

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday STANDARD CHARTERED BANK			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 1.29%	▲ 1.52%	\$1,864.04 (per ounce)	\$82.17 (per barrel)	▲ 1.28%	▲ 1.13%	▼ 0.03%	▲ 0.18%	BUY TK 84.85	96.33	114.87	13.02
6,995.93	12,317.98			60,686.69	29,609.97	3,228.45	3,539.10	SELL TK 85.85	100.13	116.67	13.69



PRIMEASSIST
Your personal banker!



Scan for the service



Bank anytime through
WhatsApp, Viber and Messenger





BUSINESS

DHAKA SUNDAY NOVEMBER 14, 2021, KARTIK 29, 1428 BS
 ● starbusiness@thedailystar.net

Rod prices go thru the roof

JAGARAN CHAKMA

Rod prices in Bangladesh hit Tk 80,700 per tonne because of the persistent high prices of raw materials globally, supply constraints, and the latest hike in fuel prices locally, official figures showed on Friday.

It was up 4.12 per cent from Tk 77,500 per tonne on Thursday, according to the state-run Trading Corporation of Bangladesh (TCB).

However, Mir Nasir Hossain, managing director of Mir Akhter Hossain Ltd, a contractor, said the actual price of rod was Tk 83,000 per tonne yesterday.

The price of the 60-grade rod went up by 7.06 per cent in the last month and 32.67 per cent in the last one year, TCB data showed.

Manufacturers largely blame the increasing cost of melting scrap in the international market for the price hike in the local market.

The price of steel scrap rose to \$630 per tonne recently, said Tapan Sengupta, deputy managing director of BSRM, the largest steelmaker in Bangladesh.

Melting scrap, the raw material of steel products, was selling at \$300 to \$350 per tonne last October. It, however, surged since then, prompting several countries, including India, to cut the tariffs on raw material imports.

Besides, the recent increase in the fuel price has affected the steel price as the transport cost has gone up, said Sengupta.

On November 4, the government raised the prices of diesel and kerosene by Tk 15, or 23 per cent, to Tk 80 per litre.

Sengupta, however, claimed that the retail price of steel was still below the production cost as per the present input costs and feared the price would increase further in the coming days.

Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry, echoed Sengupta, saying the price would shoot up to Tk 100,000 per tonne due to the impact of the

fuel price increase and the upward trend of raw material prices in the international market.

“The cost of construction has gone up by 20 per cent in the last one year due to the increasing steel and other raw material prices.”

Abdul Mannan, a retailer in the Bongshal area of the capital, says they were told by millers that the price went up because of global raw material shortages and the appreciation of US dollars against taka.

“The price had been going up gradually

PRICES OF MS ROD (60-grade)

Price per tonne (maximum)

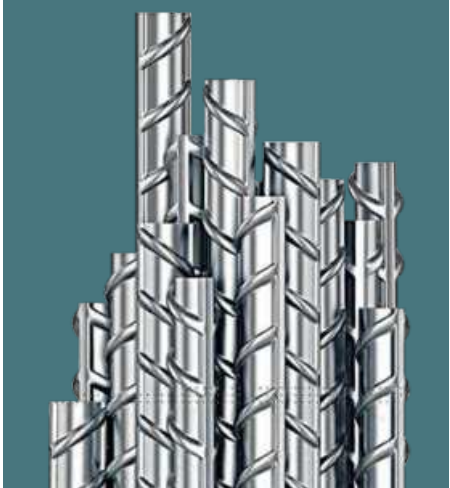
YESTERDAY
Tk 80,700

A WEEK AGO
Tk 77,500

A MONTH AGO
Tk 75,700

A YEAR AGO
Tk 66,000

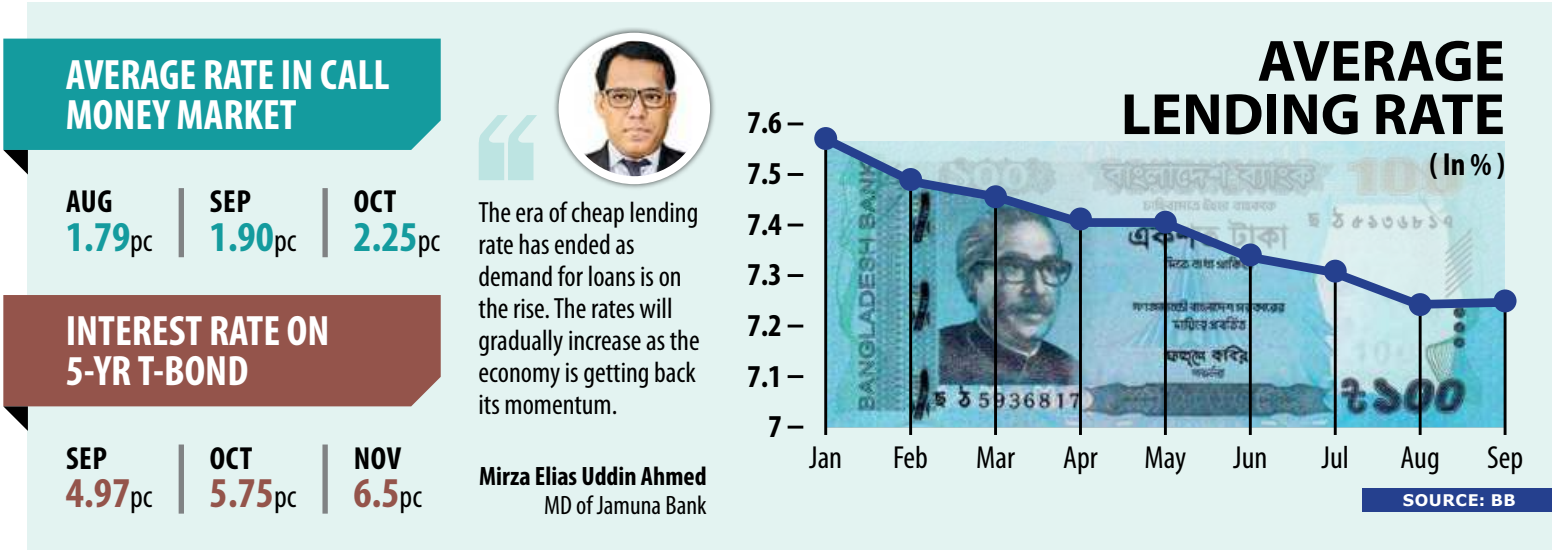
SOURCE: TCB



in the last six months. But, it has increased by Tk 8,000 to Tk 9,000 per tonne in the last 15 days.”

The exchange rate of the USD rose to Tk 85.79 on November 11 from Tk 84 a year ago, fueled by rising imports and a slowdown in remittance flow.

READ MORE ON B3



Are the days of cheap loans over?

AKM ZAMIR UDDIN

Up until July this year, firms had been able to borrow at unprecedented lower interest rates as the cost of funds declined amid business slowdown.

But as the economy inches towards normalcy riding on falling coronavirus infections and ongoing vaccination programme, the demand for loans has made a comeback in the last couple of months.

The recovery in credit demand is expected to bring about a credit crunch – a situation that is forcing banks to raise lending rates. This was evident from a number of indicators in the banking sector, signalling the end of cheap loans in Bangladesh.

Bankers say the lending rates are likely to increase in the next couple of months as the economy is gradually recovering from the slowdown brought on by the coronavirus pandemic.

A rising trend of import financing and demand for short-term loans are playing a major role in pushing up the credit demand.

Four top bankers say the lending rate has already started to increase in keeping up with the demand for loans.

The weighted average lending rate stood at 7.24 per cent in September, unchanged from August, according to data from the Bangladesh Bank. But, the average lending rate had faced a downward trend since at least January last year.

In addition, the yield on Treasury bills and bonds has seen an upward movement in recent months.

The interest rate on a five-year T-bond stands at 6.50 per cent this month in contrast to 5.75

per cent a month ago.

The government chiefly borrows from the banking sources by issuing T-bills and bonds, and the rate usually increases if it takes on debts on a regular basis.

The government secured a net loan of Tk 9,696 crore from the banking sector between July and October.

Banks also consider the yields on the government securities while setting the interest rate of their lending products.



The interest rate of the inter-bank call money market stood at 2.25 per cent in October, up from 1.90 per cent the month before.

The inter-bank call money market is a platform where lenders borrow and lend each other on an overnight basis. Banks commonly meet short-term funding requirements by borrowing from the market.

The credit growth in the private sector stood at 8.77 per cent in September, up from 8.42 per cent a month earlier.

“The era of cheap lending rate has ended as the demand for loans is on the rise,” said Mirza Elias Uddin Ahmed, managing director of Jamuna Bank.

“The rates are gradually increasing as the economy is getting back its momentum.”

The bank now charges interest rate between 7 per cent and 7.5 per cent on working capital,

which was 3-6 per cent a couple of months ago. Working capital, with a repayment tenure of a maximum of one year, is given out to businesses to fulfil their regular expenses.

The interest rate on time loans, which carry a repayment period from three to six months, has doubled to nearly 6 per cent at Jamuna Bank, Ahmed said.

The pickup in the lending rates also came after the central bank asked banks to set an interest rate on deposits that is higher than the inflation rate. This has given a boost to the lending rate as banks are now compelled to pay more than 5 per cent to savers.

The interest rate on term loans has recently touched 8 per cent, which had declined to 6 per cent a couple of months ago.

“The surge in the import financing has also been responsible for the upward trend of lending,” Ahmed said.

Sohail RK Hussain, managing director of Meghna Bank, said that liquidity stress in the banking sector might appear in the days ahead as credit demand increased.

Meghna Bank is charging 5.5 per cent for the working capital loans, up by at least one percentage point compared to the levels seen at the height of the pandemic.

The same is also applicable to home loans as the interest rate stands at 8 per cent in contrast to 7.5 per cent three to four months ago.

Md Abdus Salam Azad, managing director of Janata Bank, said that credit demand had accelerated as the economy opened up.

“There is no scope for the lending rate to go down in the coming days.”

READ MORE ON B3

Japanese firms keen on entering Bangladesh’s e-commerce: envoy

STAR BUSINESS REPORT

Some Japanese companies are thinking of entering the e-commerce business in Bangladesh, said ITO Naoki, Japanese ambassador to Bangladesh, yesterday.

“I learned of several Japanese companies which are thinking of entering e-commerce business or selling their products through e-commerce here in Bangladesh,” he said.

In future, some Japanese companies will be visible through e-commerce platforms in Bangladesh, he added.

He was addressing a session on “E-commerce & Digital Business - Flourishing Sector to Lead the Future” at a four-day World Congress on Information Technology (WCIT) Bangladesh 2021 at Bangabandhu International Conference Center.

“I talked to some Japanese business people in Bangladesh and asked what the potential challenges were.

READ MORE ON B3



RMG workplace safety lauded

STAR BUSINESS REPORT

Bangladeshi garment factories are one of the safest workplaces in the world for developments recommended by foreign inspection and remediation platforms Accord and Alliance, said a German author yesterday.

Launching his book “Celebrating 50 years of Bangladesh” at Economic Reporters’ Forum in Dhaka, Daniel Seidl was sharing his experience of staying and working in Bangladesh before and after the Rana Plaza building collapse in April 2013.

On the eve of the collapse, Seidl, the then executive director of the Bangladesh-German Chamber of Commerce and Industry (BGCCI), was leading a big German business delegation in Dhaka, highlighting Bangladesh’s economic transformation.

However, the country’s deadliest industrial accident took place at Savar the following morning and the German buyers sought to withdraw their business from Bangladesh citing the reputational risks posed on their brands, he said.

Seidl said to have urged not to do so, reasoning that Bangladesh had already invested a lot in the garment sector and the retailers and brands had also benefitted from the competitive prices and quality products from this apparel sourcing destination.

“It should not be a blame game and it should be a common game. Many people always talk about the negatives and I say you should be positive about Bangladesh. We need to grow together,” he said.

READ MORE ON B2

Bangladesh offers best incentives for investors

FBCCI tells French businesses

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has urged French investors to take note of Bangladesh as an ideal destination for relocating industries.

“Bangladesh offers the best competitive fiscal and non-fiscal incentives for investment,” said FBCCI President Md Jashim Uddin.

His comments came as the FBCCI signed a memorandum of understanding (MoU) with the France Bangladesh Economic Chamber to increase bilateral trade and investment opportunities.

READ MORE ON B3



GREAT CAREER STARTS HERE

Position

Managing Director
EBL Asset Management Ltd.

Prime Responsibilities

- > To provide creative investment solutions for our customers commensurate with their risk profile and their return expectations.
- > To analyze market competitiveness & threats and formulate strategies with tailor-made solutions to onboard new customer for sustainable business growth.
- > To value companies and securities.
- > To maintain relationships with regulators.
- > To select securities appropriate for various types of portfolios based on their risk classification.
- > To review the portfolio regularly and identifying their risk characteristics.
- > To manage the portfolio risk and maintain high level of compliance.
- > To manage Administrative, Human Resource, Legal and IT issues.

Qualification & Other Competencies

- > Minimum 12 years' experience in financial services/capital market/treasury.
- > Minimum master's degree of business faculty from reputed university/CA/FCA/ICMA.
- > Good understanding of asset management company operations.
- > Good understanding of fundamental and technical analysis of Capital Market.
- > Good understanding of securities related laws for ensuring proper compliance.
- > Good leadership dynamics with communication skills and ability to work independently.
- > Good network with regulators and local authorities.

How to Apply?

Interested candidates are requested to send the updated CV (in PDF) to career@ebi-bd.com by **Saturday, November 20, 2021**.
EBL Asset Management Ltd. reserves the full right to accept or reject any application without assigning any reason whatsoever.

EBL Asset Management Limited is fully owned subsidiary of Eastern Bank Limited.



Eastern Bank Ltd.