

Oimex Electrode incurs losses for 2nd straight year

STAR BUSINESS REPORT

Oimex Electrode Limited suffered a loss of Tk 5.5 crore in the financial year that ended on June 30. The loss stood at Tk 11.07 crore in 2021-22. Thus, the manufacturer of welding consumables, nails and galvanised wires reported a net loss per share of Tk 0.82 for 2022-23 against Tk 1.65 a year ago. The net asset value per share plummeted to Tk 2.92 from Tk 11.72 while the net operating cash flow per share stood at a negative Tk 0.86 from Tk 0.57, also in negative, in FY22. The board of directors has recommended no dividend for FY23. Shares of Oimex Electrode fell 7.47 percent to Tk 22.30 on the Dhaka Stock Exchange yesterday.

Russia inflation accelerates to 6.7%

AFP, Moscow

Russia's annual inflation rate accelerated to 6.7 percent in October, the country's federal statistics agency said Friday, as a weak currency and surging military spending push prices higher across the economy. Rising prices have caused concern for the Kremlin and Russia's Central Bank, which has raised interest rates to 15 percent in a bid to battle inflation. Earlier this month, President Vladimir Putin urged his government to "reduce" inflation in a televised meeting. October's annual inflation rate of 6.7 percent was up from six percent in September and is the highest level since February. Russia officially targets an inflation rate of four percent. Putin and Russian officials have hailed Russia's economic performance since it sent hundreds of thousands of troops into Ukraine last February. Economy Minister Maxim Reshetnikov said Friday that Russia's GDP will expand by three percent this year. But independent economists say high inflation is just one symptom of deeper economic problems.

Iran's expanding oil trade with China

REUTERS

China's oil imports from Iran have hit record highs as Iran ramps up output despite the threat of further US sanctions. Existing sanctions were implemented over Iran's nuclear programme, and US lawmakers are seeking to exert further pressure after the October 7 attacks on Israel by Hamas, which has long been backed by Iran, although Tehran has denied any involvement. US lawmakers are now considering legislation that could impose measures on foreign ports and refineries that process petroleum exported from Iran. Here are key facts on Iran's oil trade with China: China, the world's largest crude importer and Iran's top customer, bought an average 1.05 million barrels per day (bpd) of Iranian oil in the first 10 months of 2023, according to shiptracking data from Vortexa. This is 60 percent above pre-sanction peaks recorded by Chinese customs in 2017. Imports jumped this year after Tehran raised output and offered steep discounts. Tehran's October output edged up to 3.17 million bpd, a Reuters survey found, the highest since 2018, when Washington re-imposed sanctions on Iran, according to Reuters surveys and Opec figures. China's October imports from Iran are estimated to have reached around 1.45 million bpd, the highest monthly level ever, Vortexa data showed.

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Workers are clearing off dust on the machinery and removing wastage from the scene of the only state-owned sugar mill in the south-western part of the country ahead of the new season. The operation of the mill will start on December 12. The photo was taken on Saturday. PHOTO: AZIBOR RAHMAN

State-run mills start crushing as sugar price jumps

JAGARAN CHAKMA

State-run sugar mills have started crushing locally-grown sugarcane, aiming to produce 33,000 tonnes of sugar in the current fiscal year of 2023-24, said a top official. The amount is 55 percent higher than the 21,313 tonnes produced by sugar mills under the Bangladesh Sugar & Food Industries Corporation (BSFIC) in fiscal year 2022-23. "We have increased the production target as farmers are gradually increasing cultivation of higher-yielding sugarcane varieties," said Pulak Kanti Barua, joint secretary and a director of the BSFIC. Beginning with the crushing of sugarcane at North Bengal Sugar Mills Ltd in Natore, production will gradually start at the remaining eight sugar mills by December 29 this year, according to a notification by the industries ministry. The state corporation is set to increase production at a time when consumers are paying record high prices to buy sugar. Yesterday, the price of one kilogramme (kg) of sugar was around Tk 140-145 in Dhaka, about a 27 percent increase year-on-year, according to the Trading Corporation of Bangladesh. Five private firms refine and market the product by importing raw materials to meet more than 98 percent of the country's annual requirement of about 20 lakh tonnes. The state mills produced



24,509 tonnes in FY2021-22, showing that sugar produced by the BSFIC mills met only 1.65 percent of the total requirement. Barua said this year a total of 5,86,000 tonnes of sugarcane would be harvested, which was much higher than the 3,83,000 tonnes of sugarcane grown last fiscal year. However, he said, the farmers cultivated sugarcane on around 43,000 acres of land this year compared to 49,000 acres last year. Although acreage declined, production increased this year due to the use of high-yielding seeds and intensive care by the BSFIC, including the application of fertilisers and proper irrigation of sugarcane fields, he said. Barua said farmers would gradually come back to sugarcane cultivation once they realised that high-yielding sugarcane was profitable. According to him, high-

Besides, the BSFIC has to provide a supply of sugar to some government institutes immediately after refining the product at the beginning of the year. After distributing sugar to the government agencies, they distribute it to the dealers in phases. Currently, just nine of the 15 sugar mills under the BSFIC are operational as the government closed six of them in December 2020 on the grounds that they were continually incurring losses and thereby required modernisation. Shahjahan Ali Badsha, Bangladesh Sugar Mill Sugarcane Farmers Federation, said it was a profitable business as the sugarcane seeds provided by the BSFIC were yielding twice as much as traditional seeds. He added that it was yet to gain popularity among farmers as they were unaware of the output of high-yielding seeds and because they could cultivate other crops at a lower cost. However, other crops may cause losses to farmers in the case of drought or heavy rainfall or if prices go down, but sugarcane growth is not hampered by drought or heavy rainfall and prices remain stable, he said. He also said the BSFIC has increased the price of sugarcane to Tk 140 per maund (around 37kg) from Tk 120 per maund this year. Against this backdrop, high-yielding sugarcane is profitable and acts like insurance if other crops are being grown, he said.

What will happen to Bangladesh's economy?

MAMUN RASHID

Ever since the investment community started to talk about a rising Bangladesh and the potential the economy offers due to increased consumer spending, we get to host many international investors. Now that things are going a little topsy-turvy, the question is again surfacing: What may happen to the economy? No doubt, the ongoing political unrest and the garment workers' agitation in the apparel sector have begun to take their toll on the economy that is already grappling with higher inflation, the depreciating taka, slowing exports and reducing private sector activities. Both passenger and cargo traffic on the roads inside the cities and highways have drastically reduced for the fear of getting caught up in clashes or arson. The seaports, which handle almost 90 percent of the \$130-billion cross-border trade, have registered a decline in cargoes as most businesses preferred not to transport goods. The same is the case with the transportation of consumer goods from factories to the points of sales across the country and farm produce to cities and towns, resulting in even an interim price hike. No doubt, if this continues, the situation will worsen, and sales will plummet. This disruption in the supply chain will further fuel inflation, which despite issues with our data integrity, surged to double digits in October and caused more suffering to people at the bottom of the pyramid. The current situation is also impacting the regular or ongoing efforts to stabilise the economy.

Although the economy has been under stress for a year and a half now, things have not gone out of control yet. The ongoing situation is creating uncertainty and troubles for the economy and obviously, the continuation of the political unrest could hit the economy hard. We have seen some violence and political uncertainty in every election year. But many feel it is different this time. Even the central bank governor has reportedly said he didn't face this sort of crisis in his entire professional career. Whether prudent or not, he also mentioned that the economy has reached its bottom.

Hence, Bangladesh's economic problems have turned into a crisis already. And any political unrest may deepen the crisis. The global situation is not favourable either. Many already urged the government to reach a political consensus through effective dialogue. Otherwise, it will be extremely difficult to revive the economy after the election despite few in the regulatory bodies still sounding optimistic. If the political unrest continues, it will heavily impact apparel exports. The sector operates under a tight schedule, so blockades or strikes for two to three days throw off the schedule. We already know buyers have the option to shift orders to other countries as many competitor countries have huge capacity. Even the neighbouring one is trying hard to build similar capacities. Amid the political unrest, garment workers have been protesting for 12 days for a minimum wage of about Tk 25,000. The unrest has led to the suspension of production in as many as 500 factories. Though the minimum wage board has announced a wage hike to Tk 12,500, the protest continues. Even many amongst development partners and off-takers countries are not happy with the way the situation was handled. Since the country, despite visible progress on the economic front, has almost failed to ensure a peaceful political transition every five years, this kind of scenario is quite known to us. However, over the period of time, the opposition has gained much public support and inner strength too. Besides, our major development partners also identified a congenial political environment to be the most important for sustainable economic progress. Sooner all the stakeholders come to terms, the better for all of us.

The author is an economic analyst



A cashier charges products at a supermarket ahead of the Thanksgiving holiday in Chicago, Illinois, US on November 22, 2022. PHOTO: REUTERS

US consumer sentiment drops again in Nov

REUTERS

US consumer sentiment fell for a fourth straight month in November and households' expectations for inflation rose again, with their medium-term outlook for price pressures shooting to the highest level in more than a dozen years, a survey showed on Friday. The University of Michigan's preliminary reading of its Consumer Sentiment Index dropped to 60.4, the lowest level since May, from October's final reading of 63.8. The median expectation among economists in a Reuters poll had been for the index to be little changed at 63.7. The survey's preliminary gauge of current conditions fell to 65.7 from last month's final level of 70.6, while the expectations index slid to 56.9 from 59.3 in October. Like the headline index, both sub-indices were the lowest since May.