Shyamol makes a tabla at his shop on Sir Iqbal Road in Khulna city. The classical North Indian percussion instrument is comprised of two small drums made out of wood, metal and skins. Sound is produced through a variety of different finger and hand strokes. Shyamol can make a pair in around three to four days. His shop sees sales of five to seven sets, each for Tk 7,000, every month. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

Stocks turnover rises again riding on banks

STAR BUSINESS REPORT

Stock market turnover in Bangladesh has continued rising above the Tk 1,000 crore mark for the second day consecutively thanks to higher demand for bank shares, with the key market index maintaining its upward trajectory.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose by 21 points, or 0.35 percent, to close at 6,276 points yesterday.

Turnover, an important indicator of liquidity in the market, increased by around 13 percent to reach a roughly seven-month high of Tk 1,176 crore.

The engineering sector made the biggest contribution to overall turnover with Tk 175 crore, or 14.8 percent, followed by the baking sector with Tk 155 crore, or 13 percent.

Meanwhile, the Pharmaceuticals sector contributed Tk 146 crore to the day's turnover.

A top official of a stockbrokerage said almost all shares in the banking sector rose simultaneously after a long period.

Among the 35 listed banks, one saw its shares slip while three remained unchanged and rest 31 rose. General investors think bank shares remain undervalued and so, there are investing in the sector, he added.

Among all the sectors, bank shares notched the highest climb of 2.6 percent followed by miscellaneous with 2 percent and pharmaceuticals with 0.4 percent.

The DSES, an index comprising Shariah-based companies, edged up 3 points, or 0.24 percent, to 1,384 points while the DS30, an index representing blue-chip stocks, slid 0.49 percent to 2,158 points.

Of the securities that witnessed trade, 126 advanced, 227 declined and 40 were unchanged.

The trend was different at the Chittagong Stock Exchange. The CASPI, the broad index of the port city bourse, fell by 76 points, or 0.42 percent, to 18,158 points.

Shares of Intech Ltd and Fu-Wang Food posted the sharpest rise by advancing 10 percent each.

Similarly, shares of Khan Brothers PP Woven Bag surged 9.98 percent, Al-Haj Textile Mills rose 9.98 percent and Miracle Industries added 9.61 percent.

Peninsula Ctg suffers losses in 2nd quarter

STAR BUSINESS REPORT

The Peninsula Chittagong Ltd incurred a loss of Tk 11.86 lakh in the October-December quarter of the financial year 2023-24 due to a surge in operational costs and a sharp appreciation of the US dollar.

Thus, earnings per share (EPS) stood at a negative Tk 0.01 against Tk 0.08 positive in the identical quarter in the previous year, according to the unaudited financial report.

The hotel company witnessed a 6.28 percent increase in sales. However, the cost of sales also went up by 12.66 percent, said Peninsula in a filing on the Dhaka Stock Exchange.

The EPS was Tk 0.11 negative in the first six months of FY24, which was Tk 0.25 a year earlier.

The company's cash flow per share recorded a loss of Tk 0.30 in the three months to December, down from Tk 0.19 last year.

Mohammed Nurul Azim, company secretary of Peninsula Chittagong, attributed the loss to higher expenses needed to import consumable items due to the depreciation of the taka against the dollar.

The taka has lost its value by about 30 percent in the past two years.

"As a star-rated hotel, we need to buy almost all consumables from international markets. So, the operational cost increased whereas the profit declined significantly," Azim said.

Net asset value per share was Tk 28.77 on December 31 against Tk 28.88 on June 30.

Shares of Peninsula Chittagong closed down 2.68 percent to Tk 25.40 on the DSE yesterday.

Foreign aid disbursement up 7.48%

Development partners disbursed $4b in Jul-Dec of 2023

STAR BUSINESS REPORT

Foreign aid disbursement for Bangladesh rose by 7.48 percent year-on-year to $4 billion in the first six months of 2023-24 fiscal year, bringing some relief to the economy, which has been struggling for dollar crisis in the last one and a half years.

Of it, the World Bank released $892.23 million, Japan $812.23 million, Russia $544.1 million, China $361.71 million, India $162 million and the Asian Development Bank (ADB) $111 million, according to data from the Economic Relations Division.

But Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, thinks the amount of foreign aid disbursement is not enough.

The disbursed amount of foreign aid brought some relief to the economy considering the current forex reserves, he said.

But the amount will not contribute substantially to improving Bangladesh's forex reserve situation, as the country still has a huge payment to clear as foreign loan instalments to private sectors and profit repatriation of foreign investors.

However, he appreciated the rise in disbursement against foreign-funded development projects and the diversification in disbursement by bilateral and multilateral development partners.

The CPD research director said the amount of disbursed foreign aid will play an important role in tackling existing economic pressure of the country.

The government should now ensure proper utilisation of foreign funds and stop over expenditure along with avoiding impractical time extension of foreign-funded projects to gain highest economic and financial return, he said.

At the same time, he cautioned over the non-concessional loans that have been extended in recent times, for which ensuring compliance is a must for implementation of the WB and ADB-funded projects.

In the first half of 2023-24 fiscal year, Bangladesh repaid debt of $1.56 billion, posting a 49 percent rise year-on-year.

Of the total debt repayment, $926.18 million was principal and $641.66 million interest.

Moreover, commitments of development partners quadrupled year-on-year to around $7 billion in last year's July-December period.

Here, the ADB pledged to extend $2.46 billion, the World Bank $1.41 billion, Japan $2 billion and other development partners $1.09 billion.

Shipping Corporation profits sink

Inflationary pressure, dollar crisis to blame

DWAIPAYAN BARUA, *Chattogram*

Bangladesh Shipping Corporation (BSC) saw its earnings per share (EPS) plunge 26 percent year-on-year to Tk 3.29 in the October-December period of the current fiscal year, according to disclosure on the Dhaka Stock Exchange (DSE).

In a filing with the country's premier bourse, company officials said lower international shipping fares and rising maintenance costs amid ongoing inflation and a persisting US dollar crisis pulled down their net profit, effectively reducing their earnings.

And in terms of the six-month average, BSC's EPS was around Tk 6.59 during the July-December period, down 21.64 percent year-on-year.

At the end of last year, the company's net asset value per share stood at Tk 90.79 against Tk 86.67 as of June 30, 2021.

Contacted, outgoing BSC Managing Director Commodore Md Ziaul Hoque said their earnings decreased in the first half of fiscal 2023-24 due to a noticeable decline in hire rates during the period.

According to shipping agents, global shipping freight decreased by around 50 percent year-on-year as of July 2023.

He informed that two of their vessels have remained idle at times over the past two quarters as they were taken to drydocks for repairs, maintenance and survey.

Drydocking is usually carried on each ship after every five years.

As such, the two vessels could not be put up for hire while the company continued to count costs for their upkeep.

"Moreover, maintenance costs risen due to inflation and devaluation of the local currency, and all these impacted on our profit," Hoque said.

He predicts that the present situation will persist throughout the second half of the current fiscal as a new crisis has emerged in the Red Sea.

The BSC began its journey with only two ships in 1972 and got listed in the stock market in 1977.

Currently, the company has seven vessels in its fleet.

Two of them were purchased in 1987 while six new ships, comprising three oil tankers and three bulk carriers, were purchased in 2018.

One of the six new ships, "Banglar Samriddhi", was damaged in a bomb attack at a Ukrainian port last year.

Now, BSC has taken an initiative to add a total of 18 new ships to its fleet in a short period of time in order to enhance its capacity for transporting seaborne cargo.

Of the 18 ships, the purchase of four vessels at a cost of around Tk 2,500 crore has made good progres as BSC already signed a contract with the China National Machinery Import and Export Corporation to this end.

The four vessels are comprised of two bulk carriers and two crude oil tankers.

Hoque said he hopes the construction of these four new vessels will start in February this year and end in 20 months.

Gold gains

REUTERS

Gold prices rebounded on Tuesday, helped by a weaker US dollar, while investors looked forward to more US economic data this week that could set the tone for the Federal Reserve's policy meeting next week.

Spot gold was up 0.3 percent at $2,026.95 per ounce by 1022 GMT. US gold futures also rose 0.3 percent to $2,028.60.

"The softer US dollar is allowing spot gold to edge higher, despite diluted bets for a Fed rate cut in March," said Han Tan, chief market analyst at Exinity Group.

Red Sea oil tension may revive Russia-Saudi spat

REUTERS, *London*

The Red Sea's shipping strife is spreading. Up until mid-January, the huge ships that transport 12 percent of the global oil trade by sea had largely kept crossing the Suez Canal even as attacks by Yemen's Houthi militants scared most merchant container ships away. That's now changing, in a way that may sow discord in one of the global oil market's more enduring alliances: Russia and Saudi Arabia.

As major logistics groups like Maersk , Hapag-Lloyd and Mediterranean Shipping Company (MSC) said they would reroute traffic around Africa, the daily container capacity of ships in the Red Sea and Suez Canal area had fallen to just one-third of normal levels as of January 1, according to the Kiel Institute. Since then, strikes led by the US and UK in Yemen, and Houthi counter-strikes, have prompted oil majors like Shell to reroute. The number of tankers in the canal fell over 50 percent in the week starting January 15 compared to the previous week, according to shipping data provider AXSMarine.

As with the impact of the attacks on non-oil trade, the upshot of all this on global prices is complex. Freight rates for tankers have risen by 30 percent since mid-December, but weak economic growth and a global surfeit, of oil supply over demand may also dampen the inflationary impact of a blockage. What's clearer is the impact on those exporters who are heavy users of the Suez Canal – like Russia.

Ever since the Ukraine war erupted in February 2022, cheap Russian crude oil has increasingly dominated flows headed east to China and India, the world's top oil consumers, who have not sanctioned Russian supplies. Oil shipments from Russia accounted for around 75 percent of southbound Suez Canal oil traffic in the first half of 2023, most of which were destined for India and China, according to S&P Global Ratings research.

A Russian oil tanker heading to China or India has an increasingly tricky choice. Compared to the much longer route around Africa's Cape of Good Hope, the canal charges a transit fee, yet cuts travel time by almost two weeks. While the insurance premium for tankers passing through the Gulf of Aden varies from vessel to vessel, it has risen to about 1 percent of insurable value amid the current tensions, according to AXSMarine analyst Nikolas Zannikos. For a Suezmax, the largest ship capable of transiting the Suez Canal fully loaded, that means the overall cost per barrel of oil for a typical voyage between Russia's Primorsk oil depot in the Baltic and India's Sikka port has risen to $4.24.

The photograph taken on January 12 shows an oil refinery in a desert of Saudi Arabia.

PHOTO: AFP

If the insurance premium rises to 1.8 percent – which could happen if tensions escalate further – the trip would become as expensive as the $4.74 per barrel expense of going via Africa, without factoring in higher freight or fuel costs. That means from China or India's perspective Russian oil would be later, or dearer, or both. How competitive it is not a trifling issue for Russian President Vladimir Putin – since the beginning of the Ukraine war, China has bought 63 billion euros ($69 billion) of Russian oil, while India has imported 42 billion euros, according to the Centre for Research on Energy and Clean Air.

READ MORE ON B2

Apple pays $13.6m fine to Russia

AFP, *Moscow*

Apple paid a $13.6-million fine to the Russian government over Moscow's claims it abused its dominant position in the mobile app market, the country's competition watchdog said Monday.

The US iPhone-maker halted sales and limited services in Russia shortly after Moscow launched its full-scale military offensive in Ukraine in February 2022.

Russia's federal anti-monopoly service (FAS) fined Apple 1.2 billion rubles ($13.6 million) in July 2022, saying the company had banned apps from informing customers about the option to make purchases outside its official App Store.

Following a years-long legal battle in the United States, Apple said last week it will begin allowing iPhone app developers to use alternative payment systems, and EU legislation due to come in force will also require Apple to allow payments outside of its ecosystem.

A Russian court last year rejected an appeal by Apple over the fine.