

China leaves key policy rate unchanged

REUTERS, Shanghai/Singapore

China's central bank left a key policy rate unchanged while withdrawing cash from a medium-term policy loan operation on Friday, as authorities continued to prioritise currency stability amid uncertainty over the timing of expected Federal Reserve interest rate cuts.

The Fed's historic monetary tightening has bolstered the dollar and pressured the yuan over the past few years. Cutting rates before a move by the Fed or other major central banks would widen yield differentials, potentially putting more pressure on the local currency.

The People's Bank of China (PBOC) said it was keeping the rate on 387 billion yuan (\$53.80 billion) worth of one-year medium-term lending facility (MLF) loans to some financial institutions unchanged at 2.50 percent.

With 481 billion yuan worth of MLF loans set to expire this month, the operation resulted in a net 94 billion yuan fund withdrawal from the banking system.

RISE OF CASH RECYCLING MACHINES

Banks in Bangladesh are aggressively installing cash recycling machines (CRMs) to provide faster deposit and cash withdrawal services to clients, a move that is helping customers cut reliance on branches and giving them more freedom to carry out banking. The CRMs are set to make cash deposit machines (CDMs) obsolete and replace automated teller machines. This standalone infographic shows the basic difference between CDMs and CRMs and illustrates how the number of CRMs is rising in both rural and urban areas of Bangladesh.

COMPARISON of CDMs and CRMs



CDMs

They allow customers to deposit cash into their bank accounts

Number dipped 4% month-on-month to 228 in urban areas in January 2024

Number fell 12% to 22 in rural areas in January 2024



CRMs

They automatically count and sort the deposited cash, then re-dispense or recycle the same cash for customer use

Number surged 4.92% to 3,109 in urban areas

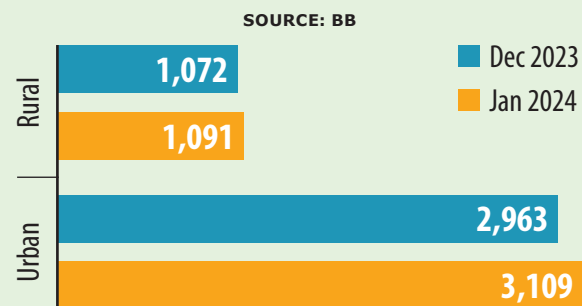
Number rose 1.77% in rural areas

■ Banks are now opting for CRMs for convenience

Total number of CDMs in rural and urban areas



Total number of CRMs in rural and urban areas



SOURCE: BB

Bangladesh turning into a consumer electronics manufacturing hub

Singer Bangladesh says in a report

AHSAN HABIB

Bangladesh is turning into a manufacturing hub for consumer electronics thanks to its affordable wage structure, expertise in information technology and light engineering industries, according to Singer Bangladesh.

The country's sole listed multinational consumer electronics producer made the assessment against the backdrop of the domination of locally manufactured and assembled televisions with a 90 percent market share, according to industry operators.

This is a significant change from that just over a decade ago, when Bangladesh was fully dependent on imports.

Furthermore, this enhancement in manufacturing capacity is being catalysed by the government's thrust on domestic manufacturing, boosting local value addition and ensuring lower reliance on imports, added Singer 2023 annual

KEY DRIVERS OF CONSUMER ELECTRONICS

- Rise in per capita and disposable income
- Growth opportunity, especially in rural markets
- Low product penetration for certain product categories
- Favourable tax policy
- Rise in organised retail, with mall infrastructure
- Increasing product affordability through discounts
- Product innovation and availability of variations
- Diverse range of expectations and budgets
- Urbanisation and higher brand awareness
- Wider electricity coverage across the country

report which was published recently.

Since fiscal year 2010-11, the government has reduced import duties and other taxes to encourage domestic manufacturing of goods, including consumer electronics, to facilitate growth and attract investment, said industry insiders.

A rise in per capita and disposable income is raising demand for consumer electronics and the growth opportunity in

rural markets prevails for high remittance earnings, said Singer.

There are a few key trends shaping Bangladesh's consumption story, signalling long-term demand — a large population pool, demographic advantages, low product penetration, replacement demand and urbanisation, it said.

Riding the long-term consumption wave of a developing economy in itself

bodes well for future long-term prospects of the industry, said Singer.

Walton, the largest local home appliance maker, sees prospects too.

Domestically produced air conditioners (ACs) currently account for 70 percent to 75 percent of the Bangladesh market sales, said Walton Hi-tech Industries in its annual report for 2022-23. In case of refrigerators too local manufacturing meets over 80 percent of the demand.

Just a decade ago Bangladesh was almost fully dependent on imports to meet its demand for refrigerators, according to industry operators.

Before 2010, prior to the rise in local manufacturing, the refrigerator market was seeing annual sales of at best 7 lakh to 8 lakh units, said Walton.

It peaked to 40 lakh in 2019 but due to the pandemic and inflation brought about by the Ukraine-Russia war, market sales have recently shrunk to around 30 lakh units, it said.

READ FULL STORY ONLINE

US factory output rebounds from weather-induced slump

REUTERS, Washington

Production at US factories increased more than expected in February amid a rise in temperatures, but data for the prior month was revised sharply down as manufacturing remains hamstrung by high interest rates.

Manufacturing, which accounts for 10.3 percent of the economy, has been squeezed by 525 basis points worth of interest rate hikes from the Federal Reserve since March 2022. The US central bank is expected to leave rates unchanged at the end of a two-day policy meeting next Wednesday. Financial markets anticipate rate cuts will start in June.

"The manufacturing sector continues to face headwinds from higher borrowing costs and tighter credit conditions," said Rubeela Farooqi, chief US economist at High Frequency Economics. "However, lower interest rates as the Fed starts cutting the target range this year, as well as an onshoring of supply networks may provide support to factory activity in 2024."

Manufacturing output rebounded 0.8 percent last month after a downwardly revised 1.1 percent drop in the prior month, the Fed said. Factory output was previously reported to have dropped 0.5 percent in January, weighed down by frigid temperatures.

Economists polled by Reuters had forecast factory output would rise 0.3 percent. Production at factories fell 0.7 percent on a year-on-year basis in February. Despite the overall weakness, there remain pockets of manufacturing strength.

Motor vehicle and parts output accelerated 1.8 percent last month, the US central bank's report showed. That followed a 3.8 percent weather-induced decline in January.

Durable goods manufacturing production increased 1 percent. Machinery output rose 1.7 percent. There were also big increases in the production of wood products as well as miscellaneous goods. Output of computer and electronic products rose as did that of electrical equipment, appliances and components.

This bodes well for business investment. Production of nondurable goods rose 0.7 percent, lifted by the chemicals, printing and support, and paper output categories.

STOCKS		WEEK-ON-WEEK
DSEX	2.37%	5,968.04
CASPI	2.62%	17,090.37

COMMODITIES		AS OF FRIDAY
Gold	\$2,156.08	(per ounce)
Oil	\$81.03	(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
0.62%	0.26%	0.42%	0.54%	
72,643.43	38,707.64	3,172.96	3,054.64	

Fabric sales still slow ahead of Eid

FROM PAGE B1

business this time around compared to last year.

Khorshed Alam, chairman of Little Group that runs seven textile mills, said the amount of goods sold centring Eid-ul-Fitr has decreased by 25-30 percent year-on-year.

Traders at Baburhaat, Madhabdi and Gausia in Narsingdi allege that people's buying capacity has considerably decreased due to price hikes for essentials.

A large portion of the buyers of local fabrics are middle-class and lower-middle-class people. So, they are now giving more priority to buying essential products.

"That's why sales are down," said Alam, who recently visited the three markets.

Textile millers usually see sales of

more than Tk 35,000 crore ahead of the two Eid festivals. Of the sales, 75 percent take place ahead of Eid-ul-Fitr, according to Alam, also the chairman of the standing committee for local textiles and fabrics of the Bangladesh Textile Mills Association.

Amran Hossain Khan, chairman of Modina Dyeing Printing and Processing Industries Ltd in Munshiganj, said the number of orders received ahead of Eid this year is 25 percent less compared to last year.

"Orders have decreased due to the reduced purchasing power of people."

Khan also pointed out that the lack of uninterrupted gas supply at factories is preventing them from running in full swing, thereby negatively impacting the business.

Forex market liquidity

FROM PAGE B1

(RFCDD) accounts, said the managing director of Jamuna Bank.

In December, the central bank issued a notice saying banks would be able to pay more than 7 percent in interest on the RFCDD. Besides, various benefits, including the ability to transfer money abroad and avail of multiple cards, are allowed through the RFCDD accounts.

The exchange rate of the US dollar against the taka in the kerb market also decreased because of the high inflows of the former.

Several foreign exchange dealers yesterday were found selling each US dollar at Tk 120 and buying them at Tk 118 to Tk 119, down Tk 4 to Tk 5 from a week earlier.

Falling import payments also played a part in lowering the exchange rate, said a senior official

of the central bank.

During the July-January period of this fiscal year, import payments stood at \$36.02 billion, down from \$44.02 billion in the same period of the previous fiscal year.

The BB official said there was now increased liquidity in the local currency market as the forex exchange market saw some stability.

Now banks are taking liquidity support from the central bank in exchange for US dollars under the currency swap deal, he added.

The overnight average call money rate, the rate at which short-term funds are lent and borrowed among banks, stood at 8.58 percent on March 14, down from 9.30 percent a month ago.

"This is a reflection of the money market gaining stability," the official said.

US trade body defends Bangladesh

FROM PAGE B1

suppliers to the US market despite the fact that no US apparel imports from these countries receive duty-free access or a duty preference.

Apparel companies produce the whole gamut of garments in these five countries — anything from fleece in Bangladesh and coats and jackets in Cambodia and sleepwear in India, sports bras in Indonesia, and baby socks in Pakistan.

The AAFA also surveyed suppliers to ask what made these countries competitive. In their responses, members provided several factors, including, but not limited to, reliability, labour and social compliance, vertical integration, and production capability.

It said those countries have well-established textile and garment industries with decades of experience and possess the necessary infrastructure, machinery, and skilled workforce to meet the fast-paced demands of the industry with short lead times.

Further, they invest in automation, digitisation, and innovative and regenerative yarns and fabrics that you cannot find in other countries —

even ones with duty-free access to the US market.

On the other hand, members surveyed did not cite low labour costs as a primary factor.

Last week, BGMEA president Faruque Hassan said in his testimony that US apparel imports between 2013 and 2023 showed that America's import from the world in terms of US dollar value declined by 0.25 percent. But it increased by 3.95 percent from Bangladesh. This is despite local garment exporters having to face a 15.62 percent duty on exports to the US.

In terms of quantity (square metre equivalent), imports from the world to the US declined by 0.20 percent, but imports from Bangladesh grew by 2.93 percent.

During 2013-2023, Bangladesh's unit price has gained 0.99 percent, while the global average unit price paid by the US has declined by 0.04 percent.

Bangladesh's unit price to the US has followed a moderate upwards trend since 2017. The average unit price in 2017 was \$2.74 while it increased to \$3.23 in 2023, the BGMEA president added.

Rural deposits fall

FROM PAGE B1

from the central bank and for meeting credit demand.

In October, the weighted average interest rate grew to 4.55 percent. However, several banks are offering up to 11 percent interest on fixed deposits to attract savers, according to Islam.

"As there is an investment cap on national savings certificates, the higher interest on fixed deposits has encouraged savers to keep money in

banks too."

The deposit is expected to grow in the coming months.

BB data also showed banks' loans and advances to the businesses in the rural part of Bangladesh declined 24 percent year-on-year in the final quarter of last year. In contrast, advances to enterprises grew 15 percent in cities.

In total, loans grew 11 percent to Tk 15,38,343 crore at the end of December.

Teletalk hamstrung

FROM PAGE B1

Teletalk had installed batteries and rectifiers at its sites around five years ago during the second phase of its 3G rollout and another project, according to the presentation, which was seen by The Daily Star.

At that time, batteries and rectifiers were procured in small quantities, but it was not enough to overcome the larger problem.

In the face of frequent load-shedding, Teletalk's towers as well as transmission links continue to be impacted and a huge number of towers go dark.

Due to the lack of battery backup, Teletalk is suffering to provide continuity, Palak was told during the presentation.

AKM Habibur Rahman, managing director of Teletalk, acknowledged the dire situation.

"It is undeniable that Teletalk's battery backup duration is very short. Customers report signal loss once power outages occur."

He said they had taken initiatives to increase the duration of battery backup.

"We have proposed a Tk 45 crore project for batteries and rectifiers. It is now being evaluated by the planning commission."

Besides, the work on a Tk 2,204 crore project for Teletalk's 5G readiness is ongoing.

"After that, we will be able to utilise some of the spare money from the project to upgrade the power backup systems for the existing network," Rahman added.

A Teletalk user, wishing anonymity, said he had preferred to use Teletalk because it provided internet packages at a lower cost than other operators.

"However, I was compelled to discontinue my Teletalk SIM six months ago as I couldn't get network connection during power outages."

The dissatisfaction of customers is also reflected in Teletalk's dwindling customer base.

Although the number of mobile subscribers in the country increased

by about 1.06 crore in the 12 months to December, Teletalk lost 2.3 lakh customers.

Thus, it saw its market share shrink to just 3.38 percent, accounting for 64.6 lakh customers out of a total base of 19.08 crore mobile subscribers.

As it keeps losing customers and its performance across various service metrics deteriorates, Teletalk's revival appears uncertain.

In the last financial year ending on June 30, the carrier's losses amounted to Tk 1,337 crore, reflecting a persistent trend of net losses since its establishment. It only made a profit in 2010-11 and 2012-13, according to the financial report for 2022-23.

Power backups of other companies Of the 44,629 towers operational in the country, about 20,000 are managed by Edotco Bangladesh for the clients, namely Grameenphone, Robi, Banglalink and Teletalk.

"We have the capacity to provide two hours to six hours of power backup depending on the location and structure of the tower," Md Monwar Sikder, director for operations at Edotco Bangladesh, told The Daily Star.

Towers are mostly built considering customer demands and location, but the supply of electricity from the national grid is not the same everywhere.

"So, based on the location and nature of the tower, we deploy the power backup system," Sikder added.

Edotco has multiple alternative power sources. Twelve percent of the sites can run on solar energy, 13 percent through wind turbines and 12 percent through fixed automatic diesel generators. Portable generators are also available in the case of prolonged outages.

Summit Towers, which has 4,230 towers under its portfolio, said it arranges four to eight hours of battery backup based on power grid availability of a certain area.

It also has portable generators, fixed generators, and solar power for over 20 percent of its sites as an alternative.