UK announces new investment in green energy projects

AFP, *London*

The UK government on Thursday announced that it had secured more than £24 billion ($31.3 billion) of private investment in green energy projects, as it gears up for an international investment summit.

Prime Minister Keir Starmer called the investments "a huge vote of confidence" in his Labour government and its long-term growth plans, despite a stuttering start in power since the party's election win in July.

Labour, in opposition for 14 years, has vowed to revitalise the UK economy, which it claims faltered badly during successive Conservative administrations since 2010.

Central to its plans is green energy, to transition the country away from polluting fossil fuels towards renewables such as wind, wave and solar, to meet net-zero targets.

Prime Minister Keir Starmer called the investments "a huge vote of confidence" in his Labour government and its long-term growth plans

But Starmer and his finance minister Rachel Reeves have been accused of scaring off investors by relentless talk of a dire economic inheritance from the Tories and warnings about tough remedial measures to come.

Spain's Iberdrola, which owns UK energy provider Scottish Power, said it was doubling its investment in the UK over the next four years to £24 billion. Denmark's Orsted is investing £8 billion and Portugal's Greenvolt £2.5 billion, Downing Street said in a statement.

The announcements come after a record 131 new green infrastructure projects were awarded at auction last month, including plans for Europe's two biggest offshore windfarms.

Starmer said creating the right conditions was key to boosting growth and that the International Investment Summit on Monday would be a "springboard" to do so.

The food ministry implements the open market sale (OMS) programme to alleviate the economic burden on vulnerable segments of the population.

PHOTO: STAR/FILE

New policy limits OMS dealers' tenure to 5 years

The food ministry announced the OMS Policy 2024 last week

MD ASADUZ ZAMAN

In a bid to run food distribution endeavours smoothly, the interim government has framed a new policy for the open market sale (OMS) programme, which restricts the tenure of dealers to five years.

The food ministry announced the fresh policy, titled "OMS Policy 2024", this week.

The OMS programme is a public food distribution system under which the government sells rice and flour at subsidised rates through authorised dealers and trucks across the country.

The food ministry implements the OMS programme to alleviate the economic burden on vulnerable segments of the population. The programme also serves to stabilise food prices during periods of market volatility.

"The tenure of the dealers' licence will be limited to five years. They must renew it each year by paying a fee," according to the new policy.

Every dealer must stock a warehouse with at least three tonnes of food grains, it said. Earlier, under the OMS policy of 2015, only two tonnes were required.

"The government has re-framed the policy and limited the dealer's tenure to bring transparency to the food distribution process," said Md Habibur Rahman Hosaini, additional secretary of the procurement and supply wing at the food ministry.

"There is now no scope to retain dealership privileges for years. All of them will be brought under the proper monitoring," he added.

Under the new policy, the government has also strengthened the selection committee, he added.

Now, the director general of the food ministry will finalise the recruitment of the dealers.

It also scrapped a provision that prioritised local members of parliament in the dealer recruitment process.

Besides, the government has doubled the refundable collateral fee to Tk 50,000 and included penalties on dealers for missing deadlines.

In addition, the government clarified provisions relating to the cancellation of dealers' contracts and outlined legal action against them for violating the agreement.

From now, the dealership agreement will be cancelled if any dealer fails to withdraw their food grains from the government for 15 straight days.

The authorities have also extended the monitoring and reporting period.

The government distributed 2.92 lakh tonnes of food grains, including 1.94 lakh tonnes of rice, through the OMS programme during the July-September period of 2024-25 fiscal year, indicating an over 20 percent rise year-on-year, according to the food ministry.

India's forex reserves stay above $700b

ANN/ THE STATESMAN

India's foreign exchange (forex) reserves stood above $700 billion for the second-consecutive week, data from the Reserve Bank of India (RBI) showed on Friday.

The foreign reserves stood at $701.18 billion as of October 4, a drop of $3.71 billion from the previous week, according to the RBI's weekly bulletin.

The country's Forex reserves of over $700 billion are at an all-time high and the fourth-largest in the world.

Forex rose nearly $35 billion in the earlier seven weeks.

As per the Weekly Statistical Supplement released by the RBI, Foreign Currency Assets (FCAs) dropped by $3.51 billion to $612.6 billion.

Gold reserves decreased by $40 million to $65.76 billion. Special Drawing Rights (SDRs) also saw a marginal dip by $123 million to stand at $18.43 billion.

The country's reserve position in the International Monetary Fund (IMF) witnessed a marginal decrease of $71 million at $4.3 billion.

Despite geo-political uncertainties, the investors' confidence remained intact in India's growth story as last week, the country's foreign exchange reserves surpassed $700 billion for the first time, reaching $704.89 billion.

The Forex surged $12.59 billion, which is the largest weekly rise since mid-July 2023.

The country has joined the ranks of three other countries – China, Japan, and Switzerland – which have crossed the $700 billion threshold in reserves.

US producer inflation unchanged in September

AFP, *Washington*

US wholesale prices were unchanged in September, according to government data published Friday, as a small rise in the cost of services was offset by falling goods prices.

The producer price index (PPI) was flat in September, according to new and revised figures from the Labor Department.

This was lower than the median forecast from economists surveyed by Dow Jones Newswires and The Wall Street Journal.

Over the past 12 months, prices cooled to 1.8 percent in September from 1.9 percent in August, but this was due to an upward revision to past data.

The data suggests producer prices continue to ease, which is good news for the Federal Reserve as it eyes further interest rate cuts in response to a cooling labor market and a decline in consumer inflation toward its long-term target of two percent.

The US central bank has a dual mandate to maintain stable prices and maximum sustainable employment, and has refocused its attention on the second of these mandates in recent months.

China's stimulus message leaves investors wanting

AFP, *Shanghai/Singapore*

China's highly anticipated announcement of financial stimulus plans on Saturday was big on intent but low on the measurable details that investors need to ratify their recent return to the world's second-biggest stock market.

Saturday's news conference by Finance Minister Lan Foan reiterated Beijing's broad plans to revive the ailing economy, with promises made on significant increases to government debt and support for consumers and the property sector.

But for investors who were hoping to hear authorities spell out exactly how much the government will throw at the crisis, the briefing was disappointing.

"The strength of the announced fiscal stimulus plan is weaker than expected. There's no timetable, no amount, no details of how the money will be spent," said Huang Yan, investment manager at private fund company Shanghai QiuYang Capital Co in Shanghai.

Huang had hoped for more stimulus to boost consumption. Market analysts had been looking for a spending package between 2 trillion yuan to 10 trillion yuan ($283 billion to $1.4 trillion).

Reuters reported last month that China plans to issue special sovereign bonds worth about 2 trillion yuan this year as part of fresh fiscal stimulus. Bloomberg News reported China is considering the injection up to 1 trillion yuan of capital into its biggest state banks. Lan's press conference did not give any specifics.

In the three weeks since the People's Bank of China (PBOC) kicked off China's most aggressive stimulus measures since the pandemic, the CSI300 Index has broken records for daily moves and is up 16 percent overall. Stocks have grown wobbly in recent sessions, though, as initial enthusiasm gave way to concerns about whether the policy support would be big enough to revive growth.

"If that's what we have in terms of fiscal policies, the stock market bull run could run out of steam," Huang said, referring to comments at Saturday's press conference.

Heading into the briefing, some investors had braced for the finance minister to withhold actual spending details until China's rubber-stamp parliament meets later this month.

Equally, investors also worried that mere interest rate cuts, which the PBOC has already announced, and a reluctance by the central government to spend will imperil the odds the world's second-largest economy can hit its 5 percent growth target.

"Investors will need to be patient," said HSBC's chief Asia economist Fred Neumann, noting concrete numbers could come only by the end of this month when the standing committee of the National People's Congress reviews and votes on specific proposals.

Jason Bedford, former China analyst at Bridgewater and UBS, pointed to Lan's pledge to recapitalise big state banks as indicating authorities expect to see a revival in demand for credit.

"But the only way the economy needs more credit is if you create credit demand which can only be done if you provide fiscal (support)."

Dollar flat against major currencies

REUTERS, *New York/London*

The US dollar was flat against major currencies on Friday as markets digested a slew of economic data that supported the Federal Reserve's current monetary policy path.

A gauge of US producer prices was unchanged in September, the Labor Department reported, the latest economic data to indicate the Fed will likely cut rates again next month.

Consumer prices in September rose 0.3 percent, according to data released on Thursday, slightly hotter than expected, while weekly jobless claims surged, pointing to labor-market weakness. The weekly jobless claims data was skewed by Hurricane Helene. Next week's data will be affected by Hurricane Milton, the second hurricane in two weeks to hit the southeast US.

Food inflation

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Traders are fined for misdeeds, but this approach is neither effective nor adequate, he said.

When a fine is imposed, the trader simply raises prices for consumers to cover the cost of the fine, he added.

"You have to increase supply in the market and ensure competition."

Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh, said higher food prices are closely linked to price distortions occurring in the markets and the associated supply chain, where new political actors have emerged to exert undue political influence and extract economic rent.

"This issue needs to be addressed effectively if we want stability in food prices."

Both Mujeri and Raihan said prices could be controlled if a coordinated and integrated approach is taken.

"The condition of the commoners is dire. Jobs and income opportunities have diminished due to the economic slowdown. We do not want to see a situation where essential commodities are beyond the reach of the average person. A coordinated effort must be made to tame inflation," Raihan said.

Demand for luxury apartments

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He said that up to 10 percent of all new apartments are in the premium and luxury segments as the demand for these increased over the past few years.

"Many people now want to live in high-quality apartments," he said while adding that about 13,000 total apartment units are being built each year.

Meanwhile, Islam fears that some clients who booked premium and luxury apartments by paying 30 to 40 percent in advance will not follow through on the purchase, especially as a number of them absconded after the political changeover.

Liakat Ali Bhuiyan, senior vice president of the Real Estate and Housing Association of Bangladesh (REHAB), said sales of all types of apartments have fallen due to the sudden political shift.

Against this backdrop, realtors are passing difficult times, he added.

Bhuiyan is optimistic the situation will improve when they organise the REHAB fair next winter.

16 NBFIs face

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As a result, the four NBFIs have become ailing institutions, with more than 90 percent of their loans turning sour.

Till June, FAS Finance faced the highest provision shortfall of around Tk 550 crore. The company had bad loans amounting to Tk 1,820.89 crore, which accounts for 99.89 percent of its total disbursed loans.

Aviva Finance fell short of provisioning guidelines by Tk 441 crore after the central bank recently reconstituted its board of directors to free it from the grip of the scandal-hit S Alam Group.

The company's NPLs stood at Tk 2,354 crore, which accounts for 84.55 percent of its disbursed loans.

There are more finance companies in the country than needed and the sector is totally ignored, said Moinul Islam, a former professor of economics at the University of Chattogram.

Challenges in the banking sector are likely to be overcome, but it will be very difficult to solve the problems plaguing NBFIs, the economist said.

"The government and the central bank should enhance monitoring of the sector. Otherwise, it will create a big hole in the financial sector," Islam said.

Among others, GSP Finance's provision shortfall stood at Tk 209 crore, Hajj Finance at Tk 212 crore, Islamic Finance at Tk 121 crore, BD Finance at Tk 96 crore, First Finance at Tk 83 crore, Bay Leasing at Tk 66 crore, Premier Leasing at Tk 56 crore and Prime Finance at Tk 54 crore, BB data showed.

BIFC, IIDFC, Meridian Finance, Midas Finance, National Finance, and Phoenix Finance had a combined provision shortfall of Tk 62 crore.

Fahmida Khatun, executive director at the Centre for Policy Dialogue (CPD), told The Daily Star that everyone's eyes were glued to the banking sector, but no one paid attention to the NBFIs.

"The governance of NBFIs has deteriorated and must be corrected now," she said, adding that the sector needs further development for the sake of the country's economy.

Foreign investors returning

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Under the previous government, the Bangladesh Securities and Exchange Commission had taken many steps, such as setting floor prices, that heavily impacted the stock market.

The foreign investors hope that these types of policies will not be implemented in the future and instead huge reforms will be implemented to bring good governance back to the stock market.

"At the same time, stock manipulation will be reduced. So, they have started investing funds in the market," Hossain added.

FTSE Russell, one of the world's leading market analytic and index providers, resumed its review of local stocks from last month to identify eligible index constituents from the Dhaka bourse.

It stopped reviewing the Dhaka Stock Exchange in February of 2023 following the implementation of the floor price mechanism.

Usually, foreign investors follow several indices to identify good stocks, including the FTSE index, where 25 Bangladeshi stocks were included.

Both Pasha and Hossain emphasised the need to ensure good governance and list good stocks to attract more foreign funds to the market. They also said market-friendly policies should be ensured and they should not be changed frequently.