



Two battery-run three-wheelers being driven against traffic on the Kanchpur Bridge in Narayanganj on Monday. Just the day before, a battery-run three-wheeler collided head-on with a microbus on the bridge near this spot, resulting in the deaths of five people.

PHOTO: ANISUR RAHMAN

IMF cuts 2023 global growth outlook

Warns major economies to stall as countries grapple with fallout from Ukraine war, spiralling cost of living

AFP, Washington

Global growth is expected to slow further next year, the IMF said yesterday, downgrading its forecasts as countries grapple with the fallout from Russia's invasion of Ukraine, spiralling cost of living and economic downturns.

The world economy has been dealt multiple blows, with war in Ukraine driving up food and energy prices following the coronavirus outbreak while soaring costs and rising interest rates threaten to reverberate around the globe.

"This year's shocks will re-open economic wounds that were only partially healed post-pandemic," said International Monetary Fund economic counsellor Pierre-Olivier Gourinchas in a blog post accompanying the fund's latest World Economic Outlook.

More than a third of the global economy is headed for contraction this year or next, and the three biggest economies — the United States, European Union and China — will continue to stall, he warned.

"The worst is yet to come and, for many people 2023 will feel like a recession," said Gourinchas.

In its report, the IMF trimmed its 2023 global GDP forecast to 2.7 percent, 0.2 points down from July expectations. Its world growth forecast for this year remains unchanged at 3.2 percent.

The global growth profile is its "weakest" since 2001, apart from during the global financial crisis and the worst of the pandemic, said the IMF.

This reflects slowdowns for the biggest economies, including a US GDP contraction in the first half of 2022 and virus lockdowns in China on top of a property market crisis.

A key factor behind the slowdown is a shift in policy as central banks try to bring down soaring inflation, with higher interest rates starting to take the heat out of domestic demand.

Growing price pressures are the most immediate threat to prosperity, said Gourinchas in the report, adding that central banks are now "laser-focused on restoring price stability".

Global inflation is expected to peak at 9.5 percent this year before dropping to 4.1 percent by 2024.

But misjudging the persistence of

inflation could prove detrimental to future macroeconomic stability, he warned, "by gravely undermining the hard-won credibility of central banks."

While current challenges do not mean a large downturn is inevitable, the fund also warned many low-income countries are either in, or close to debt distress.

Progress toward debt restructurings for the hardest-hit is needed to avoid a wave of sovereign debt crisis. "Time may soon be running out," said Gourinchas.

The IMF has cut forecasts for the two biggest economies, United States and China, as well.

US economic growth is pegged at 1.6 percent this year, 0.7 points below the fund's July forecast, due to an unexpected contraction this year.

"Declining real disposable income continues to eat into consumer demand, and higher interest rates are taking an important toll on spending," the IMF said.

The Federal Reserve has been raising interest rates aggressively to tamp down surging inflation, which is slowing economic activity. And the central bank has said more increases are likely to come.

IMF lowers forecast to 6pc

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The government, meanwhile, has an ambitious target of 7.5 percent.

However, some leading economists of the country expressed doubt about whether the country would be able to attain even IMF's slashed projection.

Ahsan H Mansur, executive director of the Policy Research Institute, said the lingering effect of the economic downturn was not reflected in the IMF forecast.

The economist said the crisis just started when the IMF team visited the country three months ago. Back then, it was thought that the situation could stabilise soon.

"But it did not stabilise," he said, adding, "Given the continuing uncertainty in the balance of payment, faltering export performance, declining remittances, and rapidly worsening power situation, it would be great if we can achieve 6 percent."

According to the IMF forecast for other South Asian countries, the GDP of India would grow by 6.1 percent in FY23, the Maldives by 6.1 percent, Bhutan 4.3 percent, Nepal 5 percent, Pakistan 3.5 percent, and Sri Lanka's GDP would shrink 3 percent.

In its report, the IMF trimmed its 2023 global GDP forecast to 2.7 percent, 0.2 points down from the July forecast.

Pierre-Olivier Gourinchas, the editor of the IMF Economic Review, warned that more than a third of the global economy is headed for contraction this year or next, and the three biggest economies — the United States, European Union and China — will continue to stall.

"The worst is yet to come and, for many people 2023 will feel like a recession," said Gourinchas.

Former lead economist of the World Bank's Dhaka office Zahid Hussain said, "The 6 percent GDP growth projection for FY23 is similar to the forecast from other international agencies... Nature has not been kind to agriculture this year while energy and electricity shortages show little sign of alleviation. The increased prices of raw materials and intermediate inputs also have contractionary effects."

"Domestic demand is likely to be compressed due to historic high inflation. External demand conditions are likely to get worse. The GDP contracted in the first half of 2022 in the

US and a contraction in the second half of 2022 in the eurozone is imminent. These indicate significant headwinds for our exports. Remittances through formal channels have started to slow down since mid-September despite a surge in the number of Bangladeshi workers going abroad in the last year and a half.

"A 6 percent growth, if achieved, will in fact be outstanding at a time when global growth forecast is at 2.7 percent in 2023, in emerging and developing Asia at 4.9 percent, Latin America and the Caribbean 1.7 percent, Middle East and Central Asia 3.6 percent and Sub-Saharan Africa 3.7 percent. About a third of the world economies are facing two consecutive quarters of GDP decline.

"The message here is not to take anything for granted. Intensifying structural reforms to improve productivity and ease of trading internally and externally would ease supply constraints. At the same time, getting the external deficit under control will be critical to ensure the adequacy of foreign exchange availability."

Save money, produce food

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The prime minister made the statement delivering her introductory speech in the weekly meeting of the Executive Committee of the National Economic Committee (Ecneec) held at the NEC Bhaban in the city. She joined the meeting virtually from the Gono Bhaban.

"We must increase food production and preserve those. We must give special attention to preserving and processing food. Our land is very much fertile, and we must increase our food production," she said.

She reiterated her call to maintain austerity in every sphere of life, avoiding any unnecessary expenditure.

"All must be cautious and maintain austerity in using electricity, fuel, water, gas and everything else. I will request every family to go for savings in whatever they can. This is applicable to

our government as well," she said. She said the government would not go for any unnecessary expenditure.

"We will just use whatever we need, not more than that. We do not have any scope for that. Because I saw anxiety among world leaders and heads of organisations. So, we must maintain enough cautionary steps," she said.

She said that the country needed to be free from the impact of the recession that is stemming from the Ukraine war.

Hasina also requested the Planning Commission not to spend their valuable time discussing inflation every time.

"Because many countries around the world do not discuss this issue [too much]. The USA and the European countries...do not discuss very much about the issue in their own

countries," she said.

"We also do not need any extensive discussion on this, but efforts should be there to keep prices of essentials within people's reach. We will do whatever is needed," she said.

About undertaking any project, she said that all must think about the maximum benefit for the people.

"There is no need to jump in to undertake any unnecessary project when the fund is available. We must take projects following scrutiny so that we could get some return from that project, which will be beneficial to the country," she said.

The prime minister stressed the need for completing the ongoing projects as quick as possible, even if they need some extra money.

She also asked all the ministries to identify projects, which can be implemented slowly.

Lightning strike kills 5, hurts one in Rangpur

OUR CORRESPONDENT, Dinajpur

A lightning strike yesterday killed five men in Solagari area of Pirganj, Rangpur.

Brick kiln workers Nazmul Islam, 18, Siam Hossain, 20, Sahadat Hossain, 25, and Rashedul Islam, 24, were covering clay bricks from rain, and Abdul Zabbar, 25, was cutting grass nearby when the lightning struck, killing them at the scene, said Abdul Awal, officer-in-charge of Pirganj Police Station.

Mehdul Islam, another brick kiln worker, was injured and taken to a hospital, he added.

DGHS reports 2 deaths from Covid

STAFF CORRESPONDENT

Two elderly patients died with Covid-19 in the 24 hours preceding 8:00am yesterday, said a press release from the Directorate General of Health Services.

The health directorate also reported 460 new cases of coronavirus.

The new cases were detected after testing 5,193 individuals.

Of those reported dead yesterday, one was male. One was aged between 51 and 60 years and the other was between 81 and 90.

China to support coal mining in Bangladesh

Barapukuria MD says after meeting Ambassador Li Jiming

OUR CORRESPONDENT, Dinajpur

There will be more Chinese support for coal mining in Bangladesh, said Saiful Islam Sarkar, the managing director of Barapukuria Coal Mining Company Limited.

He said this after meeting Chinese Ambassador to Bangladesh Li Jiming, who visited Barapukuria coal mine and Barapukuria Coal Fired 525MW Thermal Power Plant in Parbatipur upazila of Dinajpur yesterday.

The facilities are currently being run by Chinese companies.

Grid automation is the need of the hour

Says Nasrul Hamid

BSS, Dhaka

State Minister for Power, Energy and Mineral Resources Nasrul Hamid today said automation of the national grid is a time-befitting demand as it will adjust demand and supply of electricity automatically.

"Connection between information technology and smart devices will ensure safety of the power transmission management," he said while addressing a workshop at Bidyut Bhaban as chief guest.

The state minister said there must be integrated planning for power sector infrastructure development. "Many achievements can be foiled due to lack of coordination," he said.

Two separate context papers on Smart Grid, Electric Vehicles and Global Context were presented to the workshop.