



## FALL IN MAJOR EXPORT PRODUCTS

Jul-Dec; SOURCE: EPB

- ▶ Home textile: **16.02%** to \$601.26m
- ▶ Frozen and live fish: **27.33%** to \$246.38m
- ▶ Agricultural products: **23.26%** to \$501.91m
- ▶ Chemical products: **22.44%** to \$155.64m
- ▶ Jute and jute goods: **17.65%** to \$485.88m

### Other products witnessing drop

Carpet, specialised textiles, terry towel, furniture, engineering products, bicycle



### REASONS FOR DECLINE

- High inflation globally
- Russia-Ukraine war



# Only two export items fared well in first half of FY23

REFAYET ULLAH MIRDDHA

Only two major exports, namely apparel and leather and leather goods, performed well in the first half of the current fiscal year as global demand for non-garment items has fallen in the face of high inflation stemming from the Russia-Ukraine war.

As such, the export earnings of other goods that showed growth over the past few years started shrinking due to lower demand abroad.

For instance, home textile was an emerging product in fiscal 2021-22, when it earned \$1.62 billion in export receipts to register growth of 43.28 per cent year-on-year.

Earnings from the sector then declined by 16.02 per cent to \$601.26 million in the July-December of fiscal 2022-23, according to data from the Export Promotion Bureau (EPB).

Md Shahidullah Chowdhury, executive director of Noman Group, a leading home textile and garment exporter, said high inflation is mainly responsible for the lower demand.

Besides, the use of home textiles was higher in the previous fiscal year as people were forced to remain in their houses during lockdowns for the Covid-19 pandemic.

"But after normalcy was restored, the use of the home textiles declined again," Chowdhury told The Daily Star by phone.

Similarly, earnings from frozen and live fish fell 27.33 per cent in the July-December period to hit \$246.38 million as the demand for shrimp and other fish declined worldwide.

Kazi Belayet Hossain, the immediate

past president of the Bangladesh Frozen Foods Exporters Association (BFFEA), said shrimp exports have been falling for the last few years due to the sector's dependence on shipments of the vannamei variety, which is highly produced in other competitive countries.

The government recently permitted commercial cultivation of vannamei shrimp and it is expected that exports will grow from next year as a result.

Moreover, exports of shrimp and other types of fish fell because of the Russia-Ukraine war as the purchasing power of consumers in Europe and Russia has decreased amid high inflation, he added.

Meanwhile, shipments of agricultural products declined by 23.26 per cent to \$501.91 million in the July-December period for the same reason.

Exports of chemical products like pharmaceuticals also dropped by 22.44 per cent to \$155.64 million at the same time while earnings from shipments of jute and jute goods decreased by 17.65 per cent to \$485.88 million.

Shipments of carpets, specialised textiles, terry towels, furniture, engineering products and bicycles fell in the July-December period of the current fiscal year as well.

Abul Hossain, president of Bangladesh Jute Mills Association, said exports of jute and jute goods fell because consumers are choosing alternatives considering how the price of the golden fibre has increased significantly in local and international markets.

Also, the Indian anti-dumping duty on Bangladeshi jute goods of 5 per cent to 29 per cent is also responsible for the drop in jute goods shipments, he added.

On the other hand, even in the volatile global economic scenario, Bangladesh logged a historic high single month export earnings in December by registering 9.33 per cent year-on-year growth to \$5.36 billion riding on garment shipments.

In the July-December period, the first six months of the current fiscal year, earnings from merchandise shipments grew by 10.58 per cent to \$27.31 billion, which was 0.44 per cent higher than the periodic target of \$27.19 billion.

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Of the total earnings, \$22.99 billion came from garment shipments, which typically contribute 84 per cent of exports in a year.

Export earnings from apparels is high even amid global volatility as unit prices increased following the hike in raw materials costs, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

For instance, if any garment item was sold at \$10 before November last year, the same product was then sold at \$13 or \$14 as international retailers and brands increased the prices of garment items to compensate for the higher price of raw materials.

In addition, Bangladesh started exporting high-end value-added

garments, for which international retailers and brands are paying better prices, Hassan added.

As the second highest export earner, shipments of leather and leather goods grew 13 per cent to \$637.29 million in the July-December period compared with the corresponding period the year before.

MA Razzaque, research director of the Policy Research Institute, said export growth maintained an average of 24 per cent, most of which took place in the first half of 2022-23.

The high dollar price and inflation in western countries helped with somewhat higher prices, Razzaque added.

Also, in 2022, the global economy saw the return of on-site office work and tourism activities, raising the demand for clothing items.

Going forward into 2023, the impact of the economic recession in Europe and America will become prominent and certainly create a downward pressure on the demand for clothing exports from supplying countries such as Bangladesh.

And even though China's exports grew in the first half of the year, geopolitical tensions among major global economies resulted in some export orders from China being shifted, which also helped Bangladesh.

It became clear that in the backdrop of growing geopolitical rivalry, Bangladesh's position in the garment supply chain would get consolidated further.

"This is what we saw in 2022," Razzaque said.

Especially in the first six months of this year, export earnings are likely to have weaker prospects considering the global economic environment, he added.

## Indices go up though stocks are bleeding

### Turnover below Tk 200cr

STAR BUSINESS REPORT

Major indices of the stock market in Bangladesh saw an uptick yesterday even though most shares bled while turnover remains below Tk 200 crore as stocks are not allowed to drop by more than 1 per cent but can rise by up to 10 per cent in a day, according to experts.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 7 points, or 0.11 per cent, to end the day at 6,185 points.

The DS30, the blue-chip index, rose 0.03 per cent to 2,192 points while the DSES, the index that represents shariah-based companies, advanced 0.08 per cent to 1,352.

Turnover, an important indicator of the market's liquidity, increased 35 per cent to Tk 198 crore while it was Tk 145 crore the previous day.

Among the traded companies, 44 advanced, 119 declined and 169 remained the same.

A stock market analyst said some shares are rising to a large extent as most of them are not allowed to fall by more than 1 per cent.

The Bangladesh Securities and Exchange Commission (BSEC) lifted floor price from 169 companies last month but set the circuit breaker in a way such that stock prices would not be allowed to drop by more than 1 per cent based on the previous day's closing price.

However, the limit for a single day rise remains unchanged at 10 per cent.

So, the rise of the indices is not showing the real picture of the market, he added.

Islami Commercial Insurance posted the highest appreciation, rising 9.73 per cent. Bashundhara Paper Mills surged 4.76 per cent and Aamra Networks advanced 4.56 per cent.



Orion Infusion suffered the sharpest fall, sliding 7.49 per cent. Queen South Textile Mills also dropped by more than 5 per cent.

Orion Infusion was the most traded stock on the day with shares worth Tk 25 crore being transacted. Intraco Refueling Station, Monno Ceramic Industries, Bashundhara Paper Mills, and Orion Phrama also saw significant transactions.

The stock markets inched up after a volatile trading session. Bargain hunters cautiously showed buying interest on sector-specific stocks at lucrative prices as the DSEX hit a four-and-a-half month low till the previous session to reach 6,178 points, International Leasing Securities said in its daily market review.

The market started with a downward movement that turned upwards after the first hour trading session. Although turnover increased by 35.8 per cent compared to the previous session, it still fell below the Tk 200 crore mark.

Jittery investors are following a "wait and see" approach as there are rumors that the floor price will be lifted for all, it added.

Among the sectors, IT rose 1.9 per cent, service advanced 1.4 per cent and paper increased 1.4 per cent while jute fell 1 per cent and general insurance edged down 0.1 per cent.

Investor activity was mostly centered on the pharmaceuticals (31.1 per cent), engineering (9 per cent) and IT (8.9 per cent) sectors.

The Caspi, the all-share price index of the CSE, fell 12 points, or 0.06 per cent, to end the day at 18,271.

## Trade deficit narrows

STAR BUSINESS REPORT

Bangladesh's trade deficit decreased by 6 per cent year-on-year to \$11.79 billion in the first five months of the fiscal year 2022-23 -- a development that is likely to relieve pressure on the country's foreign exchange reserves.

According to data from the Bangladesh Bank, the country shipped \$20.74 billion worth of goods between July and November of the current fiscal year, up 11.75 per cent from the same period last year.

In the fiscal year 2022-2023's July-November period, imports increased by 4.4 per cent year-on-year to \$32.5 billion from \$31.1 billion the previous year.

With the falling trade deficit, Bangladesh also registered an improvement in its current account balance, a record of a nation's transactions in trade and services with the rest of the world, during the period. Current account balance, which was swelling until recently, declined to \$5.6 billion in July-November of this fiscal from \$6.2 billion a year ago, according to Bangladesh Bank data.

Some improvement in the current account balance was expected by the October-November period in view of the measures taken by the central bank to discourage imports, said Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue.

The declining trend of key imported commodity prices in the international market also contributed to a fall in import bills, he said.

The central bank's measures to discourage imports will ease pressure on the current account balance, but to recover the overall balance situation the nation needs to attract foreign direct investments, enhance foreign aid flow as well as timely recover loans provided to the private sector from the foreign exchange reserve, he said.



Bangladesh exported goods worth \$20.74 billion between July and November of the current fiscal year, while imported products worth \$32.5 billion during the period.

PHOTO: STAR/FILE

## Gold rallies to 6-month high

REUTERS

Gold started the new year on a solid note after ending a volatile 2022 largely unchanged, with prices rallying to a more than six-month peak on Tuesday as investors positioned for the Federal Reserve's latest policy minutes.

Spot gold rose 0.8 per cent to \$1,838.54 per ounce by 1000 GMT, having hit a high since June 17 last year. US gold futures gained 1 per cent to \$1,844.70.

Benchmark US 10-year Treasury yields fell to their session lows, reducing the opportunity cost of holding gold, which does not pay any interest.

"Alternatively, the new year is supporting new inflows into all asset classes," said UBS analyst Giovanni Staunovo.

However, "we continue to see rising US interest rates and lower US inflation as a headwind for gold, but look for higher prices later in the year, when the Fed rate hikes are expected to end," Staunovo said.

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