

star

BUSINESS



RISE IN RETAIL PRICES  
IN ONE YEAR

Loose flour

61% ↑

Soybean (litre)

11% ↑

Chickpea

23% ↑

Lentil small size (kg)

13% ↑

Cumin

76% ↑

Garlic (domestic)

189% ↑

Ginger

65% ↑

SOURCE: TCB

ONE YEAR OF  
UKRAINE  
WAR

GLOBAL COMMODITY PRICES

SOURCE: WB COMMODITIES PRICE DATA

Coal, Australia (per tonne)

150% ↑

Soybean oil (per tonne)

20% ↑

Crude oil, Brent (bbl)

42% ↑

Maize (per tonne)

22% ↑

LNG, Japan (mmbtu)

71% ↑

Wheat, US (per tonne)

36% ↑

Palm oil (per tonne)

13% ↑

Sugar (per kg)

5% ↑

Economy bleeds while reality  
only getting harsher for people

MD FAZLUR RAHMAN and  
AKM ZAMIR UDDIN

Russia's war in Ukraine might be taking place 5,800 kilometres away from Bangladesh and the country is not involved militarily in the dragging conflict in any way, but its economy and people have been paying heavy prices.

The war, which began on February 24 last year, has hit Bangladesh's robust economic recovery from the coronavirus pandemic. The economy grew at a slower-than-expected pace in the last fiscal year and the growth might decline further in the current financial year as well.

Inflation has stayed at an elevated level after surging to a multi-year high in August owing to global supply disruptions,

higher import costs and a spike in fuel, gas and electricity prices. Higher consumer prices have hit hard the poor and the fixed-income groups disproportionately since their earnings did not rise in line with the expenses, forcing them to slash consumption, both food and non-food.

The war-induced higher global commodity prices and slowdown in external demand have led to a sharp widening of the current account deficit, depreciation of the taka and a decline in foreign exchange reserves.

The taka, which was under pressure even before the war began, lost its value by about 25 per cent against the US dollar since February last year, driving up the cost of imports in a

country that relies on external sources for 80 per cent of wheat, nearly 100 per cent of crude oil and processed petroleum products, a majority of fertiliser, edible oil and sugar.

The forex reserves were down by 28 per cent.

The global energy crisis prompted the government to

were raised in an unprecedented manner. But the pressure did not go away.

Owing to higher global prices, importing the same volume of nine essential commodities – crude oil and refined oil, LNG, wheat, fertiliser, palm oil, coal, soybean oil, maize and rice – was expected to cost an additional \$8.2 billion in 2022 in comparison to 2021, according to the budget speech of the finance minister in June.

Exports shot up to a record high in the last financial year, which ended in June, riding on pent-up demand. But the shipment growth is expected to slow in line with falling demand in Europe and the United States, which together account

Consumers feel  
the heat of war  
everywhere

SOHEL PARVEZ and MD ASADUZ ZAMAN

Nearly a year ago when President Vladimir Putin launched a full-scale invasion of Ukraine, many had thought that the war would end soon.

It hasn't. The war has prolonged and it has left scars in Ukraine and affected the lives and livelihoods of people in almost every corner of the world.

The people of Bangladesh were not spared as well. Every family is feeling the pinch of the conflict, which is taking place thousands of miles away from the delta.

"The effect of the war is visible in every nook and cranny of the country," said Jalal Uddin Ahmed, a private sector employee.

"When I commute in a bus and the ticket issuer asks for a higher fare than I used to pay earlier, I can feel the heat of the war on my wallet."

Ahmed is the breadwinner of a four-member family living in Dhaka for 34 years.

In the past one year since the war broke out, the 55-year man saw the overall cost of living of his family go up by more than 50 per cent.

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STOCKS		AS OF MONDAY
DSEX ▼	CASPI ▼	
0.14% 6,218.83	0.12% 18,360.21	

COMMODITIES	
Gold ▼	Oil ▲
\$1,834.28 (per ounce)	\$77.01 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.03% 60,672.72	▼ 0.21% 27,473.10	▼ 0.06% 3,306.86	▲ 0.49% 3,306.52

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Fuel prices surged over the past year as the ongoing Russia-Ukraine war put pressure on global supply. As a result, diesel and other lubricants were hard to come by for most. Here, a gas station attendant is seen pumping diesel into a drum for use in a generator during power outages in the capital.

PHOTO: STAR/FILE

SMEs to conglomerates  
-- none left unscathed

AHSAN HABIB

Businesses of almost all segments of the economy have been passing tough times since last July, when the Russia-Ukraine war started to have an impact in a multitude of ways.

From small and medium enterprises (SMEs) to conglomerates, the conflict took a toll on all businesses this year, even ones which were left unscathed in the 2007-08 world financial crisis.

Sales and profits of manufacturers shrank alongside new investment in industries, hampering the creation of new jobs.

Top officials of several non-listed conglomerates confirmed that their sales and profits were squeezed by around 12 per cent year-on-year in 2022 while over 70 per cent of listed companies showed lower profits during the July-December period.

Furthermore, around 19 per cent of listed companies were downed into losses in the six-month period

ONE YEAR OF  
UKRAINE  
WAR

whereas they had logged profits in the same period of the previous year.

The war disrupted global supply chains when the world economy was already weak for the pandemic, said Abdul Matlub Ahmad, former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

"So, the impact of the war seems acute," he added.

Europe was dependent on Russia to meet their demand for fuel, which was seriously impacted for the war. So, energy prices soared and it impacted businesses.

The price of every barrel of Brent crude oil crossed \$120 in June 2022.

In August, the Bangladesh government raised the prices of

diesel and kerosene by 42.5 per cent.

The price of petrol underwent a 51.16 per cent jump and octane became dearer by 51.68 per cent, driving up transportation costs.

The US economic policy was on recalling its dollars so a crisis of the currency was a reality and it also affected businesses as most manufacturers' raw materials need to be imported, Ahmad said.

The foreign exchange reserve of Bangladesh dropped 28 per cent to \$32.6 billion in the last one year, according to Bangladesh Bank data.

The taka lost its value by about 22.3 per cent in the last one year because of the US dollar shortages, making imports expensive, the data shows.

On top of that, the recent earthquake in Turkey deepened the European problem. Already, hunger and poverty are rising worldwide, including Bangladesh, said Ahmed, also chairman of Nitol Niloy Group.

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