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Edible oil prices cool off

SUKANTA HALDER

Domestic edible oil prices have declined as refiners reduced their rates after the government drastically cut the value added tax (VAT) on the key cooking ingredient in a bid to ease the pressure on consumers who are being battered by rising food inflation.

The price of loose palm oil, the most widely used type of edible oil, has fallen by as much as 12 per cent to Tk 131-136 per litre in Dhaka city, where the same amount would cost Tk 150-155 a week ago, according to data on market prices compiled by the Trading Corporation of Bangladesh (TCB).

Similarly, soybean oil – both loose and bottled – also became cheaper over the last one week.

Md Masud Mia, owner of the Bhai Bhai General Store in Karwan Bazar, was found asking for Tk 760 for a five-litre container of soybean oil, the price of which crossed Tk 800 earlier this month amid slow release, stock piling and panic buying in the wake of rising global prices due to Russia’s invasion of Ukraine.

The price hike and scarcity of cooking oil prompted the National Board of Revenue (NBR) to slash VAT on such products in two phases since March 14.

The NBR initially removed the 15 per cent VAT, a kind of consumption

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WHAT ECONOMISTS SAY...

₳

BB should depreciate taka by at least Tk 3 per USD immediately

📈

Inflation will rise in the aftermath of depreciation

🔥

Govt should take fiscal measures to tackle inflation

🚚

Macro-economic instability likely if higher imports can't be checked

FOREX RESERVES

\$44.29b on March 23 this year

\$46.39b on June 30 last year

MAJOR NUMBERS

(Jul-Jan this fiscal year)

Imports stood at \$46.67b, up 46pc year-on-year

Exports \$27.97b, up 29pc

Remittances \$16.68b, down 19.4pc

TAKA VS DOLLAR

Tk 86.20 on March 24 this year

Tk 84.80 on March 24 last year

BB STANCE

BB has adopted a gradual depreciation of taka

It will depreciate local currency quickly to some degree

Yet to decide on how much depreciation to be allowed

Forex crisis now threatens macroeconomic stability

AKM ZAMIR UDDIN

Like all countries in the world, Bangladesh too is facing volatility in the foreign exchange market. This was initially caused by the demand recovery and supply chain disruption as battered economies began recovering from the coronavirus pandemic.

The volatility has exacerbated in the last one month because of Russia’s invasion of Ukraine and this is not only threatening to derail the rebound from the health crisis but also bringing about a bigger macroeconomic challenge for Bangladesh.

Maintaining a stable exchange rate of the taka against the US dollar is a populist idea that prevailed in the mindset of both the government and commoners. The same thinking might still be dominating although

the country seems to be facing a far bigger crisis than the pandemic.

But Bangladesh Bank seems to be indecisive whether it would go for gradual depreciation of the local currency or execute a quick devaluation. The situation has been created by the dwindling flow of foreign exchange.

Bangladesh Bank injected a record \$3.78 billion between July 1 and March 23 this

fiscal year to stop the freefall of the taka, but the initiative has hardly resolved the crisis faced by the dollar-strapped banks.

Although export earnings are on the rise, this has not been enough to offset the instability in the foreign exchange market led by a steep increase in import payments and a sharp decline in remittance.

Between July and January, imports stood at \$46.67 billion, up 46 per cent year-on-year, while exports increased 29 per cent to \$27.97 billion, central bank data showed. Remittance declined 19.4 per cent to \$16.68 billion at the same time.

The imbalance between the inflow and outflow of US dollars has compelled many banks to purchase the greenback from Bangladesh Bank to settle letters of credit for imports.

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Textile millers want more US cotton

Seek direct shipping

STAR BUSINESS REPORT

Bangladesh is now seeking more cotton from the US to diversify the destinations from where the country sources the natural fibre in this current world of intense competition.

For the procurement of more American cotton, leaders of the Bangladesh Textile Mills Association (BTMA) want to introduce direct shipping between ports in the US and Bangladesh.

Bangladesh imports nearly \$1 billion-worth of cotton from the US in a year. Cotton is also sourced mainly from India, Australia and countries in the continent of Africa.

America has been slowly turning into a good source of cotton for the local millers. Not only that, America is the single largest export destination for the country.

Bangladesh has already exported more than

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STOCKS

DSEX 0.19% 6,752.87

CSCX 0.02% 11,893.67

COMMODITIES

Gold \$1,958.38 (per ounce)

Oil \$112.56 (per barrel)

ASIAN MARKETS

MUMBAI 0.41% 57,362.20

TOKYO 0.14% 28,149.84

SINGAPORE 0.41% 3,413.69

SHANGHAI 1.17% 3,212.24

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Celebrating 25 years of progress in Bangladesh

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The Winners are:

Bi-BEAT Ltd.: Best in Innovation and Technology

City Group: Special Achievement Award

Envoy Textiles Ltd.: Export Excellence - Supply Chain & Backward Linkage

Hatil Complex Ltd.: Best in Import Substitution

Malek Spinning Group: Excellence in Sustainability

Pacific Jeans Group: Export Excellence - Ready Made Garments

PRAN - RFL Group: Export Excellence - Non-traditional and Emerging Sectors

Summit Corporation Ltd.: Leader in Inbound Investment and Infrastructure

Surokkha App: Special Jury Award

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