

Brac Bank rated stable by S&P

STAR BUSINESS DESK

Brac Bank has been provided a "B+" credit rating with a stable outlook by S&P Global Ratings.

This is in contrast to a recent "Banking Industry Country Risk Assessment (BICRA) for Bangladesh" seeing a revision in industry risk trend from stable to negative, said a press release.

The US-based institution provided the rating on August 8.

"Brac Bank's established franchise enables it to access foreign currency from its retail remittance and export-oriented clients. This somewhat alleviates the US dollar funding pressure facing the broader banking sector," it said in a statement.

"We believe the bank will navigate challenging operating conditions in Bangladesh and maintain its financial profile over the next 12-18 months," it added.



Sweets are being made at a shop in Barishal city yesterday. Sugar had been trading at a record Tk 140 per kg for several months, but prices declined marginally over the last two weeks after refiners cut their rates.

PHOTO: TITU DAS

PROBABLE SUGAR EXPORT BAN BY INDIA Will Bangladesh be affected?

SOHEL PARVEZ

Sugar prices have risen globally over the last couple of months and it may go up if India bans export of the sweetener in the coming months.

Any such ban has implications for Bangladesh as the country meets over 98 percent of its annual requirement of 20 lakh tonnes through imports, said officials at local refineries.

The concern has arisen for a Reuters report last week stating, quoting three government sources, that India might ban sugar export in the next season for crushing sugarcane beginning in October.

This probable halt to shipments, the first in seven years, has been attributed to a lack of rain reducing sugarcane yields.

"India has a significant role in global sugar market. So, it will have an impact on a global scale and disrupt the global supply chain," said Mohiuddin Monem, additional managing director of Abdul Monem Ltd, which runs a sugar refinery.

Sugar prices surged 20 percent year-on-year to \$0.53 per kilogramme (kg) in the April-June quarter of 2023, according to the World Bank's Commodity Price Data.

It has turned dearer, at least in the last

six months, as supplies became tight, according to reports by international media.

This resulted from crop losses in growing regions, including India, the second biggest exporter, a slow start to harvests in Brazil, the world's largest sugar exporter, and increased demand, stated the reports.

Locally, sugar has been traded at a record Tk 140 per kg for several months. Prices declined marginally over the last two weeks after refiners cut their rates.

The wholesale market registered a drop as well. However, prices have inched up over the last two days, said Abul Hashem, former vice president of Bangladesh Sugar Merchant Association.

Sugar was selling up to Tk 1.5 higher at Tk 125 or so per kg at wholesale, he said yesterday, adding that mills delivered sugar at Tk 126 per kg.

Hashem said any ban on sugar export by India would not have that much of an impact on the supply of the sweetener here.

But, he said, there is an upward trend in the booking rate in the global market.

If the upward trend continues and the cost of the US dollar remains on the up, prices of sugar may spike in the local market, unless the government

takes steps, he said.

Monem said any export restriction by India might not restrict supply of sugar for local refiners as they buy raw sugar from Brazil.

"Historically, Bangladesh imports 80-90 percent of the raw sugar from Brazil," said Monem, managing director of Abdul

Monem Sugar Refinery Ltd, one of the country's five private refineries having a total processing capacity of nearly 50 lakh tonnes.

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Yao spends 300 yuan a month on her father's medicines, the same as what a dance class costs.

"If the public medical insurance covered more expenses for the elderly, I would feel more secure," Yao said.

Financial uncertainty is also discouraging her from having children, she added. China's population is ageing and shrinking, especially in the 20-40 bracket, when people usually reach lifetime consumption peak.

Over the past month, various government departments have announced dozens of measures to boost consumption, heeding calls from a key Communist Party leadership meeting.

Another way to get people like Yao to spend is to address their insecurities. Many economists have called on China to boost its social safety net to rebalance the economy.

In Beijing, where Yao lives, three-to 24 month unemployment

Worker outflow to Saudi Arabia

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Remittance receipts stood at \$5.5 billion in the April-June quarter of FY23, which was 0.61 percent higher than the previous quarter.

In the last quarter of FY23, the highest volume of remittances was received from Saudi Arabia at \$1 billion.

Some \$829.41 million came from the UAE, \$720.81 million from the US, and \$615.30 million from the UK.

A total of 2.94 lakh workers, including 17,417 females, migrated in the quarter.

Around 103,578 Bangladeshis went to Saudi Arabia in search of jobs, accounting for 35.16 percent of the outbound migration.

Malaysia received 32.32 percent of the workers, Oman 10.29 percent, the UAE 5.88 percent, Singapore 4.65 percent, Kuwait 2.79 percent, and Qatar 2.68 percent, the BB report said.

MFS service charge set

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The same service charge will be applicable for payment of instalment for UPS through MFSs, it said.

Once the subscription fee is deposited to the accounts of the pension authority, the MFS providers will have to send confirmation messages to the policyholders, according to the finance division circular.

The universal person scheme brings citizens aged above 18 to 50 under the coverage.

Initially the government has opened four different schemes — Progoti, Surokha, Somota and Probash — for citizens including those working in the private sector and Bangladeshi working or living abroad.

Cater to job entrants

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"Navigating these would require constant dialogues among the public and private sectors along with multilateral organisations."

He said improving the business environment for the private sector, transcending financial obligations to support long-term growth, and improving the effectiveness of public institutions are WB's priorities for Bangladesh.

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At the discussion, participants stressed the need for skill development, a reassessment

and rearrangement of the entire education system, overcoming the export bias of incentive policies and the need to have a renewed focus on agriculture.

MCCI President Md Saiful Islam praised the WB as a major contributor to the development of business and commerce in Bangladesh.

He hoped to explore collaboration opportunities with the WB in the areas of developing business climate index, which the MCCI has already started doing through its BBX report, and climate change.

ADB to give \$300m

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ADB Deputy Country Director for Bangladesh Jiangbo Ning and Economic Relations Division's Secretary Sharifa Khan signed an agreement to this end yesterday.

"Improving skills is a key priority of Bangladesh for becoming a middle-income country in 2030 and a developed nation by 2041," Ning said while addressing the event.

Building on ADB's vast experience in skills development, this new programme will further enhance technology-oriented advanced skills and productivity, boost industry competitiveness, and help attain

demographic dividend, he added.

The ADB will support the government in expanding training partnerships with industries, universities, and training institutions to provide industry-aligned skills training for priority and emerging sectors, such as the automotive, light engineering, and pharmaceutical industries.

The programme will build the institutional capacity of training institutions to deliver advanced skills training with technology applications, such as smart textile technologies and green technologies.

Dollar kerb market

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Afzal Karim said that if money changers impose a higher rate than the declared rate, the central bank will take action against them.

The spike in the dollar rate may hit the inflow of remittance as remitters turn to the illegal hundi markets to send funds to the beneficiaries.

In Bangladesh, a one-per cent deviation between the formal and informal exchange rate shifts 3.6 percent of remittances from the formal to the informal financial sector, said the World Bank in May.

Migrant workers sent home \$1.97 billion in July, down 5.86 percent

from a year earlier although a record number of workers left the country for jobs abroad in recent times.

In the last fiscal year of 2022-23, Bangladesh sent a record 11,44,993 workers abroad, up 15.8 percent from a year earlier, according to data from the Bureau of Manpower Employment and Training.

The forex market has been going through volatility for more than a year owing to a sharp fall in reserves, fuelled by higher import bills caused largely by the Russia-Ukraine war.

On August 23, the gross international reserves stood at \$23.16 billion, way lower than the pre-war levels, BB data showed.

China has no pain-free solutions for its slowing economy

REUTERS, Beijing/Hong Kong

Erin Yao would like to take street dance classes and travel, activities she could not do during three years of Covid-19 restrictions in China.

Instead of pursuing such goals, as many economists had expected consumers to do once China lifted those curbs, she is saving more of her salary than she did during the pandemic, when she felt compelled to stock up on basic necessities.

"I would ask myself if I have enough savings for treating an unexpected illness. If I lose my job, do I have enough money to sustain myself until I find a new one?" said the 30-year-old book editor.

Yao's reluctance to spend is the result of an economic growth model from the 1980s that many say has relied too heavily on investment in property, infrastructure and industry and not enough on empowering consumers to earn and buy more.

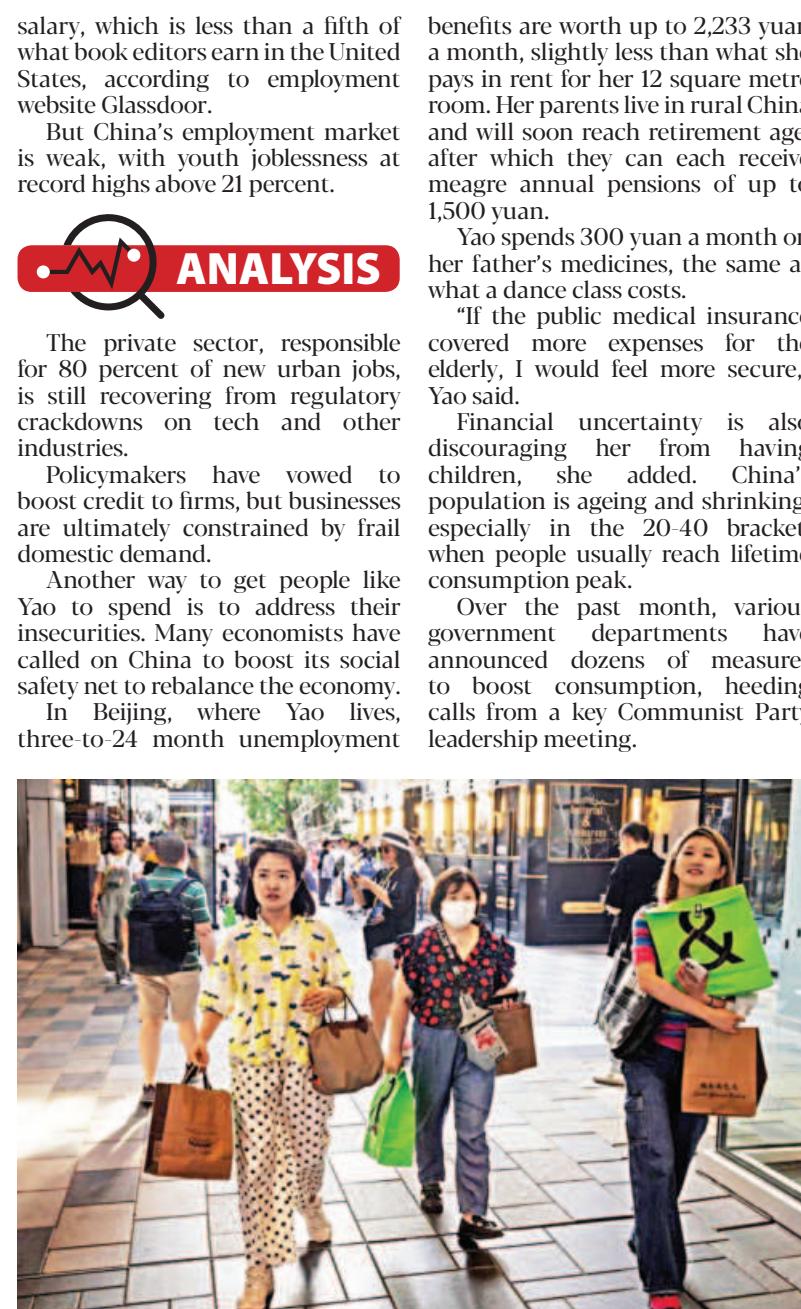
But while faltering growth in the world's No.2 economy has given rebalancing a new sense of urgency, transferring economic resources to households would require difficult decisions that would cause even more near-term pain.

Specifically, boosting households' share of national income would mean a decline in the share of other sectors, either businesses - in particular China's sprawling industries - or the government sector.

"Their fall will make a recession unavoidable," said Juan Orts, China economist at Fathom Consulting.

"We think that this is a price that Beijing is not willing to pay," said Orts, who sees China heading towards "Japanification," which refers to Tokyo's "lost decades" of economic stagnation since the 1990s.

In theory, Yao could spend more if she found a job paying more than her 8,000 yuan (\$1,097) monthly



People carry shopping bags in a shopping district in Beijing. PHOTO: REUTERS