

Sri Lanka's inflation dips as IMF bailout kicks in

AFP, Colombo, Sri Lanka

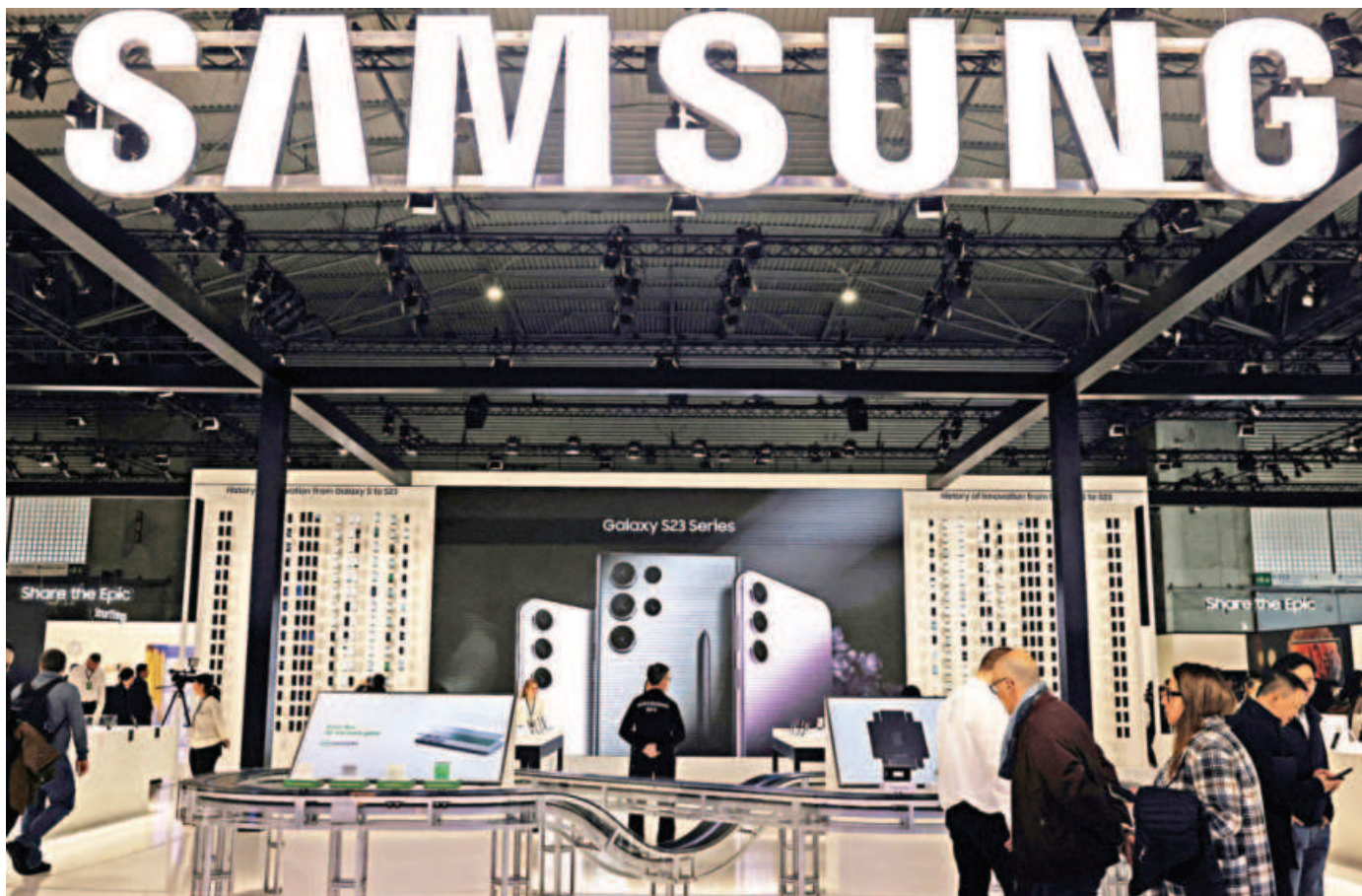
Cash-strapped Sri Lanka's inflation eased to 35.3 per cent, the lowest in a year, the statistics office said Friday as the country pressed ahead with austerity measures under an IMF bailout.

Fuel and food prices coming off their record highs helped inflation moderate in April, the Department of Census and Statistics said.

April is the first full month since the International Monetary Fund released the first instalment of a \$3 billion loan spread over four years.

The rate of price increases peaked at 69.8 per cent in September as Sri Lanka struggled to finance imports of essential goods after declaring a sovereign default on its \$46 billion foreign debt in April last year.

April's inflation of 35.3 per cent is the lowest since the 29.8 per cent recorded a year earlier. President Ranil Wickremesinghe warned his 22 million people soon after the IMF bailout in late March that they may have to endure more hardships due to austerity measures.



Visitors walk past South Korean multinational conglomerate Samsung stand at the Mobile World Congress, the telecom industry's biggest annual gathering, in Barcelona in February this year. Samsung Electronics' chip division reported 4.58 trillion won (\$746 million) in losses, its first operating loss since 2009 -- when the world was emerging from the 2008 financial crisis. PHOTO: AFP

Intel, Samsung hammered as chips demand plummets

AFP, San Francisco

The crucial semiconductor industry, that powers everything from personal computers, smartphones to fighter jets, suffered a dismal first quarter as demand plummeted for chips.

Intel on Thursday posted a massive fall in sales for the first quarter of 2023 because of a steep drop in the demand for semiconductors, especially those for PCs.

Rising prices, a global chip glut and poor demand for hardware also punished Intel's rival Samsung Electronics, which earlier on Thursday reported its worst quarterly profits in 14 years.

Intel's revenue fell 36 per cent to \$11.7 billion in the three-month period and the semiconductor giant posted a loss of \$2.8 billion, its biggest ever for a quarter.

The loss and sales collapse were slightly less catastrophic than expectations, and the stock rallied three percent in post-session trading.

"Intel is heavily dependent on the PC market and as we still seem to be seeing a slowdown in the PC market, consumer PCs especially, I would expect Intel to be having challenges," said Alan Priestley, an analyst at Gartner.

Intel is one of the world's leading semiconductor makers that makes a wide range of products, including the latest generation chips along with Taiwan's TSMC and South Korea's Samsung.

It was also affected by falling demand for chips that power data centers and is struggling to compete with Nvidia for the semiconductors that undergird ChatGPT-style generative AI, a major new and chip-hungry sector for the industry.

In South Korea, Samsung Electronics' chip division reported 4.58 trillion won (\$746 million) in losses, its first operating loss since 2009 -- when the world was emerging from the 2008 financial crisis.

The chips industry -- which also serves the military or increasingly connected household appliances -- is well known for its volatility, with demand and supply see-sawing with the dips and rises in the world economy.

Its central role in the global supply chain became clear during the height of the Covid pandemic.

Lockdowns and health restrictions diminished production out of Asia, leaving surging demand for chips unmet just as everyone turned online for work, shopping and entertainment.

Semiconductors have also become a political pawn between the US and China, with Washington urging allies to stop supplying China with cutting edge chips or other supplies, further destabilising the sector.

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The materials required for making chips are often difficult to obtain and China is furious at Washington's effort to thwart its ability to compete in the sector.

Worry is also swirling around Taiwan, home to TSMC, the world's most important chipmaker, with China taking a more bullish attitude toward the island that it does not recognize politically.

"If, God forbid, China all of a sudden attacked Taiwan, about three-quarters of the world's chip supply could stop," said analyst Jack Gold of J.Gold Associates, LLC. Taiwan Semiconductor Manufacturing

Company (TSMC) operates the world's largest silicon wafer factories and produces some of the most advanced microchips used in everything from smartphones and cars to missiles.

Its sales in the first quarter largely held up against the economic gloom, managing to keep profits steady, though it warned sales would take a hit later in the year.

TSMC is more shielded from a downturn in part because it produces some of the most advanced and smallest chips, which are still highly sought after and in short supply.

To respond to the China threat, and in response to the pandemic supply crunch that caught them off guard, the US and EU have planned to shell out \$100 billion combined to become more self-sufficient in semiconductors production, a process that could take years.

According to Deloitte, more than 80 per cent of semiconductor manufacturing happens in Asia and the best scenario will see that share reduced to 50 per cent by 2030.

"It's a very intense, competitive ecosystem out there and it'll just get more complicated as more of these chips come to marketplace," said Gold.

Saidul elected Jamuna Bank's chairman

STAR BUSINESS DESK



Md Saidul Islam has been elected as the chairman of Jamuna Bank Limited for a one-year term.

Islam started his business career with his family business at the Fabian Group in 2010.

He is now the director of Fabian Industries Ltd, Fabian Thread Ltd, Fabian Multiplex Industries Ltd, Fabitex Industries Ltd and the managing director of Frox Media

Limited. He is also the chairman of Eco Advanced Construction Materials Company Ltd.

He obtained a Bachelor of Science (honour's) degree from Coventry University in the United Kingdom.

Eurozone GDP grows 0.1% in Q1

AFP, Brussels

The eurozone economy lumbered forward in the first quarter, official data showed Friday, expanding just 0.1 per cent over the previous quarter as high inflation and interest rates weigh on activity.

Germany, the EU's biggest economy, saw growth stagnate at zero per cent over the previous quarter. Year-on-year, Germany was the only country in the single-currency zone to record a contraction, of 0.1 per cent.

For the European Union overall, GDP expanded 0.3 per cent over the previous quarter, according to the figures from Eurostat, the EU's statistics office.

EU economy commissioner Paolo Gentiloni said the first-quarter data "is encouraging news, which shows a European economy that continues to show resilience against a challenging global backdrop".

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (APR 29, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	5.47 ↑
Coarse rice (kg)	Tk 45-Tk 50	-1.04 ↓	2.15 ↑
Loose flour (kg)	Tk 55-Tk 58	0	54.79 ↑
Lentil (kg)	Tk 95-Tk 100	-2.56 ↓	-5 ↓
Soybean (litre)	Tk 168-Tk 175	-0.58 ↓	-7.3 ↓
Potato (kg)	Tk 32-Tk 35	42.55 ↑	86.11 ↑
Onion (kg)	Tk 45-Tk 55	25 ↑	72.41 ↑
Egg (4 pcs)	Tk 43-Tk 45	-4.35 ↓	27.54 ↑

SOURCE: TCB



Sohail RK Hussain, managing director of Meghna Bank, and Tanjiba Rahman, president of Bangladesh Freelancer Development Society, exchanged signed documents of a memorandum of understanding on freelancer account service pack at the bank's head office in Gulshan, Dhaka recently. PHOTO: MEGHNA BANK

Meghna Bank, BFDS launch services for freelancers

STAR BUSINESS DESK

Meghna Bank recently partnered with Bangladesh Freelancer Development Society (BFDS) to launch its new product "Freelancer Account Service Pack".

To this end, both the organisations signed a memorandum of understanding (MoU) at the bank's head office in Gulshan Dhaka, said a

press release.

Tanjiba Rahman, president of the BFDS, and Sohail RK Hussain, managing director and CEO of Meghna Bank, inked the MoU.

Under the MoU, freelancer account holders will receive inclusive banking benefits like remittance services, foreign currency deposit in ERQ account and digital remittance certificate as an express service.

The bank has already established a dedicated desk at its head office, and branches will be the exclusive contact point for freelancers across the country.

"The Meghna freelancer account pack is indeed an excellent addition aimed to serve more than 650,000 freelancing professionals who expect to enjoy hassle-free banking experience," said Hussain.

Japan maintains monetary easing

AFP, Tokyo

The Bank of Japan announced a review of its longstanding monetary easing measures on Friday but said it would maintain them for the time being in the first policy decision under new governor Kazuo Ueda.

Analysts say the central bank's stimulus measures, which were supposed to deliver a vital boost to the Japanese economy, are looking increasingly unsustainable.

"The bank has decided to conduct a broad-perspective review of monetary policy, with a planned time frame of around one to one and a half years," a BoJ statement issued after a two-day meeting said.

In the immediate term, the institution left its negative interest rate in place and did not adjust the band in which rates for 10-year government bonds fluctuate, as expected.

Former economics professor Ueda took over this month from Haruhiko Kuroda, the architect of the bank's signature ultra-loose strategy over the past decade.

On Friday, Ueda said the BoJ could still make tweaks to its easing policies during the review period.

"Necessary policy changes will be debated during each of the policy board meetings and if necessary, they will be implemented. That's our stance," he told reporters.

Eid tourism undaunted by higher costs

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Abdul Awal, director for sales and marketing at Sea Pearl Beach Resort, said business was better this Eid compared to that of 2022.

"We are happy with the current situation," he added.

Md Jahirul Islam, general manager of Mermaid Beach Resort, said they achieved 80 per cent of their expected bookings as some tourists lost their interest in travelling due to high inflation and rising temperatures.

However, Prasenjit Guha Thakurta, group general manager of Seagull Hotel, said occupancy was 10 to 12 per cent lower than the 85 per cent registered in 2022.

"We had to face this situation due to the ongoing heatwave and equivalent examinations," he added.

Thakurta went on to say that the current economic situation and subsequently high travel costs are another reason for the decline in occupancy.

The Palace Luxury Resort, built on 150 acres of land with 107 rooms and 22 villas in a remote village of

Habiganj, was almost fully booked during the Eid holiday.

Joseph Gomes, general manager of the resort, said business was quite good this time around compared to the Eid-ul-Fitr season of 2022.

"The occupancy rate was 100 per cent at our resort," he added.

Pradip Sanyal, executive director of Bhawal Resort and Spa in Gazipur, said this year's Eid season went well as occupancy stood at 100 per cent from April 22 to 30 while it was 90 per cent during the same period of 2022.

"We received a better response from tourists this year due to the development of the Gazipur-Mymensingh road," Sanyal added.

Md Abdullah Al Kafi, managing director of the Meghmati Village Resort in Mymensingh, said their occupancy rate was almost 80 per cent with travellers even coming from Finland, Italy, and Germany.

Rumman Intiaz Tushar, owner of the Ilish Park Eco Resort in Kuakata, said this Eid season has gone quite well as all 10 of their cottages were booked.

The number of tourists going abroad is increasing day by day as well, said Imranul Alam, managing director of Tour Group Bangladesh, which conducted trips to Kashmir, Meghalaya, Sikkim, Darjeeling, Maldives and Nepal during the Eid season.

Some 100 people went abroad through the company in 2022 while about 120 went this year.

Abu Tahir Muhammad Zaber, chief executive officer of the Bangladesh Tourism Board, said there were around 2 crore domestic travellers last year.

Abu Masum, a maintenance manager of Interlink Apparel Limited in Gazipur, went to Cox's Bazar with his family during Eid vacation.

"It was a pre-planned tour for us. And I took the tour's preparation in that way," said Masum.

"I booked a room at Hotel Ashish for which I had to count Tk 2,000 as an additional cost. On normal days, I would have spent Tk 12,000 as room rent for a four-day trip, whereas I had to count Tk 20,000 besides other expenses," he added.

Pubali Bank aims to be a lifelong partner

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performing loans in check for the higher profit.

In the last calendar year, the NPL fell to 2.62 per cent, the lowest since 2012 and much lower than the industry average of 8.16 per cent.

"We select borrowers meticulously before the disbursement of depositors' money. We ensure a two-layer visit to see the potential of a borrower's capacity to repay: one is done by our branch office and the other is by the head office," said Ali.

"Besides, we assess the balance sheets of loan-seekers and corporate governance and look at their buyers and work orders. We also see whether their factories are operational."

So, fraudulent companies don't come to the bank, he said, adding that the loans that have been sanctioned in the last five years have not become classified.

Although Pubali Bank selects borrowers through a rigorous process, it ensures the quickest disbursement of loans so that customers can reap benefits.

"Regular meetings of the board allow us to approve loans without delays," the CEO said.

In order to ensure balanced growth, the private bank looks to focus equally on retail, cottage, micro, small and medium enterprises and continue to serve corporate clients.

Pubali Bank is establishing a

card division and aims to expand its business in consumer credit and lease finance in the coming days.

"At the same time, we will keep our focus on green and environment-friendly lending," Ali said.

The bank has financed the establishment of solar power plants, effluent treatment plants, recycling plants and green buildings.

In order to keep the morale of the employees high, it has set up a retired employees welfare fund so that they benefit after their retirement.

In the case of the death of an employee, it provides employment opportunities to the spouse of the departed.

"We want to be a socially responsible bank," added Ali.