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PHOTO: STAR/FILE

## Three crises converge to unsettle flour market

SUKANTA HALDER

Flour prices have gone up at both wholesale and retail markets in Dhaka in the span of a week due to tight supply amid higher prices of wheat, the key raw material, on the international market.

Retailers and wholesalers claimed that refiners and dealers could not import wheat as required due to the prevailing shortage of US dollars, which created a further rift between demand and supply.

The Red Sea impasse has also contributed to the price hike, according to an importer.

Given these circumstances, millers called to adjust the price of the flour.

Packaged flour is currently selling at Tk 55 to Tk 65 per kilogramme (kg), compared to Tk 55 to Tk 60 per kg a week ago, according to data compiled by state-run Trading Corporation of Bangladesh.

On the other hand, loose refined flour is currently selling at Tk 65 to Tk 70 per kg, compared to Tk 60 to Tk 70 per kg a

week ago, the data showed.

In the past week, the price of packaged flour has increased by 4.35 percent per kg and loose refined flour by 3.85 percent per kg, according to the data.

Anisur Rahman, a resident of the Pallabi Extension area of Mirpur in the capital, said that the increase in prices of daily commodities had become unbearable.

"Is there no one in the government to look after the interests of the common people?" he questioned.

Abul Hossain, a wholesaler at Laksam General Store in Karwan Bazar, one of the biggest kitchen markets in the capital, said prices of the wheat, the second most-consumed grain in Bangladesh, rose last week due to a supply shortage.

Around that time, the price of each sack (50 kg) of flour increased from Tk 3,200 to Tk 3,250, he said, adding that the price of lower quality flour had increased from Tk 2,700 to Tk 2,750.

He said that supply was gradually getting better, expressing optimism that

prices would start to come down.

The price of flour has been fluctuating for almost two years as it is dependent on the import of wheat.

Bangladesh's annual demand for wheat is 70-75 lakh tonnes, 85 percent of which is met through imports, according to industry insiders.

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Taslim Shahriar, senior assistant general manager at the Meghna Group of Industries, one of the biggest commodity importers and processors, said wheat prices had soared in the international market.

He added that global shipping companies are rerouting vessels around Africa's Cape of Good Hope to avoid the Red Sea in the face of attacks from Yemen's Houthi rebels. As a result, the

shipping time has increased by more than 10 days, raising freight costs.

He said the price of wheat had increased by \$20 to \$30 per tonne, or by Tk 5-10 per kg.

He also believed that letters of credit for wheat import were not being opened in line with demand due to the prevailing dollar shortage, which is another reason for the price hike.

Bangladesh's foreign exchange reserves fell to \$20.38 billion on January 9 after the central bank settled import bills of the last two months through Asian Clearing Union.

Bangladesh's foreign exchange reserves have been the subject of intense attention in the face of a gradual fall over the last two years as its obligation for international payments continued to remain above inflows.

Recent data also shows that the local currency, taka, has depreciated by about 28 percent since January last year due to higher foreign currency outflow and lower inflow.

## GTB 2024, GAP Expo kick off in Dhaka

STAR BUSINESS DESK

The Garment Technology Show Bangladesh (GTB) 2024 and the International Garment Accessories and Packaging (GAP) Expo kicked off at the International Convention City Bashundhara in Dhaka yesterday.

The two events aim to showcase the garment accessories and packaging technology needed to further develop the garments sector of Bangladesh.

Organised by the Bangladesh Garment Accessories Packaging Manufacturers and Exporters Association, the four-day event will end on January 14, according to a press release.

Around 200 stalls have been set up at the exhibition by different local and foreign companies and organisations from more than 20 countries.

They are showcasing cutting edge sewing, finishing and embroidery machinery along with the associated spare and allied products.

"Bangladesh has gained its reputation as a leading supplier of garments to the world," said Tipu Sultan Bhuiyan, managing director of ASK Trade & Exhibitions.

"In the country's quest to consolidate its position and cater to global needs, the GTB 2024 acts as a technology platform for our garments Sector," he added.

Sultan, also an organiser of the event, said the garments sector has manoeuvred around multiple challenges over the years.

This includes demand fluctuations, currency devaluation and increased competition.

"But now, the country is looking for opportunities in value-added garments and to move up the value-chain through product diversification and new market penetration," he said.

"So, the 21st edition of the GTB will showcase cutting edge technology to modernise and upgrade the sector," Sultan added.

The garments industry has played a pivotal role in transforming Bangladesh to one of the fastest-growing economies over the past decade.

The country is now the world's second-largest garments exporter, with the sector contributing more than 81.16 percent of its export earnings.

Garment exports reached \$35.81 billion in 2021 by aligning with global standards and using modern technology.

Additionally, the country's productivity enhancements boosted its output and competitiveness while embracing green factories and circular economy principles also played a part.

## Oil prices firm

REUTERS, London

Oil prices rose on Thursday after an oil tanker was boarded by an armed group in Oman, raising the prospect of escalating conflict in the Middle East.

Brent crude futures gained \$1.03, or 1.3 percent, to \$77.83 a barrel by 0916 GMT and US West Texas Intermediate crude futures rose 98 cents, or 1.4 percent, to \$72.35, though gains were capped by a surprise build in US crude stockpiles.

The United Kingdom Maritime Trade Operations (UKMTO) authority received a report on Thursday that a vessel about 50 nautical miles east of Oman's coast was boarded by four to five armed individuals.

## Green Delta Securities to work for Community Bank Investment as panel broker

STAR BUSINESS DESK

Green Delta Securities, a brokerage house and subsidiary of Green Delta Insurance Company, recently signed a memorandum of understanding (MoU) with Community Bank Investment, a merchant bank and subsidiary of Community Bank.

Wafi Shafique Menhaz Khan, managing director and CEO of the brokerage house, and Shibly Amran, chief executive officer of the merchant bank, inked the MoU in Dhaka recently, said a press release.

Under the MoU, the brokerage house will work as the panel broker of the merchant bank.

Fakruddin Ali Ahmed Rajib, head of business of the brokerage house, Liakat Hossain, in charge of the internal audit and compliance, and Rahat-Ul-Amin, head of portfolio of the merchant bank, along with senior officials of both the companies were present.



PHOTO: GREEN DELTA INSURANCE COMPANY

**Wafi Shafique Menhaz Khan, managing director and CEO of Green Delta Securities, and Shibly Amran, chief executive officer of Community Bank Investment, shake hands and exchange signed documents of a memorandum of understanding in Dhaka recently.**

## No time to waste

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recent years has been the dragging discipline in the financial sector. Although the reach of the financial sector has widened riding on the higher number of branches, agent banking outlets, and mobile financial services, irregularities in the financial sector have deepened. For example, non-performing loans in the banking sector rocketed to Tk 1,56,039 crore in June, the highest ever.

Weighed down by scams, the situation in the banking sector turned so grave in the past two years that even many depositors withdrew their funds, leaving banks in a serious fund crunch.

A lack of good governance, relaxed policies pursued by the central bank, political interference and irregularities have largely been responsible for the upward trend of NPLs. But the finance ministry has not taken any significant steps to stop the build-up of distressed assets.

Similarly, wrong doers in the non-bank financial sector, the insurance sector, and the capital market have not been brought to book.

According to the World Economic Forum's Global Risk Report 2024, top executives of Bangladesh see energy shortage, elevated inflation, economic downturn, growing inequality, mounting public debt, and unemployment as the major challenges in the next two years.

The cost-of-living crisis has eroded the purchasing power of a majority of population in the still low-middle-income and least-developed nation.

Although it is the responsibility of the central bank to curb inflation, the Bangladesh Bank, which has been headed by top bureaucrats for the past seven years, did not come up with effective measures. This might be because either it could not

operate independently or was largely influenced by the policies of the government.

For example, the BB does not have full control over the state-run banks, which hold a majority of bad loans. A 9 percent lending rate cap had prevented the country from tackling the raging inflation, which has been running at more than 9 percent for nearly a year.

The new finance minister will have to put the economy on a higher growth trajectory from the current lower trend to put Bangladesh on track to becoming a higher-middle-income nation by 2031 and a developed nation by 2041.

According to the World Bank, the country's gross domestic product growth is forecast to slow to 5.6 percent in 2023-24. If the forecast translates into reality, it would be the lowest economic expansion in more than a decade if the Covid-hit 2019-2020 is excluded.

Another major failure for the finance ministry has been to raise enough taxes to keep the government operational without requiring it to resort to borrowing, a situation that has limited the country's scope to spend when needed the most.

For the 11th consecutive year, the National Board of Revenue has missed its tax target in the face of slowing growth of collections. As a result, the government has been forced to turn to the central bank and commercial banks to meet the budget deficit although such borrowing has stoked inflationary pressures and crowded out the private sector.

"The new finance minister is going to take over at a time when there will be no time for him to wander around. He will have to get down to work immediately. There is such an urgency at the moment," said Zahid Hussain, a former lead economist of the World Bank.

## US comment won't affect external financing

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As per the latest data from the central bank, the forex reserves stood at \$20.18 billion as on January 10.

"This has increased Bangladesh's vulnerability to shocks," Fitch said.

Fitch revised the outlook on Bangladesh to negative from stable in September 2023, while affirming the long-term foreign-currency issuer default rating at "BB".

Fitch also expects broad policy continuity in Bangladesh following Awami League's victory in the general election, in a vote boycotted by the main opposition, Bangladesh Nationalist Party, although external challenges remain.

The Awami League continues to be in a strong position to implement its policy agenda, focused on lowering the poverty rate, developing infrastructure, improving healthcare, strengthening resilience to climate risks and achieving upper middle-income status by 2030, it said.

## US oil stockpiles rise more than forecast

REUTERS

US crude oil stockpiles rose unexpectedly last week and fuel inventories grew by more than expected, with distillates building to their highest level in over two years, the Energy Information Administration (EIA) said on Wednesday.

Crude inventories rose by 1.3 million barrels in the week ended January 5 to 432.4 million barrels, the EIA said, compared with analysts' expectations in a Reuters poll for a 700,000-barrel drop.

The surprise stock build caused crude futures, to turn negative. Earlier in the session, both benchmarks were up by more than \$1 a barrel.

Crude stocks at the Cushing, Oklahoma, the delivery hub for US crude futures fell by 506,000 barrels last week, the EIA said.

This was a "fairly bearish report all around. We saw solid build to the products once again, because we're seeing really strong refining activity to start the year," said Matt Smith, an

analyst at Kpler.

Distillate stockpiles, which include diesel and heating oil, rose by 6.5 million barrels in the week to 132.4 million barrels, their highest since September 2021, EIA data showed. That compares with analyst expectations for a build of 2.4 million barrels.

## Biman pays

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The last instalment was paid in November, Azim told the 300th board of directors meeting at the Biman headquarters in the capital's Kurmitola. This proved the national flag carrier's capability in many aspects, he said.

"Except for getting the sovereign guarantee, Biman didn't take any taka from the government or anyone. We paid all the instalments with our own income," he also said.

Owning the two aircraft will have manifold effects on Biman, including its profit volume, said the Biman MD.

Work is underway to get all three aircraft registered under Biman's name, he said.

## Ahsanul new state minister for commerce

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He was also the president of Dhaka Stock Exchange, founding president of the DSE Brokers Association of Bangladesh and vice-president of Bangladesh Insurance Association.

Meanwhile, Nurul Majid Mahmud Humayun, the incumbent industries minister, has been reappointed to the same post.

Involved with the Awami League and a Bangladesh Supreme Court lawyer, Humayun was elected member of parliament from the Monohardi-Belabo constituency under Narsingdi district.

He was born in Dhaka district on 16 December 1950.

He passed his SSC examination from St Gregory's High School, Dhaka in 1967 and HSC from Dhaka College before obtaining an MSS degree in political science and LLB from the University of Dhaka.