STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.46%	▼ 0.40%	▲ $1,843.60 (per ounce)	▲ $50.37 (per barrel)	▲ 0.02%	▼ 0.17%	▼ 0.05%	▼ 0.06%
5,123.06	8,869.89			46,263.17	26,687.84	2,856.72	3,367.23

CURRENCIES — STANDARD CHARTERED BANK

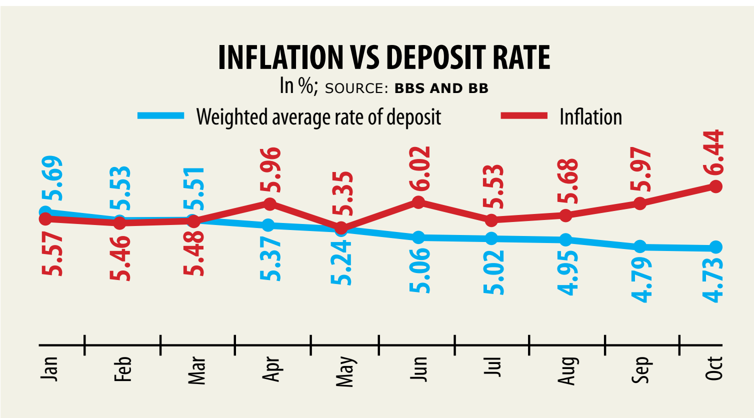
	$USD	€EUR	£GBP	¥CNY
BUY TK	83.95	100.98	111.04	12.64
SELL TK	84.95	104.78	114.84	13.28

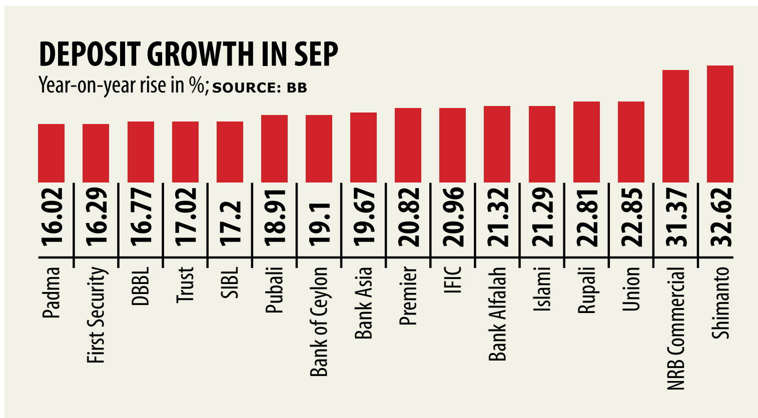
Star BUSINESS

DHAKA WEDNESDAY DECEMBER 16, 2020, *POUSH 1, 1427 BS* ● starbusiness@thedailystar.net

Savers left in limbo

Amid limited investment opportunities, depositors turn to banks though deposits offer no real returns





AKM ZAMIR UDDIN

Companies and well-off households are parking funds at banks in the form of deposits despite no return in real terms primarily because of lower investment and consumption caused by the pandemic-induced uncertainties.

Total deposits in the banking sector stood at Tk 13,45,436 crore as of September, up 12.40 per cent year-on-year.

But the question is whether depositors would get any positive return on their deposits with banks at the moment. The answer is no.

Bankers and analysts say the real interest rate now hovers around the negative territory given the higher inflation rate.

The situation may not change anytime soon, so there is little possibility for the deposit rate to go up in the next two to three years, they warn.

General inflation stood at 5.52 per cent in November whereas the majority of banks offered interest rate on fixed deposit receipts (FDRs) from 3 per cent to 4 per cent.

This means a negative real interest rate of 2-3 per cent.

The sorrow of the savers who have kept their money in savings accounts is deeper than that of the depositors of FDRs as many banks offer less than 2 per cent interest rate for the products.

The weighted average interest rate on deposits stood at 4.73 per cent, the lowest in a decade, data from the central bank showed.

Although depositing money in banks now only brings losses for savers, there are not enough options for them where they can invest and get expected return.

The only safe option is government savings certificates and bonds, whose interest rates can reach as high as 11.76 per cent -- way higher than what banks offer.

As expected, net investment in the government savings tools has been on an upward curve: it stood at Tk 15,642 crore in the first four months of 2020-21, up 183 per cent year-on-year, according to data from the Department of National Savings.

But, the government lowered the maximum investment ceilings of three types of savings certificates on December 3 such that it gets some respite from the burden of higher interest rates.

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Jordan to hire 12,000 skilled garment workers

Foreign minister says

DIPLOMATIC CORRESPONDENT

Jordan will recruit 12,000 skilled Bangladeshi workers for its readymade garment industry in a year, Foreign Minister AK Abdul Momen said yesterday.

The recruitment will be processed through Bangladesh Overseas Employment and Services Ltd (BOESL), the state-owned recruiting agent.

"The employer and his team will visit Bangladesh for this reason in the coming days," Momen told The Daily Star.

Jordan is one of the few countries that recruit skilled workers in the apparel industry.

The news comes at a time when overseas jobs for migrant workers from Bangladesh declined significantly due to the coronavirus pandemic.

According to BOESL, 9,307 garment workers, 9,199 of them female, went to Jordan between July 2018 and June 2019.

The garment sector in the middle-eastern country employs about 69,000 workers, of which 75 per cent are women, said the IndustriALL Global Union last year.

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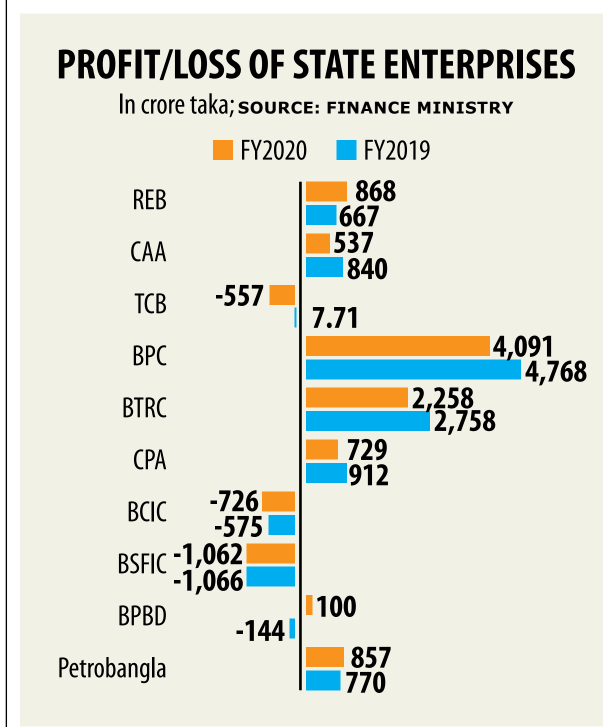
State enterprises' profit falls to five-year low



REJAUL KARIM BYRON *and* MOHAMMAD SUMAN

State-run Bangladesh Petroleum Corporation's net profit dropped 14.21 per cent in the last fiscal year because of a decline in fuel sales amid the pandemic-induced demand collapse.

The corporation made a net profit of Tk 4,090.8 crore in the FY20, down from Tk 4,768.42 crore a year ago, according to the Bangladesh Economic Review 2020, which was published last week.

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Bangladesh growing a huge appetite for apple

Becomes the world's 3rd largest importer of the fruit

SOHEL PARVEZ

Bangladesh has become the third largest importer of apples in the world thanks to the rising purchasing capacity and growing health consciousness among the country's people.

Bangladesh imported 271,000 tonnes of apples in fiscal year 2019-20, the third highest worldwide following Russia and the EU, according to a report by the US Department of Agriculture (USDA) released earlier this week.

Mexico and Egypt are the fourth and fifth countries after Bangladesh, which consumes 5 per cent of the global imports of 59.4 lakh tonnes, the report shows.

"People are showing more interest to eat fresh fruits as the threat of adulteration has reduced," said Serajul Islam, general secretary of the Bangladesh Fresh Fruits Importers Association (BFFIA).

Consumers were shy about the quality fruits until 2016, fearing the adulteration of a toxic chemical known as formalin.

The fears eased though after the government said there was no formalin in fruits and vegetables, he said.

"Health consciousness increased along with rising purchasing power," Islam added.

Bangladesh has been trying to grow apples for the last several years.

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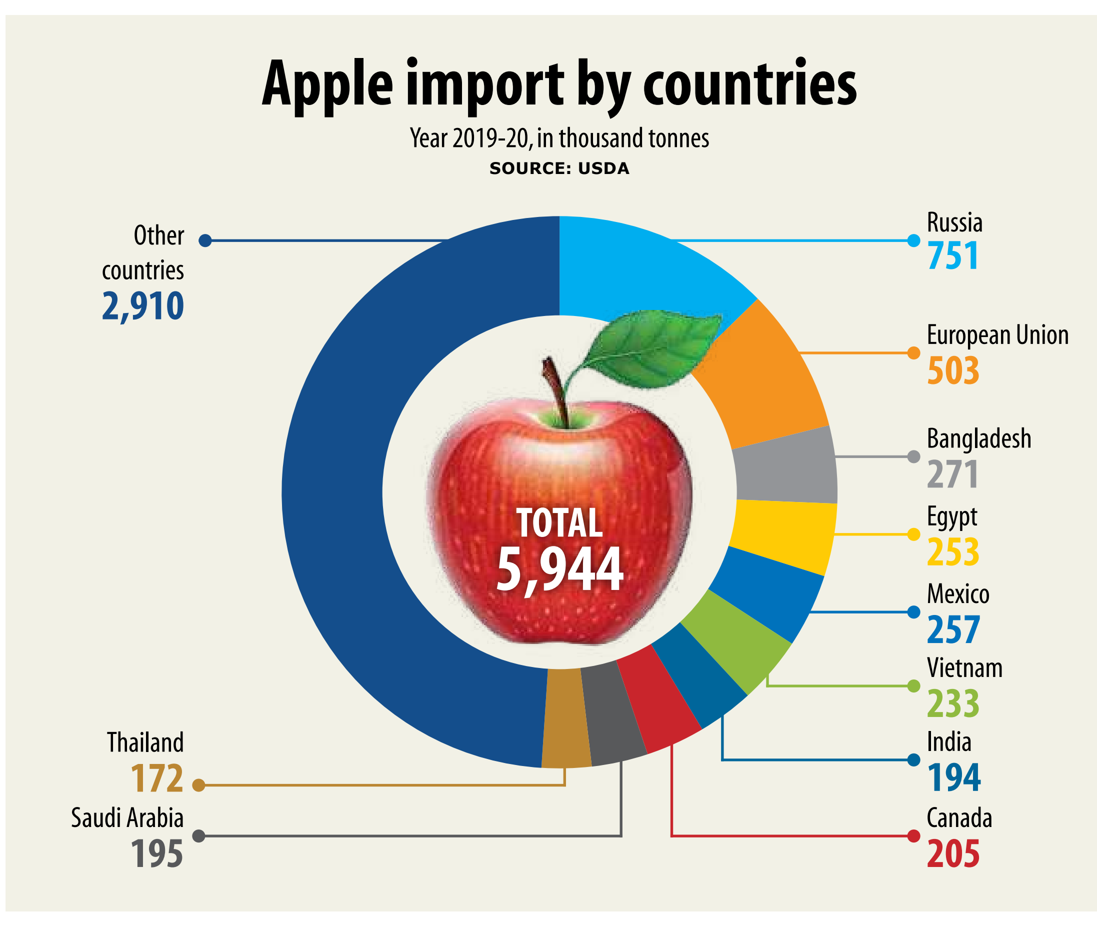

Forex reserves surge past $42b

STAR BUSINESS REPORT

Foreign exchange reserves yesterday hit a new record of $42.09 billion thanks to the upward trend of remittance and lower import payments, Bangladesh Bank data showed.

The reserves, one of the major macroeconomic indicators of an economy, touched the $40-billion mark on October 8 and rose to $41 billion on October 28.

The reserves stood at $32.11 billion on December 15 last year.

There is no scope to be complacent due to the ballooning of the reserve as the collapse in demand and investment have hurt imports in recent months, experts said.

Remittance has been on the rise riding on the stagnation of the global 'hundi' cartel, an illegal cross-border financial transaction. The hundi cartel has been rendered ineffective across the globe due to the restrictions on movement imposed by countries to limit the spread of the coronavirus.

Between July and November, remittance earnings rose to $10.90 billion, up 41.32 per cent year-on-year.

At the same time, imports decreased by 12.99 per cent to $15.78 billion, and exports grew by 1.10 per cent to $12.54 billion.

The three indicators have elevated the reserves to record highs following the outbreak.

Monzur Hossain, research director of the Bangladesh Institute of Development Studies, a think-tank, said that the large volume of reserves is not being able to play a positive role in helping the economy at the moment due to the ongoing business slowdown.

"But the reserves will absorb shocks stemming from the risks related to the foreign exchange once the economy picks up," he added.

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Foreign investors turn back on DSE as second wave looms

AHSAN HABIB

Foreign investors' participation in Bangladesh's stock exchanges has been on the decline for the last several months as the second wave of the pandemic started taking its toll on global markets.

Foreign participation accounted for 3.09 per cent of the total transactions at the Dhaka Stock Exchange (DSE) in October, down from 4.36 per cent the month before and 5.20 per cent in August, according to DSE data.

In October, foreign investors' transactions dropped 47 per cent to Tk 512.16 crore from Tk 971 crore in the previous month.

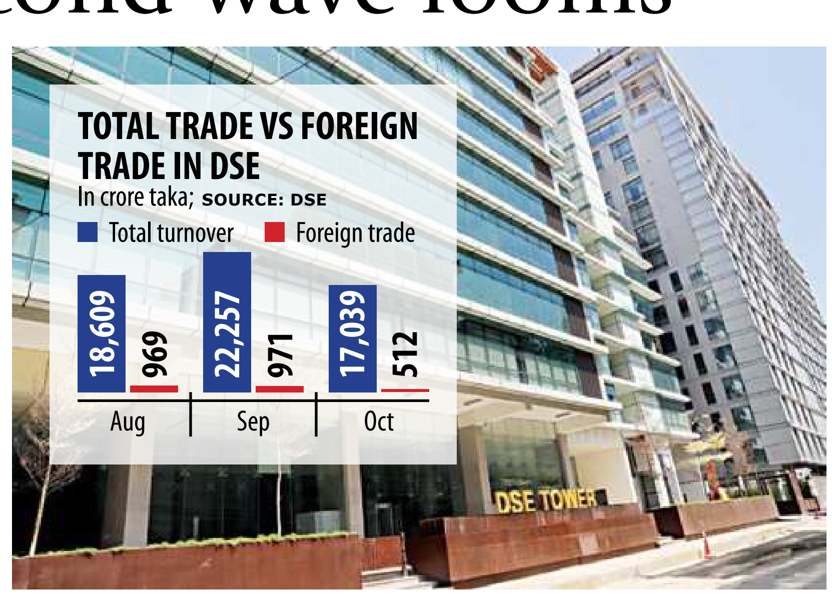
DSE's turnover also experienced a fall, hitting Tk 17,039 crore in October from Tk 22,257 crore in September.

"As the pandemic intensified, the foreign investors started shutting down their offices again," said Mohammad Rahmat Pasha, managing director of UCB Capital Management.

Besides, due to economic uncertainty, the foreign investors have adopted a wait-and-see strategy, Pasha said.

December is usually a holiday period for most other countries and so foreign participation tends to be low at this time, Pasha also said.

They normally trade between January and November, he said.



"Setting up of floor prices of shares and a complete halt of trading due to a countrywide shutdown for coronavirus in March might have panicked a section of foreign investors," said Khairul Bashar Abu Taher Mohammed, CEO of MTB Capital.

Meanwhile, foreign investments in a blue-chip non-bank financial institution got withdrawn when the company changed its CEO, he said, requesting not to mention the company's name.

Foreign investors' participation is an important performance indicator for a market, he said.

"Although the amount of foreign investment in the company was not that big considering the whole market, but local investors lose their confidence because of such an incident."

Foreign participation began its downward spiral in at least one year ago, when they witnessed telecom regulator's tussle with Grameenphone over a tax issue, said a merchant banker preferring anonymity.

The number of well-performing