STOCKS			COMMODITIES			ASIAN MARKETS					CURRENCIES				STANDARD CHARTERED BANK

DSEX	CSCX
▲ 0.80%	▲ 1.00%
5,115.19	8,883.01

Gold ▲	Oil ▲
$1,880.95	$50.30
(per ounce)	(per barrel)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 3.00%	▼ 0.18%	▼ 0.09%	▲ 0.76%
45,553.96	26,714.42	2,846.52	3,420.57

CURRENCIES — STANDARD CHARTERED BANK

	$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	83.95	101.29	111.17	12.65
SELL TK	84.95	105.09	114.97	13.30

Star BUSINESS

DHAKA TUESDAY DECEMBER 22, 2020, *POUSH 7, 1427 BS* ● starbusiness@thedailystar.net

Construction set to be costlier as rod prices soar

AT A GLANCE

- Price of MS rod (**60** grade) rose to Tk **64,000** per tonne
- The price was Tk **54,000** a month ago and Tk **61,500** a year ago
- Price of steel scrap soared by $**100** per tonne in a month
- Now its price is $**480** in global market
- In April the price declined to $**270**
- Millers say steel prices may rise further in coming days

JAGARAN CHAKMA

Steel prices jumped 17 per cent in the last one month as millers hiked the rates in the wake of spiralling scrap prices in the international market, which will make the implementation of public construction projects and home building costlier.

The retail price of 60-grade MS (mild-steel) rod rose to Tk 64,000 per tonne, up from Tk 54,000 a month ago and Tk 61,500 during the corresponding period last year, data from state-run Trading Corporation of Bangladesh showed.

The price of steel scrap increased by $100 per tonne in international markets recently, said Manwar Hossain, president of the Bangladesh Steel Mill Owners Association.

"But suppliers can't deliver the steel scrap adequately due to the supply chain disruption. There is a shortage of scrap in the global market," he said. Hossain called the latest increase in the price of the rod as price correction.

MS rod price was Tk 60,000 per tonne on average before the pandemic. It declined to Tk 50,000 per tonne in the June-November period, when millers sold finished products for cash to stay afloat, Hossain said.

According to him, the price of rod would increase further in the coming days because of the rise in the price of steel scrap.

Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry, said the hike in the price of MS rod would put a negative impact on the infrastructure and construction sectors as steel is a key component.

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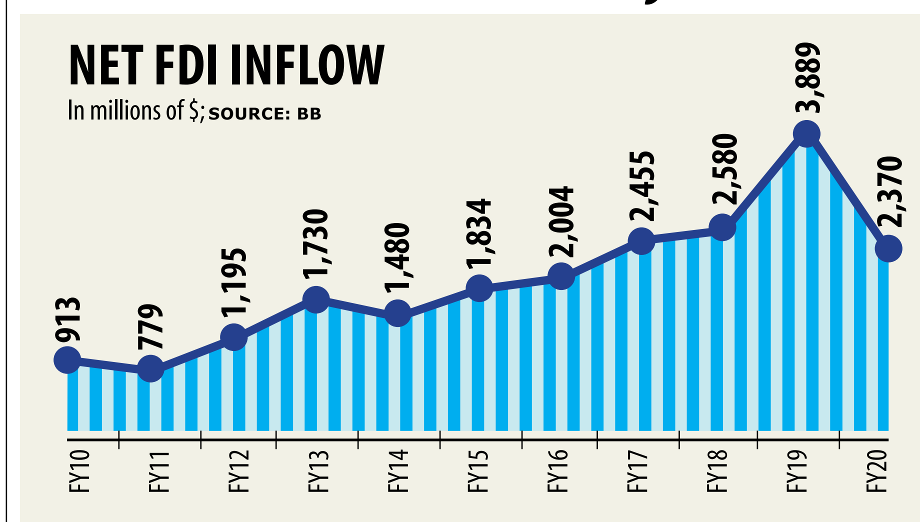
FDI edges down for first time in 7yrs



AKM ZAMIR UDDIN

Foreign direct investment to Bangladesh dropped last fiscal year, the first decline in seven years, because of the pandemic-induced slowdown in business and regulatory barriers.

Net FDI nosedived 39 per cent year-on-year to $2.37 billion last fiscal year, data from the central bank showed.

The about-face in the FDI came just a year after it surged to its highest on record, riding mainly on Japan Tobacco Inc's acquisition of Akij Group's tobacco business for $1.47 billion. In 2018-19, net FDI stood at $3.88 billion.

Although the financial meltdown caused by the coronavirus pandemic has taken a toll on the FDI flow, the whole situation should not be judged by the ongoing economic hardship alone, analysts say.

"FDI flow across the globe has declined in recent periods due to the financial crisis, which started in March," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

Global FDI flows are forecast to decrease by up to 40 per cent in 2020, from their 2019 value of $1.54 trillion, according to the World Investment Report 2020 of the United Nations Conference on Trade and Development (UNCTAD) released in June.

This will bring the global FDI below $1 trillion for the first time since 2005.

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Major commodity processors more into crushing oilseeds

Imports triple to 30 lakh tonnes in 3 years

SOHEL PARVEZ

Local firms are gradually expanding their oilseed crushing capacities, not just to get more oil but to also cater to a growing demand for soybean meals among feed manufacturers, industry leaders said.

Two big commodity importers and processors -- City Group and Meghna Group of Industries (MGI) – have enlarged their abilities over threefold in the past one year.

Another major commodity trader, TK Group of Industries, is building facilities to foray into the annual soybean meal market of roughly 15 lakh tonnes for the making of poultry, fish and animal feed by dedicated mills.

"We expect to start crushing in our mills by June," said its director for finance, Md Shafiul Ather Taslim.

It is the fourth firm to adopt the mashing operations to retain competitiveness in the soybean oil market through the resulting cut in production cost.

At the same time, there is also a market for soybean meals, he said. The TK mill will have a daily seed pressing capacity of 2,500 tonnes.

This will take the combined ability of local mills to 18,500 tonnes, according to industry operators.

Earlier in October last year, City Group enlarged their proportion to 7,000 tonnes from 2,000 tonnes.

The MGI augmented to 5,500 tonnes earlier this year from its previous 2,500 tonnes.

The US Department of Agriculture (USDA) in its latest report on oilseeds said four countries, including Bangladesh and Pakistan, either took to squeezing soybean or expanding capacities in the past 15 years.

As a result, Bangladesh's oilseed imports jumped to 30 lakh tonnes in fiscal 2019-20 from nearly 10,000 tonnes three years ago, USDA data shows.

"This has reduced imports of soybean meal," said Mostafa Kamal, chairman and managing director of MGI. He said the entry of more mills into the business would create jobs.

Bangladesh imports most of its requirement of oilseeds, such as soybean, as local production is insignificant.

This gives further lift to soaring imports.

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STAR FILE

A farmer sprays pesticides in his soybean field to control pests. The photo was taken from Char Hasan village of Subarnachar upazila in Noakhali.

E-commerce payment made easier for buyers abroad

STAR BUSINESS REPORT

Bangladesh Bank yesterday brought ease to e-commerce payment methods meant for buyers abroad, a development that would draw more attention to Bangladeshi products from overseas consumers.

Cross-border exports under e-commerce were earlier allowed only against payments received over the internet before shipment.

From now on, local exporters will be allowed to realise the payment after shipping the goods, according to a central bank notice.

This means foreign payment service providers, which are dedicated to settling transactions between overseas consumers and local exporters, will get relief from having to enable payments before the release of products by exporters, said a central bank official.

But such merchant service providers, which are third parties to help merchants accept payments, will have to maintain an adequate balance with local banks such that local exporters can smoothly receive payments against purchase of their goods.

The payment service providers enable merchants in accepting credit and debit payments as well as fund transfers through internet banking.

They provide both a merchant account and a payment gateway, ensuring that businesses can collect and manage their payments in a simple and efficient way.

Bangladeshi products may further attract more foreign buyers in the global market due to the latest relaxation, said the central bank official. As per the central bank rule, banks can allow such exports from e-commerce websites for individual sales of up to $500 or equivalent under cash on delivery and payment on shipment.

Robi's stock market debut on Thursday

ROBI IPO: BY THE NUMBERS

- Debut: Dec **24**
- Amount raised: Tk **523**cr
- Shares: **52.37**cr or **10**pc of total shares
- Face value: Tk **10**
- Subscription: oversubscribed by **5.74** times

STAR BUSINESS REPORT

Robi Axiata's initial public offering (IPO) is set to hit the secondary market on Thursday.

The company raised Tk 523.7 crore from the stock market by offloading 52.37 crore shares for Tk 10 apiece, eclipsing Grameenphone's Tk 486.1 crore floatation back in 2009.

Of this amount, around Tk 136 crore came from the telecom operator's employees while the remaining Tk 387.7 crore was raised from the market. Although it was the biggest IPO in the country's history, it was oversubscribed 5.74 times following a great hype among investors in the run up.

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Crystal Ins shares see surprise rise in demand

STAR BUSINESS REPORT

An abnormal surge in the stock price of newly listed companies is still a common scenario in the local market, where these overvalued shares ultimately leave an impact on the investors.

Crystal Insurance, which debuted yesterday, is no exception as the company's stocks saw four times higher demand than its free float shares.

On the first day of trading, the insurer saw a purchasing demand of 5.48 crore shares even though its free float was 1.6 crore shares.

Besides, only one trade was executed yesterday, when a single initial public offering (IPO) winner sold 500 shares at Tk 15 each, according to DSE data.

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