MANUFACTURING BASE

Shift from China to benefit Bangladesh

WEF says

STAR BUSINESS REPORT

Bangladesh is among the countries that may benefit from global trends such as the diversification of manufacturing supply chains away from China, according to a report of the World Economic Forum (WEF).

The Chief Economists Outlook was released on the opening day of the WEF's Annual Meeting on Monday. The meeting is taking place at the Davos Congress Centre in the Alpine resort of Davos, Switzerland.

The briefing builds on the latest policy development research as well as consultations and surveys with leading chief economists from both the public and private sectors, organised by the WEF's Centre for the New Economy and Society. The survey was conducted in November and December.

According to the survey, the two strongest regions in 2023 are the Middle East and North Africa and South Asia.

In South Asia, 85 per cent of respondents expect moderate or strong growth, a modest improvement since the September edition.

"Some economies in the region, including Bangladesh and India, may benefit from global trends such as a diversification of manufacturing supply chains away from China," said the WEF report.

"Some economies in the region, including Bangladesh and India, may benefit from global trends such as a diversification of manufacturing supply chains away from China."

It comes out amid continuing economic uncertainty and policy challenges of historic proportions. Although there are some grounds for optimism, such as easing inflationary pressures, many aspects of the outlook remain gloomy.

Almost two-thirds of respondents consider a global recession to be likely in 2023, including 18 per cent who consider it extremely likely, more than twice as many as in the previous survey in September.

However, views are divergent, with a third of respondents considering a global recession to be unlikely this year. Regionally, the situation in Europe and the US is now stark, with 100 per cent of chief economists expecting weak or very weak growth for 2023 in the former and 91 per cent in the latter.

Following a year of sharp and coordinated central bank tightening, the chief economists surveyed expect the monetary policy stance to remain constant in most of the world this year.

However, a majority of respondents expect further tightening in Europe and the US, 59 per cent and 55 per cent, respectively.

At the start of 2023, concerns about the cost of living remain acute in many countries. Yet, survey respondents indicate that the cost-of-living crisis may be close to its peak, with a majority, or 68 per cent, expecting the crisis to have become less severe by the end of 2023.

"A similar trend is evident in the energy crisis, with almost two-thirds of respondents optimistic that conditions will have begun to improve by the end of the year," the WEF said.

Inflation trends in the coming months will depend on potentially higher commodity prices due to the continued mismatch in demand and supply, ongoing Russia-Ukraine war and volatility in exchange rates, the central bank said. PHOTO: STAR/FILE

High inflation, exchange rate volatility main challenges this year

Central bank says in annual report

AKANDA MUHAMMAD JAHID

Keeping inflation in check while maintaining stability in foreign exchange rates will be the biggest challenge for Bangladesh in the coming days, according to the central bank's annual report.

In its report, Bangladesh Bank said inflation in the country has projected a gloomy economic scenario since fiscal 2021-22 onwards, especially until September last year.

So, containing inflation at tolerable levels while also ensuring stability in exchange rates will be a critical challenge for Bangladesh in the coming days.

Inflation trends in the coming months will depend on potentially higher commodity prices due to the continued mismatch in demand and supply, ongoing Russia-Ukraine war and volatility in exchange rates.

In addition, hikes in global commodity prices could fuel inflation even further, in light of which an orderly exit from the country's extraordinary expansionary policy was necessary for the current fiscal, the central bank added.

And while monetary growth has been lower than expected, Bangladesh has faced increasing inflationary pressure and depreciating exchange rates since the second half of fiscal 2021-22, mainly due to the butterfly effect of unexpectedly high global inflation alongside excessive current account deficits.

As a result, the consumer price index surpassed its target of 5.30 per cent to hit 6.15 per cent that year while it was 5.56 per cent in fiscal 2020-21.

Rising prices in global markets induced by supply chain disruptions stemming from the Russia-Ukraine war have also played a role in increasing the cost of both food and non-food items in Bangladesh since the previous fiscal year.

Besides, the budget deficit is widening while government borrowing from the banking system, particularly from Bangladesh Bank, has witnessed a sharp increase recently, which could create upward pressure on inflation, the central bank said.

Meanwhile, the war has heightened the potential losses of export demand along with hikes in international commodity prices, which led to higher import costs and trade deficits as well as mounting pressure on exchange rates.

The taka has weakened by at least 20 per cent against the US dollar in recent months for the higher cost of the greenback.

Also, a deficit in the current account balance in the external sector has been present since fiscal 2016-17.

The overall balance of payments has been negative in recent months and consequently, the foreign exchange reserve has declined.

The main factors behind the negative overall balance are higher import growth, negative growth of remittances, and less inflow in the capital and financial accounts.

The central bank said that it, along with other concerned agencies of the government, have taken various measures to tackle the ongoing inflationary pressure.

It also said both the monetary and fiscal authorities will have to come forward with appropriate remedial measures to tackle the situation.

Basics of social media marketing

SALEKEEN IBRAHIM

In the modern era, internet gives us huge opportunities such as being connected with people all around the globe, creating, sharing and disseminating content, gaining and searching for information, and keeping us up-to-date. Nevertheless, there are indisputable outcomes due to the widespread development of internet where an extensive use of social media is at the top.

These crucial changes happened in a business establishment, representations, marketing and strategy-setting as well. The use of social media has become an integral part of setting business plans and become one of the most gainful and low-cost tools for promoting products and services to reach the target audience. As a result, social media have become a veritable marketing tool for small and medium enterprises that have little capital and resources.

Social networks give the opening to be in direct contact with clientele, listening to their needs with constant feedback. This allows a brand to progress gradually and get closer to customers by improving the experience. This direct access creates a human and trustworthy relationship, an indispensable requirement for any business. Establishing such intimacy has a direct impact on company sales with a prospect to produce a recurring customer base.

A new business that wants to get the word out about its impressive offerings can use social media to create customers. By sharing expert content and building relationships with individuals and other brands, they will start building trust and authority.

If our goal for social media is to increase inbound traffic, we can share valuable content, boost content, create leads, and generate campaigns. Through advertising, we can run campaigns that target the desired audience.

Social media can help businesses improve the customer journey. Answer questions quickly and reply to comments so your followers feel valued.

Demonstrating excellent customer service across social media channels will help us get people's attention and build trust. Perhaps the most unique advantage of social media is the ability to get help from our followers. People love to share things with their networks, from photos and recipes to interesting articles and hot deals. That creates a buzz in the market.

Another advantage of social media marketing is the ability to assess our performance. Social media platforms make it easy for us to track our campaign to see if we are driving valuable results.

People use social media to post contents they admire. But they would also share experiences they didn't like. If someone had a bad experience with any business or service, it unlocks a door of opening for them to share their poor experience with others. Some feel there is a social obligation to share their experience to prevent others from having the same experience. Having too much adverse feedback can harmfully impact the upcoming marketing efforts.

We must remember that it is easy for posts to go viral on social media. People keep a close eye on the good and the bad on social media. If we aren't cautious about the content we post, we may get caught in an awkward position.

A shortcoming of social media is that it is time-consuming for businesses. If we aren't doing enough with our social networks because we don't have time, people, or programmes to help us run our marketing strategy, our campaigns will suffer. In fact, any delay in response will be very harmful. So before getting into social media marketing, we must be prepared with the capacity and capability.

The writer is a banker

China's reopening fuels global growth optimism: experts

REUTERS, *Frankfurt*

China's reopening from pandemic restrictions could drive global growth beyond expectations and help avoid a broader recession even as some of the world's largest economies struggle to overcome a downturn, top finance officials at the World Economic Forum said.

China has lifted many of the most debilitating restrictions after abruptly jettisoning its strict "zero Covid" policy, fuelling hopes that the world's second largest economy can resurrect global growth even as the United States, the euro zone and Britain flirt with a recession over the coming quarters.

"The reopening of China has to be the major event and it will be a key driver for growth," Laura M Cha, the Chairman of Hong Kong Exchanges and Clearing, told the forum in Davos.

"Asia is where the growth factor will be, you know, not only China, (but also) India, Indonesia; these are all emerging and very strong economies."

Her comments were echoed by others who saw China as the key to the global recovery.

"There's pent-up savings, there's pent-up demand, so we think that China will see very strong growth, especially as you get later in the year," Douglas L. Peterson, the President and CEO of S&P Global told a panel discussion.

Peterson said he still expected a "very mild" recession in the United States, Europe and Britain, but full year net growth was still going to be positive.

A woman and a child walk past workers sorting toys at a shopping mall in Beijing. China has lifted many of the most debilitating Covid restrictions, fuelling hopes that the world's second largest economy can resurrect global growth even as the United States, the euro zone and Britain flirt with a recession. PHOTO: REUTERS

Panels to look into assets of three mutual funds

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission (BSEC) has formed three committees to look into the assets of three fund managers: LR Global Bangladesh, Race Asset Management and ICB Asset Management.

The panels will submit reports within 30 trading days. The regulator formed the committees amid criticism when a report got circulated that UFS Asset Management has embezzled Tk 158 crore from investors' funds.

The panels will investigate whether the funds' asset is shown properly and the income from the investment came duly.

A three-member panel will investigate the ICB Asset Management's funds while two other five-member committees will investigate the funds of LR Global Bangladesh and Race Asset Management.