

## IMF support lifts forex reserves to \$48b

AKM ZAMIR UDDIN

Bangladesh's foreign exchange reserve has hit a record high of \$48 billion after it secured \$1.44 billion in financial support from the International Monetary Fund (IMF).

On Monday, the Washington-based multilateral lender provided the fund to Bangladesh under the special drawing rights (SDR).

The SDR is an international reserve asset created to supplement the official reserves of the member countries.

It is not a currency. It is a potential claim on the freely usable currencies of the IMF members.

The reserves, one of the major macroeconomic indicators of an economy, stood at \$39.04 billion in August last year.

A strong inflow of remittance has also helped the country build up its foreign exchange reserves, said an official of the Bangladesh Bank.

Bangladesh's diasporas sent home \$24.78 billion in fiscal 2020-21, the highest on record in a single year, in contrast to \$18.20 billion a year ago.

## Oil and equities bounce back

AFF, New York

Oil prices soared and stocks rebounded Monday on bargain-buying after last week's retreat, with traders riding a wave of renewed optimism.

In oil markets, both main contracts enjoyed big gains of over five per cent, while in equities, major Wall Street indices closed solidly higher, with the Nasdaq scoring a record.

"Markets enter the new week with some renewed optimism, having ended the previous week's tumultuous ride in positive fashion," noted Interactive Investor analyst Richard Hunter.

After suffering heavy losses recently owing to concerns the Delta variant of the coronavirus would impact demand as countries order new restrictions, investors were reassured by the fact China reported no new local Covid-19 cases on Monday for the first time since July.

Fears about the much more contagious variant have rattled world markets as it forces some governments to reimpose containment measures, which depresses demand for oil, since people cannot travel. Monday's positive vibes were reinforced by stronger-than-expected US existing home sales data for July.

Traders globally are looking ahead to the Jackson Hole annual central banking conference, and specifically Fed Chair Jerome Powell's speech on Friday, where he could offer hints about a timetable for tapering the bank's massive bond purchases used to support the economy through the pandemic.

The bond-buying program and record-low interest rates have been

key elements of the global recovery for more than a year.

But sentiment was jolted last week by minutes from the US Federal Reserve's July meeting indicating it could start slowing bond purchases by year-end.

However, Dallas Federal Reserve chief Bob Kaplan, who is considered an inflation hawk, suggested he could rethink his view of tapering soon in light of the Delta variant's global march, which is showing signs of hobbling economic growth.

But San Francisco Fed President Mary Daly, who is considered more of a dove, said she believes the economic recovery has enough momentum to allow it to withstand the Delta variant.

In an interview with Fox Business Network, she said she is "confident that we will by the end of the year"

have made sufficient progress to allow the central bank to start "dialing back" stimulus.

Bitcoin topped \$50,000 on Monday for the first time in three months after supportive news from payments giant PayPal and cryptocurrency platform Coinbase. The world's most popular virtual unit jumped to \$50,440 during Asian trading, before dropping back to around \$49,480 after the close on Wall Street.

"Bitcoin continues its recent recovery... as PayPal announces plans to launch its cryptocurrency trading platform in the UK," said AJ Bell analyst Danni Hewson.

PayPal will this week begin to allow users in Britain to buy, hold and sell cryptocurrency through the online payment platform for the first time.



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## Bengal Commercial Bank signs credit rating deal

STAR BUSINESS DESK

Bengal Commercial Bank and Credit Rating Information & Services recently signed an agreement at the bank's head office in Dhaka for the bank's credit rating.

Tarik Morshed, the bank's managing director and CEO of Bengal Commercial Bank, and Mozaffar Hossain, the latter's president and CEO, represented the two sides, said a press release.

Asaduzzaman Khan, the latter's executive director, Md Ashiful Huq, chief rating officer, Shahid Hossain, the bank's adviser, KM Awlad Hossain, deputy managing director, Md Rafiqul Islam, chief technology officer, and Md Anisur Rahman, chief financial officer, were present.

## Canadian province plans vaccine passport for restaurants

REUTERS, Vancouver

The Canadian province of British Columbia will require patrons of non-essential businesses such as restaurants and movie theatres to be vaccinated against Covid-19 from September 13, the government said on Monday.

The vaccine requirement will also cover fitness studios along with sporting events, concerts, weddings and other private and public indoor social events, health officials said. British Columbia, Canada's westernmost province, is reporting some of the country's highest rates of new Covid-19 cases per capita and recently mandated vaccines for staff of long-term care homes.

The province reported 663 new cases on Friday, the most recent data available.

People wanting to enter a non-essential business must have at least one dose of vaccine starting September 13 and both doses by October 24, Premier John Horgan said.

"There's no reason those who are anxious to participate in the social and economic life of our community can't take that next step and get that safe, effective vaccine," Horgan told reporters.

Quebec was the first province to bring in vaccine passports for non-essential businesses earlier in August.

Vaccine mandates are becoming an election issue in Canada's ongoing federal election, which Prime Minister Justin Trudeau triggered on August 15.

## TVS launches 'Race Edition' scooter

STAR BUSINESS DESK

TVS Motor Company, a manufacturer of two-wheelers and three-wheelers, yesterday launched a TVS NTORQ 125 Race Edition scooter in Dhaka.

It has been developed taking cue from the design of a stealth aircraft, embodying a sharp, aggressive style with a signature tail and LED headlamps and focus on comfort and convenience of the rider, said a press release.

"...we are bringing an attractive, innovative and advanced product for the youth of Bangladesh," said R Dilip, president for International Business.

"The smart scooter promises to create a best-in-class ownership experience," said J Ekram Hussain, managing director of TVS Auto Bangladesh.

## Flat prices on the rise

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Niketan is experiencing a boom in property prices as data showed a 21 per cent increase compared to last year.

Properties in the areas like Aftabnagar, Rampura, Ibrahimipur, and Nikunja see price increases of 7.8 per cent, 9.8 per cent, 14.9 per cent and 9.4 per cent, respectively.

Dhanmondi has seen a 0.9 per cent rise so far in 2021, while it was 1.9 per cent in Mirpur and 2.7 per cent in Uttara. The price declined by 2.4 per cent in Gulshan.

The surprise of the year has been Mohammadpur, where prices are 8.8 per cent lower than a year ago. The average price of flats in Mohammadpur in 2021 is Tk 4,809 per sqft compared to Tk 5,274 last year.

Regarding the trend, Mahzabin Chowdhury, head of marketing and public relations at Bproperty, said the current property market offered full of opportunities for new investors.

"The prices of flats are still quite affordable across many developing areas but won't be for too long," she said, adding that the domestic property market had proven itself to be robust despite the coronavirus pandemic.

Mir Nasir Hossain, managing director of Mir Holdings, said the demand was still low as people did not want to spend big amid the Covid-19 crisis.

"The demand was very high in May and June as people had thought the government would not withdraw the

scope to invest the undisclosed income to purchase properties in the budget for fiscal 2021-22."

The government has also continued the unquestioned opportunity extended to the investment of untaxed money in the real estate sector.

Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industries, called the price increase nominal.

"It should go up by at least 8 per cent to adjust with the raw material costs. However, this is not possible due to excess competition in the housing sector."

Industry people say the demand for properties is picking up as there have been limited investment opportunities in the productive sectors because of the pandemic-induced economic slowdown, a drastic fall in bank deposit rates, cheap loans, and the continued scope to invest untaxed money.

The lowering of registration costs has also pushed up the demand.

Shihab Ahmed, general manager for sales and customer services of Shanta Holdings, a real estate company that mainly caters to premium customers, said they had not increased the price yet.

Nasimul Baten, head of business of Delta Brac Housing Finance Corporation, said the price swings seen last year were not significant.

"Rather, the demand for home loans has slightly fallen recently due to the prolonged lockdown."

## Low incomes shrink further

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It fell by 32 basis points to 5.45 per cent in Rajshahi, 54 basis points to 6.20 in Rangpur, 5 basis points to 5.87 per cent in Khulna, 14 basis points to 5.57 per cent in Barisal, and 40 basis points to 5.50 per cent in Sylhet.

The BBS shows nominal wage growth at a rate higher than the headline inflation rate, implying real wages increased despite all the disruptions in the economy, pointed out Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

The increase was the fastest in the production sub-sector of industry and in services. It was the slowest in construction and fisheries where real wages declined, he said.

Some of this data can be explained while others are puzzling, said Hussain.

One can explain the decline in wage growth in agriculture by reverse migration of workers from urban to rural areas because of the lockdown, he said.

The latter may also have adversely

affected the marketing of fisheries as supply chains were disrupted, which in turn reduced real wages, he added.

Construction activities in the private sector came to a sudden stop, which can explain the decline in real wages in this industrial sub-sector, said Hussain.

"What is most puzzling, however, is the increase in real wages in services. This is a sector hit hardest by the virus and the lockdown. Yet nominal wage growth in services stayed 30 basis points ahead of headline inflation," he said.

Nominal wage growth was highest in the production sub-sector of industry even though small scale production units, which are most employment intensive, were struggling to keep their units running, he said.

How the production establishment in industry managed to pay their low paid skilled and unskilled workers over 2 per cent higher real wages in July relative to July last year is extremely hard to fathom, he added.

previous year, according to Mansur.

He went on to say that exporters would be able to ship fresh produce after completing the required testing as it would ensure compliance with requirements of importing nations.

Mohammad Anwar Hossain, director of the Plant Quarantine Wing of the Department of Agricultural Extension, said the new project would improve the testing capability of the quarantine laboratory at the central packing house.

## Drop in global trade lowers Ctg port rank

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Total volume of container transport in 2020 was just over 632.2 million TEUs (twenty-foot equivalent units), which is 0.7 per cent down from the previous year, according to Lloyd's List.

The Chattogram port handled 2,839,977 TEUs of containers in 2020, down by 8 per cent from 3,088,187 TEUs in the previous year, according to Lloyd's List as well as data from Chittagong Port Authority (CPA).

The journal stated, "Bangladesh's principal port reports a significant dip in traffic as the coronavirus outbreak hits its substantial trade of ready-made garments."

CPA Chairman Rear Admiral M Shahjahan said different large ports had remained closed for certain periods last year while vessels' waiting time also increased there due to lockdowns, decreasing inbound cargo to the country.

"Activities at the Chattogram port continued round the clock last year to keep foreign trade smooth and thus we handled over 28 lakh TEUs," he said.

The trade rebounded later and in terms of container throughput in fiscal 2020-21 the port registered an over 3 per cent growth, he said.

The port already handled over 2 million TEUs so far this year, he said, hoping for advancing in the rank in the current calendar year.

Of the total throughput figure of 2,839,977 TEUs at the Chattogram port in 2020, a large portion were empty. After being removed of imported goods, a huge number of empty containers are also shipped out every month.

According to Bangladesh Shipping Agents Association (BSAA), the port handled 1,247,586 TEUs of import-laden containers in 2020, 9 per cent down year-on-year from 1,377,295 TEUs in 2019.

On the other hand, the volume of export-laden containers came down to 630,637 TEUs in 2020, 8 per cent down from 685,728 TEUs in 2019, the BSAA data showed.

BSAA Senior Vice Chairman Syed Iqbal Ali Shimul said the country's imports dropped significantly last year by 9 per cent compared to that the previous year.

"It was because, a number of China based shipping lines that carry a portion of our imports from China withdraw their services," he said.

"They were more focused on services towards Europe and USA to meet the huge demand of imports in those countries following economic rebound there in the second half of the year," Shimul said.

Mahbubul Alam, president of the Chittagong Chamber of Commerce and Industry, said the country's business activities as well as foreign trade were badly hit last year, reflecting in the Lloyd's List.

Bangladesh Freight Forwarders Association Vice President Khairul Alam Sujan said the country's exports suffered a lot from April to June last year and this decreased annual container throughput.

The Chattogram port handles 98 per cent of the total container throughput in the country while the Mongla port handles the rest. Around 27 per cent of goods transported through the port is carried by containers.

## ADP spending slows amid Covid restrictions

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However, the bridge division and local government division could spend just 4 per cent and 3.58 per cent in July respectively.

Among the 15 largest allocation receivers, both the power division and road transport and highway division achieved just 1 per cent of their spending target.

However, the rail ministry, water resources ministry, civil aviation and tourism ministry, and education ministry could hardly spend a penny in July.

Besides, the science and technology ministry, health service division, higher secondary and higher education division, primary and mass education division, and shipping ministry spent less than 1 per cent of their allocation.

## Garment makers seek

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The BGMEA president sought support from the embassy of Spain regarding the potential of foreign investment in non-cotton and technical textiles and high-end apparel items. The ambassador lauded the progress of the apparel industry of Bangladesh, the statement read.

## Walmart starts last mile delivery service

REUTERS, Chicago

Walmart on Tuesday launched a delivery service for other merchants throughout the United States, an announcement that comes as sellers scramble to secure deliveries ahead of the all-important holiday shopping season.

Walmart has this year been trialing its first company-branded "last-mile" delivery vans, taking a page out of Amazon's play book as pandemic-led e-commerce demand pressures United Parcel Service, FedEx and the US Postal Service.

Through its latest program, called Walmart GoLocal, Walmart will dispatch workers from its Spark delivery network to merchants' stores to pick up items and then deliver them to shoppers. Over the past year, the retailer has doubled Spark's coverage to more than 500 cities, Walmart Chief Financial Officer Brett Biggs said last week on an earnings call.

"We were looking at different potential revenue streams, ways to commercialize the capabilities and scale that Walmart has - and so we'll think about what that means as this program unfolds," said Tom Ward, senior vice president of Walmart's US last mile business.

Walmart declined to give specifics about the program's fee structure, but said it would be "competitively priced."

Amazon.com, the world's no.1 online retailer, delivers packages via a same-day service called Flex and contracts with van fleets that drop parcels on doorsteps.

Walmart's move comes as traditional carriers are looking at another chaotic holiday season that, like last year, will see them struggling with more packages than can be delivered.

During the holiday peak season, there are expected to be some 5 million more parcels per day seeking delivery than providers able to handle that demand, UPS Chief Executive Officer Carol Tomé told analysts in July.

The company, which delivers packages for both Amazon and Walmart, recently said it was exploring super-fast local delivery apart from the pricey express deliveries offered by the company and rival FedEx.



Shoppers wearing face masks are pictured in the parking of a Walmart Superstore during the outbreak of the coronavirus disease, in Rosemead, California, US.

## Fintech: key to conveniences

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MFS is a dominant part of financial technology (fintech). There is a fintech revolution going on all around. The world is moving towards a cashless society where anything or everything will be paid through digital payment systems.

We have already seen how credit cards have been in wide use for transactions. Now, as it looks like, the days of credit cards would come to an end soon with the mass usage of digital payments, mainly through mobile phone devices.

The success of fintech largely depends on connectivity and accessibility. In a recent report, the Global Fintech Index 2021 ranked Bangladesh 78th out of 83 countries. So, it is quite evident that we have a long way to go to achieve finesse in financial technology adaptation.

Digitalisation is in progress in Bangladesh, and the scenario looks very promising. The government has put sufficient emphasis on this domain. Construction of hi-tech parks to train youth on software development, enabling investment in IT infrastructure and encouraging e-commerce are positive signs.

The Covid-19 pandemic has also boosted the country's e-commerce and digital payment systems like in the rest of the world. The MFS providers now handle daily transactions of more than Tk 2,000 crore.

Connectivity and accessibility are distinctively crucial for the growth of MFS or, for that matter, fintech. While connectivity will depend on massive investment in IT infrastructure, accessibility depends on the availability of appropriate devices at affordable costs. It is a positive sign that almost 80 per cent of the smartphones are now being manufactured or assembled in Bangladesh, and that these are at least 15 to 20 per cent cheaper than the imported ones.

It is expected that with government incentives in place, manufacturers like Walton, Nokia and Samsung will bring a host of affordable devices in the market, so that majority of the population enjoy the benefits of the fintech revolution.

However, the important point is to be noted about ensuring the security of the digital transactions. It is quite likely that in case of such a whirlwind revolution in enabling a wide array of conveniences to the vast number of people, there could be loopholes to be exploited by vested and disruptive quarters.

The regulatory authority, in this case, the Bangladesh Bank, needs to be on toes to monitor the MFS providers for their intents, capability and quality of services, the authenticity of the customers and satisfaction of their customers.

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