

MetLife honoured by Superbrands

STAR BUSINESS DESK

MetLife Bangladesh has been honoured by Superbrands Bangladesh in a life insurance category for 2023-24 for its "outstanding contribution to the life insurance sector in the country".

Superbrands Bangladesh, a representative of London-based Superbrands Worldwide, is a global arbiter for brands operating in 90 countries.

The insurer has a history of over 70 years. It provides life insurance services to over 10 lakh individuals and over 800 organisations in Bangladesh, said a press release.

"The award is the result of MetLife's efforts to keep people secure through world-class life insurance. This is also a very positive sign for the insurance sector of Bangladesh," said Ala Ahmad, chief executive officer of MetLife Bangladesh.



Abdul Khalil tends to his patch of hybrid zucchini of Thai origin in Sylhet's Bishwanath upazila. Investing around Tk 17,000 on 12 decimals of land, he expects to harvest around Tk 60,000 worth of the vegetable. Each kilogramme of zucchini is selling for Tk 50 to Tk 60 in local markets. The photo was taken at Boro Khurma of Alankari union recently.

PHOTO: SHEIKH NASIR

Why don't indexes go with the flow of bearish stocks?

AHSAN HABIB

If you follow the Dhaka Stock Exchange (DSE), you will find that most of the shares on the premier bourse of the country ended the day either unchanged or they witnessed a drop. As a result, the indexes were supposed to fall.

But in reality, the indices rose, and when they fell, they fell marginally. This has been the scenario for the last few months.

For instance, 122 stocks gave up, 145 remained unchanged and 41 advanced on the DSE on Thursday. Although only 13 per cent of the stocks listed on the exchange ended up in black, the benchmark DSEX Index still managed to close a single point higher.

Naturally, the question arises: why don't the indices of the market behave in line with the fluctuation of most of the securities?

Analysts squarely blame the Bangladesh Securities and Exchange Commission (BSEC) for the tricky floor price and the circuit breaker for the mismatch.

The floor price, the lowest price at

which a share can be traded, was brought back on July 29 in order to prevent a freefall of stocks amidst global economic uncertainties brought on by the global crisis induced by the Russia-Ukraine war.

The floor was the average of the closing prices on July 28 of 2022 and the preceding four days.

On December 21, the stock market regulator lifted the artificial support measure for 169 companies out of nearly 400 companies listed on the DSE. It, however, set a circuit breaker for them so they can't decline more than 1 per cent in a single day.

"As the BSEC is maintaining the floor price, stocks can't drop. Instead, they can only go up. The system is preventing the indexes from falling," said Abu Ahmed, an analyst.

The regulator has removed the floor price for some companies and they are allowed to fall only 1 per cent a day. But the market capitalisation of this group of issues is low, he said.

The slow drop of the low paid-up capital-based stocks can't bring down the index significantly. So, when some companies go up, the indexes close in positive

territory, said Ahmed, a former professor of economics at the University of Dhaka.

Mohammad Musa, a professor of the business administration department at the United International University, also thinks that the floor price is the main factor.

"Institutional investors are not investing since they will face problems in offloading shares if the floor price remains in place," he said.

Earlier this month, Mohammad Rezaul Karim, a spokesperson of the BSEC, said until the market situation improved, the commission would not withdraw the floor price completely.

As the low paid-up and capital-based companies are only permitted to slip and that's also to a small extent, the index is not going down, said Prof Musa.

"But most of these stocks are only making the upward and downward swing because of speculation."

A top official of a brokerage firm says the present index does not depict the real sufferings of investors and the market intermediaries.

"Most of the investors' funds have been stuck since they have bought the shares at higher prices."

He said there is no floor price in any part of the world and the commission should not keep the market overvalued artificially. The broker thinks that since the economy is facing a challenging situation, the market is supposed to fall.

In fact, the economy has been under serious strain for the past several months, largely owing to the volatility in the foreign exchange market stemming from the decline of the country's forex reserves.

The reserves have dipped because of the higher import payments against lower incomes in the form of export earnings and remittance receipts.

"But there is nothing to be scared about even if the market falls. This is because if the market is allowed to take its due course, some investors will still come forward and invest, paving the way for the exchanges to bounce back."

ANALYSIS

Commercial Bank of Ceylon group MD visits Dhaka

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Sanath Manatunge, group managing director of the Commercial Bank of Ceylon, arrived in Dhaka on a visit on Friday.

He was scheduled to attend meetings with customers and diplomats in both Dhaka and Chattogram and preside over an annual staff conference of the bank, said a press release.



House Building Finance chair reappointed

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Bangladesh House Building Finance Corporation (BIBFC) has reappointed the chairman of its board of directors.

The official, Prof Md Salim Uddin, is also the acting chairman of the executive committee of Islami Bank Bangladesh and vice-president of the Institute of Cost and Management Accountants of Bangladesh, said a press release.

He previously worked for Rupali Bank and Rupali Investment and was a lecturer of accounting at the University of Chittagong.

A fellow chartered accountant, fellow cost & management accountant and certified public finance accountant, Uddin obtained his honour's degree in commerce and master's in accounting from the University of Chittagong.



PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (FEB 18, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	1.5 ↑	5.47 ↑
Coarse rice (kg)	Tk 48-Tk 52	2.04 ↑	5.26 ↑
Loose flour (kg)	Tk 58-Tk 60	-1.67 ↓	68.57 ↑
Lentil (kg)	Tk 95-Tk 100	-4.88 ↓	0
Soybean (litre)	Tk 168-Tk 172	0.59 ↑	6.25 ↑
Potato (kg)	Tk 20-Tk 25	0	28.57 ↑
Onion (kg)	Tk 30-Tk 35	-18.75 ↓	-23.53 ↓
Egg (4 pcs)	Tk 46-Tk 50	17.07 ↑	29.73 ↑

SOURCE: TCB



Mohammad Feroz Hossain, managing director of Exim Bank, inaugurated a branch on Jamal Khan Road in Chattogram yesterday. SM Abu Zaker, additional deputy managing director, presided over the programme, where Md Zoshim Uddin Bhuiyan, deputy managing director, Sheikh Moyeen Uddin, additional deputy managing director, and Abdul Qayyum Chowdhuri, president of the Real Estate and Housing Association of Bangladesh's Chattogram unit, were present.

PHOTO: EXIM BANK



Ahsan-uz Zaman, managing director of Midland Bank, attended an annual managers' conference 2023 at its head office in Gulshan, Dhaka recently. Md Zahid Hossain, deputy managing director, and Md Rashed Akter, head of retail distribution division, were present.

PHOTO: MIDLAND BANK

US wholesale price inflation rebounds on goods prices

AFP, Washington

Wholesale prices in the United States picked up more than expected in January, according to Labor Department data released Thursday, bumped up by goods costs and fueled by higher gasoline prices.

This comes as policymakers look for signs that inflation is coming down in the long run, despite resilience in some sectors of the economy.

To rein in surging prices, the US central bank raised interest rates multiple times last year in hopes of cooling demand, with the interest-sensitive housing industry slumping.

Manufacturing activity in the highly industrialised Philadelphia area contracted for a sixth straight month in February, in separate report released Thursday, logging its lowest reading since May 2020 during the pandemic.

But the producer price index, a measure of wholesale inflation, bounced 0.7 per cent in January from December, at a quicker pace than analysts predicted.

On an annual basis, PPI rose 6.0 per cent last month, down from December's reading.

A rise in prices for goods led the January advance, said the Labor Department, adding that a significant factor was gasoline prices. Energy prices also contributed to elevated consumer inflation in January.

"While producer prices are off their peaks, inflation is elevated and the monthly change in prices showed a move in the wrong direction last month," said Rubceela Farooqi, chief US economist at High Frequency Economics.

How sanctions complicated

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A retail worker, who asked not to be identified, said the memory of the mad scramble for cash made her to this day make sure she had ample cash handy.

"I spent hours in my car driving between banks where people were withdrawing not just dollars, but also roubles," she said.

The suspension of Russian operations by Visa and Mastercard also meant their cards issued there stopped working abroad, sparking a rush to Russia's alternative, Mir cards.

Danil Usikov, a 45-year-old entrepreneur, who is based in Belarus and was there when Russian cards stopped working, said he had enough cash not to panic.

"But the problem had to be solved and I flew to Moscow, opened a Mir card, returned to Belarus and then was able to pay for everything."

Yet Mir, which means "world" or "peace" in Russian, is facing headwinds abroad, with some "friendly" countries - those that have not sanctioned Russia - such as Turkey restricting access.

Former journalist Andrey said China's UnionPay was his lifeline.

"I quickly opened three UnionPay cards at different Russian banks," Andrey, who now works outside Russia, said. "Moreover, I went to Kazakhstan to get a MasterCard

there, which proved to be invaluable in the past year."

Many Russians who have moved abroad, worried about reprisals for their political views or fearing being called up to fight in the conflict, also had to figure out how to get money out of Russia.

While some banks can still access SWIFT and process cross-border transfers, commissions and fees have gone up, driving people to alternatives, such as cryptocurrencies.

For example, users of Binance, the world's largest crypto exchange, can transfer roubles via the "stablecoin" Tether pegged to the US dollar.

Other ways of extracting cash from Russia are more adventurous.

One financial services professional, who left Moscow soon after the conflict began and requested anonymity, asked a friend to withdraw millions of roubles from his Russian accounts and meet a man in Moscow.

The transaction, based entirely on trust, was completed three hours later when a woman arrived at his hotel room in Dubai with around \$50,000 in a paper KFC bag.

Thousands of Russians who have flocked to Dubai found that that even though it is a "friendly" destination, opening a bank account there was anything but straightforward, especially without an Emirati ID.

IMF, Ukraine reach deal

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He added that authorities are "making progress in reforms to strengthen governance, anti-corruption and rule of law, and lay the foundations for post-war growth." But the agenda of reforms remains significant.

Ukraine's economy contracted by 30 per cent last year, less severely than anticipated, but recovery and reconstruction has been estimated at hundreds of billions of dollars.

"The public sector will play an important role in the reconstruction

process," said Gray.

He added that measures to raise the "efficiency and transparency of public finances and governance will be critical." Russia's invasion of Ukraine around a year ago has displaced millions of people, and global food and energy prices surged on the fallout from the war.

Apart from the IMF's work with Ukraine, the World Bank has also mobilised over \$18 billion in emergency financing for the country, with more than \$16 billion since disbursed through projects.