



Work opportunities for farmhands are now aplenty as the harvest of Aman season paddy is now running in full swing. Cutting the paddy by hand as long as daylight prevails earns them Tk 600 a day. Aman paddy accounts for over one-third of the Bangladesh's annual rice production. An estimated 1.44 crore tonnes were grown in fiscal year 2020-21, up 1.65 per cent year-on-year, according to the Bangladesh Bureau of Statistics. The photo was taken at Napithkhali village of Jhalakathi district yesterday.

PHOTO: TITU DAS

Digital payments drop in Nepal amid forex restrictions

ANN/ THE KATHMANDU POST

Electronic payments during the autumn shopping season were down 20 percent, overturning expectations of a spending surge due to the occurrence of sacred festivals, general elections and the FIFA World Cup.

People celebrated Tihar and Chhath, voted in the polls, and immersed themselves in the soccer championship with gusto, but they seem to have kept a tight grip on their wallets.

According to Nepal Rastra Bank, digital payment transactions during the period mid-October to mid-November amounted to Rs3.94 trillion, down sharply from Rs4.93 trillion last year.

Economists blamed the import restrictions imposed by the government to save foreign exchange for the drop in digital payments, as people made fewer purchases.

Experts also suspect that political parties used informal channels for their campaign expenses as the generous spending that characterises parliamentary elections was not reflected in the central bank's macroeconomic report.

Normally, electronic fund transfers shoot up during festivals and elections. Economists had predicted that the large amounts of money changing hands during the elections would revitalise the stalled economy as all that cash would flow to the market. But that didn't happen.

The experts had also said that the elections would fuel inflation, but price levels actually fell. According to the central bank, inflation dropped to 8.08 percent in the review period from 8.50 percent in the previous month.

"That is something strange," said economist Govinda Nepal. "The drop in electronic transactions shows that there were more physical cash transactions, especially during the election," he said.

"In other words, the money that was pumped into the market during the election campaign did not go through the banking system."

Some economists have said that elections are the right time for politicians to spend their "black money" earned through illegal means.

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Rice and maize prices up globally, wheat down

World Bank's Food Security Update shows

STAR BUSINESS REPORT

Average wheat prices were 5 per cent lower year-on-year in December, while it was up 9 per cent for maize and 12 per cent for rice, according to the World Bank's Food Security Update.

Maize and wheat prices are 28 per cent and 18 per cent higher, respectively, than in January 2021, and rice prices are 11 per cent lower.

The update showed the agricultural and export price indices closed 1 per cent and 6 per cent higher on December 15, respectively, than in the last update prepared on December 1. The cereal price index closed at the same level.

Wheat and rice prices closed 1 per cent and 6 per cent higher, respectively, whereas maize prices were 1 per cent lower over the same period.

According to Agricultural Market Information System, an inter-agency platform based in Rome, La Niña has had varying impacts on yields in key producing regions.

It indicates that price volatility caused by speculation can increase food security risks, especially for low-income countries.

La Niña is described as one of the three phases of the weather occurrence known as the El Niño-Southern Oscillation. This includes the warm phase called El Niño, the cooler La Niña and a neutral phase.

A La Niña develops when strong winds blow the warm surface waters of the Pacific away from South America and towards Indonesia. In their place, colder waters come up to the surface.

The 2022 Global Hunger Index (GHI) indicates that overlapping crises have exposed the weakness of food systems and that global progress against hunger has largely stagnated in recent years.

The impacts of ongoing regional conflicts, climate change, Covid-19, the war in Ukraine, supply chain disruptions, and high and volatile food, fertiliser, and fuel prices have drastically weakened the world's already inadequate, unsustainable food systems, the update said.

As a result, the world is experiencing the third global food crisis in less than two decades. The regions with the highest score in the Index are South Asia and Sub-Saharan Africa, which are

considered serious.

Domestic food price inflation continues to remain high in almost all low-, middle-, and high-income countries.

Information from the latest month between August and November for which food price inflation data are available shows 88.2 per cent of low-income countries, 90.7 per cent of lower-middle income countries, and 93 per cent of upper-middle-income countries have seen inflation levels above 5 per cent, with many experiencing double-digit inflation.

The share of high-income countries with high inflation is also high, with about 81.8 per cent experiencing a surge in food price inflation.

In real terms, food price inflation exceeded overall inflation, measured as year-on-year change in the overall Consumer Price Index (CPI) in 90 per cent of the 161 countries for which food CPI and overall CPI indexes are both available.

In November, year-on-year consumer price inflation for food prices was 73.7 per cent in Sri Lanka, 31.2 per cent in Pakistan, and 8.1 per cent in Bangladesh and Nepal.

Recession, rate hikes may affect global earnings growth in 2023

REUTERS, New York/London

Corporate earnings growth is expected to slow in the year ahead in many countries as higher inflation and rising interest rates take an even bigger toll and companies brace for the likelihood of a global economic downturn.

US companies are forecast to have the slowest full-year profit growth since 2020 and the start of the coronavirus pandemic. Some top equity strategists predict no profit growth or even a decline in earnings.

Investors have been watching estimates fall in recent months. S&P 500 fourth-quarter 2022 earnings now are expected to decline 1.1 per cent year on year, which would be the first quarterly earnings fall since the third quarter of 2020, according to IBES data from Refinitiv as of Friday.

For the US benchmark S&P 500, analysts project full-year 2023 profit growth of 4.7 per cent following estimated growth of 5.7 per cent for all of 2022, based on Refinitiv data.

Jonathan Golub, chief US equity strategist at Credit Suisse Securities in New York, recently lowered his profit forecast and expects a decline in year-over-year S&P 500 earnings in 2023.

"Everything is about inflation," he said. "Companies' pricing power is about inflation and the cost of their wages is inflation."

Last Wednesday, the US Federal Reserve raised interest rates by 50 basis points as expected to combat inflation, and Fed Chair Jerome Powell predicted more rate hikes next year even as the



economy slips towards a possible recession.

The S&P 500 is down about 20 per cent this year after falling into its second bear market since the 2020 global sell-off caused by the pandemic.

The S&P 500's forward 12-month price-to-earnings ratio has slipped to about 17 from 22 at the end of December 2021, but remains above the long-term average of about 16, according to Refinitiv data.

With valuations, much depends on whether the Fed can create a "soft landing," said Keith Buchanan, senior portfolio manager at Global Investments.

The S&P 500 consumer discretionary sector is expected to have the highest year-over-year earnings growth in 2023, with a gain of 30.3 per cent, while the energy sector is expected to have the biggest year-over-year decline in earnings.

Rising rates have especially hurt technology and other growth shares this year. Tech sector earnings are expected to gain just 4.3 per cent in 2023 over 2022, and Golub and others said that may be too optimistic.

Morgan Stanley's chief US equity strategist, Michael Wilson, warned in a note on Monday that "the market isn't always efficient in pricing major earnings downturns before they arrive."

European company earnings are forecast for a sharp slowdown in 2023 after a strong couple of years since the pandemic slowdown.

Many companies listed on the STOXX 600 regional index have been able to pass on higher costs through price hikes. But any global recession will pile pressure on consumers and rising interest rates could create a challenging environment for businesses.

Barclays head of European equity strategy, Emmanuel Cau expects earnings to provide a headwind for equities. The UK bank sees earning per share growth falling 12 per cent.

"Following two and a half years of a very strong earnings rebound, base effects should be much more challenging into 2023," he said.

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Realtors clock Tk 351cr sales at REHAB fair

STAR BUSINESS REPORT

Flats, plots, commercial spaces and construction materials worth Tk 351.16 crore were sold and booked at the REHAB Fair 2022, which concluded yesterday.

Of the sum, Tk 168 crore came from the sales and booking of flats, Tk 80 crore for plots, and Tk 53.73 crore for commercial spaces, said the Real Estate and Housing Association of Bangladesh (REHAB) at a press conference.

In 2021, flats, plots and commercial spaces involving Tk 397 crore were sold and booked at the exposition.

"Most of the companies took part in the fair for promotional purposes. Sales were not their primary focus. They have reached their goal," said Sohel Rana, vice-president of the REHAB, at the media briefing.

This year, 16,132 people visited the fair venue on the premises of the Bangabandhu International Conference Centre in the capital.

Participating banks and non bank financial institutions committed to lending about Tk 1,000 crore to clients during the five-day exposition.

Many companies unveiled various offers, including discounts. Even if the fair is over, those offers might be available for a few more days, Rana said.

REHAB First Vice-president Kamal Mahmud said flat prices were relatively higher this year than previously.

"The price of flats has increased due to various factors such as the increase in the price of construction materials."

At the press conference, the trade body sought policy support from the government for the housing sector and reiterated its demand for a revision to the FAR (floor-area ratio) under the new Detailed Area Plan.

The FAR is the ratio of a building's total floor area to the size of the piece of land upon which it is built.

The demand for flats in the areas of Uttara and Mirpur has gone up thanks to the construction of the Dhaka Metro Rail, according to the REHAB.

The Agargaon-to-Uttara portion of the Mass Rapid Transit Line-6 is set to open on December 28.

The REHAB has been hosting the fair since 2001. So far, its member companies have handed over more than 2.25 lakh flats, which were either sold or booked at the expositions.

The culture of buying flats was introduced in Dhaka city in the 1980s. Since then, realtors have been meeting a large part of the housing demand in the sprawling capital.



Visitors throng the venue of REHAB Fair 2022 at the Bangabandhu International Conference Centre in the capital yesterday. According to organisers, more than 16,100 people visited the exposition this time.

PHOTO: COLLECTED