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 pe 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.

Shwapno makes export debut

STAR BUSINESS DESK

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

The first consignment consisted of pointed gourds, lady fingers, green mangoes, potatoes, bitter gourd 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.

Stocks bleed for worries

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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.

The sellers maintained a strong presence yesterday. Of the 381 issues to undergo trade, 348 declined, only 26 advanced and 7 issues remained unchanged.

All the sectors ended the session in the red zone with the top declines stemming from paper and printing, which plunged 4.9 per cent, services and real estate 4.7 per cent and travel and leisure 4.4 per cent.

Based on the turnover, investors' activities were mostly concentrated on pharmaceuticals (11.6 per cent), banks (11.3 per cent) and food and allied (10.7 per cent).

Meanwhile, both the DS30, the blue-chip index, and DSES, the shariah-based index, lost 40 points and 21 points respectively, shows DSE data.

The DSE's turnover rose by more than 24 per cent to Tk 1,024 crore. It was Tk 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.

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 Alhaj 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 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

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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."

Taka suffers steepest fall

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the Centre for Policy Dialogue (CPD), thinks the depreciation will not bring about many negative impacts because banks are already charging importers Tk 95 per US dollar.

He lays emphasis on market governance to tackle manipulations that prevail in the supply chain of foods and tackle inflationary pressures.

"Imports duties could also be adjusted as the government has done in the case of rice."

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."