

US new home sales fall to six-year low

AFP, Washington

US new home sales fell sharply in July to their lowest rate since early 2016, the government reported Tuesday, as rising lending rates cool demand.

Americans reduced their new home purchases by 12.6 per cent compared to June, to an annual rate of 511,000, seasonally adjusted, continuing a downward trend, the Commerce Department reported.

The results were far weaker than the consensus among economists, who expected to see a much smaller decline.

After low borrowing costs spurred a boom in homebuying during the pandemic, the sales pace has fallen 29.6 per cent from July 2021, the data showed.

The results were far weaker than the consensus among economists, who expected to see a much smaller decline

"July's drop continues the steep downtrend in sales since the start of the year," said Ian Shepherdson of Pantheon Macroeconomics, noting that "new home sales have fallen below pre-pandemic levels." Sales last month declined throughout the country by double digits, except in the Northeast.

Mortgage rates have been climbing sharply in recent months as the Federal Reserve cranks up interest rates in its battle against surging inflation.

Central bankers hope the aggressive moves will cool overheated demand throughout the economy, including the housing market, where builders have struggled to keep up amid supply snarls and a labor shortage.

Those factors have contributed to a steady climb in home prices, and the median cost of a new home rose to \$439,400 from \$414,900 in June.

However, the sales data can be volatile.

HAZARIBAGH LEATHER CLUSTER



Hazaribagh leather cluster logs Tk 60cr trade annually

SUKANTA HALDER

Hazaribagh has transformed itself into a leather products manufacturing hub from a tannery zone in a span of five years since rawhides processors were shifted to Savar, logging an annual trade of Tk 60 crore.

More than 400 shops and showrooms have been set up in different places in the area, including around the Institute of Leather Engineering & Technology, Hazaribagh Bazar and Dhanmondi 15. They produce products such as leather belts, wallets, shoes, parts and official bags for both local and export markets.

According to business people, after the tanneries were shifted, the economy there had come to a standstill for some time. However, Hazaribagh is making a comeback in a new form. Tania Wahab, president of the Leathercraft Association, a platform of leather goods makers, says the environment has gotten rid of pollution after tanneries were relocated.

However, the export of the products made in the factories in the area is still being hampered as Hazaribagh is considered as a red zone by the environment department.

"Because of the red zone classification, we face troubles in securing bank loans and running businesses. We have to work to solve the problem. Otherwise, entrepreneurs in the cluster will not be able to go very far," said

Tania, managing partner of Karigar.

The company supplies leather products to a number of local and multinational companies and exports on its own.

The number of factories, big and small, in Hazaribagh would be about 1,200, employing 55,000 to 60,000 people, according to Tasnim Alam, managing director of 3 Tech, a leather goods manufacturer and supplier to local and multinational companies.

He says entrepreneurs based in Hazaribagh are doing good business.

Alam's company has an annual turnover of Tk 2 crore and exports products to the countries such as Switzerland, Japan, the UK, and Italy. It employs 23 workers.

Tannery owners have also focused on setting up leather goods factories in their factory space.

Speaking to The Daily Star yesterday, Mafizur Rahman, managing director of the SME Foundation, says there is a huge possibility of generating jobs in the cluster and earning foreign currencies.

Entrepreneurs in the cluster are exporting products to some Middle Eastern countries, the United States, and Italy, he said.

A lack of technical training, capital, institutional and market linkages, and networking is hindering the progress of the cluster. "As a result, it is not being able to

develop fully," Rahman said.

In February, officials of the SME Foundation prepared a report on the cluster.

According to the report, the cluster's weaknesses include a lack of quality raw materials, modern production facilities, diversified product designs, adequate capital, and the use of ICT in the business.

The absence of ideas about modern machinery, proper marketing and packaging, and the export market is also among the shortcomings.

Entrepreneurs in the clusters called for processing the raw materials of leather products in an environment friendly manner at the Leather Research Institute and providing training to them on the use of modern machinery so they can manufacture diversified products.

The size of the local leather goods and footwear market in Bangladesh is Tk 12,000 crore, according to industry people.

Leather and leather goods are the second largest export earning sector in Bangladesh after garments.

Leather, leather goods and footwear shipment surged to a 10-year-high of \$1.25 billion in the last fiscal year thanks to the arrival of orders that shifted away from competitors, data from the Export Promotion of Bureau showed.

Qatar takes new solar mega-projects

AFP, Doha

Gas-rich Qatar on Tuesday announced two major solar projects that will more than double its energy output from the renewable source within two years.

Energy Minister Saad Sherida al-Kaabi hailed the new development as a major step in efforts to "increase the reliance on high-efficiency renewable energy" in the Gulf state, which is one of the world's biggest liquefied natural gas producers.

The new plants at Mesaieed and Ras Laffan will take Qatar's solar output to 1.67 gigawatts by the end of 2024, Qatar Energy said in a statement.

Mesaieed and Ras Laffan are key bases for Qatar's natural gas production, which is also undergoing major expansion. South Korean conglomerate Samsung will lead construction of the new solar plants, with an initial investment of more than \$600 million, the statement said.

While lagging behind other Gulf states in the solar race, Qatar has announced a target of five gigawatts of solar energy capacity by 2035.

Tata may have to write off AirAsia India's loss

REUTERS

India's Tata Sons will likely have to make a provision of 26 billion rupees (\$325.69 million) as accumulated losses for low-cost carrier AirAsia India, which it's seeking to absorb into unit Air India and merge with Air India Express, the Economic Times reported on Wednesday.

Earlier this year, Tata Group-owned Air India proposed to buy the entire equity share capital of AirAsia India, in which Tata has a majority stake, to merge into a single airline. Tata Sons has an 83.67 per cent stake in AirAsia India.

No decision has been taken on whether the write-off will be included in the balance sheet of Tata Sons or Air India, the Economic Times reported, citing officials close to the development.

Tata, Air India and AirAsia India did not immediately respond to Reuters' requests for comment.

US says Ukraine grain exports near pre-war levels

AFP, Washington

Ukraine is on course to ship nearly as much grain this month as it did before the Russian invasion, in a triumph for international efforts to ease food shortages, a US official said Tuesday.

Ukraine is one of the world's largest exporters of wheat, corn, barley and sunflower oil, shipping around five million metric tons of grain each month before the war.

Its exports ground to a trickle after the February 24 invasion, contributing to a spike in global food prices that has hit poor nations especially hard.

Ex-directors swindle

FROM PAGE B1

owed by that person is discharged.

Two banks sanctioned a loan of Tk 43 crore to the securities company against the fixed deposit. The banks adjusted the fixed deposits as Prime Islami Securities did not repay the loans.

Including the interest, the fund of Tk 79 crore is now termed as doubtful. Besides, the lien of the fixed deposit was not disclosed in the financial statements, said the audit report.

The insurer also did not recognise the interest income in 2020 due to the weak financial condition of the securities company, said the audit report.

In another scam, the board of Prime Islami Life Insurance approved an investment of Tk 15 crore at an interest rate of 7.5 per cent to 8 per cent for a business group. However, the group has rejected any claim of outstanding payable to the insurer.

A proposal of the investment was placed from the then chief executive officer to the board though there were no supporting documents except the

board resolution.

There was no disclosure in the financial statements which indicates management's negligence, the audit report said.

When contacted, Md Apel Mahmud, CEO of Prime Islami Life Insurance, asked this correspondent to talk to the company secretary.

Abul Hasnat Mohammed Shamim, the company secretary, admitted that there were gross irregularities and some companies are not repaying funds.

"We have filed cases against some companies, including Sterling Group and PFI Securities, and some people, including the former chairman of Prime Islami Life Insurance MA Khaleque."

Khaleque could not be reached for comments yesterday as his mobile phone was found switched off.

Kazi Fariduddin Ahmed, CEO of PFI Securities, neither received phone calls and replied to text messages.

Shares of Prime Islami Life Insurance closed down 1.44 per cent on the Dhaka Stock Exchange yesterday.

Austerity hits July's ADP

FROM PAGE B1

allocations to A category ones.

While the notice has not articulated what constitutes an A category project or a C category project, The Daily Star has learnt from finance ministry officials that projects that would increase economic activities have been given the highest priority.

"About Tk 30,000-Tk 40,000 crore can be conserved in this way," said a finance ministry official, adding that import components of government-funded projects have been suspended.

In the amount spent in July of this fiscal year, there was more foreign assistance than government funds.

According to IMF statistics, in the current fiscal year, Tk 1,322 crore of government funds were spent, which is

0.89 per cent of the total government fund allocated for the year.

In contrast, use of foreign assistant stood at 1.06 per cent from Tk 92,020 crore. Meanwhile, 15 ministries and divisions got 82.67 per cent of the total ADP allocations.

Of them, agriculture, water resource and primary and mass education ministries failed to spend any penny in the first month of the current fiscal year.

The shipping ministry and housing and public works have spent just 0.04 per cent of their allocation while the Prime Minister's Office spent 0.06 per cent.

However, the top performer was the local government division, spending 2.81 per cent, while the second position holder the power division (1.91 per cent).

Mutual funds fall

FROM PAGE B1

"So, taxing mutual funds in this manner is equivalent to triple taxation. We hope the relevant authorities will consider this basic principle and allow the income from mutual funds to remain tax exempt," said Imam, also the chief executive officer of Bangladesh Race Asset Management, the biggest private sector fund manager.

"Otherwise, this critical capital market sector will be negatively impacted."

There are 116 mutual funds managed by 33 asset management companies in the country, as per data of the Bangladesh Securities and Exchange Commission (BSEC). The total assets under management amount to around Tk 17,290 crore.

Three-fourths of RMG exports

FROM PAGE B1

Similarly, the local garment exporters could not cash in on the big garment markets of central Asia, Middle East and Africa although they have tried to capture those markets, Azim said.

Mainly China, the largest garment exporting nation, has been supplying the apparel items to those nations, he said.

"Now, we are trying to send more garment items to emerging Asian nations like Japan, South Korea, China and India," Azim said.

It has been observed that prices of garment items in Asian markets like in China, Korea, Japan and India are better than in European and American markets, he added.

Time has come to explore more

Stock market analysts say the BSEC is urging people to invest in the mutual fund sector in a bid to keep the market stable and attract new investors. However, the NBR's reply to the ITU will upset general investors.

Shahidul Islam, chief executive officer of VIPB Asset Management, said mutual funds are not taxable, so the NBR's view is contradictory in this regard.

Tax is already deducted when a fund manager provides dividends to their unitholders and so, a tax on the funds themselves is clearly multiple taxations on the same income.

"So, this source tax is not logical," Islam said, adding that he believes the NBR will soon issue a clarification in this regard.

Global stocks plunge as investors eye Fed outlook

AFP, London

Asian and European equities fell Wednesday as investors awaited news on the next US interest rate hikes.

With the Jackson Hole meeting of central bankers this week, focus is on what US Federal Reserve chief Jerome Powell will say about plans to tackle high prices -- with many fearing higher borrowing costs could send the world's biggest economy into recession in its battle to rein in inflation.

The euro held close to a two-decade low against the dollar, and the greenback struck a two-year peak against China's yuan. Oil extended gains on hopes of an OPEC output cut, while gas prices remain elevated on Russian supply tensions.

"Markets seem to have lost their momentum," noted AJ Bell investment director Russ Mould.

"Investors have become nervous once again, with all eyes on Powell and what he says this coming Friday." Central banks face a delicate balancing act between

battling inflation, with Russia's war in Ukraine sending energy prices soaring, and avoiding recession.

Yet concerns are growing that spiking energy costs could still prompt a worldwide downturn.

"Investor anxiety is growing that a combination of central banks raising rates and higher energy prices will tip the global economy into a long recession," said CMC Markets analyst Michael Hewson.

Wall Street ended mostly lower Tuesday, and key markets in Asia followed suit Wednesday.

The foreign exchange market has faced a rollercoaster ride so far this week. The euro tumbled on Tuesday to \$0.9901 -- a new two-decade low -- but later clawed back losses as the greenback was hit by poor US economic data.

The dollar had strengthened this week ahead Powell's speech, as markets speculate that the Fed will continue to tighten its monetary policy. Higher interest rates boost the American currency as they make dollar denominated debt more attractive to investors.

South African inflation hits 13-year high

AFP, Johannesburg

Inflation in South Africa accelerated to its highest level in 13 years in July, pushed mainly by surging food, transport and electricity prices, official data showed Wednesday as workers staged protests over the high cost of living.

Consumer prices rose at an annual rate of 7.8 per cent in July, up from 7.4 per cent in June, the national statistics agency StatsSA said in a statement. The publication of the latest statistics coincided with protests in major

cities over the worsening economic conditions, which have been particularly crushing for the poorest in the continent's most industrialised country.

Strikers led by South Africa's two largest trade unions called for government action to combat rising poverty and the cost of living in the world's most unequal country.

While the new inflation figure is bad news for consumers, economists see the country likely reaching a tipping point and believe inflation could ease in the coming months.