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BUSINESS

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A tanker berthed at a dolphin jetty by the Karnaphuli river in Chattogram yesterday to unload fuel oil.

PHOTO: RAJIB RAIHAN

Runaway energy prices raise alarm

MD NAZRUL ISLAM and ASIFUR RAHMAN

The runaway fuel oil and gas price in the international markets has already hit Bangladesh's foreign exchange reserves and intensified pressures on the exchange rate amid the escalation of imports at higher prices.

What is worse, the situation has stoked concerns that the country's energy security may come under threat if the current trend of fuel oil and gas persists, officials, and experts warned yesterday.

The warning came as oil price rocketed to a 14-year high of \$139 per barrel on Monday, handing a blow to an import-dependent country like Bangladesh as it could derail the country's recovery from the coronavirus pandemic.

Bangladesh Petroleum Corporation (BPC) spent \$17 million to import a consignment of 30,000 tonnes of diesel in January. As the international market has become volatile due to the Russia-Ukraine war, the same amount of oil is now costing the country \$39 million.

In order to keep the fuel supply uninterrupted, BPC imports four consignments of diesel every month.

An analysis of the Asia-Pacific/Arab Gulf Market Scan (Platts) reports shows that the freight-on-board price of diesel was at \$87.95 per barrel on January 3. On Monday, it rose to \$156.03.

The price of octane stood at \$114.28 per barrel in the world market and went up to \$142.60 on March 6. As a result, the BPC's daily loss on diesel and octane has hit Tk 62 crore.

This is because diesel accounts for 73 per cent of the fuel oil used in Bangladesh. Due to the high consumption of diesel, the amount of losses is also high.

"We are observing the situation. I am updating the higher level about this twice a day," BPC Chairman ABM Azad told The Daily Star.

"We have no plans or proposals for the price adjustment of energy products. The government will take the decision in this regard."

All types of fuel products in the world market are now costlier because of the pandemic-induced supply disruption, recent demand recovery and the latest woes added by the Russian-Ukraine war.

The BPC has opened letters of credit (LCs) with state-owned banks to import diesel, but the

banks are struggling to make the payments in US dollars. The LC has been opened for diesel imports next April.

"If the Russia-Ukraine war prolongs, the price of fuel oil will reach a level that many countries will not be able to afford," said an official of BPC.

The state-run corporation has funds that would allow it to import fuel oil for two months.

AK Enamul Haque, a professor of economics at the

"The government should watch for a month to see if the war ends. If the war does not stop, it will be a disaster. We will have problems too."

State-run Rupantarita Prakritik Gas Company Ltd under Petrobangla is worried about surging prices of liquefied natural gas (LNG) internationally.

Last week, Asian spot LNG prices rose, buoyed by concerns over Russian supply to Europe

fuel. Since then, RPGCL waited until January to see whether prices decline. It bought the last consignment at \$29 per mmBtu.

Officials said Petrobangla planned to buy 20 consignments of LNG during the current fiscal year of 2021-22. So far, it has purchased 11 consignments.

"But we have no money in our coffer to buy the next consignment. We have already spent all our subsidies given by the government and the money we received from the Energy Security Fund of the Bangladesh Energy Regulatory Commission," said an official seeking to remain unnamed.

"If we want to import the next consignment, we will need extra money from the government."

Petrobangla wrote a letter to the BERC to re-fix the pipeline gas price on February 5. The commission will hold a public hearing on March 21.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, says there is a huge dependency on gas import while dependency on oil import is a hundred per cent.

"Oil is a commodity that has contagious effects in all cases when its price goes up."

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East West University, says rising energy prices give a warning that higher inflation is on the way, not only in Bangladesh but also across the globe.

"We should take preparation for that."

He says the petroleum sold by BPC now were purchased previously. "Subsidy burden may widen when we will buy petroleum at the current prices," Prof Haque said.

as buyers shun Russian gas and LNG in response to its invasion of Ukraine, reports Reuters.

The average LNG price for April delivery into north-east Asia was estimated at \$40.5 per metric million British thermal units (mmBtu), up \$3, or 8 per cent from the previous week.

Bangladesh bought LNG at \$37 per mmBtu in October, the highest price it has paid so far for the super-chilled

Women take lead in f-commerce

SHAHRIAR RAHMAN and TANZID SAMAD CHOUDHURY

Since the Covid-19 pandemic crippled many businesses and impacted livelihoods of thousands, many were forced to resort to alternative means of income including exploring alternative channels.

Facebook-based business or f-commerce seemed to be a viable means of income in these perilous times. Individuals, particularly women, took this as an opportunity to start new businesses or grow their existing ones. According to Meta, women owned 70 per cent of Facebook-based businesses opened since the pandemic began and there has been an increase of more than 65 per cent in Instagram businesses owned by women.

This information was made public in a press

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WOMEN IN F-COMMERCE

Women own 70% of Facebook-based businesses opened during pandemic

Women-led businesses rose 65% in Instagram during the time

Since 2021, 40% of Facebook groups about entrepreneurship have been created by women

Women account for half of f-commerce business owners in Asia Pacific

SOURCE: META

CHALLENGES

Resistance from family, friends

Lack of cooperation from suppliers and delivery platforms

Cyberbullying

GLOBAL SCENARIO



Globally, women-led small businesses faced more closure than men-led businesses



20% of women-led businesses and 16% of men-led businesses reporting closures



SOURCE: GLOBAL STATE OF SMALL BUSINESS REPORT

Current account deficit hits all-time high

AKM ZAMIR UDDIN

Bangladesh's current account deficit hit an all-time high of \$10 billion in just the first seven months of the ongoing fiscal year due to the escalation of trade deficit and dwindling remittances.

The large shortfall in the current account will only widen further because of the ongoing pressure on the foreign exchange reserve and exchange rate between the US dollar and taka, economists said.

The previous highest deficit in the current account was \$9.56 billion in FY 2017-18, data from Bangladesh Bank showed. The deficit was \$4.57 billion last fiscal year.

A current account deficit occurs when the total value of goods and services a country imports exceeds the total value of goods and services it exports.

The increasing trend of trade deficit, which stood at nearly \$18.7 billion between the

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Stocks can't fall over 2pc

New circuit breaker takes effect

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has lowered the circuit breaker limit to 2 per cent from 10 per cent in order to curb the free-fall of stocks amid the war between Russia and Ukraine.

Prof Shaikh Shamsuddin Ahmed, a commissioner of the BSEC, said the regulator decided to lower the limit for a short period as the market is being battered by external circumstances.

"The facility will not continue for a long time as it will be lifted after the market situation improves," he said while speaking with journalists at his office yesterday.

Although the stock market index returned to a positive trend yesterday, it plummeted by 297 points in the previous four trading days. This sent the index to its lowest position in more than seven months, according to data from the Dhaka Stock Exchange (DSE).

Apart from lowering the circuit breaker limit, the regulator ordered an investment of Tk 100

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IMF for more BB independence

AKM ZAMIR UDDIN

Strengthening Bangladesh Bank's independence and autonomy is key to enabling it to strictly enforce the current prudential regulations in the banking sector, said International Monetary Fund (IMF).

With increased vulnerabilities, financial sector risks pose a drag on medium-term growth prospects, the Washington-based multilateral lender agency said in a report on Monday.

The report has been prepared based on Article 4 consultations between the IMF and Bangladesh government last December.

During an Article IV consultation, an IMF team of economists visits a country to assess economic and financial developments and discuss the country's economic and financial policies with government and central bank officials.

The multilateral lender also underscored the need to fortify corporate governance in banks, including by strengthening the role of independent directors.

The central bank should follow the classification and provisioning requirements in

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STOCKS		
	DSEX ▲	CSCX ▲
	0.27% 6,474.28	0.15% 11,414.18

COMMODITIES		
	Gold ▲	Oil ▼
	\$2,015.48 (per ounce)	\$129.92 (per barrel)

CURRENCIES				
	\$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	85.05	91.57	111.53	13.23
SELL TK	86.05	95.37	115.33	13.91

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 1.10% 53,424.09	▼ 1.71% 24,790.95	▼ 1.22% 3,148.86	▼ 2.35% 3,293.53