Star BUSINESS

Lanka gets 6 more months to repay BB's $200m

AKM ZAMIR UDDIN

Bangladesh Bank yesterday granted Sri Lanka's request to be given six more months to repay a $200 million loan due to the prolonging of its economic crisis.

A senior official of the central bank, on condition of anonymity, said its board of directors had granted the extension.

The island nation, which has been facing an acute shortage of greenbacks for months, borrowed the money in May 2021.

The country was scheduled to repay the loans by April last year but failed to do so.

In April last year, Sri Lanka announced defaulting on its entire $51 billion of external debt.

As per a subsequent agreement, Sri Lanka was supposed to repay the $200 million by March this year.

Continuing to face an acute shortage of foreign

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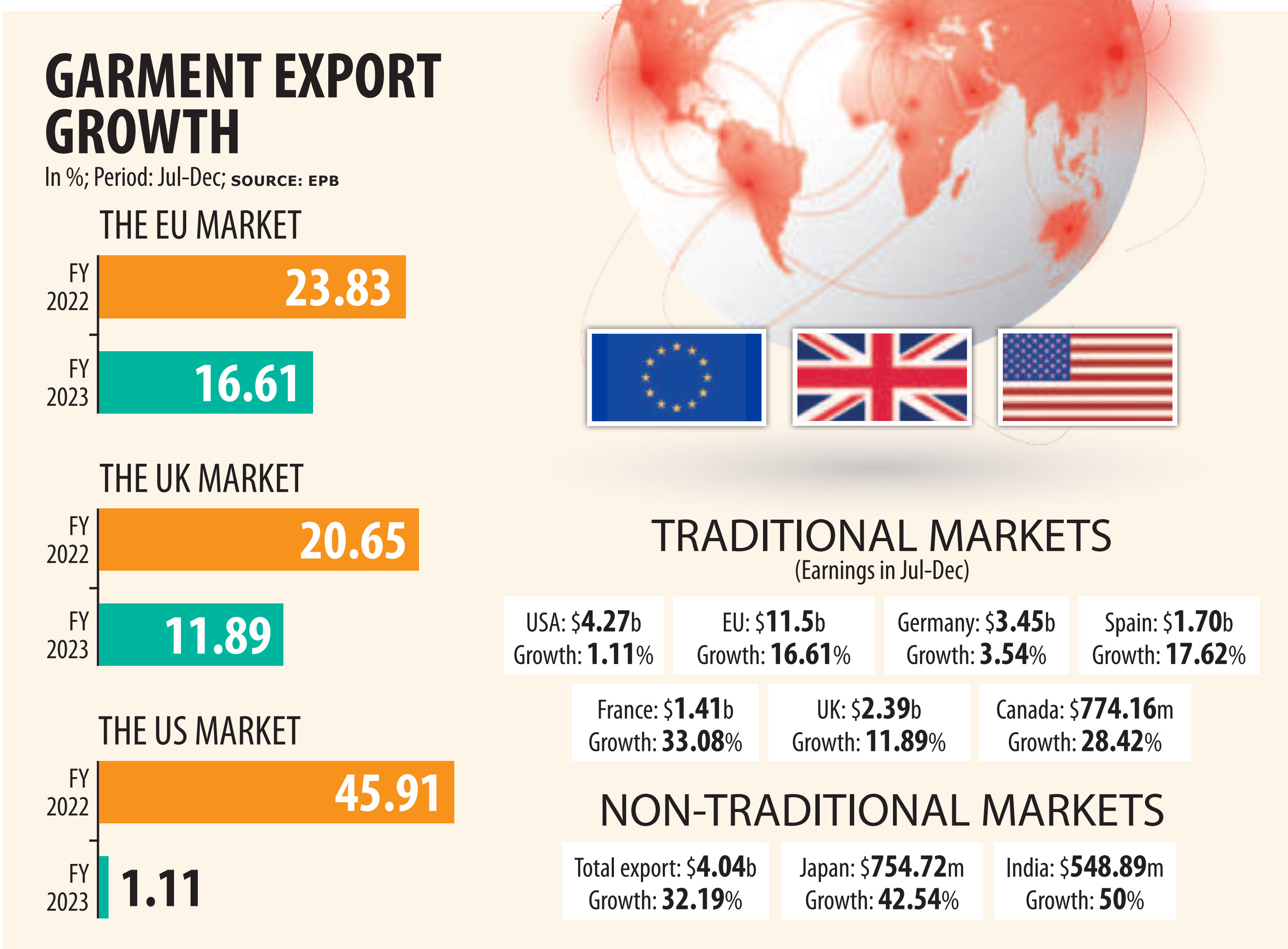

RMG export growth slows in US, EU for global uncertainty

REFAYET ULLAH MIRDHA

The growth of garment shipment to the US and the European Union declined in July-December as consumers in the two largest export destinations of Bangladesh have remained concerned about the persisting economic uncertainty for the raging Russia-Ukraine war.

The earnings from the garment export to the US, Bangladesh's single largest market, was $4.27 billion in the first six months of the current financial year, registering a growth of 1.11 per cent year-on-year, according to data from the Export Promotion Bureau (EPB).

The receipts were $4.23 billion but the growth was 45.91 per cent during the same half a year earlier.

In July-December, the earnings from the EU market were $11.50 billion, clocking a 16.61 per cent growth. The receipts don't include the $2.39 billion Bangladesh received from the UK as the later left the bloc.

The takings stood at $12 billion during the identical half a year ago and the shipment growth was 23.83 per cent. The receipts, however, included the $2.14 billion that came from the UK.

This means the export earnings from the apparel shipment rose slightly despite the higher inflation stemming from the severe fallout of the ongoing war. But the growth slowed from a year ago.

Bangladesh witnessed significant growth in exports after the global supply chain began rebounding in the middle of 2021, overcoming the massive fallout from the pandemic, on the back of the government's bold decision of reopening the economy despite the threat of the deadly virus.

But the same pace could not be maintained in 2022 after the war hit the global supply chain hard in February last year.

"The garment export may not continue the commendable growth in the next three months as international retailers and brands have placed fewer orders for the higher inflation in the western economies," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The EU and the US make up more than 80 per cent of Bangladesh's apparel shipment.

Euro area annual inflation was expected to be 9.2 per cent in December 2022, down from 10.1 per cent in November, according to an initial estimate from Eurostat, the statistical office of the EU.

In Europe, most people are concerned about rising prices, followed by the invasion of Ukraine, extreme weather events, unemployment, and political uncertainty as important concerns.

Consumer pessimism has inched higher, with 43 per cent expressing doubt about economic recovery—up from 36 per cent in June, according to a report of McKinsey & Company.

In the US, the consumer price index, however, declined for a sixth consecutive month, registering an annual increase of 6.5 per cent.

Still, US consumer confidence fell in November as inflation and economic uncertainty continued to loom large and potentially

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Nagad Finance inches closer to running MFS operation

AKM ZAMIR UDDIN

The Bangladesh Bank yesterday decided in principle to allow Nagad Finance PLC, a proposed non-bank financial institution (NBFI), to run mobile financial services.

Md Mezbaul Haque, the spokesperson of the central bank, told The Daily Star that the board of directors of the BB decided in principle that the proposed NBFI could run mobile financial services (MFS) after getting the licence.

The board came up with the decision at its meeting at the BB headquarters in the capital.

Asked whether the Financial Institutions Act 1993 allowed an NBFI to operate MFS, the spokesperson said that the Act did not mention anything to this end.

"Although the central bank has taken the decision, the government will take the final decision to this end," Haque said.

The proposed NBFI earlier sought permission from the central bank to roll out some financial products and services, including MFS.

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Inflation, debt crisis major risks

World Economic Forum says about Bangladesh

STAR BUSINESS REPORT

Bangladesh's economy faces five major risks in the next two years, the top three being sustained inflation, debt crises and severe commodity price shocks, according to a report released by World Economic Forum (WEF).

Human-made environmental damage and geopolitical contestation of resources are the remaining two, said The Global Risks Report 2023.

The report presents results of a Global Risks Perception Survey (GRPS) based on the latest insights of over 1,200 experts across academia, business, government, the international community and civil society.

Responses for the GRPS 2022-2023 were collected from September 7 to October 5 of 2022, said the report.

The survey participants were asked to select five risks from a list of 35 which they thought would most likely pose the biggest threat to their countries in the next two years.

In Bangladesh, the Centre for Policy Dialogue was the WEF's partner for the survey.

Rapid or sustained inflation was selected as the most frequently selected risk here, according to the report.

Inflation has been hovering at around 9 per cent over the past couple of months.

Consumer prices, which rose to a 10-year high of 9.52 per cent in August, came down to 8.71 per cent in December last year on a point-to-point basis, meaning compared to that same period in 2021, according to the Bangladesh Bureau of Statistics.

"The years 2023 and 2024 are not looking bright," said CPD Executive Director Fahmida Khatun yesterday.

Global inflation is a big challenge and Bangladesh will not remain immune from the price spike due to its import dependence. The pressure of imported inflation and cost of living will be there, she said.

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STOCKS

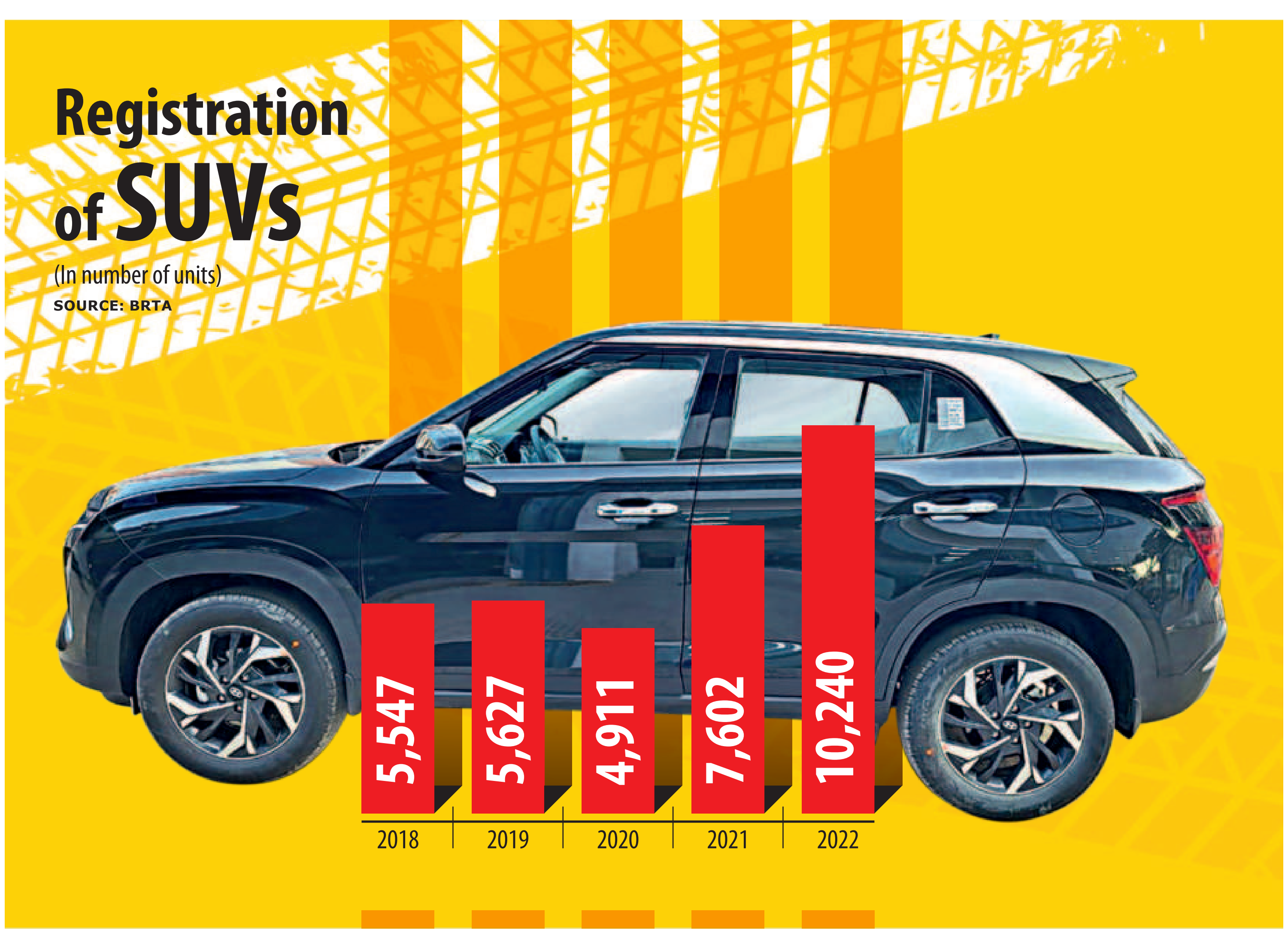
DSEX ▲	CASPI ▲
0.08%	0.13%
6,215.04	18,353.04

COMMODITIES

Gold ▲	Oil ▲
$1,885.2 (per ounce)	$78.16 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.25%	▲ 0.01%	▼ 0.11%	▲ 0.05%
59,958.03	26,449.82	3,267.78	3,163.45



Local auto assembly gains steam

Assembling of Hyundai cars to begin Jan 19

JAGARAN CHAKMA

Bangladesh is set to soon witness local assembling of cars of a third international brand.

An assembly plant for motor vehicles of South Korean carmaker Hyundai is expected to go into operation through its local distributor, Fair Technology, on January 19.

The plant is situated at Bangabandhu Hi-Tech Park in Kaliakoir of Gazipur, some 25 kilometres north of Dhaka.

For the past couple of years automobiles of Japanese brand Mitsubishi Outlander and Mitsubishi Pajero were already being assembled by Rangs, a concern of Rangs Group, and state-run Pragoti Industries while Malaysian Proton by Chattogram-based PHP Family.

The arrival of the third brand is coming at a time when auto sales are expanding in Bangladesh driven by demand from a rising middle class.

Roughly, 22,000 reconditioned cars are imported each year.

In 2022, 10,240 sport utility vehicles (SUVs) were registered with Bangladesh Road Transport Authority (BRTA) whereas in the previous year it was 7,602.

According to the BRTA data, registration of SUVs has been rising over the past decade thanks to a growing affluent class alongside development of road conditions.

Sales of SUVs and luxury cars grew at an annual average of 40 per cent in Bangladesh in the past decade as more people, armed with rising income, are buying automobiles in higher numbers.

Though the domestic market for brand new cars is slowly expanding, local assembly is beneficial in terms of the price reduction it enables thanks to lower tariffs on completely knocked down (CKD) kits.

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