Dhaka stocks close lower, snapping two-day winning streak

STAR BUSINESS REPORT

The key index of the Dhaka Stock Exchange dropped yesterday, snapping a two-day winning streak although turnover remained at an elevated level.

The DSEX, the benchmark index of the top bourse in Bangladesh, lost 9 points, or 0.15 per cent, to close the day at 6,356.

The DS30, the blue-chip index, decreased 0.03 per cent to 2,198 while the DSES, the shariah-compliant index, went down 0.05 per cent to 1,382.

Turnover, a key indicator of the market, inched up 0.15 per cent to Tk 1,256 crore.

Of the securities, 71 advanced, 112 declined and 179 did not show any price movement.

The Dhaka stocks failed to sustain their upward momentum and ended in the red as investors booked profits, said International Leasing Securities Ltd in its daily market review.

The DSEX, the benchmark index of the top bourse in Bangladesh, lost 9 points, or 0.15 per cent, to close the day at 6,356.

The shaky investors preferred to book some quick gains on sector-specific stocks after the DSEX added 26 points in the last two sessions.

Though the market started on a positive note, it could not sustain the uptrend. Rather, it observed sales pressure from speculators, the brokerage house added.

Among the sectors, textile rose 0.4 per cent, engineering was up 0.3 per cent and fuel and power increased 0.2 per cent. The travel sector dropped 3.6 per cent, the jute sector fell 3.5 per cent, and the general insurance sector declined 2.7 per cent.

The investors' attention was mostly centred on life insurance, which accounted for 16.3 per cent of the day's turnover. The IT sector represented 13.4 per cent of the turnover and the fuel and power sector 12.7 per cent.

Bangladesh Autocars made the highest gain with an increase of 9.9 per cent.

Legacy Footwear, Lub-rref (Bangladesh), Trust Islami Life Insurance, and

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The government has started purchasing paddy through the Directorate General of Food at Tk 30 per kilogramme (kg) from farmers in Lalmonirhat. A total 4,058 tonnes of paddy will be procured from the district this year and kept at seven government warehouses. Around 1,086 tonnes have already been procured till Monday afternoon. The distribution of rice through cash sales schemes such as Open Market Sales (OMS) is planned at 14.19 lakh tonnes for the next fiscal year. The photo was taken at the Teesta warehouse in Lalmonirhat sadar upazila recently.

PHOTO: S DILIP ROY

Govt cuts public food imports to save forex

SOHEL PARVEZ

Bangladesh plans to cut public foodgrain imports in the next fiscal year in an effort to save foreign currencies and avoid putting further pressure on the already strained forex reserves.

The Directorate General of Food will buy 500,000 tonnes of rice and 600,000 tonnes of wheat from the international market in 2023-24 to build public food stocks and distribute the grains through various social protection schemes, including subsidised sales among low-income people.

The targeted rice purchase is 44 per cent lower than the revised estimated import of the cereal at 900,000 tonnes for the ongoing financial year, according to the budget documents of the finance ministry.

As such, the government has nearly halved its budget for the purchase of grains to Tk 2,592 crore from Tk 4,865 crore in 2022-23. In the case of wheat, the government plans to buy a 14 per cent lower amount from its revised target of 700,000 tonnes for FY23.

"We have decided to reduce the import in order to save foreign currencies," said Md Shakhawat Hossain, director-general of the Directorate General of Food.

"We have had good Aman and Boro harvests in the immediate two crop seasons. So, we want to buy an increased volume of grains from the local market."

The food office aims to buy 13 per cent higher rice at 19.61 lakh tonnes through domestic procurement in FY24. It wants to purchase 1 lakh tonnes of locally grown wheat as well, according to the documents of the proposed national budget.

The government has allocated Tk 8,750 crore in FY24 to buy locally grown rice, which is up 21 per cent from Tk 7,200 crore in FY23.

"Farmers will get better prices because of a higher increased domestic procurement. At the same time, foreign currencies will be saved," Hossain said.

Until June 1 of the current fiscal year, the food office purchased 633,000 tonnes of rice and 679,000 tonnes of wheat from overseas markets, food ministry data showed.

Alongside wheat, Hossain's office will buy 12.5 lakh tonnes of milled rice and 4 lakh tonnes of unhusked grains or paddy from the local market during the current Boro procurement season, which ends on August 31.

Already, it has bought 341,000 tonnes of parboiled milled rice and more than 30,500 tonnes of paddy from the local market to build up stocks, which stood at 17.13 lakh tonnes as of Sunday.

"We are getting a good response," Hossain said.

Despite increased purchases from the domestic market, the government plans to slash its overall procurement of cereals by 5 per cent to 31.61 lakh tonnes for FY24.

Accordingly, it also looks to reduce the public distribution of food, both in monetised sales and non-monetised distribution programmes.

The distribution of rice through cash sales schemes such as Open Market Sales (OMS) is planned at 14.19 lakh tonnes for the next fiscal year, down 4 per cent from 14.83 lakh tonnes in the outgoing financial year.

The distribution target for wheat has also been revised downwards for FY24.

In the case of non-monetised distribution programmes, namely the Food for Work and the Vulnerable Group Feeding, the government has decided to distribute 998,000 tonnes of rice in FY24, down 9 per cent year-on-year.

Similarly, the government plans to distribute a lower volume of wheat under the scheme.

When asked about the reasons behind the plan aimed at reducing distribution, Hossain said the government will decide based on the situation.

"If the situation demands, the government will respond accordingly," he said.

The volume of rice and wheat that would be sold through open market sales operation has been revised upwards to 550,000 tonnes for FY23 from the 350,000 tonnes initially targeted.

Board of directors: first frontier in building an ethical organisation

KAMRAN BAKR

Remember the ethical lapses at Volkswagen, Wells Fargo, Wirecard and Enron? Then we also have the familiar instances of major ethical debacles at home. How could such debacles occur under the watchful eyes of the ultimate guardians of the organisations, i.e. the board of directors?

I share below some context for aspiring ethical directors as well as suggestions to strengthen their organisation's ethical systems and become a shining lighthouse in Bangladesh for corporate governance and ethics. By doing so, they can avoid the dire consequences of ethical debacles for themselves, e.g. imprisonment and ensure the survival of their organisations.

Disgruntled employees having access to information on organisational misconduct may expose them at any time. Furthermore, the younger generation prioritises values over profit, making them prone to expose misconduct they may come across.

Finally, in today's hyper-connected world, with prevalent investigative journalism and advanced digital forensics, whereby even deleted digital files can easily be reconstructed, any unethical behaviour can be swiftly exposed and made viral. As a result, any misconduct can spell disaster for individuals, e.g. imprisonment as well as threaten the very survival of the corporation.

As an aspiring board member, you must be responsible and accountable to all stakeholders of the business – not only the dominant shareholders.

You must, therefore, guard against being used as a mere "rubber stamp" and attempts to reduce board meetings to a mere formality – to meet statutory requirements and serve the interests of dominant shareholders.

Do not tolerate manipulative tactics to control the board meeting agenda, last moment circulation of long pre-reads and rushed meetings. Feel free to ask for additional information or analysis – it is your right and duty!

Attending occasional meetings puts you at a disadvantage compared to senior management, who are more involved in day-to-day operations and have a deeper understanding of the business. As such, they, guided by controlling shareholders, may easily manipulate discussions to achieve their objectives. This is further exacerbated by some directors lacking the necessary values, qualifications and commitment.

Hence, build a strong board with ethical, experienced talent. Continually develop their competencies for effective governance and long-term sustainability. It is the combination of experience and competencies that enable board members to question and dissent logically.

Stay away from "cronies" who are willing "to sell their soul" in exchange for the fees and status of being a director. There are numerous examples of how spineless directors have, through their "bought" silence, wreaked havoc on the organisation.

As ultimate guardians, boards must establish ethical guard rails to prevent some management's profit-at-all-cost approach from going unchecked. To do this effectively, you need to consistently "set the tone" within the board, "walk the talk" and continually reinforce the importance of "doing the right thing".

Also, set up policies and rigorously implement them to address conflicts of interest among the board members. Remember that hypocrisy and ambiguity are the deadliest enemies of ethical culture. Obsession with aggressive goals can compromise judgement and ethics. As such, boards must set and continually reinforce core values by clearly communicating boundaries and consequences, ensuring goals are achievable and realistic and processes align with them.

As an aspiring board member, by taking these steps properly, you will be able to prevent major ethical lapses and pave the way for the long-term success of your organisation, thereby leaving a positive legacy.

The author is former chairman and managing director of Unilever Bangladesh Ltd

Debt ceiling deal ignores US debt time bomb

REUTERS, *Washington*

Republicans and Democrats are touting a hastily-written debt ceiling deal that staves off a devastating US default, but does little to slow a massive buildup of total federal debt now on pace to exceed $50 trillion in a decade.

The deal's first problem, budget experts say, is it only curbs non-defense discretionary spending, or just about one-seventh of this year's $6.4 trillion federal budget. Defense, veterans' care and big-ticket safety-net programs are spared.

ANALYSIS

Longer term, it fails to alter the US's chronic and growing revenue shortfall, thanks to health and retirement spending on the country's aging population and Congress's failure to raise taxes.

"If you're worried about the deficit and debt problem, this thing does nothing," said Dennis Ippolito, a public policy professor and fiscal expert at Southern Methodist University.

"What you've got in place is essentially Democratic spending policy and Republican tax policy, and there is nothing in the works that suggests any change to either of those," he said.

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A handout picture provided by energy giant Saudi Aramco shows its Safaniya and Tanajib onshore plants in Fadhili, located 30 kilometers west of the city of Jubail in the eastern province of Saudi Arabia.

PHOTO: AFP/FILE

Oil market rallies on Saudi output cut

AFP, *London*

Oil rallied Monday after key producer Saudi Arabia slashed output by a million barrels in a bid to prop up prices, while fellow Opec+ members agreed to continue current cuts to 2024.

International benchmark Brent oil and US counterpart WTI crude won more than two per cent.

Asian and European stocks mainly climbed with energy majors boosted by higher crude futures, which boosts profit and revenues.

Wall Street opened flat after having rallied on Friday on strong US jobs data that lifted hopes the US Federal Reserve will refrain from hiking interest rates next week.

Sentiment also remains buoyant after the United States clinched a

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