

Star BUSINESS

The overall losses of state-owned enterprises in Bangladesh may rise by nearly five times year-on-year in the current fiscal year, according to a government projection.



Story on B4

Actual export, NPL data to be available from now: governor

STAR BUSINESS REPORT

The actual data on exports and non-performing loans (NPLs) will be available from now onwards as the central bank emphasises releasing real figures, said Bangladesh Bank Governor Abdur Rouf Talukder yesterday.

The comments from the governor came a week after the central bank corrected the export figure, which showed that actual shipments in July-April of fiscal year 2023-24 were nearly \$14 billion below the sales value published by the Export Promotion Bureau (EPB). The magnitude of the data mismatch took many by surprise.

"The export data has been corrected. Now the release of accurate export figures will continue," said Talukder in a meeting.

Speaking about NPLs, the governor said there was window dressing on the part of banks that made attempts to hide the actual bad loans.

"However, we don't want that, and we want the truth to come out," a meeting source quoted the governor as saying.

The governor was speaking at a consultation meeting with different stakeholders at the central bank headquarters in Dhaka as the BB is preparing to unveil the monetary policy for the first half of the new fiscal year, which begins on July 1.

According to Talukder, soon after joining the central bank in July 2022, he noticed the gap between the export figure reported by the EPB and the actual receipts.

He claimed that he had complained to the prime minister and the finance minister

that exporters were not bringing in export receipts to the country despite enjoying significant benefits.

"Then, we found out the real reason for the gap," he said.

The central bank discovered six types of statistical wrongdoing that inflated export data. Anomalies range from serial duplication errors to miscalculations of the value of fabrics to repeated miscounts of sample items as exports.

A new methodology has been developed by the EPB, the National Board of Revenue (NBR), and the BB to report the actual export earnings.

The government has initiated moves to introduce a platform to publish real-time data on exports in order to ensure data accuracy and make policies evidence-based.

Under the planned platform, the NBR will supply the daily export data to the EPB, and the BB will compute it on the basis of the real-time exchange rate. This is because the customs department sends the figures on the volume of exported goods in the local currency, and the EPB converts them into US dollars.

"Now, we will get the actual figure," the governor said.

The governor said that the banking regulator has put pressure on banks so that they report the actual defaulted loans, the source said.

In March, the total disbursed loans stood at Tk 16,40,855 crore. Of which, Tk 1,82,295 crore were default loans, the highest in history. This means around 11 percent of the loans have turned sour. **READ MORE ON B3**



New rules in the making to give more autonomy to Bangladesh Bank

There is no doubt that the central bank should enjoy full autonomy. At present, there is autonomy when it comes to rules and regulations. However, it is being impacted by the political economy



ATIUR RAHMAN
Former governor of BB



MOHAMMED FARASHUDDIN
Former governor of BB

The BB governor's post can be a constitutional one or the tenure of the post can be six years. If the post of the PSC chairman and ACC chairman can be constitutional, why not the governor's post?

IMF'S RECOMMENDATIONS FOR BB



The primary objective of monetary policy should be price stability



Enhancing autonomy of BB supported by rules



Enhancing BB's accountability arrangements



Eliminating BB's direct lending to priority sectors

STAR BUSINESS REPORT

The government is going to amend the Bangladesh Bank Order, 1972 to align it with global best practices and give the central bank more autonomy so that it can initiate steps to help the economy deal with pressure.

The central bank authorities have prepared the primary draft to modify the order and sent it to the government for approval.

It comes as the BB faces criticism for its failure to restore macroeconomic stability, bring down inflation, and bring back good governance in the ailing financial sector.

The International Monetary Fund (IMF) also raised questions about the current level of the autonomy enjoyed by the BB and recommended changes to the order.

"The order needs to be substantially amended so that price stability is the overriding objective of the new monetary policy regime, and governance arrangements are aligned accordingly," said the IMF in its technical assistance report regarding the central bank's activities.

Due to a lack of autonomy, the IMF said that the central bank is not able to take steps necessary for the economy, which has been witnessing one of its worst crises in recent times.

It said the Bangladesh Bank Order (BBO) saw improvements following changes in 2003. However, no changes have occurred to the BB's governance arrangements regarding its

autonomy, transparency and accountability since an assessment undertaken in 2018.

"BB's de jure autonomy could constrain BB actions in times of pressure."

"The amendment is needed so that it can enhance the de jure autonomy of the BB, enhance its accountability arrangements, and limit its direct lending to priority sectors."

The IMF said amendments should be considered as soon as possible, taking advantage of the momentum provided by the BB's announcement of the transition to an

approved in January last year.

According to the draft amendments, notwithstanding anything contained in any other law in force, the BB will have the sole authority to issue any directive, directly or indirectly, to any bank or financial institution.

Mohammed Farashuddin, a former central bank governor, said if the central bank has strong power, it is good for the country. On the other hand, if it lacks power, its activities are still not disrupted.

Atiur Rahman, also a former governor, said there is no doubt that the central bank should enjoy full autonomy.

"At present, there is autonomy when it comes to rules and regulations. However, it is being impacted by the political economy."

According to Rahman, if the central bank enjoys autonomy, it would be helpful to keep the economy stable. When the government realises the autonomy's importance, it will be in favour of independence.

Both Rahman and Farashuddin emphasised making the post of the governor constitutional.

The tenure of the governor can be six years, said Farashuddin, who held the post from November 1998 to November 2001.

"However, when I say this, I get the response that the governor enjoyed limited power when you were the governor, but you were not blocked by anyone."

READ MORE ON B3

Reserves fall to \$20.46b after ACU payment

STAR BUSINESS REPORT

Bangladesh's foreign exchange reserves fell to less than \$21 billion in July after import bills amounting to \$1.42 billion was paid to Asian Clearing Union (ACU).

The ACU payments for May and June were cleared this week, said a senior official of Bangladesh Bank.

After the payment, the reserves stood at \$20.46 billion as of yesterday.

The forex reserves were \$21.78 billion on June 30 this year, BB data showed.

The ACU is an arrangement for settling payments for intraregional transactions among eight countries – Bangladesh, Bhutan, India, Iran, the Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.

The amount was calculated based on the International Monetary Fund's BPM6 formula by excluding short-term liabilities from the gross reserves.

Why are onion prices rising abruptly?

SUKANTA HALDER and SUZIT KUMAR DAS

The prices of onions rose abruptly in Bangladesh yesterday, marking a hike of Tk 10 to Tk 15 per kilogramme (kg) at kitchen markets in Dhaka and deepening the woes of consumers.

The sudden price hike of the staple cooking ingredient came against the backdrop of annual inflation in Bangladesh surging to its highest level in 12 years in the just-concluded fiscal year.

Annual inflation rose to 9.73 percent in fiscal year 2023-24, the highest since 2011-12, when it was 10.62 percent, according to the Bangladesh Bureau of Statistics.

Traders and government officials said that a supply crunch, lower imports, and lower yields were the main causes of the present volatility in prices of onions.

Nurul Alam Shikdar, a retailer at the Pallabi Extension area of the capital's Mirpur, said onion prices had been rising gradually for one and a half months.

He added that they were selling local varieties of onions for Tk 125 per kg yesterday, which reflected a rise of Tk 10 to Tk 15 in the span of 24 hours.

According to the state-run Trading Corporation of Bangladesh (TCB), local varieties of onions were being sold for Tk 105 to Tk 115 per kg yesterday compared to Tk 95 to Tk 100 per kg a week ago.

The price increased 41.94 percent since last month, when local onions were being sold for Tk 75 to Tk 80 per kg, and by 46.67 percent since last year, it showed.

Meanwhile, the price of imported onions has also increased.

Data from the TCB showed that each kg of imported onions was being sold for



Tk 100 to Tk 110 yesterday compared to Tk 95 to Tk 100 a week ago.

The price increased by 20 percent in a month and 133.33 percent in a year, it added.

The agriculture ministry claims that 34 lakh tonnes of onion were produced in the country this year. Although that figure is enough to meet national demand, the ministry added that another 6-7 lakh tonnes would need to be imported as much of the yield is wasted due to a lack of storage facilities.

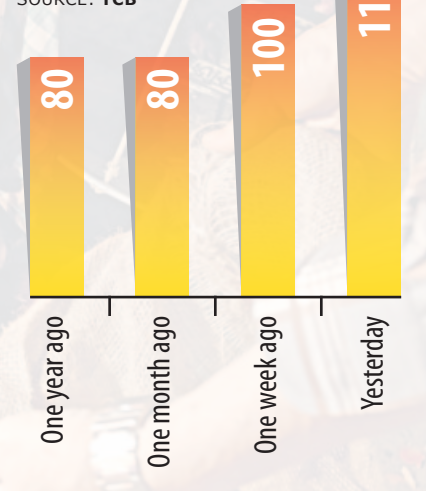
However, traders in Dhaka's Shyambazar area, a major onion-selling hub, claimed that local output was 15 to 20 percent below the agriculture ministry's estimates due to crop damage from adverse weather last February.

Mohammad Abdul Mazed, a wholesaler and general secretary of the Shyambazar Onion Wholesalers Association, said there was a shortage of local onions in the market.

Besides, onion prices are increasing due to low imports from India, Pakistan, Turkey and other countries.

RISE IN ONION PRICES

In taka per kg;
SOURCE: TCB



The onion planting season in Bangladesh begins in October and the crops are harvested in late-April to mid-June.

However, many farmers started selling onions before the start of the harvesting season due to the high prices on offer.

This trend of premature harvesting, combined with the effects of inclement weather, has seen production drop by around 15 to 20 percent compared to the agriculture ministry's estimate, Mazed observed.

READ MORE ON B3

No environmental surcharge for firms for owning more than one car

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has exempted companies and firms from paying the environmental surcharge for owning more than one car.

Only individual taxpayers will be required to pay the surcharge for having second, third, or more cars, particularly sedans, jeeps and minibuses, the NBR said in a circular issued this week.

The tax administration imposed the environmental surcharge on additional vehicles for the first time in fiscal year 2023-24 to discourage their ownership and enable Bangladesh to contain air pollution and meet its commitment to reducing carbon emissions.

In the first year, the NBR imposed a surcharge on all taxpayers, including companies and firms, on ownership of more than one car. The tax authority said the surcharge would be applicable for ownership of each car in excess of one.

If the engine capacity of the second vehicle was up to 1,500cc or 75 kilowatts, the NBR collected Tk 25,000 as a surcharge.

The surcharge goes up as the engine capacity of the vehicles increases.

For example, it slapped Tk 50,000 as a surcharge on the ownership of a second car with higher engine capacity – between 1,500cc and 2,000cc or 75 kilowatts and 100 kilowatts.

The surcharge is Tk 3.50 lakh if the engine capacity of the vehicle is 3,500cc or 175 kilowatts, according to the NBR notification.

The tax administration has kept the rate of surcharge against the engine capacity of cars unchanged for FY25 but said it would only be applicable for individual taxpayers.

A senior official of the NBR said it exempted companies and firms from payment of the surcharge since the Bangladesh Road Transport Authority (BRTA) is yet to prepare a proper database of ownership of vehicles by companies. **READ MORE ON B2**

India's inflation seen up in June

REUTERS, Bengaluru

India consumer price inflation probably edged up in June, snapping five months of declines, largely because of a jump in vegetable prices caused by the damage to crops wrought by extreme weather, according to a Reuters poll of economists.

Prices of tomatoes, onions, and potatoes - staples in every Indian kitchen - surged by double digits last month as extreme heat and heavy floods in India's northern states disrupted agricultural production.

The July 5-9 Reuters poll of 54 economists forecast consumer price inflation rose to 4.80 percent last month on a year earlier, up from 4.75 percent in May.

Food accounts for around half the overall CPI basket.

Forecasts for the data, due on July 12 at 1200 GMT, ranged from 4.10 percent to 5.19 percent.

"A sharp spike in vegetable prices along with cereals and pulses kept food inflation at higher levels and nullified the softness in eggs, fruits, and spices prices," said Kanika Pasricha, chief economic advisor at Union Bank of India.

Prime Bank, REVE Group sign deal on payroll banking



M Rezaul Hassan, group chief executive officer of REVE Group, and Md Nazeem A Choudhury, deputy managing director of Prime Bank, pose for photographs after signing an agreement at the bank's corporate office in the capital's Gulshan yesterday. PHOTO: PRIME BANK

STAR BUSINESS DESK

Prime Bank signed a payroll banking agreement with REVE Group, a prominent player in technology and the readymade garment industry, aimed at enhancing banking services for the latter's employees.

Md Nazeem A Choudhury, deputy managing director of the bank, and M Rezaul Hassan, group chief executive

officer of REVE Group, penned the deal at the bank's corporate office in the capital's Gulshan yesterday, according to a press release.

Under the agreement, the bank will extend exclusive benefits to REVE Group employees, including preferential offers in accounts, credit cards, loans, and digital banking solutions.

These offerings are designed to empower employees with enhanced

financial flexibility and seamless banking experiences.

Md Asif Bin Idrish, head of commercial banking of the bank, Anup Kanti Das, head of payroll banking, and Mehedi Zaman Khan, team head of commercial banking, were present.

Md Shahidul Islam, deputy chief financial officer of REVE Group, along with other senior officials from both organisations were also present.

Zakia Rouf Chowdhury re-elected as vice-chairman of Bank Asia

STAR BUSINESS DESK



Zakia Rouf Chowdhury was recently re-elected vice-chairman of Bank Asia at a meeting of the bank's board of directors.

Chowdhury has an illustrious business career of more than 35 years in the private sector of Bangladesh, the bank said in a press release.

She has held leadership positions at several concerns of Rangs Group, one of the largest business groups in Bangladesh.

Presently, she serves as the chairman of Sea Resources Group, Rangs Pharmaceuticals, Rangs Construction, Rangs-Agro Industries, and Zhen Natural. Chowdhury is also managing director of Rangs Real Estate and Rangs Food & Beverage.

She is one of the directors of Rangs, Rangs Motors, Rangs Properties, Rangs Autos, Rangs Interior, Rangs Appliance, and a few other Rangs concerns.

Oil edges higher

REUTERS, London

Oil prices rose on Wednesday on expectations that US crude and gasoline inventories fell last week, but further gains were limited by the restart of output in the US Gulf as the threat from Hurricane Beryl faded and slack Chinese consumer demand.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JULY 2, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 78	0	2.22 ↑
Coarse rice (kg)	Tk 48-Tk 52	-3.85 ↓	2.04 ↑
Loose flour (kg)	Tk 40-Tk 45	-8.05 ↓	-20.56 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 155	1.01 ↑	-12.28 ↓
Potato (kg)	Tk 56-Tk 65	5.22 ↑	45.78 ↑
Onion (kg)	Tk 105-Tk 115	41.94 ↑	46.67 ↑
Egg (4 pcs)	Tk 45-Tk 50	-10.38 ↓	-1.04 ↓

SOURCE: TCB

Community Bank signs LTFF agreement with Bangladesh Bank

STAR BUSINESS DESK

Community Bank Bangladesh signed a participating agreement with Bangladesh Bank under its Long-Term Financing Facility (LTFF) to finance small, medium and large export-oriented manufacturing firms.

Liza Fahmida, director of the Financial Sector Support and Strategic Planning Department of the central bank, and Masihul Huq Chowdhury, managing director of Community Bank Bangladesh, penned the deal at the BB headquarters in Motijheel recently, according to a press release.

The LTFF will be funded by the Bangladesh Bank to continue providing long-term financing for private sector firms in US dollars with a view to contributing to the national economy with increased outputs, job creation and economic growth.

Md Habibur Rahman, deputy governor of Bangladesh Bank, attended the signing ceremony.

Husne Ara Shikha, executive director of the BB, Hasi Rani Bepari, head of credit risk management of Community Bank, ZM Masir Bin Quddus, head of credit administration department, and other senior officials from both organisations were present.



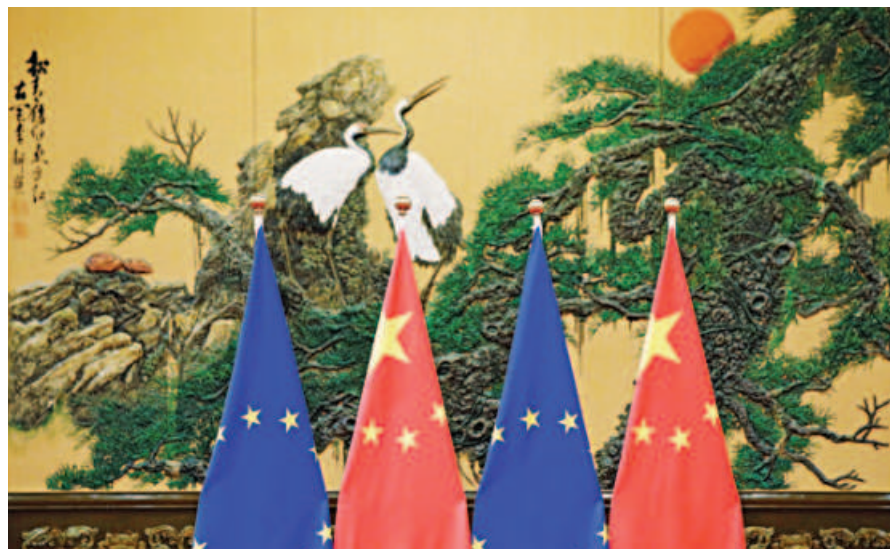
Liza Fahmida, director of the Financial Sector Support and Strategic Planning Department of the Bangladesh Bank, and Masihul Huq Chowdhury, managing director of Community Bank Bangladesh, pose for photographs after signing an agreement at the BB headquarters in Motijheel recently. PHOTO: COMMUNITY BANK BANGLADESH

China to launch probe into EU foreign subsidy investigations

AFP, Beijing

Beijing said Wednesday it is kicking off a formal probe into EU practices after the bloc launched an anti-subsidy investigation of a range of Chinese transport and green energy firms.

Trade tensions between Beijing and Brussels have spiralled in recent months, with the European Union taking aim at China's support for its renewables and electric-vehicle sectors in particular.



Flags of the European Union and China are pictured during an event in Beijing. PHOTO: REUTERS/FILE

China has denied that its industrial policies are unfair and has repeatedly threatened retaliation to safeguard its companies' legal rights and interests.

Its commerce ministry said Wednesday it would "conduct a trade and investment barrier investigation into the relevant practices adopted by the EU in its investigation of Chinese enterprises".

The probe followed a complaint made by the national chamber of commerce for importing and exporting machinery and electronics, the ministry said in a statement.

The complaint mainly dealt with "products such as railway locomotives, photovoltaics, wind power and security

inspection equipment", it said.

The ministry added that the probe would examine the EU's "preliminary reviews, in-depth investigations and surprise inspections of Chinese enterprises".

It said the investigation would likely last until January 10, 2025, but may be extended by a further three months under "special circumstances".

The EU has previously launched similar probes into Beijing's support

No environmental

FROM PAGE B1

Officials cannot properly track the ownership of cars by firms and companies during the renewal of registration or issuance of fitness certificates, the official said.

"They can do this for individual taxpayers. So, we have kept the surcharge payments for individual taxpayers," he said.

As per the NBR's circular, taxpayers must pay the surcharge during the renewal of fitness certificates.

The NBR also imposed conditions for the renewal of fitness certificates in the circular.

It imposes higher taxes

if owners of vehicles, including those operated commercially, fail to show proof of submission of income tax returns for the current fiscal year, according to the circular.

As of June this year, Bangladesh had 61 lakh registered vehicles. Of those, the number of private passenger cars, minibuses, and jeeps stood at 6.3 lakh, according to BRTA data.

The NBR collected Tk 1,575 crore in taxes from the issuance of fitness certificates and renewal of registration in FY21, which was 48 percent higher compared to the previous year.

China's GDP

FROM PAGE B4 prices for this year, well below the government's target of around 3 percent, before picking up 1.5 percent in 2025.

The government releases second-quarter GDP data and June retail sales, industrial production and investment data at 0200 GMT on July 15.

To counter soft domestic demand and a property crisis, China has boosted infrastructure investment and ploughed funds into high-tech manufacturing.

Central bank governor Pan Gongsheng last month pledged to stick to a supportive monetary policy stance and said the bank

will flexibly use policy tools including interest rates and reserve requirement ratios to support economic development.

But the central bank is likely to be wary of cutting lending rates further as aggressive easing could trigger more capital outflows from China's struggling financial markets and pressure the yuan, which slid to near eight-month lows against the greenback.

It may also hurt banks already battling margin pressures, prompting pay cuts for employees. Analysts say more job losses and pay cuts would intensify deflationary risks.

Global oil market

FROM PAGE B4

The market could flip to a surplus again from the third quarter of next year if Opec+ unwinds production cuts, the EIA said. The producer group said last month that it would slowly unwind some voluntary cuts from October.

"We anticipate that

the market will gradually return to moderate inventory builds in 2025 after the expiration of voluntary Opec+ supply cuts in 4Q24 and after forecast supply growth from countries outside of Opec+ begins to offset growth in global oil demand," EIA said.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
নির্বাহী প্রকৌশলী (সওভ), এর কার্যালয়
সড়ক বিভাগ, শেরপুর
টেলিফোন নম্বর: ০৯৩১-৬১১৫১; ফ্যাক্স ০৯৩১-৬১৮২১
E-mail: ecshed@rhd.gov.bd

স্মারক নং-৩৫.০১.৮৯০০.৪৭০.৪৯১.২৪-৯৮৩ তারিখঃ ০৮/০৭/২০২৪ইং

সীমিত দরপত্র পদ্ধতিতে ঠিকাদার তালিকাভুক্তি/লাইসেন্স নবায়ন বিজ্ঞপ্তি

এতদ্বারা সর্বশ্রেষ্ঠ সর্বস্বত্বের অব্যবহিত জনা জানানো যাচ্ছে যে, নিম্নবর্ণিত সময়সূচি মোতাবেক সড়ক বিভাগ, শেরপুর এর ২০২৪-২০২৫ অর্থ বছরের সীমিত দরপত্র পদ্ধতিতে ঠিকাদার তালিকাভুক্তি/লাইসেন্স নবায়ন করা হবে। অগ্রাহী ব্যক্তি/প্রতিষ্ঠানকে ঠিকাদারী লাইসেন্স নবায়ন/তালিকাভুক্তি করার জন্য অনুরোধ করা হলো।

বিবরণ	নবায়ন ফি	ভাট ১৫%	বিনা জরিমানার নবায়নের সময়সীমা	৫০% জরিমানার নবায়নের সময়সীমা	১০০% জরিমানার নবায়নের সময়সীমা
ঠিকাদারী লাইসেন্স নবায়ন	২০০০.০০	৩০০.০০	০৮/০৭/২০২৪ ইং হতে ০৭/০৮/২০২৪ ইং পর্যন্ত	০৮/০৮/২০২৪ ইং হতে ০৭/০৯/২০২৪ ইং পর্যন্ত	০৮/০৯/২০২৪ ইং হতে ০৭/১০/২০২৪ ইং পর্যন্ত

বিবরণ	তালিকাভুক্তি ফরমের মূল্য	তালিকাভুক্তি ফি	ভাট ১৫%	তালিকাভুক্তি ফরম সংগ্রহ ও জনা প্রদানের সময়সীমা
ঠিকাদারী তালিকাভুক্তি	১০০০.০০	৫০০০.০০	৭৫০.০০	০৮/০৭/২০২৪ইং হতে ০৭/০৮/২০২৪ইং পর্যন্ত

শর্তাবলী:

- ২০২৪-২০২৫ অর্থ বছরের লাইসেন্স নবায়নের জন্য অত্র দপ্তরের হিসাব শাখায় লাইসেন্স নবায়ন ফি ও ভাট জমা পূর্বক মনি রশিদ সংগ্রহ করতে হবে।
- ঠিকাদার তালিকাভুক্তির জন্য ১০০০ (এক হাজার) টাকা মূল্যের তালিকাভুক্তি ফরম অত্র অফিস হতে সপ্তাহপূর্বক ফরমে উল্লিখিত সকল শর্তাবলী পূরণ করে দাখিল করতে হবে। তালিকাভুক্তি কমিটি কর্তৃক ব্যাই-বাই অথবা উত্তীর্ণ ব্যক্তি/প্রতিষ্ঠানের তালিকাভুক্তি ফি গ্রহণপূর্বক ঠিকাদার তালিকাভুক্তি করা হবে।
- নির্ধারিত তারিখে পরে কোনক্রমে ঠিকাদারী লাইসেন্স নবায়ন/তালিকাভুক্তি ফি গ্রহণ করা হবে না।
- ঠিকাদারী লাইসেন্স নবায়ন/তালিকাভুক্তির ক্ষেত্রে কর্তৃপক্ষের সিদ্ধান্তই চূড়ান্ত বলে গণ্য হবে।
- লাইসেন্স নবায়নের ক্ষেত্রে শুধুমাত্র ২০২৩-২০২৪ অর্থ বছরে নবায়নকৃত লাইসেন্স বহিঃ ২০২৪-২০২৫ অর্থ বছরে নবায়ন করা হবে।

০৮/০৭/২৪
মোঃ শাকিল ইসলাম
পরিচিতি নং-৬০২২৭২
নির্বাহী প্রকৌশলী (সওভ), সওভ
শেরপুর সড়ক বিভাগ, শেরপুর

Construction cost on the rise: BBS

MD ASADUZ ZAMAN

The construction cost index in Bangladesh hit 6.01 percent in May, making it costlier to implement both public and private construction projects, according to the Bangladesh Bureau of Statistics (BBS).

As per the Building Materials Price Index (BMPI), overall construction costs saw month-on-month growth of 0.06 percentage points from 5.95 percent in April this year.

After falling in March and April, the BMPI climbed back to its highest level since February, when it stood at 6.02 percent, data from the state-run statistical agency shows.

The BBS released its updated BMPI after compiling the cost of three key components: building materials, transport and labour charges.

The cost of transportation registered month-on-month growth of 0.26 percentage points to reach 5.83 percent in May. Similarly, the growth in labour costs stood at 6.18 percent, up by 0.05 percentage points from April.

The price of building materials also increased, rising by 0.06 percentage points to reach 5.96 percent in May, BBS data shows.

"The higher price of building materials has slowed overall construction work," said Bimal Chandra Roy, president of the Bangladesh Association of Construction Industry.

Most contractors are under pressure as they had signed contracts years earlier, when construction costs were lower. Prices have gone up since, but their funding has not risen at the same pace.

"There is a big gap between the actual price and contract price," Roy added.

The devaluation of the taka against the US greenback is one of the major reasons for the increase in construction costs, he explained.



The higher prices of building materials have slowed overall construction work, industry people said.

PHOTO: STAR/FILE

In May 2023, each US dollar fetched around Tk 108. But that figure climbed by 9 percent to Tk 117 per dollar in May this year, according to Bangladesh Bank.

Amid inflationary pressures, labour and transportation costs have also risen, he said. To arrange labourers for construction work, we have to spend more to ensure food and accommodation, Roy added.

The recently passed budget for fiscal year 2024-25 has only intensified the pressure on contractors, he lamented.

For example, local importers have to pay higher duties to import excavators

from this fiscal year.

Roy, also managing director of Next Spaces Limited, pointed out some barriers for domestic contractors, saying: "A foreign company can easily import an excavator with zero duty."

So, in terms of competitiveness, it is very difficult for domestic firms to match some foreign firms based in India and China, he said.

Md Emdadul Haque, director of the Real Estate and Housing Association of Bangladesh, said the BBS's estimates on building materials were mostly reflected by the market.

"We require around a hundred types of building materials from the backward linkage industries. Most of the spare parts for equipment have risen by around 20-30 percent recently," he said.

"We always remain in fear of which material's price will rise. When the price of any raw material goes up swiftly, it does not drop that way," added Haque, also managing director at Haque Home & Builders Limited.

"For example, if the price of a tonne of rods increases by Tk 10,000 at once, it reduces phase by phase by around Tk 2,000 or Tk 3,000," he said.

Three lenders on sustainable financing list for fourth year

STAR BUSINESS REPORT

Two banks and one non-bank financial institution (NBFI) have featured as the top lenders in sustainable financing for the fourth year in a row, according to the Sustainability Rating 2023 report published by the Bangladesh Bank yesterday.

The latest rating showed that BRAC Bank and City Bank have been part of the list since the BB launched the rating in 2020 alongside IDLC Finance.

The number of banks and financial institutions on the list increased to 13 in 2023, from 11 the previous year, as per the BB report.

The central bank introduced the rating four years ago to encourage lending to green, environment-friendly initiatives and sustainable agriculture.

The rating also listed Eastern Bank, Exim Bank, Jamuna Bank, Mutual Trust Bank, Trust Bank and Uttara Bank as the top sustainable banks, with IPDC Finance and United Finance featuring under the NBFI category.

The central bank considers financing green projects, sustainable agriculture, and cottage, micro, small, and medium enterprises as sustainable financing.

It also considers the performance of the lenders in giving access to sustainable finance for women, in-house green banking and environment and social risk management compliance.

Moreover, the BB evaluates the sustainability criteria of the banks by analysing factors like intervention by the directors of the financial institutions, capacity-building initiatives, and sustainable finance disclosures among others.

Dollar dithers on Powell caution

REUTERS, Tokyo/London

The dollar traded near three-week lows on Wednesday as a cautious tone from Federal Reserve Chair Jerome Powell kept risk sentiment in check, while the New Zealand dollar fell after the country's central bank signaled it saw potential for rate cuts.

In the first day of his testimony to Congress overnight, Powell said a rate cut is not appropriate until the Fed gains "greater confidence" that inflation is headed toward the 2 percent target, setting the stage for Thursday's consumer price index (CPI) report for June.

Powell did acknowledge that the labour market, which had been a major source of concern for Fed

policymakers, is cooling. "We now face two-sided risks", and can no longer focus solely on inflation, he said.

The dollar index, which measures the US currency against six others including the euro and yen, was little changed at 105.09, after rising about 0.1 percent on Tuesday.

It had dipped on Monday to the lowest since June 13 following unexpectedly soft US payrolls data.

Traders now have around 73 percent odds for a rate cut by September, slipping from 76 percent a day earlier, the CME FedWatch tool showed, with a second reduction mostly priced in by December.

With CPI, which could influence investor thinking on the timing of the first US rate cut, imminent, the

currency market would likely trade in a holding pattern for the coming day, analysts said.

"Powell did not really tell us anything new to be honest, he was quite cautious and, again, was repeating what he was already telling us after the last meeting," Commerzbank FX strategist Michael Pfister said.

"The market is probably waiting for CPI, which - I think - is the only thing this week of importance."

Following his testimony to the Senate, Powell is scheduled to speak before the House later in the day.

The euro held at \$1.0815, below Monday's one-month high, as investors brace for a political deadlock in France in the wake of the shock election win for the country's leftist alliance.

People's Leasing suffered Tk 316cr loss in 2022

STAR BUSINESS REPORT

People's Leasing and Financial Services Ltd's loss declined by nearly 21 percent year-on-year to Tk 316.27 crore in 2022.

The loss was Tk 399.90 crore in

2021.

Thus, the loss per share stood at Tk 11.08 in 2022 while it was Tk 14.01 in negative in 2021, according to the audited financial statements. The net asset value per share was Tk 124.56 negative against Tk 114.17 a year prior.

The net operating cash flow per share stood at Tk 1.21 on December 31, 2022 against Tk 1.57 on the same day a year ago. Shares of the non-bank financial institution closed unchanged at Tk 3.60 on the Dhaka Stock Exchange today.

New rules in the making

FROM PAGE B1

The ninth governor of the BB said he did not allow the government to take any loans from the central bank.

Farashuddin said he depreciated the currency several times before informing the then finance minister though the power was vested with the finance ministry.

The seventh governor of the BB said there were strict policies about the number of people who could sit on a board of banks and their tenure.

However, in recent years, the rules have been relaxed. For example, the forbearance for loan repayments and the relaxed loan rescheduling policy had been offered by the central bank. Still, it has failed to rein in the upward trend of non-performing

loans (NPLs).

Another mistake on the part of the BB was to introduce a 9 percent lending rate ceiling in April 2020, which made loans cheaper. The interest rate was made market-based only on May 8 this year following advice from the IMF.

"Loan rescheduling is being allowed nine or ten times too. Interest waiver was given but it has to be stopped," Farashuddin added.

The IMF said some provisions of the order have given the government power that could constrain the BB's ability to "do whatever it takes" to achieve its objectives of price stability.

"The BBO section 82 also places the BB under the de facto control of the government of Bangladesh," it said.

A provision of the order called for establishing a council comprising the finance and commerce ministers, the governor, the secretary of the finance division, the secretary of the Internal Resources Division, and a member of the Planning Commission, for the co-ordination of fiscal, monetary and exchange rate policies.

The BB will ensure that the macro-economic framework as coordinated by the council is reflected in the policies of the BB, according to the provision.

"Therefore, the autonomy of the BB is not guaranteed," the IMF said.

The establishment of a dedicated body chaired by the ministry of finance to perform such coordination could also constrain BB actions in times of pressures, it added.

Actual export, NPL data to be available

FROM PAGE B1

Talukder said banks in Bangladesh make long-term loans on the basis of short-term deposits whereas large borrowers in other countries go to the stock market to raise funds while they turn to the banking system for working capital.

"Both happened in Bangladesh," said the governor. "If we can't get out of this, it will be difficult to reduce the NPLs."

The central bank has unveiled a roadmap to reduce the bad loans.

The BB has fixed a target to reduce bad loans at the state-run banks to 10 percent by 2026. The target for private commercial banks is 5 percent.

The meeting source said that the central bank is going to announce a contractionary monetary policy again to lower the inflation rate to 6.5 percent.

The BB has taken some measures to curb price pressure, but the steps are yet to yield the expected results. Thus, inflation averaged 9.73 percent

in the just-concluded fiscal year, meaning it remained above 9 percent for the second year in a row.

Selim RF Hussain, managing director of BRAC Bank, Md Afzal Karim, managing director of Sonali Bank, Sayama Haque Bidisha, a professor of the economics department under the University of Dhaka, representatives from the business community and the Economic Reporters' Forum, and senior officials of the central bank were present at the meeting.

Why are onion prices rising abruptly?

FROM PAGE B1

As the prices are high, some of the traders in the supply chain are holding onto onions anticipating further hikes. Due to this, the supply has been squeezed and the price has increased abruptly, he added.

Dipankar Ghosh, organising secretary of the Clearing and Forwarding Agents Association at the Bhomra land port in Satkhira, said onion imports from India were halted for four to five months recently due to high prices after Bangladesh's

neighbour had lifted an export ban on the kitchen essential in May.


After lifting the export ban, which it originally imposed in December last year, India imposed 40 percent duty on exports of the vegetable.

Onion prices also increased in India due to lower production, said Gosh. As a result, the price of imported onions is very high in Bangladesh, which is unusual.

As a result, demand for local onions increased. Shahadat Hossain, senior

agricultural marketing officer of the Department of Agricultural Marketing in Faridpur, one of the major onion growing hubs, said many onions are rotting due to frequent rains at present. So, the price of onions is increasing.

In February, newly harvested onions were sold for Tk 80-100 in Dhaka. In March, the price exceeded Tk 120 before decreasing slightly and increasing again in April. Ahead of Eid-ul-Azha last month, the price of onions hit Tk 120-125 before easing again.



Government of the People's Republic of Bangladesh
Chattogram City Corporation
Tiger Pass, Chattogram
www.ccc.org.bd

Dated: 10/07/2024

Memo No. 46.11.1600.002.38.547.24.10

e-Tender Notice-CCC.CONG.MECH.July-1/2024

This is an online tender where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender documents of following packages from the National e-GP System Portal have to be deposited online through any registered bank branches up to particular date specified on tender notice.

Sl No.	Package No.	Name of works	Tender ID	Tender/proposal document last selling/ downloading date and time	Last date and time for tender/proposal security submission
1.	CCC.MECH 38-002-547	Renovation / Repair of Eicer Dump Truck Chassis No. 274299 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine and outfitting etc.	991306	24-July-2024 13:30	24-July-2024 14:30
2.	CCC.MECH 38-002-403	Renovation / Repair of Eicer Dump Truck Chassis No. 386389 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine overhauling, gearbox, body, cabin, denting, painting and outfitting etc.	999536	24-July-2024 13:30	24-July-2024 14:30
3.	CCC.MECH 38-002-323	Renovation/Repair of Eicer Dump Truck Chassis No. 387676 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine overhauling and outfitting etc.	1002312	24-July-2024 13:30	24-July-2024 14:30
4.	CCC.MECH 38-002-404	Renovation/Repair of Eicer Dump Truck Chassis No. 387968 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine overhauling, gearbox, body, cabin, denting, painting and outfitting etc.	1002313	24-July-2024 13:30	24-July-2024 14:30
5.	CCC.MECH FN 873/1	Supply of various spare parts of 18 vehicles used for garbage removal works under Chattogram City Corporation.	1002314	24-July-2024 13:30	24-July-2024 14:30
6.	CCC.MECH 38-002-401	Renovation Repair of Eicer Dump Truck Chassis No. 387975 (Model-10.75) used for garbage removal works under Chattogram City Corporation including vehicles engine overhauling, gearbox, body, cabin, denting, painting and outfitting etc.	1002481	24-July-2024 13:30	24-July-2024 14:30
7.	CCC.MECH 38-002-2024	Renovation/Repair of Isuzu Compector Chassis No. 7000024 (Model-FVR23) used for garbage removal works under Chattogram City Corporation including vehicles cabin, denting, painting and outfitting etc.	1002482	24-July-2024 13:30	24-July-2024 14:30
8.	CCC.MECH 38-03-2024	Renovation/Repair of Isuzu Compector Chassis No. 7000043 (Model-FVR23) used for garbage removal works under Chattogram City Corporation including vehicles cabin, denting, painting and outfitting etc.	1002483	24-July-2024 13:30	24-July-2024 14:30
9.	CCC.MECH 38-01-2024	Supply of new chairs and tables for use in office work of officers of Engineering Department (Mechanical) section under Chattogram City Corporation.	1002484	24-July-2024 13:30	24-July-2024 14:30
10.	CCC.MECH FN 38-34/24	Excavation, transportation and removal of soil at a safe distance by excavators/dump trucks/labourers etc. from Canal next to the Commerce College Ladies Hostel, Ward No. 29, West Madarbari under Chattogram City Corporation.	997360	24-July-2024 13:30	24-July-2024 14:30
11.	CCC.MECH FN 333	Supply of various spare parts for total 21 Nos. of Traily including Traily No. 46,52,54,39,49,56,60,62,63,66,67,76,80,84,85,86,87,88,89, 90,91 engaged in garbage removal works under Chattogram City Corporation.	1002485	24-July-2024 13:30	24-July-2024 14:30
12.	CCC.MECH CON38-002-396	Renovation Repair of Container Mover Chassis No. 45067 (Model-FM657FDR) used for garbage removal works under Chattogram City Corporation including vehicles Cabin, Body and others Accessory Parts etc.	1002514	24-July-2024 13:30	24 July-202 14:30

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk (<http://www.eprocure.gov.bd>).

CCC/PRD-02/24-25(10x4)

Gd-39

Cdr Latiful Haq Kazmi (L), psc, BN
Chief Conservancy Officer
Chattogram City Corporation
Tiger Pass, Chattogram

Losses of state enterprises may rise fivefold in FY25

AM JAHID

The overall losses of state-owned enterprises in Bangladesh may rise by nearly five times in the current fiscal year compared to the previous year, according to a projection by the government.

A monitoring cell of the finance division under the finance ministry conducted a budgetary analysis of 50 entities under seven sectors.

Of them, six entities fall under the industrial sector, six under power, gas and water, eight transport and communication, three commercial, two agriculture and fisheries, six construction and 18 under the service sector.

The entities will end up making an overall loss of Tk 28,047.97 crore in fiscal year 2024-25, which started off this month.

This is 4.68 times higher than the total loss of Tk 5,989.87 crore incurred in FY24.

In FY25, the total earnings of the enterprises are estimated to be Tk 401,689.01 crore while the overall expense has been projected at Tk 429,736.98 crore.

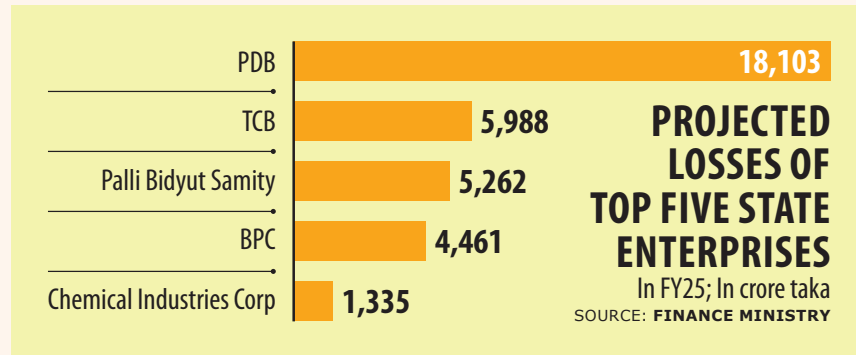
The enterprises earned Tk 369,800.73 crore while they spent Tk 375,790.60 crore in the last fiscal year, according to the data from the Finance Division of the finance ministry.

The net loss of the state-owned enterprises was Tk 138.04 crore in fiscal year 2022-23.

Although most of the companies are making a profit their successes

are being eclipsed by the performance of only 13 enterprises, including Bangladesh Power Development Board (BPDB) and the Trading Corporation of Bangladesh (TCB), according to the finance division's data.

The total loss of the 13 enterprises is projected to stand at Tk 36,144.93 crore in the current fiscal year.



Although the government has taken different austerity measures since the Covid-19 pandemic, the expenditures of the state-owned companies have been spiralling over the years.

The sharp rise in the losses of the state-owned companies has raised concerns among experts as a lingering macroeconomic crisis has gravely impacted people from all walks of life.

This is especially significant for the low and middle-income groups, who make up the major portion of the country's population of 170 million.

A better picture could be gleaned if the figures of profit and loss of the state-owned entities are audited by audit

firms of an international standard, Golam Moazzem, research director of the Centre for Policy Dialogue, told The Daily Star.

Because in the past, it has been observed that there is a huge gap in the estimation and realisation of profit or loss of various organisations, he said.

"Besides, many of the entities

are service providers who have no competitor in the market. They are making a profit due to their advantageous position as they are the single company in the market," he said. "So, questions remain about how much profit they would have had under a competitive market mechanism," he said.

He said the loss of the service providing enterprises, such as the TCB, are understandable because they provide essential food commodities at subsidised prices specifically to low-income people.

However, losses of entities like the Power Development Board year after

year are resulting from poor planning and policy decisions, Moazzem said.

Moreover, alternative modes of operations could be adopted for some of the manufacturing entities rather than keeping them afloat by bearing the losses, he added.

The BPDB is expected to incur the biggest loss. The board is likely to incur a loss of Tk 18,103.60 crore alone in FY25.

The board's loss will be almost three times higher in the current fiscal year than the loss it incurred last fiscal year.

In FY24, its loss amounted to Tk 6,117.19 crore, according to the finance ministry's budget documents.

The TCB is likely to incur the second biggest loss in FY25.

The loss is likely to amount to Tk 5,988.47 crore, which is 0.74 percent lower than its last year's loss of Tk 6,033.60 crore.

Palli Bidyt Samity under Bangladesh Rural Electrification Board is projected to take the third spot in terms of the amount of loss incurred in FY25 followed by Bangladesh Petroleum Corporation (BPC) and Bangladesh Chemical Industries Corporation (BCIC).

The loss of Palli Bidyt Samity is likely to be Tk 5,262.42 crore this fiscal year, which is 4.5 percent higher than its previous year's loss of Tk 5,035.48 crore.

The BPC's loss has been projected at Tk 4,461.68 crore, down from last year's loss of Tk 4,875.40 crore while the BCIC is likely to incur a loss of Tk 1,335.42 crore in FY25, which is lower than the previous year's loss of Tk 1,509.44 crore.

Making value chains sustainable

ARIJIT CHAKRABORTI

The EU has enacted new rules on corporate sustainability reporting. On January 5, 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force. This directive requires a broader set of large, small and medium companies, as well as foreign companies with significant revenue from the EU markets to report a wide range of environmental and social parameters.

According to an estimate by PwC, CSRD will apply to about 50,000 businesses within and outside the EU geographic region. As the data and insights pertaining to sustainability become increasingly important for stakeholders – i.e. customers, employees, investors and regulators – this directive is expected to modernise and strengthen the reporting standards. Companies have to apply the new rules from 2024 and their first reports will get published in 2025.

The key objective of the CSRD is not to address the areas within each company, but to bring their entire value chain under itself. As the companies within and outside Europe have been spread across international borders, their value chains have also become global. As a result, many overseas companies, who are suppliers to the European companies or cater to the EU markets are subject to this compliance requirement.

CSRD is expected to impact many organisations in Bangladesh too as they belong to the value chain of many European companies. This is likely to cause a visible change in the readymade garment (RMG) sector, since this sector supplies a significant proportion of manufactured goods from Bangladesh to the EU region. Moreover, some EU-based buying houses have already started rolling out such requirements to their suppliers gradually.

According to PwC's Global CSRD Survey 2024, most companies in the EU region are confident that they will be ready to report under the CSRD. In April-May 2024, PwC surveyed 547 executives and senior professionals across more than 30 countries and territories and prepared this survey report. According to this report, 97 percent of respondents have stated that they are confident about their reporting in 2025.

The survey also revealed that more than half of the respondents who are going to publish their reports in 2025 believe that the CSRD will be instrumental in achieving better environmental performance (57 percent), improved engagement with external and internal stakeholders (52 percent), risk mitigation (51 percent) and better social performance (50 percent).

Therefore, it can be inferred that the organisations in Bangladesh which get covered by these reporting requirements directly or indirectly, will also have to demonstrate good progress in environmental and social sustainability. Not only will they have to report various environmental and social parameters frequently and reliably, they will also have to invest in technology to obtain accurate and frequent data collection and reporting. It should be noted that 59 percent of the respondents of PwC's survey identified data availability and quality as the biggest obstacles in complying with the CSRD requirements.

Most of this data doesn't exist today in the enterprise resource planning (ERP) systems of these companies in Europe, or in the systems of their suppliers who are operating from Bangladesh. As many companies in Bangladesh have been implementing their ERP systems or upgrading their existing ones, it is imperative that they assess their compliance requirements with respect to the CSRD and take affirmative actions. Thereafter, the fundamentals of their strategy on sustainability data – how those will get defined, sourced, governed and processed – must get addressed to maximise their compliance benefits.

In conclusion, organisations in Bangladesh must assess their value chains with respect to the CSRD in order to remain relevant for the EU market. Therefore, it is high time that organisations performed these assessments proactively and recalibrated their strategy.

The writer is a partner with PwC. The views expressed here is his own.

Gold ticks higher

REUTERS

Gold prices eked out gains on Tuesday despite a stronger dollar and higher bond yields, as investors looked forward to the US June inflation data due later this week for more clarity on the US interest rate path.

Spot gold rose 0.2 percent to \$2,363.64 per ounce as of 14:35 p.m. ET (1835 GMT), after dropping more than 1 percent in the previous session. US gold futures settled about 0.2 percent higher to \$2,367.90.

The dollar was up about 0.2 percent against its rivals, making gold more expensive for other currency holders, while benchmark 10-year Treasury yields inched higher.

There's an expectation that the Federal Reserve is more likely to start cutting rates as early as September, which is contributing positively to current market conditions, said Bart Melek, head of commodity strategies at TD Securities.

Recent US economic data pointed to a slackening labour market, cementing expectations that the US central bank is on course to start cutting interest rates soon.

However, Fed Chair Jerome Powell said in congressional testimony on Tuesday that inflation remains above the Fed's 2 percent target, but has been improving in recent months and more good data would strengthen the case for central bank interest rate cuts.

Stocks fall after six days

START BUSINESS REPORT

Stocks in Bangladesh fell yesterday after a six-day gaining streak amid investors' bids to make a quick profit selling off their shares.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), slipped 26.19 points, or 0.47 percent, from that on the day before to close the day at 5,568.45.

The DSE, the index that represents Shariah-based companies, dropped 3.85 points, or 0.31 percent, to 1,219.48.

Meanwhile, the DS30, the index that consists of blue-chip firms, edged down 6.40 points, or 0.31 percent, to 1,958.13.

The day's turnover, meaning the total value of shares that changed hands, decreased 5.09 percent to stand at Tk 967 crore.

Market capitalisation, meaning the total value of a company's shares at present, decreased for travel and leisure, paper and printing and life insurance scrips, according to the daily market update by Shanta Securities.

However, it rose for bank, financial institution and jute stocks.

Total block market turnover stood at Tk 44.3 crore, representing 4.6 percent of the day's total turnover.

Block trades refer to a high-volume transaction in a security that is privately negotiated and executed outside of the open market.

Beach Hatchery was the most traded share with a turnover of Tk 39.2 crore.

Of the issues traded on the prime bourse of the country, 98 went up, 266 closed lower and 30 did not see any price fluctuation.

In its daily market update, BRAC EPL Stock Brokerage said the market closed in the red due to a negative performance by sectors which account for large amounts in market capitalisation.

The DSEX, the benchmark index of Dhaka Stock Exchange, slipped 26.19 points, or 0.47 percent, while turnover decreased 5.09 percent to stand at Tk 967 crore

Engineering experienced the highest loss of 1.35 percent followed by telecommunication (0.56 percent), food and allied (0.56 percent), pharmaceuticals (0.39 percent), fuel and power (0.27 percent), banking (0.58 percent), and non-bank financial institutions (1.01 percent).

Shares of large-cap and blue-chip companies such as Beximco Pharmaceuticals, Olympic Industries, Al-Arafah Islami Bank, Intraco Refueling Station, United Commercial Bank, BRAC Bank, Heidelberg Materials Bangladesh, Southeast Bank, Square Pharmaceuticals

and JMI Hospital Requisite Manufacturing displayed a sublime performance.

Renata, Best Holdings, BAT Bangladesh, Khan Brothers PP Woven Bag Industries, City Bank, Kohinoor Chemicals, Linde Bangladesh, Robi Axiata, GPH Ispat and Beacon Pharmaceuticals' shares suffered losses.

Renata, a pharmaceutical company in Bangladesh, logged a decline of 1.78 percent, followed by Best Holdings, BAT Bangladesh and City Bank with 1.52 percent, 1.38 percent and 1.29 percent, respectively, according to LankaBangla Financials.

GQ Ball Pen Industries topped the gainers' list with a hike of 9.97 percent.

Deshbandhu Polymer, Intraco Refueling Station, Global Heavy Chemicals, Bangladesh Industrial Finance Company, Bangladesh Finance and Gemini Sea Food were also on the gainers' chart.

Aramit shed the most, losing 2.99 percent.

Purabi General Insurance Company, Bangladesh Building Systems, Linde Bangladesh and IT Consultants lost more than two percent.

Sonali Life Insurance Company, Tallu Spinning Mills, Zahintex Industries and Eastern Insurance Company were also on the list of those suffering losses.

Chittagong Stock Exchange (CSE) also witnessed a similar trend as the Caspi, the broad index of the premier bourse of the port city, shed 3.95 points to reach 15,885.66 points.

Global oil market will be in supply deficit next year: EIA

REUTERS, New York

Global oil demand will outpace supply next year, the US Energy Information Administration said on Tuesday, reversing a prior forecast for a surplus.

The change came after Opec+ and its allies, collectively known as Opec+, extended most of their deep oil output cuts into next year at a meeting last month. The producer group has been restricting output since late 2022 to shore up oil markets in the face of weakening demand growth, high interest rates and record US output.

If the market goes into a deficit, refiners will need to drain oil from inventories to meet demand.

The deficit will be smaller next year than this year, the EIA said. Global oil demand will average about 104.7 million barrels per day (bpd) next year, while supply will be around 104.6 million bpd, the EIA said in its monthly short-term energy outlook.

The EIA pegged global demand at around 104.5 million bpd and supply at 104.7 million bpd and in its previous forecast.

Lower Opec+ output is also deepening the supply deficit through the rest of this year, EIA projections showed. World oil demand will exceed output by around 750,000 barrels per day in the second half of 2024, based on EIA's outlook.

Its earlier forecasts showed a smaller deficit of about 550,000 bpd in the second half this year.

Withdrawals from global inventories will push oil prices higher, EIA said. Global benchmark Brent crude prices will average \$89 a barrel in the second half this year, up from \$84 a barrel in the first half, it said. READ MORE ON B2

China's GDP recovery likely lost steam in Q2 as consumption sags: poll

REUTERS, Beijing

China's economy likely grew 5.1 percent in the second quarter from a year earlier, slowing from a strong start in the first three months due to sluggish consumer demand, keeping alive expectations Beijing will need to unleash more stimulus.

While that kind of growth would keep China's full-year target of around 5 percent in reach, policymakers still need to deal with a protracted property crisis, weak domestic demand, a sliding yuan and trade disputes with the West.

Gross domestic product (GDP) in the world's second-biggest economy is expected to expand 5 percent in 2024 year-on-year, according to the median forecast of 82 economists polled by Reuters. Analysts then tip slower growth of 4.5 percent for 2025.

A further slowdown in the second half of 2024 could prompt policymakers to ramp up economic support, which is now mostly reliant on overseas demand, analysts said.

Investors are watching next week's key party leaders gathering for hints on the policies to address these challenges that go beyond industrial upgrades.



The photo shows residential buildings under construction by Chinese real estate developer Vanke in Hangzhou, in eastern China's Zhejiang province. Despite the continued housing crisis, China's economy breathed a sigh of relief in the first half thanks to its robust exports.

PHOTO: AFP/FILE

Policy advisers also believe China could unveil tax and fiscal reforms to allow debt-laden local governments to get more tax revenues to help ease pressures on local finances.

The projected second-quarter growth

would be slower than the first quarter's 5.3 percent growth and the weakest since the third quarter of 2023.

The Reuters poll expects GDP growth would slow further to 4.8 percent and 4.7 percent in the third and fourth quarters,

respectively.

"Despite the continued housing crisis, China's economy breathed a sigh of relief in the first half thanks to its robust exports, which in turn were driven by some rebalancing forces and property-related policy measures," said Ting Lu, Nomura chief China economist, in a note on Wednesday.

However, he expected headline GDP growth may slow markedly to 4.2 percent year-on-year in the second half from around 5 percent in the first half, "unless Beijing ramps up stimulus by speeding up fund injections significantly for completing unfinished pre-sold homes."

Authorities in May allowed local state-owned enterprises to buy unsold completed homes, with the central bank setting up a 300 billion yuan (\$41.23 billion) lending loan facility for affordable housing. Analysts say markets now need to be more patient for additional property-supporting measures.

China's June consumer inflation missed expectations, official data showed on Wednesday, indicating deflationary risks persist.

Analysts polled by Reuters estimate a 0.6 percent rise in China's consumer

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