

Relaxy raises pre-seed funding from Sajida

STAR BUSINESS REPORT

Sajida Foundation has announced the successful closure of a pre-seed funding round with Relaxy Limited, a tech-based wellness platform focused on improving the accessibility and quality of mental health services in Bangladesh.

Relaxy's data-driven approach to mental health services is changing the landscape of mental health support in Bangladesh by making it more accessible and stigma-free.

With the investment from Sajida Foundation, Relaxy can expand its reach and impact, bringing its personalised psychosocial and well-being support services to more people, according to a statement.

Relaxy has already built a community of more than 11,000 users and has developed a comprehensive platform that helps individuals achieve their desired emotional, social, and psychological potential.

"We are thrilled to receive the support provided by Sajida Foundation - this represents a critical milestone in our journey towards building the next generation of digital mental healthcare in Bangladesh," said Jahnnobi Rahman, founder and CEO of Relaxy.

Ashique Selim, adviser of mental health programmes at Sajida Foundation, said Relaxy's platform has the potential to revolutionise mental health services in Bangladesh, and Sajida Foundation is eager to support its growth.

Tesla profits fall on vehicle price cuts

AFP, New York

Tesla reported a drop in first-quarter earnings Wednesday as price cuts at Elon Musk's electric vehicle company boosted demand but hit profit margins.

Profits came in at \$2.5 billion, down 24 per cent from the year-ago period on revenues of \$23.3 billion, which were up 24 per cent.

Shares fell on the results, which were in line with Wall Street expectations for earnings per share, but showed a lower profit margin than expected.

Faced with more EV competition from other automakers, Tesla has undertaken a series of price cuts in 2023, most recently over the last 24 hours on some models in the United States.



Each kilogramme of broiler chicken was selling for around Tk 260 whereas Sonali chicken for Tk 380 in Dhaka's kitchen markets yesterday. Similar increases have been confirmed in Barishal and Shariatpur districts. The photo was taken on Bazar Road in Barishal city yesterday.

PHOTO: TITU DAS

Chicken turns Tk 50 costlier in two days

SUKANTA HALDER and SHAHEEN MOLLAH

The retail price of chicken, one of the population's biggest sources of protein, has gone up by around Tk 50 in the last two days, with the common reasonings being either a supply crunch or an attempt to cash in on inevitable Eid demand.

Each kilogramme (kg) of broiler chicken was selling for around Tk 260 whereas Sonali chicken Tk 380 in Dhaka's kitchen markets yesterday. Similar increases have been confirmed at Barishal and Shariatpur districts.

In tandem, beef and mutton are also retailing Tk 50 higher at Tk 800 and Tk 1,100 per kg.

Chickens sold in Dhaka arrive from a handful of big companies alongside small-scale operations run in surrounding areas.

Poultry farms have hiked prices since Eid-ul-Fitr is just around the corner and this had a ripple effect on the whole supply chain, said Saidur Rahman, a retailer of Karwan Bazar, one of Dhaka's biggest kitchen markets.

"When the companies were asked about the reason, they did not say anything," he said, apprehending that the price would rise further in the coming days.

Golam Rosul Kamrul, another retailer of

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Saidur Rahman
A retailer of Karwan Bazar

the Mirpur-12 kitchen market, said he sold broiler chicken at Tk 210 and Sonali chicken at Tk 350 per kg three days ago.

Abul Kalam, a trader in Shariatpur sadar area, said last Wednesday broiler chicken was sold at Tk 200 and Sonali chicken at Tk 320 per kg and it went for Tk 240 and Tk 350 respectively on Thursday.

Mohammad Rubel Hossain, a wholesaler at Kaptan Bazar, said he found supplies at only one company. "Called 8 to 10 traders today but I am not getting it from anyone. The price will increase," he said.

Kazi Zahin Hasan, a director of Kazi Farms Ltd, one of the major poultry producing companies in Bangladesh, did

not receive calls for comment on the matter.

As for beef and mutton prices, Mohammad Jalal Uddin, a butcher in Karwan Bazar, and Zakir Hossain, another butcher of the Mirpur-1 kitchen market, reasoned that everyone was trying to cash in on the Eid demand spike.

The market is controlled by a few big traders and they raise prices at the slightest excuse, said Ghulam Rahman, president of Consumers Association of Bangladesh.

State-run chicken farms that produce layer chickens can create competition in the market by providing supplies to small traders, otherwise the government will not be able to keep the market stable, he said.

The poultry industry meets 40 per cent of the total demand for meat in the country, according to industry people quoting data from the Department of Livestock Services.

The price hike has prompted cutbacks on purchases by low-income people such as househelp Shahnaz Parvin, a resident of Mirpur-11.

She said she bought 1.5 kgs of broiler chicken this year whereas last year she had bought two kgs ahead of Eid.

"At the price of beef, I can't buy a kg anymore. So, I thought I would buy half a kg the day before Eid," she said.

A depressing Eid

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In some cases, they even believe that existing prices of some stocks are inflated.

"It's not that I can withdraw profit from the stock market every month, but I could not withdraw anything in at least the past eight months," said Hossain.

"On top of that, I withdraw some funds at least every Eid, but this year I could not for the first time," he claimed.

The stock market should be opened up, otherwise the market will be dented in the long run, Hossain added.

Due to the floor price, the turnover of Dhaka Stock Exchange remained less than Tk 500 crore for at least the past six months.

As a result, the stock market intermediaries - stock brokerage firms, merchant banks and asset management companies - are also feeling the pressure and most are running operations at losses.

The Daily Star talked to a number of stock brokers, merchant bankers and asset managers.

All apprehend that if the situation continues to prevail for a couple of more months, they will have to cut jobs and some will be forced to shut down.

"As per my knowledge, all the brokers paid salaries and bonuses even though they are incurring losses," said Md Sajedul Islam, senior vice president of DSE Brokers' Association.

"We are not earning anything since the floor price was launched as investors were hardly able to sell shares. On the other hand, our dealer accounts have also turned barren for a lack of trade," he said.

On top of that, costs of the brokerage houses soared when new brokerage licences were issued. "To retain our officials, we had to increase their salaries," said Islam.

There were 250 licences in the market in 2021 when the regulator issued another 50 or so licences.

He also pointed out that all official fees were also increased over the past two years by the regulator by a big margin. For instance, yearly Central Depository Bangladesh Limited (CDBL) charge rose from Tk 4,000 to Tk 50,000.

"So, no broker has made a profit in the last couple of months," he said.

There have been many times that brokers, incurring losses for the bear run of the market, opted for paying salaries and bonuses selling shares from dealer accounts.

But this year, they were not able to sell shares from the dealer accounts for the floor price. So they paid salaries and bonuses either from their FDRs or by taking loans, added Islam, who is also managing director of Shyamol Equity Management Ltd.

A stock broker, preferring anonymity, said though his salary was coming in every month, him and many others could be left without a job if the present situation continues to prevail.

No firm can bear costs month after month while incurring losses, he said.

Most brokerage houses are incurring operating losses now as the turnover is limited to a handful of entities while others can claim no significant volume of transactions, the broker added.

A top official of an asset management company said asset managers do business by mainly investing fund into stocks and so it was impossible to make money when the overall market becomes illiquid.

As a result, all the fund managers are struggling this year, he said, adding that no fund manager would be able to provide good dividends this year due to the lacklustre stock index.

The DSEX, the benchmark index of Dhaka Stock Exchange, dropped 2 per cent to 6,228 points compared to that of July 1 last year when there was no floor price. In July, the DSE's daily turnover was also over Tk 800 crore on an average.



Customers are preferring to buy clothes, food and other essentials rather than luxuries such as furniture as the inflationary pressure stemming from global economic crises has strained their purchasing power.

PHOTO: RAJIB RAIHAN

Furniture sales

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Sales of Partex Furniture, a concern of Partex Star Group, have also declined by as much as 50 per cent this year.

"Customers are not ready to spend money on purchasing furniture as their disposable income has fallen due to inflation," said Fazle Rabbi, head of marketing at Partex Star Group.

Other than reduced demand among the general public, government purchases of furniture has come down to almost zero as austerity measures have been taken to reduce non-essential expenditures amid the economic crisis.

Likewise, even the corporate sector is avoiding luxury purchases as business has been slow.

Rabbi then said living costs have risen by as much 20 per cent in the past few months, which has adversely impacted the furniture industry.

Besides, people are more interested in buying comparatively cheaper non-branded furniture considering their financial constraints.

On the other hand, sales of Regal Furniture, a concern of Pran-RFL Group, enjoyed their expected sales

ahead of Eid.

"We are happy with our Eid sales as customer footfall was good despite the country's current situation," said Kamruzzaman Kamal, marketing director of Pran-RFL Group.

According to him, customers are preferring products of Regal Furniture as they have not increased their prices despite the higher raw material cost resulting from Taka's devaluation against the US dollar.

"We are trying our best to provide customers with the best quality furniture at a reasonable price. But if the dollar shortage continues, the furniture industry will suffer in the long run," he added.

Riad Hossain, manager of Altal Furniture at Begum Rokeya Sarani in Dhaka's Mirpur, said he could not sell any products in the past three days as few customers are showing up while those that do seek low-priced options.

"I am yet to witness this type of situation during my 20 years' experience in this sector. Maybe the people are opting to bear the expense of essential items instead of purchasing furniture," he added.

Good news for savers

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In March, consumer prices jumped to a seven-month high of 9.33 per cent following 8.78 per cent in February.

Inflation averaged 8.39 per cent last month from 8.14 per cent in February, way higher than the maximum deposit rate offered by some banks.

"If the real interest rate remains negative, many people will look for alternative investment opportunities. We already see property prices are going up," Rahman said.

Owing to a lower return on deposits against persistently higher inflation, Rifat Jahan, a homemaker in the capital's Mirpur, pulled funds from a private commercial bank last year and redirected the money into the stock market although the latter itself has been witnessing a bearish trend for months.

"A good amount of money will remain outside the banking system until we raise the interest rate on deposits to match it with the inflation rate. We also need to win back the confidence of customers and reassure them that money kept with banks is safe," Rahman said.

Bank Asia President Chowdhury hopes the easing of the lending rate cap, the complete removal of the deposit floor rate, and the upcoming market-based lending rate will create

a positive impact on good borrowers and also for depositors to manage inflationary pressures.

Mohammad Ali, managing director of Pubali Bank, said the requirement for funds has increased among banks and it is fueling the interest rate.

"Many borrowers who in the past did not seek full disbursement of credits against their limits are now making the most of the ceiling. We see an increased utilisation of limits."

He, however, acknowledges that because of the spike in the interest rate on deposits, the cost of doing business for borrowers may go up.

"In some cases, banks' operating profits may fall."

Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management, said the easing of the interest rate ceiling on consumer credits has pushed up the deposit rate. "This is because banks were confronting fund challenges."

A mid-level official of a private commercial bank in Chittagong says some banks are even offering more than 8 per cent interest rate on longer-term deposit schemes.

"We are giving up to 7.75 per cent deposit rate on some schemes," he said, adding that his bank started to revise the deposit rates upwards in the first week of March.

Which division

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In fiscal year 2021-22, the share of remittances coming to Dhaka was 47 per cent of the total inflow followed by Chattogram at 26 per cent, as per Bangladesh Bank data.

Mohammed Monirul Moula, managing director and CEO of Islami Bank Bangladesh Ltd (IBBL), said citizens of Dhaka and Chattogram who stay abroad are mainly engaged in businesses.

"So, the ticket size of remittances they send home is usually higher. You will find many citizens of Chattogram having businesses in Mecca and Medina," he added.

"A higher number of migrant workers have gone abroad for jobs from the Cumilla and Noakhali

regions but the ticket size of the money they send is not that high," said Moula of IBBL, which transferred more than one-fourth of total remittances in the October-December period of 2022.

Md Murshedul Kabir, managing director and CEO of state-run Agrani Bank Ltd, said a good number of migrants from Dhaka and Chattogram stay abroad.

Agrani Bank handles the largest amount of remittance among state-owned banks.

"We have contracts with more than 100 money transfer firms abroad and have a good distribution channel inside the country because of our branches and agent banking network," he added.

99.72% RMG units paid festival bonus so far: BGMEA

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Some 2,145, or 99.72 per cent, of the garment factories in Bangladesh have paid festival bonuses to their workers as of yesterday.

Only six factories are left, which are currently working on clearing the bonus, according to a statement from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

However, all garment factories have cleared their salaries for the month of March, the statement also said.

Earlier, the BGMEA brought under close monitoring and assisted around 450 garment factories, which might face difficulties in paying their workers.

At the direct intervention of the BGMEA, payments to workers at 26 factories were ensured.

The association held discussions with the workers, owners and the federation leaders and the payment problems were resolved either by selling factories, machinery or talking to the banks concerned.

HSBC urges shareholders to vote against proposed split

AFP, London

Bank giant HSBC on Wednesday reached out to shareholders, urging them to vote down a proposal by its largest stakeholder, Chinese insurer Ping An, to split the business.

It comes after Ping An on Tuesday ramped up pressure over its break-up strategy that it claims is necessary to improve performance at London-based HSBC.

Responding, the Asia-focused lender wrote in a letter to shareholders that "the board strongly believes that HSBC should focus on executing the current strategy that is delivering".

HSBC argued this was "the best and safest way to continue to deliver substantially more value for shareholders over the coming years".

It called on shareholders to vote against the proposal at the bank's annual general meeting on May 5.

In a rare public statement Tuesday, Ping An had said HSBC was lagging behind international peers and a recent improvement in performance was tied to rising interest rates, which have now peaked.

Ping An outlined revised proposals for restructuring that highlight HSBC's precarious position as US-China tensions rise, with some observers doubting whether Europe's largest lender can continue to straddle East and West.