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BUSINESS


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THE PHARMACEUTICAL
INDUSTRY'S - 2ND LARGEST
POTENTIAL SECTOR - GROWTH


SCAN FOR DETAILS

Trial run
of Patenga
terminal
hits a snag

DWAIPAYAN BARUA, Ctg

The planned trial berthing of a vessel at the newly built Patenga Container Terminal (PCT) in the Chattogram port could not be begun yesterday due to the non-completion of some works.

The Chittagong Port Authority (CPA) last week announced that it would start the trial operation of the terminal by berthing a bulk vessel in one of the four jetties of the PCT, whose construction began in 2017.

Some trial tests such as jetty load test, pile load test and mooring bollard load test for checking the load capacity of various parts of the jetties are yet to be carried out.

Chittagong Port Authority last week announced that it would start the trial operation of the terminal by berthing a bulk vessel in one of its four jetties

CPA Chairman Rear Admiral M Shahjahan said some test trials and mechanical works need to be done before berthing a vessel.

"Otherwise, accidents might take place."

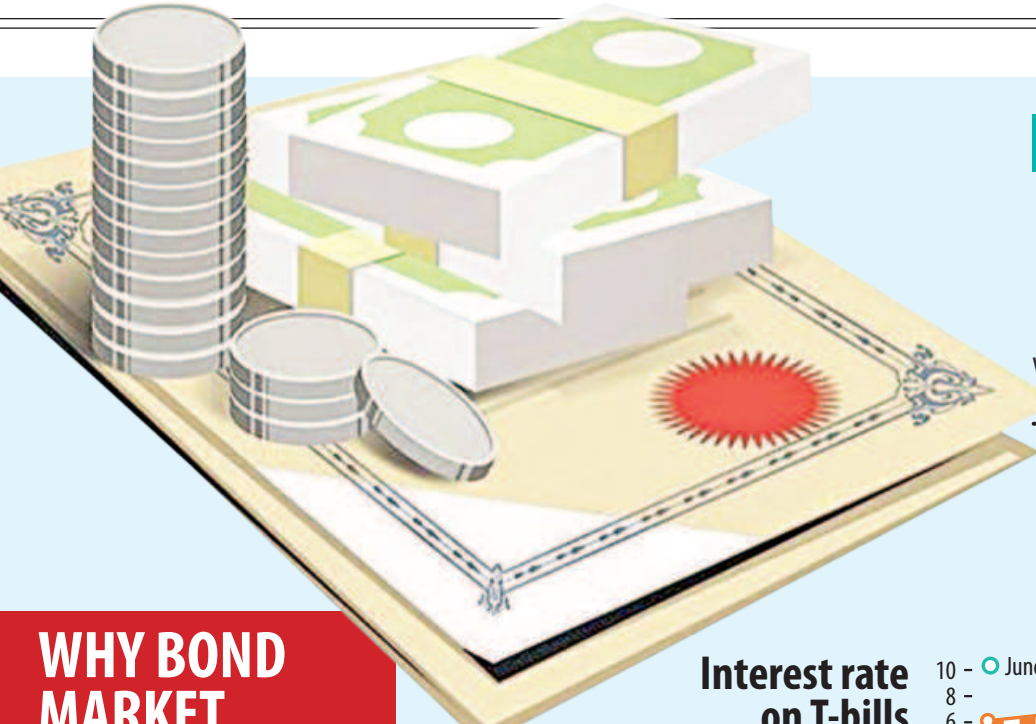
Load calibration of the weighbridge to synchronise with the entry and exit points has not been done yet. If the calibration is not completed, the authorities would be not able to perform the required verified gross mass test of container-carrying vehicles.

"We are trying to complete these works in the quickest possible time," said Shahjahan, adding that the trial operation might take place by the end of July.

The government approved the project to construct the terminal having three container jetties and a dolphin jetty on around 32 acres of land at Patenga in June 2017.

According to the initial proposal, the project was supposed to complete by December 2019. The implementation period was

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WHY BOND MARKET UNSTABLE



Forex market volatility responsible for interest rate hike of bonds



Banks reluctant to invest in bonds due to liquidity pressure



Lenders are still unhappy with the rate



BB's financing for govt is keeping interest rate on bonds below 9pc



Funds disbursed by BB may stoke inflationary pressure

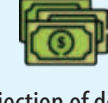
SOLUTIONS



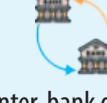
BB should withdraw 9pc lending interest cap



It should bring down govt financing



Injection of dollar by BB should be reined in

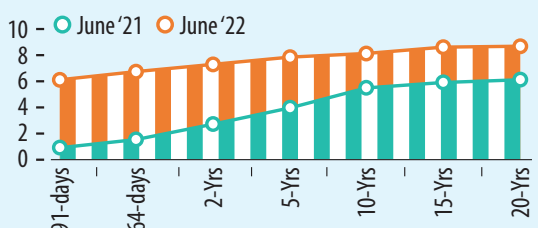


Inter-bank dollar trading should be made vibrant

Interest rate on T-bills and bonds

In %

SOURCE: BB



10 - June '21 June '22

91-days 364-days 2-Yrs 5-Yrs 10-Yrs 15-Yrs 20-Yrs

Bangladesh Bank should not invest in government securities at this moment as it will stoke inflation further

says an expert

Forex crisis spills over
to bond market

AKM ZAMIR UDDIN

Banks in Bangladesh are already in a tight liquidity situation since they have to buy US dollars at higher rates to settle import bills.

So, they are not keen to invest in the government's long-term securities and bonds although the investment tools offer much higher rates compared to a year ago. Rather, they are on the lookout for higher returns in order to make the most out of their limited funds.

As a result, the government is struggling to raise funds from commercial banks to meet its expenditures by issuing Treasury bills and bonds with yields ranging from 6 per cent to 8.65 per cent. The yield ranged from 0.79 per cent to 6 per cent a year ago.

In order to support the government, the central bank itself is investing in the securities in a massive way, a move that may fan inflation, which hit a nine-year high in June owing to the volatility in global commodity markets.

Experts warn that banks' capacity to lend to the government will erode in the days to come due to the ongoing instability in the foreign exchange market of Bangladesh.

The central bank has lent Tk 7,792 crore to the government so far in July through the purchase of T-bills and bonds.

The government has set a bank borrowing target of Tk 106,000 crore for the current fiscal year. But it may overshoot the target owing to weak revenue collection.

The government borrowed

11 per cent year-on-year.

The central bank has injected \$808 million into the money market in the first couple of weeks of the current fiscal year to keep the foreign exchange market stable.

Bangladesh's international currency reserves fell to \$39.67 billion on Wednesday in contrast

for them to invest in long-term T-bonds.

The interest rate on the 10-year T-bond is 8.1 per cent.

"Nobody can predict the market behaviour, which is now facing liquidity pressure. Besides, a majority of deposits are short-term with tenures standing at six months and below," Rahman said.

A BB official, on condition of anonymity, says that some lenders are quoting more than a 9 per cent interest rate at the auction of government securities.

Since banks are seeking more than 9 per cent interest rate on government securities, the central bank is now purchasing those bills and bonds to keep the interest rate below 9 per cent, he said.

"The ongoing tight liquidity situation will improve thanks to the BB's investment in the securities," said Mirza Elias Uddin Ahmed, managing director of Jamuna Bank.

"Such investment will create new money in the market."

However, there is a possibility that the BB's investment will leave an adverse impact on inflation.

"So, banks should place an emphasis on disbursing loans to the productive sector in order to

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A shopkeeper uses a traditional hand fan to stay cool during a power cut in the afternoon, with the situation expected to prevail for some time. The government last Sunday announced a schedule for area-based load-shedding to mitigate an electricity crisis stemming from dwindling fuel stocks. The photo was taken from the capital's Ramna on Wednesday.

PHOTO: AMRAN HOSSAIN

Dollar gets
even pricier

AKM ZAMIR UDDIN

The taka depreciated once again against the US dollar in the inter-bank platform yesterday. The exchange rate stood at Tk 94.45 per dollar. It was Tk 93.95 on Wednesday.

On July 21 last year, the rate was Tk 84.80, which means there has been a 11.38 per cent loss in value in a year.

The country's foreign exchange market is facing a shortage of US dollars due to rising import payments and declining inflows of remittance.

Import payments have been going up since the end of last year because of a rise in the prices of commodities in the global market.

Bangladesh's foreign exchange reserves stood at \$39.67 billion on Wednesday, down from \$46.15 billion in December last year

Between July and May of last fiscal year, import payments went up by 39 per cent year-on-year to \$75.40 billion while exports grew 33 per cent to \$44.58 billion.

This resulted in a record trade deficit -- the gap between exports and imports -- of \$30.81 billion, up 48.8 per cent year-on-year.

The inflow of remittance, the cheapest source of foreign currencies for Bangladesh, fell 15 per cent year-on-year to \$21.03 billion in fiscal year 2021-22.

The country's foreign exchange reserves stood at \$39.67 billion on Wednesday, in contrast to \$46.15 billion in December last year.

Bangladesh Bank injected \$70 million into the market yesterday to keep the market stable, Md Serajul Islam, spokesperson for the central bank, told The Daily Star.

The BB has so far injected \$808 million in the market this fiscal year after supplying a record \$7.62 billion last fiscal year.

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RAK Ceramics to
set up bathroom
fittings plant

STAR BUSINESS REPORT

RAK Ceramics (Bangladesh) will invest Tk 95 crore to set up a bathroom fittings plant with the capacity to produce 1,500 faucets, shower heads and all other related accessories in a bid to provide cheaper alternatives to imports, according to company officials.

The listed multinational ceramics brand yesterday informed the Dhaka Stock Exchange of its decision, which follows the company's previous plan to enter the tiles market.

Early last month, RAK Ceramics announced that it would invest Tk 902 in a greenfield facility to raise its tile production capacity by 15,000 square metres per day.

"As Bangladesh has huge potential in the coming days, we opted to increase production and grab a bigger share of the market," said Muhammad Shahidul Islam, company secretary of RAK Ceramics.

"Now, we are going to produce all bathroom fittings. We will soon start building the plant, which may take nearly a year to begin production," he added.

Islam went on to say that at present, most locally produced bathroom fittings are of low standard but people prefer significantly more expensive high-quality products that are imported.

So, RAK Ceramics aims to produce alternatives to these imports so that customers can get quality products at competitive prices.

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Stocks
drop for
eighth day

STAR BUSINESS REPORT

Stocks in Bangladesh fell for the eighth straight trading day yesterday, triggering further panic among investors.

The DSEX, the benchmark index of the country's premier bourse, lost 12 points or 0.19 per cent to close at 6,126, the lowest since June 29 last year. It shed 240 points over the past eight sessions.

The Dhaka stocks witnessed buying pressure in the morning which did not sustain at the end of the day, said International Leasing Securities in its daily market review.

The selling spree of risk-averse investors continued focusing sector-specific issues amidst growing macroeconomic worries, it said.

Uncertainty is still growing with the deepening of the energy

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STOCKS

DSEX ▼	CSCX ▼
0.19% 6,126.51	0.34% 17,968.38

COMMODITIES

Gold ▼	Oil ▼
\$1,695.47 (per ounce)	\$95.16 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.51% 55,681.95	▲ 0.44% 27,803.00	▼ 0.57% 3,152.30	▼ 0.99% 3,272.00


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