Rupee flat, forward premiums up on rising Fed rate cut bets

REUTERS, *Mumbai*

The Indian rupee was barely changed on Tuesday as local dollar demand continued to limit gains even as the dollar index languished close to its lowest level in nearly 5 months.

The rupee was at 83.1650 against the US dollar as of 9:50 a.m. IST, little changed from its close at 83.14 on Friday.

Most Asian currencies strengthened and were up between 0.2 percent to 0.5 percent. The dollar index was largely steady at 101.6 in Asia hours but had dropped to its lowest since late July on Friday after softer than expected US inflation data.

While "sentiments favour rupee bulls," the local unit is unlikely to see meaningful gains and may hover between 83.05 and 83.25 in Tuesday's session, Dilip Parmar, a foreign exchange research analyst at HDFC Securities, said.

Core personal consumption expenditure (PCE) inflation, the US Federal Reserve's preferred inflation gauge, rose 0.1 percent month-on-month in November, less than the 0.2 percent expected by economists polled by Reuters.

Dollar wobbles in thin trading

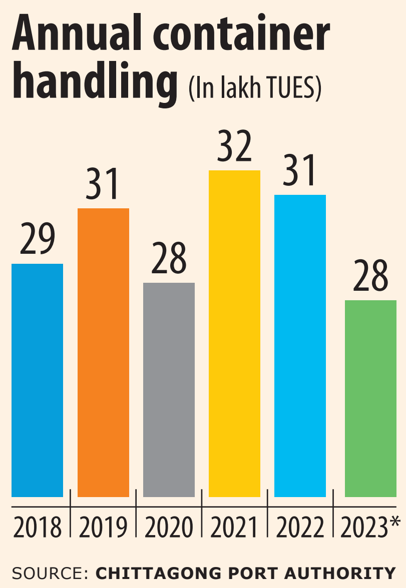
REUTERS, *Singapore*

The dollar was trying to find a floor on Tuesday in holiday-thinned trade, pressured by signs that inflation in the world's largest economy is cooling which will likely give the Federal Reserve room to ease interest rates next year.

The yen meanwhile steadied near its recent five-month peak on the view that the Bank of Japan (BOJ) could soon mark an end to its ultra-easy policy. For most of 2022 and 2023, the policy has kept the Japanese currency under pressure as other major central banks embarked on aggressive rate-hike cycles.

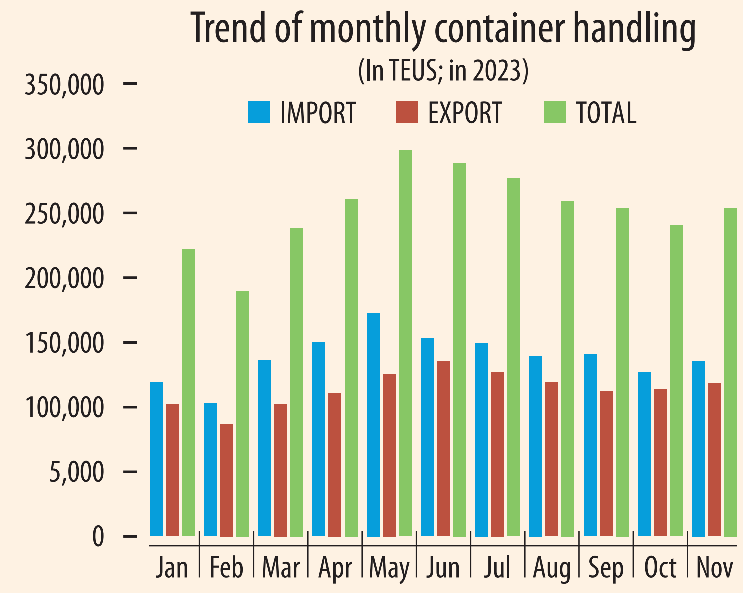
Currency moves were largely muted in the day after Christmas, as markets in the UK, Australia, New Zealand and Hong Kong, among others, were still out for a public holiday.

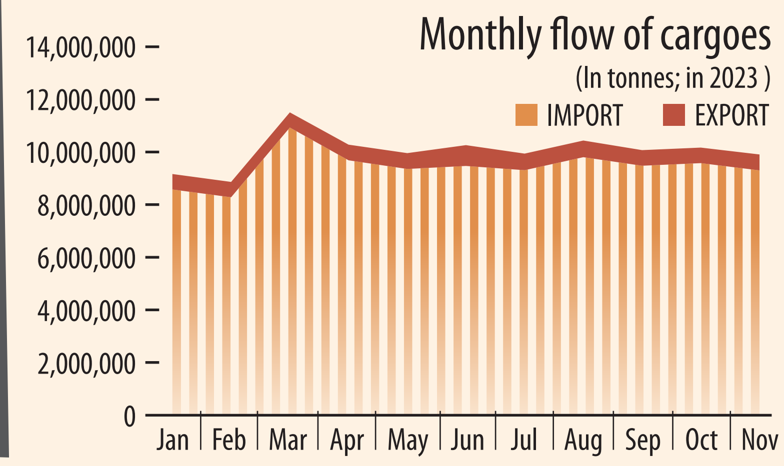
Against the greenback, the New Zealand dollar scaled a fresh five-month peak of $0.6325, while the Australian dollar was similarly huddled near its recent five-month top and last bought $0.6817.



The difference will not be high and hopefully we will be able to be in the 'Three Million Club' in terms of container handling.

Rear Admiral Mohammad Sohail
CPA Chairman





Container handling to fall for second consecutive year

Cargo handling to go slightly up

DWAIPAYAN BARUA, *Ctg*

For the second year in a row, the Chattogram seaport may face a drop in annual container throughput due to frequent declines in monthly container handling.

Port officials and users believed that the gradual slowdown in the country's import and export trade, influenced by global economic downturns, were responsible for the decline in container transport through the port.

Following a decline for five consecutive months since June, container handling by the port saw a slight rise in November. But annual figures at the end of the year may remain below that of the previous year, they assumed.

However, they hoped that the port would still cling onto its membership of the "Three Million Club", which refers to the ports that reached the annual milestone of handling three million TEUs (twenty-foot equivalent units) of containers.

According to data from the traffic department of the Chittagong Port Authority (CPA), the port handled 31.33 lakh TEUs of containers in 2022, down from 32.14 lakh TEUs in 2021, a decrease of 2.53 percent.

And in the past 11 months till November, the total number of containers handled at different facilities of the port and in private off-docks stood at 27.82 lakh TEUs, 4.18 percent lower than the 29.03 lakh TEUs handled in the same period last year.

The CPA has prepared the data of containers handled by calculating the number of import, export and empty containers loaded and unloaded at the main jetties of the port, Pangaon Inland Container Terminal in Keraniganj, Kamalapur Inland Container Depot (ICD) in Dhaka, and 19 private ICDs in Chattogram.

The monthly average for containers handled this year so far stands at 2.52 lakh TEUs. In November, the figure stood at 2.53 lakh TEUs.

Even if that same volume of containers is handled in December, the total annual volume would fall short of that in 2022 by nearly 1 lakh TEUs.

According to port data, monthly container handling declined by 3-5 percent on average in the five months to October, but grew 5.5 percent in November.

> **As most dock workers are not paid if there is no work, their income decreases, causing them to face hardship in maintaining their expenses.**
>
> **Md Naibul Islam Fatik**
> Chittagong Port Staff Parishad General Secretary

CPA Chairman Rear Admiral Mohammad Sohail said the global economic slowdown had an influence on the country's foreign trade, which was reflected in the fact that container handling had slightly decreased.

"But the difference will not be high and hopefully we will be able to be in the 'Three Million Club' in terms of container handling," he said.

He added that in spite of the global economic slowdown, the operational activities at the port have remained smooth, resulting in an increase in the handling of bulk cargo.

In the past 11 months, the port handled a total 11 crore tonnes of cargo, 0.04 percent higher than last year.

Syed Nazrul Islam, first vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the country's major export-oriented sector had been facing a decline in export orders since the beginning of the year.

This is due to the fact that importing countries in Europe alongside the US are facing an economic slowdown, leading to lower demand for garments in their markets.

This decrease in export orders caused garment factories to reduce production, which in turn prompted a decline in the import of raw materials by these factories, he said.

The port experienced a decrease in container handling in 2020 due to a fall in container traffic mainly due to global supply chain disruptions amidst the Covid-19 pandemic, but managed to rebound and achieved a record high in handling in 2021.

But since then, annual container handling has been trending down.

As a result of that slowdown, many dock workers are suffering.

Chittagong Port Staff Parishad (Port CBA) General Secretary Md Naibul Islam Fatik said dock workers employed by berth operators suffered the most as jetties in the General Cargo Berth (GCB) terminal of the port occasionally remained vacant.

As most dock workers are not paid if there is no work, their income decreases, causing them to face hardship in maintaining their expenses, said Fatik.

However, he said the port authority tries to support workers by providing special incentives.

He mentioned that the CPA provided Tk 5.20 crore in incentives to a total of 6,512 registered workers employed by 46 private operating firms that handle berths, terminals and ships on the occasion of Victory Day this month. Each of the workers got Tk 8,000, he said.

NEW RMG WAGE

Some buyers agree to pay more: BGMEA

STAR BUSINESS REPORT

Some international clothing retailers and brands have already agreed to pay more to their respective suppliers to absorb an increase in wages, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said yesterday.

"It's quite encouraging that we have received formal letters from a few brands confirming their position to pay a price that absorbs the increase in wages," BGMEA President Faruque Hassan said in a statement to journalists and factory owners through WhatsApp.

He said they had received assurances from all of those retailers and brands that they would support the factories in implementing the new wage rate.

As per the gazette notification, the new wage has come into effect from December 1, 2023 and the workers will start drawing the new wages at the beginning of the new year, meaning from January 2024, said Hassan.

"And we have constantly urged the buyers to up-charge the price for all the orders being negotiated from 1 December 2023," said Hassan.

"Therefore, I would encourage you to communicate with your buyers so that the price covers the additional amount caused by the wage increase, and you may use my letters to the buyers as reference," he said. "I would also humbly urge you to kindly make sure that no orders are accepted below the break-even cost, please, for the greater interest of our industry and its sustenance," he said.

Hassan suggested that owners and factory management be more innovative and take a value-added approach.

"We need to carefully evaluate our future investments and expansion plans, while we also need to find new areas of growth and opportunities if we are to sustain in the longer run," he added.

In the statement, he said the 2023 was a significant year for the garment industry of Bangladesh for several reasons.

The global economy and trade were already facing challenges from war, supply chain disruptions, inflation and other adversities, with the fight against inflation one of the major challenges, said Hassan.

"We have seen that advanced economies increased their interest rates to curb inflation, which has pushed the mortgage rate up as well, affecting consumers' spending power," he said.

This has adversely impacted the price level on the global scale, as shown by the official unit price data by Eurostat and Otexa for January-October 2023 for Bangladesh, he said.

During the first 10 months of 2023, the import of clothing by the US and EU fell significantly, said Hassan. During the January-October period of 2023, the global import of clothing by the US declined by 22.71 percent in value and 23.80 percent in quantity and by the EU declined by 13.14 percent in value and 16.74 percent in quantity, he said.

So, given the fact that the global import has slowed and the unit price is falling compared to last year, the year-end global clothing trade for 2023 will fall short of the level of 2022, he said.

"With all the positive hopes and vision, the reality is that we have to pay as per the new minimum wages from the beginning of the new year of 2024," he said.

"This is going to be quite challenging; we have to implement it fully in due time," he said.

Global food supplies to be strained in 2024

REUTERS, *Singapore*

High food prices in recent years have prompted farmers worldwide to plant more cereals and oilseeds, but consumers are set to face tighter supplies well into 2024, amid adverse El Nino weather, export restrictions and higher biofuel mandates.

Global wheat , corn and soybean prices - after several years of strong gains - are headed for losses in 2023 on easing Black Sea bottlenecks and fears of a global recession, although prices remain vulnerable to supply shocks and food inflation in the New Year, analysts and traders said.

ANALYSIS

"The supply picture for grains certainly improved in 2023 with bigger crops in some of the key places which matter. But we are not really out of the woods yet," said Ole Houe, director of advisory services at agriculture brokerage IKON Commodities in Sydney.

"We have El Nino weather forecast until at least April-May, Brazil is almost certainly going to produce less corn, and China is surprising the market by buying larger volumes of wheat and corn form the international market."

The El Nino weather phenomenon, which brought dryness to large parts of Asia this year, is forecast to continue in the first half of 2024, putting at risk supplies of rice, wheat, palm oil and other farm products in some of the world's top agricultural exporters and importers.

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Workers sift wheat before filling in sacks at the Agriculture Product Marketing Committee on the outskirts of Ahmedabad, India. The El Nino weather phenomenon is putting at risk supplies of rice, wheat, palm oil and other farm products in some of the world's top agricultural exporters and importers.

PHOTO: REUTERS/FILE

Japan lags in labour productivity ranks

ANN/THE JAPAN NEWS

Japan's labour productivity in 2022 ranked 30th among 38 member nations of the Organization for Economic Cooperation and Development, according to the Japan Productivity Centre.

Labour productivity measures the output of goods and services a worker produces in a certain amount of time. Higher labour productivity will lead to economic growth and prosperity.

Japanese workers produced $52.3 dollars per hour in 2022, giving Japan its lowest ranking since comparable data became first available in 1970. Japan's labour productivity improved 0.8% in 2022 from the previous year, but its ranking went down by two spots.

Japan ranked around 20th for many years, but

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