

Bank Asia, Swisscontact sign MoU

STAR BUSINESS DESK

Bank Asia Ltd and Swisscontact Bangladesh have signed a memorandum of understanding (MoU) to promote accessible and small-ticket-sized women-friendly savings products for the RMG workers and their community members so that their financial resilience improves.

Ziaul Hasan, deputy managing director of the bank, and Bipasha S Hossain, team leader for Sarathi-Improving Financial Health at Swisscontact, inked the MoU at a function at the bank's corporate office in Karwan Bazar on August 10, said a press release.

Under the agreement of the project to be implemented in Dhaka, Gazipur, Narayanganj and Chattogram districts, both the organisations will work together to improve financial health of readymade garment workers by developing



Ziaul Hasan, deputy managing director of Bank Asia, and Bipasha S Hossain, team leader of Sarathi-Improving Financial Health at Swisscontact, exchange signed documents of a memorandum of understanding on savings products for the RMG workers and their community members to improve their financial resilience, at the bank's corporate office in Karwan Bazar, Dhaka recently. PHOTO: BANK ASIA

awareness, promoting "DPS-100" and "Anchoi" products through cutting-edge campaigns and other engaging activities.

These initiatives will pave the way to bring banking facilities

to RMG workers' capitalisation on the bank's robust nationwide agent banking network, mobile application and internet banking channels.

Shafiuzzaman, president

and managing director (current charge) of the bank, Md Sazzad Hossain, deputy managing director and chief operating officer, Md Serajul Islam, executive vice-president,

Quazi Mortuza Ali, senior vice-president, and Salma Akhter, manager for partnerships and advocacy of Sarathi project at Swisscontact, among others, were present.



Asadur Rahman Sikdar, director of Montrims, greets Mashid Rahman, managing director of Rancon Infrastructures and Engineering, with a bouquet after striking a deal at the former's office in Dhaka recently for setting up a rooftop solar power plant.

PHOTO: RANGS PROPERTIES

Dutch economy enters recession

REUTERS, Amsterdam

The Dutch economy has entered a recession as it shrank 0.3 percent on a quarterly basis in the second quarter, a first estimate published by Statistics Netherlands on Wednesday showed.

The euro zone's fifth largest economy shrank for the second consecutive quarter, after a 0.4 percent contraction in the first three months of the year.

Economic growth in the Netherlands had been almost 5 percent per year in 2021 and 2022 in a quick recovery from a Covid-19 slump.

The first recession since the pandemic was driven by a drop in consumer spending and exports, as surging inflation drove up food prices and energy bills in the Netherlands and its trading partners.



Syed Waseque Md Ali, managing director of First Security Islami Bank, cuts a ribbon to inaugurate Dashmina sub-branch of the bank in Patuakhali from the lender's head office in Dhaka yesterday. Among others, Abdul Aziz, additional managing director of the bank, and Md Masudur Rahman Shah, deputy managing director, along with other officials were present.

PHOTO: FIRST SECURITY ISLAMI BANK

UK annual inflation drops to 15-month low

AFP, London

Britain's annual inflation rate dropped sharply in July to a 15-month low, official data revealed Wednesday, off the back of lower energy prices and in line with economists' expectations.

The Consumer Prices Index (CPI) rose by an annual rate of 6.8 percent, down from 7.9 percent in June, the Office for National Statistics (ONS) said, easing the country's cost-of-living crisis.

July's price growth met the predictions of analysts, including the Bank of England, which had forecast the 6.8 percent rate.

It follows a bigger-than-expected drop in June, when the CPI fell 0.8 percent.

However, UK inflation has for months been the highest among G7 nations, despite the Bank of England hiking its key interest rate more than a dozen times in succession to try to tame it.

Although there was a fall in gas and electricity prices in July, food prices continued to rise, but less quickly than in the same month a year earlier.

"Inflation slowed markedly for the second consecutive month, driven by falls in the price of gas and electricity," ONS deputy director of

prices Matthew Corder said.

"Although remaining high, food price inflation has also eased again, particularly for milk, bread and cereal. "Core inflation was unchanged in July, with the falling cost of goods offset by higher service prices," he added.

Prime Minister Rishi Sunak has set a target of halving inflation through this year to around five percent by 2024.

Despite the Bank of England projecting inflation could actually rise again next month, due to the impact of public sector pay rises, Sunak insisted Wednesday's figures showed "the plan is working".

Bad loans, forex volatility

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THE EQUITY STORY

Previously, HSBC Global Research termed Bangladesh's stock market as a "hidden gem" considering its potential for growth.

But in its latest report, HSBC said the floor prices on stocks are a major overhang for the market and are one of the reasons for its recent unimpressive performance.

"The process of price discovery and the amount of liquidity are the major risks for Bangladesh's stocks," it said.

The Bangladesh Securities and Exchange Commission launched the floor price mechanism for the first time in March 2020 and a second time in July of 2021 with the aim of halting the freefall of market indices.

With floor price restrictions, prices cannot fall below a certain level and this impedes price discovery and dents investor confidence. So, it is no wonder trading volumes have fallen significantly from their highs in 2021.

"But with a market cap-to-GDP ratio of only 19 percent, down from around 41 percent in 2010, we think

Bangladesh deserves more attention than it gets," HSBC said.

"Yes, the market is small, illiquid, and not that easy to access, but so was Vietnam's five years ago. The two markets were similar in size until 2015, but Vietnam's is now four times larger than what it was back then," it added.

An attractive point is that Bangladesh is less correlated with global macro and equity themes compared to Vietnam and also receives far less attention from analysts, creating opportunities for fund managers looking for diversification and "hidden gems".

HSBC Global Research pointed out that another issue holding back the market is that few companies have listed in Bangladesh since 2020, raising a combined \$96 million.

BANKING SECTOR DYNAMICS

The banking sector is currently facing a double challenge of slowing deposit and credit growth coupled with rising non-performing loans.

"But looking beyond this, we expect banks to benefit from rising credit growth fuelled by high

infrastructure spending, investment in the power sector and higher capital expenditure by companies setting up manufacturing units," HSBC said.

DYNAMIC DEMOGRAPHICS

Bangladesh is expected to be the ninth-largest consumer market by 2030 ahead of Germany and the UK, and most of this is powered by its demographic dividend.

With this backdrop, the report said investments in areas like health, education and skills could make the best use of this "demographic window of opportunity".

MACRO BACKDROP

A decade high inflation rate and volatile food and energy prices are the key drags on the economy of Bangladesh while rising exports and foreign direct investment, along with moving up the value chain in terms of goods exported, are key growth catalysts.

Also, the country remains the preferred location for many labour-intensive manufacturers given its cheap labour and strategic location in Asia, HSBC added.

Christmas apparel shipment

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Ahmed said he received a large number of work orders from his buyers and he thought that they would continue seeking bulk quantities but they had not done so.

Instead, the buyers are offering very low prices, he said.

A much-expected rebound of garment export may not take place this Christmas as the retailers and brands have old stocks in their stores, said Md Shahidullah Azim, vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Also, the prices being offered by the international retailers and brands are so low that the local suppliers are starting to say that "no business is better than monkey business", Azim said.

This is implying that the local suppliers are ready to refuse work orders from buyers who are offering low prices, he said.

There are a lot of inquiries from international retailers and brands but they are not placing work orders, he said.

So, it may take more time for a greater number of work orders to start coming in, Azim said.

Exporters said the low number of work orders was not a challenge only affecting Bangladesh.

Almost all garment exporting countries are facing a similar situation for high inflation stemming from the severe fallouts of the pandemic and the Russia-Ukraine war, they said.

The exporters pointed out that Bangladesh has been staging a relatively strong performance even at this time of a global economic slowdown.

For instance, clothing imports of the US from Bangladesh surged 36.38 percent to \$9.74 billion in 2022, up from \$7.16 billion in 2021.

With this, Bangladesh retained its place as the third-largest apparel supplier for the US with a 9.75 percent share, an improvement from 8.76 percent in 2021.

China, the top apparel import source for the US with a 21.75 percent

market share, posted a 10.83 percent growth to \$21.73 billion in 2022, according to data from the Office of Textiles and Apparel (Oteta) of the US Department of Commerce.

It was \$19.60 billion in 2021 and \$27.37 billion in 2018, Oteta data showed.

US consumers are still buying more than last year but spending growth is slowing as the economy settles down amid higher interest rates intended to reduce inflation, an August 15 article on www.fibre2fashion.com quoted National Retail Federation Chief Economist Jack Kleinhenz as saying.

"The economy was clearly more resilient in the first half of this year than many expected, and the consumer environment has been positive as inflation has slowed," Kleinhenz said.

"Nonetheless, there are ongoing economic challenges and questions, and the pace of consumer spending growth is becoming incrementally slower," he said.

Sri Lanka scraps

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China's Sinopec and Vitol had been short-listed to set up what would become the island's second oil refinery, near the Chinese-managed southern port of Hambantota, he said.

A new partner would be announced within weeks.

"The cabinet cancelled the agreement with (Silver Park's) Hambantota Refinery Company because they did not proceed with the construction," Wijesekera said.

Some 1,200 acres (485 hectares) of land allocated for the refinery were taken back, he said. President Ranil Wickremesinghe was Sri Lanka's prime minister when he attended the November 2019 ground-breaking ceremony.

Wickremesinghe had hoped the refinery in Hambantota, a deep-sea port near busy shipping lanes between Asia and Europe, would attract more investment to the area.

AIBL approves 15% dividends

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Al-Arafah Islami Bank Ltd (AIBL) has approved 15 percent dividends, including 12 percent cash dividend, for the year that ended on December 31, 2022.

The approval was given at the bank's 28th annual general meeting (AGM) held virtually yesterday, said a press release.

Salim Rahman, chairman of the bank, presided over the meeting, where Abu Naser Mohammad Yeahea, vice-chairman, Abdus Samad Labu, executive committee chairman, Md Abdus Salam, executive committee vice-chairman, Liakat Ali Chowdhury, risk management committee chairman, and Mahbubul Alam, board audit committee chairman, were present.

The bank achieved growth of 16.40 percent in deposit and 20.51 percent in investment during the year 2022 compared to 2021.

The earnings per share (EPS) of the bank stood at Tk 1.90 in 2022.

Among others, Farman R Chowdhury, managing director and CEO, and Mohammed Nizam Uddin Bhuiyan, company secretary, along with a large number of shareholders were present.

NRB Bank re-elects Amin as risk management committee chair

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Khandakar Ruhul Amin has been re-elected as the chairman of the risk management committee of NRB Bank Ltd at a meeting of the bank's board of directors recently.

Amin is a proficient businessman involved with local and overseas companies in Bangladesh and the USA over the past 26 years, said

a press release.

He is the proprietor of Father Reality Corporation, Surma Reality Corporation, Amin Reality Corporation, Hirapur Reality Corporation, Chile's Chocolate (Mexican restaurant), Gallitos Express (Mexican restaurant) and Indian Place which are located in the USA.

He has also some business concerns in Bangladesh such as Hotel New York, Cafe New York, Amin CNG Filling Station, Dhaka New York Agro Fisheries and Khandakar Tower.

Currently, Amin is the chairman of Sonaimuri Upazila Parishad in Noakhali.