



Dollar hits Tk 118 on interbank market, the highest ever

SOHEL PARVEZ

Every US dollar went for Tk 118 on the interbank platform of Bangladesh yesterday, the highest since the central bank loosened its grip on the exchange rate by letting market dynamics determine the prices.

Banks on the preceding day bought each US dollar for Tk 117.95, according to data from the Bangladesh Bank (BB).

"This reflects a shortage of the greenback in the market. But the positive development is that market demand and supply are determining the price," said a top banker who works at a private bank.

The BB introduced crawling peg on May 8, allowing for limited fluctuations of the exchange rate within a predefined range. As such, it shifted away from its previous practice under which banks announced rates of the greenback periodically.

The central bank move aims to contain

The positive development is that market demand and supply are determining the price, said a top banker

the volatility in the forex market amid declining reserves.

The central bank launched the crawling peg for the spot purchase and sale of the US dollar with the mid-rate at Tk 117 per dollar and asked banks to buy and sell the American currency freely around the mid-rate.

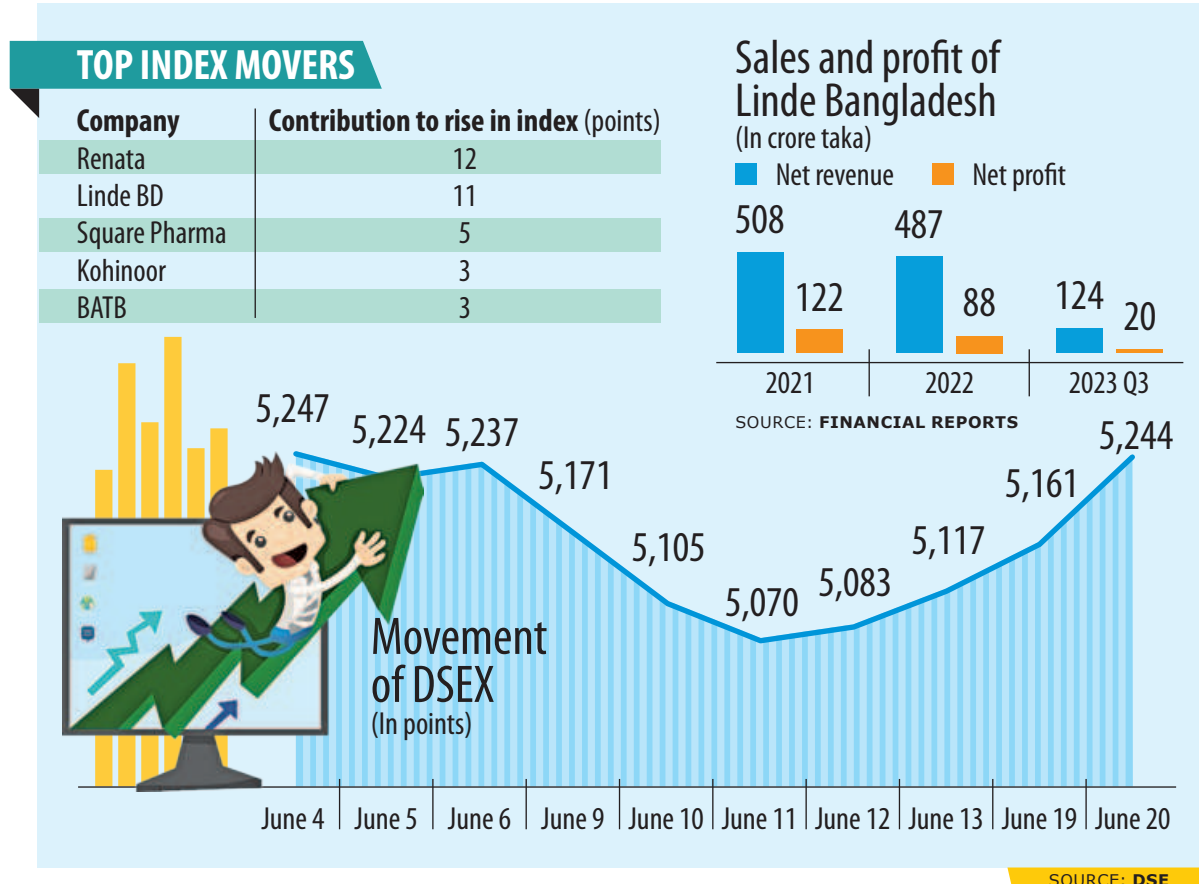
Purchases started to be made at Tk 116.46 on the first day after the launch of the crawling peg system.

The sales rate in the interbank transactions was Tk 117.5 per US dollar. Since then, the volatility in the forex market reduced but the taka weakened against the greenback steadily.

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Linde, Renata surge, sending Dhaka stocks to two-month high

Linde Bangladesh rises 43%, Renata 7.49%



AHSAN HABIB and MD FAZLUR RAHMAN

Stocks in Bangladesh climbed 1.6 percent yesterday, driven by a surge in the prices of some blue-chip companies such as Renata PLC and Linde Bangladesh.

The DSEX, the broad index of the Dhaka Stock Exchange, jumped 82.75 points to close the day at 5,244. With this, the key index rose for the fourth consecutive trading session.

The 1.6-percent spike is the highest single-day increase since April 28. Linde and Renata shares were high in demand on the largest stock market of Bangladesh after their corporate disclosures drove prices higher, thus contributing to the hike in the benchmark index.

Linde rocketed 43 percent to Tk 1,409 after its board declared a 1,540 percent interim dividend for January-October of 2023.

Renata rose 7.49 percent days after its disclosure of the first shipment of drugs to the highly regulated market

in the United Kingdom.

Both companies together contributed 24 points to the DSEX, according to LankaBangla Securities. Square Pharmaceuticals, Kohinoor Chemicals, and British American Tobacco Bangladesh collectively added 11 points.

"Linde had a major impact on

In recent months, multinational companies and sound stocks suffered owing to the lingering macroeconomic challenges and the US dollar crisis. As a result, they have become cheap.

The DS30, the index that represents the blue-chip firms, 1.7 percent to 1,875. Similarly, the DSES, the index that comprises Shariah-compliant companies, climbed 2.21 percent to 1,146.

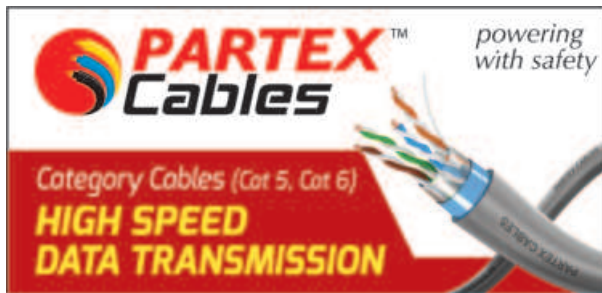
A top official of a brokerage firm said most general investors were in a buying mood yesterday as the market started to rise after a massive fall in recent weeks.

Turnover, which indicates the volume of shares traded during the session, stood at Tk 452 crore, up 83.79 percent from a session earlier.

Of the issues that traded on the Dhaka bourse, 288 advanced, 55 closed lower, and 50 did not see any price swing.

Linde Bangladesh announced the higher dividend although its profit took a beating from a

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the market as it has drawn investor attention to the blue-chip stocks and multinational companies," said Emran Hasan, managing director at Investit Asset Management Limited.

"It was a catalyst." In the Bangladesh market, he explained, trade is driven by a cluster or sector. Therefore, MNCs and blue-chip stocks fared well on the back of Linde's record dividend.

Leather losing its shine in exports

REFAYET ULLAH MIRDHA

Rising local value addition, poor compliance with international standards, and buyers shifting to other countries have thwarted exports of leather, which was once among Bangladesh's three main export items.

The relocation of tanneries from Hazaribagh in Dhaka to the Savar Tannery Industrial Estate (STIE) in 2017 and the severe fallout of the Covid-19 pandemic and Russia-Ukraine war are other major reasons for declining leather exports.

In the face of such challenges, leather exports have declined by more than half over the past decade.

In fiscal year 2022-23, leather exports amounted to \$123.44 million, down sharply from \$397.54 million in FY14, according to data from the Export Promotion Bureau (EPB).

In the July-May period of the outgoing fiscal year, leather exports stood at \$125.72 million, EPB data showed.

The rise in value addition means the number of factories, be it for domestic or export purposes, has increased, thereby increasing domestic consumption of tanned leather.

The significant rise in consumption of tanned leather and subsequent value addition can also be gauged from Bangladesh's exports of leather and leather goods.

In FY15, exports of leather and leather goods amounted to \$1.13 billion and it has stayed above the billion-dollar mark for the past decade.

In FY23, exports of leather and leather

Md Saiful Islam, former president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh.

But its share has now declined to nearly 13 percent, which indicates that local value addition has increased, he said.

Moreover, poor compliance with environmental standards in tanneries and the tannery estate at Savar is a major reason for lower exports of leather. Those factors also lead to lower prices from international buyers, Islam told The Daily Star over the phone.

Md Shakawat Ullah, general secretary of Bangladesh Tanners Association (BTA), echoed those sentiments.

He said local exporters cannot sell tanned hides to renowned international retailers in Europe, North America or other major destinations due to poor compliance at the STIE.

The poor compliance has barred tanners from obtaining a Leather Working Group (LWG) certification, a vital recognition for doing business, he said.

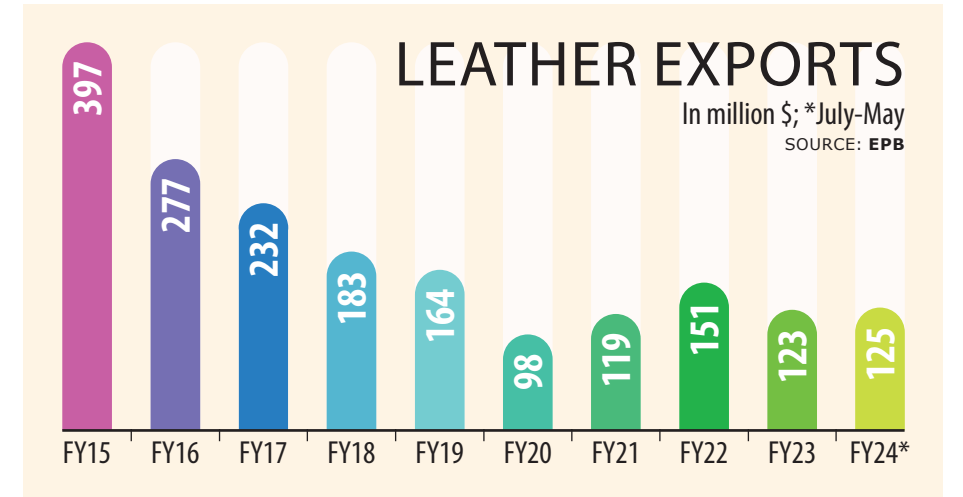
As a result, local exporters are having to send 65 percent of the tanned leather to China, which pays nearly 60 percent lower compared to international prices, he added.

Apart from China, some leather is shipped to India and a few other countries, he added.

Furthermore, around 15 percent of tanned leather is used by local leather and leather goods companies.

The BTA general secretary also said three to four tanners are currently eligible to obtain the LWG certification.

However, because of poor compliance



goods brought in \$961.49 million.

Exports of jute, tea and leather, once considered the most valuable products of Bangladesh, have been fading either due to loss of competitiveness globally or owing to rising consumption in domestic markets.

For instance, in the case of tea, the consumption in the domestic market increased over the years. At the same time, jute has failed to grab a bigger share as it competes with low-priced plastic.

Even 25 years ago, leather contributed more than 75 percent of the total exports of leather and leather goods, according to

at the central effluent treatment plant (CEPT) at the STIE, those four tanneries are unable to secure it, he said.

Md Diljahan Bhuiyan, senior vice-chairman of Bangladesh Finished Leather, Leathergoods and Footwear Exporters' Association, said leather exports may decline even further because many buyers have shifted to other countries due to the relocation of tanneries from Hazaribagh.

Many tanneries are not operating because of some challenges. Before the introduction of the LWG certification in 2005, some countries like Italy used to import leather from Bangladesh, he added.

MTB secures \$15m Belgian loan

AHSAN HABIB

The Belgian Investment Company for Developing Countries (BIO) has provided a \$15 million loan to Mutual Trust Bank (MTB) to expand its portfolio dedicated for micro, small and medium enterprises (MSMEs) alongside sustainable financing initiatives.

The loan will have a tenure of five years, including a one-year grace period, while the interest rate will be the Secured Overnight Financing Rate (SOFR) of 6 percent plus below 3 percent.

By providing increased access to finance for MSMEs, this initiative will foster business growth and create new job opportunities

BIO's first foreign currency transaction in Bangladesh, the loan showcases a shared commitment to creating measurable positive impacts on the economy and environment, according to a statement published on BIO's website last week.

"This collaboration is a remarkable journey that goes beyond financial transactions. Together, we are creating a partnership that fosters positive transformation," said Frédéric Verecke, investment officer at BIO.

The project delivers a multitude of benefits for Bangladesh. By providing increased access to finance for MSMEs, this initiative will foster business growth

and create new job opportunities, read the statement.

Furthermore, the promotion of sustainable financing practices will equip businesses with the tools they need to mitigate climate risks, it said.

This comprehensive approach also promotes financial inclusion, ensuring that underserved populations can participate in the formal economy, it said.

Ultimately, this partnership contributes to the advancement of several UN Sustainable Development Goals (SDGs) in Bangladesh, fostering a more prosperous and sustainable future for the country, it added.

BIO also offers technical assistance to MTB to address gender equality within the bank's operations and lending practices. This comprehensive approach aims to ensure inclusive financial services that benefit all segments of the Bangladeshi economy, said the statement.

TSW Capital Services Private, one of the leading financial advisory firms headquartered in Mumbai, played a major role as transaction advisor for this funding. "We are delighted to partner with BIO as we continue to empower businesses and fuel growth in Bangladesh," said Syed Mahbubur Rahman, managing director and CEO of MTB.

This financing represents a landmark for MTB's engagement with foreign development finance institutions and provides much-needed USD liquidity in a challenging foreign exchange landscape, he added.

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Despite Eid-ul-Azha, broiler chicken prices rise in Dhaka

SUKANTA HALDER

Prices of broiler chicken had decreased after Eid-ul-Azha last year, apparently due to the increased availability of beef and goat meat, but this year the situation is different in Dhaka.

The price of broiler chicken, one of the most common sources of protein for low- and middle-income groups in the country, has increased by 5.71 percent from that last week, presumably due to a lack of supply against demand.

Broiler chicken was selling for Tk 180 to Tk 190 per kilogramme in the kitchen markets of Dhaka yesterday, three days past Eid, according to the Trading Corporation of Bangladesh (TCB). It was Tk 170 to Tk 180 a week ago.

In contrast, in 2023, broiler chicken was selling for Tk 190 to Tk 200 per kg three days after Eid-ul-Azha was observed on June 29.

Seven days prior to that Eid, it was selling at Tk 190 to Tk 210 per kg, meaning the price had dropped by 2.50 percent.

Monir Hossain, a retailer at Karwan Bazar, one of the largest kitchen markets in the capital, said the demand for broiler chickens is usually low before and after Eid-ul-Azha. So, the price also decreases.

However, there is a gap in supply and demand this year owing to which the price is a little high in the wholesale market, he added.

At the same market, customer Monirul Islam said the increase in prices of broiler chicken after Eid-ul-Azha was quite surprising.

Traders said the demand for broiler chicken is usually low during Eid-ul-Azha as there is a greater availability of beef and goat meat following the sacrifice of the animals in great



numbers.

For this reason, farmers reduce production of broiler chicken centring sales during and after Eid-ul-Azha, they said.

Besides farmers had incurred a lot of losses during recent heatwaves, when many chickens died while others fell sick. Fearing further losses, many farmers moved away from raising day-old chicks.

This created a gap in supply and demand, leading to a price increase.

On June 5, Mahbubur Rahman, president of the Breeders Association of Bangladesh, told The Daily Star that prices of day-old chicks had been falling since early May, when each sold for Tk 60 to Tk 70.

Nowadays, each day-old chick is being sold for Tk 28 to Tk 32.

Ahead of Eid-ul-Azha, demand for chickens usually falls as the religious festival centres on the sacrifice of cattle and goats. Due to this, the demand for one-day-old chicks has also decreased considerably, he added.

Contacted, Sumon Howlader, president of Bangladesh Poultry Association, yesterday said the demand for broiler chicken is low during Eid-ul-Azha and so farmers reduce production focusing this period.

But this year the gap between demand and supply has increased and the price has also increased due to various reasons including recent heatwaves, he said.