

Steel prices set to rise in Bangladesh

Analysts say dollar rate hike will lead to increased raw material costs

STAR BUSINESS REPORT

Globally, steel raw material prices are stable now, but Bangladesh will have to spend higher for its import because of the US dollar rate hike since the introduction of the crawling peg system, analysts said yesterday.

"Despite the stable international rates, the import cost of scrap steel will increase in Bangladesh as US dollar prices have increased substantially in the country," said Abhijeet Mahanta, marketing and sales director for South Asia at Atlas Commodities in India.

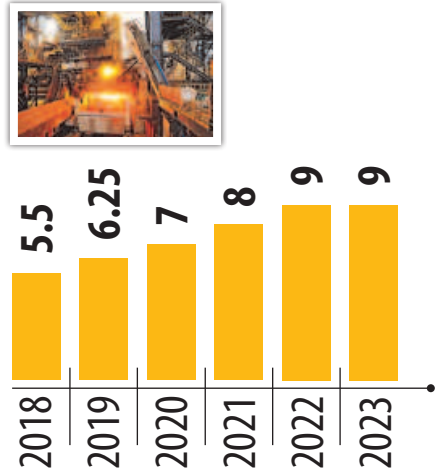
He spoke at a session of the fourth Bangladesh International Trade Summit 2024 at Pan Pacific Sonargaon in Dhaka. Bigmint, a platform for price reporting, market intelligence and consulting for commodities of India, organised the summit.

Bangladesh's steel sector annually needs six million tonnes of scrap steel, where imports meet 90 percent of the demand and the rest come from the local market, industry insiders said.

Import of finished steel is prohibited in Bangladesh so the local millers need to collect scrap steel from local and foreign sources, said Sanjoy Kumar Ghosh, head of supply chain

BANGLADESH'S STEEL PRODUCTION CAPACITY

(In million tonnes)



management at BSRM Bangladesh.

The steel sector has great potential in Bangladesh as the country needs huge infrastructure development, which will require a continuous flow of steel.

Steel demand is low at present in Bangladesh due to the ongoing economic vulnerability, but Ghosh believes the situation will improve in the next one year.

The steel millers suffered supply chain disruptions in the last few years because of the Russia-Ukraine war, he said.

"The use of scrap steel is increasing in the US and India, for which we are now looking for new sources in Australia, Malaysia and West Africa to meet our demand for steel raw materials," Ghosh added.

The growing demand has also created a supply shortage of scrap steel,

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Steel consumption to increase 25% by 2027: study

JAGARAN CHAKMA and SUKANTA HALDER

Steel consumption in Bangladesh is projected to rise by 25 percent to around 1.06 crore tonnes in 2027 from 85 lakh tonnes in 2024 thanks to growing infrastructure development projects and individual consumption, according to Bigmint.

Bigmint, an India-based

platform for price reporting, market intelligence and consulting for commodities, made this projection at its 4th Bangladesh International Trade Summit 2024.

As consumption is expected to rise, manufacturers are already enhancing their production capacity while investors are pouring money to set up new steel mills, according to industry insiders.

Six conglomerates — including Meghna Group of Industries, PHP Group of Industries, Bashundhara Group and Anwar Group of Industries — are setting up new factories and expanding manufacturing capacities.

Meghna Group of Industries is investing an estimated \$400 million to establish a steel plant with an annual production capacity of 14 lakh tonnes at the Cumilla Economic Zone.

PHP Group plans to establish a steel factory at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in

Zones Authority. More than 20 lakh tonnes of hot-rolled coils will be produced annually at the two mills.

Anwar Group, in order to raise its market share, also has investments of more than Tk 4,000 crore in the pipeline to build a new factory in Gajaria of Munshiganj.

At present, around 40 steelworks are active in Bangladesh with a combined capacity of 90 lakh tonnes of steel. Bangladesh currently requires around 85 lakh tonnes of steel annually.

According to Bigmint's projection, Bangladesh's steel production capacity will increase to 1.30 crore tonnes by 2027.

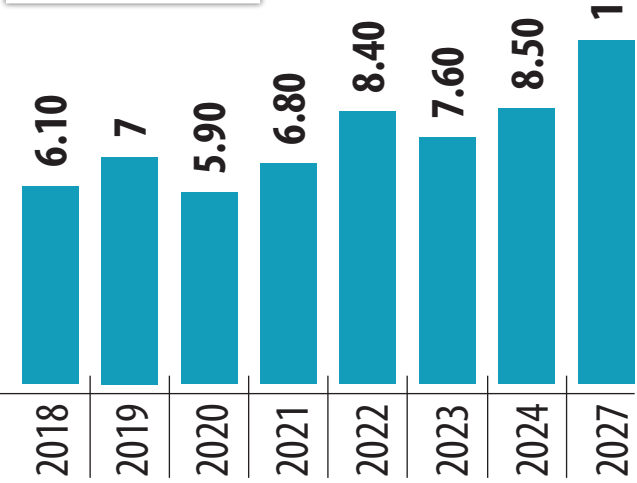
Bigmint also said that despite having more steel mills, the Dhaka zone's production capacity is less than Chattogram's.

It said Chattogram accounted for 62 percent of the total steel-melting capacity while Dhaka only met 32 percent.

"The demand for steel will increase day by day if the

STEEL CONSUMPTION IN THE COUNTRY

Compound annual growth rate in % (2027 figure is projection)



SOURCE: BIGMINT

Chattogram's Mirsarai. At peak production, it can churn out 30 lakh tonnes of steel annually.

Bashundhara Group, one of the largest business groups in Bangladesh, has almost completed setting up two steel mills with a total investment of \$500 million at the BSMSN, according to sources at the Bangladesh Economic

economy just starts to recover. The demand will increase by at least 30 lakh tonnes within the next three years," said Tapan Sengupta, deputy managing director of BSRM, the largest steel maker in the county.

Sengupta said the requirement for scrap steel will also increase by around 20 lakh tonnes just for the manufacture of rods.

Md Shahidullah, managing

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Bank Asia's Q1 profit down 41%

STAR BUSINESS REPORT

Bank Asia PLC's profit plunged 41 percent year-on-year to Tk 77.88 crore in the first quarter of 2024.

The private commercial bank logged a profit of Tk 132.9 crore in the January-March quarter of 2023.

Therefore, the earnings per share (EPS) dived to Tk 0.67 from Tk 1.14, according to the unaudited financial statements.

Bank Asia attributed the decline in the EPS mainly to higher provisions that it had to maintain in the quarter compared to the previous year's identical period.

The net operating cash flow per share went up to Tk 17.44 from Tk 13.77, thanks to an increase in cash inflows, a spike in deposits, and a lower growth of loans.

The net asset value per share increased to Tk 25.85 from Tk 23.98.

Bank Asia was established in 1999 and it acquired the business operations of the Bank of Nova Scotia in Dhaka, the first of its kind in the country. It also took over the Bangladesh operations of Muslim Commercial Bank Ltd.

Last month, its board approved the private commercial lender's plan to acquire the local unit of Bank Alfalah Limited.

Bank Asia operates 135 branches. It pioneered the agent banking service in Bangladesh and currently has 5,000 agent banking outlets across the country.

Shares of Bank Asia were unchanged at Tk 19.8 on the Dhaka Stock Exchange yesterday.

Green Delta logs Tk 8cr profit in Q1

STAR BUSINESS REPORT

Green Delta Insurance Ltd reported a profit of Tk 8 crore in the first quarter of 2024, an increase of 8 percent year-on-year.

The insurer booked a profit of Tk 7.4 crore in the corresponding period of 2023.

The earnings per share were Tk 0.8 in January-March, up from Tk 0.74 in the first quarter of last year, according to the unaudited financial statements.

Green Delta also registered a higher net operating cash flow of Tk 0.13 per share. It was Tk 0.02 previously.

Although the profit and the cash flow increased, the net asset value per share decreased because of a decline in the investment value of shares trading on the stock market, said Green Delta in a disclosure.

Shares of Green Delta declined 2.86 percent to Tk 54.4 yesterday.

Oil price steady

REUTERS, Singapore

Oil prices were little changed on Tuesday as investors eyed fresh drivers, including upcoming US inflation indicators and a monthly report from the Organization of the Petroleum Exporting Countries this week.

Brent crude futures inched 11 cents higher to \$83.47 a barrel at 0630 GMT, while US West Texas Intermediate crude futures rose 9 cents to \$79.21 a barrel.

The benchmark contracts settled higher on Monday on signs of improving demand in the US and China, the world's top two oil consumers.

"Oil prices were slightly higher overnight but remain in a broad holding pattern over the past week, with the lead-up to the upcoming US inflation data keeping some reservations in place," said Yeap Jun Rong, market strategist at IG.

Investors are watching the US Consumer Price Index data due on Wednesday for clues to when the Federal Reserve will consider cutting interest rates, which could spur economic growth and therefore oil demand.

ChatGPT gets new powers to see, hear

AFP, San Francisco

OpenAI on Monday released a higher performing and even more human-like version of the artificial intelligence technology that underpins its popular generative tool ChatGPT, making it free to all users.

The update to OpenAI's flagship product landed a day before Google is expected to make its own announcements about Gemini, the search engine giant's own AI tool that competes with ChatGPT head on.

"We're very, very excited to bring GPT-4o to all of our free users out there," Chief Technology Officer Mira Murati said at the highly anticipated launch event in San Francisco.

The new model GPT-4o — the "o" stands for omni — will be rolled out in OpenAI's products over the next few weeks, the company said, with paid customers having unlimited access to the tool.

The company said the model could generate content or understand commands in voice, text, or images.

"The new voice (and video) mode is the best computer interface I've ever used. It feels like AI from the movies," said OpenAI CEO Sam Altman in a blog post.

Altman has previously pointed to the Scarlett Johansson character in the movie "Her" as an inspiration for where he would like AI interactions to go.

"Talking to a computer has never felt really natural for me; now it does," he added.

Murati and engineers from OpenAI demonstrated the new powers of GPT-4o at the virtual event, posing challenges to the beelined-up version of the ChatGPT chatbot.

The demo mainly featured OpenAI staff members asking questions to the voiced ChatGPT, which responded with jokes and human-like banter.

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US to raise tariffs on \$18b of China imports, including chips

AFP, Washington

The United States is hiking tariffs on \$18 billion worth of imports from China, targeting strategic sectors like electric vehicles, batteries, steel and critical minerals, the White House said Tuesday.

The decision comes as President Joe Biden gears up for a re-run of his 2020 contest with Republican rival Donald Trump in November's election, with officials criticizing Trump's record on trade as they made the announcement.

The tariff rate on EVs is set to quadruple to 100 percent this year while the one for semiconductors will surge from 25 percent to 50 percent by next year, said the White House.

The action is aimed at encouraging China to "eliminate its unfair trade practices regarding technology transfer, intellectual property, and innovation," it added in a statement.

This follows a review of tariffs imposed during a trade war between Washington and Beijing, during which then president Trump introduced levies on some \$300 billion in goods from China.

The so-called Section 301 investigation was the primary tool the Trump administration used to justify tariffs, and

the US Trade Representative is required to look into the impact of the levies after four years.

Tuesday's actions were also taken under Section 301 of the Trade Act.

Beyond EVs and semiconductors,

Washington is roughly tripling tariffs on some steel and aluminum products, and on lithium-ion EV batteries and battery parts.

The tariff rate on natural graphite and some other critical minerals will surge

from zero to 25 percent, and that on solar cells doubles as well from 25 percent to 50 percent.

But some tariff hikes, such as on non-EV lithium-ion batteries, take effect later to allow for a transitional period as the country builds up its domestic battery production, a senior US official said on condition of anonymity.

Beijing's foreign ministry said it "opposes unilateral tariff hikes in violation of WTO rules" when asked about reports of the new measures.

China "will take all necessary measures to safeguard its legitimate rights and interests", spokesperson Wang Wenbin said on Tuesday.

The latest moves impact both products already targeted by Trump tariffs, alongside additional ones.

The levies will ensure that investments in jobs, spurred by Biden's policies, are not undercut by "underpriced exports from China," National Economic Advisor Lael Brainard said.

The Biden administration has pumped massive funding into areas like semiconductor manufacturing and research, alongside efforts to boost green investments.

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PHOTO: REUTERS/FILE

Electric vehicles made in China are on display at a shopping mall in Beijing. The US tariff rate on China-made EVs is set to quadruple to 100 percent this year.