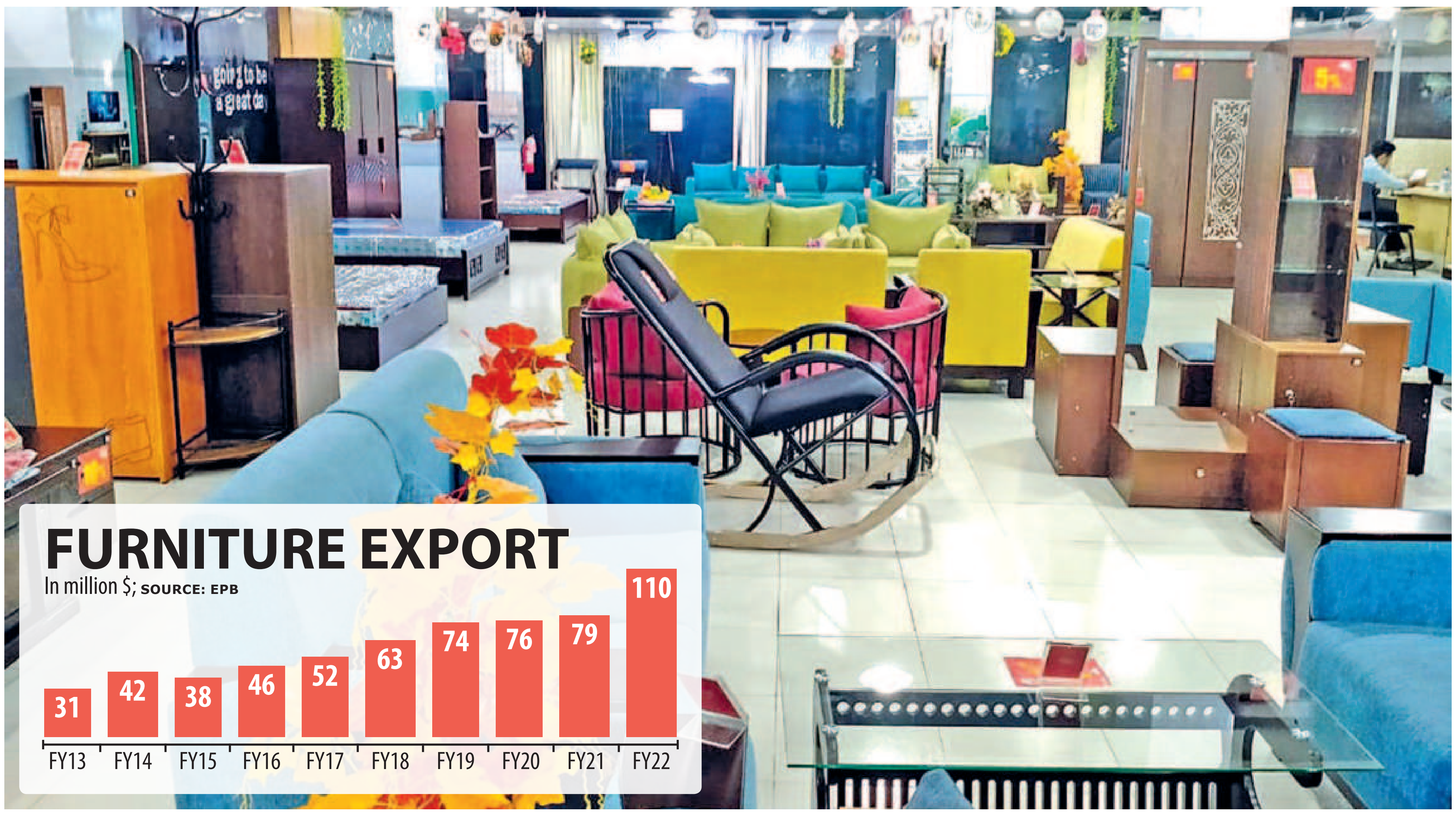

Furniture exports hit decade high

SUKANTA HALDER

The global demand for furniture "made in Bangladesh" has risen considerably thanks to improvements in product quality, diversification in design, cash incentives, availability of manpower and lower wages in the industry, according to market players.

As such, the country recorded a decade-high $110.36 million in furniture exports during the previous fiscal year, shows data from the Export Promotion Bureau (EPB).

However, manufacturers and exporters say the industry could do even better with the help of policy support.

Salim H Rahman, chairman and managing director of Hatil Furniture, said the main reason behind the increased exports is the availability of cheaper manpower compared to that of competing countries.

Another reason for the hike in exports is that in the past, importing countries would depend on a single source for any given product but they now rely on multiple suppliers from all over the world.

"They do this because if there is any problem in the future, the importer can buy the product from an alternative source without delay," he added.

This helped the industry expand its export earnings by a whopping 251 per cent compared to what it was in fiscal 2012-2013, when outbound shipments fetched a total of $31.41 million, EPB data shows.

Bangladesh currently exports furniture to India, the US, Japan, Spain, South Korea, Canada, Norway, France, Saudi Arabia, Qatar and the UK.

Otobi, Akhtar Furnishers, Hatil Furniture, Brothers Furniture, Partex Furniture and Navana Furniture are major players among 17 members of the Bangladesh Furniture Exporters Association (BFEA) that export such products.

KM Akhteruzzaman, managing director of Akhtar Furnishers, said another reason behind the increase in exports is that the government has been providing the industry with cash incentives on outbound shipments for the last three years.

And thanks to the continuation of this facility in the ongoing fiscal year,

The main reason behind increased exports is the availability of cheaper manpower compared to that of competing countries, says Salim H Rahman, chairman and managing director of Hatil Furniture

furniture exports will only increase but still, there are hurdles preventing the industry from moving forward even faster.

"We need policy support to address these issues and so, we are discussing it with the government, which has been sincere in cooperating to this end," said Akhteruzzaman, also president of the BFEA.

He went on to say that the association of furniture exporters has asked the government to provide the industry with bonded warehouse facilities.

"If given, annual exports will be double compared to the last fiscal year," Akhteruzzaman added.

Kamruzzaman Kamal, marketing director of Pran-RFL Group, which exports products under its Regal Furniture brand, said compared to other emerging sectors of Bangladesh, furniture exports have not increased as much in the last one decade.

He then explained the reason behind the lack of growth is that related accessories, chemicals and other raw materials have to be imported with high duty, which significantly inflate production costs.

"With companies working on market development, opening showrooms and participating in various fairs outside the country, foreigners have come to know about local products," Kamal added.

Other than having to depend on imports for raw materials, other problems faced by the local furniture industry include high interest rates on bank loans and a lack of skilled manpower to improve productivity and research.

Other than addressing these issues, establishing a separate economic zone for furniture makers may help the industry grow as a whole, manufacturers and exporters said.

IHG, Doreen Hotels & Resorts sign deal

STAR BUSINESS DESK

IHG Hotels & Resorts, a British multinational hospitality company that runs its worldwide business in the name of InterContinental Hotels Group PSL, has signed an agreement with Doreen Hotels & Resorts in a bid to open Crowne Plaza Dhaka Gulshan in Bangladesh by the end of 2022.

Tanzeer Alam Siddique, vice-chairman of Doreen Hotels & Resorts Ltd, and Haitham Mattar, managing director for India, the Middle East and Africa at InterContinental Hotels Group PSL, recently signed an agreement to this end in Dubai, a press release said.

"Building a successful partnership with IHG, we will soon open a hotel as Crowne Plaza Dhaka Gulshan," said Siddique.

"Being a commercial hub and centre for all activities in Bangladesh, Dhaka is an important market for us in the region and we are always looking for opportunities to strengthen our offering in line with market demands," said Sudeep Jain, managing director for South West Asia at IHG.

Currently, IHG has presence in Dhaka through hotels operating across its leading global brands, InterContinental and Holiday Inn.

Crowne Plaza Dhaka Gulshan will become IHG's third hotel in the city and will further strengthen the company's offering for both business and leisure travelers looking for quality hospitality experiences.

China's refinery output declines

REUTERS, *Singapore*

China's refinery throughput for the six months to June marked the first annual decline for the period since at least 2011, data showed on Friday, as strict Covid-19 restrictions and fuel export curbs dampened production.

For June, output was 54.94 million tonnes, according to data from the National Bureau of Statistics (NBS), bringing January-June processing volumes to 332.22 million tonnes or 13.4 million barrels per day (bpd), down 6 per cent from a year earlier.

The production in June was equivalent to 13.37 million bpd - up 5 per cent from 12.7 million bpd in May, but about 10 per cent below the all-time high of 14.8 million bpd reached in June 2021.

The month-on-month rebound came as some independent refiners began raising production late in May, after steep cuts between February and April, in response to a moderate pick-up in demand as some Covid-19 curbs were eased.

The return of Sinopec Corp's Yangzi and Hainan refineries from overhauls also contributed to the higher processing, though the state major had to close a 320,000-bpd plant in Shanghai due to a fire on June 18.

China's demand for refined oil products has been falling since March amid strict curbs to contain the spread of Covid, with gasoline and aviation fuel the worst hit.

Outlook gloomy

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Earlier profits were good but now there is little difference in the exchange rate.

Exporters said with the recovery of the global supply chain since last September, the inflow of work orders was so high that local garment manufacturers had even turned down some. However, now the scenario had started to change for the war and inflation, the garment exporters also said.

Asif Ashraf, managing director of Urmi Group, said he has received 20 per cent less work orders for deliveries next season because of the war.

This was contrary to the fact that he had a big green unit which employed 13,000 workers and exported goods worth $185 million in a year.

"The slowdown in the inflow of work orders has already started and we do not know when and how this will end. The demand for garment items is going down because of global inflation," said Ashraf.

AK Azad, chairman of Ha-Meem Group, which exports more than $500 million-worth of garment items in a year, said until now he has been dealing with a good volume of work orders.

But those for next season may overall be a decline of 15 per cent because of the fallouts of the war, he said.

Fazlul Hoque, managing director of Plummy Fashions, the greenest knitwear factory in the world, said he was doing fine with the current inflow of work orders but the quantity may decline next season.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said a dull season was prevailing as summer sales were ongoing in Europe.

However, it is really difficult to forecast what may happen in the future as the war is still continuing and inflation is rising, he said.

However, the good news is that the price of petroleum is declining, which may bring some relief to consumers, he added.

But freight charges are still very high which also affects the price of garment items at the retail level, he added.

It is obvious that the subcontracting, small and medium factories are the worst sufferers in case of a slowdown in the inflow of work orders as the big units cannot arbitrarily send a portion of the orders to authorised subcontracting garment factories, Hassan said.

Wheat imports plunge

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Prices of the wheat called US soft red winter also declined, according to World Bank Commodities Price Data (The Pink Sheet).

Chowdhury said the global wheat market had seen price decreases but the high cost of the US dollar for the devaluation of the taka had eroded the gain. "Our import cost has grown by 16-17 per cent because of depreciation," he added.

Abdur Rob Sikder, owner of Sikder Flour Mills at Narayanganj, a major hub for wheat flour, said the war in Ukraine has adversely affected the global wheat market, resulting in an increase in prices here too.

India's restriction on wheat export also affected the market, said Sikder, also cashier of flour mill owners' association Narayanganj Ata Maida Mill Malik Samity.

Anup Kumar Saha, chief operating officer of Nabil Group, one of the major importers of wheat, said many letters of credit got cancelled after India banned export of the grain in May this year to cool rising domestic prices.

Besides, wheat from the Black Sea region did not come after the war in Ukraine began, he added.

He said because of increased prices, many people shifted to other cereals. As such, overall demand dropped to around 60 lakh tonnes during fiscal year 2021-22, added Saha.

Local airlines face headwinds as fuel price soars

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compared to that last month but the BPC increased it by 18 per cent, said Mofizur.

He said the BPC was absolutely taking arbitrary decisions. "We don't have a say...On what logic has the BPC increased the price of jet fuel," he questioned.

"We want to get rid of the BPC's monopoly business and its whimsical decisions," said Mofizur.

"The airline industry of the country is on way to collapse due to the frequent increase of the price of jet fuel," he also said.

The country's airlines industry will not be able to survive if the government does not extend its cooperation, said aviation expert Kazi Wahidul Alam.

"In the present situation, the airline industry is facing a tough challenge maintaining an existence," he also said.

Kamrul Islam, general manager for public relations at US-Bangla Airlines, said, "The BPC is increasing the price of jet fuel almost every month. But we are at risk of losing passengers if we increase the price of tickets accordingly."

"On the contrary, air operators are at risk of going bankrupt if we do not increase airfares in tune," he said.

Islam also said the tourism and hospitality sector which involves 40 lakh people would also collapse if the aviation industry collapses.

Sources at private airlines US-Bangla Airlines and NOVOAIR said a year and a half ago, the fare on a domestic route was around Tk 2,500 or so but has since gone up to around Tk 5,000.

The BPC could not be reached for comment till 8:00pm last night.

Saudi Arabia doubles Russian oil imports for power generation

REUTERS, *Moscow/London/Dubai*

Saudi Arabia, the world's largest oil exporter, more than doubled the amount of Russian fuel oil it imported in the second quarter to feed power stations to meet summer cooling demand and free up the kingdom's own crude for export, data showed and traders said.

Russia has been selling fuel at discounted prices after international sanctions over its invasion of Ukraine left it with fewer buyers. Moscow calls the war in Ukraine a "special military operation". The increased sales of fuel oil, used in power generation, to Saudi Arabia show the challenge that US President Joe Biden faces as his administration seeks to isolate Russia and cut its energy export revenues.

While many countries have banned or discouraged purchases from Russia, China, India and several African and Middle Eastern nations have increased imports.

Biden was on Friday visiting Saudi Arabia and was expected to seek an increase in oil supply to global markets from the kingdom to help to lower oil prices that have aggravated inflation worldwide.

There is little spare capacity for Saudi and others to increase production in the short term. Saudi Arabia has also maintained its cooperation with Russia in the alliance of global producers known as OPEC+. The two are the de facto leaders of respectively OPEC and non-OPEC producers in that group.

Data obtained by Reuters through Refinitiv Eikon ship tracking showed Saudi Arabia imported 647,000 tonnes (48,000 barrels per day) of fuel oil from Russia via Russian and Estonian ports in April-June this year. That was up from 320,000 tonnes in the same period a year ago.

For the full year 2021, Saudi Arabia imported 1.05 million tonnes of Russian fuel oil. Saudi Arabian and Russian energy ministries declined to comment on the increased imports. Energy analytics firm Vortexa found rising flows of Russian-origin fuel oil cargoes through Egypt and Estonia boosted imports, Vortexa said.

It found Saudi fuel imports from Egypt spiked to a record 110,000 bpd in June as Egypt's imports of Russian fuel oil jumped to a record 70,000 bpd in the same month.

"Seasonal demand for power generation feedstocks pushed fuel oil imports into Saudi Arabia to 320,000 barrels per day in June, the highest since November 2020," the firm said.

Saudi Arabia has for several years imported Russian fuel oil, which can reduce its need to refine crude for products and cut the amount of oil it needs to burn for power, leaving it with more unrefined crude to sell on international markets at higher prices.

The kingdom turns to oil to meet power needs, which typically peak as demand for cooling rises with summer temperatures. Some Saudi cities are far from natural gas fields that could provide cleaner fuel for power generation.

The volume of crude burnt is about 600,000 bpd in summer months and 300,000 bpd in winter months, figures from the Joint Organisations Data Initiative (JODI) show. Increased use of natural gas has reduced the amount from as much as 1 million bpd in 2010.

Canadian home prices go down

REUTERS, *Ottawa*

The price of a resale home in Canada fell 1.8 per cent in June from last year, the first annual decline since May 2020, as the market continued to cool sharply from February's peak amid tighter borrowing conditions, data from Canada's realtors showed Friday.

Canada's national average selling price fell to C$665,850 ($511,092) in June from C$678,280 in the same month of 2020, data from the Canadian Real Estate Association showed. Prices are down 6.4 per cent on the month and down 18.5 per cent from February's peak.

"The June housing data show a market seriously wobbling, and that was before the Bank of Canada's 100-bp (basis point) knockout blow," said Robert Kavcic, senior economist at BMO Economics, in a note, adding an even deeper correction is yet to come.

The Bank of Canada surprised with its jumbo-sized increase on Wednesday, lifting the policy rate to 2.5 per cent from 1.5 per cent. It has hiked four times this year in an effort to tame hot inflation, with money markets betting on rates hitting 3.5 per cent by year-end.

Home sales in Canada fell 5.6 per cent in June from May and are down 23.9 per cent year-over-year, led by Canada's largest cities, the CREA said.

"Sales activity continues to slow in the face of rising interest rates and uncertainty," said Jill Oudil, chair of the CREA. "The cost of borrowing has overtaken supply as the dominant factor affecting housing markets at the moment."

The frenzy of the start of 2022 has faded, with sales down 19 per cent in the second quarter from the first. New listings rose 4.1 per cent in June and the sales-to-new listing ratio eased to its lowest level since 2015.