DSE turnover drops for new circuit breaker

STAR BUSINESS REPORT

Turnover at Dhaka Stock Exchange (DSE) dropped 23 per cent yesterday as several stocks failed to attract buyers with the circuit breaker's lower limit fixed at 2 per cent.

The turnover plunged to Tk 637 crore from the previous day's Tk 836 crore.

Meanwhile, the DSEX, the benchmark index of the DSE, rose 19 points, or 0.06 per cent, to 6,392.

Market analysts said there were no buyers for many stocks as apprehensions prevailed over further decline, resulting in the fall of the turnover.

The lower limit of the circuit breaker being recently fixed at 2 per cent induced this fear, they added.

There were no buyers for many stocks as apprehensions prevailed over further decline, resulting in the fall of the turnover

The Bangladesh Securities and Exchange Commission (BSEC) set the lower limit of the circuit breaker at 2 per cent last week, meaning no stock would be allowed to drop more than 2 per cent in a day.

Stocks inched up amid cautious trading and investors are very concerned over an adverse situation in the market due to the deterioration of the exchange rate and rising interest rate, said International Leasing Securities in its daily market review.

Some of the investors preferred booking profits generated in a surge over the past three days, it said.

Among the sectors, that of general insurance soared 3.9 per cent and banking rose 0.3 per cent.

As per the turnover, investors' activities were mostly concentrated on pharmaceuticals and chemicals (19.4 per cent), miscellaneous (11.6 per cent) and textile (9.7 per cent) sectors.

At the DSE, 137 stocks advanced, 195 declined and 43 remained unchanged.

Sonar Bangla Insurance topped the gainers' list, rising 9.93 per cent. Rahima Food Corporation, Islami Insurance Bangladesh, Sonargaon

READ MORE ON B2

Mounds of litchis are pictured at a wholesale market in Gor-e-Shahid Moydan of Dinajpur town. Traders and growers in the district are expecting good profits this year after sustaining losses for the past two seasons due to the implications of Covid-19.

PHOTO: KONGKON KARMAKER

Litchi growers, traders eye better profit this time

KONGKON KARMAKER

Litchi growers and traders in northern districts such as Dinajpur are expecting good profits this season following two years of pandemic-induced losses as they are getting better prices for their produce with the market having gained momentum over the past two weeks.

However, traders and farmers say production was largely hampered by bad climate conditions early this season.

"We suffered massive losses in the two last seasons for a lack of wholesale buyers amid the non-availability of transportation for the lockdown during the Covid-19 pandemic in 2020 and 2021," said Razeur Rahman Biplob, a litchi trader at Gor-e-Shahid Moydan, the largest litchi market in Dinajpur town.

Litchi, one of the most popular seasonal fruits in the country, started arriving in the markets a couple of weeks ago and although the supply was initially inadequate considering the demand, it saw a sharp increase in last couple of days, traders said.

Every year, a litchi market is set up in the Kalitola area under Dinajpur municipality. But ever since the outbreak of Covid-19 in 2020, the market has been relocated to the Gor-e-Shahid Moydan.

The market, considered the largest litchi market in the country, has been set up there this year as well but the fruit is traditionally sold all over the district, they added.

Litchi growers bring their produce to the market every morning as buyers from across the country come daily to purchase the fruit for their respective districts.

This market lasts for one-and-a-half months depending on supply of the seasonal fruit.

During a visit to the market last Tuesday, this correspondent found that two varieties of litchi -- Bombay and Madrazi -- are dominating sales with massive supply.

On the other hand, the supply of other varieties, including Bedana, China-3, Kathali and Hariya, were comparatively thin considering previous seasons.

Traders said the current prices of the Madrazi and Bombay varieties are affordable but Bedana litchis are being sold at Tk 1,200 per 100-piece bundle while the same amount cost Tk 800 just a few days ago.

The price of Bedana litchis, which are highly demanded for their unique taste, is unusually high this year as supply has decreased, they added.

Meanwhile, Madrazi and Bombay litchis are being sold for between Tk 250 and Tk 350 per 100-piece bundle while the same amount cost Tk 170 to Tk 250 last year.

China-3 litchis, another popular variety, is being sold at Tk 1,400 to Tk 1,600 per 100-piece bundle depending on the size and taste of the fruit.

Other varieties, including China-1, China-2 and Kathali, are currently available in the markets for Tk 500 to Tk 550 for each 100-piece bunch.

According to the Department of Agricultural Extension (DAE), litchi is grown in almost all districts. However, due to favourable climate and soil conditions, northern districts like Dinajpur, Rajshahi, Pabna, Rangpur, Thakurgaon and Panchagarh alongside other regions in the southern belt like Jessore, Kushtia and Satkhira are the main producers.

Officials of the Rangpur DAE say they expect a production of around 48,000 tonnes of litchi from 9,196 hectares of land across eight districts in the Dinajpur and Rangpur regions.

Of the total land cultivated, Dinajpur alone accounts for about 5,500 hectares.

Litchis are more or less produced in all 13 upazilas of the district, where around 45,00 tonnes of the fruit were produced last season and 42,500 tonnes the year before.

According to information available on the web portal for Dinajpur, 39 per cent of the litchis produced are the Bombay variety, 30 per cent are Madrazi, 5 per cent are Bedana, 25 per cent are China variations and 1 per cent are other varieties.

Litchi trees start blooming at the end of February and the time between flowering and budding is very important as yields are dependent on the care given in this duration.

READ MORE ON B2

Talk of the town: falling forex reserve

AL MAMOON

In the wake of a foreign currency crisis in the country three recent steps of the government that drew wide appreciation are the travel restrictions for government officials (Finance Division, May 12), lifting of source declaration requirement for over Tk 5 lakh remittance (Bangladesh Bank, May 23) and imposition of additional duty on 68 various importable items (National Board of Revenue, May 24). While we fashionably go against the government on every possible issue on social media, these three rather attracted profuse praise with the first one, cessation of foreign tours, causing hysteria.

Whether or not our government admits that there is a predicament looming large was a talked-about issue in the mainstream media till the point these circulars were issued. With these actions, combined with the Bangladesh Bank guidelines on US dollar price adjustments, the volatile market is expected to be steady soon. We will have Eid-ul-Azha on July 10. Around $3 billion of inward remittance is expected to land between now and then. It would be worth remembering that we experienced a jump in remittance flow after the initiation of a 2.5 per cent incentive in August of 2019. The May 23 circular has further eased the process and the impact awaits the truncated gap between official and unofficial exchange rates.

At 50 years, Bangladesh has entered an era of high growth, low inflation, rising income levels and falling poverty rate. Our forex reserve has also gone up and up in recent past. At the closure of FY2018-19 it was less than $30 billion. A year after, in June 2020, it was $36 billion which turned to $46 billion in June 2021 and $42 billion

If we are serious about the declining trend of the forex reserve, we should take the illicit financial flow seriously. If we do, then the adoption of valuation determination modalities for both inbound and outbound products cannot be any big challenge

last week. The mass outcry for forex reserve, something we have never seen, lies here. It has gone $4 billion lower than that last year and $6 billion than that of August 2021. Based on this frail frame, an easy, out of context comparison with the fate of Sri Lanka got instant popularity resulting in people panicking. The panic is a big contributor to the crisis generated in April. But it is bound to go in June.

How the tale of Sri Lanka is gravely dissimilar to ours is vividly discussed in this newspaper by in-house reporters and guest columnists. Hence, we will spare the details of the castaway Hambantota port, the catastrophic organic farming, the careless tax cuts, the Covid stricken tourism industry, and the conundrum of debt servicing. Better, we try and find a solid explanation for the fall from $48 billion, a peak we could never put our feet on before or after August 2021.

Our import cost has seen a formidable 46 per cent rise in recent months. Russia's war on Ukraine, the never-seen-ever shipping costs since mid-2021, the surging energy prices, the pent-up demand of commodities and services, all have their fair share in inflating import payments. That there would be more than the usual volume

READ MORE ON B2

Eurozone inflation soars to new record

AFP, *Brussels*

Eurozone inflation accelerated to another record high in May, data showed Tuesday, as the war in Ukraine stoked energy and food prices and threatened to flatline the economy.

The EU's Eurostat data agency said that the increase in consumer prices in the 19 countries that use the euro reached 8.1 per cent compared to the year before, up from 7.4 per cent in April.

The uninterrupted rise in prices heaped pressure on the European Central Bank to speed up interest rate rises for the first time in over a decade.

The ECB has said it plans to hike interest rates in July in order to cool the pressure on prices and is expected to officially end its bond-buying stimulus policies as early as next week.

By raising rates, the ECB would be playing catch-up with other major central banks that have already made moves to tame inflation that has spread globally.

The US Federal Reserve raised rates by an unusually large 50 basis points at the beginning of May, while the Bank of England sealed its fourth consecutive hike.

The chief economist of the European Central Bank, Philip Lane, indicated on Monday that interest rates in the eurozone will rise more cautiously, going up by 0.25 per cent in July and again in September.

This would lift the ECB's bank deposit rate out of negative territory, meaning lenders would no longer pay to park their excess cash at the central bank.

The ECB had previously argued that sharp leaps in consumer prices, driven also by the waning effect of Covid-19 pandemic, were likely to let up, downplaying the inflationary threat.

Russia's war in Ukraine disrupted that view,

READ MORE ON B2

A general view of a fruit and vegetable stand at a weekly market in Berlin, where a shopper is seen measuring fruits.

PHOTO: REUTERS/FILE

China offers stimulus for virus-hit economy

REUTERS, *Beijing*

China's cabinet announced a package of 33 measures covering fiscal, financial, investment and industrial policies on Tuesday to revive its pandemic-ravaged economy, adding it will inspect how provincial governments implement them.

The stimulus package, which was flagged by China's State Council in a routine meeting last week, underscores Beijing's shift toward growth, after Covid-19 control measures pounded the economy and threaten Beijing's 5.5 per cent growth target for the year.

To revive investment and consumption, the government ordered localities not to expand curbs on auto purchases and said those which already have curbs in place should gradually increase their quotas on car ownership.