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GARMENT EXPORTS IN FY22

In billions of \$; SOURCE: EPB

Jul	2.88
Aug	2.75
Sep	3.41
Oct	3.56
Nov	3.23
Dec	4.04
Jan	4.08
Feb	3.51
Mar	3.93
Apr	3.93
May	3.15



REASONS FOR FALL IN ORDERS

- Unsold stock on buyers' end
- Blistering inflation
- Lingering Russia-Ukraine war

CHALLENGES FACING EXPORTERS

- Recovery from pandemic has been hard
- Buyers stopped placing new orders
- Retailers demanding deferred payment
- Some shipments have been put on hold

Garment export order falls 20pc as inflation, war bite

REFAYET ULLAH MIRDHA

Work orders to the garment sector in Bangladesh fell by more than 20 per cent for the September and November season as consumers in the western world are tightening their belts owing to blistering inflation and deepening uncertainty caused by the Russia-Ukraine war.

In another unpromising sign for the country's biggest foreign currency earner, the risks for the US and the European Union, the two largest export destinations for Bangladesh, falling into recession are growing.

"International clothing retailers and brands have cut the work orders by 20 per cent for the September to November season compared to the March to June season," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

Kutubuddin Ahmed, chairman of Envoy Textiles, one of the top garment exporters in Bangladesh, says stores of major retailers and brands have a large volume of unsold inventory. So, they are either stopping placing new orders,

demanding deferral payments or urging suppliers to put shipments on hold.

The fall in orders came at a time when the industry has been recovering from the coronavirus-induced slowdown at a healthy pace.

As the world recovered from the health crisis, retailers and brands had placed an abnormally high work order to meet a surge in demand.

Since September last year, Bangladesh had posted higher exports and it continued until April. The momentum did not continue in May because of the fallout of the war, said Ahmed, who shipped high-end denim garments worth \$110 million to Europe and the US in the last fiscal year.

The garment shipment of Bangladesh fell to \$3.16 billion in May from \$3.93 billion in April because of the fallout of the conflict.

The impacts of the falling work orders could be felt in the next fiscal year, starting on July 1, as well.

"If the war does not stop, the shipment may worsen because the decline in order will not be limited to 20 per cent," said Md Fazlul Hoque, managing director of Plummy Fashions

Ltd, one of the greenest factories in Bangladesh.

Inflationary pressure is being felt all over the world, not just in the US and the EU, owing to escalated global commodity prices, energy crunch, and supply bottlenecks.

And World Bank Group President David Malpass

work from the big local garment units as well, Hassan said.

The BGMEA chief says the war has hurt the global economy and driven up inflation, forcing the consumers to change their consumption patterns as higher prices bite into earnings.

cent higher than two years ago.

The higher expenses on energy and food have ultimately affected the garment supplying countries like Bangladesh, Hassan said.

The demand for yarn is very low now as many international retailers and brands have put their orders either on hold or suspended them, according to A Matin Chowdhury, managing director of Malek Spinning Mills Ltd.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, said the inflow of work orders is declining because of the piling up of old stocks.

But the challenges for the exporters might not be over anytime soon since the case for a global recession is strengthening.

Goldman Sachs, an American multinational investment bank and financial services company, has forecast a 30 per cent chance of the US economy tipping into recession over the next year, up from 15 per cent earlier.

Morgan Stanley, another American multinational

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yesterday said it might take even two years to get prices back under control as the US and other economies face inflation rates not seen in decades.

Researchers at the International Monetary Fund earlier made a similar prediction.

The situation for small and medium-sized garment units is worsening because of the decreasing orders and many are not receiving subcontracting

For instance, consumers have been compelled to cut back their budget on clothing items in order to free up money to purchase costlier fuel and food.

In both the US and the EU, gas prices have trebled.

The World Bank's Food Commodity Price Index, which reached a record high in nominal terms in the March-April period of 2022, is up 15 per cent over the previous two months and more than 80 per

Forex market volatility deepens

AKM ZAMIR UDDIN

Volatility in the country's foreign exchange market has intensified once again as Bangladesh Bank has commenced tinkering with the exchange rate of the taka against the US dollar.

Bangladesh Bank had decided on June 2 to allow the exchange rate of the taka to float against the US dollar but recently backtracked from its stance, causing the forex market to become volatile again.

Bankers said demand for the American greenback was still higher than the supply due to soaring import payments and a slump in remittance inflow.



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In addition, the inter-bank exchange rate set by the central bank has been unable to offset the ongoing volatility due to the inadequate supply of the greenback.

The inter-bank exchange rate stood at Tk 92.95 per US dollar yesterday. In contrast it was Tk 84.95 a year ago.

However, banks now sell dollars to importers largely at Tk 97 to Tk 98 and purchase it at Tk 96-Tk 97 from exporters.


They also try to attract remittance by offering Tk 96 to Tk 97 to exchange houses abroad.

The US dollar continues to remain dear although Bangladesh Bank has so far supplied \$7.43 billion this fiscal year from the reserve to cool the market. The country's foreign exchange reserve stood at \$41.7 billion as of yesterday.


Bangladesh is not alone when it comes to weakening of the local currency. Many countries, including India and Pakistan, are now witnessing their currencies losing out against the US dollar.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the floating exchange

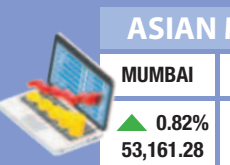
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STOCKS	
DSEX ▲	CASPI ▲
0.30%	0.23%
6,320.33	18,616.98



COMMODITIES	
Gold ▼	Oil ▲
\$1,827.69 (per ounce)	\$107.92 (per barrel)



ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.82%	▲ 1.43%	▲ 0.83%	▲ 0.44%
53,161.28	26,871.27	3,137.54	3,379.19

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‘Mango train’ suspended for lack of cargo

Cattle wagon planned before Eid

ANWAR ALI, Rajshahi

A train service from Chapainawabganj to dedicatedly bring the region's seasonal bounty of mangoes to Dhaka has been cancelled on running for just 11 days this season.

The train plied last on Thursday and the service was cancelled for being unable to woo an adequate number of traders, Ashim Kumar Talukhder, general manager of West Zone of Bangladesh Railway, told The Daily Star.

Another train service to solely transport sacrificial animals may be launched on the week leading up to upcoming Eid-ul-Azha, he said.

The one for mangoes began on June 13 from Rohonpur. The carrying capacity of each of its five wagons was 45,000 kilogrammes (kgs).

But the highest amount that ended up being transported on a day was around 32,392 kgs, that too by the whole train.

The lowest was 15,379 kgs, says a Bangladesh Railway report.

"Running the train was leading to huge losses," said a senior railway official.

"I will not term it a loss...Because, the train was introduced out of the prime minister's wish to benefit mango transport," said Talukhder.

The seasonal train was first introduced in 2020 in the wake of supply disruptions amidst the pandemic.

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Fishermen at Adarsha village in Barishal sadar upazila repair their nets designed to catch hilsa once an ongoing 65-day ban on all kinds of fishing within Bangladesh's maritime boundary comes to an end on July 23. Fishermen say they face such bans for 147 days in phases round the year -- for 22 days in October for mother hilsa conservation, 60 days on hilsa sanctuaries in March-April and the ongoing ban which started on May 20. The photo was taken recently.

PHOTO: TITU DAS

NBFIs asked again to form cells for client complaints

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked non-bank financial institutions (NBFIs) to form "complaint cells" at both their head offices and branches so as to resolve complaints of clients.

The central bank had earlier asked the NBFIs to form the cell but many have not taken up the initiative yet, for which the notice had been issued, said a BB official.

The number of complaints has gone up as the NBFIs have not resolved those on time, said the notice.

Many NBFIs do not even receive the complaints of customers while some others do not follow the central bank rules pertaining to resolving those.

The BB ordered the NBFIs to comply with its "Customer Service and Complaint Management Regulations" while

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