

Gold price hits new high of Tk 102,876 per bhoori

STAR BUSINESS REPORT

Jewellers yesterday increased 22-carat gold prices to a historic high of Tk 102,876 a bhoori (11.664 grammes).

From October 16 this year, each bhoori of gold was sold at Tk 100,543. Prices were raised by Tk 2,333 a bhoori for the local market with effect from today.

The standing committee on pricing and price monitoring of Bangladesh Jewellers Association (Bajus) announced the new rate yesterday through a press release.

The previous record high was Tk 101,243 a bhoori, which came into effect on August 25, 2023.



PHOTO: STAR/FILE

The standing committee on pricing and price monitoring of Bangladesh Jewellers Association announced the new rates yesterday.

CSE hopes to set up commodity exchange within six months

AHSAN HABIB

The Chittagong Stock Exchange (CSE) hopes to launch Bangladesh's first commodity exchange within six months after the relevant rules were gazetted and published yesterday.

The Bangladesh Securities and Exchange Commission (Commodity Exchange) Rules, 2023 will be applicable for commodity exchange and related participants, aiming to provide physical facilities or systems, whether electronic or otherwise, for trading, clearing and settlement of commodity derivatives contracts.

The CSE is hopeful of launching the commodity exchange by mid-2024, said Asif Ibrahim, chairman of the port city bourse.

"As the rules have been gazetted, the ball is in our court," he said.

A commodities exchange is a legal entity that determines and enforces rules and procedures for trading standardised commodity contracts and related investment products.

According to experts, a commodity exchange would allow farmers to lock in prices using forward contracting. This reduces the risk of a drastic price drop

and squeezes out uneven ups and downs of commodity prices.

Primarily, the CSE is planning to launch the commodity exchange for one or two products, Ibrahim said. Generally, commodity exchanges deal in items such as gold, rice and fuel.

Under the rules, a commodity exchange should have a minimum paid-up capital of Tk 400 crore and at all times maintain a net worth of 75 percent of its paid-up capital.

However, the capital requirement as mentioned above shall not be applicable for stock exchanges already registered under the Securities and Exchange Ordinance, 1969.

As the CSE is already registered, it will not need to keep that capital to establish a commodity exchange.

"We have invested a lot of funds on consultancy to form the rules and further investment will be needed for purchasing software and hardware, building capability in the backend and establishing warehouses," said Ibrahim, also a former president of the Dhaka Chamber of Commerce and Industries.

"To do so, we will have to invest around Tk 200 crore," he added.

According to the rules, a commodity exchange's board of directors will be

constituted of 13 members, including at least seven independent directors. The chairman of the board of directors will be selected from among the independent directors.

A commodity exchange shall also prepare financial reports and send it to the Bangladesh Securities and Exchange Commission (BSEC).

All Trading Right Entitlement Certificate holders can be commodity derivative brokers, but will have to keep paid-up capital of Tk 10 crore and appoint a compliance officer separately.

Every commodity derivatives broker shall open and maintain a bank account in its name with any scheduled bank with intimation to the commodity exchange or clearing house, as the case may be, for its own transactions.

The exchange will provide a transparent and efficient platform for price discovery by bringing together buyers and sellers. It will also facilitate the determination of fair market prices based on supply and demand dynamics.

This will help market participants make informed decisions in regards to buying, selling or holding commodities.

The exchange will offer risk management tools such as futures

contracts and options and these financial instruments will allow market participants to hedge against price volatility.

Hedging will help producers, consumers and traders mitigate the risk of adverse price movements, ensuring stability and certainty in their operations.

Ibrahim hoped it would also help standardisation and contract terms for commodities traded.

Standardisation will ensure that commodities meet certain quality criteria, allowing buyers to make informed decisions based on consistent product quality.

Producers can sell commodities in advance at a predetermined price, reducing their exposure to price fluctuations. Conversely, consumers can secure future supplies at fixed prices, protecting themselves from potential price increases, he added.

Earlier in April 2022, the Chittagong Stock Exchange (CSE) signed a memorandum of understanding (MoU) with the Multi Commodity Exchange of India (MCX), appointing it as a consultant.

The CSE formulated the draft rules with the help of the MCX and submitted it to the BSEC in November of 2022.

GP gets new chairman

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Petter-Borre Furberg has been appointed as chairman of Grameenphone with effect from October 1.

With a career of over two decades in the telecommunications industry, Petter-Borre Furberg brings a wealth of experience and expertise to the Grameenphone board, the top telecom operator in Bangladesh said in a press release.

He is currently the head of Telenor Asia and a member of the Telenor Group executive leadership team.



Since joining Telenor in 1998, he has held several senior management positions in the group, including as the head of Telenor Nordics, cluster head for Emerging Asia and as part of Telenor's Group Executive Management team.

He has also held leadership roles in the group's business operations in the Nordics and Asia.

Petter-Borre was chief executive officer of Telenor Norway, Telenor Myanmar, Grameenphone Bangladesh and chief financial officer and chief marketing officer in dtac Thailand.

Dollar up

REUTERS, New York

The US dollar rose to a near 1-week high against a basket of currencies on Wednesday, as investors' appetite for riskier currencies faded following lacklustre corporate results that raised worries over the economic outlook, and as Treasury yields rose.

Risk sentiment took a hit as tech giant Alphabet slumped after its cloud division missed revenue estimates, while other mega-cap stocks also edged lower, pressured by rising US Treasury yields.

STOCKS		
	DSEX ▼	CASPI ▼
	0.10%	0.08%
	6,275.83	18,586.69

COMMODITIES		
	Gold ▲	Oil ▼
	\$1,992.38	\$84.82
	(per ounce)	(per barrel)

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▼ 1.31%	▼ 2.14%	▼ 0.33%	▲ 0.48%
	63,210.27	30,601.78	3,068.69	2,988.30

Unemployed graduates

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students with practical knowledge and skills. "So, recruiters don't get skilled employees."

On the other hand, a huge number of graduates could not enter the job market owing to a mismatch in expectations, she added.

Prof Bidisha also sees a lack of quality in the primary education system.

"This gap remains within the students and not all of them can overcome this."

The economist does not support the idea of enrolling all students who passed higher secondary in the undergraduate and graduate programmes.

She pointed to the social stigma related to technical and vocational education.

"The number of unemployed graduates will not drop if students don't want to move to technical education."

Binayak Sen, director-general of the Bangladesh Institute of Development Studies, says the rise in unemployed people at the tertiary level was not unexpected.

Due to Covid-19 and the Russia-Ukraine war, the unemployment rate at the tertiary level might have increased, he said. The survey also

paints positive images as well.

For example, the female unemployment rate in rural areas fell drastically from 26.1 percent in FY17 to 18.66 percent in 2022.

"It indicates that rural women have participated in the workforce thanks to the presence of NGOs and other organisations," Sen added.

US new home sales soar

AFP, Washington

Sales of new US homes picked up more than anticipated in September, government data showed Wednesday, with the tight supply of real estate pushing more buyers into the market for new properties.

Sales of new single-family houses increased to an annual rate of 759,000 last month, seasonally adjusted, the Commerce Department said in a statement.

This was the fastest pace since February 2022, while August's figure was also revised slightly upwards to 676,000, according to official figures.

The median sales price of new houses sold slipped, however, to \$418,800 in September.

PM seeks trade benefit

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pandemic and the wars around the globe.

"So, we want you both to continue the EBA facilities for another three years from 2029 as the facilities from the European Union are conducive to our development," she said.

The prime minister also requested Belgium to make larger investments in Bangladesh, particularly in pharmaceuticals, renewable energy and shipbuilding.

"You can work with us in the shipbuilding sector alongside renewable energy. We are now building ships. You can build

high-standard ships from us," she said.

Both leaders have agreed to sign a partnership agreement on the pharmaceutical sector.

The premier said Bangladesh is currently exporting pharmaceutical items to 117 countries.

Hasina sought Luxembourg's help in the banking sector of Bangladesh by exchanging expertise.

During the meetings, the Belgium and Luxembourg PMs praised the unprecedented development of Bangladesh in the last 15 years under the dynamic leadership of Sheikh Hasina, Momen said.

Revenue growth slows

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imposed by the central bank to discourage non-essential purchases.

Revenue receipts from customs rose 7.45 percent to Tk 24,128 crore in the first three months of FY24. Imports plunged 22 percent in July-August, according to the Bangladesh Bank.

However, the collection of value-added tax (VAT) and the supplementary duty (SD) from domestic businesses grew at a faster rate.

The NBR collected Tk 28,982 crore from VAT and SD in three months to September, recording an 18 percent growth. The growth stood at 16 percent in the identical quarter a year ago.

"Undoubtedly, the increase in commodity prices aided the mobilisation of revenues. A new income tax law was also beneficial," said Khan.

Income tax collection rose 17.4 percent to Tk 23,651 crore.

Khan said despite the significant currency depreciation, there has

been little increase in revenue from external sources, which is indicative of import restrictions.

The taka has lost its value by about 28 percent against the US dollar in the past 18 months.

Going forward, the likelihood of collecting revenue will rely on several variables, according to the economist.

"Commodity prices are on the rise. And owing to the taka's continued depreciation and the potential for an increase in the price of oil globally could be beneficial for revenue collections. However, the common people will be the ones who will continue to suffer as a result since inflation could go up further."

He said the government's constrained financial resources are now reflected in its policies, including the authorities' unwillingness to permit tax relief to consumers.

"Reducing tax evasion and putting the promised measures into action will be crucial. Nevertheless, there will be a shortfall in revenue collection as compared to the annual target."

Implementation

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from local economists on how to address current economic challenges.

Abdur Rouf Talukder, governor of Bangladesh Bank, and other senior central bank officials were present at the meeting, where Md Habibur Rahman, chief economist of the central bank, presented a paper on the country's economic condition.

"The Bangladesh Bank should allow banks to negotiate with suppliers for the collection of US dollars but if it is not possible at this moment, then the regulator can fix an exchange rate corridor with lowest and highest rates," Hussain said.

"The central bank said they will consider it and think of an alternative model for fixing the exchange rate."

Hussain said there were three

challenges facing the economy: inflation, the forex crisis and distressed assets in the banking sector.

He said that the central bank will have to work to address the exchange rate policy, interest rate policy and also to reduce distressed assets in the banking sector.

The economist presented a paper with his suggestion at the meeting.

The central bank presented a summary about the initiatives that they have taken to tackle the foreign exchange crisis, control inflation and reduce distressed assets in the banking sector.

"The central bank wanted to know my views in this regard," he said, adding that the challenges identified by the central bank were similar to those he had himself identified.

Modern Syntex gets nearly Tk 900cr

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"This is an import substitute item, the daily demand for which in the country is 1,200 to 1,300 tonnes," he said.

Abu Sufian Chowdhury, managing director and chairman of Modern Syntex Limited, said in a statement: "With the help of timely financing, we could implement the project on time and are targeting to start commercial production by February, 2024."

It continued: "The project will save foreign exchange of approximately \$60 million per year. It will also create about 1,500 direct employment opportunities and shall positively contribute to the MMF industry, which is expected to grow exponentially driven by increased demand for synthetic textiles worldwide."

Standard Chartered Bank was the sole lender of the Export Credit Agency (ECA)-backed term loan facility.

The bank provided end-to-end structuring and arrangement services to all stakeholders — the borrower, the guarantors, ECA and the supplier.

The bank's product expertise enabled the Bangladesh-based client to access German government support, competitive pricing, and extended tenure for their project financing.

The commercial syndicated term loan in the local currency was jointly facilitated by eight commercial banks and financial institutions.

Standard Chartered was the mandated lead arranger, facility agent and security agent for both loans.

"Globally, the apparel industry is moving towards MMF, and Bangladesh has scant capacity in backward integration to support apparel exporters and meet this growing global demand," said Naser

Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

"This timely investment will not only reduce the dependency on imported MMF, thereby saving foreign exchange and transportation costs, but will also enable our RMG sector to diversify their product basket for export of more high-value-added MMF products, such as technical textiles, functional apparel, and smart textiles.

"We are proud to support Modern Syntex Limited in this landmark achievement and look forward to working together to help the nation's textile and RMG sectors scale ever greater heights," he said.

A crest handover ceremony recently took place in Dhaka to mark the start of commercial operations at the plant.

Enamul Huque, managing director and head of corporate of commercial and institutional banking of Standard Chartered Bangladesh, and other senior officials from both organisations were present.

Forex reserves fall to \$20.89b

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payments of Bangladesh Petroleum Corporation, Bangladesh Agricultural Development Corporation, and Bangladesh Chemical Industries Corporation among other agencies.

On the other hand, export and remittance receipts, the two biggest sources of US dollars for Bangladesh, have remained lower than the expected levels.

Remittance inflows dropped to a 41-month low in September. Although export earnings were up 10.4 percent year-on-year in the month, the takings were the lowest in three months.