Textile, RMG machinery expo begins on Feb 1

STAR BUSINESS REPORT

The 18th edition of the Dhaka International Textile and Garments Machinery Exhibition (DTG)-2024 will begin in the capital on February 1.

Over 1,000 machinery manufacturers from 32 countries are expected to participate in the four-day show to offer complete machinery solutions for the garment and textile sector businesses.

The Bangladesh Textile Mills Association (BTMA) is organising the "Dhaka International Textile & Garment Machinery Exhibition"(DTG) since 2004 in association with Chan Chao International Co Ltd, Taiwan and Yorkers Trade & Marketing Service Co Ltd, Hong Kong, according to a statement from the BTMA.

Over 1,000 machinery manufacturers from 32 countries are expected to participate in the four-day show

The exhibition, which will take place at the International Convention City Bashundhara (ICCB), aims to encourage local entrepreneurs to invest in textile and garment sector and introduce them with state-of-the-art technologies of the textile and garment sector.

Overseas manufacturers of textile and garment machineries and apparel accessories are expected to showcase their products in the exhibition.

The exhibition will offer a unique opportunity for the local textile and apparel manufacturers to meet their global suppliers of the latest machinery under an umbrella, the organisers said.

The exhibition will remain open to all from 12pm to 8pm every day until February 4.

A farmer runs a power tiller on the banks of the Surma river at Kandigaon union of Sylhet sadar upazila. Tilling lets moisture, air and fertilisers permeate the soil while allowing seeds to germinate, encouraging root growth and controlling weed growth. Riverbanks are now increasingly being utilised to grow vegetables that fetch good prices. The photo was taken recently. PHOTO: SHEIKH NASIR

Spending thru credit cards slightly down

AKANDA MUHAMMAD JAHID

Credit cardholders spent around 3.40 percent less in November last year compared to that in the preceding month, according to Bangladesh Bank.

The transactions through credit cards both at home and abroad dipped to Tk 3,221.1 crore in November from Tk 3,334.3 crore in October last year.

There have been fluctuations in spending patterns within and outside the country, said the central bank.

The domestic transactions decreased by 2.18 percent to Tk 2,539.9 crore.

Parallelly, the transactions abroad dropped 9.51 percent to Tk 487.4 crore.

There was no specific big reason behind the fall, said Md Mahiul Islam, head of retail banking at BRAC Bank.

Cardholders spent less in November amidst economic uncertainties alongside the political ones ahead of the national parliamentary election, which was held on January 7 this year, he said.

"I hope that credit card spending will grow again the days to come," Islam added.

Meanwhile, transactions in Bangladesh using credit cards issued by foreign banks not present here fell 2.77 percent to Tk 193.8 crore.

Analysis of domestic spending patterns for different sectors shows that those at department stores fell by 49.57 percent to Tk 1,258.9 crore.

Transactions through credit cards both at home and abroad dipped to Tk 3,221.1 crore in November from Tk 3,334.3 crore in October

This accounted for 50.73 percent of the credit card transactions inside the country.

Spending at the smaller retail outlets noted a slight increase, 12.04 percent, to Tk 333.1 crore.

Transactions related to utilities experienced a decline of 9.02 percent to Tk 230.2 crore.

Transactions under drug and pharmacies category declined to Tk 130.8 crore from Tk 142.3 crore while clothing category to Tk 120.4 crore from Tk 132.9 crore.

A significant portion, or around 72.29 percent, of the credit card transactions took place using VISA cards while around 17.65 percent using Mastercard.

Besides, about 9.82 percent of transactions were made with American Express cards.

Cross-border transactions patterns showed that the highest amount of credit card transactions took place in India, accounting for approximately 17.87 percent.

The other places include the US (15.01 percent), the UAE (8.49 percent), Thailand (8.28 percent), Singapore (7.10 percent), Canada (6.76 percent), the UK (6.71 percent), and Saudi Arabia (4.82 percent).

As per the spending pattern of foreign credit cardholders in Bangladesh, the maximum amount of transactions, which was roughly 34.63 percent, were in department stores.

Additionally, cash withdrawals by foreigners accounted approximately 23.52 percent while spending for transportation stood at 15.41 percent.

Telco equipment importers to face penalty for late licence renewal

MAHMUDUL HASAN

The telecom regulator has decided to slap a penalty on radio equipment vendors if they fail to have their licences renewed.

According to a document of the Bangladesh Telecommunication Regulatory Commission (BTRC), vendors will have to pay a 15 percent late charge if they don't pay the renewal fee for the enlistment certificate before their expiry.

Vendors must obtain an enlistment certificate from the commission to import or manufacture Internet of Things devices, industrial, scientific, and medical devices, radio equipment, mobile phone handsets, and non-mobile radio equipment.

Vendors have to apply for the renewal two months before it expires.

If a vendor can't apply within six months after the expiry of the permission, the certificate is revoked automatically. However, firms can seek a new licence.

In the case of a failure to obtain the renewal certificate within the specified period, the liability for the delay will be entirely on the licensees, said an official of the BTRC.

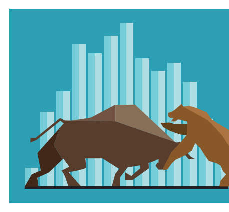
There appears to be no legal lapse in levying the late fee on demand note in the case of late renewal application, he added. It will increase revenue collection for the government and ensure timely registration, he said.

Russian inflation slowed in Dec

AFP, *Moscow*

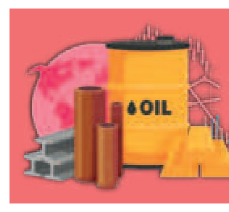
Russia's annual rate of inflation unexpectedly slowed in December after ticking up continuously for seven months, official data showed Friday, in a boost for the Kremlin ahead of elections.

Inflation had been predicted by economists to rise in December 2023 but instead edged down to 7.4 percent year-on-year, compared with 7.5 percent in November.



STOCKS WEEK-ON WEEK

DSEX ▲	CASPI ▲
0.92%	0.84%
6,301.70	18,665.13



COMMODITIES AS OF FRIDAY

Gold ▲	Oil ▼
$2,048.99	$72.79
(per ounce)	(per barrel)

ASIAN MARKETS FRIDAY CLOSINGS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.18%	▲ 1.50%	▼ 0.03%	▼ 0.16%
72,568.45	35,577.11	3,191.72	2,881.98

China's 2023 crude oil imports hit record

REUTERS

China's annual crude oil imports hit an all-time high in 2023, customs data showed on Friday, as fuel demand recovered from a pandemic-induced slump despite economic headwinds.

China imported 11 percent more crude oil last year versus 2022 at 563.99 million metric tons, equivalent to 11.28 million barrels per day (bpd), up from a previous record of 10.81 million bpd in 2020, data from the General Administration of Customs showed.

Imports in December totalled 48.36 million tons, or 11.39 million bpd, up from November's 10.33 million bpd.

Domestic passenger transport levels increased steadily through 2023 following the country's abrupt exit from pandemic restrictions in November 2022.

China's highway traffic for 2023 jumped 43.6 percent from the previous year in passenger kilometres for the January to November period, according to Ministry of Transport data.

Domestic air traffic also recovered rapidly, rising 27 percent on the previous year to reach a new record in December, according to data from aviation analytics firm OAG. International travel saw a more muted recovery, with December flight volumes still down 39 percent on the same month in 2019, shortly before borders were closed.

Domestic diesel demand was weaker amid an ongoing slowdown in the construction sector and an uncertain outlook for the manufacturing sector.

China's oil demand growth has been forecast by analysts to slow to around 4 percent in the first half of 2024 due to the country's property market woes, although moderating growth in domestic output will continue to support import levels.

The primary drivers for oil imports in 2024 are expected to be aviation demand for kerosene and demand in the petrochemical sector for high-end chemical products used in the manufacture of key goods such as solar panels and electric vehicles.

China's demand for naphtha, a key feedstock for petrochemicals, is forecast by the International Energy Agency to grow 13.3 percent through this year.

Friday's data also showed China's natural gas imports, comprising both liquefied natural gas (LNG) and piped gas, rose 9.9 percent to reach 119.97 million tons in 2023. That's the second highest on record after 2021, when China imported 121.4 million tons.

Imports in December at 12.65 million tons hit a record monthly high, up from November's 10.95 million tons, to meet strong heating demand amid colder-than-usual weather. Growing pipeline gas supplies from Russia also helped bolster the imports.

China last year exported a total of 62.69 million metric tons of refined fuel products, which include diesel, aviation fuel, gasoline and marine fuel, up 16.7 percent on the previous year, the data also showed.

December exports at 4.64 million tons were the lowest since last June as companies ran short of export quotas.

Investment rises

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Monsoor Ahmed, chief executive officer of the BTMA, said that fresh investment and re-investment in the sector was continuing as Bangladesh had already proven itself as a reliable source for denim fabrics.

Despite the fact that most mills were established over the past 10 years, they have had to increase their capacity due to demand from international clothing retailers and brands, he said.

He added that shorter lead times were a major contributing factor to the rise of the local denim industry as local millers can source fabrics on short notice.

Currently, investment in the denim sector amounts to more than Tk 25,000 crore, according to the BTMA CEO.

Bangladesh exported denim goods worth $885 million to the EU in the January-September period of 2023, said Mohiuddin Rubel, director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), citing data from Eurostat.

In 2022, earnings from denim shipments to the EU stood at $1.56 billion. In 2021, it amounted to $1.18 billion. Even during the Covid-19-affected year of 2020, denim exports from Bangladesh to the EU stood at $1.02 billion.

Similarly, denim exports from Bangladesh to the US also surged.

In the January-October period last year, Bangladesh exported denim worth $556.08 million to the US. In 2022, it amounted to $943.70 million while it was $798.42 million in 2021 and $561.29 million in 2020, said Rubel, also additional managing director of Denim Expert.

BGMEA President Faruque Hassan said the use of denim increased manifold worldwide, which has driven local production and export.

For instance, denim is also used in knitwear items now, he added.

BB to adopt crawling peg

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"The crawling peg will not come into effect immediately after the MPS is announced. It will take time since the issue is new for Bangladesh."

In October, the BB assured the visiting IMF staff mission that it would adopt the crawling peg and sought technical assistance on how to implement it.

In a document in December, the IMF said country experiences suggest that developing a credible alternative nominal anchor is a slow process, with an interim arrangement often characterised by a crawling band while policymakers shift to another nominal anchor.

Countries that adopted flexible exchange rates under market pressure, with little preparation, and lack of supporting institutions and policies, faced higher upfront macroeconomic costs.

"Persistent foreign market pressures and the prevailing macroeconomic imbalances, as well as current financial and institutional conditions, might require an expedited transition schedule in Bangladesh," it said.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said whatever the method is, it must be executed properly.

"The problem is the government says one thing but does the other. If you want to fix the forex market, you will have to take a supporting policy."

The former economist of the IMF says both policy rates and lending rates will have to increase to stabilise the forex market.

"This is because when the local currency becomes costlier following the hike of the interest rate, it will ease the pressure on the forex market."

The central bank maintained a 9 percent interest rate cap on loans for more than three years since April 2020, flooding the market with cheap funds and making its fight against the raging inflation ineffective.

By the time the ceiling was scrapped in June last year, inflation had crossed 9 percent and it is still showing no signs of abating, hitting the pockets of the low-income groups disproportionately harder.

"The central bank will have to come out of the multiple US dollar rate system," said Mansur.

Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development, said the exchange rate should reflect realities.

"There is no discipline in the forex market. Discipline will have to be restored."

NBR lifts advance tax on import

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"We are lifting AT in those areas where there is no VAT at local stage. We, at the beginning of this fiscal year, have removed such AT in some areas where VAT is exempted at the production stage," the official added.

The NBR introduced the AT in July 2019 under the VAT law 2012 in order to ensure that firms maintain records of transactions. It said the tax paid at import stage is refundable after adjustment of the payable VAT.

The official said they eliminated AT on import of computer accessories in line with demands from stakeholders.

What is a crawling peg?

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The primary objective when a crawling peg is established is to provide a degree of stability between trading partners.

Due to high inflation rates and fragile economic conditions, the currencies of Latin American countries are commonly pegged to the US dollar. As a pegged currency weakens, both the par value and the bracketed range can be adjusted incrementally to smooth the decline and maintain a level of exchange rate predictability between trading partners.

Because the process of pegging currencies can result in artificial exchange levels, there is a threat that speculators, currency traders or markets may overwhelm the established mechanisms designed to stabilise currencies.

Maintaining a crawling peg imposes constraints on monetary policy in a manner similar to a fixed peg system, the International Monetary Fund (IMF) said.

Referred to as a broken peg, the inability of a country to defend its currency can result in a sharp devaluation from artificially high levels and dislocation in the local economy, Investopedia said.

An example of a broken peg occurred in 1997 when Thailand ran out of reserves to defend its currency. The decoupling of the Thai baht from the dollar started the Asian Contagion, which resulted in a string of devaluations in Southeast Asia and market selloffs around the globe.

Currently, only three countries -- Botswana, Honduras, and Nicaragua -- use a crawling peg, according to the IMF.