

Global wheat prices climb nearly 6pc

REUTERS, Singapore
Chicago wheat futures jumped almost 6 per cent on Monday and corn rose more than 2 per cent as Russia's withdrawal from a Black Sea export agreement raised concerns over global supplies.

The most active wheat contract on the Chicago Board of Trade (CBOT) was up 5.7 per cent at \$8.77 3/4 a bushel at 0816 GMT, after reaching \$8.93 earlier in the day for its highest since October 14.

Wheat futures hit a record high of \$13.64 a bushel in March.

Corn rose 2.6 per cent to \$6.98 1/4 a bushel and soybeans added 0.6 per cent to \$14.09 1/4 a bushel.

"This is an inflationary move, supporting prices of wheat and corn," one Singapore-based trader said. "Prices have risen but further gains will depend on how the situation unfolds."

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Businesspeople said wheat imports have decreased in the last six months due to various reasons and now its impact has started to fall at the wholesale and retail levels.

PHOTO: STAR/FILE

Romana elected as Bank Asia Securities chair

STAR BUSINESS DESK

Romana Rouf Chowdhury has been elected chairman of Bank Asia Securities at the 51st meeting of its Board of Directors.

Chowdhury is one of the directors of Bank Asia, said a press release.

She is also the managing director of Sea Natural Food, Sea Fishers and Sea Resources Group.

She is a director of various sister concerns of Rangs Group as well.

Chowdhury has more than 25 years' experience as an industrialist and founded multiple ventures in different fields, such as food, retail and architecture.

She completed her graduation from Brac University and attained an MBA from the Florida Institute of Technology in the US.

She has also completed executive education from Harvard Business School and Columbia Business School.



Bida brings more services online for investors

STAR BUSINESS REPORT

Five more services have been added to the One Stop Service (OSS) portal of the Bangladesh Investment Development Authority (Bida).

One of the services is related to the land ministry, the Dhaka Water Supply and Sewerage Authority, and the Rajdhani Unnayan Karttripakkha, while two are related to the Fire Service and Civil Defence Directorate, according to a press release.

Land Minister Saifuzzaman Chowdhury launched the services at a programme organised by the Bida at its conference room in the capital's Agargaon.

Now, investors will get a total of 63 services through the OSS system, including 18 services provided by the Bida and 45 services delivered by 22 other agencies, said Lokman Hossain Mia, executive chairman of the Bida.

As a result, investors will get a lot of services from the conveniences of their homes and offices very quickly and at a lower cost, he said.

Thanks to the OSS, various obstacles in setting up industries will be removed and it will be easy to take initiative to set up factories, Saifuzzaman Chowdhury said.

He stated that the cost of doing business has been reduced due to the OSS.

"The OSS has brought about a fundamental change in creating an investment-supporting environment in Bangladesh," said the minister, adding that this has also reduced the scope for corruption and created greater interest among investors to make investments.

Fresh blow to consumers as wheat flour prices jump

SUKANTA HALDER and MOHAMMAD SUMAN

The price of wheat flour has increased in retail markets due to a decrease in imports and rise in international market prices, dealing a fresh blow to the people who are already struggling to make their ends meet.

On Monday, consumers in two of Dhaka's biggest kitchen markets had to pay Tk 55 to Tk 58 per kilogramme (kg) for loose flour. It was Tk 50 last Thursday.

A two-kg packet of branded flour was selling for Tk 125 whereas it was previously Tk 115.

According to data from the Trading Corporation of Bangladesh, loose flour sold at Tk 52 to Tk 55 per kg a month ago while packaged flour at Tk 55 to Tk 60. The latter was now up 4.35 per cent.

Mohammad Bablu, manager of Mayer Doya General Store in Karwan Bazar, one of the biggest kitchen markets in Dhaka, said prices started going up from last Thursday and apparently this would continue in the near future.

Nurul Alam Shikdar, a retailer in Pallabi Extension area of Mirpur, said they

were selling two-kg packets of flour at Tk 125 to Tk 127 whereas it was Tk 115 four or five days ago.

Some retailers of several market in Chattogram and Dhaka made similar comments.

According to wholesale traders of Khatunganj, Indian wheat was selling at Tk 1,910 per maund (around 37 kilogrammes) while Canadian wheat Tk 2,400 yesterday.

The prices of both types had gone up by Tk 100 in just one week, said Azad Alamin, owner of Azad Trading in the Khatunganj wholesale market.

"...prices have been on the rise since the war began between Russia and Ukraine. Before the war, Indian wheat was sold at Tk 900 and wheat from Russia, Ukraine and Canada at Tk 1,100 per maund," he said.

The price increased by Tk 50 in the last two days following Russia's withdrawal from an export agreement, he added.

Under the United Nations (UN)-brokered grains deal, a Joint Coordination Centre comprising UN, Turkish, Russian and Ukrainian officials agrees on the movement of ships and inspects the vessels, reports Reuters.

Moscow suspended its participation in the Black Sea deal on Saturday in response to what it called a major Ukrainian drone attack on its fleet in Russia-annexed Crimea, it added.

Hundreds of thousands of tonnes of wheat booked for delivery to Africa and the Middle East are at risk after Russia's withdrawal, with Ukrainian corn exports to Europe also expected to be hit, the report said.

Chicago wheat futures jumped almost 6 per cent on Monday as Russia's withdrawal from the Black Sea export agreement raised concerns over global supplies, according to Reuters.

Businesspeople said wheat imports have decreased in the last six months due to various reasons and now its impact was starting to fall at the wholesale and retail levels.

Taslim Shahriar, senior assistant general manager of the Meghna Group of Industries, said opening letters of credit had turned complicated and volatility of dollar prices adversely affected retail prices of wheat.

The price of wheat has increased in the international market for which the price of

flour is increasing in the local market, he said. He said yesterday they bought Russian wheat at \$400 per tonne whereas it was \$370 to \$380 just a couple of days ago.

With Russia withdrawing from the grain export deal, the market conditions will worsen in the coming days, Shahriar added.

According to a report by the Bangladesh Trade and Tariff Commission (BITC), Bangladesh imported 33.04 lakh tonnes of wheat in the first nine months of this year.

It was a decrease of 10.11 lakh tonnes from that in the same period of 2021.

This is expected to have a negative impact on the wheat flour and rice market, the report said.

The BITC recently submitted the report to the commerce ministry, highlighting the situation regarding the country's demand, local production, import, current stock and what was in the pipeline.

The country's annual demand for wheat is around 70 lakh tonnes to 75 lakh tonnes, 85 per cent of which is met through imports, according to data from the National Board of Revenue and Department of Agricultural Extension.

Banks meet 99.6pc as firms shy from stock market

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A listed company is obliged to maintain governance and compliance and make disclosures, which is not preferred by many business people, according to Khan.

For instance, if a company fails to declare any dividend for a year, it is downgraded to the "Z" category from the "A" category. But entrepreneurs can stop making instalments thanks to their relationships with banks.

According to Khan, bonds can be a good solution for long-term financing.

Ershad Hossain, chief executive officer of City Bank Capital, one of the leading merchant banks in Bangladesh, says long-term financing demand should be met with long-term funds such as insurance funds, bonds and the stock market.

But corporate bond in Bangladesh is less than 1 per cent of the country's gross domestic product, whereas it is 60 per cent in China and 16 per cent in India.

Life insurance funds can be another source of financing, but reform is needed in this area, Hossain said.

"Mutual funds could be a useful tool to pool long-term savings of people and the stock market should be an investment place for general savers."

In Bangladesh, banks are also key players in the secondary market of the stock exchanges.

Hossain said: "But if banks are key players in the stock market, they actually become the major financier in a different way only."

He suggested corporates issue asset-backed securities in the stock market. "This will allow them to avoid the banking system."

Mirza Azizul Islam urged the government to try to bring more corporates to the market in a bid to increase the contribution of the capital market to the economy and reduce the private sector's reliance on the banking sector.

Middle East seeing gradual slowdown: IMF

AFP, United Arab Emirates

Most of the Middle East and North Africa's non-oil producing economies are experiencing a "gradual slowdown", the International Monetary Fund said Monday, while resource-rich states are benefiting from high fossil fuel prices.

Despite soaring inflation and murky economic prospects worldwide, the IMF maintained its projection of 5.0 per cent growth for the region in 2022, dropping to 3.6 per cent in 2023. But the figures, although higher than elsewhere in the world, don't reflect the region's "challenges", Middle East and Central Asia director Jihad Azour told journalists in Dubai.

The Middle East and North Africa region varies wildly, from low-income states growing at just 0.8 per cent to the wealthy Gulf monarchies that are running at 6.5 per cent economic growth, IMF said.



A view of pipelines at the Bilche-Volytsko-Uherske underground gas storage facility, the largest in Europe, in the Lviv region of western Ukraine.

PHOTO: AFP/FILE

Gas crisis fears recede for now as Europe stockpiles

AFP, United Kingdom

With prices falling and ports clogged with liquefied natural gas tankers, fears of a winter heating crisis in Europe have eased but experts are warning against complacency.

For over a week now, there have been bottlenecks at Spanish ports of ships bringing in LNG, indicating Europe is at full capacity.

Spanish gas regulator Enagas says the backlog at ports is expected to last at least until this week.

The Dutch TTF, a leading European benchmark price, is now close to its lowest level since June, at under 100 euros per megawatt hour at the end of October.

Its price has fallen more than 60 per cent since a massive surge in August when Russia's disruptions to its supply via the Nord Stream

pipelines alarmed markets.

TTF's short-term futures price even briefly went negative last week, for the first time since October 2019. In the United States, gas prices have also fallen sharply.

The day of stratospheric price rises of up to 350 euros per megawatt hour in Europe in March, a few days after Russia's invasion of Ukraine began, seem to be well and truly in the past.

Since then, Europe has made efforts to fill its storage facilities to reduce dependence on Russian gas and sought alternative suppliers, holding crisis meetings and calling for a cut in domestic usage.

The strategy has paid off with Europe's storage reserves now at over 90 per cent.

"Since Q1 2022, the EU has benefited from very strong LNG inflow

primarily from the US," analysts at broker Marex said in a note.

Georgi Slavov, head of research at Marex, told AFP that Europe is currently seeing an oversupply of gas but "it is premature to declare victory on that front".

He said the current abundance is down to factors including unusually warm temperatures, which mean Europeans are not using gas for heating.

In addition, the "economic slowdown is limiting gas use," Slavov said, and "self-imposed restrictions on gas consumption also help enormously".

A cold winter and industry shifting back to higher energy use could quickly reverse the trend.

"The continent is not out of the woods yet," said Nikoline Bromander, an analyst for Rystad Energy.

Five banks post earnings decline

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Seven other banks posted growths in their earnings, although for most it was of a single digit in their income per share.

For example, Islami Bank Bangladesh registered only 1 per cent growth in its EPS.

Mercantile Bank, NCC Bank and Union Bank reported less than 10 per cent.

However, driven by its third quarter earnings, Mutual Trust Bank said its unaudited earnings per share had doubled to Tk 2.5.

Bank Asia reported 14 per cent growth in its EPS to Tk 2.68.

There are 61 scheduled banks in Bangladesh.

Suspicious transaction, activity reports up

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During the briefing, the BFIU also talked on deposits of Bangladeshis in Swiss banks.

Biswas said disbursement of loans under stimulus packages declared by the government to help business to overcome the pandemic-induced losses led to an increase in suspicious transactions.

But suspicious transactions do not always mean those are unlawful activities, he said, adding that heightened awareness of reporting organisations was a factor behind the spike in reports of suspicious transactions.

Cash transactions increased in bordering areas, said the agency,

suggesting increasing vigilance there.

The BFIU sent 84 reports to various law enforcement agencies last fiscal year, which was higher than the previous year.

At the event, BFIU Additional Director Kamal Hossain said Swiss banks were operating in various countries and money was deposited into those banks from those countries.

Non-resident Bangladeshis kept the money and only three per cent of the total deposits were owned by individuals, he said.

Hossain said Switzerland was revising its laws and it would be possible to gather information of depositors in Swiss banks.