

Gold firms on weaker dollar, focus on US inflation data

REUTERS

Gold prices rose on Tuesday supported by a weaker dollar as investor focus turns to US inflation data due later this week, which could shed more light on the timing of the Federal Reserve's first interest rate cut this year.

Spot gold rose 1 percent to \$2,193.33 per ounce by 1040 GMT.

Gold hit a record high last week after Fed policymakers indicated they still expected to reduce interest rates by three quarters of a percentage point by 2024-end despite recent high inflation readings.

"Unless there is significant news that indicates a speeding up of rate cuts, gold is unlikely to hit a new record high before Easter," said Nitesh Shah, commodity strategist at WisdomTree.

"However, we expect new records to be broken by the end of the year," he said. WisdomTree expects gold prices to top \$2,350 in the first quarter of 2025.

Traders are pricing in a 64 percent probability that the Fed will begin cutting rates in June, according to the CME Group's FedWatch Tool.

The dollar index, meanwhile, slipped 0.2 percent against its rivals, making gold less expensive for other currency holders. Focus will now be on US core personal consumption expenditure price index data due on Friday.

Gold prices are also supported by elevated physical demand from Chinese households amid some scepticism about the prospects for the country's real estate and stock market. This helped offset softening demand from price-sensitive Indian buyers.

Purchases by central banks, which are less price sensitive than retail consumers, also remain strong, providing further support to the metal. China's central bank has been the most active buyer since late 2022.



Annual consumption of soybean oil, which was 9.85 lakh tonnes in the marketing year of 2022-23, is estimated to decline to 9 lakh tonnes this marketing year ending in upcoming June. The photo was taken from Karwan Bazar kitchen market in Dhaka last night. PHOTO: PRABIR DAS

Soybean oil intake falls as consumers switch to mustard, palm oils

STAR BUSINESS REPORT

Consumption of soybean oil in Bangladesh has declined as a section of consumers have switched to the relatively cheaper mustard and palm oils, according to a report by the US Department of Agriculture (USDA) last week.

"The increased demand for palm oil at the household level and increased mustard production has led to a decrease in the demand for soybean oil," said the report on oilseeds used by Bangladesh.

As such, annual consumption of soybean oil, which was 9.85 lakh tonnes in the marketing year 2022-23, is estimated to decline to 9 lakh tonnes this marketing year (MY) ending in upcoming June.

For the following MY beginning from July, consumption of soybean oil is forecast to increase to 9.6 lakh tonnes.

Meanwhile, use of both palm oil and mustard or rapeseed oil is projected to increase.

"In Bangladesh, mustard oil has become very competitive since 2022, when the price of soybean oil reached a record high," said

the USDA.

Mustard cultivation increased substantially in MY23 and MY24 due to government initiatives.

"This rise in mustard oil production has led to a decrease in the demand for soybean oil in the local market."

The report, however, projected a spike in Bangladesh's soybean imports to 20 lakh tonnes for MY25 from 18 lakh tonnes

The US agency said mustard oil consumption might rise to 6.63 lakh tonnes in MY25. Two years ago, its annual consumption stood at 5 lakh tonnes.

Likewise, the consumption of palm oil, a cheaper alternative to soybean and mustard oils, is likely to grow to 17 lakh tonnes, up 3 percent year-on-year.

So, Bangladesh, which is largely dependent on edible oil imports, is expected to purchase a higher volume of palm oil from abroad for

the next marketing year, the report projected.

The US agency said palm oil is widely used in the food processing industry. "There are some industrial uses of palm oil that includes making lubricants, inks, cosmetics, and soaps," it said.

Bangladesh imports crude soybean oil mostly from South America.

In MY23, Bangladesh imported 48 percent of its crude soybean oil from Brazil, 46 percent from Argentina and five percent from Paraguay, said the USDA.

The report, however, projected a spike in Bangladesh's soybean imports to 20 lakh tonnes for MY25 from 18 lakh tonnes in the current marketing year as local seed crushing mills are forecasted to increase soybean oil production.

Local seed crushing mills may produce 3.85 lakh tonnes of soybean oil for MY25 from 3.5 lakh tonnes estimated in the current marketing year.

With this, overall consumption of edible oil -- soybean, palm and mustard oil -- is forecast to rise to 33.2 lakh tonnes, which would be 4 percent higher year-on-year.

SWIFT plans new central bank digital currency platform in 12-24 months

REUTERS, London

Global bank messaging network SWIFT is planning a new platform in the next one to two years to connect the wave of central bank digital currencies now in development to the existing finance system, it has told Reuters.

The move, which would be one of the most significant yet for the nascent CBDC ecosystem given SWIFT's key role in global banking, is likely to be fine-tuned to when the first major ones are launched. Around 90 percent of the world's central banks are now exploring digital versions of their currencies. Most don't want to be left behind by bitcoin and other cryptocurrencies, but are grappling with technological complexities.

SWIFT's head of innovation, Nick Kerigan, said its latest trial, which took 6 months and involved a 38-member group of central banks, commercial banks and settlement platforms, had been one of the largest global collaborations on CBDCs and "tokenised" assets to date.

It focused on ensuring different countries' CBDCs can all be used together even if built on different underlying technologies, or "protocols", thereby reducing payment system fragmentation risks.

It also showed they could be used in highly complex trade or foreign exchange payments and potentially be automated so to both speed up and lower the costs of the processes.

Kerigan said the results, which had also proven banks could use their existing infrastructure, had been widely regarded as a success by those who took part and given SWIFT a timeline to work to.

"We are looking at a roadmap to productise (launch as a product) in the next 12-24 months," Kerigan said in an interview. "It's moving out of experimental stage towards something that is becoming a reality."

Although the timeframe could still shift if major economy CBDC launches get delayed, getting out the blocks for when they do would be a major boost for maintaining SWIFT's incumbent dominance in the bank-to-bank plumbing network.

Countries such as the Bahamas, Nigeria and Jamaica already have CBDCs up and running. China is well advanced with real-life trials of an e-yuan. The European Central Bank has digital euro one underway too, while the Bank for International Settlements, the global central bank umbrella group, is running multiple cross-border trials.

COMMODITIES			
	Gold ▲	Oil ▼	
	\$2,179.41	\$81.89	
	(per ounce)	(per barrel)	

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▼ 0.47%	▼ 0.04%	▲ 1.21%	▲ 0.17%
	72,486.89	40,398.03	3,236.74	3,031.48



Panjabi reigns supreme as the favoured choice for most men as it is a traditional part of celebrations such as Eid and Pahela Baishakh. The photo was taken at Purba Jindabazar of Sylhet city yesterday. PHOTO: SHEIKH NASIR

One panjabi

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Soumik Das said the average price of cloth used for making panjabis was around Tk 90-100 per yard last year, but had increased to Tk 130-140 this year.

One retailer said that panjabis which he sold for Tk 1,200 last year now cost Tk 1,500.

However, Das added that due to increased production costs, the profit margin had decreased quite a bit.

"Most of our customers are middle-class, so we have to consider many things before increasing the price," he said.

Shaheen Ahmed, the owner of Anjans, said the cost of production increased due to a hike in prices of all types of raw materials.

Despite that, retail prices were not increased proportionally because higher prices of panjabis could have an adverse effect on

sales, he added.

There are no accurate figures for the annual market size and growth of the panjabi market, but industry insiders said the demand for panjabis has experienced exponential growth over the past two decades, largely due to the growing fashion awareness among individuals from middle and upper-income brackets.

Muslim Dhali, general secretary of Keraniganj Garment Traders and Shop Owners Association, a wholesale apparel hub on the bank of the Buriganga, said the demand for panjabis is much higher this year compared to other attire.

"Now everyone feels very comfortable wearing a panjabi. Panjabis account for about 60 percent of clothes made for men centring Eid-ul-Fitr and Pahela Baishakh," he said.

Tax on provident

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terms of revenues forgone and encourage tax avoidance.

"The distributional consequences of 15 percent tax on earnings from retirement benefits is not desirable in the sense that taxing at the constant rate would help benefit individuals with higher incomes and create a distortion in the wellbeing of the society," he said.

"More importantly, similar consequences could also be evident if government employees earning the same income from the same type of funds remain outside the tax incidence."

On the issue, a senior official of the NBR said they were working to impose taxes on the salaries of government employees and on the income from the provident funds of public officials in order to ensure that both public and private sector employees are treated equally.

This may be placed in the parliament as part of the tax proposals for FY2024-25, the official added.

ILO calls for fast-tracking

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Labour Act, 2006 and the Bangladesh Labour Rules. It also cited the reforming of a tripartite standing committee to work on the amendment proposals concerning the Bangladesh Export Processing Zone (EPZ) Labour Act, 2019.

The increase in the number of registered trade unions and active labour inspectors and the continuous recruitment of more inspectors as well as the enhancement of the capacity of the legal unit of the Department of Inspection for Factories and Establishments (DIFE) were mentioned in the report.

The government cited the continued treatment of the complaints received through the DIFE helpline and those obtained

through the helpline dedicated to EPZ workers.

The report highlighted the government's plan to establish new labour courts in Mymensingh and Cox's Bazar, deploy one additional judge to the Labour Appellate Tribunal, and the progress made in the development of the standard operating procedure on arbitration.

The governing body urged Bangladesh to report on further progress in the implementation of the roadmap to address all the outstanding issues concerning Article 26 at the 352nd Session, which will be held in November 2024.

Speaking about Myanmar, the ILO said the governing body deplored, once again, the continued absence of progress towards respecting the will of the people, democratic

institutions and processes.

It called on the military authorities to end violence, arbitrary arrest, detentions and torture of trade unionists, labour activists and others, including the Rohingya.

The members called for the removal of restrictions on ILO operations in the country and for the full implementation of the recommendations of the ILO's Commission of Inquiry.

In the absence of this, members requested the director-general of the ILO to submit an assessment of further steps to secure compliance with the Commission's recommendations.

The governing body is the ILO's executive body and meets three times a year, in March, June and November.

UK retail sales rise after 10 months of fall

REUTERS, London

British retail sales edged up in March after falling in the previous 10 months but stores expect sales volumes to slip again in April, according to industry figures which echoed official data published last week.

The Confederation of British Industry's (CBI) monthly retail sales balance, a gauge of sales over the year to March, rose to +2 from -7 in February.

But retailers expected the decline in sales to resume in April at -25.

"The stabilisation of retail sales in March should give some hope that the sector's downturn is bottoming out," Martin Sartorius, CBI principal

economist, said.

"The earlier timing of Easter will likely mean weaker year-on-year sales in April, but easing inflation should support retail spending going forward."

Official data last week showed British retail sales held steady in February, defying forecasts of a fall. Other surveys have pointed to a stabilisation in the economy as inflation slows and with interest rates likely to come down this year.

The CBI survey, which is not seasonally adjusted, showed retailers cut orders to suppliers this month and expect to do so again in April. The survey was based on responses from 72 retailers.

Fruit imports

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The elevated price trend shows no signs of slowing down: It averaged 9.67 percent in February.

Mozammel Haque, a 32-year-old resident in the capital's Mirpur, said that the price of imported fruits has significantly increased this year. Consequently, he has cut back on fruit purchases by 30 to 40 percent.

He requested government agencies investigate whether traders are making excessive profits since the price of some fruits has risen to an abnormal rate.

About 40 percent of the country's demand for fruits is met locally, while the rest comes from imports.

Apples come from South Africa, Brazil, China, and Australia, pomegranates from India, pears from Pakistan, sweet oranges from Egypt, tangerines from China and India, and grapes from India, industry people say.