

US housing starts tumble in July

REUTERS, Washington

US homebuilding fell sharply in July, weighed down by higher mortgage rates and prices for materials, suggesting that the housing market could contract further in the third quarter.

Housing starts plunged 9.6 per cent to a seasonally adjusted annual rate of 1.446 million units last month, the Commerce Department said on Tuesday.

Data for June was revised slightly higher to a rate of 1.599 million units from the previously reported 1.559 million units.

Economists polled by Reuters had forecast starts declining to a rate of 1.540 million units. Permits for future homebuilding fell 1.3 per cent to a rate of 1.674 million units.

Walmart sales surge in Q2

AFP, New York

Walmart reported a jump in quarterly revenues Tuesday partly driven by inflation as the retail giant signaled it expects its US sales growth to moderate over the next six months.

The big-box retailer, which had cut its profit forecast three weeks ago due to shifting consumer behavior, said pricing pressures on consumers boosted sales of groceries, while denting demand for other items such as apparel, electronics and home products.

Revenues for its second fiscal quarter ending July 31 were \$152.9 billion, up 8.4 per cent from the year-ago period. Profits rose 20.4 per cent to \$5.1 billion, with some of the increase connected to the accounting for an asset sale in Brazil.

Walmart's US comparable store sales rose 6.5 per cent from one year ago, but the company expects about three percent growth in the second half of 2022.

Higher gasoline prices, along with elevated prices for grocery-item staples have been prompting more consumers to "trade down" to lower-priced goods.

On the positive side, gas prices have gradually fallen during the summer, mitigating this effect somewhat.

"We're pleased to see more customers choosing Walmart during this inflationary period, and we're working hard to support them as they prioritize their spending," Walmart Chief Executive Doug McMillon said in a news release.

McMillon said the company made "good progress" to manage supply chain costs "and that work is ongoing." Shares of Walmart rose 3.7 per cent to \$137.48 in Tuesday pre-market trading.



A species of the plant genus amaranthus cultivated as a leafy vegetable and popular for its juicy and fibrous stem, also known as "data shak" in Bangla, being tied into bundles by a wholesaler in Boratia village of Khulna's Dumuria upazila. Purchasing all the vegetables on one bigha of land for Tk 5,000, he plans to sell each kg for Tk 12 to Tk 15. The photo was taken on Monday. PHOTO: HABIBUR RAHMAN

Revisions raise 3 projects' cost by Tk 1,053cr

DWAIPAYAN BARUA

The government yesterday approved revisions to three projects involving Tk 3,707 crore, pushing up the collective completion cost by some Tk 1,053 crore.

A meeting of the Executive Committee of National Economic Council (Ecne) chaired by Prime Minister Sheikh Hasina gave the go-ahead to the revisions which extended the project deadlines.

With these three, the Ecne yesterday approved six projects.

In 2018, the government approved a project to construct a container port on the Meghna river in Brahmanbaria's Ashuganj at an estimated cost of Tk 1,293 crore.

The Ecne yesterday endorsed the first revision to the project titled "Establishment of Inland Container River Port at Ashuganj", increasing the project cost by 35 per cent to Tk 1,751 crore.

Bangladesh Inland Water Transport Authority was supposed to complete the project by December 2022, but now the completion date has been extended to December 2024.

According to the project documents from the planning commission, more funds were needed for changes and inclusion of infrastructure.

During a press briefing following the

meeting, Planning Commission Member Satyajit Karmaker said the river port would enhance container shipment to and from ports in Chattogram, Mongla and Payra.

The project saw slow progress in the past three years for the pandemic, which also barred the arrival of members of an Indian consulting firm, he said.

Yesterday's meeting laid emphasis on faster implementation, he added.

The Ecne yesterday approved the second revision to a project called "Construction of Road on the bank of River Karnaphuli from Kalurghat Bridge to Chaktai Khal", increasing the cost by around 19 per cent to Tk 2,779 crore.

The project was taken up in July 2017 with an initial estimated cost of Tk 2,275.53 crore and supposed to be completed by June 2020. The first revision saw a two-year extension to the completion deadline at no additional cost.

Chattogram Development Authority is implementing the project, which aims at protecting commercial and industrial areas of Khatunganj and Kalurghat and some major structures in the port city from floods and tidal surges.

Inclusion of new components, such as a bus bay, foot over bridge, pavements, two approach roads, walkway and prefabricated vertical drains, required

more funds and time, said documents.

Planning Commission Member Karmaker said some components were added as a practical need and Prime Minister Sheikh Hasina also gave some directions.

Planning Minister MA Mannan at the briefing said the prime minister expressed dissatisfaction over concrete being poured at the bottom of the Chaktai canal before the Awami League came to power, which turned the canal into a drain.

The prime minister directed demolishing the concrete bottom and ensuring the revival of the natural canal, he added.

The remaining project, titled "Printing Industrial City", was approved in January 2016 and was supposed to be completed by December 2018. It already saw a three-year extension till December 2021.

But the project was again revised yesterday with the deadline now extended till December 2024.

The original estimated cost of the project was Tk 138.70 crore and now it has been raised by 90.74 per cent to Tk 264.55 crore for the inclusion of several new components.

The Bangladesh Small and Cottage Industries Corporation is implementing the project.

Biman flies to China for first time tomorrow

STAR BUSINESS REPORT

Biman Bangladesh Airlines will begin operating flights on the Dhaka-Guangzhou-Dhaka route from tomorrow, adding China to its list of international destinations.

The maiden flight of the national flag carrier of Bangladesh, BG366, will take off from the Hazrat Shahjalal International Airport at 11:00am and is scheduled to land at Guangzhou's Baiyun International Airport at 4:45pm local time.

The return flight - BG367 - will depart the Baiyun International Airport at 7:45pm local time and will reach Dhaka at 9:30pm local time, said Biman in a press release yesterday.

At present, US-Bangla Airlines, one of the private airlines in Bangladesh, and China Eastern Airlines run flights on the route.

During a meeting between Biman Managing Director Md Zahid Hossain and Chinese Ambassador to Bangladesh Li Jiming at the embassy yesterday, the two sides discussed the operation of the airline's passenger flights on the route.

LC SETTLEMENT

Banks asked to credit funds to suppliers' accounts

STAR BUSINESS REPORT

The Bangladesh Bank yesterday ordered banks to credit foreign currencies to the retention quota accounts of suppliers after the settlement of the back-to-back letters of credit (BBLs).

A BBLC involves two LCs to secure financing for a single transaction and is usually used in an international transaction relating an intermediary between the buyer and the seller.

Retention quota accounts can be credited up to the permissible limit in percentage of proceeds realised under inland BBLs, said the central bank in a notice.

An Inland LC is an obligation of a bank that opens it to pay the agreed amount to the seller on behalf of the buyer, upon receipt of the documents specified in the instrument under the domestic business transaction.

UK jobless rate stable

AFP, London

Britain's unemployment rate remains close to 50-year lows, but wage values are falling at a record pace with inflation at the highest level in decades, official data showed Tuesday.

Unemployment stood at 3.8 per cent in the three months to the end of June, the Office for National Statistics (ONS) said in a statement.

This was unchanged compared with the three months to the end of May.

Cement industry in a bind Majority of banks

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their losses with price increases of Tk 20 to Tk 30 per 50-kilogramme bag and that resulted in a massive sales decline, he said.

Kabir claimed that the overall production dropped to 7.23 per cent and most of the companies have faced losses.

It is not possible to sustain industrial production if fuel prices skyrocket on one hand and power cuts exist simultaneously on the other.

"If this situation is not resolved soon, industrial shutdowns may start, resulting in a large number of workers losing their jobs and huge revenue shortfall and cement companies may be exposed to more risks due to continuous losses in the banking sector," he said.

According to the latest industrial data of the Bangladesh Bureau of Statistics, the cement manufacturing sector has witnessed a growth of only 0.26 per cent year-on-year to 1.79 crore tonnes in the last 10 months till April 2022.

The manufacturers have to pay an advance tax from a minimum of 2 per cent to 5 per cent in some cases, which is the ultimate liability, resulting in a capital shortfall, said Kabir.

Md Shahidullah, managing director of Metrocem Cement, echoed him.

"We witnessed at least a 17 per cent decline in the last calendar year (2021). In the current year, from January to July, we have seen an 8 per cent fall in production, he said.

He said spending behind a number of government infrastructures has been reduced although those account for about 40 per cent of the country's annual cement consumption.

"We thought that we would recover soon after the coronavirus pandemic. But it was not possible," said Shahidullah, also, first vice-president of the BCMA.

"The demand of cement consumption is aligned with steel consumption. Due to the steel price hike across the world, it has affected the cement consumption," he said.

Usually, Bangladesh imports steel

from the US, Canada, European Union and Africa.

With the pandemic past its prime and a Russia-Ukraine war ongoing, the producing countries have increased their own consumption of steel.

"Infrastructural development in both public and private sectors has decreased by 15 to 20 per cent," said Mohammed Amirul Haque, managing director of Premier Cement.

"The government has many projects but some are ongoing based on their importance. Some are slowed down and some are stopped due to financial costs," he said.

On the other hand, the country's real estate companies are cautiously taking up new projects amidst apprehensions that sales of flats might slow down in the coming months.

The apprehensions are stemming from the Russia-Ukraine war, the strain on foreign currency reserves, including a shortage of dollars, runaway inflation and high construction costs, according to the realtor companies.

There are 37 active cement factories in Bangladesh and more than Tk 30,000 crore has been invested in the industry, according to the BCMA.

Manufacturers have a combined annual production capacity of 58 million tonnes against a local demand of 33 million tonnes.

The industry employs 60,000 people directly and another one million indirectly.

Interest cut

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finance with the London Interbank Offered Rate (Libor) as the benchmark rate till its usability ceases, it said.

The Libor is a benchmark interest rate at which major global banks provide short-term loans to one another in the international interbank market. It will be, however, phased out by June 30, 2023, due to a rate-setting scandal, which came to light in 2012.

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It found that importers had to purchase each dollar paying up to Tk 109 while the banks in most of the cases offered each greenback for Tk 94 to Tk 95 to exporters.

Some exporters, however, managed to get more than Tk 100 for each US dollar given their bargaining power over banks, said a bank official on condition of anonymity.

Banks availed remittances from foreign exchange house paying a maximum of Tk 109 for each greenback.

This means, the spread, the gap between the purchase price and sale price of a dollar, was not confined to Tk 1.

As per the half-yearly balance sheets of 11 banks of this year, profits increased to 770 per cent compared to that in the same period a year ago.

A bank logged a profit of Tk 146 crore in contrast to Tk 29 crore.

Against this backdrop, the central bank last week asked six banks to transfer their heads of treasury divisions to human resource departments.

In the letters sent to the banks, the BB said the treasury heads had been involved in gaining excessive profits on behalf of their employers.

Selim RF Hussain, chairman of the Association of Bankers of Bangladesh (ABB), a platform of managing directors of banks, said the organisation would issue a letter within a day or two, urging them to follow the spread.

"We are working on it and a meeting will be held among banks soon to implement the decision in a full-fledged manner," he said.

Hussain, also managing director of Brac Bank, went on to hope that the ongoing pressure on the foreign exchange market might ease soon as the ABB was now relentlessly putting in the effort along with the BB and government.

He also said import payments had already started to decline, which

should be considered a good sign for the entire macroeconomy.

Ali Reza Itekhkar, managing director of Eastern Bank, said many banks had already started to work on maintaining the spread.

He reckoned that the ongoing pressure in the market would dissipate and normalcy would return in the quickest possible time.

The central bank has already taken a set of measures, bringing a positive impact to the foreign exchange market, he said.

"We have already cut the import of non-essential luxurious items. This has helped reduce import payments substantially and the trend will continue in the foreseeable future," he said.

A rise in imports payments against slower-than-expected export earnings last fiscal year had generated an enormous pressure on the country's foreign exchange market.

Import payments stood at \$82.49 billion last fiscal year, up 36 per cent year-on-year, while exports grew 33.45 per cent to \$49.24 billion, as per data from the BB.

FBCCI urges PM to readjust fuel prices

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So, steps should be taken immediately to bring energy prices down to the people's purchasing capacity by withdrawing taxes and duties imposed on the products, according to the letter signed by FBCCI President Md Jashim Uddin.

Right now, petroleum products have to bear around 34 per cent of different taxes, including 10 per cent duty, 15 per cent value-added tax, 5 per cent advance tax and 2 per cent advance income tax, according to the letter.

The FBCCI said it believes the economy may avert the adverse effects of the fuel price rise if they are readjusted now.

Europe gas link to be a reality soon: Spain

AFP, Madrid

Spanish Prime Minister Pedro Sanchez said Tuesday he hopes a gas pipeline linking the Iberian Peninsula to central Europe through France could soon become a reality.

Europe is currently undergoing

an energy crisis as it struggles to rapidly reduce its dependence on Russian gas following the invasion of Ukraine.

Russia has reduced deliveries and nations are scrambling for supplies to avoid a possible shortage this winter, while prices for gas and electricity have soared.

BO accounts drop

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The number of BO accounts stood at an all-time high of around 32 lakh in 2015.

In addition, the recent decline in major indices are keeping investors at bay as their confidence on the market has hit rock bottom, he added.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 1,109 points between January and August this year, according to market data.

The merchant banker went on to say the stringent policies of opening a BO account discourages potential

investors while the use of a pro-rata system means that even those who participate in an IPO get a lower number of shares.

"Moreover, shares of many newly listed companies remain low in the secondary market so profit of IPO is narrowed strictly," he added.

For instance, Union Bank debuted on the DSE with an issue price of Tk 10 in January 2022 but was traded at Tk 9.30 yesterday while shares of South Bangla Agriculture & Commerce Bank, which were issued at Tk 10, traded for Tk 10.80 at the same time, DSE data shows.

NBR move seeking user ID

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Jashim said officials are focusing only on the existing taxpayers to collect revenue and are not going after those who are not paying taxes.

The Foreign Investors' Chamber of Commerce & Industry (FICCI) has reached out to all of its members which have received the letter to hear their views about the NBR move.

"The members expressed their concerns from the perspectives of data confidentiality and protection as well as information and cyber security risk," said Naser Ezaz Bijoy, president of the FICCI.

"Therefore, the FICCI will write to the LTU, requesting for a meeting to explore an effective solution to the NBR's requirement without exposing the large taxpayers to unmitigated risks."

Contacted, Wahida Rahman Chowdhury, commissioner of the LTU VAT, said the LTU only wants view-only access to the modules where companies maintain VAT, tax and customs-related information in order to match their data with the returns submitted every month.

"We want the view-only access to purchase, sales and balance data of the VAT payers. We want information related to revenue. There is nothing to worry about. Information will not be leaked. Confidentiality will be maintained," she said.

According to the commissioner, the NBR seizes documents and computers during inspections.

"We don't want to do that. We want to check data electronically," she added.