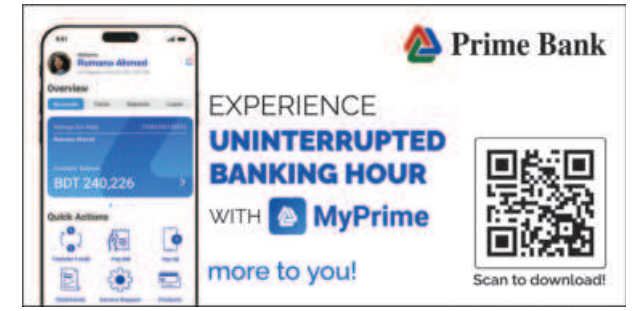


# Star BUSINESS



## Private sector's foreign debt falls further

MD MEHEDI HASAN

Short-term private sector foreign debt has continued to fall since January of this year, with new disbursements being outweighed by repayments each month this year except May.

In July, short-term foreign debt in the private sector stood at \$13.38 billion, down 2 percent from \$13.65 billion in June, as per the latest data from the Bangladesh Bank (BB). In January, that figure was \$15.58 billion.

The private sector took short-term loans from foreign sources amounting to \$2.27 billion in July, when the total repayment against previous disbursements stood at \$2.60 billion, BB data showed.

Foreign lenders have lost confidence in lending to

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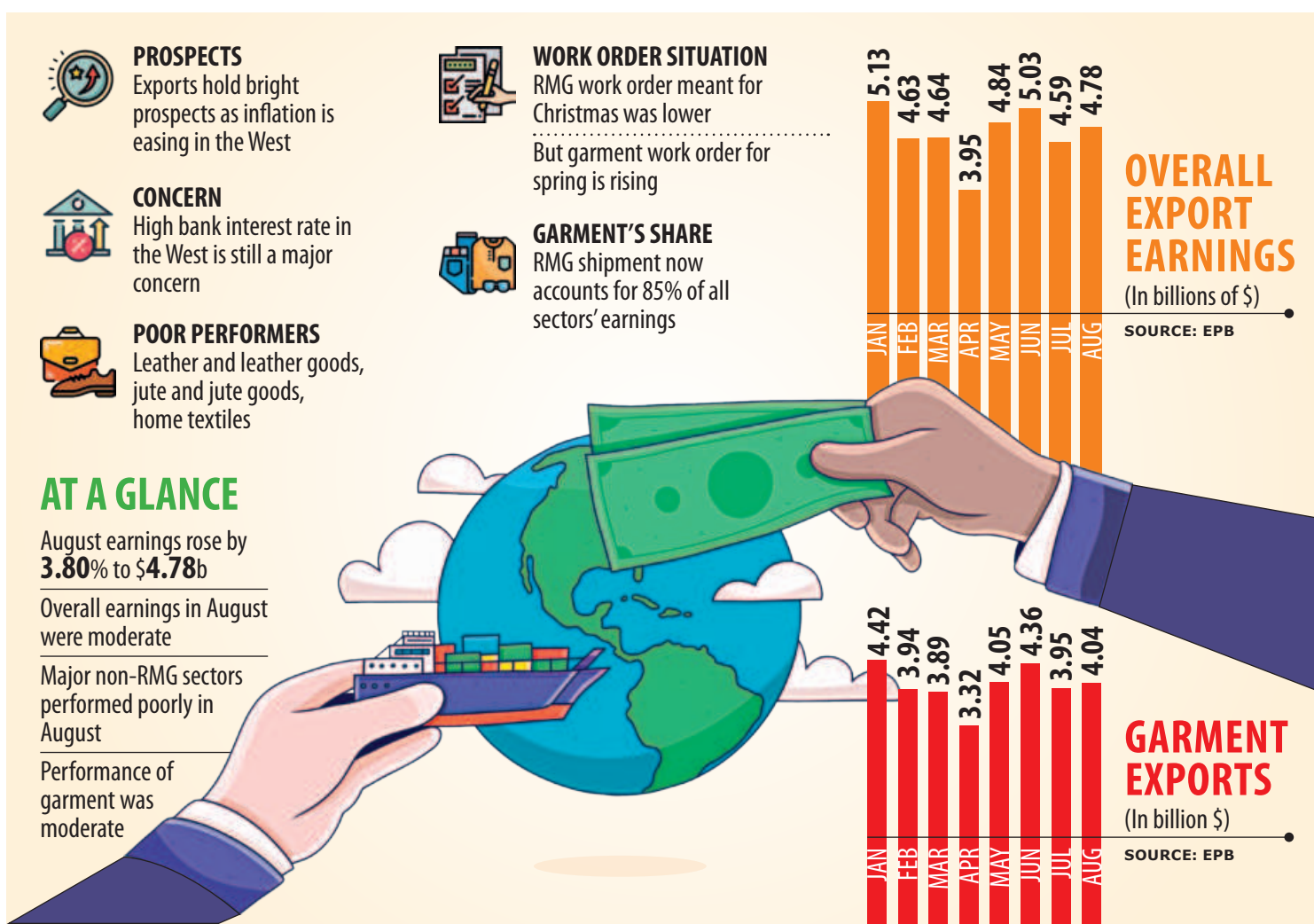
Bangladeshi companies as the country's forex reserves continue to fall, opined Zahid Hussain, former lead economist at World Bank's Dhaka office.

He said that fresh disbursement of foreign loans was lower than repayments, which were why financial account dipped into the negatives after a long time.

The financial account is the component of the country's balance of payments that covers claims or liabilities to non-residents concerning financial assets. It includes foreign direct investment, medium and long-term loans, trade credit, net aid flows, portfolio investment and reserve assets.

Bangladesh's financial account at the end of fiscal 2022-23 showed a deficit of \$2.1 billion, standing in stark contrast to a \$15.5 billion surplus a year earlier.

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## Exports rise slightly in August

Three key sectors stage poor performance

REFAYET ULLAH MIRDHA

Earnings from merchandise shipments in August increased slightly by 3.80 percent to \$4.78 billion, mainly riding on apparel exports as all the other major sectors staged a poor performance last month.

Three important sectors, including leather and leather goods, jute and jute goods and home textiles, which earned over \$1 billion last fiscal year, staged a very poor performance.

This was largely due to the volatile global economic situation stemming from the severe fallouts of the pandemic and Russia-Ukraine war.

Although inflation is going down in the major export destinations in Europe and North American countries, including the US, bank interest rates are still high.

As a result, end consumers are yet to go on spending sprees as in the pre-pandemic period.

The shipment of goods like apparel, footwear and other fashion items will not be robust this year too ahead of Christmas, as consumers are still passing a hard time for the bank interest rates.

Compared with other major suppliers in the global supply

chain, Bangladesh performed well amid the economic turmoil worldwide.

For instance, China's exports fell for the third month in a row in July, plunging by 14.5 percent year-on-year in dollar terms. This was the biggest drop since February 2020, when the

year-on-year to \$9.37 billion, the data said.

Bangladesh performed relatively better than other garment exporting countries, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

markets than in the traditional markets, which include the US, EU, UK and Canada, Hassan added.

He also said garment shipments may gain a good pace from December onwards as inflationary pressure was easing on consumers.

In the July-August period, the first two months of the current fiscal year, apparel shipments, which contribute more than 85 percent of the national exports, grew by 12.46 percent year-on-year to \$7.99 billion, said EPB data.

Of the total, \$4.58 billion was earned from the shipment of knitwear, which registered 17.02 percent year-on-year growth.

The remaining \$3.41 billion was latched from the shipment of woven garments, which registered 6.86 percent year-on-year growth.

Other major sectors could not perform well last month. For instance, leather and leather goods shipments fell by 12.73 percent year on year to \$194.82 million.

The recession in Europe is still ongoing and consumers are not buying non-essential goods like leather goods, said Md Saiful Islam, former president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh.

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pandemic began, The Telegraph reported last month.

Bangladesh's earnings in August are also 1.81 percent below the monthly target of \$4.87 billion set by the Export Promotion Bureau (EPB).

Earnings from merchandise shipments in August last year stood at \$4.60 billion, according to data from the state-owned export promotion agency of Bangladesh.

In the July-August period, the export grew by 9.12 percent

The export of garments in August last year was robust as retailers and brands had to cater to pent-up demand of the pandemic in tune with the recovery of the global supply chain.

So, the same rate of export will not happen every year, he said.

In August alone this year, garment shipments grew by 7.99 percent to \$4.04 billion, which is better than that of other countries.

Bangladesh has performed better in the new and emerging

## Slow export, fall in remittance to put pressure on economy

Economists say

STAR BUSINESS REPORT

The slowing growth of exports and slump in remittances is not good news. It is rather concerning as the latest data of the two major indicators shows that the pressure on the economy is likely to increase unless there is any rebound in inflows in the coming months.

Economists said the export growth, which stood at 3.8 percent in August, is positive given the current global economic turmoil.

However, the volume of export proceeds is not as much as needed to arrest the fall in the country's foreign exchange reserve and thereby reduce pressure on the external account.

Migrant workers and Bangladeshis abroad sent \$1.59 billion remittance in August, which was the lowest in six months. Besides, overall remittance

**Economists think the export growth, which stood at 3.8 percent in August, is positive given the current global economic turmoil.**

inflow in August was 21 percent lower compared to the same month a year earlier.

"This modest growth is not bad given the current global economic turmoil. Yet, it will not help us manage the pressure on the balance of payment as remittance has plummeted," said Mohammad Abdur Razzaque, chairman of Research and Policy Integration for Development, a private research organisation.

The fiscal year 2022-23 data showed that the pressure of external payment increased though Bangladesh narrowed the trade gap and current account deficit thanks to measures that cut overall imports by 16 percent.

The overall external deficit grew to \$8.2 billion in fiscal 2022-23, up from \$6.7 billion the previous year, according to data of Bangladesh Bank.

And amid pressure, the overall forex reserve is gradually falling. For example, the foreign exchange reserve, which was \$23.34 billion on July 31 as per the International Monetary Fund standard, declined to \$23.06 billion on August 30, showed central bank data.

To tackle the situation, economists have been suggesting a market-based exchange rate calculation system instead of multiple rates.

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STOCKS	
DSEX ▼	CASPI ▼
0.06%	0.17%
6,307.81	18,631.58

COMMODITIES	
Gold ▼	Oil ▲
\$1,940.36 (per ounce)	\$86.09 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.37%	▲ 0.70%	▲ 0.18%	▲ 1.40%
65,628.14	32,939.18	3,238.97	3,177.06

## Video game development industry at a crossroads

MEHNAZ IRTIKA and HASAN MAHMUD ABDULLAH

In the global entertainment business landscape, the video games industry has not just grown, it has exploded, eclipsing even the combined revenues of the film and music industries.

The industry is poised to achieve a revenue of \$622.80 million in 2023, with an anticipated annual growth rate of 11.57 percent, propelling the market volume to an estimated \$965.10 million by 2027, according to Statista Market Forecast.

Bangladesh's game development market, although much smaller, shows similar promise. In 2021, the market was valued at \$62.22 million and is part of a broader \$370 million gaming industry in the country. Projections indicate that this market could double by 2026.

Esports is also a growing sector within the gaming industry in Bangladesh, with titles like Counter-Strike, DOTA, FIFA, Rainbow Six Siege and Call of Duty having large player bases. Bangladeshi esports players have collectively earned \$216,681.51 from 99 tournaments so far.

High-stake events like Discovery One's BESL Episode V, offering a prize pool of Tk 6 lakh, and the GPXAOV Community Cup 2023, which featured a Tk 3 lakh prize pool, indicate a burgeoning esports scene.

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Had it not been for the bundles of jute sticks, this would have pretty much seemed like the edge of a river. This is actually a cropland inundated by the Jamuna river which had been flowing above the danger level in Gaibandha for the last couple of days. Luckily the water receded yesterday. If the situation had persisted any longer, farmers in the area would have likely lost all the money and effort they put in so far in raising paddy seedbeds and vegetable patches. The photo was taken at Guptamani Char in Phulchhari upazila on August 31.

PHOTO: MOSTAFA SHABUI

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## Banks can't transfer exporters' proceeds

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Bangladesh Bank yesterday barred transferring the value-added portion of export proceeds to other banks for settling the exporters' import liabilities.

The value-added portion refers to the export proceeds that are available to exporters after their import bills for back-to-back letters of credit have been met.

The central bank issued a notice in this regard, saying that it has been decided that retained funds will be useable only by designated banks for the settlement of bona fide payment obligations of relevant exporters.

Bangladesh Bank took the decision for maintaining discipline in foreign exchange transactions.