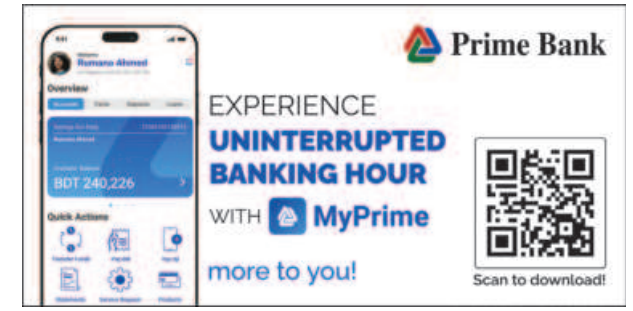


Star BUSINESS



Tk 1,243cr LNG to be imported from spot market

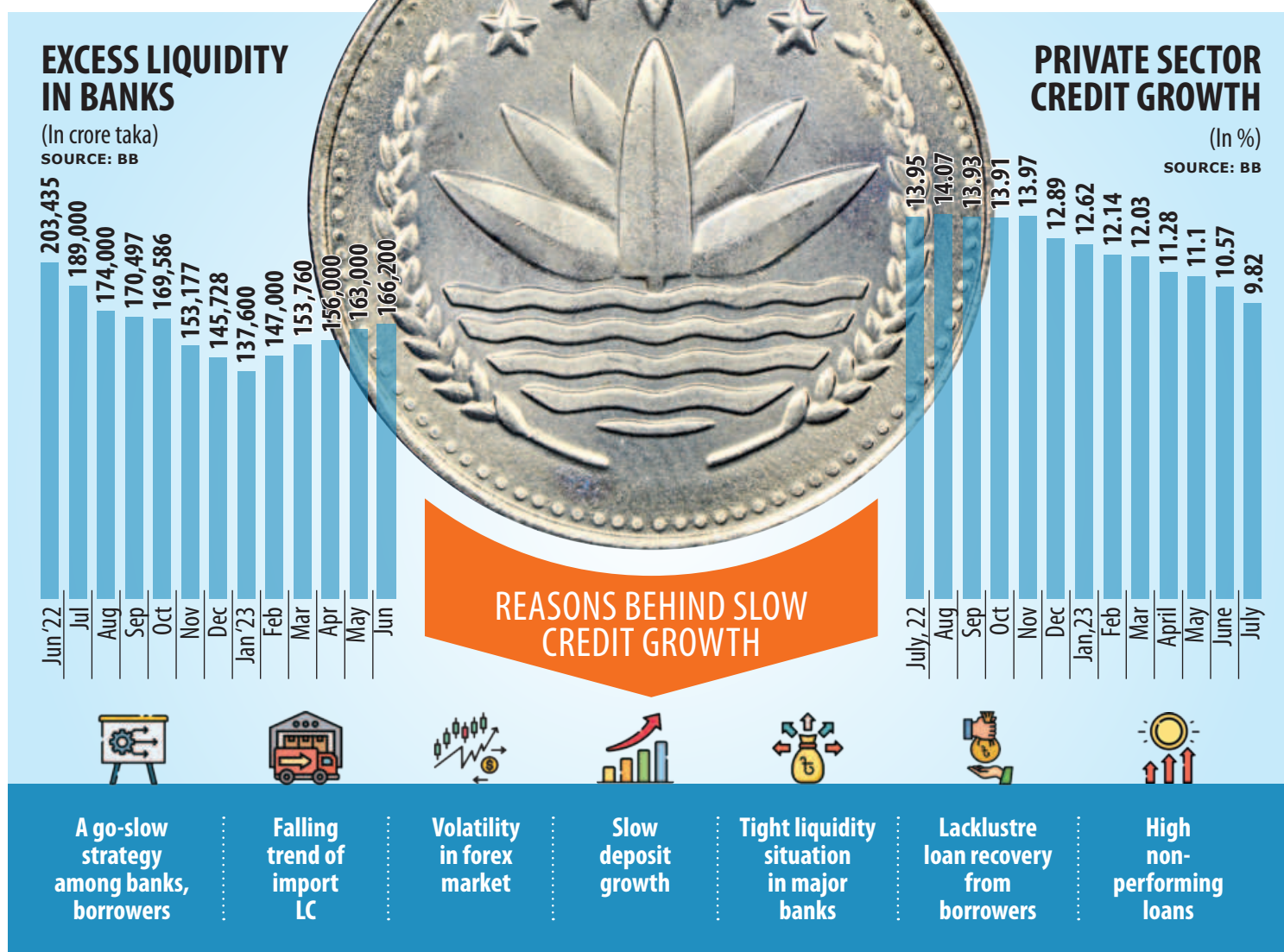
STAR BUSINESS REPORT

The government yesterday approved two proposals seeking to buy 67.20 lakh tonnes of liquefied natural gas (LNG) worth Tk 1,243 crore from the international spot market to alleviate the energy shortage facing the economy.

The cabinet committee on purchase gave the nod during a meeting at the secretariat in Dhaka. Finance Minister AHM Mustafa Kamal presided over the meeting.

The spot market is where financial instruments, such as commodities, currencies, and securities, are traded for immediate delivery.

Of the LNG, 33.60 lakh MMBTUs would be supplied by Switzerland's TotalEnergies Gas & Power Ltd. Per unit will cost \$13.77.



Apparel shipment to US plunges 20% in Jan-Jul

REFAYET ULLAH MIRDHA

Bangladesh's apparel shipments to the US declined 19.82 percent year-on-year in the January-July period this year in spite of a gradual improvement in retail sales.

Though the US is Bangladesh's single largest export destination, the drop has been recorded by other countries as well, as American retailers are still struggling to recover from the severe fallouts of the pandemic and Russia-Ukraine war.

Shipment of garments from all over the world to the US has been declining because of inflation and bank interest remaining high in America over the last three years for the pandemic and war.

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However, retail sales in the US have also been growing recently as inflation is cooling down.

For instance, the National Retail Federation (NRF), the largest retail association in the US, in August said retail sales reversed their downward trend in July.

This was due to Amazon's Prime Day and major promotions by other brands prompting increased shopping while wage increases gave consumers more money to spend.

"July retail sales show consumers continue to drive the economy through this period of economic pressure with robust spending supported by steady job growth and wage gains," said NRF President and CEO Matthew Shay.

"Retailers remain focused on providing essential items at competitive prices for families and students as we approach the end of an

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Private sector credit growth drops to single digit

July's credit expansion lowest in 21 months

MD MEHEDI HASAN

The private sector credit growth in Bangladesh nosedived to single digit in July as both banks and borrowers face multiple challenges amid lingering economic uncertainty at home and abroad and the growing political crisis centring next year's national elections.

In the first month of the current financial year of 2023-24, the credit growth fell to 9.82 percent from 10.57 percent a month ago, Bangladesh Bank data showed.

July's credit expansion was the lowest since October 2021 when it stood at 9.44 percent.

A tight liquidity situation in the banking sector, falling trend of the opening of letters of credit (LCs), volatility in the foreign exchange market, slow deposit growth, and lacklustre loan recovery pushed down the credit growth, said bankers.

July's growth was 1.08 percentage points lower than the BB target of 10.90 percent set for the first half of the fiscal year.

The lower credit growth might be interpreted as a blessing in disguise since it may contribute to reining in runaway inflation

and the lowering of demand for the US dollar, which has strengthened by as high as 30 percent against the taka in the past one year, making imports costlier.

But a lower loan growth might

\$4.37 billion, down 31.19 percent from \$6.35 billion registered in the same month in the previous fiscal year, according to BB data.

LC opening for capital machinery import fell 22.17 percent to \$179 million while

Bangladesh, a platform for chief executives of lenders.

Forced loans are created when clients fail to make their LC payments on maturity.

Banks' capacity to lend has also come under strain as the sector is facing tight liquidity, driven largely by slower deposit growth and a persistently higher exchange rate of the taka against the US dollar.

In June, the surplus liquidity in the banking sector slipped to Tk 1,66,200 crore from Tk 2,03,435 crore a year ago, BB data showed. The private sector credit growth is projected at 11 percent at the end of FY24.

"Consumer demand has been adversely impacted by the skyrocketing inflation, which has led to a slower credit demand," said Sohail RK Hussain, managing director of Meghna Bank.

Inflation stood at 9.69 percent in July but it was at 9.94 percent in May, an 11 year high, as per the Bangladesh Bureau of Statistics.

Hussain said imports of luxury products, including automobiles, have sharply dipped due to the austerity measures taken by the government and the central bank

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Bangladesh depends on imported LNG for about 25 percent of its gas consumption as its domestic production can't meet the entire demand.

An equal amount of super-chilled fuel would be delivered by Vitol Asia Pte Ltd of Singapore with each unit costing \$14.97.

Bangladesh depends on imported LNG for about 25 percent of its gas consumption as its domestic production can't meet the entire demand for the energy.

The country was forced to ration gas supplies last year as global prices were driven up by the Russia-Ukraine war. The higher prices also forced Bangladesh to pause the purchase of LNG from the international spot market to save its foreign currency reserves.

In February, the government turned to the spot market again to ramp up electricity production ahead of Ramadan and the summer season after LNG prices plunged by more than 70 percent from last year's record \$70 per MMBTU.

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PHOTO: HABIBUR RAHMAN

A worker collects bobbins drying out in the sun in front of Mujgunni Nesaria Madrasa in Khulna city's Khalishpur area. Made out of recycled paper, these bobbins are sold to jute mills for Tk 3 to Tk 7 apiece for use in winding yarn. The photo was taken recently.

DSE plans to get green garment factories listed

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) is planning on wooing garment factories which adopted environment-friendly practices to get listed so that the opportunity to invest in good stocks arises while the factories can diversify their financing portfolio.

The premier bourse of the country is going to sign a memorandum of understanding in this regard with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The DSE's board of directors already approved the terms and conditions of the MoU for it to be signed within this month.

"Under the MoU, the BGMEA will inform all its members about facilities of the stock market while we will take some joint initiatives on promotional programmes," said M Shaifur Rahman Mazumdar, acting managing director of the DSE.

"Our primary target is to bring in the Leadership in Energy and Environmental Design (LEED) companies and gradually we will try to attract other companies with sustainable practices which have gained reputation doing business for long," he said.

Currently, Bangladesh is home to 9 out of the 10 top "green" industrial units worldwide.

Being the global champion in LEED certified factories, Bangladesh has 73

platinum rated garment units while another 113 are gold rated, 10 are silver rated and four are just certified.

Platinum certification is the highest category in the ranking system while gold is the second highest and silver third. The fourth category for industrial units is just for meeting the minimum requirements.

The premier bourse is going to sign a memorandum of understanding in this regard with the BGMEA

"We will inform them how they can offload shares and get several benefits of the listing," said Mazumdar.

Some entrepreneurs do not want to split their ownership. In this case, the DSE will advise them to raise funds by issuing green bonds, he said.

The interest rate of the banks is much higher so their costs will be lower if they raise funds through bonds, Mazumdar clarified.

There are some foreign investors who are seeking sustainable bonds, so this can play a positive role in bringing in foreign investment in the country, he said.

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