Taiwan slips into recession

REUTERS, *Taipei*

Taiwan's export-dependent economy contracted more than expected in the first quarter and slipped into recession as exports were hit by slowing global tech demand and broader economic woes, but should hit a 2 per cent growth target this year.

Gross domestic product (GDP) shrank 3.02 per cent in January-March from a year earlier, following a contraction of 0.41 per cent in the previous quarter, preliminary data from the statistics agency showed on Friday.

That marked the economy's worst performance since 2009 and lagged a fall of 1.25 per cent predicted in a Reuters poll.

"The first-quarter GDP was the worst since the financial crisis," Wu Pei-hsuan from the Directorate General of Budget, Accounting and Statistics told reporters, referring to the 2008-2009 global crisis.

"This quarter's external demand was weak, but private consumption was strong."

There is still a chance, though, for the 2023 full-year GDP to hit 2 per cent growth, the statistics department said.

Taiwan's exports fell year-on-year for a seventh consecutive month in March, with the government predicting the downturn may continue until at least the fourth quarter.

Economy Minister Wang Mei-hua told reporters there were no "obvious signs of recovery" for the global economy due to high inflation and high interest rates, and Taiwanese companies were still seeing high levels of inventory. "Everyone hopes things improve in the second half," she said.

Taiwan's first-quarter exports dropped 19.17 per cent from a year earlier in U.S. dollar terms, the agency said.

Quarter-on-quarter, the economy contracted 6.37 per cent on a seasonally adjusted annual rate.

The economy in China, Taiwan's largest export market, grew 4.5 per cent in the first quarter on the year, faster than expected as the end of strict COVID-19 curbs freed businesses and consumers from crippling disruptions.

ExxonMobil, Chevron report higher profits despite oil price dip

AFP, *New York*

US oil giants ExxonMobil and Chevron reported another quarter of heady profits Friday as both companies continued to direct large cash payments to shareholders.

Strong refining results offset the effect of lower crude prices in the first quarter compared with the year-ago period, lifting profits and enabling ExxonMobil to return $8.1 billion to shareholders and Chevron $6.6 billion in dividends and share repurchases.

"We're delivering strong financial results and increasing cash return to shareholders," said Chevron Executive Mike Wirth, pointing to a 65 percent jump in shareholder repayments compared with the year-ago period.

The results extend a bountiful period for the US oil giants in the wake of a global energy market roiled by Russia's invasion of Ukraine. Both companies pointed to a hit from recent windfall profit taxes that deprived them of even bigger earnings.

Results in the 2022 period were lifted by spiking oil prices following Russia's invasion of Ukraine.

In the most recent period, crude prices traded in the $70-a-barrel range for most of the quarter.

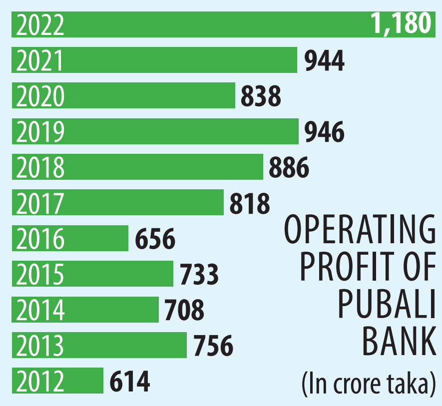
While that's down from the spike in the 2022 period after Russia's invasion of Ukraine, crude prices remain at a fairly high level. At ExxonMobil, first-quarter profits more than doubled to $11.4 billion, while revenues declined 4.3 per cent to $86.6 billion.

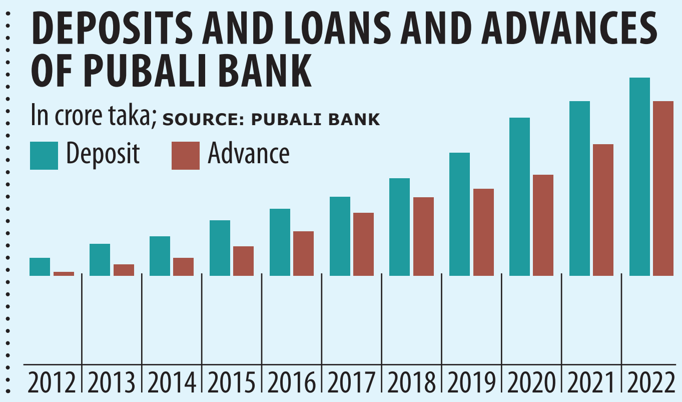
Results in the year-ago period were dented by $3.4 billion in one-time costs connected to ExxonMobil's withdrawal from the Sakhalin offshore oilfield following the invasion of Ukraine.

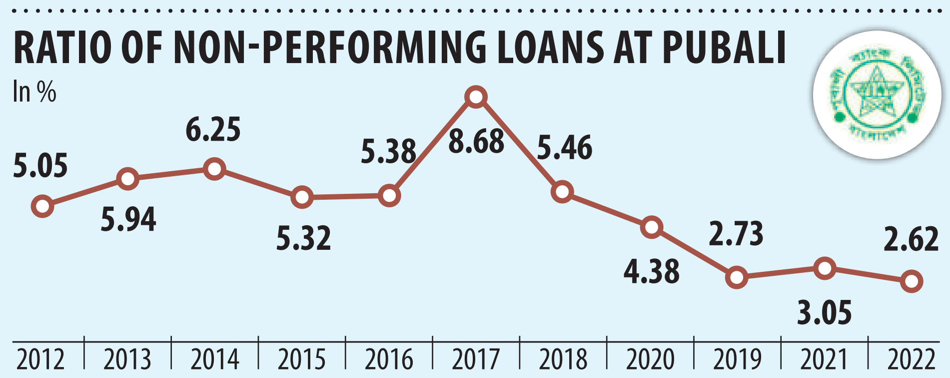
But while crude prices were down 23 per cent compared with the 2022 quarter, production volumes of oil and natural gas rose 4.1 per cent.

The oil giant's integrated model -- which makes it a consumer of crude at its network of petroleum refineries -- meant it also benefited from lower oil prices in ExxonMobil's energy products division.

Chief Executive Darren Woods said the company "is growing value by increasing production from our advantaged assets to meet global demand."







"We are putting in place all kinds of infrastructure to provide a good experience to our customers."
Mohammad Ali
MD and CEO of Pubali Bank

Pubali Bank aims to be a lifelong partner of clients

SOHEL PARVEZ

Riding on the reputation it has earned over the decades, Pubali Bank Ltd, one of the oldest banks in Bangladesh, is investing to build a robust digital infrastructure with a view to providing all financial services at the fingertips of customers and their doorsteps.

The private commercial bank also plans to expand its physical network through the establishment of sub-branches across the country to onboard more customers.

In doing so, it wants to be the lifelong partner of every customer, said its top executive.

"We are putting in place all kinds of infrastructures to provide a good experience to our customers," said Mohammad Ali, managing director and chief executive officer of Pubali Bank, in an interview with The Daily Star recently.

"Usually, a customer does not leave us once they become a client. Now, we want to provide a life-long experience to them."

The top executive, a computer science graduate from Bangladesh University of Engineering and Technology, shared this as it restructures its human resources and invests in building digital infrastructure to get today's tech-savvy customers on board.

"We are embracing modern technologies so that we can satisfy all the digital needs of customers. We also want to create a perception among people that the capacity and integrity of our employees is unparalleled."

Established as Eastern Mercantile Bank Ltd in 1959 in then East Pakistan, it was renamed Pubali Bank after the independence of Bangladesh.

Today, it is one of the largest private banks in terms of branches. It has 500 branches, 151 sub-branches and 17 Islamic banking windows.

It has the largest real-time centralised online banking network.


MOHAMMAD ALI
MD and CEO of Pubali Bank

"We are trying to create an environment so that customers do not have to come to us. Rather, we will meet them where they are. They can open letters of credit in the comfort of their offices," Ali said.

Speaking about the expansion of fintech such as mobile financial services, the Pubali Bank CEO said one of the limitations of MFS providers is that they charge customers high.

"But the fees for the money transferred through banks and other services are minimal. We are integrating all these into our platform to meet the requirement of customers."

The bank is developing a mobile app to provide banking services digitally.

Despite an increased focus on boosting the digital infrastructure, Pubali Bank will expand its footprints through the setting up of sub-branches, particularly in suburban areas.

Ali thinks there are about 10,000 bazaars in Bangladesh and people will have more confidence if there is a sub-branch in these bustling business centres.

Since its inception, Pubali Bank has garnered goodwill through its services. And it continues to see growth in deposits whereas many of its competitors struggle to attract savers.

At the end of 2022, the private bank posted a 10 per cent year-on-year growth in deposits, touching Tk 50,935 crore. It was Tk 46,240 crore a year ago.

"An elevated level of public trust has contributed to the increased flow of deposits," said Ali, who holds a master's degree in development studies and an executive MBA from the Institute of Business Administration, both at the University of Dhaka.

"Our customers continue to enjoy our services and share their positive experiences with others. The brand value has spread by word of mouth. Providing and ensuring a beautiful environment is one of our core competencies."

Pubali Bank also recorded an increase in the growth of loans and advances: in 2022, loans and advances jumped 23 per cent to Tk 46,275 crore from Tk 37,665 crore a year ago.

"We made a record profit in 2022," Ali said.

The operating profit was Tk 1,180 crore last year and the profit after tax grew to Tk 564.8 crore from Tk 435 crore.

Ali credited the bank's performance in keeping non-

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Local CEOs in global corporations

MAMUN RASHID

In our international business course, we were taught to differentiate between truly global, multinational, foreign and regional companies. Every foreign company may not be a multinational or global company. Hence, their organisational culture, operating model and risk management modalities are also likely to be different.

I was only 40, quite young to become the CEO of a global bank here in Bangladesh. According to the Bank Company Act, one must have at least 15 years of relevant experience to become the CEO of a bank in Bangladesh. Credit goes to my seniors at Citigroup – they wanted a local to be at the helm of affairs in the local entity to drive growth.

I didn't have much clue about what to do and what not to do as the head of an entity in an emerging market like Bangladesh. Client booking, client relationship management, trade finance or project finance were not much of a problem, but maintaining global compliance standards, a world-class management style and being able to stay away from controversies were very difficult, especially in a US company here in Bangladesh after 9/11.

My risk senior in London, who himself was a former country manager in one of the Southeast Asian countries, whispered into my ears: "As a local CEO in a global corporation, you should first stay away from any recruitment. Let HR and the functional heads do their jobs. Second, stay away from recommending any clients for credit facilities despite knowing them well. Third, stay away from making any procurement decisions or recommending any supply vendors."

Throughout my nine years, I remembered those words and was able to stay away from anything odious. Many seniors in the South Asia office, as well as the Asia headquarters, literally coached me and taught me "the Citi way" of doing things.

I also received a lot of guidance from my peers and a few other local CEOs in European pharmaceuticals and in one or two FMCG giants. They were, of course, a few. We didn't have many to consult or follow.

Knowing the local corporate ecosystem, business culture and regulatory set-up, I am much happier today seeing many local CEOs in regional or multinational foreign companies here. This must have been very tough for each one of them to occupy the top role, especially in companies known and respected across the world.

The Bangladesh market has been very tough for locally-grown CEOs. Pressure from the government, hostility from peers and the inefficiency of juniors are among the challenges that can drive one crazy.

The regional office would doubt you, HR would suspect you of recruiting your friends and kin, finance would doubt you for nepotism, and the regional office would curse you for failing to implement the "Foreign Corrupt Practice Acts."

Though it is changing gradually, the local market even seemed to be ready to accept a high-school graduate European CEO over a North American business-school graduate from Bangladesh.

Most of your bosses may apprehend how a local CEO may "succumb to undue pressures" from the local authority, especially political or politicised regimes.

There are challenges, and you can rest assured that there will be even more once this market becomes more attractive and less of a trouble to govern or commute. Yet, our men and women will be occupying larger, increasingly senior roles locally and regionally, if not globally.

For that, they must be groomed well, think globally, and accept the best global practices as their way of life. More importantly, they must stay away from nepotism, incompetence and wrongdoing.

The author is a former banker and economic analyst

Germany dodges recession

But flat growth disappoints

AFP, *Frankfurt*

Germany narrowly dodged a recession in the first quarter but growth stagnated contrary to expectations for a slight rebound, preliminary data showed Friday, as the energy crisis weighed on Europe's top economy.

Gross domestic product came in flat from January to March, federal statistics agency Destatis said. If the economy had shrunk again -- after a 0.5 per cent contraction in the final quarter of 2022 -- it would have entered a "technical recession".

The industrial powerhouse, which had long been heavily reliant on Russian energy, was hit hard after Moscow's invasion of Ukraine sent gas prices surging.

Analysts and the government predicted for months that surging prices, particularly of energy, would push the economy into a sharp winter recession.

But expectations changed in recent weeks as Germany's vast industrial sector rebounded, on the back of falling energy prices and the reopening of China, a key market for German manufacturers, after long Covid lockdowns.

While the economy appears to have avoided the worst, the first quarter reading was below expectations from analysts surveyed by financial data firm FactSet for an expansion of 0.2 per cent.

There is also a possibility that the reading could be revised down when the final figures are published in a few weeks.

LBBW bank economist Jens-Oliver Niklasch said the figures highlighted the economy was still experiencing a "dry spell".

Customers buy medicine from a medical supply store in Karachi. Pakistan's annual inflation rate hit 35 per cent in March, fuelled by a depreciating currency, a rollback in subsidies and the imposition of higher tariffs to secure a bailout package of $1.1 billion from the International Monetary Fund.

PHOTO: REUTERS/FILE

Pakistan hikes drug prices by 20%

REUTERS, *Islamabad*

Inflation-hit Pakistan on Friday approved a rise of up to 20 per cent in retail prices of general medicines and 14 per cent for essential ones, prompting immediate criticism from drug manufacturers who said the increases were too small.

The government decision followed a months-long stand-off with importers and manufacturers, whose associations have been demanding an across-the-board 39 per cent rise, warning that the industry could otherwise collapse.

Pakistan's annual inflation rate hit 35 per cent in March, fuelled by a depreciating currency, a rollback in subsidies and the imposition of higher tariffs to secure a bailout package of $1.1 billion from the International Monetary Fund. Food inflation has soared to 47 per cent.