Oil prices drift up

REUTERS, *London*

Oil prices edged up on Tuesday as uncertainty over fighting in the Middle East kept markets on edge, but gains were capped by concerns that central banks will keep interest rates higher for longer to battle inflation, weighing on energy demand.

Brent futures rose 30 cents to $82.30 a barrel as of 0924 GMT. US West Texas Intermediate (WTI) crude gained 31 cents to $77.23 a barrel.

Oil prices were near flat in Monday's trade, after gaining 6 percent last week.

The conflict in the Middle East has kept prices elevated, as the U.S. and Jordan maintained pressure for a Gaza Strip ceasefire. Senior mediators were to resume work on Tuesday on an Israel-Hamas truce agreement, with the threat of an Israeli ground offensive looming in Rafah.

"Oil prices have been numbed into submission by what has transpired, or not, in the Middle East," said John Evans of oil broker PVM in a note on Tuesday.

One "untoward act, missile or sudden peace agreement and crude prices will move $10/barrel."

Yemen's Iran-aligned Houthis have kept up their attacks in the Red Sea, claiming solidarity with Palestinians and striking vessels with commercial ties to the US, Britain and Israel since mid-November.

But changing expectations over the path of US interest rates have limited price gains, with recent central banker comments dashing market hopes for rate cuts early this year.

The New York Fed said its January Survey of Consumer Expectations showed the outlook for inflation a year and five years from now remained above the Fed's 2 percent target rate.If inflation worries delay Fed interest rate cuts, that could dampen economic growth and hit oil demand.

US inflation data is expected on Tuesday, while British inflation and euro zone Gross Domestic Product data should land on Wednesday.

Farmers harvest a variety of cucumber, locally called morma, at Shimuleshwar village in Jhalakathi for wholesale at Tk 800 to Tk 1,000 per maund (around 38 kilogrammes). The photo was taken last week.

PHOTO: TITU DAS

64% of freelancers trained under govt project now employed

Outsourcing skills helping to bring in foreign currency, official says

STAR BUSINESS REPORT

About two-thirds of the freelancers trained under a government project are now outsourcing their skills to foreign clients, thereby contributing to Bangladesh's foreign reserves, according to an official of the Planning Commission.

With the aim of training up 6,400 freelancers by June this year, the Tk 47.5 crore project was initiated on a pilot basis across 16 districts in 2022.

Under the initiative, the government trained about 1,900 people as of December last year, with 64 percent having already secured jobs, said Abdul Baki, member (secretary) of Socio-Economic Infrastructure Division of the Planning Commission.

Baki yesterday made these comments during a press briefing at the Planning Commission following the first meeting of the Executive Committee of the National Economic Council (Ecnec) under the new government.

While disclosing the findings of a midterm evaluation of the pilot project, he informed that an Ecnec meeting approved a new initiative for upskilling freelancers.

The new project will be launched in more than 48 districts at a cost of Tk 300 crore.

"Freelancers can now utilise the opportunity of this new project," he said.

Some 64 percent of the trained freelancers are now earning foreign currency while around 18 percent have moved to other occupations, Baki added.

Baki also said Prime Minister Sheikh Hasina has directed the officials concerned to equip the syllabus under National Skill Development Authority (NSDA) focusing the needs of freelancers considering the fact that this was a global issue.

"The assessment process should be accepted globally," he added, quoting the premier.

Regarding the new project, Baki said they have considered arranging continuous support for freelancers until they were able to land jobs.

The premier also directed disbursing an allowance for freelancer through their respective bank accounts, said Planning Commission Secretary Satyajit Karmakar.

Under the new project, to be implemented by the Directorate of Youth Development, freelancers will get Tk 500 as allowance each day.

Additionally, educated youths will be provided training on computer applications, freelancing, basic English and digital marketing, as per the project proposal.

The project's objective is to make the freelancers eligible for earning foreign currency through outsourcing their skills. Over the next three years, it aims to provide 28,800 people with such training.

Eurozone banks face new slate of risks

REUTERS, *Frankfurt*

Eurozone banks face a permanently changed risk landscape that requires lenders to alter how they operate, the European Central Bank's new top supervisor said in her inaugural speech on Monday.

Surging interest rates, rising geopolitical risk, quicker deposit movements, multiplying cyber attacks and climate risk are all changing the fundamental nature of the business, and lenders may not be sufficiently prepared, said Claudia Buch, who took over from Andrea Enria at the start of the year.

"Interest rates and energy prices have already increased, growth projections have been revised downwards, climate-related risks are becoming increasingly visible, and the number of cyber attacks has risen," said Buch, the former vice president of the Bundesbank.

"Many of these changes are structural rather than temporary," said Buch, who will now oversee just over 100 of the bloc's largest lenders.

The changed environment, including record fast rate hikes by the ECB, are already weighing on firms and there are "clear indicators" that asset quality is already starting to deteriorate.

A key problem is that banks do not yet have the expertise to work in such an environment, Buch warned. "New risks are insufficiently integrated in banks' risk management processes," Buch said. "Banks' decisions may thus be based on flawed or incomplete information."

"Banks use a variety of approaches, many of which lack the required risk sensitivity," Buch said, adding that the ECB was re-running a review of compliance and expects banks to adhere to best practices on novel risks.

Increased digitalisation in the sector can also lead to a faster movements in deposits among distressed banks, as evidenced by stress among regional lenders in the US last year, so the ECB must review banks' funding plans, Buch said.

She said reviews will look closely at governance and long-term thinking instead of just buffers, since many distressed banks in the past met regulatory norms until very late on.

STOCKS

DSEX ▼	CASPI ▼
0.46%	0.32%
6,394.81	18,500.41

COMMODITIES

Gold ▲	Oil ▲
$2,024.85	$77.28
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.68%	▲ 2.89%	▲ 0.11%	▲ 1.28%
71,555.48	37,963.97	3,141.87	2,865.90

Xiaomi says India's scrutiny of Chinese firms unnerves suppliers

REUTERS, *New Delhi*

China's Xiaomi has told New Delhi that smartphone component suppliers are wary about setting up operations in India amid heavy scrutiny of Chinese companies by the government, according to a letter and a source with direct knowledge of the matter.

Xiaomi, which has the biggest share in India's smartphone market at 18 percent, also asks in the letter dated February 6 that India considers offering manufacturing incentives and lowering import tariffs for certain smartphone components.

The Chinese company assembles smartphones in India with mostly local components and the rest imported from China and elsewhere. The letter is Xiaomi's response to a query from India's information technology ministry asking how New Delhi can further develop the country's component manufacturing sector.

India ramped up scrutiny of Chinese businesses after a 2020 border clash between the two countries killed at least 20 Indian soldiers and four from China, disrupting investment plans of big Chinese companies and drawing repeated protests from Beijing.

While Chinese companies operating in India are reticent to speak publicly about the scrutiny, Xiaomi's letter shows that they continue to struggle in India, especially in the smartphone space where many critical components come from Chinese suppliers.

In the letter, Xiaomi India President Muralikrishnan B. said India needed to work on "confidence building" measures to encourage component suppliers to setup operations locally.

"There are apprehensions among component suppliers regarding establishing operations in India, stemming from the challenges faced by companies in India, particularly from Chinese origin," Muralikrishnan said, without naming any companies.

The letter said the concerns were related to compliance and visa issues that it didn't elaborate on, and other factors. It said "the government should address these concerns and work to instil confidence among foreign component suppliers, encouraging them to set up manufacturing facilities in India."

Xiaomi and the IT ministry did not respond to queries for further information and comment.

Indian authorities last year accused Chinese smartphone company Vivo Communication Technology of breaching some visa rules and alleged it siphoned $13 billion in funds from India.

India has also frozen more than $600 million in Xiaomi assets for alleged illegal remittances to foreign entities by passing them off as royalty payments.

Both Chinese companies deny any wrongdoing.

Other than regulatory scrutiny of the likes of Xiaomi and Vivo, India has since 2020 also banned more than 300 Chinese apps, including ByteDance's TikTok, and halted planned projects such as those planned by Chinese automakers BYD and Great Wall Motor.

The source said many executives of Chinese electronics companies struggle to get visas to enter India, and their companies continue to face slow clearances for investments due to heavy scrutiny by New Delhi.

Garment exports

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retailers and brands, especially from Europe and the US, are increasing. This indicates that export may revive to some extent, if not significantly," said Md Fazlul Hoque, managing director of Narayanganj-based Plummy Fashions Ltd. "I am hopeful that exports will revive from May, but it may not be that significant."

Anwar-ul Alam Chowdhury, a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), says inquiries from retailers and brands were low in September and October last year.

"As they are now increasing, it is expected that work orders will pick up around April or May and export will reach the previous levels as the economies of major export destinations like Europe and the US are rebounding from the global economic slowdown and historic inflationary pressures."

A major European buyer, asking not to be named, said although his company would not increase work orders significantly, there was no chance of reducing orders.

Shafiur Rahman, regional operations manager of G Star, a Dutch designer clothing company, thinks the revival may start from June as per projections by international retailers and brands.

"2025 will be a good year for the garment business as the world economy is rebounding."

According to exporters, the shipment of garment items would increase in the coming months because inflation has fallen in the West and people are spending.

Moreover, buyers are sending a lot of inquiries to buy goods from Bangladesh, said BGMEA President Faruque Hassan.

Old inventories at stores have been reduced on the back of higher sales during the festival season in November and December like Christmas.

"Since the stock of clothing items has reduced, retailers and brands are placing a lot of work orders," Hassan added. He said local manufacturers and suppliers have diversified in terms of both markets and products over the years and are now reaping the rewards of such initiatives.

"In many cases, local suppliers are getting premium prices from buyers as they produce high valued-added items."

Garment suppliers have also made improvements in terms of compliance, which, coupled with green initiatives, has brightened the image of the sector and the country.

"This increases buyers' confidence when sourcing garment items from Bangladesh," the BGMEA chief added.

Clarification

The City Bank PLC has sent a clarification to a report titled "Nine banks asked to tighten forex vigilance at Dhaka airport", published in The Daily Star on February 9.

The report cited that the Bangladesh Bank instructed nine banks, including City Bank, to transfer officials who have been in charge of their foreign exchange booths at the Hazrat Shahjalal International Airport for more than one year and bring the booths under round-the-clock CCTV surveillance to tackle capital flight and illegal foreign currency transactions.

But in the clarification, City Bank said it currently does not have any booth at the airport that handles foreign exchange transactions. It closed its booth in 2021.

The bank has an online banking booth in the import cargo area which facilitates the collection of government revenue and import-related charges from clearing and forwarding agents and others in the local currency.

NRB Bank MD resigns

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managing director of the bank, according to the website of NRB Bank.

Mohammed Mahtabur Rahman did neither receive calls nor respond to an SMS on his phone yesterday.

At the end of December last year, the bank had Tk 299.26 crore in default loans, which was 5 percent of its total disbursed loans.

In 2022, the bank had Tk 148.28 crore in bad loans, which was 3.01 percent of its disbursed loans, showed the BB data.

At least four managing directors of private banks resigned in the last couple of months.

However, two returned to work following interventions by Bangladesh Bank.

Move to squeeze credit flow

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increase the flow of credit to the private sector so that the vibrancy of the economy can continue, he said at an event organised by the Capital Market Journalists' Forum (CMJF) at its office in the capital, titled "CMJF Talk".

"There is a US dollar shortage in the banking sector, so problems regarding import may remain for months. That will also impact the economy," the DCCI president added.

Corporations can issue shares or bonds to raise funds in order to meet finance demands, but that is a long process. The government should work on it so that the fund-raising process in the stock market becomes easier and less time consuming, he opined.

Another problem is the traffic jam in Old Dhaka, which has been a major concern for wholesalers of goods. It has been prevalent for many years but has now become even more congested.

He also highlighted that the country needs a huge amount of investment to develop the economy, but to get investment, a conducive environment is necessary.

"Still, people have to go to four or five officials to get a trade license. However, a one-stop service should be arranged so that businessmen do not face any hassle," he added.

Golam Samdani, president of the CMJF, and Abu Ali, secretary general of the forum, were among those present at the event.

Exports to South Korea

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"We have explored the market and assessed its demand. Besides, we are able to comply with the quality requirements of this market," he added. Hassan also said he expects exports to South Korea to grow further in 2024.

Fazlul Hoque, managing director of Plummy Fashions Ltd, a knitwear exporter, said South Korea is a big market with significant potential.

"It [exports to Korea] can grow and we have to nurture the market," he added.

Mehdi Mahbub, an analyst on business development in South Korea, said exports to the East Asian nation were supposed to grow much earlier.

"We have not explored the market's potential," he said, adding that South Korean buyers preferred purchasing from Vietnam for various reasons.

"But now, Vietnam is becoming costly," Mahbub added.

He also said that other than woven and knitwear items, South Korea could be a good market for sportswear and outerwear.

"It is possible to increase our exports to the country to one billion dollars," he said, adding that keeping commitments is very important in South Korean culture and the country's people are very quality-conscious.