

Star BUSINESS



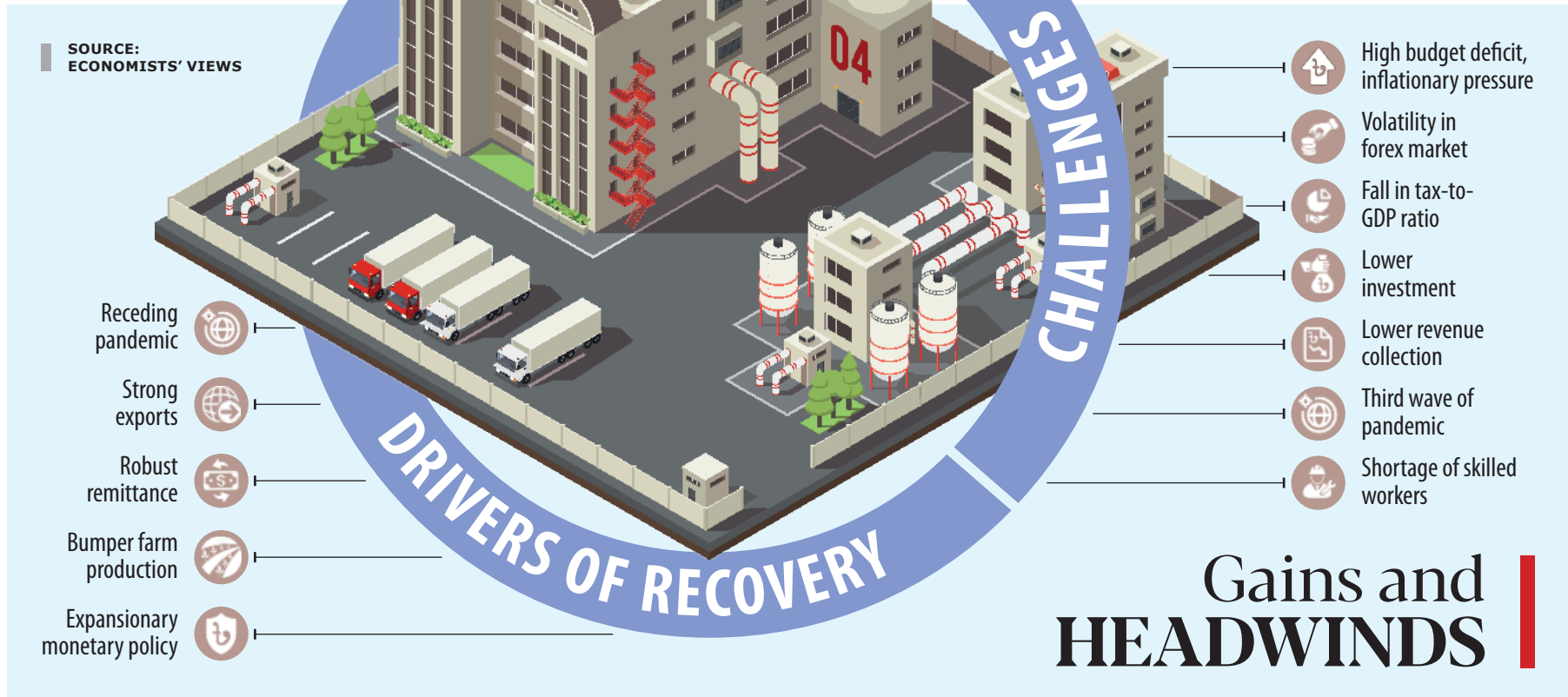
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DSE key index crosses 7,000 points again

Investors seem unabated by Omicron

STAR BUSINESS REPORT

The main index of the Dhaka Stock Exchange (DSE) touched 7,000 points after a month thanks to higher investor participation though the Omicron variant of Covid-19 slowly spreads across the country.

The DSEX, the benchmark index of the Dhaka bourse, climbed 54 points, or 0.78 per cent, to hit 7,049. This is the highest point the index has reached since November 21, when it stood at 7,085.

"Investors hope that Omicron will not have a devastating impact on economic activities and so, they are buying well-performing stocks," a stock broker said.

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STOCKS	
DSEX ▲	CSCX ▲
0.78% 7,049.15	0.95% 12,417.49

COMMODITIES	
Gold ▲	Oil ▲
\$1,807.86 (per ounce)	\$79.44 (per barrel)

CURRENCIES		STANDARD CHARTERED BANK			
	\$ USD	€ EUR	£ GBP	¥ CNY	
BUY TK	85.05	95.40	114.74	13.10	
SELL TK	86.05	99.20	118.54	13.78	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.37% 60,616.89	▼ 0.90% 28,222.48	▲ 0.6% 3,246.37	▼ 0.73% 3,567.44	

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Recovery strong, but macro-economy under strain: analysts

STAR BUSINESS REPORT

Bangladesh is staging a strong economic recovery from the coronavirus pandemic but the government should be cautious about tackling the pressures building up in some macro-economic indicators, said economists yesterday.

The government needs to be careful about the indicators such as the balance of payments, budget financing, and inflation, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh (PRI).

"Otherwise, things can go out of control."

His comments came at a webinar styled "After the Pandemic Onslaught - Economy on Strong Recovery Path" organised by the PRI.

There is an emerging pressure involving the balance of payments as import growth has exceeded export growth amid slowdown in remittance inflows.

The current account balance is already in deficit by around \$6 billion, so if the trend continues, it would be much higher, he said.



"How will it be funded?" asked Mansur.

Pressures are growing in the foreign exchange market. The unofficial kerb market is also up. But the Bangladesh Bank

is responding slowly when it comes to devaluing the taka.

"The central bank needs to act faster to make the adjustment," said Mansur. He also pointed to the

tax-to-GDP ratio, which fell to a historic low of 7.7 per cent last year. "But lower revenue collection will not help since demand for education, health, and infrastructure has grown tremendously."

On the expenditure side, subsidy bills have surged. As a result, an additional Tk 70,000 crore will be needed beyond the budgetary plan.

Another challenge for the country is the entire annual development programme is being funded by borrowing, either through domestic loans or external loans.

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Different varieties of rice cultivated by farmers in surrounding villages being sold for Tk 1,400 to Tk 2,000 per maund (around 37 kilograms) at a centuries-old floating market sitting every Saturday and Tuesday on the Sandha river in Barishal's Banaripara upazila. The photo was taken yesterday.

PHOTO: TITU DAS

Rice price high despite new crop, ample imports

AKANDA MUHAMMAD JAHIID

Rice prices have remained high in Bangladesh despite ample supply of the grain as farmers harvest the second biggest Aman crop, giving low-income groups a hard time amid persisting economic uncertainty.

Over the last one month, retail prices of rice edged up as much as 6 per cent in the markets in the capital.

Prices of medium-quality grain registered the highest increase followed by finer and coarse rice, putting a strain on the purchasing capacity of the low-income people, who are already counting extra for increased transport cost and soaring prices of various essentials, including edible oil.

Yesterday, retail prices of medium grain were Tk 52-58 per kilogramme, up from Tk 48-Tk 56 a month ago, data from state-run Trading Corporation of Bangladesh showed.

The finer variety was selling at 3 per cent higher at Tk 60-Tk 70 yesterday from a month ago. Coarse grain prices rose 3 per cent to Tk 45-50 over the last one month.

Prices of medium-quality grain registered the highest increase followed by finer and coarse rice, putting a strain on the purchasing capacity of low-income people

Millers and traders say purchases by rice millers, including large industrial houses such as ACI Ltd, City Group, Pran, and Akij Resources, which have entered the rice market in recent years, to build stocks to market the staple during lean season is one of the drivers for the higher prices of paddy.

Higher transport cost, fueled by the diesel price hike by the

government in November, contributed to the higher price of the grain, which also faces a 62.5 per cent customs duty and taxes when imported.

Data from the Department of Agricultural Marketing (DAM) showed that the prices of coarse and medium grains of paddy, which are less expensive than the finer ones, rose in the past month.

For instance, the prices of coarse Aman, the second-biggest paddy making up 38 per cent of the annual rice production, rose to Tk 913-Tk 972 per maund on January 3 from Tk 919-Tk 950 a month ago. Such a spike during the harvesting season raised questions.

In Bangladesh, imports were up riding on the reduced import tariffs from December 2020 to October 2021.

Of the total imports of 13.59 lakh tonnes in the fiscal year of 2020-21 that ended in June, private importers brought in 7.86 lakh tonnes.

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