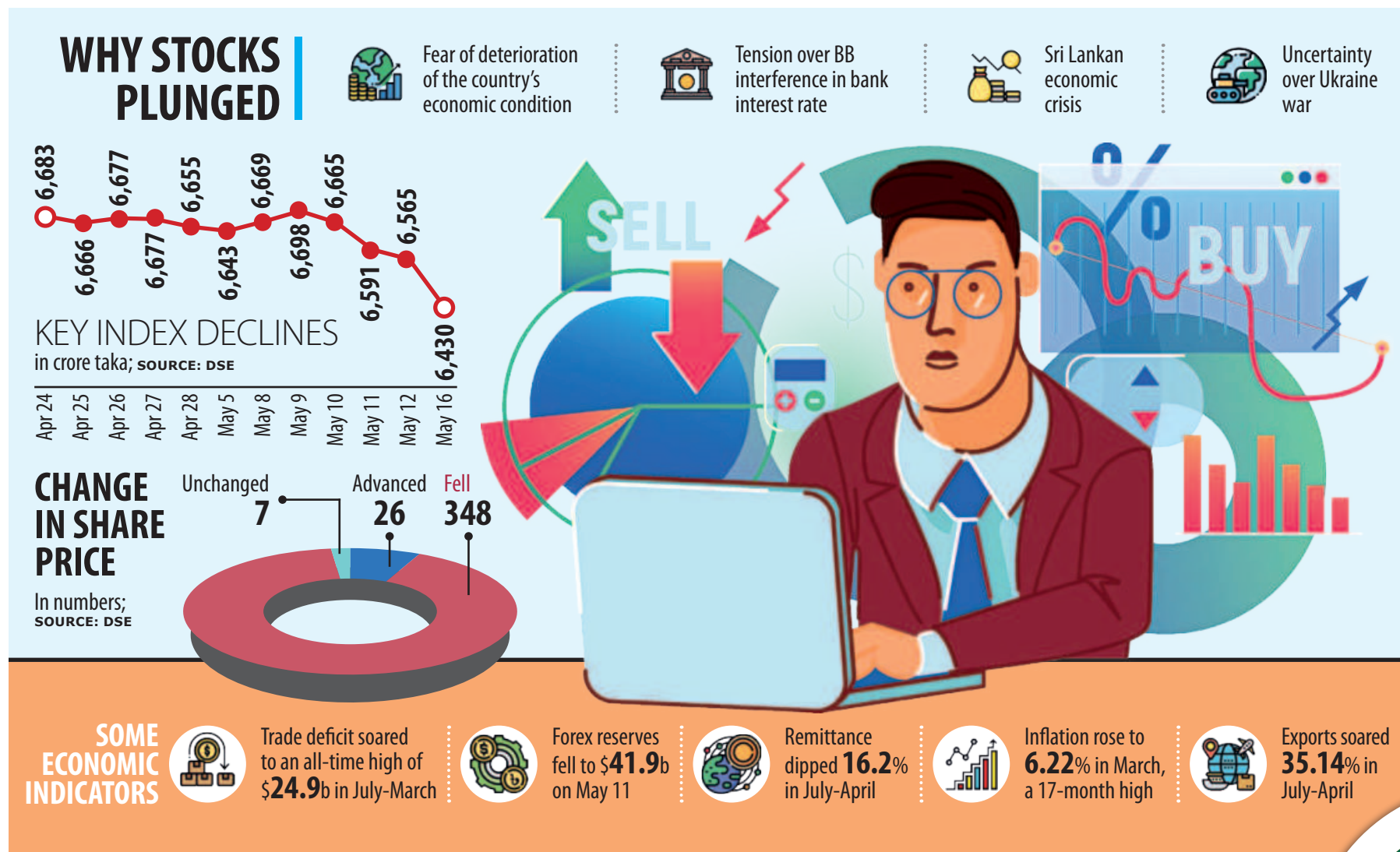


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Stocks bleed for worries over economy

DSE sees highest single-day fall in two months

STAR BUSINESS REPORT

The stock market index slid down 134 points yesterday, the steepest in a span of over two months to reach less than 6,500.

At the end of the day, the DSEX, the benchmark index of the DSE, plummeted 2.04 per cent to 6,430.

The main reason for the fall is apprehension stemming from news over the economic condition of the country and global economy, said Richard D Rozario, president of the DSE Brokers Association of Bangladesh.

The trade deficit of Bangladesh rocketed to an all-time high of \$24.90 billion between July and March.

Import payments increased 44 per cent year-on-year to \$61.5 billion in the first nine months of the current fiscal year, according to Bangladesh Bank data.

Between July and April, migrant workers sent home \$17.30 billion, down 16.2 per cent year-on-year, the data showed.

In a major blow to the households, inflation rose to 6.22 per cent in March, a 17-month high, shows data of the Bangladesh Bureau of Statistics.

The only encouraging macroeconomic indicator is export earnings and it has been stellar.

Between July and April, shipments rose 35.14 per cent.

As the US dollar was depreciated several times in the current year, foreign investors were in a mood to make sales, said Rozario.

It is a normal process because the dollar became costly with the depreciation and this hurts foreign investors, he said.

They need to make more profits to keep their real investment safe, he said, adding that the interest rate in the US market rose twice and that was also one reason behind them going for making sales.

READ MORE ON B3

Taka suffers steepest fall in a decade

AKM ZAMIR UDDIN

The taka yesterday lost 0.91 per cent in value against US dollars, the sharpest single-day fall in the past one decade, amid the falling supply of the American greenback against surging demand to settle import bills.

Now, a US dollar will cost Tk 87.50, up Tk 0.80, after the Bangladesh Bank adjusted its rates for the dollar considering the market demand.

This is the fifth fall of the local currency this year and came a week after it allowed depreciation by Tk 0.25 a dollar.

"The central bank will devalue the local currency more in line with the market requirement, if needed," said Md Habibur Rahman, chief economist of the central bank.

The BB had depreciated the local currency based on the supply-demand situation of the greenback, he said.

The exchange rate stood at Tk 85.80 a dollar on December 30 and Tk 84.80 on May 16 last year.

Economists welcomed the currency devaluation, calling it time-befitting as it would help keep the country's foreign exchange reserves buoyant and rein in imports.

They also urged the government to take fiscal measures to insulate the general public from imported inflation originating from the devaluation of the taka as well as strengthen the safety-net programmes to protect the poor and the low-income groups.

The previous sharpest single-day taka devaluation came on December 12, 2011, when the central bank

depreciated the inter-bank exchange rate by Tk 1.19 to Tk 79.79 per dollar, BB data showed.

Bangladesh is under tremendous pressure to weaken the taka to protect its depleting foreign currency reserves amid soaring imports against moderate exports and falling remittances.

Despite the devaluation, many banks yesterday charged importers more than Tk 95 under the BC (bills for collection) selling arrangement due to the scarcity



of dollars.

Although the central bank fixed the BC selling rate at Tk 87.60 per dollar, banks still had to ignore the BB instruction.

The taka traded at more than Tk 97 to the dollar in the kerb market, an illegal trading platform for selling and buying foreign currencies.

A BB official, wishing not to be named, says that the central bank might weaken the local currency further in the quickest possible time as the latest depreciation might not be able to stop the escalation of imports.

The exchange rate came under pressure against the dollar since the final quarter of 2021 when imports bounced back due to the pent-up demand and price increases in the global market following the improvement in the coronavirus situation.

The monthly import has shot past \$7 billion, dealing a major blow to the reserves since exports and remittances flow have not kept pace.

Between July and March, import payments escalated to \$61.52 billion, up 44 per cent year-on-year while exports grew 33 per cent to \$36.61 billion. This inflicted the highest-ever trade deficit of \$24.90 billion on Bangladesh during the period.

The trade deficit reduced the reserves to \$41.92 billion last week in contrast to \$46.15 billion on December 31. The reserves had surpassed \$48 billion in August.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, says the central bank had no other scope but to depreciate the local currency to address the market demand.

"The depreciation will bring imported inflation, meaning that the poor will feel the pinch further from the increase in prices. So, the government should take fiscal measures to help the poor."

The coverage of the social safety net programmes should be widened in the upcoming budget, the economist said, adding that the ongoing open market sales of essential items should be expanded.

He also suggested the government withdraw taxes on food items as far as possible.

Mustafizur Rahman, a distinguished fellow of

READ MORE ON B3

Envoy Textiles to get \$11m from ADB

STAR BUSINESS REPORT

The Asian Development Bank (ADB) may extend a loan of \$11 million to Envoy Textiles Ltd to help the Bangladesh textile miller purchase machinery for its second spinning unit.

The board of the textile company has given its consent to secure the loan from the Manila-based lender, said Envoy Textiles in a posting on the website of the Dhaka Stock Exchange (DSE) yesterday.

The company made a profit of Tk 35.5 crore in the first nine months of the current financial year of 2021-22, up from Tk 9.48 crore earned in the entire 2020-21

Shares of Envoy Textiles closed 1.92 per cent higher at Tk 47.80 on the premier bourse.

The repayment period of the loan is seven years, including a grace period of one and a half years.

The ADB will disburse the

loan on the fulfilment of the conditions of the due diligence agreement and the approval of the Bangladesh Investment Development Authority, according to the DSE website.

An export-oriented manufacturing company, Envoy



Textiles started commercial operation in 2008 and became a public limited company in 2012.

It set up the first denim facility in Bangladesh to use rope-dyed technology.

Envoy has a production capacity of 4.5 million yards each month and its spinning facility is capable of producing 62 tonnes of yarn per day.

The denim manufacturing facility has secured the recognition of being the world's first LEED-certified platinum factory. The Leadership in Environmental and Energy in Design (LEED) certification is

given by the United States Green Building Council.

On April 26, Envoy Textiles announced it had decided to go for signing of a know-how transfer and collaboration agreement with Jeanologia, a textile solutions company in Spain, to set up an

eco-efficient lab facility on its factory premises at an initial cost of 270,000 euros for 12 months.

The purpose of the deal is to set a joint work to transform the denim industry and become a global example in terms of innovation and sustainability and develop and explore new business models for the company to adapt to the challenges of the industry.

Envoy Textiles made a profit of Tk 35.5 crore in the first nine months of the current financial year of 2021-22, up from Tk 9.48 crore earned in the entire 2020-21, the company's financial statement showed.

Fast-track commodity exchange

Munshi tells CSE

STAR BUSINESS REPORT

Commerce Minister Tipu Munshi yesterday directed Chittagong Stock Exchange (CSE) to fast turn the commodity exchange operational.

A team from the port city bourse led by CSE Chairman Asif Ibrahim met the minister at his office to convey updates on the exchange.

The CSE appointed the Multi Commodity Exchange of India (MCX) last month as a consultant to aid the launch of the exchange.

A commodities exchange is a legal entity that determines and enforces rules and procedures for trading standardised commodity contracts and related investment products.

According to experts, a commodity exchange allows farmers to lock in prices using forward contracting.

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এনসিসি ব্যাংক



Paddy being threshed and dried on the Bogura-Rangpur highway for a dearth of dry space due to recent heavy rains. The photo was taken at Palashbari upazila in Gaibandha on Saturday.

PHOTO: MOSTAFA SHABUJ

European dealmakers face fewer debt options amid recession risks

REUTERS, London

European dealmakers are struggling to finance corporate takeovers as concern that the region's economies may dip into recession is prompting debt investors to demand bigger rewards for the risks, they're taking to get deals over the line.

Global economic uncertainty and market volatility triggered by the Russia-Ukraine war, coupled with monetary tightening from the Federal Reserve and the Bank of England and expectations the European Central Bank will follow suit, have made deal financing costlier and harder to access, bankers and analysts say.

More than \$390 billion worth of M&A deals have been announced in Europe since January compared to \$365 billion in the same period last year - almost doubling 2019 volumes of \$199 billion in the same pre-pandemic window, according to Refinitiv data.

While banks have agreed to provide the necessary financing, some are having to sweeten terms to find lenders willing to take on chunks of their debt. "There are many variables in the

market and investors will be careful until these settles and the bid/ask gap tightens, especially in Europe," said Anthony Diamandakis, global co-head of Citi's asset managers franchise worldwide.

"We are not seeing many new debt commitments at the moment because the M&A deal volume feels light."

Global corporate debt yields have soared nearly 200 basis points on average this year. Those on euro-denominated high yield bonds have doubled to 5.5 per cent, ICE BofA indexes show.

Dealmakers say the financing struggle has not marked a death sentence for new deals, and while M&A volumes are currently subdued, they could still recover later this year.

But in the meantime some debt sales have run into trouble.

In Britain, supermarket chain Morrisons' 7 billion-pound (\$8.6 billion) takeover by US buyout fund CD&R is the most notable deal to have hit a snag as the syndication of its debt pile has been delayed by about six months.

Lead banks who fully shouldered the Morrisons financing are now left with more than 3 billion pounds of debt yet

to be syndicated, one source familiar with the discussions said.

The banks - Goldman Sachs, BNP Paribas, Bank of America and Mizuho - had to place a chunk of its debt worth about 1 billion pounds at a discount of around 10 per cent to be able to sell it to private lenders, the source said.

Goldman Sachs and CD&R declined to comment while Morrisons and the other banks were not immediately available. M&A financing packages are usually underwritten months in advance. Investment banks guarantee a certain interest rate to prospective buyers but also include so-called "flex" provisions in the deal terms allowing them to adjust the final pricing by a certain amount if markets move significantly.

If those are not enough to cover the increase in market rates, the debt gets syndicated at deep discounts with banks making up the difference, which may lead to a loss if it exceeds their fees.

Leveraged buyouts came under increasing scrutiny after the financial crisis as they are typically funded by loading a significant amount of debt onto the target company against its

assets. Because of their high debt/equity ratio, they often involve the issuance of non-investment grade high yield bonds, often dubbed junk bonds as they carry a higher risk of default.

But money is fleeing the asset class this year; European high yield retail funds have suffered \$20 billion of outflows, or 6 per cent of assets under management, according to BofA citing EPFR data. "A lot of fixed rate high yield investors have cash today, but are worried about outflows. As long as that worry is out there it's going to be difficult to price sizable new deals," said Daniel Rudnicki Schlumberger, head of EMEA leveraged finance at JPMorgan.

Global high yield bond issuance is down 77 per cent since the start of the year, Refinitiv data shows, with European volumes down nearly 75 per cent compared to last year. After a 10-week shutdown of the European high yield market, the longest since 2009, a pool of banks led by HSBC and Barclays launched an 815 million pound bond sale in April to fund Apollo's takeover of British homebuilder Miller Homes.

Rumea re-elected Bank Asia's board executive committee chair

STAR BUSINESS DESK

Rumea A Hossain has been re-elected as chairman of the Executive Committee of the Board of Directors of Bank Asia Ltd at the bank's 473rd board of directors meeting held recently.



Hossain is one of the sponsor directors of the bank, a press release said. He has more than 28 years of business experience in several industries such as electronics, telecom, pharmaceuticals, IT and publishing.

He is the managing director of Rangs Industries Ltd, the distributor of Toshiba and Samsung, and Romask Ltd.

Hossain is a graduate in mechanical engineering and did an MBA in international business management.

Jamuna Bank gets new AMD

STAR BUSINESS DESK

Jamuna Bank promoted its Deputy Managing Director Md Abdus Salam to the post of additional managing director in May, according to a press release.



Salam started his banking career with Islami Bank Bangladesh Ltd as a probationary officer in May 1989. Later, he served Social Islami Bank Ltd, Prime Bank Ltd, and Mercantile Bank Ltd in different capacities during his more than 33-year banking career.

He joined Jamuna Bank as executive vice-president in 2010.

Salam obtained his bachelor's and master's degrees in economics from Jahangirnagar University and an MBA from the Central Queensland University of Sydney in 2007.

He is a member of the board of governors of the Institute of Business Administration of Rajshahi University, a life member of the Bangladesh Association and the Bangladesh MBA Association, and vice-president of the Ex-Students' Association of Carmichael College in Rangpur.

Salam completed an M Phil on "A Study into the Central Bank-Islamic Bank relationship in a partly Islamized country" from the Department of Finance & Banking at the University of Dhaka in 2000 and did an MBA from Central Queensland University, Sydney in Australia in 2007.

China's economy cools sharply Tea growers worried

FROM PAGE B4

The shock also weighed on the job market, which Chinese leaders have prioritised for economic and social stability. The nationwide survey-based jobless rate rose to 6.1 per cent in April from 5.8 per cent, the highest since February 2020 when it stood at 6.2 per cent.

The 6.7 per cent jobless rate in 31 major cities in April is the highest since records started in 2018.

The government aims to keep the jobless rate below 5.5 per cent in 2022.

China wants to create more than 11 million jobs, and preferably 13 million urban jobs this year, Premier Li Keqiang said in March, but he recently called the country's employment situation "complicated and grim" following the worst Covid-19 outbreaks since 2020.

Fixed asset investment, a main driver that Beijing is counting on to prop up the economy as exports lost momentum, increased 6.8 per cent year-on-year in the first four months, compared with an expected 7.0 per cent rise.

The extended lockdown in Shanghai and prolonged testing in Beijing are adding to the concerns about economic growth over the rest of the year, said Nie Wen, Shanghai-based economist at Hwabao Trust.

"It's still possible to achieve a GDP growth of around 5 per cent this year if Covid curbs are only going to affect the economy in April and May. But the virus is so infectious, and

I remain concerned about growth going forward."

Analysts say Beijing's official 2022 growth target of around 5.5 per cent is looking harder and harder to achieve as officials maintain draconian zero-Covid policies. Moreover, the key property market is in a protracted slump and export growth has slowed to a two-year low.

The economy grew 4.8 per cent in the first quarter.

China's financial authorities said on Sunday they will let banks cut the lower limit of interest rates on home loans based on the corresponding tenor of the Loan Prime Rate for first home purchases, a move to support housing demand and promote healthy development of the country's property market.

ING analysts are looking for a 1 per cent contraction in economic growth in the second quarter from a year earlier, while Nomura said the Chinese economy has been facing a rising risk of recession since mid-March.

Capital Economics is now forecasting full-year Chinese growth of just 2 per cent, and says if Covid cannot be controlled even that is not guaranteed.

"Even once the current virus wave is quashed, Covid controls will continue to hold back activity to some degree over the coming quarters," it said in a note on Friday.

While policymakers have repeatedly pledged more support for the slowing economy, stimulus so far has been "underwhelming", with only small policy rate cuts, it added.

China's central bank rolled over maturing medium-term policy loans while keeping the interest rate unchanged for a fourth straight month on Monday.

Nie said authorities would be cautious in rolling out quantitative measures like large-scale cuts to interest rates or banks' reserve requirement ratios to spur the economy, given concerns about US interest rate hikes and a depreciating Chinese currency, but structural and targeted measures, such as in the property sector, would be preferred.

Last year, 1263.37 acres of lands was added in tea cultivation in these districts," said Shameem, adding that the region has about 50,000 acres of land suitable for tea cultivation.

Last year, 728 small growers cultivated tea on 1,110.30 acres of land in Thakurgaon, 96 small growers on 168.88 acres in Lalmonirhat, 40 growers on 78.37 acres in Dinajpur and 35 growers on 68.59 acres in Nilphamari, the data showed.

Bangladesh Tea Board has projected around 3-crore kgs of processed tea will be produced from small scale farming by 2030.

However, exports could also take place if New Delhi approved requests from other governments "to meet their food security needs".

India, which possesses major buffer stocks, previously said it was ready to help fill some of the supply shortages caused by the Ukraine war.

The export ban drew sharp criticism from the Group of Seven industrialised nations, which said that such measures "would worsen the crisis" of rising commodity prices.

FROM PAGE B4

Tea Board, last year around 72.46 million kgs of tea was produced in the Sylhet region, 14.54 million kgs in the northern region and 9.5 million kgs in Chattogram region.

"Last year, 1263.37 acres of lands was added in tea cultivation in these districts," said Shameem, adding that the region has about 50,000 acres of land suitable for tea cultivation.

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Wheat prices Raise per capita

FROM PAGE B4

"The investment in the education sector should be youth-centric and target quality educational programmes."

Apart from increasing the size of the budget, the government should ensure budget effectiveness, she said.

As a labour economist, she recommended giving priority to labour-intensive industries in order to generate more jobs since the pandemic has hurt the labour market.

Amirul Haque Khokon, president of the Bangladesh Small Tea Growers Association, told this correspondent that the tea industry is flourishing in the northern region, especially in Panchagarh and Thakurgaon.

"The industry will expand even faster if the government takes the initiative to set up a state-owned tea factory and third auction centre in Panchagarh to ensure fair prices," he added.

There are currently two auction centres - one at Sreemangal and the other at Chattogram - in the country. Khokon said a third auction centre in Panchagarh would greatly reduce the transport cost for farmers in the northern region.

However, the slow pace of setting up the auction centre has left growers frustrated at the moment.

Economists sound alarm over UK's post-Brexit plans

REUTERS, London

More than 50 economists warned on Monday that Britain's post-Brexit plans to boost the competitiveness of its huge finance industry risked creating the kind of problems that led to the global financial crisis.

The government, seeking to use its "Brexit freedoms", announced this month that it would require regulators to help the City of London to remain a global financial centre after the country left the European Union.

The group of 58 economists, including a Nobel Prize winner and former business minister Vince Cable, said making competitiveness an objective could turn regulators into cheerleaders for banks and lead to poor policymaking. It also raised the risk of hurting the real economy as the finance sector sucks in a disproportionate share of talent, they said in an open letter to finance minister Rishi Sunak. "The UK instead needs clear



Md Ataur Rahman Proddhan, chief executive officer and managing director of Sonali Bank, receives the Bangladesh Bank Remittance Award from Md Murshedul Kabir, a deputy managing director of the state-run lender, at the bank's head office in Dhaka yesterday. The bank won the award for 2019 and 2020 for collecting one of the highest amounts of remittance and was fourth-placed among the winners. Niranjan Chandra Debnath, Md Mazibur Rahman, and Sanchia Binte Ali, deputy managing directors, and Md Rafiqul Islam, general manager, were present.

PHOTO: SONALI BANK

Economists sound alarm over UK's post-Brexit plans

REUTERS, London

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regulatory objectives that promote economy-wide productivity, growth and market integrity, and also protect consumers and taxpayers, advance the fight against climate change and tackle dirty money to protect our collective security," the letter said. Britain's financial services minister, John Glen, has said the new competitiveness objective for the Bank of England and the Financial Conduct Authority would be secondary to keeping markets, consumers and companies safe and sound. Banks have sought more focus on competitiveness than proposed, but the government has faced push-back from the BoE which has warned against a return to the "light touch" era that ended with lenders being bailed out during the financial crisis. The signatories of the open letter included Cable, a former leader of the centrist Liberal Democrats, Mick McAteer, a former FCA board member, and Nobel Prize-winning economist Joseph Stiglitz.

Russian rouble hovers near 5-year highs vs euro

REUTERS

The Russian rouble firmed past 64 per dollar on Monday and climbed towards a near five-year high against the euro, supported by continuing restrictions on currency trading.

The rouble is the world's best-performing currency this year, although this is due to artificial support from capital controls that Russia imposed to shield its financial sector in late February after sending tens of thousands of troops into Ukraine.

At 0744 GMT, the rouble was 0.9 per cent stronger against the dollar at 63.96 per cent, hovering near its strongest mark since early February 2020 of 62.6250, which it hit on Friday.

The rouble is the world's best-performing currency this year

Against the euro, the rouble rose 1 per cent to 66.39 per cent, staying near its strongest level since June 2017 of 64.9425, which it touched on the Moscow Exchange on Friday.

Geopolitical tensions between Moscow and the West and fears of a new sanctions package to punish Russia for what it calls "a special military operation" in Ukraine are in focus. But their impact is cushioned by mandatory conversion of foreign currency by export-focused companies and by other restrictions.

"The rouble firming today may be moderate but the dollar rate could gradually decline to 62," Promsvyazbank analysts said in a note.

Russian stock indexes were up.

The dollar-denominated RTS index was up 1.7 per cent at 1,150.9 points. The rouble-based MOEX Russian index rose 1.6 per cent to 2,343.9 points.



Bangladesh Competition Commission says if the edible oil market is not made competitive, all the stakeholders -- producers, suppliers, wholesalers, retailers and buyers -- will suffer.

PHOTO: STAR/FILE

CRISIS IN EDIBLE OIL MARKET

Drive was not to harass traders: Munshi

STAR BUSINESS REPORT

A recent drive by the Directorate of National Consumer Rights Protection (DNCRP) was not aimed at harassing edible oil traders, rather it was about finding out why the key cooking ingredient has seemingly disappeared from local markets, according to Commerce Minister Tipu Munshi.

At present, some traders are criticising the DNCRP drive as they see the sudden raids as "inappropriate" considering that only a few of them are engaged in hoarding edible oil products.

"But they [DNCRP officials] are actually working to provide relief to the common people," Munshi said.

He was speaking at a seminar organised by the Bangladesh Competition Commission (BCC) at its office on Eskaton Garden Road in Dhaka yesterday.

The commerce minister went on to say that although the DNCRP's actions may not bring any overall change to the domestic market, it will at least raise public confidence in this regard.

It should also be mentioned that the DNCRP has to work in a large area with

limited human resources.

As such, the activities of only about 200 traders were inspected in the last seven days. "Still though, the commission is working to create a competitive market," Munshi added.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, said the DNCRP had conducted the drive on the issue of the edible oil crisis but still, prices could not be reduced.

"Even so, many of these officials get very enthusiastic about doing such work but you cannot stabilise the market on laws alone," he added.

Uddin then said that despite allegations of stockpiling among traders, the DNCRP was able to seize about 2-3 lakh litres of edible oil through its drive. However, the daily demand for edible oil in the country currently stands at about 1.5 lakh tonnes.

"Of the 54 million shopkeepers in the country, how many are stockpiling edible oil? The way the situation is being portrayed in the media is not right," he said.

If the industry continues to be cast in such a light, even honest traders will be

discouraged from doing business. So, it is pertinent to bring only those at fault under law.

"But it is not right to accuse everyone in such a way," Uddin added.

Md Mofizul Islam, chairperson of the BCC, said the market needs to be made competitive for business development. If not, producers, suppliers, wholesalers, retailers and buyers will all suffer.

"The commission is working to support business and not to harass anyone because only then will there be economic development and subsequently, jobs will be created and poverty will be eliminated," he added. It is natural that there will be competition among traders but it has to be ensured that it is a good competition, said Priti Chakraborty, director of the Bangladesh Women Chamber of Commerce and Industry.

Unhealthy competition is harmful for both consumers and businesses and besides, if there is a good environment for business, investment will increase, new entrepreneurs will be created and the quality of goods and services will improve, Chakraborty added.

Stocks bleed for worries

FROM PAGE B1

On the other hand, the market reacts aggressively in Bangladesh as it is a retail investor-based market, he added.

The discomfort of economic instability, and uncertainties of the coming days due to the Russia-Ukraine war generated apprehensions among stock investors, said Mohammad Emran Hasan, CEO of Shanta Asset Management Company.

Already the inflation rate is rising quickly. Food price and oil prices have been impacted for the Ukraine-Russia war and there is no certainty on when the war will end, he said.

Sri Lanka's economic condition also made them alert and besides, they prefer retaining cash by selling shares, he said, adding, "I think our investors overreact."

Yesterday's drop of the DSEX was a single day's highest fall since March 7 this year, when it had dropped 182 points, or 2.75 per cent.

With the four consecutive days' fall, the index reached its lowest point in nine and a half months. In July 29 last year, the index had stood at 6,425.

There was nothing big to lead to such a steep drop of the index in a single day, Hasan said, adding that the market was already down by around 1,000 points since last October.

The DSEX fell 12.5 per cent or 921 points since October 6, when it was at 7,351, the DSE data shows.

This means the impact of the negative factors of the economy has already befallen the index, he said.

The Indian market also saw corrections but their index was already overvalued whereas overall price earnings ratio of the DSE is still very low, said Hasan.

The DSE's overall market price-earnings ratio was 14.3, according to UCB Stock Brokerage.

Bombay Stock Exchange's Sensex dropped 2.69 per cent, or 1,466 points, in the last five days.

The stocks nosedived due to heavy pressure of investors who are making sales in a panic, said International Leasing Securities in its daily market review.

Hence, the selling spree of the jittery investors sharply pushed down the stock market index. The downturn was also fuelled by fears that the interest rate would be raised in an attempt to tackle the inflation, it said.

Mohammad Rezaul Karim, spokesperson of the Bangladesh Securities and Exchange Commission (BSEC), said the stock index dropped mainly due to panic and a lack of confidence, although participation of institutional investors had risen in the past one month.

The stock market regulator is taking steps to raise their participation and it took initiatives to increase the investment capacity of the Investment

Corporation of Bangladesh (ICB) too, he said.

Some of the schemes of state-run banks and companies at the ICB had matured and the investment bank was selling shares to return their funds, he said, adding that this was one of the reasons behind the market's fall.

Meanwhile, the BSEC consulted with the banks and companies to renew the schemes. "They agreed," he said.

So, the ICB will start to buy shares again. Moreover, more funds will be invested from the stock market stabilisation fund, which will have a positive impact on the index, he added.

FAS Finance and Investment topped the gainers' list with a rise of about 9.8 per cent. S Alam Cold Rolled Steels, NRB Commercial Bank, Fu-Wang Ceramic Industries and International Leasing Financial Services also saw major gains.

Phoenix Insurance Company shed the most with a 5 per cent drop. The National Housing Finance and Investments, Tamijuddin Textile Mills, ACI Formulations and Albaj Textile Mills were among those suffering heavy losses.

Shinepukur Ceramics became the most traded stock with shares worth Tk 60 crore changing hands, followed by Beximco, JMI Hospital Requisite Manufacturing, Rangpur Dairy & Food Products (RD Food) and Fu-Wang Ceramic Industry.

The Chittagong Stock

823 crore on the previous day.

Investors became frightened to see the fall of the index as news was coming in through all the media that economic indicators of the country may come to showcase deteriorations, said a merchant banker.

So, they preferred to keep cash instead of stocks in spite of the fact that keeping cash is not a wise choice as inflation was going up, which would reduce the value of cash.

Due to apprehensions over further falls of the index, most stocks underwent a pressure of sales, he added.

Phoenix Insurance Company shed the most with a 5 per cent drop. The National Housing Finance and Investments, Tamijuddin Textile Mills, ACI Formulations and Albaj Textile Mills were among those suffering heavy losses.

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The Chittagong Stock

Exchange (CSE) also fell yesterday. The CASPI, the main index of the CSE, went down 382 points, or 1.98 per cent, to close the day at 18,866.

Of the 306 stocks to undergo trade, 33 rose, 266 fell, and seven did not see any price movement.

Fast-track

FROM PAGE B1

This also reduces the risk of any drastic price changes.

Traders rarely deliver any physical commodities through a commodities exchange.

Instead, they trade futures contracts, where the parties agree to buy or sell a specific amount of the commodity at an agreed-upon price, regardless of what it currently trades at in the market at predetermined expiration date.

The commodity market of Bangladesh had become volatile over the last few weeks due to the global disruption in trade while business enterprises fuelled that volatility to earn inflated profits. So, the need for a commodity exchange was felt.

In such circumstances, the CSE met with the commerce minister.

Such an exchange was much needed for Bangladesh, said Munshi, adding that it was good news that the process of launching the exchange has been started.

He hopes to make the exchange operational fast, said the CSE in a press release.

G7 to continue economic pressure on Russia

REUTERS, Weissenhaus

Group of Seven foreign ministers vowed on Saturday to reinforce Russia's economic and political isolation, continue supplying weapons to Ukraine and tackle what Germany's foreign minister described as a "wheat war" being waged by Moscow.

After meeting in the Baltic Sea resort of Weissenhaus, senior diplomats from Britain, Canada, Germany, France, Italy, Japan, the United States and the European Union also pledged to continue their military and defence assistance for "as long as necessary".

They would also tackle what they called Russian misinformation aimed at blaming the West for food supply issues around the world due to economic sanctions on Moscow and urged China not to assist Moscow or justify Russia's war, according to a joint statement.

"Have we done enough to mitigate the consequences of this war? It is not our war. It's a war by the president of Russia, but we have global responsibility," Germany's Foreign

Minister Annalena Baerbock told reporters.

Former Russian President Dmitry Medvedev, a close ally of Vladimir Putin, dismissed the meeting, especially the group's insistence that the integrity of Ukraine's internationally recognised borders be recognised.

"Let's put it mildly: our country does not care at all about the G7 not recognising the new borders. What is important is the true will of the people living there," he said in an online post. Russian forces control large parts of eastern Ukraine.

Key to putting more pressure on Russia is to ban or phase out buying Russian oil with EU member states expected next week to reach an agreement on the issue even if it remains at this stage opposed by Hungary.

The ministers said they would add further sanctions on Russian elites, including economic actors, central government institutions and the military, which enable Putin "to lead his war of choice."

Shwapno makes export debut

STAR BUSINESS DESK

Retail chain Shwapno started its export journey by sending its first consignment to Hong Kong on March 31.

The first consignment consisted of pointed gourds, lady fingers, green mangoes, potatoes, bitter melon and 26 other items of vegetables and fruits, a press release said.

The second consignment of the Bangladeshi retail chain took place on May 15 while Shwapno Global GAP certified bottle gourds were exported with the previous items.

"Shwapno has started exporting from March 31. The shipment which reached Hong Kong on Sunday includes Global GAP Certified Bottle Gourds. Even though other items were exported before, we have included mangoes in our export category this time. Last Sunday, we exported 100 kgs of 'Gonbindhobhog' varieties of mangoes to Hong Kong from some select orchards in Satkhira. We did it with the help of Solidaridad Network Asia," said Saiful Alam, team leader and export initiative adviser of Shwapno.

"Shwapno is the first retail member of GLOBAL G.A.P. in South East Asia. USAID's feed the future program has fully supported us in this journey of ensuring safe food for global consumers. Now onwards, Shwapno will be exporting seven types of products to various countries, including the United Arab Emirates, Australia, USA and UK," he added.

Walton announces cashback of up to Tk 20 lakh

STAR BUSINESS DESK

Walton announced Digital Campaign Season-15 for the upcoming Eid-ul-Azha, following its huge success in the previous seasons.

Under the new campaign, customers might get sure cashback of up to Tk 20 lakh or free products worth crores of taka after purchasing products such as refrigerators, televisions, air conditioners, washing machines, microwave ovens, blenders, gas stoves, fans, and rice cookers.

The benefits are available at all Walton plazas, showrooms or online platform E-plaza, a press release said.

The announcement came at a programme at the Walton Corporate Office in Dhaka on Sunday.

Nazrul Islam Sarker, Amdadul Hoque Sarker, Eva Rezwana Nilu and Humayun Kabir, deputy managing directors of Walton Hi Tech Industries; Mohammad Rayhan, chief executive officer of Plaza Trade; SM Zahid Hasan, senior executive director; Firoj Alam, chief marketing officer; Ariful Ambia; head of business intelligent; Tanvir Rahman, chief business officer of Walton AC; Sohel Rana, chief business officer of Electrical Appliance; and Mahfuzur Rahman, chief business officer of Kitchen Appliance, were present.

Taka suffers steepest fall

FROM PAGE B1

Fahmida Khatun, executive director of the CPD, said that the use of hundi, an illegal cross-border financial system, has been revived recently due to the large exchange rate gap between the formal market and the kerb market.

"So, both soaring import costs and the downward trend of remittances should be considered with utmost importance in order to keep the macroeconomy stable."

She says the ongoing global financial crises stem

from Russia's invasion of Ukraine and the coronavirus pandemic and they may persist.

"This means the prices hike in the global market will not ease soon," she said, urging the government to rein in the imports of non-essential items to protect reserves.

In addition, the implementation of the import dependent projects should be postponed as this will give much-needed room to the government to take fiscal measures."



The tea industry will expand faster if the government takes initiatives to set up a state-owned tea factory and third auction centre in Panchagarh to ensure fair prices, said leaders of Bangladesh Small Tea Growers Association. PHOTO: COLLECTED

Tea growers worried over low prices

They hold protests, demand govt support

MD QUAMRUL ISLAM RUBAIYAT,
Thakurgaon

Tea growers of Panchagarh yesterday staged a demonstration at Sher-e-Bangla intersection of the Panchagarh-Dhaka highway, demanding a fair price for raw tea leaves in the ongoing harvesting season.

Jointly organised by the Panchagarh District Tea Garden Owners Association and Panchagarh District Tea Growers' Rights Implementation Committee, speakers at the protest threatened to launch tougher movements if their demand is not met immediately.

The growers alleged they are being deprived of fair prices as a syndicate of tea factory owners have been intentionally dropping the purchasing price of tea leaves during the peak harvesting season, between May and October, for the last two or three years.

As a part of the factory owners' ill motive, they dropped the purchasing price of raw tea leaves to Tk 12-14 per kilogramme (kg) from Tk 22-26 per kg within just two months since the harvest began in March, pushing growers into a tight corner.

On various pretexts, factory owners are also curtailing 15 per cent to 40 per cent of the total weight of the tea leaves being supplied by farmers. As a result, growers are getting less than Tk 10 per kg for their tea leaves, which is much less than the production cost.



The speakers also sought government intervention in setting up a tea auction market and state-owned tea factory in the fast-growing area as it would help local tea growers get fair prices for their produce.

They alleged that the syndicate of factory owners also influenced the tea board authority to refrain from setting up a state-owned factory in Panchagarh while a proposal was submitted primarily in this connection.

Md Sayed Ali, president of the Panchagarh District Tea Growers' Rights Implementation Committee, Md Jahangir Alam, general secretary, and others addressed the event.

Earlier on Wednesday and Thursday, local tea farmers organised processions for the same cause in the Tentulia and Panchagarh towns.

When contacted, Mohammad Shamim Al Mamun, senior scientific officer of the Bangladesh Tea Board's regional office in Panchagarh, said that the price of raw tea leaves has not been fixed yet in the district.

Regarding how factory owners quote less weight that what is being supplied by farmers, Mamun said that the practice is completely unethical.

"They may reject the leaves if they are damp, over matured or for other causes but after receiving the full supply, they cannot curtail a certain percentage from the total weight," he added.

There are 22 tea factories in operation in the country's northern region. Of these factories, 20 are in Panchagarh and one each in Thakurgaon and Lalmonirhat. "The BTB has given permission a total of 41 factories in the

region," Mamun said.

Mosharaf Hossain, president of the Tea Factory Owners' Association, told the Daily Star over phone that factory owners deduct weight from the total supply as growers bring wet leaves as the water temporarily adds weight.

Mohammad Jahurul Islam, deputy commissioner of Panchagarh, informed that he will sit with tea farmers, factory owners and other stakeholders at his office on May 18 to fix the price of raw tea leaves.

In response to a query, Mamun said that if tea is cultivated following the instructions of the Tea Board, the production cost for each kilogramme of raw tea leaves would be about Tk 16.

Tea production in the northern region started from last March with a target of producing 18 million kgs of processed tea this year. Last year, a record 14.5 million kgs of tea were produced in the northern plain lands, making it the second largest tea-producing region in the country after Sylhet.

Professional growers can pluck between tea leaves for 32 to 34 day rounds each season. But in Panchagarh, growers usually pluck in just 6 to 8-day rounds in a season with about a 40-day interval in between due to a labour shortage.

"For this, the leaves become older and the quality of tea deteriorates," he added.

According to data of the Bangladesh

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UPCOMING BUDGET

Raise per capita safety net allowance

An economist urges govt

MD ASADUZ ZAMAN

The government should increase per capita allowance under its social safety net programmes (SSNPs), particularly for the elderly, widows, disabled and marginalised women, considering the high-level food inflation and the rising cost of living, said an economist.

"It is admirable that the government has expanded the social safety net coverage. Per capita allowance should also be increased taking into account higher inflation," said Sayema Haque Bidisha, a professor of the economics department at the University of Dhaka, during a phone interview recently.

"If we don't raise the allowance, it will not work properly. The allocation for SSNPs should be guided and linked by the National Social Security Strategy of the government."

The government introduced an allowance at the rate of Tk 100 per person in the fiscal year of 1997-1998 and increased it to Tk 500 in FY17. People with disabilities get Tk 750 each.

The economist suggested separating the government employees' pension scheme from the safety net programmes.

This is because although the government raised the safety net allocation by 12 per cent to Tk 1,07,614 crore in the ongoing fiscal year compared to a year ago, a major portion is used as pension expenses.

"This means the real allocation for the poor is far less," she said.

The safety net allocation is 17.83 per cent of the budget and 3.11 per cent of the gross domestic product, data from the finance ministry showed.

But Tk 26,690 crore has been set aside as pensions for retired government employees and their families for FY22, which is more than one-fourth of the allocation.

She recommended the government bring slum-dwellers under the social safety net programmes.

Prof Bidisha, also the research director of the South Asian Network on Economic Modeling, an independent think-tank, suggested the government initiate measures to document all transactions and tag them with the Taxpayer Identification Number (e-TIN), with a view to raising revenue collection.

"Year after year, many transactions have remained undocumented and have not come under direct taxation. In order to ensure higher tax collection, all transactions must be documented and tagged with e-TINs. We need to significantly reform the income taxation structure."

The tax collection as a percentage of GDP is stuck at around 7.6 per cent in Bangladesh, the lowest in South Asia, one of the lowest in the world and the lowest among the low-middle-income countries.

The upcoming budget should aim to increase the investment in the health and education

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China's economy cools sharply as lockdowns bite

REUTERS, Beijing

China's economic activity cooled sharply in April as widening Covid-19 lockdowns took a heavy toll on consumption, industrial production and employment, adding to fears the economy could shrink in the second quarter.

Full or partial lockdowns were imposed in dozens of cities in March and April, including a protracted shutdown in commercial centre Shanghai, keeping workers and shoppers confined to their homes and severely disrupting supply chains.

Retail sales in April shrank 11.1 per cent from a year earlier, the biggest contraction since March 2020, data from the National Bureau of Statistics (NBS) showed on Monday, and worse than forecast.

Dining-out services were suspended in some provinces, which led to a 22.7 per cent drop in catering revenue in April. China's auto sales plunged 47.6 per cent from a year earlier as car makers slashed production amid empty showrooms and parts shortages.

As the anti-virus measures snarled supply chains and paralysed distribution, industrial production fell 2.9 per cent from a year earlier, below expectations for 0.4 per cent growth. The reading was the largest decline since February 2020.

In line with the decline in industrial output, China processed 11 per cent less crude oil in April than a year earlier, with daily throughput falling to the lowest since March. The country's April power generation also fell 4.3 per cent from the previous year, the lowest since May 2020.

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Cargo containers are stacked at a port in Lianyungang in China's eastern Jiangsu province on May 9. China's export growth slumped in April to its lowest level in almost two years, customs data showed recently, as a Covid resurgence shuttered factories, sparked transport curbs and caused congestion at key ports. PHOTO: AFP

PHOTO: AFP

Wheat prices hit record high after Indian export ban

AFP, Paris

Wheat prices surged to a new record high on Monday after India decided to ban exports of the commodity as a heatwave hit production.

The price jumped to 435 euros (\$453) per tonne as the European market opened.

Global wheat prices have soared on supply fears since Russia's February invasion of agricultural powerhouse Ukraine, which previously accounted for 12 per cent of global exports.

The spike, exacerbated by fertiliser shortages and poor harvests, has fuelled inflation globally and raised fears of famine and social unrest in poorer countries.

India, the world's second-largest wheat producer, said on Saturday that it was banning exports after its hottest March on record.

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