PHOTO: STAR/FILE

As per the Household Income and Expenditure Survey (HIES) 2022, families of Bangladeshi expatriates and migrants invested about 20.95 percent of the total remittance that year.

Basic needs taking up most of remittance spent

AKANDA MUHAMMAD JAHID

Beneficiaries of remittance in Bangladesh spend most of the funds received on meeting basic needs, according to a recent study by the Bangladesh Bureau of Statistics (BBS).

As per the Household Income and Expenditure Survey (HIES) 2022, families of Bangladeshi expatriates and migrants invested about 20.95 percent of the total remittance that year.

Meanwhile, they put 14.95 percent of the funds into savings and spent just 2.02 percent on durable goods, leaving 62.08 percent for meeting basic needs.

The government's statistical agency published the final report of the survey on Thursday after completing its seventeenth round from January to December of 2022.

However, the expenditure patterns varied between beneficiaries living in rural and urban areas.

In rural areas, basic needs accounted for some 62.10 percent of the total remittance while investments took up 21.96 percent, savings 14.31 percent and durable goods 1.63 percent.

On the other hand, beneficiaries in urban areas spent 62.02 percent of their remittance on basic needs, 18.39 percent on investment, 16.57 percent on savings and 3.02 percent on durable goods.

PREFERRED CHANNEL

The HIES also showed that among all legal channels for sending remittance, Bangladeshi expatriates and migrants preferred banks, which handled 64.46 percent of all transfers.

Mobile financial services were the second most preferred medium for transfers, accounting for 24.34 percent of the total remittance, while agents or brokers ranked third and travel agencies placed last.

BENEFICIARIES

At the national level, beneficiaries received an average of Tk 257,500 in remittance in 2022, with those in Chattogram registering the highest average of Tk 303,230 that year, as per the HIES.

The expenditure patterns varied between beneficiaries living in rural and urban areas

The annual average of remittance received by beneficiaries in Dhaka was Tk 262,660 while it was Tk 232,320 in Khulna, Tk 229,500 in Mymensingh, Tk 219,040 in Rangpur and Tk 162,030 in Barishal.

Sylhet held the lowest position in terms of average remittance received, registering Tk 152,360 per household.

Meanwhile, migrants and expatriates from Chattogram claimed top spot in terms of remittance sent home by contributing 44.30 percent of the total amount received.

Dhaka received 35.06 percent of total remittance whereas Sylhet got 6.24 percent, Khulna 5.26 percent, Rajshahi 3.01 percent, Mymensingh 2.47 percent and Barishal 2.13 percent.

Rangpur saw the lowest share of the total remittance with just 1.53 percent.

Sugar price will remain stable

Says Tipu Munshi

OUR CORRESPONDENT, *Dinajpur*

Sugar price will not increase, rather it will remain unchanged in the days to come thanks to the stable US dollar rate against the Bangladeshi taka now, Commerce Minister Tipu Munshi said yesterday.

The government has taken various measures to regulate the prices of essentials during the upcoming month of Ramadan, he said.

The minister made the comments while talking to journalists in Rangpur after taking his electoral symbol.

"If the dollar rate decreases, the price of sugar can also be reduced. However, since the dollar rate is stable now, there will be no further increase in the price of sugar."

Has Fed won the battle against inflation?

AFP, *Washington*

The US Federal Reserve's decision to hold its key lending rate on Wednesday and pencil in three interest rate cuts next year has fueled optimism that its inflation battle is won.

Following the Fed's decision, the Dow Jones Industrial Average index surged to an all-time high, while yields on US government bonds plummeted, reducing borrowing costs on everything from car loans to home mortgages.

Against the backdrop of falling inflation, low unemployment and persistent economic growth, analysts are increasingly asking the question: Has the Fed won the battle against inflation?

As the US economy was rebounding from the Covid-19 pandemic, a supply-side crunch caused a rapid surge in inflation.

In March 2022, amid a rise in energy prices following Russia's invasion of Ukraine, the Fed began aggressively hiking interest rates in a bid to control rising prices.

Over the next 18 months, policymakers lifted the Fed's key lending rate to a 22-year high, and successfully cooled consumer inflation from a 40-year high of 9.1 percent last year to just over 3.1 percent in November 2023.

The economic picture today is a surprisingly positive one, with unemployment at close to historic lows, and an economy that is on track to avoid a damaging recession.

Fed policymakers are increasingly confident that they are on track to achieve this rare monetary policy success known as a "soft landing."

The Fed now expects economic growth to rise to 2.6 percent this year, before slowing down in 2024. But despite the good news, the Fed's favored inflation gauge remains stuck stubbornly above its long-run target of two percent, underscoring the challenges that still remain.

On Wednesday, the Fed voted to hold interest rates steady for a third straight meeting, and predicted 0.75 percent points of interest rate cuts in the year ahead.

Fed Chair Jerome Powell told reporters that the language of the Fed's decision had been changed as "an acknowledgement that we believe that we are likely at or near the peak rate for this cycle."

He added that policymakers had even discussed when it would be "appropriate" for the Fed to begin cutting interest rates -- while refusing to rule out another hike.

On the face of it, Powell expressed a cautious view of unfolding events, as is often the case among central bankers.

But when compared against his recent threats to raise interest rates further, Powell's remarks were seen as a sign that the Fed is confident it is winning the inflation fight.

"The Fed thinks that it is done," KPMG Chief Economist Diane Swonk wrote in a note published shortly after Powell's remarks on Wednesday.

READ FULL ARTICLE ONLINE

Corrective measures needed to boost economy: DCCI

STAR BUSINESS REPORT

The economy is facing certain challenges pertaining to inflation and it is of utmost importance to tame inflation at whatever costs necessary, especially food inflation, said Md Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry (DCCI).

Bangladesh has fared somewhat better than many of its peers in weathering the geoeconomic crisis and challenges, the leading chamber quoted Sattar as saying in a statement.

Although Moody's Investors Service has forecasted Bangladesh's credit rating and the country's long-term outlook to be stable, certain measures are needed to boost the economy in light of Bangladesh's graduation from the least-developed country category in 2026, he said.

Contractionary monetary policies should be coupled with fiscal policies in order to ensuring that prices of goods are kept at a minimum level, he said.

Another challenge is the stabilisation of the foreign exchange market and the government should take strict measures now to face the challenge, he added.

Having a market-driven US dollar rate is important to ensure that remittances from abroad, especially from migrant workers, are received through official banking channels, he said.

The government must also prioritise export market diversification so that export earnings are generated from multiple markets as opposed to the traditional markets, the Dhaka Chamber president said.

The government should also take effective steps for revenue generation, Sattar said.

Tax offices should be opened in various parts of Bangladesh and a proper mapping should be kept in place for the performance of the tax offices, especially outside Dhaka and Chattogram, he said.

The informal sector should be brought strictly within the tax net to increase revenue.

The government may consider strengthening the resources of the National Board of Revenue and increasing its capacity to ensure continuous revenue collection activities outside Dhaka and Chattogram, the DCCI president said.

The government may consider going for full automation in practice to increase its revenue collection, he said.

China's economy to improve in 2024

Say officials

REUTERS, *Beijing*

China's economy is expected to see more favourable conditions and more opportunities than challenges in 2024, state media said citing officials of the Chinese Communist Party's finance and economy office.

Macroeconomic policies will continue to provide support for economic recovery, the official Xinhua said in a detailed readout of the annual Central Economic Work Conference held from Dec. 11-12, during which top leaders set economic targets for the following year.

"China's prices are low, central government debt levels are not high, and conditions are in place to strengthen implementation of monetary and fiscal policies," Xinhua said, quoting the office of the Central Financial and Economic Affairs Commission late Sunday.

Still, blockages persist in the domestic economic cycle as demand, consumption and enterprise investment remain weak.

Next year, the party officials said China will look to shift from a post-pandemic recovery to sustained consumption growth.

Russia eyes additional oil export cuts

REUTERS, *Moscow*

Russia said on Sunday it would deepen oil export cuts in December by potentially 50,000 barrels per day or more, earlier than promised, as the world's biggest exporters try to support the global oil price.

Saudi Arabia and Russia, the world's two biggest oil exporters, called in December for all Opec+ members to join an agreement on output cuts after a fractious meeting of the producers' club.

Russian President Vladimir Putin visited Riyadh shortly after the meeting of Opec+, which brings together the Organization of the Petroleum Exporting Countries (OPEC), Russia and other allies.

Russian Deputy Prime Minister Alexander Novak, Putin's top oil and gas point man, was quoted by Russia's three main news agencies as saying that Russia would deepen cuts beyond the 300,000 barrels per day of cuts already agreed for this year.

"Already in December we will add additional volumes," Novak was quoted as saying by Interfax news agency. "By how much, we'll see based on the results of December - there may be an additional 50,000 bpd, maybe more."

Russia had pledged to a cut of 300,000 bpd compared to the May-June exports - and to keep at that level until the end of the year. In December, Russia agreed to deepen those cuts to 500,000 bpd in the first quarter of 2024, the Russian agencies said.

Due to promises made to OPEC+, Russia's oil exports in 2023 will total less than the 247 million tonnes used in Russia's main macro-economic forecasts, Novak said.

Novak said he hoped that Gazprom and Chinese producer CNPC could soon agree on the contract conditions for gas sales through the Power of Siberia-2 pipeline.

A ship is being unloaded at a container terminal in Liverpool, Britain. In September, the European Union launched the first phase of a system to impose CO2 emissions tariffs on imported steel, cement and other goods, the world's first.

PHOTO: REUTERS/FILE

UK plans carbon levy on imports

REUTERS, *London*

Britain said on Monday it would implement a new import carbon pricing mechanism by 2027, with goods imported from countries with a lower or no carbon price having to pay a levy as part of decarbonisation efforts.

The government said the carbon border adjustment mechanism would apply to carbon intensive products in the iron, steel, aluminium, fertiliser, hydrogen, ceramics, glass and cement sectors.

The charge applied will depend on the amount of carbon emitted in the production of the imported good, and the gap between the carbon price applied in the country of origin - if any - and the carbon price faced by UK producers.

This levy will make sure carbon intensive products from overseas face a comparable carbon price to those produced in the UK, finance minister Jeremy Hunt said.