

Accelerating US economy sideswipes markets

REUTERS

Far from the recession forecasts of earlier this year, US economic growth may actually be accelerating in the second half of 2023 - upending bond and stock markets scrambling to reprice long-term inflation and interest rate assumptions.

After a blowout July retail sales report on Tuesday was followed yesterday by news of a surprising surge in US industrial output and housing starts last month, third quarter US gross domestic product estimates are ratcheting higher.

Although often a volatile model, the Atlanta Federal Reserve's real-time 'GDPNowcast' estimate of current quarter GDP growth has soared to as high as 5.8 percent - its highest since January 2022 and more than twice what it was just one month ago.

That compares with the official estimates of second-quarter GDP growth at an annualised 2.4 percent - itself a significant upside surprise - and Wall St forecasters are re-drawing forecasts again. Deutsche Bank on Wednesday, for example, more than doubled its third quarter real GDP call to 3.1 percent.

With China's economy struggling under a weight of property sector, credit and geopolitical worries - and GDP forecasts there being revised down rapidly - US growth could well outstrip it this quarter.

The implications of such resilience in US activity in the face of more than five percentage points of interest rate rises in 18 months has forced many to rethink the sustainable interest rate level over the horizon and increase long-term projections.

The Fed itself, judging by minutes of its most recent policy meeting released on Wednesday, is still unsure whether it should raise rates again. It has its annual Jackson Hole conference later this month to nuance any guidance before it meets again in September.

For now, the constellation is seeing an ongoing repricing of bonds and 10-year Treasury yields topped 4.3 percent on Thursday for the first time since October.

And the restiveness of the bond market has unnerved stocks to boot - even though the earnings and interest implications of accelerating growth are competing influences.

After another heavy loss on Wall St indices on Wednesday, futures regained some ground ahead of the bell today. Ebbing oil prices might help as China's woes cut across energy demand forecasts.



Eggs were being sold at Tk 15 a piece at the retail level recently, with the excuse being that there was a price hike at the producers' level.

PHOTO: STAR/FILE

Egg producers deny liability for abnormal price rise

STAR BUSINESS REPORT

Egg, meat and feed producers of the poultry industry yesterday refused to take responsibility for the prices of eggs skyrocketing, claiming that they were selling those at reasonable prices.

They instead claimed that a section of traders was making hefty profits capitalising on market volatility and making consumers pay higher prices.

The claims came at a seminar on the poultry industry's current state in Bangladesh organised by associations of the industry and Economic Reporters' Forum (ERF) on the latter's premises in Dhaka.

Egg producers said they were selling each egg to hatcheries at the government-announced price of Tk 10.50.

An egg should be sold at Tk 12 at consumers, thereby ensuring every party involved can make a profit, they said.

Other important factors like the high exchange rate of the US dollar against the taka, high import duty and transportation costs were also blamed for the sudden hike.

Recently, each egg was being sold at Tk 15 at the retail level, with the excuse being that there was a price hike at the producers' level.

"It is a false allegation that a syndicate controls the egg markets," said Zahin Hasan, director of Kazi Farms Limited, a major egg producer.

However, producers at yesterday's seminar denied the allegation. They also denied that a syndicate controlled the egg markets.

"It is a false allegation that a syndicate controls the egg markets," said Zahin Hasan, director of Kazi Farms Limited, a major egg producer.

Hasan added that chickens lay fewer eggs in hot weather as they consume less feed and more water.

Moreover, the supply of eggs was disrupted because of inclement weather

and the consequent deterioration of the condition of roads and highways, he said.

The price of eggs had increased abnormally last year because people who used to drive the trucks used in transporting eggs went on a strike protesting a diesel price hike. He pointed out.

Shamsul Arefin Khaled, president of the Feed Industries Association of Bangladesh, blamed a section of traders for the price hike, claiming that egg producers were selling their produce at the price fixed by the government.

"Corporates control only 15 per cent of the production of eggs while 85 per cent is controlled by farmers at the grassroots level across the country. So, it is not true that a syndicate controls the egg markets," he said.

Four crore eggs are produced around the country daily, he added.

He blamed a 28 per cent devaluation of the local currency against the US dollar and high import duties on feed, saying that more than 70 per cent of the ingredients for feed and medicine need to be imported.

Construction of Tk 2,000cr data centre begins

STAR BUSINESS REPORT

The construction works of Yotta Data Services' data centre in Bangabandhu Hi-Tech City, Kaliaokir has started recently.

"The piling work has already started and will take 3 years to complete," GSM Jafarullah, managing director of Bangladesh Hi-Tech Park Authority, told The Daily Star yesterday.

In a Facebook post yesterday, Zunaid Ahmed Palak, state minister for ICT, said Yotta Data Services, an arm of Indian conglomerate Hiranandani Group, would invest Tk 2,000 crore to build a tier-IV data centre.

The centre will be built on two hyper-scale data centre buildings, featuring 4,800 racks and 28.8MW IT power capacity.

Palak on Wednesday met with Niranjan Hiranandani, co-founder and managing director of Hiranandani Group, Darshan Hiranandani, co-founder of Yotta Data Services Pvt Ltd, and Sunil Gupta, co-founder & CEO of Yotta Data Services.

"Alongside updates on the establishment of the data centre, we discussed the importance of cyber security and cloud computing. We discussed technology-led consumer services in the areas of social media, AR/VR solutions, entertainment, gaming and e-sports and the pivotal role Bangladesh plays in assisting Hiranandani Group to grow its regional dominance in these areas."

"Together, we will strengthen the Indo-Bangladesh partnership by fostering digital inclusion and achieving Smart Bangladesh Vision 2041," Palak added.

Later, the Hiranandani Group arranged a presentation on various elements of the data sector. The digital data protection acts of both countries were also discussed.

Bangladesh Deputy High Commissioner in Mumbai Chiranjib Sarker, Counsellor Mahmudul Islam and Private Secretary to the State Minister Md Mushfiqur Rahman were present at the meetings.

Palak had a short visit to Mumbai on way to the G20 Digital Economy Working Group Ministers Meeting, to be held in Bengaluru.

He called upon leading Indian business groups to take advantage of the generous investment regime in Bangladesh and encouraged them to further invest in special economic zones and hi-tech parks in the country.

Saudi Arabia's oil exports fall

REUTERS

Saudi Arabia's crude oil exports fell for a third straight month in June to their lowest since September 2021, data from the Joint Organizations Data Initiative (JODI) showed on Wednesday, with big Asian buyers favouring cheaper Russian oil.

The kingdom's crude exports totalled 6.8 million barrels per day (bpd) in June, down about 1.8 percent from May's 6.93 million bpd.

Monthly export figures are provided by Riyadh and other members of the Organization of the Petroleum Exporting Countries (Opec) to the JODI, which publishes them on its website.

EBL's webinar on vision of Bangabandhu

STAR BUSINESS DESK

Eastern Bank Limited (EBL) yesterday organised a webinar titled "Father of the Nation Bangabandhu Sheikh Mujibur Rahman's Vision of a Developed Bangladesh", marking the 48th National Mourning Day.

Shirin Sharmin Chaudhury, speaker of the national parliament, attended the session as chief guest, while MA Mannan, minister for planning, attended as special guest, read a press release.

Md Showkat Ali Chowdhury, chairman of the bank, presided over the webinar, where Mir Nasir Hossain, Toufic Ahmad Choudhury and KM Tanjib-ul Alam, directors, and Ali Reza Iftekar, managing director and CEO, spoke.

Speakers paid heartfelt tributes to the visionary leader Bangabandhu Sheikh Mujibur Rahman and discussed his pivotal role in shaping the development trajectory of Bangladesh.



Shirin Sharmin Chaudhury, speaker of the national parliament, attends a webinar styled "Father of the Nation Bangabandhu Sheikh Mujibur Rahman's Vision of a Developed Bangladesh".

PHOTO: EASTERN BANK

BSEC urges bankers

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participation in the stock market and attract more investors to the mutual fund sector.

Mizanur Rahman, another commissioner of the BSEC, said asset management companies and fund managers should invest through the

proper process and ensure investors' interests.

He also urged for proper reporting and following compliances.

"Fund managers should follow all the best practices in their operations," Rahman said while chairing the meeting.

continue to make progress from the previous situation," he said.

The three that crossed their ADR limit are Global Islami Bank, First Security Islami Bank and Union Bank.

The ADR is 87 percent for conventional banks and 92 percent for Islamic banks, as per the central bank regulations.

This means conventional banks will be able to disburse Tk 87 as loans against every Tk 100 deposit while Shariah-based banks Tk 92.

As of June 30, Global Islami Bank's deposits stood at Tk 11,774 crore while advances or investments Tk 12,084 crore. As a result, the lender's ADR stood at 99.53 percent, according to the BB data.

First Security Islami Bank's deposits stood at Tk 45,091 crore while advances or investments Tk 53,634 crore, meaning its ADR stood at 108.53 percent.

Union Bank's deposits stood at Tk 18,616 crore while advances Tk 23,400 crore. The bank's ADR stood at 101.87 percent.

Global Islami Bank's Managing Director Syed Habib Hasnat said the BB had asked them to bring down the ADR within the regulatory limit.

"We discussed how we can improve our financial health. However, we have already met the CRR and SLR shortfall," he said.

Islami Bank Bangladesh, First Security Islami Bank and Union Bank were yet to respond to phone calls and SMS sent from The Daily Star as of 9:00pm yesterday.

The five banks faced cash withdrawal pressure when loan irregularities of Islami Bank came to light after media reports last year.

The bank had approved Tk 7,246 crore in loans to nine companies that exist only on paper, as per the reports.

Crab exports recovering

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As such, the General Administration of China Customs (GACC) slapped conditions regarding shipment of crabs and eel fish from Bangladesh.

Later, the fisheries office developed a surveillance system to reduce contamination in crabs, trained farmers in safe rearing practices and started testing consignments before clearing exports, officials said.

"We are now issuing certificates in line with standards of GACC. We are also training farmers and stakeholders to fulfill the requirements of Chinese authorities to promote exports," said Sujit Chatterjee, deputy director of fish inspection and quality control at the DoF.

He said exporters are now exporting crabs by complying with rules.

"They are also getting better prices and farmers are showing renewed

interest in rearing crab as it has become profitable. The mortality rate [of crabs produced] has also declined," he added.

Bangladesh shipped 12,558 tonnes of crabs, the highest quantity on record, in fiscal year 2014-15. Later exports of the sea creature began to decline, causing losses for many crab farmers in the coastal belt, particularly Khulna, Bagerhat and Sathkhira in the southwest region.

Shipments have recovered since fiscal year 2022-21 thanks to the resumption of exports to China after the second biggest economy granted permission to five local exporters.

The number of exporters that got permission from China is 14 now. Additionally, the applications of 18 firms are under review by the Chinese authority.

"We are receiving higher export

orders this year than the previous year," said Shakawat Hossain Sumon, general secretary of the Bangladesh Live and Chilled Food Exporters Association.

He said they export 90 percent of the crabs produced to China. "Thailand and Malaysia are the two other main destinations for us," he added.

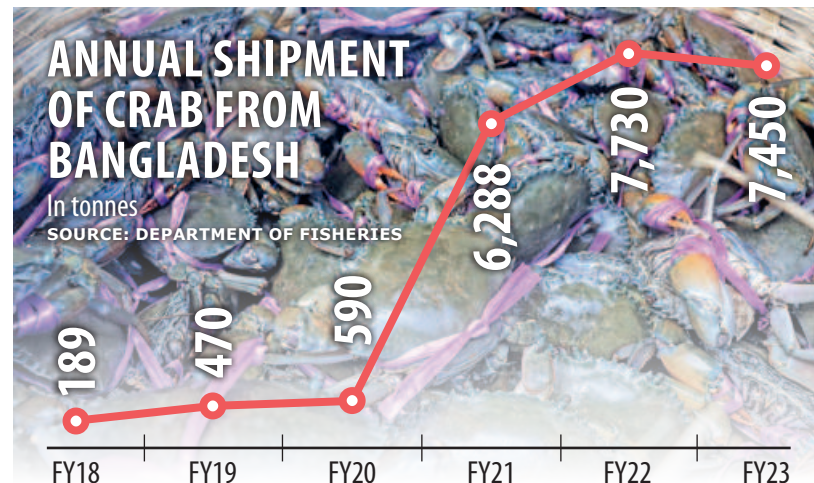
Crab is an expensive but popular food in China. At present, Bangladesh has to compete with exporters from Indonesia, Philippines, Myanmar and India in the Chinese market, Sumon said.

Jahidur Rahman Milton, a crab grower at Pankhali union in Dacope upazila of Khulna, which is near the country's biggest mangrove forest Sundarbans, said many farmers suspended rearing crabs after suffering losses resulting from the dip in exports, particularly in 2020 and 2021.

"But we saw demand for crab recovered sharply since last year. The buoyancy in demand and prices is continuing this year. We are receiving better prices too," he said, adding that he doubled the number of hatcheries to four this year from two the previous year.

"Many farmers in our area are preparing to resume crab farming this year," said Milton, who could return to black last year thanks to the resurgence in exports.

Generally, farmers rear small crabs caught from rivers and natural water bodies for nearly three months to December targeting the main sales season, January-March, when the Lunar New Year is celebrated in East and Southeast Asia, including China, he added.



Appollo Ispat drowning in loans

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company was struggling to survive mainly due to embezzlement of funds by a former director in connivance with some officials.

Afterwards, the Appollo Ispat started failing to pay loan instalments and incurring losses, he added.

The company became listed with the stock market in 2013. It collected Tk 220 crore issuing 10 crore ordinary shares of Tk 10 each with Tk 22 as

premium per share.

Premium on stock is defined as the amount of extra money which the company's investors are ready to pay to the company for the purchase of the company's stock over its par value.

On the basis of the company's good performances, it won the premium and people rushed to buy its stock in 2013.

However, the stock investors of

the company are now in peril as their investments are stuck due to the absence of buyers.

Sponsors of the company hold 20 percent of the shares while 59 percent is held by general investors and 21 percent by institutional investors.

The company provided 3 percent stock dividend for its shareholders at the end of 2018. After that, it started incurring losses and was downgraded to junk category, that is Z.