Nova Intima to invest $28m in Bepza EZ

STAR BUSINESS REPORT

Women's undergarments maker Nova Intima signed an agreement with Bangladesh Export Processing Zones Authority (Bepza) yesterday to invest $28 million in Bepza economic zone in Chattogram's Mirsharai.

This investment will help produce 60 million units of undergarments and associated fabrics and accessories annually and create employment opportunities for 5,625 Bangladeshis.

Vijay Uttam, managing director of the company of the British Virgin Islands Hong Kong Office, signed an agreement with Ali Reza Mazid, investment promotion member of Bepza, at Bepza Complex in Dhaka yesterday, said a press release.

With this, a total of 11 companies have signed agreements to invest $243.71 million to establish industries in Bepza Economic Zone.

Bepza Executive Chairman Abul Kalam Mohammad Ziaur Rahman was present.

Reckitt Benckiser profit down

STAR BUSINESS REPORT

Reckitt Benckiser (Bangladesh) PLC reported a 3.92 per cent lower profit in the April-June quarter of 2022.

The earnings per share of the multinational company were Tk 31.36 in the quarter compared to Tk 32.64 in the same period last year, according to the unaudited financial statements.

The EPS stood at Tk 50.68 in January-June, again down 18.29 per cent from Tk 62.03 reported in the first half of 2021.

Shares of the company closed up 0.50 per cent on the Dhaka Stock Exchange yesterday.

Hong Kong tips into technical recession

AFP, *Hong Kong*

Hong Kong has tipped back into a technical recession, new government figures showed Monday, weighed down by mounting interest rates, weakened global trade and the city's continued adherence to strict coronavirus controls.

Following a year-on-year decrease of 3.9 per cent in the first quarter of 2022, the city's GDP again reported decline in the second quarter on Monday -- but with a narrower margin of 1.4 per cent -- according to advance estimates released by the Census and Statistics Department.

The downturn is reversing last year's recovery when the economy enjoyed a 6.3 per cent annual growth after the slowdown in 2019 and 2020, when the city was first upended by months of huge, sometimes violent pro-democracy protests, and then the pandemic.

The Hong Kong government said the economic improvement was smaller than expected due to weak performance in external trade.

Official statistics released last month showed the value of total exports of goods in the second quarter decreased by 4.2 per cent compared with the preceding quarter.

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Bangladesh making advances in carpet export

SUKANTA HALDER

Bangladesh has once again started to export jute-based carpets and earnings from shipment of floor coverings have been rising gradually.

Exporters fetched $36.8 million, the highest on record, from selling carpets abroad in fiscal year 2021-22, up 10 per cent year-on-year, data from the Export Promotion Bureau (EPB) showed.

Rising awareness about the environment and changing tastes of Western customers are driving the popularity of carpets made in Bangladesh, said exporters.

This was the fifth consecutive year carpet export has grown consistently since fiscal year 2017-18, when total sales proceeds from carpets stood at $19.49 million, according to EPB data.

Exporters said Bangladesh, the world's second biggest jute producer after India, used to export carpets in the 1980s to various countries of the world, including the US, Australia and New Zealand.

Exports gradually declined in the 1990s. And in 1995, all seven carpet mills existing in Bangladesh closed down, said exporters.

Shafiqul Alam Selim, managing director of Karupannya Rangpur, attributed global warming as one of the key reasons for the increase in demand for jute carpets and other textile floor coverings in the global market.

"People are increasingly becoming more and more environmentally conscious," he said.

According to the entrepreneur, developed countries have promised not to pollute the environment on various international platforms and were insisting on the use of jute products instead of plastic products.

Exporters fetched $36.8 million, the highest on record, from selling carpets abroad in fiscal year 2021-22, up 10 per cent year-on-year

"If you want to save the world through the use of natural materials, the use of jute items including carpets will have to be increased. Then, our international market will expand," said Selim.

Bangladesh exports carpets and other textile floor coverings to countries such as the US, the UK, China, Germany, Australia, Denmark, France, South Korea, the Netherlands, Poland, Sweden, India, Uruguay, Portugal, Spain, Canada, and Ireland.

Exporters say the government was extending a lot of cooperation for the development of the sector. But the drawback is that some entrepreneurs are not capable enough to capture the international market and they need to make more improvements, they said.

Doing business sustainably in the sector is not easy since compliance to international regulations is a big factor, said Selim.

"But if someone runs businesses being compliant, they can grow. The future of business lies in the sector," he added.

Unpredictability of raw material prices and a lack of skilled workforce are two major obstacles facing exporters.

Shahedul Helal, vice-chairman of Bengal Braided Rugs, said there were a number of fully compliant factories in Bangladesh. Now many international chain stores, which earlier used to make purchases from other countries, are now sourcing products from Bangladesh, he said.

Exporters say that those who are providing backward linkage support in this industry are not compliant to regulations. This puts them in difficulty with foreign buyers and they are working to resolve the issues, they said.

In 1980, Helal, worked as a Bangladeshi agent for carpet buyers in the US, Australia and New Zealand.

He said Bangladesh has great potential to do better in the carpet sector of the world market because there were several private factories in the country which were doing business while complying with regulations.

Stocks rise for second day

STAR BUSINESS REPORT

Stocks in Bangladesh continued rising for the second day in a row yesterday thanks to higher participation from general investors, who hope the market will not fall further.

Investor participation increased after the Bangladesh Securities and Exchange Commission (BSEC) reintroduced a floor price last week.

The DSEX, the benchmark index of the Dhaka Stock Exchange, rose 30 points, or 0.48 per cent, to close the trading session at 6,163.

Turnover, another key indicator of the market, surged to Tk 921 crore, up from the previous day's Tk 567 crore.

Both the DS30, the blue-chip index, and DSES, the shariah-based index, increased by 10 points and 7 points respectively.

Esquire Knit Composite topped the gainers list with a 9.97 per cent rise. Hwa Well Textiles, Bangladesh Industrial Finance Company, Tosrifa Industries and Ambee Pharmaceuticals also rose significantly.

Takaful Islami Insurance shed the most, eroding 4 per cent, while Phoenix Insurance, Express Insurance, Pioneer Insurance, and Janata Insurance also remained on the top losers' list.

Beximco Ltd became the most traded stock with shares worth Tk 44 crore changing hands followed by Fortune Shoes, Sonali Paper & Board Mills, Intraco Refuelling Station and Square Textiles.

The Chittagong Stock Exchange (CSE) also rose yesterday. The CASPI, the all share price index of the port city bourse, increased by 136 points, or 0.75 per cent, to 18,112.

At the CSE, 175 stocks advanced, 39 fell and 72 were unchanged.

Opec+ walks 'fine line' between US and Russia

AFP, *London*

The Opec+ group of oil exporters are set to hammer out a new strategy at their meeting Wednesday, with all eyes on how they will react to soaring crude prices.

The 13 core members of Opec, led by Saudi Arabia, and the 10 further states in Opec+ -- chief among them Russia -- find themselves at a crossroads.

After the drastic output cuts they agreed to in spring 2020 in reaction to the plunge in demand caused by the coronavirus pandemic, the member states of the alliance are once again producing at pre-virus levels -- at least on paper.

In normal times they would perhaps have stopped at that but faced with runaway prices and pressure from Washington, this scenario is viewed as unlikely.

US President Joe Biden travelled to Saudi Arabia in mid-July despite his promise to make the country a "pariah" in the wake of the 2018 killing of journalist Jamal Khashoggi.

Part of the reason for the controversial trip was to convince Riyadh to continue loosening the production taps to stabilise the market and curb rampant inflation.

Wednesday's meeting will reveal whether his efforts were successful.

"The US administration appears to be anticipating some good news but it's hard to know whether that's based on assurances during Biden's trip or not," Craig Erlam, analyst at Oanda, told AFP.

"It wouldn't be a surprise to see the Saudis announce something that Biden could tout as a win to voters at home," according to Stephen Innes of SPI Asset Management.

According to the London-based research institute Energy Aspects, Opec+ could adjust its current agreement in order to keep raising crude production volumes.

READ MORE ON B2

Euro zone factory activity shrinks as recession fears rise

REUTERS, *London*

Manufacturing activity across the euro zone contracted last month with factories forced to stockpile unsold goods due to weak demand, a survey showed on Monday, adding to concerns the bloc could fall into a recession.

S&P Global's final manufacturing Purchasing Managers' Index (PMI) fell to 49.8 in July from June's 52.1, just ahead of a preliminary reading of 49.6 but its first time below the 50 mark separating growth from contraction since June 2020.

An index measuring output, which feeds into a composite PMI due on Wednesday and seen as a good gauge of economic health, sank to a more than two-year low of 46.3. In June it was 49.3.

"Euro zone manufacturing is sinking into an increasingly steep downturn, adding to the region's recession risks. New orders are already falling at a pace which, excluding pandemic lockdown months, is the sharpest since the debt crisis in 2012, with worse likely to come," said Chris Williamson, chief business economist at S&P Global.

"Lower than anticipated sales, reflected in accelerating rates of decline of new orders and exports, have led to the largest rise in unsold stocks of finished goods ever recorded by the survey."

The new orders index fell to 42.6 from 45.2, its lowest since May 2020 when the coronavirus pandemic was starting to grip the world, indicating scant chances of a turnaround anytime soon.

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Workers assemble campers at Knaus-Tabbert AG factory in Jandelsbrunn near Passau, Germany. Euro zone manufacturing is sinking into an increasingly steep downturn, adding to the region's recession risks.

PHOTO: REUTERS/FILE

German retail sales post biggest slump since 1994

REUTERS, *Berlin*

German retailers ended the first half of 2022 with the sharpest year-on-year sales drop in nearly three decades, as inflation, the Ukraine war and the coronavirus pandemic take their toll, data showed on Monday.

Retail sales in June decreased 8.8 per cent in real terms compared with the same month last year, the biggest drop since the time series began in 1994, said the Federal Statistical Office. Retail sales also unexpectedly fell compared with the month before: June retail sales fell 1.6 per cent in real terms, versus analysts' predictions of a 0.2 per cent increase.

Food retail sales in particular saw a decrease of 1.6 per cent in real terms compared with the previous month, which is due to higher prices for groceries.