Dhaka trade fair logs Tk 392cr in export orders

STAR BUSINESS REPORT

The 28th edition of the Dhaka International Trade Fair (DITF) has fetched export orders worth Tk 392 crore, up 17 percent from the previous year, according to the commerce ministry.

Additionally, it was found that customers spent around Tk 400 crore at the month-long event, indicating that sales have risen by roughly 15 percent year-on-year.

Organised by the Export Promotion Bureau (EPB), the DITF came to a close at the Bangladesh-China Friendship Exhibition Centre in the Purbachal area of Dhaka yesterday.

Of the 304 stalls and pavilions set up at this year's fair, around nine were operated by foreign companies from five countries, namely India, Singapore, Hong Kong, Indonesia and Turkey.

Customers spent around Tk 400 crore at the month-long fair

Speaking as chief guest, State Minister for Commerce Ahsanul Islam Titu said the DITF will be diversified from next year to increase the country's exports.

"Seminars and symposiums will be organised next year to attract more foreign buyers," he added.

Titu also said they will ensure all necessary arrangements for foreign and local business representatives to increase their participation in the event.

"If we do everything right, the country's target of reaching $100 billion in export earnings by 2030 can be achieved faster," he added.

A total of 41 stalls were honoured with crests in different categories for their exemplary performance at this year's DITF.

Tapan Kanti Ghosh, secretary of the commerce ministry, chaired the closing ceremony.

Among others, Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry, and AHM Ahsan, vice-chairman of the EPB, also spoke.

PHOTO: HABIBUR RAHMAN

Alamgir Hossain is seen polishing wicker furniture made out of bamboo and rattan at his workshop in Khulna city. It takes about two to three days to make each product, which sells for between Tk 1,000 and Tk 25,000 depending on the size and design. However, the wicker works industry has been fading away over time due to the growing availability of cheaper plastic alternatives. The photo was taken recently.

10-year treasury bond yield reaches decade high

STAR BUSINESS REPORT

The yield of 10-year government bonds has increased to 12.05 percent, the highest in a decade, amidst tight liquidity in the market, indicating that money will turn expensive, said market insiders.

The government borrowed just over Tk 1,500 crore through auctions yesterday against bids offering Tk 2,000 crore, said a top official of a private bank.

The increase in the yield shows that there is a dearth of liquidity in the market, said a treasury chief of a private bank.

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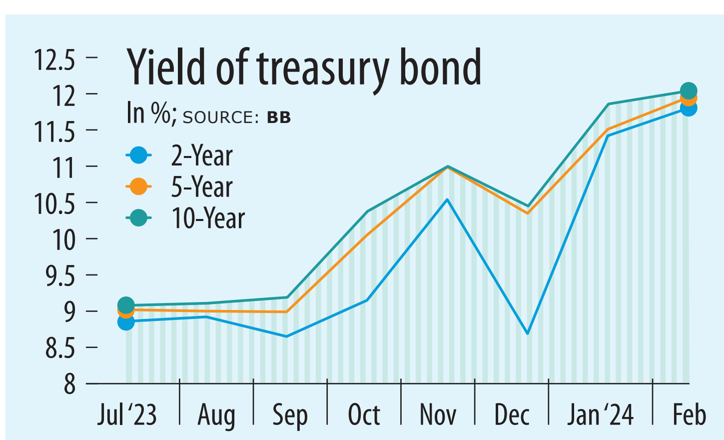
The interest rate of 10-year bonds rose in the footsteps of that of two other bonds -- one of a two-year maturity period and another of five years -- in auctions that took place in the past two weeks.

The government borrowed a total of nearly Tk 2,800 crore through the auctions of the two-year and five-year bonds, according to Bangladesh Bank data.



In January, yield of the 10-year bond was 11.90 percent, up from 10.46 percent in the previous month.

The yields of treasury bills and bonds have been rising gradually since March 2022 as Bangladesh Bank has been gradually tightening money supply in order to bring down inflation, which has been prevailing at over 9 percent since March last year.

This month the interest rate of 364-day treasury bills (T-bills) rose to 11.6 percent, the highest in over a decade, as the government continued to borrow against the backdrop of revenue collection staying less than that required for public expenditure.

Tax collected by the National Board of Revenue (NBR) in the July-December period of the current fiscal year was over Tk 23,200 crore short of the target.

However, the Tk 165,630 crore collected in the first six months was in its totality a year-on-year rise of 14 percent.

There is government demand for liquidity since revenue collection was lower than that required, said SM Galibur Rahman, head of research & strategic planning at Shanta Securities.

As such, overall, interest rates will increase, he said.

"Money will flow to the place where the return is higher," said Rahman, adding that ultimately individual and corporate deposits are likely to be invested in treasury bills and bonds.

This will squeeze loanable funds at banks. As such, banks will have to hike the interest rates for both deposits and lending, he added.

"Going forward, it will be difficult for borrowers, especially those who have taken up projects based on the lower rate of interest of the recent past. More funds will flow to treasury bills and bonds. But depositors will get higher returns," he said.

In a publication on economic outlook for the first half of 2024, CAL Investment projected the yield of 364-day treasury bills to reach 13 percent to 14 percent by June this year.

This will result from the continuation of monetary policy tightening, with an expected policy rate hike of 50-75 basis points, said the investment bank.

"The potential increase in interest rates may constrain private sector credit growth, amplifying the risk of non-performing loans accumulating in the banking sector," said the report released in January.

CAL Investment projected that the interest rate on lending by banks will rise to 15.7 percent by June this year. "Companies need to prepare for higher borrowing rates," it said.

Stocks fall for seventh session

STAR BUSINESS REPORT

Major indices of the Dhaka Stock Exchange (DSE) fell for a seventh successive trading session yesterday.

The DSEX, the benchmark index of the country's premier bourse, slightly declined by 0.04 percent from the previous day to close at 6,256 points.

Similarly, the index representing Shariah-compliant companies, DSES, dropped by 0.11percent to settle at 1,359 points.

On the other hand, the index comprising blue-chip stocks, DS30, slightly rose by 0.03 percent to 2,132 points amid the overall downturn.

The market's daily turnover, an indicator of the volume of shares traded, fell 6.58 percent to Tk 764 crore. This was the lowest turnover since January 30, when the turnover stood at Tk 939 crore.

Of the issues traded, 184 closed higher, 166 ended lower and 42 remained unchanged.

Bangladesh Monospool Paper Manufacturing Company dominated the top gainer's chart with a rise of 9.96 percent. It was closely followed by Paper Processing and Packaging with 9.95 percent.

The two were followed by Intech Limited with 9.70 percent, Queen South Textile Mills with 9.69 percent, Esquire Knit Composite with 9.69 percent and Monno Fabrics with 9.02 percent.

VFS Thread Dyeing, Active Fine Chemicals, Alltex Industries, Bangladesh Building Systems and Safko Spinning Mills also featured on the list with gains of 8.97 percent, 8.57 percent, 7.89 percent, 7.31 percent and 7.05 percent respectively.

Aftab Automobiles lost the most, shedding 8.83 percent, followed by Mithun Knitting and Dyeing with a loss of 7.26 percent, Khulna Printing and Packaging with 5.14 percent, Taufika Foods and Lovello Ice-cream with 4.77 percent, and Familytex (BD) with 4.44 percent.

The Chittagong Stock Exchange (CSE) saw a similar trend as the Caspi, the broad index of the port city bourse, edged down by 0.22 percent to close at 17,950 points.

Credit card spending abroad rose 19% in Dec

STAR BUSINESS REPORT

Bangladeshis travelling abroad spent Tk 579 crore in December last year to buy goods and services, up 19 percent from a month ago, Bangladesh Bank data showed.

In November, the expenditure by Bangladeshis abroad stood at Tk 487 crore. It was Tk 413 crore in January last year and Tk 388 crore in June.

Bangladeshi nationals can spend up to $12,000 per year abroad using credit cards or by taking cash with them when travelling.

The central bank report on credit card spending released on Monday showed that credit cards issued by 43 Bangladeshi banks and non-bank financial institutions were used in various countries for buying products from department stores, pharmacies, clothing outlets and on transportation.

Of the total sum, 77.46 percent of the transactions were made using VISA cards, 13.90 percent using MasterCard cards, and 8.61 percent using American Express cards.

The BB report also said that Bangladeshis spent the highest amount of US dollar through credit cards in India, followed by the US, Thailand, Singapore, Saudi Arabia, the UK, Canada, and Malaysia.

Meanwhile, credit card transactions within Bangladesh increased by only 5.29 percent month-on-month to Tk 2,674 crore in December, it added.

On the other hand, transactions made through credit cards issued by foreign entities but utilised within Bangladesh stood at Tk 184 crore in December, down from Tk 193 crore in November.

Germany likely in recession

Bundesbank says

REUTERS, *Frankfurt*

Germany is likely in recession now as external demand is weak, consumers remain cautious and domestic investment is held back by high borrowing costs, the Bundesbank said in a regular monthly report on Monday about Europe's biggest economy.

Germany has struggled since Russia's 2022 invasion of Ukraine pushed up energy costs, and its vast, industry-heavy economy is now in its fourth straight quarter of zero or negative growth, weighing on all of the euro zone.

"There is still no recovery for the German economy," the Bundesbank said. "Output could decline again slightly in the first quarter of 2024. With the second consecutive decline in economic output, the German economy would be in a technical recession."

This weak performance has raised questions about the sustainability of the German economic model and critics argue that much of its energy-reliant heavy industry is now being priced out of international markets, warranting an economic transformation.

The government, however, has pushed back on gloomy projections, arguing that it is merely a perfect storm of high energy costs, weak Chinese demand and rapid inflation that temporarily holds back growth but does not fundamentally question economic strategy.

For now the weakness will persist, the Bundesbank argues.

Foreign industrial demand is trending down and the order backlog is dwindling.

Germany has struggled since Russia's invasion of Ukraine pushed up energy costs, and the economy is now in its fourth straight quarter of zero or negative growth

Firms are also holding back investment, partly because financing costs have risen sharply since the European Central Bank pushed up interest rates to a record high to combat inflation, the central bank said.

High nominal wage growth is also impacting firms and strikes in key sectors, such as transport, could also weigh on growth in the quarter. Disruption of shipping in the Red Sea will, however, not have a significant impact because there is plenty of spare capacity in shipping and because freight costs are only a minor part of the overall cost of goods, the Bundesbank said.

China cuts key lending rate to boost economy

AFP, *Beijing*

China's central bank on Tuesday cut a key benchmark lending rate used to price mortgages, as Beijing seeks to rescue its housing market from a deepening crisis and boost flagging growth in the country's economy.

China has struggled to kickstart growth as it battles a prolonged property sector downturn, soaring youth unemployment and a global slowdown that has hammered demand for goods from the world's second-largest economy.

The five-year loan prime rate (LPR) was lowered from 4.2 to 3.95 percent, the People's Bank of China announced, in the first cut since June.

It is the largest cut to the rate since it was introduced in 2019, according to Bloomberg, deeper than that expected by economists polled by the financial newswire.

The one-year LPR, which serves as a benchmark for corporate loans, remained unchanged at 3.45 percent. The one-year rate was last lowered in August, while the five-year LPR had previously been reduced in June.

Tuesday's moves are aimed at encouraging commercial banks to grant more credit and at more advantageous rates.

They come in stark contrast to most other major economies, where rates have been raised in a bid to curb inflation -- part of a global slowdown that is hitting demand for Chinese exports.

China last year recorded one of its worst annual growth rates since 1990, dampening hopes for a rapid economic recovery following the end of draconian Covid restrictions in late 2022.

The photo shows a housing complex by Chinese property developer Evergrande in Nanjing, in China's eastern Jiangsu province. China has struggled to kickstart growth as it battles a prolonged property sector downturn, soaring youth unemployment and a global slowdown. PHOTO: AFP

In January, consumer prices fell at their quickest rate in more than 14 years, piling pressure on the government to make more aggressive moves to revive the battered economy.

At the heart of the country's woes is an unprecedented crisis in real estate, a key engine of growth that has long represented more than a quarter of GDP.

Financial troubles at major firms such as Evergrande and Country Garden have fuelled buyer mistrust against a backdrop of unfinished housing developments and falling prices.

Property was for years seen by many Chinese as a safe place to park savings, but price drops have hit their wallets hard and Beijing's support measures for the sector have so far had little effect.

One analyst said Tuesday's moves could be "another step in the right direction to address the deflation problem China faces".