

## House Building Finance to get €270.57m IDB loan

STAR BUSINESS DESK

Bangladesh House Building Finance Corporation will get a €270.57 million loan, equivalent to about Tk 3,000 crore, from Islamic Development Bank for its Rural and Peri-urban Housing Finance Project.

The bank approved the loan in its annual conference for 2023 in Jeddah, Saudi Arabia running on May 10-13, said a press release.

This is the second loan for the project. Earlier, the bank provided nearly Tk 1,000 crore for the project.

Md Abdul Mannan, managing director of BHBFC, expressed his gratitude to the secretary and the senior secretary of the financial institutions division, finance division and economic relations division of the finance ministry of Bangladesh for their all-out cooperation to this end.

### BY THE NUMBERS

(For July-April of FY23)



Overall, LC opening stood at **\$56.36b**, down **26.80%**



Settlement was **\$62.39b**, down **8.15%**



LC opening for rice and wheat **\$1.94b**, settlement **\$1.9b**



Importers opened LCs of **\$1.62b** to buy refined edible oil



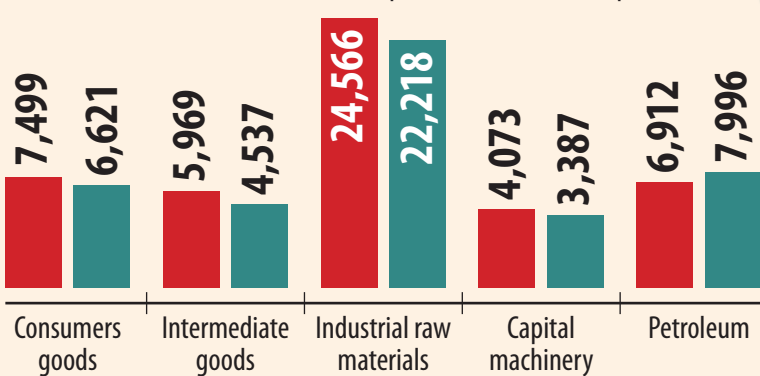
LC opening for pulses was **\$288m**, onion **\$98.60m**



Petroleum and petroleum products **\$7.63b**, up **2.38%**

### Settlement of import LCs

In million \$; SOURCE: BB



**Banks used to open LCs amounting to \$7 billion to \$8 billion a month in the past whereas it has come down to about \$5 billion currently**

Syed Mahbubur Rahman  
Managing director of Mutual Trust Bank

# LC opening for most commodities, machinery dips

MD FAZLUR RAHMAN

Importers opened a lower volume of letters of credits (LCs) in July-April for the purchase of essential commodities such as rice, wheat, sugar, crude edible oil as well as raw materials and machinery key to the industrial sector, figures from the central bank showed.

On the other hand, the LC opening for pulses, spices, coal and petroleum products went up in the first 10 months of 2022-23, according to the monthly update of various economic indicators.

Overall, the opening and settlement of LCs fell 26.80 per cent and 8.15 per cent year-on-year in July-April owing to import controls enforced by the government and the central bank with a view to stopping the erosion of the foreign currency reserves.

Owing to higher commodity prices in the global market, the forex reserve has fallen by about 28 per cent in the past one year, sliding to \$30.35 billion on May 10 from \$41.95 billion on the same day last year.

BB data showed the LC opening stood at \$56.36 billion in July-April, down from \$76.99 billion from a year ago. The settlement fell to \$62.39 billion from \$67.93 billion.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, thinks the LC opening has dropped owing to both price adjustments and volume adjustments.

He explained that globally, commodity prices have fallen compared to the pre-war level. "So, we are being able to purchase commodities at reduced costs. This is good for us. But

the import might have fallen in terms of volume as well, which is not good for us."

The former official of the International Monetary Fund says owing to the US dollar crisis, many businesses are not being able to import.

Central bank data showed that the opening of LCs for rice and wheat stood at \$1.94 billion in July-April, down 14.38 per cent from a year ago. The settlement fell 11.21 per cent to \$1.9 billion.

LCs worth \$880 million were opened to procure sugar and salt from international markets, a decrease of 8.45 per cent from \$961 million during the same period last year.

The settlement declined 17.19 per cent to \$688 million.

Banks processed LCs amounting to \$1.62 billion to help businesses buy refined edible oil in the first 10 months of FY23, an increase of 14.88 per cent from \$1.41 billion a year earlier. The settlement surged nearly 50 per cent to \$1.74 billion.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said banks used to open LCs amounting to \$7 billion to \$8 billion a month in the past whereas it has come down to about \$5 billion currently.

He, however, questioned whether Bangladesh would be able to keep the imports at the current level since it is related to the economic growth, job creation and investments.

"Bangladesh is an import-dependent nation and we will have to ensure adequate imports to keep the wheels of the economy running."

Overall, the opening of LCs for consumer goods fell 18.19 per cent to

\$6.68 billion. It was \$4.49 billion for intermediate goods, a drop of 31.39 per cent.

The LC opening for industrial raw materials went down by 31.85 per cent to \$19.22 billion.

The LC opening for textile fabrics declined 28.85 per cent to \$7.76 billion. Similarly, importers opened 42.52 per cent lower LCs at \$2.02 billion to buy raw cotton and 53.73 per cent lower at \$1.39 billion for cotton yarn.

**BB data showed the LC opening stood at \$56.36 billion in July-April, down from \$76.99 billion from a year ago. The settlement fell to \$62.39 billion from \$67.93 billion.**

Importers opened LCs amounting to \$2.45 billion for capital machinery, a fall of 56.91 per cent from a year earlier, according to the central bank's monthly report.

The LC opening and settlement for fruit imports fell 34.56 per cent and 35.90 per cent to **\$294.70 million and \$251.40 million, respectively, between July and April.**

Banks opened the instruments amounting to **\$288 million to help traders import pulses**, which were 30.48 per cent higher than a year ago. LCs worth \$278 million were opened for spices, up 25.19 per cent year-on-year, while it fell 35.28 per cent to \$98.6 million for onion.

The LC opening for the import of

petroleum and petroleum products rose 2.38 per cent to \$7.63 billion in July-April, driven by a large increase for the purchase of refined items.

LCs valued at \$3.91 billion were opened to buy refined petroleum products, up nearly 30 per cent from a year ago. The settlement surged 58.87 per cent to \$4.2 billion.

The opening of LCs for bringing in capital machinery for textile, leather, jute, garment, pharmaceuticals and packaging industries fell between 40 per cent and 70 per cent.

The LC opening for crude edible oil dropped 12.06 per cent to \$388 million. Traders opened 30.48 per cent higher LCs for pulses at \$288 million.

Rahman thinks there is no alternative to bringing the financial account of the balance of payments to the positive territory by the way of accelerating export and remittance earnings and attracting foreign portfolio investments and foreign direct investments.

The financial account covers claims or liabilities to non-residents concerning financial assets. Between July and March of 2022-23, the financial account registered a deficit of \$2.21 billion in contrast to a surplus of \$11.92 billion a year ago.

Historically the financial account of Bangladesh has experienced a surplus almost every year.

"There is no other way but to increase the supply of US dollars," Mansur said.

"We are getting some dollars from development partners. But the volume is not adequate. So, we will have to go for the floating exchange rate to improve the supply situation of the American greenback."

## Why National Tea's share price plunged 60%?

STAR BUSINESS REPORT

The National Tea Company had a surprise for many stock traders yesterday as the company's share price plunged by a whopping 59.89 per cent.

The stock price of the state-run listed company dropped to Tk 251 yesterday though it was traded at Tk 626 on May 14.

Issuance of new ordinary shares and price adjustment followed by it actually caused the fall, according to the stock brokers.

The company will issue 2.34 crore ordinary shares of Tk 10 each at an issue price of Tk 119.53 each, including a premium of Tk 109.53, for which it received regulatory approval in April this year.

The adjustment was needed as the company was issuing ordinary shares to its existing 66 lakh shareholders to raise a paid-up capital of Tk 279.7 crore.

On May 15, the trading of National Tea's share remained suspended as it was the record date, which is the cut-off date established by a company

**The stock price of the state-run listed company dropped to Tk 251 yesterday though it was traded at Tk 626 on May 14.**

in order to determine which shareholders are eligible to receive shares or a dividend.

However, National Tea's trading remained halted on May 16 also as the price adjustment was not complete.

Finally, the share price dropped after the completion of the price adjustment.

The purpose of issuance of placement share was to support the business growth (field and factory development), finance the working capital needs along with repayment of bank loan.

Of the 2.34 crore shares, 1.24 crore shares to be issued to the government, Investment Corporation of Bangladesh and Sadharan Bima Corporation.

Some 13.80 lakh shares to be issued to other directors and 95.39 lakh shares the general shareholders

Share subscription will open on July 10 and continue until September 10.

## Euro zone inflation ticks up in April

REUTERS, Frankfurt

Euro zone inflation accelerated last month, Eurostat said on Wednesday, confirming preliminary data pointing to increasingly stubborn price growth among the 20 nations sharing the euro.

Overall price growth accelerated to 7.0 per cent in April from 6.9 per cent a month earlier, as rising services and energy costs offset a slowdown in food price growth.

Although underlying price growth, the key focus of European Central Bank policymakers in recent months, slowed a touch, the crucial services component continued to accelerate, pointing to mounting wage pressures that could get inflation stuck above the ECB's 2 per cent target.

Excluding volatile food and fuel prices, core inflation slowed to 7.3 per cent from 7.5 per cent, while an even narrower measure, which excludes alcohol and tobacco, slowed to 5.6 per cent from 5.7 per cent in its first decline since last June.

Inflation has been above the ECB's 2 per cent target for nearly two years and the bank has lifted interest rates by a combined 375 basis points since last July to arrest runaway price growth.

But more hikes are likely as it could be 2025 before inflation is back at target and the "last mile" of disinflation, getting from 3 per cent to 2 per cent, could be especially difficult, taking nearly 2 years.

## DSE closes slightly higher

STAR BUSINESS REPORT

The prime index of the Dhaka Stock Exchange (DSE) rose slightly yesterday.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), inched up 4 points, or 0.06 per cent, to close at 6,281. However, the DS30, the blue-chip index, was flat to end at 2,183 while the DSES, the Shariah-compliant index, went down 0.03 per cent to 1,368.

Turnover, a key indicator of the market, declined 4.43 per cent to Tk 711 crore.

Of the securities, 105 advanced, 66 declined and 189 did not show any price movement.

Chartered Life Insurance Company made the highest gain with an increase of 9.98 per cent.

Al-Haj Textile Mills, Meghna Insurance Company, Islami Commercial Insurance Company, and Islami Insurance Bangladesh were among the top gainers.

National Tea Company was the highest loser, shedding 59 per cent. GBB Power, Khan Brothers PP Woven Bag Industries, Bangladesh Welding Electrodes, and MJL Bangladesh were also on the list of significant losers.

Bangladesh Shipping Corporation was the most-traded stock on the day with its issues worth Tk 36 crore changing hands.

Intraco Refueling Station, Sea Pearl Beach Resort & Spa, Rupali Life Insurance Company, and Agni Systems Ltd registered significant turnover as well.

The Caspi, the all share price index of the Chittagong Stock Exchange, rose 23 point, or 0.12 per cent, to close at 18,505. Of the issues, 81 rose, 43 retreated and 122 did not see any price swing.

Turnover of the port city bourse surged more than double to Tk 22.5 crore from the previous day's Tk 8 crore.



People shop daily necessities at a market in Tokyo. The 0.4 per cent rise in Japan's gross domestic product beat market expectations of 0.2 per cent, after hopes of a rebound fell flat in the final quarter of last year.

PHOTO: REUTERS/FILE

## Japan's Q1 growth beats expectations

AFP, Tokyo

Japan's economy grew faster than expected in the first quarter, official data showed Wednesday, helped by a recovery in inbound tourism after pandemic border restrictions were lifted.

The 0.4 per cent rise in gross domestic product beat market expectations of 0.2 per cent, after hopes of a rebound fell flat in the final quarter of last year.

Spending by visitors to Japan "rapidly recovered" in the three months to March, Ryutaro Kono, chief economist at BNP Paribas, said ahead of the GDP data release.

"Domestic household spending also appears to have recovered at an accelerated pace," he added.

The world's third-largest economy fully reopened its borders to foreign tourists in October following two-and-a-half years of Covid restrictions that pummeled the economy.