

Rice prices fall in India on ample supply, weaker rupee

REUTERS, Mumbai/Hanoi

Rice prices in India fell due to ample supply and recent slide in the rupee, while the Thai and Vietnamese markets remained subdued in the first week of the new year, traders said on Wednesday.

In India, the world's biggest rice exporter, 5-percent broken parboiled rice dropped \$2 this week to \$341 to \$345 per tonne as a cash crunch in December prevented farmers from offloading a summer-sown crop, and as the rupee depreciated against the dollar.

In November, the Indian government scrapped 500-rupee and 1,000-rupee bills to crack down on corruption. The move disrupted trading of farm commodities such as cotton, rice and soybean as most farmers prefer payments in cash.

India's summer-sown rice output

is seen at a record 93.88 million tonnes in the crop year to June 2017, 2.81 percent higher than last year, as a good monsoon help boost yields, the farm ministry said.

"Supply pressure has been building up... Exports demand is improving, but it is not sufficient to counter supply pressure," said an exporter based at Kakinada in southern Indian state of Andhra Pradesh.

India mainly exports non-basmati rice to African countries and premier basmati rice to the Middle East. India exported 3.79 million tonnes of rice between April and October, down 3.1 percent from a year ago.

In Thailand, the world's second-biggest rice exporter, 5-percent broken rice stood pat at \$355-\$360 a tonne, free-on-board (FOB) Bangkok, unchanged from last week.

"Prices at the start of the year are

still the same; there isn't any change due to the long holiday," said Kiattisak Kallayasirivat, a Bangkok-based director at Ascend Commodities-SA.

"If there are buyers from overseas, the price will move up as rice production starts to thin out," Kiattisak said, expecting purchase orders from the Philippines and Africa to move prices up by \$4 to \$5 a tonne before the month-end.

Traders in Vietnam, the world's third-biggest exporter of the grain, quoted 5-percent broken rice at \$335-\$345 a tonne, free-on-board basis, the same as a week ago.

"Buyers are still on a holiday mood... We may not have any new offer until next week," said a Vietnamese trader.

Last year, Vietnam's rice exports fell an estimated 25.8 percent from 2015 to 4.88 million tonnes, the farm ministry said.



Major General Waker-Uz-Zaman, area commander for Savar and GOC at 9 Infantry Division, opens the relocated Savar cantonment branch of Trust Bank on January 3. Ishtiaque Ahmed Chowdhury, managing director of the bank, was also present.

Norway nets record salmon sales in 2016

AFP, Oslo

Norway made a record amount on its salmon sales last year, helping to partially offset a drop in oil revenues, the main engine of the country's economy, data showed Wednesday.

Amid lower harvests and problems with sea lice, strong demand, notably from China, pushed up prices by 40 percent last year.

And that meant that in the past year,

Norway's farmed salmon and farmed trout sales totalled 65.3 billion kroner (7.5 billion euros, \$7.8 billion), an increase of 31 percent over 2015, according to the Norwegian Seafood Council.

Exports of all Norwegian seafood jumped by 23 percent to a record 91.6 billion kroner.

Salmon accounts for two third of all Norwegian seafood exports globally, with France being the main consumer of Norwegian sea-

food products.

Analysts expect prices to rise even further this year due to continued strong demand and the reopening of the Chinese market, which has become accessible again after a recent reconciliation between China and Norway.

Relations between the two nations had been strained after Chinese dissident Liu Xiaobo was awarded the 2010 Nobel Peace Prize in Oslo.

Current account deficit widens on sliding remittance

Remittance inflow fell due to low oil prices on the global market and growing preference for hundi, an illegal way to transfer funds from abroad.

Due to difference in the exchange rate, remittance inflow through legal channels has decreased and the trend continues despite an increase in the number of migrant workers.

Bangladesh Bank Governor Fazle Kabir on Tuesday at a meeting with chief executives of all commercial banks called for an initiative to boost remittance inflow through legal channels.

Given the current international realities, it is unreasonable to expect remittance growth to go back to double digits as was the case three years ago, said Zahid Hussain, lead economist of the World Bank's Dhaka office.

"We need a change in policy play to tap remittances that hinge on more than just sending money for family maintenance, particularly from the Bangladeshi diaspora."

The exchange houses in the Middle East, the UK and the US need to find ways to become more remitter friendly, minimising the hassles of transferring money through formal channels.

Hussain also said BB needs to recognise that a money transfer currently takes various shapes and forms.

It needs to reform the foreign exchange regulations to enable the money transfer operators to connect with the Bangladeshi banking system at the earliest without any hurdles.

BB also must arrest the growing premium in the informal market through the easing of excessive foreign exchange controls.

"Last but not the least, we need to gear up our diplomatic initiatives to nudge the global architecture for governing migration and remittances to focus on multilateral agreements, instead of dealing exclusively on a bilateral basis," Hussain added.

In the first five months, trade deficit also rose, by 22.86 percent, to \$3.88 billion.

As a result, the overall surplus also felt pressure in the first five months of the fiscal year.

During the July-November period, the overall surplus stood at \$1.9 billion, while it was \$2.04 billion a year earlier.

Despite an increase in current account deficit, foreign currency reserves set a new record and on December 28 stood at \$32.09 billion, which was \$27.45 billion a year earlier.

BASIS software expo begins next month, after four years

In the last few years the local software developers did a tremendous job and almost grabbed the market for banking software, Jabbar said, adding that their target is the public sector now.

BASIS said the fair is expected to see more than 180 exhibitors and five lakh visitors, including high officials from different ministries, delegates from foreign organisations and repre-

sentatives of the ICT sector.

The exhibition area will be divided into four zones for business software, ITES and business process outsourcing, mobile innovation, and e-commerce.

Matchmaking sessions will be arranged for local and foreign businesses to explore opportunities for business expansion.

This year's one will be the 11th version of the show. BASIS could not

organise the fair for the last four years as developers participated in Digital World, a government-sponsored mega exposition for presenting digitalisation successes.

This year the software makers will participate in both the shows.

"Our target is very limited and we only expect the buyers and interested people," Jabbar said. "That's why we separated it from the Digital World."



Managing Director of General Pharmaceuticals Momenul Haq attends the 29th annual sales conference of the company at Bangabandhu International Conference Centre in Dhaka yesterday.

New president for BMAMA



Matiur Rahman

STAR BUSINESS DESK

Matiur Rahman, chairman and managing director of Uttara Motor Corporation Ltd, has recently been elected as the president of Bangladesh Motorcycle Assembler and Manufacturer Association.

The election took place an annual general meeting of the association at Uttara Centre in Dhaka, the association said in a statement yesterday.

The trade body also elected J Ekram Hussain, managing director of TVS Auto Bangladesh Ltd, as general secretary, according to the statement.

Land tariffs for economic zones to be finalised today

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The second plan is meant for Cox's Bazar, Moheshkhali 1, 2, 3 and 4, Moheshkhali Special, Moheshkhali, Sabrang Tourism Park, Naf Tourism Park and Mongla economic zones.

The service charge will be 10 percent of the amount of any utility bills such as gas, electricity, water, recycling, purification and effluent treatment, while the regulatory fee has been proposed at Tk 500 for each permit.

Beza plans to set up 100 economic zones by 2030 that will create jobs for one crore people and produce goods and services worth \$40 billion.

Eurozone inflation jumps to three-year high

AFP, Brussels

Inflation in the eurozone jumped in December to the highest level in more than three years on the back of surging oil prices, official EU figures showed on Wednesday.

The 1.1 percent figure for the 19-country single currency area nearly doubled November's 0.6 percent in a boost for the fragile economic recovery.

The news edges inflation closer to the European Central Bank's prized inflation target although it is still a way off the desired 2.0 percent.

Inflation reflects underlying consumer demand and is a key sign of health in a eurozone economy already facing uncertainty over Brexit and the election of Donald Trump.

The last time inflation was at the same level was in September 2013, the European Union's statistics agency Eurostat said.

The latest figure was boosted sharply by the rise in energy prices triggered by oil cartel OPEC's December decision to cut output.

Analyst Howard Archer said the latest figure was "more than originally expected but perhaps less than suspected after German inflation jumped to 1.7 percent."

France and Spain also showed inflation

advancing in data released Tuesday, the same day as Germany, but analysts warned that an overall EU is still far off.

Italy saw consumer prices fall in 2016, the first year of deflation since 1959, according to official data published Wednesday.

The figure compounds fears for the Italian economy as it struggles to stave off a banking crisis.

For the eurozone generally, Archer said energy inflation, at 2.5 percent, was responsible for the most of the rise.

Core inflation -- stripped of volatile food and oil -- only edged up to 0.9 percent from 0.8 percent in November, he noted.

Analysts surveyed by financial services provider Factset had predicted 1.0 percent inflation for the eurozone.

The eurozone's low inflation rate has been a huge worry for the ECB as it pushes through a massive stimulus programme to get the faltering economy back on track.

ECB chief Mario Draghi has said inflation would reach its target level by 2018 or 2019.

The central bank has set interest rates at record lows and pumped hundreds of billions of euros into the economy by buying up bonds and offering cheap funds to the banks in order to bolster growth.

Summit signs deal to build \$500m LNG terminal

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This is the third LNG-related agreement the government has signed so far.

In December, Petrobangla signed an initial agreement with India's energy company Petronet to set up an LNG re-gasification terminal on Kutubdia Island and a pipeline at an estimated cost of \$950 million.

In July, the state-run corporation and US-based Excelerate Energy signed the final deals to set up Bangladesh's first LNG terminal, which will handle imported LNG and

supply it to the national grid from early 2018.

The terminal will be set up at Moheshkhali in the Bay of Bengal.

Bangladesh is looking outside to ease its energy shortage largely caused by depleting domestic reserves and rising demand. Gas supply stands at about 2,700 MMCFD against the demand for 3,300 MMCFD.

The government aims to set up four land-based LNG terminals and one or two floating storage and re-gasification units.

Exports robust despite dismal global trade

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However, 2016 ended on a somewhat dismal note, as exports slid 3.11 percent in the month of December from a year earlier.

In December, exports raked in \$3.11

billion, which also missed the month's target of \$3.35 billion.

Garments raked in \$2.58 billion last month, down 3.73 percent year-on-year.



Chairman of NRB Bank Mohammed Mahtabur Rahman and Managing Director Md Mehmood Husain attend the opening of a new branch of the bank at Laldighirpar in Sylhet on January 2.