

Star BUSINESS

House rent in Bangladesh rose by an average of 5.89 percent in the October-December period of the current fiscal year



Story on B4

Forex reserves slip below \$20b again

STAR BUSINESS REPORT

Bangladesh's foreign currency reserves have slipped below \$20 billion again as remittance and export receipts did not pick up to the desired level.

The reserves stood at \$19.94 billion on Wednesday, down from \$40.7 billion in August 2021, data from the Bangladesh Bank and the International Monetary Fund showed.

It also dropped below the \$20 billion mark in December before receiving a much-needed boost from the IMF and the Asian Development Bank, which together provided \$1.09 billion in loans.

The volatility in the global market driven by the Russia-Ukraine war has sent commodity

Export and remittance, the two biggest sources of US dollars, have remained lower than expected levels

prices higher, hitting the reserve level of import-dependent countries such as Bangladesh.

The country had forex reserves of about \$33.4 billion at the end of 2021-22.

Since banks, especially the state-run lenders, are taking US dollar support from the central bank to settle import payments of Bangladesh Petroleum Corporation, Bangladesh Agricultural Development Corporation, and Bangladesh Chemical Industries Corporation, among other agencies, the reserves have been falling continuously.

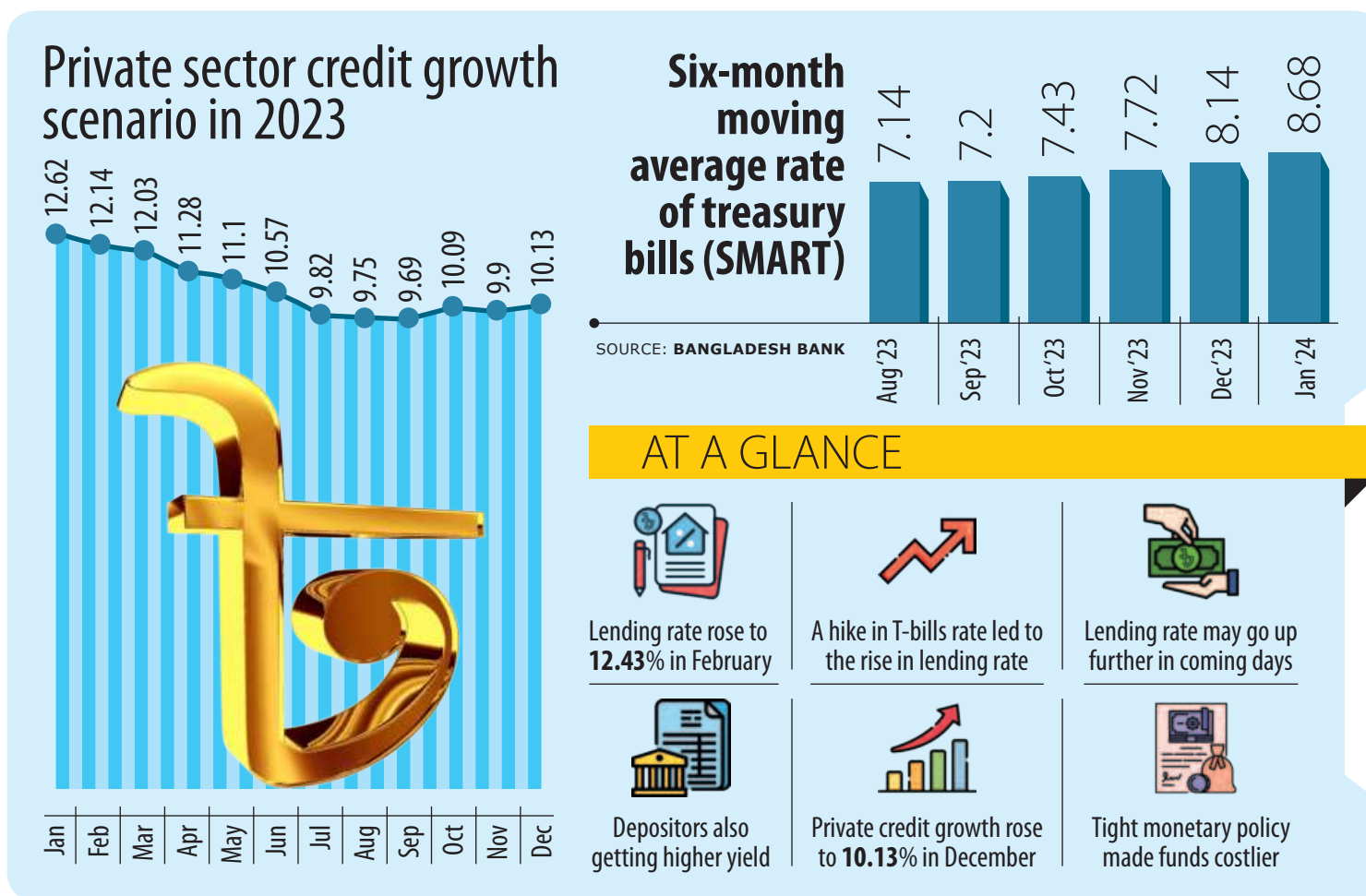
On the other hand, export and remittance, the two biggest sources of US dollars, have remained lower than expected levels.

Earnings from merchandise shipments rose 1.99 percent to \$55.78 billion in the just-

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Lending rate goes past 12% as tighter monetary policy kicks in

Private sector credit growth also ticks up



STAR BUSINESS REPORT

The lending rate of bank loans has gone past 12 percent on the back of the rising benchmark interest rate, sending the cost of funds for borrowers higher, as the central bank's contractionary monetary policy appears to have taken hold.

The Six-month Moving Average Rate of Treasury bills (SMART), which is used to price the interest rate of loan products, stood at 8.68 percent in January and it would be applied to fix the lending rates throughout February.

As a result, customers may see an interest rate of as high as 12.43 percent since banks are allowed to add 3.75 percentage points to the reference rate while disbursing loans.

This is the highest lending rate since the Bangladesh Bank

introduced SMART in June. The maximum interest rate was 11.89 percent in January.

The SMART was launched by removing the interest rate cap in order to gradually allow market forces to determine the cost of funds and bring down demand-induced inflation. Since then, the benchmark interest rate has kept rising.

The lending rate is going up as the interest rates of government

treasury bills are on the rise: the yield of treasury bills stands at a decade-high of more than 11 percent, which was 7 percent to 8 percent a few months ago, BB data showed.

The treasury bills rate has climbed since the government increased its borrowing from commercial banks after the BB suspended printing fresh money to avoid fanning inflation.

The tight monetary policy

of the central bank has pushed up the borrowing cost, industry insiders say.

In its new monetary policy unveiled last month, the BB increased the policy rate, or repo rate, by 25 basis points to 8 percent, its eighth straight increase since the tightening cycle began in May 2022. The move is expected to increase the cost of funds.

Emranul Huq, managing director of Dhaka Bank, recently said the interest rate on loans is on an upward trend.

"The lending rate will rise further once credit demand picks up."

At a meeting with the chief executives of banks on Wednesday, Governor Abdur Rouf Talukder said the banking regulator will continue to tighten

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Remittance rises in January, hits 7-month high

STAR BUSINESS REPORT

Migrant workers sent home \$2.1 billion in January, the highest in seven months, thanks to the outflow of a record number of workers who went abroad for jobs in 2023, central bank figures showed yesterday.

Last month's receipts were 8 percent higher year-on-year from \$1.95 billion, which is expected to ease pressure on the country's balance of payments (BoP), a statement of economic transactions of an economy with the rest of the world.

Including the inflow in January, remittance inflow grew 3 percent to \$12.89 billion in the July-January period of fiscal year 2023-24.

Remittance is one of the major sources of foreign currency for Bangladesh apart from export.



The money sent by migrant working abroad play a vital role in Bangladesh's BoP, which has been under pressure for more than two years as the outflow of funds for imports and other payments has been higher than the inflow of foreign exchange in the form of remittance, export earnings, foreign investment and credit.

Besides, Bangladesh Bank sold \$28.7 billion worth of US dollars to banks in the country over the past two-and-a-half years to enable them to clear various bills, which caused the reserves to fall gradually.

However, the latest inflow of remittance

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STOCKS	
DSEX ▲	CASPI ▲
0.98%	1.13%
6,213.99	17,626.12

COMMODITIES	
Gold ▼	Oil ▲
\$2,037.68	\$76.30
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.15%	▼ 0.76%	▼ 0.32%	▼ 0.64%
71,645.30	36,011.46	3,143.06	2,770.74

Square Pharma's Kenya unit logs higher revenue

AHSAN HABIB

Bangladesh's largest drug producer, Square Pharmaceuticals, saw increased sales from its Kenya project in the second quarter of fiscal year (FY) 2023-24.

Sales of Square Pharmaceuticals Kenya EPZ, a wholly owned subsidiary of Square Pharmaceuticals PLC (Bangladesh), amounted to Tk 2.21 crore in the first quarter of FY24, before significantly increasing to Tk 6.23 crore in the second quarter.

Incorporated in 2017, Square Pharmaceuticals Kenya EPZ Ltd began commercial operations in January 2023.

It launched its products in the local market in March the same year.

In the three months to the end of the previous fiscal year on June 30, 2023, the company logged revenue of Tk 5.68 crore (\$4.25 lakh).

It incurred a net loss of Tk 22 crore (\$16.46 lakh) in FY23 compared to Tk 3.36 crore (\$3.08 lakh) the year prior.

Higher administrative costs and foreign exchange losses increased the net loss in FY23, the company said.

The management is confident that the company is going to generate handsome profits soon as the Kenyan market is showing a positive response towards its products and growth in the near future appears promising, the drug maker said in its financial reports.

Its core business activities are the manufacturing and marketing of generic pharmaceutical products in Kenya and the majority of the East African Community (EAC).

The generic drug market in East Africa reached \$2.1 billion in 2022 and is projected to expand to \$3.2 billion by 2028, experiencing a compound annual growth rate (CAGR) of 6.9 percent from 2023 to 2028, Square Pharmaceuticals said.

Meanwhile, Square Pharmaceuticals saw its profit growth slow in the second quarter of fiscal 2023-24, mainly due to higher raw materials costs.

Its net sales advanced 14 percent year-on-year

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Textile machinery sellers expect higher sales in 2024

Global RMG machinery expo begins in Dhaka

REFAYET ULLAH MIRDHA

International textile and garment machinery sellers are optimistic about a rebound in their business in Bangladesh this year as the global clothing supply chain is recovering from the sluggish trend.

Apparel sales slowed significantly in 2023 because of a fall in demand from the end consumers amid higher inflationary pressure stemming from the severe fallouts of the Covid-19 pandemic and the Russia-Ukraine war, they said.

But this year, machinery sellers are getting a lot of inquiries from the garment makers thanks to a rise in work orders from the international clothing retailers and brands in recent months, they said.

That is why, the international machinery sellers are optimistic for 2024 as the higher apparel export means a rise in sales of textile and garment machinery.

A group of global textile and garment machinery sellers and their local agents made the comments while talking to The Daily Star at the ongoing 18th Dhaka International Textile and Garment Machinery Exhibition.

The four-day event began at the International Convention City Bashundhara in Dhaka yesterday.

Abu Taleb Bhuiyan, CEO of Best Tex International, the Bangladesh agent of six international denim textile and garment machinery companies, said his sales decreased nearly 40 percent year-on-year to 8.5 million euros in 2023.

However, the goal for 2024 is to sale 20 million euros worth of machinery in Bangladesh, Bhuiyan said while sitting in his booth at the DTG exhibition.

"All over the world the business is dull, but Bangladesh is a place of hope as the machinery business is growing here and will grow this year," said Hasan Bozkurt, a representative of the export



The four-day Dhaka International Textile and Garment Machinery Exhibition began at the International Convention City Bashundhara in Dhaka yesterday.

PHOTO: PALASH KHAN

department of Turkish company Karmak.

Last year, Karmak sold 20 units of machinery mainly in washing and dyeing segments and expects to sale 50 this year in Bangladesh, which is its biggest market.

Karmak has an office in Dhaka and it has been selling machinery in Bangladesh for the last 10

years.

Bozkurt's Bangladeshi colleague Kazi Tawfiq-uz-Zaman said local garment and textile manufacturers are mainly looking for sustainable machinery, which consume low amount of water and energy.

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