



The Barcode Food Junction on CDA Avenue in Panchlaish, Chattogram is seen packed with customers who came to enjoy the various cuisine on offer. The Mezbani meal is a particularly big draw as people come from all over to have a taste.

PHOTO: RAJIB RATHAN

German exports rebound

AFP, Germany

German exports rebounded in August thanks to strong demand from the United States, official data showed Wednesday, but analysts warned that the outlook for Europe's top economy remained gloomy.

Germany exported 133.1 billion euros' (\$132 billion) worth of goods in August, up 1.6 per cent month-on-month, according to seasonally-adjusted figures from federal statistics agency Destatis. In July, exports had plunged by 2.1 per cent.

The increase beat analyst expectations and was mainly driven by a 12-per cent jump in US demand for "made in Germany" goods.

But shipments to fellow European Union countries fell, as the continent grapples with soaring inflation and skyrocketing energy prices in the wake of Russia's war in Ukraine.

Higher global prices and a weaker euro pushed up the cost of German imports in August, which rose by 3.4 per cent to 131.9 billion euros, narrowing the country's trade surplus to 1.2 billion euros.

"The war in Ukraine has succeeded in delivering what nothing else had managed before: letting the notorious German trade surplus disappear," said ING bank economist Carsten Brzeski.

Mezzan, a restaurant chain, thrives on Ctg cuisine

STAR BUSINESS REPORT

Mezban, a social festival of the southeast division of Chattogram, is appealing not only to residents of the region, but also to people from other parts of the country.

Traditionally, the social feast takes place marking occasions such as death or birth anniversaries and marriage. And many people other than residents of Chattogram want to participate in the event to feel the warmth of the festival.

Today it is possible.

Barcode Restaurant Group, based in Chattogram, has set up restaurants in the port city and the capital Dhaka to enable food lovers to taste the Mezbani meal, mainly consisting of steamed white rice and beef curry, without having to wait for the festival.

The journey began in 2015 from the largest port city of the country and it attracted guests within a couple of months after the launch.

"Many of my friends often wanted to participate in Mezban and the idea behind opening a restaurant only for Mezbani food originated from that," said Monjurul Hoque, founder of Barcode Restaurant Group.

Hoque initially started with Barcode

café in the port city. Later, he decided to open a specialised restaurant named Mezzan Haile Aaiun so that people can celebrate Mezban every day of the week.

He initially began the venture with Tk 30 lakh and seven employees even though the idea was not encouraged by his peers and family members.

Over the last seven years, Barcode increased the number of outlets to nine, of which five are in Chattogram and four are in Dhaka

Hoque said people were hesitant to visit the restaurant at first as they were not sure whether they would get the authentic taste of Mezban.

Locally termed Mejian, the festival is most popular and widely practised in the Chattogram region but it is well-known throughout the country, according to Banglapedia.

And over the last seven years, Barcode increased the number of outlets to nine, of which five are in Chattogram and four are in Dhaka. In addition, Barcode opened

a branch of Mezzan in the United Arab Emirates.

Hoque wants to increase the number of outlets to 15 by 2024 with Cox's Bazar and Sylhet being the next two destinations for Mezzan.

"We want to expand Mezzan throughout the country," he said.

Apart from offering the popular Mezbani food, Barcode has opened another restaurant named Bir Chattala, where it serves traditional Bangla foods such as rice, pulses, and curries in an ambience of local culture and tradition.

Barcode has two outlets for traditional Bangla foods to serve guests in the port city.

In addition, it has opened another restaurant called Omerta to serve foodies who want to taste Korean, Italian, Chinese and Japanese cuisine.

And a branch of all these outlets are available at a single point, namely Food Junction, where food lovers can taste different dishes including sub-continental foods.

Barcode currently has a workforce of more than 500 employees serving more than 2,000 guests daily, up from nearly 300 guests during the initial days of the restaurant.

Opec+ agrees deep cuts to oil production

REUTERS, Vienna/London

Opec+ agreed its deepest cuts to oil production since the 2020 Covid pandemic at a Vienna meeting on Wednesday, curbing supply in an already tight market despite pressure from the United States and others to pump more.

The cut could spur a recovery in oil prices that have dropped to about \$90 from \$120 three months ago on fears of a global economic recession, rising US interest rates and a stronger dollar.

The United States had pushed Opec not to proceed with the cuts, arguing that fundamentals don't support them, a source familiar with the matter said.

"Higher oil prices, if driven by sizeable production cuts, would likely irritate the Biden Administration ahead of US mid-term elections," Citi analysts said in a note.

"There could be further political reactions from the US, including additional releases of strategic stocks, along with some wildcards including further fostering of a NOPEC bill," Citi said, referring to a US antitrust bill against Opec.

JPMorgan also said it expected Washington to put in place counter measures by releasing more oil stocks.

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Opec+ sources said the agreed production cuts of 2 million bpd or 2 per cent of global demand would be made from existing baseline figures.

That means the cuts would be less deep because Opec+ fell about 3.6 million barrels per day short of its output target in August.

Under-production happened because of Western sanctions on countries such as Russia, Venezuela and Iran and output problems with producers such as Nigeria and Angola.

Goldman Sachs analysts said they estimated the real production cuts would therefore amount to 0.4-0.6 million bpd mainly by Gulf Opec producers such as Saudi Arabia, Iraq, the United Arab Emirates and Kuwait.

Analysts from Jefferies said they estimated the real cuts at 0.9 million bpd.

Saudi Arabia and other members of Opec+ - which groups the Organisation of the Petroleum Exporting Countries and other producers including Russia - have said they are seeking to prevent volatility rather than to target a particular oil price.

Benchmark Brent crude traded flat at \$92 per barrel on Wednesday, after climbing on Tuesday.

The West has accused Russia of weaponising energy, creating a crisis in Europe that could trigger gas and power rationing this winter.

Moscow, meanwhile, accuses the West of weaponising the dollar and financial systems such as SWIFT in retaliation for Russia sending troops into Ukraine in February.

Roaring dollar hits local producers

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The price of printing paper rose to Tk 120,000 to Tk 125,000 per tonne from Tk 85,000 six months ago. The price of pulp, the raw materials used by the paper industry, has risen to \$970 per tonne from \$560 earlier.

Bangladesh needs around 12 lakh tonnes of printing paper every year. This means the industry will have to spend an additional Tk 4,800 crore if producers have to settle LCs at the current rate of the dollar, according to an estimate of Nabi.

Likewise, the pharmaceutical industry, another heavily import-dependent sector, is facing difficulties as the price of raw materials has gone up internationally. As a result, the industry has had to spend 20 per cent more in order to keep their manufacturing facilities up and running, said industry people.

The cost of raw materials in the steel industry has surged by 30 per cent, forcing manufacturers to adjust the prices of the finished products.

Industry people say sales have fallen by an average of 50 per cent to 2.5 lakh tonnes per month as consumers, who have been hit hard by higher inflation, are unwilling to pay higher prices for the key construction material.

"In fact, all of the sectors that are depended on imported raw materials are feeling the heat of the rising dollar," said Md Shahidullah, managing director of Metrocem, a cement manufacturer.

Shafiul Athar Taslim, director for finance and operations of TK Group, one of the top commodities importers and processors, said it has had to pay an additional 30 to 35 per cent to clear bills against the LCs opened six months ago.

The group sold the commodities in the local markets by considering the cost of the USD at Tk 85-Tk 86.

"But we have to buy the US dollar at Tk 107-Tk 108 to clear import bills," he said, adding that it processes and sells the commodities within three-four months after opening the LCs.

Car importers say earlier, they could bring in automobiles by making a payment of 5 to 10 per cent as a margin of the total LC value. Now, the margin has gone up to 100 per cent as the government is discouraging the foreign purchase of luxury items to stop the depletion of international currency reserves.

Reserves stood at \$36.44 billion on September 28, down 6.7 per cent from August 31 and 21.25 per cent from a year ago.

"This means we need more capital now to run businesses," said Mohammad Shahidul Islam, secretary general of the Bangladesh Reconditioned Vehicles Importers and Dealers Association.

The surging dollar is particularly proving painful for the importers who are focused on the domestic market since they don't have much room to pass the additional cost on to consumers amid higher price

pressures.

In contrast, businesses that are involved in both import and export can offset the cost since they are also getting higher rates for their export receipts. Banks are paying Tk 99 to exporters for each dollar.

"The US dollar has strengthened against almost all currencies in the world, not just our currency," said Kazi Iqbal, a senior research fellow of the Bangladesh Institute of Development Studies.

He said that businesses that deal with essential items would not face major problems since they can pass on the costs as demand for such goods stays high even during uncertainties.

But the businesses that import and sell non-essential items and luxury goods face the heat as sales slump since people tighten their belts whenever they come under deep uncertainty like they are currently in.

The expansion plan of the domestic market-oriented businesses also suffers a setback when sales drop.

The pain for businesses caused by the roaring dollar might not be over any time soon because the war shows no sign of coming to an end while the Federal Reserve of the US expects more interest rate hikes this year.

"And until the war and related uncertainty are over, importers and domestic market-oriented businesses will continue to witness stress," said Iqbal.

general manager of the Meghna Group of Industries, another importer and processor, said India, Russia, and Ukraine were the main sources of wheat having low protein content and comparatively lower prices than maida or premium quality flour that were used to make paratha.

He said Soft Red Winter (SRW) wheat used to make flour for roti, is still dearer in the international market. "We are also facing problems in opening letters of credit for import commodities," he said.

Refiners' price cuts taking effect

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Nurul Alam Sikder, a retailer in Dhaka's Mirpur, also made almost the same comments.

In some places of Chattogram, the products under the new rates have already hit the markets. However, in other places, soybean oil is being sold at the previous price.

Abu Hasan, owner of retailer Hamid Enterprises in the Hillview area of the port city, said, "We are yet to receive the new product although the price of bottled soybean oil has come down. As a result, the product has to be sold at the previous price."

He said the dealers would supply the products at the new rates on Monday. "It is not possible to sell oil at a lower price before that."

Rahim Uddin, proprietor of Shah Amanat Traders, another retail trader in the Chowkbazar area of the city, said although some products under the new rate have been supplied, it was insufficient compared to demand.

Dealers say deliveries were delayed for the Durga Puja festival.

Dealers have assured that the supply of products at the new prices will return to normalcy within two to three days, Rahim said.

Exporters expand capacity

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an exporter of activewear, says buyers are now offering lower prices because of higher inflation in the western markets and the Russia-Ukraine war.

Inflation in the eurozone surged to 10 per cent in September, the highest since records began, owing to the soaring electricity and natural gas prices. In the US, the Consumer Price Index rose 8.3 per cent in

August from the same month a year ago.

The EU and the US together account for around 85 per cent of Bangladesh's garment shipment.

Kamrul Hassan Kibria, a senior executive for merchandising at Bitopi, a jacket exporter, said his company ships 3.50 lakh pieces of insulated jackets a month and is planning an expansion as a lot of orders are relocating to Bangladesh.

UK business activity slides in Sept

REUTERS, London

British businesses last month suffered the sharpest contraction in activity since early last year, although the downturn was a little less severe than first estimated, a survey showed on Wednesday.

The final version of the S&P Global UK Composite Purchasing Managers' Index fell to 49.1 in September from 49.6 in August, the lowest reading since January 2021 when much of the country was still in a Covid-19 lockdown.

While the reading was an improvement on a preliminary "flash" reading of 48.4, services companies that comprise the bulk of the private-sector economy were the least positive about the outlook since May 2020, early in the pandemic.

Overall the survey chimed with other indicators that suggest Britain's economy is flirting with recession.

"Service sector businesses trimmed their growth expectations to the lowest seen for nearly two-and-a-half years in September, which survey respondents linked to concerns about falling disposable income and the unfavourable global economic outlook," said Tim Moore, economics director at S&P Global Market Intelligence.

The PMI for the services sector fell to 50.0 from 50.9 in August, signifying stagnation but still better than the flash reading of 49.2.

New orders from both home and abroad declined in September, with survey respondents blaming Brexit and a weaker world economy, as well as subdued confidence and customers cutting costs.

Inflation pressure remained close to the record high recorded in May, as businesses reported "unavoidable" price increases due to higher bills for wages, energy and supplies.