

Local company to invest \$4.8m in Mongla EPZ

STAR BUSINESS DESK

ASM Packall Export Industry has signed an agreement with the Bangladesh Export Processing Zone Authority (Bepza) to invest \$4.8 million to establish a garment accessories plant in the Mongla Export Processing Zone (Mongla EPZ).

Ali Reza Mazid, member (investment promotion) of Bepza, and Md Ashraf Alam, managing director of ASM Packall Export Industry, inked the deal to this effect at Bepza Complex in Dhaka, said a press release.

The investment will create an employment opportunity for 400 Bangladeshi nationals.

The company will annually produce one lac metric tonnes of different types of bags, zipper, elastic, tape, tag, label, board, paper band, photo card, bar code, collar stand and butterfly.

Major General Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, was present.



Printing presses in Bogura city are now busy churning out calendars and greeting cards for the upcoming New Year. The photo was taken at Press Potti in Shapla Market yesterday where over 200 such establishments are present.

PHOTO: MOSTAFA SHABUI

STOCK MARKET IN 2022

Some good comes with the bad

AHSAN HABIB

Major indices of the stock market in Bangladesh mostly saw decline throughout the outgoing year while turnover also took a plunge amid the gloomy economic scenario.

The biggest blow came when the floor price mechanism was reintroduced in late July as it ultimately made the market illiquid.

But despite the negatives, some positive steps were also taken in the year, such as the inclusion of sukuk bonds, making treasury bonds tradable, and approving the exit plan of two listed companies.

The stock market was bearish in the year due to the worldwide economic crisis stemming from the war between Russia and Ukraine, said M Shafiqur Rahman Mazumdar, managing director of the Dhaka Stock Exchange (DSE).

The DSEX, the benchmark index of the DSE, shed a total of 549 points, or 8.14 per cent, throughout the year to close at 6,206 points on the last day of trading of 2022.

The DS30, the blue chip index, plummeted by 337 points, or 13.32 per cent, to 2,195 points at the same time while the DSES, which represents shariah-compliant companies, fell 72 points, or 5.05 per cent, to 1,358 points.

The DSE's chief official hoped to see better days in 2023 as the crisis may be solved with the recovery of Bangladesh's economic indicators.

The DSE is going to launch an alternative trading board in the first month of the upcoming year to enhance the capacity of mobile trading and set an independent order management system for the bond market, which will influence the stock market positively, Mazumdar said.

Turnover, another important indicator of the market, eroded by around 35 per cent to Tk 960 crore, DSE data shows.

Stock market analysts blame the floor price for lowering the turnover as most stocks remained untraded even if the stock did not drop as buyers considered the prices to be artificially high.

At the end of last July, the Bangladesh Securities and Exchange Commission

(BSEC) set the floor price of every stock to halt the freefall of market indices amid global economic uncertainties.

The floor price was the average of the closing prices on July 28 this year and the preceding four days.

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A significant event in the year was the move to make treasury bonds tradable in the secondary market. With that, 250 treasury bonds worth Tk 316,808 crore of market capitalisation become a new product for investors.

The alternative trading board is going to effective from next month and so, the BSEC has already approved the first-ever exchange traded funds that would be traded on the board.

In the year 2021, the number of small-

and medium (SME) companies listed with the SME board was 6 and later increased to 15 in 2022.

The six companies that got listed with the DSE's main board this year raised funds of Tk 713 crore. Apart from these, a perpetual bond and mutual fund also raised funds of Tk 475 crore collectively.

In the previous year, 19 companies had raised funds of Tk 1,858 crore in total, the data shows.

At the end of 2022, the price-earnings ratio of the market stood at 14.08 with the lowest ratio belonging to the banking sector with 7.73.

Earlier this year, Bangladesh Bank finally agreed to allow market prices of stocks to be considered as a part of the banks' market exposure calculations instead of the cost price.

Stock market intermediaries had been urging Bangladesh Bank to give permission in this regard. And although stock market and banking analysts opposed the approval, the central bank granted it anyway after being instructed as such by the finance ministry.

Rouble hits record low vs dollar

REUTERS, Moscow

The Russian rouble slumped to an eight-month low against the dollar on Thursday, struggling under the weight of expectations that sanctions on Russian oil and gas may limit export revenues.

By 0717 GMT, the rouble was 0.9 per cent weaker against the dollar at 72.83, its weakest point since April 27.

It lost 0.7 per cent to trade at 76.93 versus the euro and shed 0.6 per cent against the yuan to 10.31.

The rouble has now lost the key support of a month-end tax period that usually sees exporters convert foreign currency revenues into roubles to pay domestic liabilities, while recovering imports have combined with falling exports to also exert pressure.

Out of the frying pan

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higher. Although data is sparse, many people might have slipped below the poverty line.

A shortage of gas, caused by the suspension of the purchase of liquefied natural gas from the international spot markets, and inadequate production locally, spelt out a power crisis in the year, forcing industries, small and large alike, to cut production.

The outgoing year was tough for savers because the lower interest rate on bank deposits has turned the yield negative owing to the nearly double-digit inflation rate. This led to a liquidity crisis in the banking system since depositors did not feel enthused to park their funds at banks.

The stock market was equally unattractive for investors amid earnings fall and deepening uncertainty. The floor price introduced in the second part of the year kept many of them at bay.

"It was positive at the beginning of the year because we were recovering fast from the pandemic and other challenges. From the middle of the year, the political crisis deepened

and the situation has become uncertain," said MM Akash, a professor of the department of economics at the University of Dhaka.

"Owing to the political crisis, the investment climate remained uncertain. Some necessary pending reforms in the governance sector have still remained unrealised."

In order to avoid the balance of payments crisis, the government has turned to the International Monetary Fund for a \$4.5 billion loan, the first such attempt in a decade.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, described 2022 as a year of overlapping crisis.

Bangladesh started 2022 with higher inflation and it intensified following the Ukraine war. Amid the cost-of-living crisis, the dollar crisis emerged.

Drought added to the woes since the rainfall from May to August was much lower than the average, forcing farmers to rely on diesel- and electricity-run irrigation systems to grow Aman, the second-largest paddy crop in Bangladesh.

"This is rare," said Hossain.

In July, the government unveiled some steps aimed at fiscal austerity. "These were the steps in the right direction," he said.

In some cases, the country took measures in the wrong direction that intensified the crisis, he said.

"One of them is the multiple exchange rates. This has massively hurt the inflow of foreign currencies through formal channels since September."

In some cases, the steps that were required but have not been taken, Hossain said. And the most notable is the cap on lending rates.

"It was not withdrawn although it is needed to fight inflation and ease the dollar crisis."

Many countries such as Sri Lanka have faced an unprecedented economic crisis in 2022 owing to the shocks caused by the post-pandemic recovery and the Russia-Ukraine war. Comparatively, Bangladesh has not faced any severe economic crisis, said Nazneen Ahmed, country economist at the United Nations Development Programme.

"However, our struggle continues into the next year."

Economic resilience

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equally challenging as we have experienced unparalleled global commodity cost escalation, and despite significant price increases, not all could be passed on to consumers, as every price increase led to a lower consumption and hence volume decline for the business. Any decline in volume leads to a higher cost of production, as volume

needs to be apportioned over the existing fixed cost, additionally, we also incur a higher cost of customer re-acquisition. Throughout the year, given the volatility, the FMCG sector has seen significant erosion of consumption, leading to volume decline and drop in profitability for the industry.

Despite the challenging year, it does not define the full potential of

Bangladesh. Bangladesh provides immense headroom for growth, given that the per capita consumption is half of India and one quarter of the Philippines. 2022 has been a year that has helped us to build muscles to anticipate change and build the capability to be a future fit in FMCG industry. We believe we are better equipped to grow with a growing Bangladesh.

Farm output near expectations

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supported by attractive price. The RMG sector experienced good growth during the first half of the year owing to strong demand in the US and European Union.

The impact of the Russia-Ukraine war started to bite us gravely from Q3. Business environment took a U-turn. Higher costs of energy coupled with shortages of gas and electricity supply put the

manufacturing sector in difficulties. In some cases, banks have refused to open the letter of credits, consequently, import of capital machinery, raw materials etc got enormously impacted. Higher inflation has affected consumer spendings. Eventually, most businesses suffered awfully during the second half.

The inauguration of the country's largest

infrastructure project "The Padma Bridge" created huge enthusiasm. This bridge will play an important role in the country's economic growth. Inauguration of "Metro Rail" has added another feather to Bangladesh's success cap.

As Bangladesh is known for resilience, the ongoing crisis can surely be overcome if all the key stakeholders join hands together.

First half was promising

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Noman Group and the garment sector was an outstanding rise in the inflow of the work orders from the international retailers and brands for which the country also witnessed an amazing growth in export earning of foreign currency from apparel shipment.

However, the Russia-Ukraine war put a damper on the earnings a bit as

the inflow of work orders declined a bit. Currently Noman Group, which has exported garment items worth \$1.3 billion in the outgoing year, has been running at 90 per cent capacity as there is a little bit of a gas crisis.

Noman Group employs 80,000 workers in its 28 industrial units and expects to recruit more workers if the economic situation improves further

in the upcoming years.

The coming year may witness some crisis because of gloomy global economic outlooks and inflation. Nevertheless, we expect 2023 to be a year of opportunity as the international retailers and brands are coming up with more work orders in the new normalcy of war.

Moreover, a business house sees a risk as an opportunity.

Govt to buy 2.09cr litres of soybean oil for Ramadan

STAR BUSINESS REPORT

The government yesterday approved a proposal to buy 2.09 crore litres of soybean oil and 8,000 tonnes of lentils for the upcoming holy month of Ramadan.

The cabinet committee on government purchase approved the Trading Corporation of Bangladesh's (TCB's) proposal to buy 44 lakh litres of soybean oil from Sena Edible Oil Industries for Tk 81.18 crore through a local direct purchase method.

The meeting also approved the purchase of 1.1 crore litres of soybean oil from Zad Al Rahil International LLC Sultanate of Oman at a cost of Tk 151.74 crore through international direct purchase method by the TCB.

Besides, approval was given to purchase 55 lakh litres of soybean oil from Shun Shing Edible Oil at Tk 101.47 crore through direct purchase method locally.

According to another approved proposal, 8,000 tonnes of lentils will be purchased from India for Tk 81.57 crore through international open tender.

Brac Bank Tara, Go DESHi to serve women entrepreneurs

STAR BUSINESS DESK

Brac Bank signed a memorandum of understanding (MoU) with online platform Go DESHi to jointly work for developing women entrepreneurs in Bangladesh.

Syed Abdul Momen, deputy managing director of the bank, and Sabera Anwar, founder of Go DESHi, signed the MoU at the former's head office in Dhaka recently, said a press release.

"This partnership with Brac Bank will help Go DESHi to support women entrepreneurs to sustain and grow in this post-pandemic world," said Sabera.

"We take great pride in being part of the Made in Bangladesh movement spearheaded by our promising women business owners," said Momen.

Khadija Mariam, head of women entrepreneur cell of the bank, and Mubina Akhter, operations manager of Go DESHi, were present.

Oil trims losses

REUTERS, London

Oil prices pared losses after falling by over \$2 earlier in the session, as a weaker dollar partially offset demand fears resulting from surging Covid-19 cases in China.

Brent futures for February were down \$1.08, or 1.3 per cent, at \$82.18 a barrel by 1439 GMT. The more active March contract shed 1.26 per cent to \$82.93/bbl, after falling by over \$2 earlier in the session.

US West Texas Intermediate crude futures fell \$1.07, or 1.36 per cent, to \$77.89 a barrel, after reaching session lows of \$76.79.

The contracts pared losses as the US dollar slipped, with investors on edge at the end of the year as initial optimism over China's reopening fizzled.

A weaker dollar makes oil cheaper for holders of other currencies and can boost demand.

The scale of the latest Chinese Covid outbreak and doubts over official data prompted some countries to enact new travel rules on Chinese visitors, even as the world's largest crude oil importer began dismantling the world's strictest Covid regime of lockdowns and testing.

Bangladesh Lamps Limited

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Price Sensitive Information On Credit Rating Report

In accordance with the notification no. BSEC/CMRRC/2009-193/37/Admin/132 dated 12th May 2022 of Bangladesh Securities and Exchange Commission, based on Audited Financial Statements for the year ended 30 June 2022, summary of credit rating report of Bangladesh Lamps Limited, rated by Emerging Credit Rating Limited, are as follows:

Date of Rating	December 28, 2022
Valid From	December 24, 2022
Valid Till	December 23, 2023
Rating Action	Surveillance-9
Long Term Rating	AA-
Short Term Rating	ST-2
Outlook	Stable

By order of the Board

Dhaka
29-12-2022

Mohammad Ruhan Miah
Company Secretary

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