

ECB cuts rates again

AFP, Frankfurt

The European Central Bank cut interest rates again Thursday and hinted at more to come, with President Christine Lagarde saying the beleaguered eurozone economy was "losing momentum" as EU and US politics fuelled uncertainty.

The central bank for the 20 countries that use the euro reduced its key deposit rate by a quarter point to three percent, as widely expected.

It was the ECB's third cut in a row and fourth since June, when it kicked off its current easing cycle.

After hiking borrowing costs from mid-2022 to combat runaway energy and food costs, policymakers have turned their attention to lowering rates as inflation eases and the eurozone economic outlook darkens.

While there had been speculation the ECB could opt for a bigger move, particularly after a surprise bumper cut by the Swiss central bank hours earlier, it decided to continue at the same pace, with a quarter-point reduction.

"The latest information suggests (the eurozone) is losing momentum,"

But Lagarde was clear that the Frankfurt-based institution's concerns now centred on the weakening outlook in the eurozone, following a string of worse-than-expected data.

"The latest information suggests (the eurozone) is losing momentum," she told a press conference after the rate decision.

The ECB's updated forecasts highlighted the problem, with the central bank cutting its growth estimates slightly for 2024 and the following two years – to 0.7 percent, 1.1 percent and 1.4 percent respectively.

Observers seized on the ECB dropping language from its statement on keeping rates "sufficiently restrictive for as long as necessary", saying it showed policymakers laying the ground for further cuts.

When pressed on the change, Lagarde would not be confirm future reductions, although she did add that "the direction of travel currently is very clear".

Analysts were confident more rate cuts were coming.

"The door has been opened more clearly to further cuts," said Mark Wall, chief European economist at Deutsche Bank, adding the statement signalled an "easing bias".



Flower farmers and buyers are seen recently at Gadhali, the heart of the country's flower industry, which is bustling with activity with stalls lining both sides of the Jashore-Benapole highway, showcasing a variety of blooms.

PHOTO: MOHSIN MILON

Flower farmers expect bonanza as peak season starts

MOHSIN MILON

Flower farmers expect a bonanza in December as the peak season for flowers has begun, which will continue until April next year.

Multiple national holidays will be observed in between the period, when the demand for flowers rises.

Farmers plan their cultivation to peak during occasions such as Victory Day, New Year's celebrations, the Spring Festival, Valentine's Day, International Mother Language Day, Independence Day, and the Bengali New Year.

The major portion of the flowers will come from Jashore's Gadhali, the heart of the country's flower cultivation.

Gadhali is now bustling with activity, with stalls lining both sides of the Jashore-Benapole highway showcasing a variety of blooms.

Growers in the region expect to sell flowers worth Tk 100 crore in the December to April period.

Around 6,000 families in Jashore are involved in flower cultivation, growing 11 varieties of flowers on at least 1,200 hectares of land, according to data of the Bangladesh Flower Society.

The region produces flowers worth Tk 150 crore annually, meeting 70 percent of the country's total demand.

Flowers are cultivated year-round not only in Jashore but also in other parts of the country, including Dhaka's Savar, Chattogram and Panchagarh.

Flowers are grown in Bangladesh on around 6,000 hectares of land and local production meets around 70 percent of the domestic requirement.

The rest is met through flowers imported

mainly from China, India and Thailand, according to a paper presented at an event at the Bangladesh Agricultural Research Council last month.

Annually around \$179 million or over Tk 2,100 crore worth of flowers are sold in Bangladesh and the market is expanding at a rate of 10-15 percent, according to a paper of the Netherlands-Bangladesh Seed Scoping Mission.

This year, farmers in Bangladesh battled extreme temperatures and untimely heavy rains, but they are still optimistic about reaching their Tk 100 crore sales goal.

The major portion of the flowers will come from Jashore's Gadhali, the heart of the country's flower cultivation

Among many varieties of flowers, some notable ones are roses sold at Tk 6-7 apiece, rajnigandha Tk 8 per stick, gladiolus Tk 14-16 each and gerbera Tk 13-14 each.

Major flower producing areas include Gadhali, Panisara, Navaran, Nirbaskhola, and Haria in Jhikargacha upazila.

The rainy season sees thin activity in the flower market when flowers are often used as cattle fodder due to low demand and stable labour costs.

The flower farmers said they faced significant challenges this year as unseasonal rains during the monsoon damaged crops, adding to the difficulties posed by the summer's heat and drought.

"Despite untimely monsoon rains, I've been giving extra care to my two bighas of rose

fields. If prices are good during the upcoming events, I'll make a profit," said Bablur Rahman, a rose farmer from Patuapara village.

Rubel Hossain, who grows gladiolus on 1.5 bighas of land, said, "Many plants died in the rain. I invested Tk 1.5 lakh per bigha. If prices don't improve, we'll face losses."

Sohrab Hossain, a gerbera farmer, said, "I've spent around Tk 2.25 lakh on two bighas of land and expect to sell gerberas worth Tk 7-8 lakh this year."

"All flower farmers in the area have been affected by the unseasonal rains. Prices are usually highest in January and February," he said. Despite the challenges, farmers are hopeful for a successful season.

Abdur Rahim, president of the Jashore Flower Producers and Marketing Cooperative Society Ltd, said the farmers have applied fertilisers and pesticides on the fields, and irrigation is ongoing.

"If the market conditions remain favourable, profits will be high this year."

The agriculture department is also stepping forward to support farmers by organising training sessions and workshops on producing perfume and fragrance oil from flowers, he said.

Farmers are being advised to work on proper transportation and storage methods to minimise losses, he added.

"Flower farmers were affected by heat and drought in the summer and heavy rains during the monsoon," said Md Jahangir Alam, Jhikargacha upazila agriculture officer.

"However, the current weather is favourable, and farmers are busy in maintaining their fields. If the weather and market remain supportive, flower sales could reach hundreds of crores of taka this season," he added.

Corporate governance failure in Bangladesh

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With the economic development of Bangladesh, the number of corporate bodies, especially led by the private sector, has increased significantly over the years. Incidentally, many of the businesses are sponsored, managed and controlled by families. Irrespective of its ownership structures, the governance of these business groups is of paramount importance, especially when the entities have been using public money by way of shares subscriptions, bank loans and public deposits.

The "Pillars of Corporate Governance" is like the backbone of an organisation, and it provides structure, accountability, and a roadmap for ethical decision-making. It is usually built on four pillars that we like to call the 4 Ps: people, processes, performance, and purpose.

In fact, corporate governance is established based on fundamental documents and tools like articles of association, government rules and regulations, company policies and guidelines and so on. It is the responsibility of the board of directors and its committees to ensure good governance. In this process, the role of independent directors is critically important to ensure good governance. The basic requirement to become an independent director is that he/she must be independent by nature, appearance, character, and judgment. His/her qualifications, background, experience, and most importantly knowledge in business are very important for making the role effective and rewarding.

With the above principles, frameworks and general expectations, let us now see what has really happened in Bangladesh recently. First of all, it should be recognised that there are a number of multinational companies (MNCs), foreign companies, listed companies, banks, financial institutions, insurance companies and even a few family business groups which are practicing good corporate governance ensuring fair

return to the business partners including public shareholders, repaying loans regularly, paying taxes adequately and regularly and taking care of other stakeholders including customers and employees.

On the contrary, many companies have severely failed to establish and comply with the requirements of corporate governance, misused public money and siphoned out a huge amount of funds in a systematic

manner, ultimately at the cost of stakeholders. In some cases, complete breakdown of corporate governance is evident. As a result, the country's economic development and growth have been severely impacted. The question again comes, how did it happen? These are— a) principal owner(s) in the positions of chairman or managing director (CEO) has been overpowered, b) remaining directors have been made inactive, c) appointing loyal and incompetent independent directors, d) appointments of inefficient persons as board member on political consideration, e) appointing auditors with weak ethical standards, f) board committees have been non-functional and ineffective, g) lack of transparency, accountability and misreporting, g) somehow or other managing regulators and so on.

Further, even the management team becomes non-professional and just carry out the orders of their chief/boss. In some cases, overpowered person assigned his/her representative in top position to serve his/her interest. These overpowered chairman or CEO, in the absence of good corporate governance, have systematically misappropriated or siphoned out a huge amount of public money by way of or in the name of— 1) acquisition of land and building, 2) import of machinery and raw materials at high prices, 3) fake bank loans, 4) loan to non performing or less performing subsidiaries or group companies and 5) charging huge personal expenses into company's account and similar other ways.

The silent role and improper practices as well as unwarranted interference and intervention of regulators apart from political interference have also contributed to worsening this situation.

Finally, it is notable that there are sufficient rules, regulations, and guidelines in the country and huge sources of information as available through the internet and global market practices. The question is who are the men behind these corporates? There is no alternative to good corporate governance to protect the public interest, and there should be oversight and appropriate evaluation to avoid further damage in the future.

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India's rice stocks surge to record high

REUTERS, New Delhi/Mumbai

Rice inventories in India surged to a record high at the start of December, reaching more than five times the government's target and potentially boosting overseas shipments from the world's biggest exporter of the staple food.

Rice reserves, including unmilled paddy, in state granaries totalled 44.1 million metric tons on Dec. 1 against a government target of 7.6 million tons, data compiled by the Food Corporation of India showed.

Wheat stocks on Dec. 1 stood at 22.3 million tons against a targeted 13.8 million tons.

Higher rice stocks would allow India to boost shipments without jeopardising domestic supplies. Last year's patchy monsoon rains led New Delhi to restrict exports of all grades.

The expectation of a bumper crop prompted India to remove export curbs on all rice grades, except for broken rice.

In the middle of overflowing grain bins, Indian farmers have gathered a record rice crop of 120 million tons from this year's summer season, which accounts for nearly 85 percent of total rice output.

As the new crop rolls in, stocks at the Food Corporation of India are set to increase further in the months to come, raising storage concerns in the world's second-biggest rice producer.

The Food Corporation of India is expected to buy 48.5 million metric tons of the new summer-sown rice in the marketing year that began on Oct. 1, up from 46.3 million tons bought from farmers in 2023-24.

This year's copious monsoon rains prompted farmers to expand planting areas.

Unlike rice, India does not allow wheat exports.

Heavy rains to hit Malaysian palm oil output again in December

REUTERS, Kuala Lumpur/Mumbai

Malaysia's palm oil production is set to fall for the fourth consecutive month in December as heavy rainfall hit harvesting in the world's second-largest producer of the tropical oil, the industry regulator told Reuters on Friday.

Lower output in Malaysia would curb inventories in the country and further boost benchmark futures, which are already near their highest levels in about 2-1/2 years.

In November, Malaysia's crude palm oil production declined 9.8 percent from a month ago to 1.62 million tonnes, the lowest for the month since 2020

"We estimate a potential reduction of around 5 percent to 8 percent in crude palm oil (CPO) production under normal circumstances," Ahmad Parveez Ghulam Kadir, director general at the Malaysian Palm Oil Board (MPOB) said.

"However, if severe flooding persists,

the reduction could reach as high as 10 percent to 20 percent," he said.

Peninsular Malaysia, particularly its northeastern coast, and southern Thailand have been battered by torrential rains which caused floods that killed

dozens of people, and damaged homes, transport links, and thousands of acres of rice crops.

Malaysian Prime Minister Anwar Ibrahim said the rains were far beyond expectations, with some east coast areas

getting more than six months' worth of rainfall between November 26 and 30.

In November, Malaysia's CPO production declined 9.8 percent from a month ago to 1.62 million tonnes, the lowest for the month since 2020, the board said earlier this week.

Malaysian Meteorological Department (MET) on Friday said a few states could receive continuous rainfall from December 16 to 19.

The MPOB is closely monitoring the situation as the MET has forecast a second wave of floods due to heavy rainfall, Kadir said.

Heavy rains could further damage plantation infrastructure, such as roads and bridges, making it difficult to harvest and transport fresh fruit bunches from estates to mills, he said.

In December 2023, Malaysia harvested 1.55 million tons of CPO, but production this December could be far lower than last year, said a Malaysian palm oil producer, who did not want to be named.

Palm oil usually trades at a discount to soybean oil and sunflower oil, but is currently at a premium over these competing oils due to limited supplies.



This picture shows a worker pushing a wheelbarrow full of palm oil fruits in Ijok, in Malaysia's Selangor state.

PHOTO: AFP/FILE