier.

Russia fines WhatsApp

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social network Twitter, soon after the conflict in Ukraine began, a move critic has cast as an effort by Russia to exert greater control over information flows.

Meta was found guilty of "extremist activity" in Russia and saw an appeal against the tag rejected in June, but Moscow has permitted WhatsApp to remain available.

According to the ruling, when referring to Meta in the public sphere, organisations and individuals are required to include the disclaimer that Meta's activities are banned on Russian territory.

Microsoft's LinkedIn has been blocked in Russia for years after a court found it breached the data-storage rule, which was passed in 2015.

Shell, Total log record profits

REUTERS, London

Europe's biggest oil companies Shell and TotalEnergies extended share buybacks on Thursday after their second-quarter profits beat an already record-breaking previous quarter on the back of soaring crude, gas and oil product prices.

The two companies combined are buying back \$8 billion in shares in the third quarter after recording their respective highest quarterly profits while keeping their dividends steady, which might disappoint some investors.

Benchmark Brent crude oil futures have risen more than 140 per cent in the past twelve months, averaging around \$114 a barrel in the quarter.

High crude prices normally weigh on refining margins, but tight refined fuel supply supported record profitability in the second quarter, with Shell's refining margin virtually tripling to \$28 a barrel, read more.

German inflation rises unexpectedly

REUTERS, Berlin

German inflation edged up unexpectedly in July after a further reduction in gas flows from Russia prompted concerns of even higher energy bills, data showed on Thursday.

Consumer prices, harmonised to make them comparable with inflation data from other European Union countries (HICP), increased by 8.5 per cent on the year, following an 8.2 per cent rise in June, the federal statistics office said, citing preliminary data.

A Reuters poll of analysts had pointed to an overall annual HICP reading of 8.1 per cent in July.

Energy prices were 35.7 per cent higher in July on the same month last year, the office said. Both this and increased food prices - up 14.8 per cent - were driving up inflation considerably, it added.

In non-harmonised terms, Germany's year-on-year consumer price index fell slightly in July to 7.5 per cent from 7.6 per cent the previous month, the data showed.

Toyota misses April-June output target

REUTERS, Tokyo

Toyota Motor's production for the April-June quarter fell around 10 per cent short of its initial plan, but the automaker struck a more optimistic note for its business from August onwards as China's Covid-19 lockdowns eased and demand outside Japan was resilient.

The world's largest automaker by sales said on Thursday that output and sales were on the path to recovery, raising hopes it will still be able to reach its record 9.7 million global vehicle production target for the year ending March 2023.

"We do expect a recovery trend, including in Japan, but we are still in a situation where we cannot foresee the future," a spokesperson said, pointing to wariness over risks such as lingering global chip shortages, a Covid-19 resurgence that is hitting Japan and high fuel prices that could make consumers more cautious about spending.



Md Arfan Ali, president and managing director of Bank Asia Ltd, and Md Mafizur Rahman, managing director of SME Foundation, exchange signed documents of an agreement at the Pan Pacific Sonargaon Dhaka in the capital city on Wednesday.

PHOTO: BANK ASIA

Bank Asia, SME Foundation sign deal

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As a partner bank, Bank Asia signed agreement with SME Foundation to receive revolving fund under Stimulus Package for distributing among SME entrepreneurs.

Md Arfan Ali, president and managing director of Bank Asia Ltd, and Md Mafizur Rahman, managing director of SME Foundation, signed the agreement at the Pan Pacific Sonargaon Dhaka in the capital city on Wednesday, a press release said.

Under the agreement, Bank Asia

will disburse the allotted fund 4 per cent interest to SME entrepreneurs across the country's rural and marginal population to accelerate economic recovery from the Covid fallout and to improve the rural living standard.

Sheikh Mohammad Salim Ullah, secretary of financial institutions division at the ministry of finance, Md Masudur Rahman, chairman of SME Foundation, and senior officials from other partner banks and non-banking financial institutions were present.



N Rajashekar Shekar, managing director and Citi country officer of Citibank, poses for photographs with participants from local and global corporates and regulators at a client awareness programme on e-Payment of Customs Duty and VAT in Dhaka recently. Moinul Haq, head of treasury and trade solutions at the bank, and Shams Zaman, head of banking capital markets and advisory, were present.

PHOTO: CITIBANK