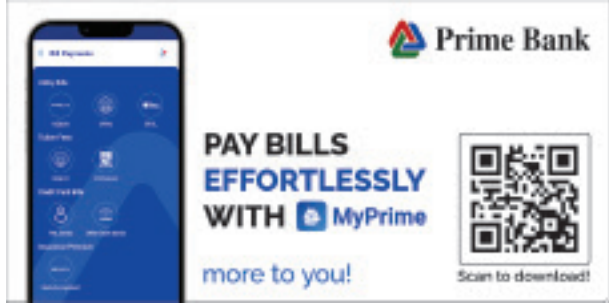


star BUSINESS



Look for alternatives to dollar in trade Says MCCI chief

REFAYET ULLAH MIRZHA

Use of multiple currencies instead of being overly dependent on the US dollar in international trade may ease the pressure on foreign exchange reserves and help overcome the current crisis, said the chief of a leading chamber yesterday.

Being one of the largest trading partners, Bangladesh imports nearly \$15 billion worth of goods from China in a year. Nearly \$10 billion worth about industrial raw materials, cereals and intermediate goods also come from India, the second largest import source.

The government and private sector businesses can use the Chinese renminbi and the Indian rupee for importing goods from the two countries

The Bangladesh government itself also imports goods for the implementation of different mega projects.

So, the government and the private sector can use the Chinese renminbi and Indian rupee for importing goods from the two countries, said Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry.

Adopting alternatives to the dollar could be taken up, at least for a temporary period, he said.

Such measures are only for a certain period to help stabilise the forex reserve with the central bank, as globally the dollar is the main currency for international trade, Islam said.

Last week, Islam suggested that the central bank introduce the Chinese renminbi for international trading purposes for a limited period. If the renminbi is allowed, local importers will buy it from banks instead of the dollar to open letters of credit to import goods in bulk, he said.

REASONS BEHIND PROFIT FALL



Higher costs of raw materials



Drop in sales for inflationary pressure



Rise in freight costs



Global supply chain disruption

Profits of listed MNCs

In crore taka; SOURCE: DSE

	H1 '21	H1 '22
Bata Shoe	-3.33	33.3
Linde Bangladesh	63	53
BAT Bangladesh	862	913
Marico (Apr-Jun)	108	102
LafargeHolcim	215	217
Grameenphone	1,741	1,730
Singer Bangladesh	46	23
Heidelberg Cement	66	-20
Unilever	22	35
RAK Ceramics	43.55	43
Robi Axiata	78	26



INFLATIONARY PRESSURE



Inflation rose to 7.56pc in June



Container freight cost surged 10 times since pandemic began



Taka was devalued by 9.61pc against dollar between August 1, 2021 and June 27 this year at banks

EXCHANGE RATE VOLATILITY



Taka lost ground by 16pc against greenback during the period in open market

Weaker taka hits listed multinationals' profits

AHSAN HABIB

Profits of most multinational companies listed in Bangladesh dropped in the first half of 2022 due to the depreciation of the local currency and higher consumer prices.

Because of the weaker taka, the cost of imported raw materials for the foreign companies operating in the country has gone up, while rising inflation has hurt sales.

Among the 13 listed MNCs, 11 have published their half-yearly earnings results. Of them, seven posted year-on-year lower profits in the January to June period.

From telecommunication and fast-moving consumer goods companies to ceramics and cement manufacturers, all were impacted by the weakening of the local currency against the American greenback.

A record surge in imports needed to feed the economy rebounding from the coronavirus pandemic, moderate exports and a decline in remittance flow have caused the country's foreign currency reserves to deplete at a faster rate in recent months, making the US dollar dearer.

On the interbank foreign exchange market, the dollar traded at Tk 92.95 on June 27 this year, a 9.61 per cent increase from Tk 84.8 on August 1 last year, data from the Bangladesh Bank showed.

The exchange rate in the open

market, however, surged by 16 per cent for importers reaching up to Tk 99 per US dollar.

Among the listed MNCs, HeidelbergCement Bangladesh plunged into losses.

It lost Tk 20 crore in the first half of 2022 whereas it logged a profit of Tk 66 crore during the identical period a year ago.

The local operation of the German company incurred losses

commodities, accelerating inflation, the depreciation of the taka, and the recent floods for the decline in profit.

Inflation in Bangladesh rocketed to a nine-year high of 7.56 per cent in June, deepening the higher cost of living crisis the lower-income and middle-class people are facing as a consequence of the Russia-Ukraine war and the supply chain chaos.

of production compelled the MNCs to raise the prices of their products in June, so they hope to generate higher profits in the coming months.

"All companies have already adjusted the prices in line with the surge in the costs of raw materials. The impact of the price increases will be evident in the coming months," said a top official of a multinational company.

RAK Ceramics reported a 1 per cent decrease in profit despite a 16 per cent increase in sales.

The profit fell due to the significant volatility in the foreign currency market and the disruptions to the global supply chain, the company said.

Grameenphone and Robi-Axiata, the two largest mobile operators, reported lower profits in the first half as well.

Profits of Grameenphone, majority owned by Norway's Telenor, fell to Tk 1,730 crore in January-June from Tk 1,741 crore during the same period in 2021.

Robi's profits dropped to Tk 26 crore from Tk 78 crore in the previous year.

Bata Shoe, however, reported an astounding 900 per cent increase in profit.

The EPS increase was driven by the growth in sales volume and amount, especially during Eid festivals, said the company in a filing on the Dhaka Stock Exchange yesterday.



mainly for an increase in the cost of raw materials, an increase in freight costs, and the depreciation of the local currency, said HeidelbergCement Bangladesh.

The cement maker's sales dropped to Tk 930 crore in January-June against Tk 960 crore a year prior.

Singer Bangladesh witnessed a 50 per cent plunge in profit to Tk 23 crore in the first half of the year.

The electronics and home appliance company blamed the dragging impacts of the Covid-19 pandemic, higher prices of essential

This had an adverse bearing on the macroeconomic performance of the country as well as the company's operations and financial position, said Singer Bangladesh.

The import costs of raw materials increased but the prices of products could not be adjusted fully. As a result, profits declined, it said.

Container freight costs have jumped nearly 10 times to \$10,000-\$15,000 from \$1,000-\$1,500 since the pandemic began.

The persisting higher cost

Tk 236cr project to roll out 5G by next year

REJAUL KARIM BYRON and MD ASADUZ ZAMAN

The government is finally moving ahead with a project to roll out fifth-generation (5G) mobile internet services through state-run network provider Teletalk, according to officials of the planning ministry.

Initially, the 5G network will only be available at key government and commercial concerns under the two Dhaka city corporations.

As per the project, the government will provide Teletalk with a total of Tk 236.54 crore to prepare its existing cellular network for launching 5G services by 2023.

The move comes about seven months after the trial run of 5G services in Dhaka and outside.

The project, styled "Commercial Launch of 5G Technology on Teletalk's Network in Dhaka Metropolitan Area", will be placed for approval at a weekly meeting of the Executive Committee of the National Economic Council tomorrow.

The project, initiated by the Posts and Telecommunications Division, aims to provide 5G technology-based mobile services for the general public by December 2023.

Teletalk has plans to deploy 200 5G base transceiver stations at its existing 4G infrastructure in Dhaka city as well as upgrade the required power connections and battery capacities.

The company will also install high-speed network connection adapters at 5G sites, 50 microwave radio devices, and investment management software platforms with the capacity to host 100,000 subscribers.

Initially, the 5G network will cover select localities, namely Mohammadpur, Sher-e-Bangla Nagar, Banani, Gulshan, Cantonment, and Uttara, under the Dhaka North City Corporation.

Similarly, the Motijheel, Ramna, Shahbagh, and Dhanmondi areas under the Dhaka South City Corporation will be covered as well.

In addition, important establishments such as the Prime Minister's Office, National Parliament, Secretariat and Bangabhaban will enjoy 5G services.

After the official launch of 5G services, Bangladesh will join more than 60 countries that already have the technology.

5G technology promises to provide data speeds that are at least 20 times faster than 4G and underpins the great advances of the next era.

STOCKS		
	DSEX ▲	CSCX ▲
	2.56% 6,133.96	2.15% 17,976.66

COMMODITIES			AS OF FRIDAY
	Gold ▲	Oil ▲	
	\$1,766.15 (per ounce)	\$98.39 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 1.25% 57,570.25	▼ 0.05% 27,801.64	▼ 0.28% 3,211.56	▼ 0.89% 3,253.24

Deadline extended for opening LCs for rice import

SOHEL PARVEZ

The food ministry has extended the deadline for private firms to open letters of credit (LCs) for importing rice until August 21 this year.

The move comes as traders have been shy in opening LCs amid the increasing dollar cost and uncertainty whether they would be able to make profit by bringing in the staple grain.

By the end of June, the government started allowing private firms to import rice to curb the spiralling domestic prices by increasing supply in local markets.

Until now, the food ministry has granted permission for businesses to import around 10 lakh tonnes of rice at reduced duty and they have since received clearance to bring 600,000 tonnes, said a senior official of the food ministry.

However, between July 1 and July 27, private traders imported just 5,500 tonnes of rice, according to food ministry data.

Officials said a number of firms that are yet to open LCs to import rice had urged the government to extend the deadline that ended yesterday.

"Our objective is to facilitate imports and that would not be possible if we did not extend the deadline," he added.

Chitta Majumder, managing director of Majumder Group of Industries, which operates rice mills and also imports the grain, said banks are not showing interest to open LCs amid the dollar scarcity. In addition, they are asking for a higher rate – Tk 107 per dollar – in case of payments above \$100,000.

"Rice prices are high in India and in this situation, many are not showing interest to import the grain assuming they would not be able to make profit," he added.

Majumder got permission to import 50,000 tonnes of rice and his firm has imported around 2,000 tonnes so far.

Over the last one month, rice prices declined for the government move to facilitate imports by slashing import tariff to 25 per cent from 62.5 per cent until October 31.

Yesterday, prices of the coarse grain stood at Tk 48 to Tk 50 per kilogramme in Dhaka, down 2 per cent from a month ago, according to the Trading Corporation of Bangladesh.



Farmers of most upazilas of Bogura have started preparing their land for Aman paddy transplantation. The photo was taken in Khamarkandi area of Bogura's Sherpur upazila on Saturday.

PHOTO: MOSTAFA SHABUJ