

India rupee ends marginally down as traders await fresh triggers

REUTERS, Mumbai

The Indian rupee declined slightly on Thursday as the impact of equity inflows and some softness in Brent crude oil futures was more than offset by importer hedging and oil companies' dollar demand, traders said.

The rupee closed at 83.03 against the US dollar, compared with 82.9850 in the previous session.

The rupee's depreciation is capped at 83.30 currently, while its strength seems to be limited at 82.85/90, said Arnob Biswas, head of foreign exchange research at Kotak Securities.

"To break that, we need the dollar index to be lower."

The dollar index was largely unchanged at 104.78. Asian currencies were mixed, with the offshore Chinese yuan weakening by 0.09 percent to 7.2765.

Brent crude oil futures softened to \$92.44 per barrel after touching a year-to-date high of \$92.84 on Wednesday.

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"Offers are likely to continue close to 83 levels, supporting the rupee."

The rupee has held in a narrow range of 82.8225 and 83.05 so far this week. Equity inflows worth \$500 million \$550 million related to FTSE index rejig are expected on Friday and should support the rupee, traders said.

Meanwhile, the US will report initial jobless claims later today, which could offer further cues on the state of labour market, a key determinant of US Federal Reserve policy.

Investors will also be keeping an eye on the European Central Bank's rate decision due later yesterday.

Markets are factoring in a 65 percent chance of a 25-basis-point hike that could take Europe's key interest rate to a record peak.

Japan sees positive signs to escape deflation

REUTERS, Tokyo

Japan's new Economy Minister Yoshitaka Shindo said on Thursday that positive signs were emerging in output gaps and other areas for the economy to escape deflation.

However, Shindo told his inaugural press conference that those signs must gather strength before declaring victory over deflation, a cycle of persistent price declines that stunts economic growth.

"It's important to achieve private demand-led growth and exit from deflation," Shindo said, echoing the resolve expressed by Prime Minister Fumio Kishida a day earlier.

Asked whether the end of deflation is prerequisite for phasing out monetary stimulus, Shindo declined to comment on monetary policy.

Shindo replaced Shigeyuki Goto as economy minister in a cabinet reshuffle on Wednesday and will play a pivotal role in compiling the new economic package.

"I want to make it bold," he said.

The new package could further strain a public debt burden that is running at more than double the size of the economy, the world's third largest and the heaviest among industrialised nations.

"The primary balance target can be met by putting the economy on track for growth ... We must achieve both growth and fiscal reform," Shindo said.

Kishida said on Wednesday that he would order his cabinet next month to compile a new economic package to ease the pain of rising fuel and other living costs, and to craft a supplementary budget to fund it at an appropriate time.



Locals collect water lilies, stalks and all, from Joyrabad Beel in Jashore's Abhaynagar upazila for sale at Tk 10 per bundle of seven flowers. While the mere sight of the national flower of Bangladesh buoys spirits, the stalks and underwater stems buried in the mud serve as nutritious food for containing a good amount of starch, dietary fibre, vitamins and minerals. Popularly they are mashed, fried and added to many traditional dishes. The photo was taken on Tuesday.

PHOTO: HABIBUR RAHMAN

Forum commits to enhancing Commonwealth investment

Two-day event wraps up

STAR BUSINESS REPORT

The Commonwealth Trade and Investment Forum concluded yesterday with the promise of enhancing cross-border investment to flourish economies in the bloc.

Speaking at a seminar on the concluding day of the two-day gathering at the InterContinental Dhaka, Planning Minister MA Mannan urged the businesses in the Commonwealth nations to invest in Bangladesh as the country has made strides in infrastructure development, according to a press release.

He said investors can reap economic benefits from the developments.

"There is a huge potential in Bangladesh for investments, especially in the pharmaceutical industry. We need capital support. Come and invest in Bangladesh and do business according to our laws."

Bangladesh hosted the conference for the first time in collaboration with the Commonwealth Enterprise and Investment Council. Prime Minister Sheikh Hasina inaugurated the event on Wednesday.

Nine sessions on investment, banking, technology, Cameroon's economy,

pharmaceuticals and public health, SMEs, green finance, tourism and international supply chain took place simultaneously yesterday.

In the seminar on investment potential in Cameroon, State Minister for Foreign Affairs Shahriar Alam said the government has adopted the "Look Africa" policy.

"Under the policy, we have opened embassies in many African countries."

In another session, Bangladesh Bank Governor Abdur Rouf Talukder expressed hope that digital banks will reduce risks in the financial sector by providing paperless financial services.

He said in the case of conventional loan disbursement, verifying documents consumes time and creates risks sometimes.

"There will be no risk in digital banks as credit ratings will be done virtually. Customers' digital transactions will be considered as proof of their financial capability."

Abrar A Anwar, chief executive officer of Standard Chartered Mauritius, said that the concept of "banking as a service" has gained traction for global financial inclusion where startups and other technology-based platforms are providing

services by verifying customer's identity.

Senior Commerce Secretary Tapan Kanti Ghosh, Togo Investment Minister Rose Kayi Mivedor, Tuvalu Deputy Prime Minister Kitona Tausi, Ugandan Minister Francis Mibisa, Bida Executive Chairman Lokman Hossain Miah, Beza Executive Chairman Shaikh Yusuf Harun and City Bank Managing Director Mashrur Arefin attended various sessions.

PwC Bangladesh Managing Mamun Rashid, Charlton Managing Partner Julia Charlton, and Bancrust Executive Director Isil Caglayan also spoke.

The Bangladesh Investment Development Authority (Bida), the foreign affairs ministry, and ZI Foundation were partners of the conference where about 300 international representatives and 13 ministers from Commonwealth countries participated, the press release said.

Benjamin Parkin, South Asia correspondent for the Financial Times, moderated a seminar on "Tech and Change: Commonwealth Innovation."

The Commonwealth of Nations, better known as the Commonwealth, is an organisation of 56 member states, most of which are former territories of the British Empire.

Simplify customs clearance to improve logistics

Analysts tell seminar for forming national policy

STAR BUSINESS REPORT

The simplification of customs clearance processes is needed for the improvement of the logistics sector in Bangladesh, analysts told a seminar yesterday.

The modernisation of ports and capacity enhancement of railway and inland water transport is also crucial, they added.

"Digitalisation and elimination of redundancies in customs processes are the major challenges for Bangladesh," said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

The seminar on "Logistics Sector of Bangladesh: Challenges and Way Forward" was jointly organised by the Prime Minister's Office (PMO) and Economic Relations Division (ERD) at Bangabandhu International Conference Center in the capital.

Bangladesh's freight traffic volume is projected to increase sevenfold by FY 2040-41 compared to what it was back in FY 2020-21, he said.

He also observed that there were a lot of investment potentials in various fields of Bangladesh's logistics sector.

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Bangladesh's freight traffic volume is projected to increase sevenfold by FY 2040-41 compared to what it was back in FY 2020-21, said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

Kanti Ghosh, senior secretary to the commerce ministry, was present as special guest.

The organisers said a high-powered "National Logistics Development and Coordination Committee", headed by the principal secretary to the prime minister, had been formed for overall development of the logistics sector.

In this context, the seminar was organised to identify the gaps and challenges in the logistics sector as well as to discuss the strategies and way forward for formulating a National Logistics Policy for necessary improvement in this area.

M Tofazzel Hossain Miah said the government had already taken various steps to improve the logistics sector in the country. "The National Logistics Policy that the country will formulate should be action oriented," he said.

He urged for the active participation of the private sector in this process.

Chairing the event, ERD Secretary Sharifa Khan emphasised the need for policy support for trade facilitation as well as to enhance the competitiveness of export-oriented sectors to prepare the country for the post-LDC scenario.

Ghosh also emphasised decreasing lead times for export.

Farid Aziz, additional secretary to the ERD, Md Masud Sadiq, member of the National Board of Revenue, and Rear Admiral Mohammad Sohail, chairman of Chittagong Port Authority, also spoke at the event.

'Go for innovation for further development'

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success story, the main challenges facing the nation as it graduates from least developed country (LDC) status and the role of development partners.

He also spoke about how the Bangladesh economy could unleash its potential and discussed the role of the state, the tax regime and other possible avenues to explore in future.

He mentioned that the tax-to-GDP ratio in Bangladesh was still very low.

Bangladesh's tax-to-GDP ratio is still at 7 percent whereas the average tax-to-GDP ratio of developing countries is 10 to 15 percent. In the case of developed countries, it is 32 to 35 percent.

Even the ratio of tax-to-GDP in Nepal is 17 percent, he said.

Bangladesh now needs innovation and diversification in

the export of goods as the garment industry has already proved its worth, he said.

He said once Bangladesh attains the developing nation status, it would need to be innovative in exports as the government would have to stop paying direct cash incentives on exports.

The UK's Developing Countries Trading System (DCTS) will ensure duty-benefit for 98 percent products of Bangladesh to the UK even after LDC graduation.

The DCTS will support the export of diversified goods like leather goods and agro-processed foods to the UK after the LDC graduation, he said.

The UK's DCTS will also ensure duty benefits after 2029, when the LDC benefits will cease to come into effect. The LDC trade benefits may be extended further since negotiations

are ongoing, he said.

Khan said Bangladesh needs less direct financial support now but needs more policy support to attract foreign direct investment.

"Go for manufacturing of goods for which there is demand currently to increase exports," he said.

He also emphasised the need for quality education and healthcare in Bangladesh as the country has performed well compared to other South Asian countries.

While Bangladesh will not be able to give direct subsidies on exports after the LDC graduation in 2026, garments can continue to be the main export item because it has potential, he said.

Raising productivity could be another solution after the LDC graduation for the garments business as it still has the opportunity to thrive further, he added.

BBS data lays

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However, the public administration and health sectors, the operations of which were not impacted much by Covid-19 restrictions, grew by 11.05 percent. The real estate sector was up 5.49 percent.

During the pandemic, surveys of different think-tanks found that the economic shock induced by the pandemic had pushed millions into poverty.

Government officials criticised these surveys, but the BBS's quarterly GDP figures now strengthen the authenticity of the research.

In 2020-21, the downturn in the economy continued in the first two quarters as lockdowns were imposed during various phases. Since shops, hotels and restaurants were closed, millions of people remained unemployed.

The economy bounced back from the third quarter of FY21 after the government eased restrictions. In the last quarter of the fiscal year, the economy boomed 21.67 percent.

In 2021-22, the pandemic waned significantly and the economy was on track to reach pre-pandemic levels. From the first quarter to the third quarter, the GDP witnessed a substantial rise, with over 10 percent expansion in January-March.

But the economy faced another shock in the last quarter due to the fallout of the Russia-Ukraine war and supply chain disruptions in the global markets, bringing the economic growth rate down to 2.58 percent.

The growth of the GDP in the industrial sector for that quarter was only 2.66 percent, down from 34.64 percent in the same period of the previous fiscal year.

The service sector dropped to one-fifth compared to the same period of the previous fiscal as prices of raw materials in the international market rose.

The downturn was also felt in the agriculture sector, which increased by only 1.22 percent in April-June of 2021-22.

DSE, BGMEA sign

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The garments sector is playing a major role in developing the Bangladesh economy, Prof Hafiz Md Hasan Babu, chairman of the DSE, said at the signing ceremony.

If the green garment manufacturing companies get listed, their brand value and image will get a boost, he said.

Foreign buyers also perceive listed companies as well-governed and regulated and so the listing will help garner more of their attention, he said.

Of the 15 top green factories in the world, 13 are in Bangladesh. In total, there are 202 green factories in the country, said Faruque Hassan.

The local garments factories are

now mainly dealing with five types of products but they have the capability to diversify their portfolio. If they need capital, the stock market can be an option, he added.

Md Shakil Rizvi and Sharif Anwar Hossain, directors of the DSE, were also present at the event.

Soybean oil price

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Inflation advanced 23 basis points to 9.92 percent in August propelled by food inflation, which hit a 12-year high.

In August, food inflation soared 278 basis points to 12.54 percent -- the highest since October 2011, according to the Bangladesh Bureau of Statistics.