Bangladesh has huge trade potential with Egypt: envoy

AFSHAR HOSSAIN

Bangladesh is keen to establish a strong relationship with Egypt as the two countries have immense bilateral trade potential, said Bangladesh's Ambassador to Egypt Md Monirul Islam.

He was speaking at a seminar on "Bangladesh-Egypt Trade and Investment Opportunities", organised by the Bangladesh embassy in Egypt on July 28.

The event was held at Hotel Ramsis Hilton in Cairo.

The ambassador, in his welcome address, highlighted the recent progress in the socio-economic development of Bangladesh to the Egyptian guests.

He also mentioned the growing economic relations between Bangladesh and Egypt while highlighting their immense economic potential in areas of cooperation.

NRBC Bank suffers losses in Apr-Jun

STAR BUSINESS REPORT

NRB Commercial Bank Ltd suffered losses in the second quarter of 2022.

Consolidated earnings per share of the private commercial bank were a negative Tk 0.065 in April-June compared to Tk 0.643 in the same quarter last year.

Consolidated EPS stood at Tk 0.767 in the January-June period of 2022, down from Tk 1.032 during the same six-month period of 2021.

The EPS declined due to a new provisioning guideline on loans and investments, and the volatile stock market expedited further provision on listed company shares, said NRBC Bank in a filing on the Dhaka Stock Exchange.

Shares of the bank were down 1.68 per cent on the DSE yesterday.

Tea refineries in Moulvibazar, the country's largest tea producing district, are struggling to continue operations amid load-shedding. Here, a truckload of raw tea leaves are seen entering a processing factory but much of the material may end up wasted if it is not refined in time.

PHOTO: MINTU DESHWARA

Tea refiners fear production loss for power cuts

MINTU DESHWARA

Tea refiners in Moulvibazar, the largest tea producing district of Bangladesh, are worried about being able to achieve this year's collective production target of 10 crore kilogrammes as the recent load-shedding has thrown a spanner in the works, according to market players.

Besides, concerns have risen about the quality of tea being produced and this will affect the export market as well, they said.

The government recently issued a directive to instate countrywide rolling blackouts for between one and two hours a day in a bid to lower energy consumption as a precautionary measure against any potential fuel shortage.

As per the directive, authorities were supposed to inform locals in advance of when, where and how long the load-shedding would take place.

However, the Palli Bidyut Samiti and Bangladesh Power Development Board (PDB) are enforcing load-shedding for several hours a day without prior notice, leaving thousands to suffer in the process.

Mohammad Ali Khan, manager of the New Samanbagh tea garden of the Bangladesh Tea Board, said power outages have been occurring for an average of 10 to 12 hours per day for the past four days and as a result, significant amounts of unrefined tea are going bad.

"If this continues, the tea industry will collapse," he added.

Echoing the same, Shakil Ahmad, manager of Chotalekha tea garden, said the abnormal power cuts are making it impossible to smoothly continue production as lakhs worth of raw tea leaves are being wasted each day.

In addition to disruptions in the production process, the rampant load-shedding also puts factory machinery at risk of being damaged, said Masum Ahmad, manager of the Keramatnagar tea garden.

When asked to explain the reason behind load-shedding for 10 to 12 hours daily, an official of the Rural Electrification Board said the government directive is in word only.

GM Shibli, chairman of the Bangladesh Tea Association's Sylhet branch, said they have to use 100 to 150 litres of oil to run the generators during power outages, which is increasing the production cost.

Jahar Tarafder, member secretary of the Tea Planters and Traders Association of Bangladesh, said if there is a disruption in the tea making process for even 10 to 15 minutes, the quality of the tea being produced is completely destroyed.

Habibul Bahar, executive engineer of the District Power Development Board in Moulvibazar, said maintaining the daily schedule for load-shedding is not possible under the current circumstances.

"Electricity distribution is controlled from Dhaka so if the line is cut, we have nothing to do," he added.

Sakhawat Hossain, general manager of the Moulvibazar Palli Bidyut Samiti, said the situation will be resolved only once the situation stabilises in the global market.

At present, the demand for electricity is 90 megawatts during peak hours, when the supply is 60 megawatts. During the off-peak hours, demand is 55 megawatts against a supply of 40 megawatts, he added.

UAE cuts fuel oil prices

ABDULLAH AL SHAHIN

The United Arab Emirates (UAE) reduced fuel oil prices after a break of six months and the new prices were effective from August 1.

The price of Super 98 petrol has been fixed at 4.03 dirhams per litre, which was 4.63 dirhams in July. The price of Special Petrol will be 3.92 dirhams, which was 4.52 dirhams last month. E-Plus will be sold at 3.85 dirhams, down from 4.44 dirhams, and diesel 4.14 dirhams, down from 4.76 dirhams.

Fuel prices in the UAE have doubled this year. Oil prices hit their highest level in July since the government announced deregulation in 2015.

Fuel oil prices were increased six times in the current year. However, the UAE's energy ministry has claimed that the rise in oil prices was lower in the western Asian country compared to the global markets.

The local and expatriate residents have expressed satisfaction over the price cut as, they said, they have been suffering from the spiralling oil prices in the past six months.

Rashedur Rahman Chowdhury, a Bangladeshi engineer based in the UAE, said the price of Special Petrol has been hovering between 1.80 and 2 dirhams for almost an era.

National Bank incurs losses

STAR BUSINESS REPORT

National Bank Ltd suffered a loss in the April-June quarter of 2022 owing largely to the non-payment of installments by borrowers on time.

Consolidated earnings per share were a negative Tk 0.36 in the quarter compared to Tk 0.16 posted in April-June of 2021, according to the unaudited financial statements. Consolidated EPS was also in negative Tk 0.54 in the first half of 2022. It was Tk 0.28 in January-June last year.

Due to the continuous impact of the Covid-19 pandemic, borrowers could not repay installments in time and the interest on advance could not be taken to income. Consequently, the profitability and EPS decreased significantly compared to the previous period, said the private commercial bank in a post on the Dhaka Stock Exchange.

Shares of National Bank closed unchanged at Tk 8.30 yesterday.

Prime Bank's profit jumps 42pc

STAR BUSINESS REPORT

Prime Bank Ltd posted a 42.55 per cent year-on-year higher profit in the April-June quarter of 2022.

Consolidated earnings per share were Tk 0.67 in the second quarter against Tk 0.47 in the same period last year, according to the unaudited financial statements.

In the first half of 2022, the private commercial bank's consolidated EPS was Tk 1.59, a decrease of 12.15 per cent from Tk 1.81 in January-June of 2021. Prime Bank shares rose 0.53 per cent on the Dhaka Stock Exchange yesterday.

Ailing stock market pulls down NBFIs' profit

FROM PAGE B1

At a time when Bangladesh's economy was rebounding from the impacts of the pandemic, the Russia-Ukraine war hit the global economy and Bangladesh has not been immune from the crisis.

Fuel prices have risen, inflation surged to a record high, and businesses have been hit, Jamal said. "As a result, collections slowed."

NBFIs have had to compete with banks as well.

Since banks' lending rate has been below 9 per cent since April 2020, NBFIs have had to cut the lending rate to remain in the business.

Since banks' lending rate has been below 9 per cent since April 2020, NBFIs had to cut lending rate to remain competitive

"But our deposit rate is high," said Jamal. He is, however, optimistic about the coming months, saying the performance would be better on the back of higher growth of loans and deposits.

Private sector credit growth in Bangladesh accelerated to a four-year high of 13.66 per cent last fiscal year.

"A higher lending from a Bangladesh Bank's refinance scheme will also help NBFIs in the coming days," he added.

The BB unveiled a refinance scheme of Tk 25,000 crore for cottage, micro, small and medium enterprises last month.

BSEC urges listed firms to raise stock investment

FROM PAGE B1

declaration since shares of many companies are trading below their face value, said an official of the commission.

In Bangladesh, sponsors and directors can't buy or sell shares in the two months before the end of a fiscal year and until the financial statement of the preceding year is adopted at the board meeting.

But if a sponsor-shareholder wants to buy shares and seeks exemption to the rule, the commission would consider the application positively on a case-to-case basis, said the official, who was present at the meeting.

"The members of the association have been requested to invest in the shares with sound fundamentals. This will bring in new funds to the market and raise demand."

As per the Companies Act of Bangladesh, share buy-back by the companies is not allowed.

But if listed companies form a subsidiary or associated firm and seek the licence of a market maker, the commission would consider it positively since it would help the market, added the official.

FY22 closed

FROM PAGE B1

exchange market will ease too," he said. However, imports tightening measures alone will not be enough, he said, adding that the government also needs to cut its development expenditure.

"Besides, some relaxation is necessary regarding the interest rate," he said, referring to the cap on lending and deposit maintained by the central bank since April 2020.

Revenue crosses Tk 3 lakh crore

FROM PAGE B1

in import costs due to rising prices in the global market.

Apart from this, the government's receipts of non-NBR revenue saw a significant drop in the just-concluded year. The government managed to collect Tk 36,304 crore as non-NBR revenue in FY22, down from Tk 58,856 crore in FY21.

Such a drop in non-NBR revenue receipts was caused by a remarkable decrease in the collection of surplus money from different state-owned autonomous institutions in FY22.

The government earlier enacted a law to use the surplus or unused money deposited in the bank accounts of these state-owned autonomous institutions.

This collection, which stood at Tk 39,024 crore in FY21, came down to Tk 15,184 crore.

A finance ministry official said the government collected much of that money in the initial year.

Last fiscal year, many of these institutions failed to generate adequate profits or incurred losses due to rising prices in the international market, said the official, adding that that was why collection of such revenue by the government dropped.

However, the receipts of non-NBR tax saw a slight rise.

The government's collection of non-NBR tax stood at Tk 6,406 crore in FY22, up from Tk 5,916 crore in the previous year.

So, the government's overall revenue collection in the just-concluded fiscal year stood at Tk 3,42,889 crore.

Despite the growth in collection, the revenue collector was still Tk 29,820.92 crore behind its annual target. The NBR was tasked with collecting Tk 330,000 crore in the year ending in June.

China's economic wobbles worsen as factory woes mount

REUTERS, *Beijing*

China's wobbly economy stumbled further at the start of the second half of the year, with factories unexpectedly switching back to the slow lane, a slump in the property sector deepening and job cuts still a widespread menace.

A private poll by Caixin on Monday showed manufacturing activity grew more slowly than expected in July, after surging in June when widespread Covid lockdowns were lifted. That came on top of a bearish official survey on Sunday indicating the sector actually contracted last month. read more

Also, on Monday, a poll by China Index Academy, one of the country's largest independent real estate research firms, showed property sales by floor area in 17 cities tracked by the company slumped 33.4 per cent in July on-month versus a 88.9 per cent post-lockdown jump in June, as buyers shunned a market increasingly filled with desperate sellers.

The country's top leaders last week signalled their preparedness to miss the government growth target of around 5.5 per cent for 2022, a year in which President Xi Jinping is expected to secure a precedent-breaking third leadership term.

Second-quarter gross domestic product grew just 0.4 per cent on-year, but authorities have so far refrained from massive stimulus despite fears of a global recession, uncertainties from the Ukraine war, and the prospect of recurring Covid lockdowns at home.

"Stagnation is what everyone is worried more after the second quarter (GDP) fell into a hole," said Nie Wen, a Shanghai-based economist at Hwabao Trust.

"In the second half, what matters more economically would be to quicken the recovery of consumption."

Retail sales improved in June, up 3.1 per cent on-year, after Covid lockdowns were lifted in some cities including Shanghai. The jobless rate also eased to 5.5 per cent from 5.9 per cent in May. But consumer sentiment remained fragile, due to widespread uncertainty over jobs.

In the Caixin survey, an index for factory jobs dived to the lowest in 27 months. Companies attributed the staff shedding to cost-cutting, subdued sales, and the non-replacement of voluntary leavers.

"We've shut down at least 10 per cent of the factories in Jiangsu so far, and more than 80 per cent of employees have been laid off," said Xu, general manager of a furniture maker in Jiangsu province, declining to give his full name. "Although the situation has improved Covid-wise and market-wise, we haven't seen a significant rebound in sales," said Xu, adding that sales are now just half of the usual annual pace of 100 million yuan ($14.8 million).

For those still hanging on to their jobs, consumption may not be a top priority. A Beijing agent surnamed Lu at Lianjia, a top real-estate brokerage company, said some households are selling their homes in the capital to raise cash.

"A home seller is currently wanting to sell an apartment worth 6 million yuan in northern Changping district because a reduction in income from his job has increased the pressure on his ability to repay 4 million yuan due in mortgage loans," Lu told Reuters.

Monsoon rains dampen India's fuel demand

REUTERS, *New Delhi*

Gasoline and gasoil sales by Indian state refiners in July fell from a month earlier as monsoon rains restricted mobility and construction work while high inflation curtailed overall demand for goods, preliminary sales data shows.

Fuel demand in India, the world's third biggest oil importer and consumer, typically falls during the four-month monsoon season beginning in June as parts of the country are hit by heavy floods.

Gasoil demand in July fell by about 16 per cent to 6.42 million tonnes while gasoline demand fell by about 8 per cent to 2.66 million tonnes, the data showed.

"Monsoon rains along with high inflation had hit truck mobility and demand for goods in the country. Truck mobility was down by about 15 per cent -20 per cent in July," said SP Singh, senior fellow at the Indian Foundation for Transport Research and Training.

Monsoon rains also affected demand from the agriculture sector as farmers use gasoil-fired gensets for irrigation.

Gasoil accounts for about two-fifths of India's overall refined fuel consumption and is directly linked to industrial activity in Asia's third-largest economy.

State retailers Indian Oil Corp, Hindustan Petroleum Corp and Bharat Petroleum Corp Ltd own about 90 per cent of the country's retail fuel outlets.