

Nvidia CEO meets Trump amid AI trade tensions

AFP, Washington

Jensen Huang, CEO of AI chip giant Nvidia, met Friday with President Donald Trump as the company suffered a rough week on Wall Street over competition with China and the threat of tariffs on semiconductors.

Trump said he would be putting tariffs on imports of computer chips to the United States, which will punish Nvidia's business that depends on imported components, mainly from Taiwan.

"It was a good meeting, but eventually we're going to put tariffs on chips," Trump told reporters afterwards.

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High end versions of Nvidia's chips face US export restrictions to the major market of China, part of Washington's efforts to slow its Asian adversary's advancement in the strategic technology.

That policy came under scrutiny this week when Chinese startup DeepSeek achieved widespread adoption of its latest AI model that was developed without access to Nvidia's export-blocked H100 chips.

After the DeepSeek breakthrough, US media reported the Trump administration was exploring ways to expand the restrictions to Nvidia's lower end chips.

The DeepSeek model triggered a plunge in Nvidia's stock Monday, wiping out nearly \$600 billion in market value -- Wall Street's largest single-day loss ever.

"We appreciated the opportunity to meet with President Trump and discuss semiconductors and AI policy," an Nvidia spokesperson said.



Farm labourers are weeding an onion field in Chhoto Bahirdia village of Faridpur's Salta upazila. A farmer named Md Shahjahan Matubbar invested approximately Tk 2 lakh to grow onions on this piece of land of around 2.5 bighas. He hopes to have a good harvest, saying the weather was favourable.

PHOTO: SUZIT KUMAR DAS

US saw steady economic growth in 2024

AFP, Washington

The US economy expanded at a solid clip in 2024, helped by consumer and government spending, official data showed Thursday, signaling its resilience as President Donald Trump takes over the reins.

Trump won a commanding victory in last November's election on the back of public dissatisfaction over cost-of-living pressures, even as inflation has cooled while the job gains continued.

In the October to December period, the world's biggest economy grew at an annual rate of 2.3 percent, the Commerce Department said, slowing from the 3.1 percent rate in July-September.

Trump took office January 20, inheriting robust growth as his term kicks off. The latest figure was in line with a consensus forecast by Briefing.com.

For 2024, GDP rose 2.8 percent from the annual level a year prior.

Consumer spending, investment and government spending were among the drivers behind last year's growth, according to Commerce Department data.

The US economy has broadly held up in the face of high interest rates, helped by a resilient

labor market with low unemployment and still-growing wages.

This has allowed consumers to keep spending, even as they drew down on savings accumulated during the Covid-19 pandemic.

"Consumer spending on both goods and services continued to drive a substantial portion of growth," said Joel Kan, deputy chief economist at the Mortgage Bankers Association.

The latest data indicate the economy and job market remain strong, consistent with the US central bank's view, he noted.

Wages have continued to outpace inflation, while recent hurricanes triggered "replacement demand" for items like vehicles, said KPMG chief economist Diane Swonk in a note.

Another factor was "massive wealth effects from sharp increases in equity and home values," boosting spending in particular among higher-income households, added Nationwide chief economist Kathy Bostjancic.

But Swonk warned that "the economy continues to look better on paper than it feels to most Americans."

The overall gains mask a "souring mood among consumers," she believes, citing "inequality and the unease beneath the

surface due to the high level of prices of the basics of food and shelter."

Swonk earlier told AFP that government spending could also have been stronger than expected as the outgoing administration of former president Joe Biden pushed funding out the door in its final months. This included defense spending for Ukraine.

One drag on growth, however, was that businesses invested less in inventories than anticipated, according to Robert Frick, corporate economist with the Navy Federal Credit Union.

This could be a response to economic uncertainty surrounding the new presidential administration, he noted.

The sequencing and magnitude of policies on tariffs and immigration remains to be seen, Swonk said, expecting that their effects will also take time to materialize.

She expects growth to cool in 2025 and that tariffs will increase, although the hikes will not necessarily translate into full-blown trade wars with all countries.

Matthew Martin, senior US economist at Oxford Economics, told AFP that even though Trump has used "inflammatory words" on trade policy, these appear to be more of "a negotiation tactic."

Gold surges past \$2,800

REUTERS

Gold prices surpassed the key \$2,800 mark for the first time on Friday, fuelled by a rush to safety following US President Donald Trump's tariff threats, which heightened concerns about global economic growth and inflationary pressures.

Spot gold rose 0.3 percent to \$2,801.29 per ounce by 01:41 p.m. ET (1841 GMT), after hitting a record peak of \$2,817.23 earlier in the session.

US gold futures settled 0.4 percent lower at \$2,835, trading a premium to spot gold rates.

"There's a lot of uncertainty out there right now and also wait-and-see attitude on the geopolitical stage with tariffs," said Bob Haberkorn, senior market strategist at RJO Futures.

Trump has set a Saturday deadline to slap a 25 percent tariff on imports from Canada and Mexico and said he was still considering new tariffs on Chinese goods.

Bullion, a preferred asset during times of economic and geopolitical turmoil, is on track to record its best monthly performance since March 2024, rising nearly 7 percent so far. The metal surpassed multiple record peaks last year.

Sri Lanka records highest deflation in 65 years

AFP, Colombo

Sri Lanka's consumer prices fell by 4.0 percent in January, the highest deflation rate since July 1960, official data showed Friday, as the South Asian nation emerges from its worst economic meltdown.

January was the fifth consecutive month of deflation, according to the Colombo Consumer Price Index.

Inflation hit a record 69.8 percent in September 2022 at the height of the country's economic crisis, which saw months of widespread consumer goods shortages.

STOCKS		WEEK-ON WEEK
DSEX ▲	CASPI ▼	
1.04%	1.07%	
5,112.90	14,294.07	

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$2,798.49	\$73.81	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.97%	▲ 0.15%	▲ 1.44%	▼ 0.06%	
77,505.96	39,572.49	3,855.82	3,250.60	

Safety net schemes fall short

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Data from the 2022 HIES show that 53.9 percent of poor and vulnerable families are excluded from social protection programmes, mainly because of exclusion errors, while 62 percent of non-poor and non-vulnerable households receive some form of benefit because of inclusion errors.

CORRECTION EFFORTS ALSO FALL FLAT

To address the shortcomings of safety net programmes, the National Social Security Strategy (NSSS) was adopted in 2015, signalling a shift towards a structured framework grounded in the lifecycle approach.

The lifecycle approach means designing poverty alleviation policies and programmes that address the different vulnerabilities and needs people face at various stages of their lives, from childhood to old age.

The NSSS, which has seemingly well-defined reform objectives and time-bound action plans, is set to expire in June next year.

However, progress towards realising the NSSS vision has fallen significantly short of expectations, the taskforce report said.

Persistent issues, including structural inefficiencies, inadequate resource allocation, weak institutional capacities, and limited inclusivity, have hindered progress and undermined the system's effectiveness, the taskforce mentioned.

These shortcomings prevent vulnerable groups from escaping the cycle of poverty, thereby diminishing the overall impact of social protection programmes.

With the NSSS set to expire in June 2026 and many key reforms still unimplemented, its transformative potential remains unrealised.

For instance, programme fragmentation is still frequent, while progress in consolidating and harmonising poverty alleviation programmes is limited. Similarly, targeting errors in beneficiary selection continue to be pervasive.

Resource constraints exclude a

substantial number of potential beneficiaries in all programmes, the small benefits provided without adjustments for inflation render the impact negligible, and a comprehensive and integrated database on social protection beneficiaries remains elusive, according to the report.

It said there has been virtually no progress in introducing interventions based on social insurance principles (such as unemployment insurance), while the capacities of different ministries and departments remain grossly inadequate, with persistent dependence on development partners.

"More strikingly, despite its emphasis, the system has evolved without a clear focus on addressing poverty effectively, and—given its current state of limited resources and meagre benefits—its role in dealing with inequality is highly questionable," the report mentioned.

SOCIAL PROTECTION GROSSLY OVERSTATED

The inclusion of numerous unrelated and irrelevant schemes in social protection allocations not only inflates the budget but also obscures the limited political commitment to addressing poverty and vulnerability, redirecting attention to the broader resource constraints faced by the country, the report said.

It said that social protection is grossly overstated because of the inclusion of schemes such as pensions for government employees, subsidies, interest payments on national savings certificates, and infrastructure development programmes.

Of the six largest schemes by budget allocation, only one—the old-age allowance—can be considered a genuine social protection measure.

Quoting government sources, it said social protection spending in fiscal year (FY) 2024-25 accounts for 2.5 percent of the gross domestic product (GDP) and 17 percent of the national budget.

However, when the programmes linked with pensions and subsidies are excluded, the allocation drops to

only 1.2 percent of GDP and 7 percent of the budget.

The World Social Protection Report 2024-26, published by the International Labour Organization (ILO), estimated that Bangladesh spends just 0.9 percent of its GDP on social protection. This figure is markedly below the South Asian regional average of 3.8 percent.

On the other hand, social protection benefits in Bangladesh are low and are rarely adjusted for inflation, resulting in a steady erosion of their real value over time.

Estimates suggest that monthly benefits from key programmes, such as the old age allowance (OAA) and widow allowance (WA), amount to just 14 percent of the national poverty line income per person, while the allowance for persons with disabilities is slightly higher at 22 percent.

READ FULL STORY ONLINE.

NBR panel

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tracking system, container movement tracking, electronic document transfer, and an electronic data exchange system following World Customs Organization guidelines.

"A national risk-targeting centre can be set up at the Customs Risk Management Commissionerate to identify national and trade-related risks," the report recommended.

The committee, headed by Mohammad Faizur Rahman, commissioner of Customs, Excise, and VAT Commissionerate, Dhaka (South), highlighted the rising incidence of financial crimes facilitated by the expansion of ICT.

The expansion of ICT has also led to changes in the nature of financial crimes globally.

The panel noted that illegal activities such as the release of goods through customs to evade taxes, the import of illegal items, and trade-based money laundering are rising due to the use of mobile devices, apps, hacking, and surveillance devices.

"There is no alternative to establishing a digital forensic lab and creating skilled manpower," it said.

Yunus calls for youth-led change

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Yunus began his speech by reflecting on the sacrifices made by the youth of Bangladesh during the July Revolution.

Over 1,000 young people lost their lives, while countless others endured severe injuries in their quest to overthrow a fascist regime.

Their vision of a new Bangladesh, Yunus said, was the catalyst for a nation that now stands as a testament to the power of youth-driven change.

"Every great journey begins with a single step, but the real challenge lies in how you progress to the next step," Yunus explained, drawing a parallel between the revolution of the past and the ongoing fight for a better future.

He described Bangladesh as a "living museum", where the dreams of the youth are embedded in the streets through murals and paintings that express the hopes and aspirations of a generation.

"This is a historical moment. Thousands of young people gave their lives and sacrificed so much to get us here, and their dream is now our shared mission -- to create a new Bangladesh that echoes across the

world."

Professor Yunus took a moment to welcome the international delegates and reflect on the significance of the summit.

"It's wonderful to be here again at the Social Business Summit. This year, we have an incredible turnout, with participants from 25 countries -- what an amazing gathering," he said.

He also said the summit was more than just a conference; it was a chance for reflection and connection.

He welcomed the international delegates to the "New Bangladesh," emphasising the country's transformation, which had been driven by the sacrifices and dedication of its youth.

Yunus pointed out that the murals on the streets of Dhaka were not just works of art but a living testament to the dreams and struggles of the young generation.

The conversation soon turned to the concept of building a new world, with Yunus asserting that it was far simpler than many might think.

"The thousand-mile journey begins with the first step," he noted. "You've already taken that first step by being here today. The question

is, how do we improve with each subsequent step?"

Yunus shared several stories from his past work to illustrate how imagination and simple ideas could spark change.

Recalling his initial efforts in microcredit, he noted that what started as a small initiative to provide financial support to rural communities in Bangladesh has since evolved into a global movement.

Similarly, his campaign to provide a simple solution for treating diarrhoea -- a homemade saline solution -- had saved countless lives and transformed healthcare in rural Bangladesh.

He also spoke about the development of affordable housing, a project that led to the creation of a \$500 house for low-income families.

This innovation earned recognition with the Dhaka Award for Architecture in 2008.

Yunus emphasised that these efforts were rooted in imagination and the desire to create practical solutions for societal issues.

The concept of social business, which Yunus championed, was another key point in his address.

Islamic banks see fluctuations in deposits

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Islamic banks face liquidity challenges due to the increasing demand for Islamic financial products and limitations in interbank borrowing mechanisms. Unlike conventional banks, Islamic banks cannot rely on interest-based borrowing, restricting their ability to manage short-term liquidity needs effectively.

The central bank has been monitoring the situation and may introduce additional regulatory measures to stabilise deposit growth. While the Islamic banking sector

remains resilient, it requires more diversified liquidity management tools and enhanced financial instruments for long-term stability.

Customer preferences are also influencing deposit trends in Islamic banks. Many depositors prefer Shariah-compliant savings schemes, but competition from conventional banks offering higher returns affects deposit inflows. Introducing new Islamic banking products and improving financial literacy may help attract more deposits.

Remittance inflows through

Islamic banks have also fluctuated. In October, total wage earners' remittances through Islamic banking channels stood at Tk 7,013 crore, reflecting an 8.27 percent increase from the previous month.

Islamic banks are expected to continue expanding their services, with several institutions planning to introduce new financial products. The sector's growth remains strong, but addressing liquidity concerns and enhancing regulatory frameworks will be crucial for its sustainability.