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Exports grow at sharpest pace in five years

Bring \$4.67 billion in August

REFAYET ULLAH MIRDHA

Merchandise exports posted a whopping 38.09 per cent year-on-year growth in August to bring home \$4.67 billion, handing more breathing room to Bangladesh struggling to bring its macroeconomy under control, official figures showed yesterday.

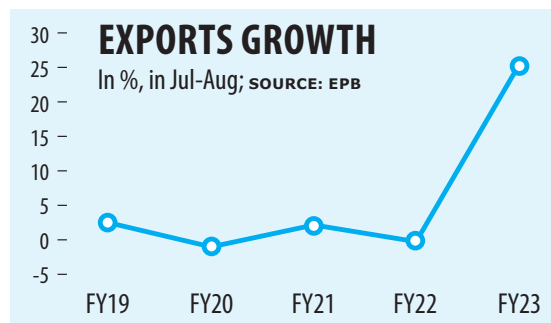
This was the sharpest pace of growth in the last five years, according to the provisional data from the Export Promotion Bureau.

Last month's receipts were one of the highest in the country's history and made a strong rebound from July when exporters fetched \$3.98 billion.

Bangladesh recorded the highest-ever single-month earning in June when shipment netted \$4.908 billion.

Earnings totalled \$8.59 billion in July and August, the first two months of the current fiscal year, registering a 25.31 per cent year-on-year growth.

Tapan Kanti Ghosh, senior secretary of the commerce ministry, said: "The export performance is very encouraging as everyone was apprehensive considering the high inflation in the US and the EU."



"There was also news of some orders put on hold. We hope that the export will continue its growth."

Md Fazlul Hoque, managing director of Plummy Fashions Ltd, a Narayanganj-based garment manufacturer, attributed the export growth to the higher shipment of goods meant for Christmas.

"Usually, the last part of Christmas shipments is sent to US and the European markets from Bangladesh in August."

The entrepreneur is, however, cautiously optimistic about the near future outlook of the garment shipment as the world is going through a volatile situation because of the Russia-Ukraine war, the higher inflationary pressure, and the threat of recession.

Inflation in the eurozone reached a record high of 8.9 per cent in July, led by costlier energy as the fallout from the war continues to hammer the economies in the trade bloc, while it stood for 8.5 per cent for the US, a slight improvement from June's 9.1 per cent, which was a 40-year high. They are the two largest markets for Bangladeshi exporters.

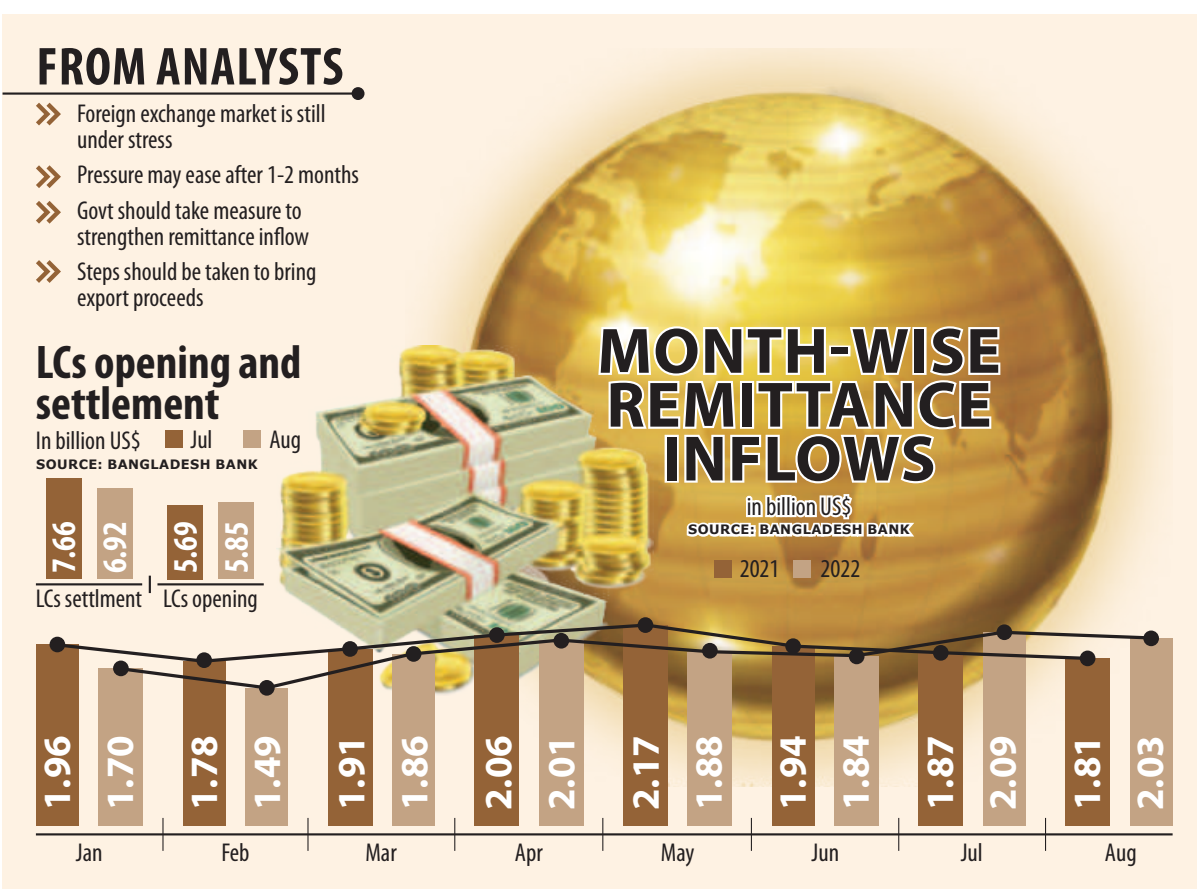
Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, says clearing of arrears by international retailers and brands contributed to the higher receipts last month.

"Earnings will grow up to October as exporters will keep sending Christmas shipments."

AK Azad, chairman and chief executive officer of Ha-Meem Group, one of the top garment exporters, says garment exporters have received 30 per cent more orders since last September because of the recovery of the global supply chain from the severe fallout of Covid-19.

He, however, warns that the garment shipment growth may not continue its current pace from October since there is a slowdown in sales of apparel items because of the higher inflationary pressure globally.

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Robust remittance, exports to ease pressure

AKM ZAMIR UDDIN

Migrant workers and Bangladeshis living abroad sent more than \$2 billion in each of the first two months of the current fiscal year, a promising sign for the economy.

It came at a time when import payments have slowed and exports maintained a healthy growth, signalling that the pressure on Bangladesh's external sector may ease after two or three months.

In August, remittances stood at \$2.03 billion, up 12.6 per cent year-on-year although the inflow was 3 per cent lower than the receipts of July, data from Bangladesh Bank showed.

Import payments, as calculated through the settlement of letters of credit (LCs), were \$6.92 billion in August, down 9.6 per cent from a month ago, although the amount was still 14.2 per cent higher from the same period a year ago.

The central bank has allowed businesses to settle import payments after a certain period in order to tackle the business slowdown derived from the coronavirus pandemic.

Yet analysts read the numbers positively and say the foreign exchange market is still facing pressure, but the stress will peter out if the ongoing trend of imports and remittances continues in the next couple of months.

"The outflow of the dollar may decrease soon, which will have a positive impact on the external sector after one or two months," said

Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

The demand for US dollars is still high due to a mismatch between the outflow and inflow of the greenback.

Banks are now purchasing dollars in the form of remittances from foreign exchange houses quoting Tk 114 for each greenback compared to Tk 107-Tk 108 just two weeks earlier.

Importers are purchasing each dollar for Tk 107-Tk 108 from banks. This has given an indication of the extent of the ongoing stress faced by

\$48 billion a year ago.

"The policy measures that have been taken by the central bank should continue until the volatility comes under control," Mustafizur said.

The economist asked the BB to take measures so that banks repatriate the export proceeds in the quickest possible time. The government should also think of how to give a boost to export earnings further.

Export earnings grew more than 38 per cent year-on-year to \$4.67 billion in August, data from the Export Promotion Bureau showed yesterday.

Emranul Huq, managing director of Dhaka Bank, describes the falling import bills as a good sign.

It came as the price of major commodities is declining in the global market.

"The foreign exchange market is still facing pressure, but it might ease in the next couple of months riding on the central bank measures," said Huq.

The BB has recently asked to impose a 100 per cent margin on opening the LCs for non-essential items, meaning that importers have to pay full import payments in advance.

"The fate of the local foreign exchange market is depending on global development," Huq said.

The forex market started to deteriorate substantially soon after the war between Russia and Ukraine erupted.

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Male workers are hardly ever seen plucking leaves in tea gardens. This year though, they have joined their female counterparts in tea picking after a 19-day movement for wage hike. The photo was taken from Kulaura of Moulvibazar district on August 31.

PHOTO: MINTU DESHWARA

Olympic to invest Tk 28cr to expand bakery

STAR BUSINESS REPORT

Bakery products maker Olympic Industries has decided to invest about Tk 28 crore as it looks to expand the business even though economic indicators are forecasting a gloomy outlook.

While many companies are keeping away from making investments in the present economic situation, the listed firm has decided to import equipment related to baked snacks, cartons and chocolate.

The company will import one complete set of machinery and spare parts for establishing a second baked snacks processing line at its Narayanganj factory.

It will also purchase other accessories from local sources for around Tk 3.11 crore, Olympic said in a disclosure published on the Dhaka Stock Exchange yesterday.

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Familytex manipulated prospectus

Finds BSEC Probe

AHSAN HABIB

Familytex (BD), a listed textile company, lied in its initial public offering (IPO) prospectus by saying that one of its sponsors was a South Korean national in a bid to create a positive impression among general investors, according to a probe.

When a company goes public through an IPO, it publishes a prospectus showing all potentials, challenges and financial situation so that investors can avail the information and decide on whether to buy its shares.

According to the prospectus, the South Korean man, Jun Kyung Won, and an Indonesian woman, Lianawarti Kuwidjo, own 40.33 per cent of the fully paid-up ordinary shares of Familytex (BD).

It said Won, a sponsor shareholder, holds 2.09 crore shares, which is 19.96 per cent of the total number of shares as of January 13, 2013.

However, the Bangladesh Securities and Exchange Commission (BSEC) found that the company had lied as Won had sold all of his shares before the listing in 2013.

Stock market analysts say general investors were misled because of the lying, but the share rose soon after the listing. It dropped to Tk 4.90 yesterday.

The BSEC found in an inquiry that Won received a total of 2.30 crore bonus shares against stock dividends declared by the company.

Sharing monthly shareholding status of sponsors and directors from January 2014 to January 2016, the company mentioned Won as its director.

"However, Jun Kyung Won informed that he had resigned from the board of the directors of Familytex BD on April 5 of 2012," the BSEC enquiry team said in a report.

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TRANSIT OF INDIAN GOODS

Last trial runs next week

DWAIPAYAN BARUA, Ctg

The last two trial runs aimed at the transit of Indian goods between Kolkata and north-eastern states of the country using Chattogram port in Bangladesh will take place next week.

A Bangladeshi flagged vessel called MV Trans Samudera, which is now en route to Kolkata, is scheduled to leave the Syama Prasad Mookherjee Port on Sunday carrying a container loaded with 25 tonnes of TMT bar from Tata Steel.

The vessel is expected to return to Chattogram port within 3-4 days of its departure from Kolkata. After the container is unloaded, the goods will be sent to the Indian state of Assam by road through the Sheola land port in Sylhet.

A trial of the return route will then be conducted using a container loaded with tea from India's Meghalaya that will enter Bangladesh through Tamabil land port. It will then be loaded onto the same vessel at Chattogram port and sent to Kolkata.

India is eager to begin regular transits between Kolkata and key cities in its northeastern states through ports in Bangladesh as it would cut the 1,200-kilometre travel distance by nearly half.

In a letter to the foreign affairs and shipping ministries of Bangladesh on August 27, the Indian High Commission in Dhaka sought necessary support to ensure that the trial runs go smoothly.

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	DSEX ▲	CASPI ▲
	0.79% 6,508.60	0.79% 19,156.20

COMMODITIES		
	Gold ▼	Oil ▼
	\$1,697.96 (per ounce)	\$87.76 (per barrel)

ASIAN MARKETS			
	MUMBAI	TOKYO	SINGAPORE
	▼ 1.29% 58,766.59	▼ 1.53% 27,661.47	▲ 0.07% 3,224.08
			▼ 0.54% 3,184.98

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