STOCKS		COMMODITIES (As of Friday)		ASIAN MARKETS (Friday Closings)			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.99%	▼ 1.00%	▲ $1,826.59 (per ounce)	▲ $55.10 (per barrel)	▼ 1.11%	▼ 0.62%	▲ 0.16%	▲ 0.01%
5,850.43	10,287.15			49,034.67	28,519.18	3,004.87	3,566.38

CURRENCIES (STANDARD CHARTERED BANK)

	$USD	€EUR	£GBP	¥CNY
BUY TK	83.95	100.37	113.17	12.75
SELL TK	84.95	104.17	116.97	13.40

Star BUSINESS

DHAKA MONDAY JANUARY 18, 2021, *MAGH 4, 1427 BS* ● starbusiness@thedailystar.net

BB buys record $5.49b to keep taka stable

AKM Zamir Uddin

The central bank purchased greenback worth a record $5.49 billion in the first half of the current fiscal year to keep stable the exchange rate of the local currency.

The previous highest was recorded in 2013-14 when the Bangladesh Bank bought $5.15 billion from local banks.

The central bank was forced to smash all previous records of dollar purchase in just six months in the wake of higher flow of remittance and lower imports caused by the economic slowdown brought on by the coronavirus pandemic.

Although the dollar purchase is helping the export sector and swelling the foreign exchange reserve, the buying spree has flooded the financial sector with excess liquidity. But lower credit demand from borrowers amid the slowdown in business has put an adverse impact on the cost of funds for banks as liquidity has largely remained idle.

The excess liquidity in the banking industry stood at Tk 182,990 crore in October, up 202 per cent year-on-year, data from the central bank showed.

Despite the massive dollar purchase, the central bank has failed to devalue the taka against the American greenback.

The central bank has been intervening in the foreign exchange market since July after the local currency had lost some weight against the dollar.

The interbank exchange rate has been hovering around Tk 84.80 per US dollar since July. The rate was Tk 84.95 on March 25, a day before the country declared a countrywide lockdown to contain the virus.

Had the central bank not intervened in the foreign exchange market, the local currency would have appreciated. Still, the intervention was not adequate, given the exchange rate in other countries.

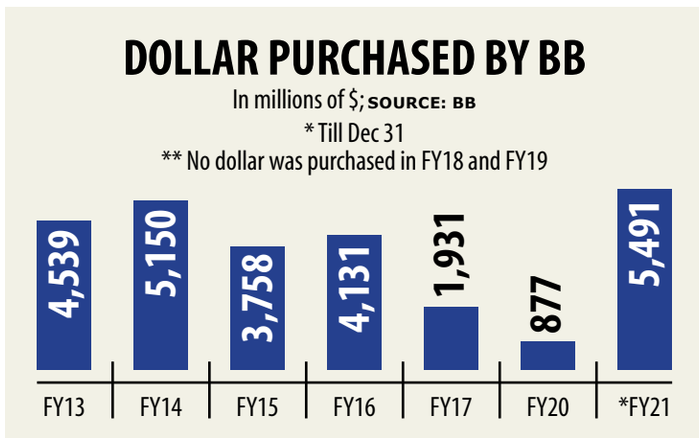
For instance, the Indian rupee was at 73.12 per dollar on January 11 this year, up from 71.37 on January 1 last year, according to data from the Reserve Bank of India.

"The country would have managed some benefits at this moment if it had depreciated the local currency before the pandemic," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

Peer countries have devalued currencies significantly in the recent period, he said.

Both the government and the central bank should take initiatives to devalue the taka in the interest of the economy, said MA Jabbar, managing director of DBL Group, a garment exporter.

READ MORE ON B3



Dhaka, Delhi conducting study to sign trade deal

Refayet Ullah Mirdha

Dhaka and New Delhi are preparing a joint study report to sign a comprehensive economic partnership agreement (CEPA) to boost bilateral trade and investment once Bangladesh becomes a developing nation.

The government has taken the initiative to ink the deal to safeguard duty privileges in international trade after the country graduates from the grouping of the least-developed country (LDC) in 2024.

Bangladesh Foreign Trade Institute (BFTI) and Indian Foreign Trade Institute are preparing the study report, said Commerce Secretary Md Jafar Uddin.

Ali Ahmed, chief executive officer of the BFTI, said, "I hope the BFTI will be able to finalise the draft of the CEPA negotiation by the next two weeks."

The draft was supposed to have been complete a few months ago but the coronavirus pandemic has delayed the preparation, he said.

"The CEPA is a very comprehensive subject matter and needs a lot of analysis," he said.

Bangladesh is set to lose duty preferences in international trade after the graduation, which prompted Dhaka to start the process to strike free trade agreements (FTAs), preferential trade agreements (PTA), CEPA and other trade arrangements with trading partners.

READ MORE ON B3

Tk 1,000cr fund to help exporters upgrade tech

Star Business Report

Bangladesh Bank yesterday formed a Tk 1,000 crore fund to provide cheap loans to export-oriented industries to upgrade technologies they currently use.

The eligible industries are of 32 types, all falling under top-priority and special development sectors, according to a central bank notice.

The fund will run under a refinancing scheme, meaning banks will first give out the loans before being reimbursed by the central bank. Interested banks and non-bank financial institutions (NBFIs) will have to sign a participation agreement with the central bank.

Banks and the NBFIs can then avail the fund at one percentage point less than the bank rate that happens to prevail at that time.

READ MORE ON B3

Wheat import declines

Int'l prices rise amid supply shortage

Mohammad Suman, *Chattogram*

Wheat imports declined 2 per cent or 72,000 tonnes in the first six months of fiscal 2020-21 compared to the corresponding months of the previous year as prices rose amid a shortage of supply in the international market.

This is a result of the ongoing coronavirus pandemic, during which large countries increased their stocks of wheat, leading to price volatility in the international market, according to importers.

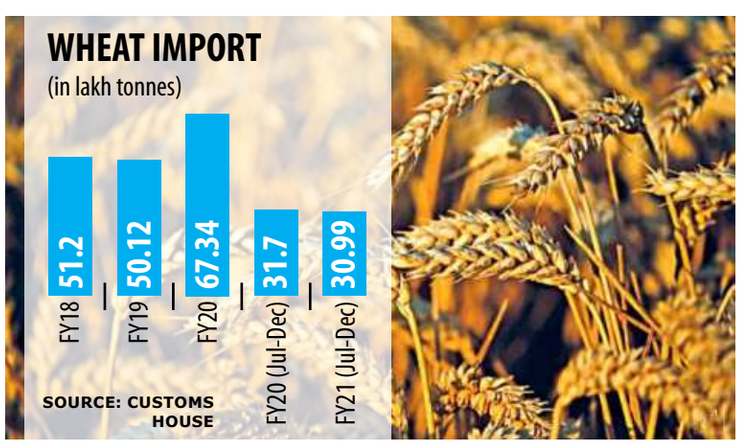
The price of wheat has gone up by $50 to $60 per tonne in the last three months.

Besides, Russia, one of the world's top wheat exporters, recently announced imposing export duty of €50 per tonne from next March.

A similar announcement could come from another major wheat exporter, Ukraine, they added.

The importers also said other exporting countries were imposing similar export duties to discourage shipments and ensure adequate supply for themselves amid the coronavirus pandemic.

READ MORE ON B3



Interoperability in digital fund transfer to prevent fraud: Palak

Star Business Desk

Although digital transactions have been increasing over the last few years, fraudulent activities are eroding people's confidence in going cashless. However, much optimism is being generated for the upcoming arrival of an Interoperable Digital Transaction Platform (IDTP).

The government is introducing the IDTP to reduce fraud, harassment and cost in financial transactions, said State Minister for ICT Zunaid Ahmed Palak yesterday.

The new system will make all accounts of banks, mobile financial services (MFS) and payment system providers interoperable this year, a development that will allow people to move funds effortlessly in real time and at lower costs.

According to a central bank document, the government will cough up Tk 56 crore to set up the IDTP.

"The IDTP will help people transact money without using their account number, which will subsequently reduce fraudulent activities," Syed Mahbubur Rahman, managing director of Mutual Trust Bank, told The Daily Star last week.

This is especially relevant considering the fact that the threat of contracting coronavirus through handling cash has already got people from all walks of life increasingly embracing digital payment tools, giving a major boost to cashless transactions.

READ MORE ON B3

Stocks fall amid profit-booking

Star Business Report

Most stocks listed with the Dhaka bourse witnessed corrections yesterday but bank stocks were the exception.

DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), fell 58.8 points, or 0.99 per cent, to 5,850.

Investors went for booking profit as stocks had been rising for the last few days, according to a broker.

"When the market goes up for a stretch, then it is normal to witness some corrections," he said.

The banking sector will soon announce dividends since their financial year ends in December. So, the demand for lenders' stocks rose despite the market correction, the broker added.

Among the listed 30 banks, 24 advanced, three fell and three remained the same. But in the overall market, 63 per cent of all stocks with the DSE witnessed a decline.

"The index was on the verge of exceeding the 6,000-point level so some investors sold off their shares while others bought them," a merchant banker said.

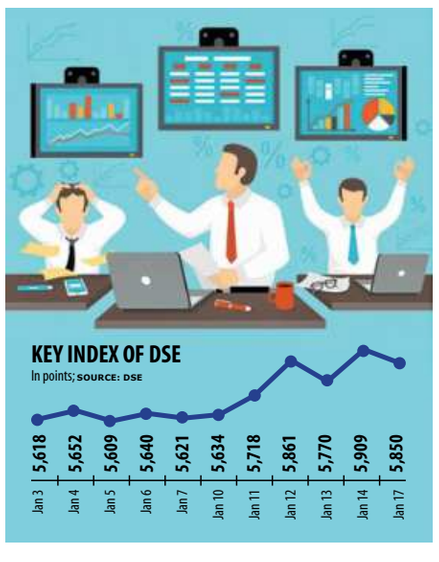
As a result, market turnover was higher despite the falling trend in the index, he said, adding that there were many buyers when a tremendous pressure to sell came.

"This is a good sign," he said.

Turnover, an important indicator of the market, rose 15.16 per cent to Tk 2,384 crore.

After a consecutive 14 days' rally, Robi Axiata stocks fell yesterday.

Among 369 traded stocks, 72 advanced, 231 dropped and 56 remained same yesterday at the DSE.

City Bank topped the gainers' list, increasing 9.50 per cent followed by Titas Gas, National Bank, Sonali Aansh Industries and Summit Alliance Port.

READ MORE ON B3