

Stocks end week with a jump

STAR BUSINESS REPORT

Bangladesh's stock market ended higher yesterday due to a rise in confidence among investors as normalcy was returning following the students' quota reform movement and the subsequent unrest.

The DSEX, the key index of the Dhaka Stock Exchange (DSE), soared 1.01 percent compared to the previous day to hit 5,333.94, marking its gaining momentum for the second consecutive day.

Similarly, the DSES index of Shariah-compliant companies grew 0.99 percent to 1,165.38, while the DS30 index of blue-chip firms climbed 0.78 percent to 1,900.85.

A Dhaka-based investor said investors are getting their confidence back as the market is gradually improving.

The market's average turnover increased 45.85 percent to Tk 47.9 crore compared to the previous day's trading session.

Techno Drug topped the turnover list with a rise of

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9.86 percent followed by Agni Systems (3.31 percent), Sea Pearl Beach Resort and Spa (5.51 percent) and Heidelberg Materials Bangladesh (3.01 percent).

The pharmaceuticals sector dominated the turnover chart and accounted for 23.98 percent of the day's total market turnover.

The market's turnover of block trades, meaning high-volume security transactions that are privately negotiated and executed outside the open market for that security, stood at Tk 26.9 crore, representing 4.9 percent of the overall market.

Techno Drugs was the most traded share with a turnover worth Tk 52.4 crore.

Market capitalisation increased for travel and leisure, paper and printing and financial institutions scrips, according to the daily market update by Shanta Securities.

All the large-cap sectors posted a positive performance yesterday, according to the BRAC EPL Stock Brokerage.

Non-bank financial institutions sector (NBFI) posted the highest gain of 2.60 percent followed by engineering (1.32 percent), and pharmaceuticals (0.88 percent).

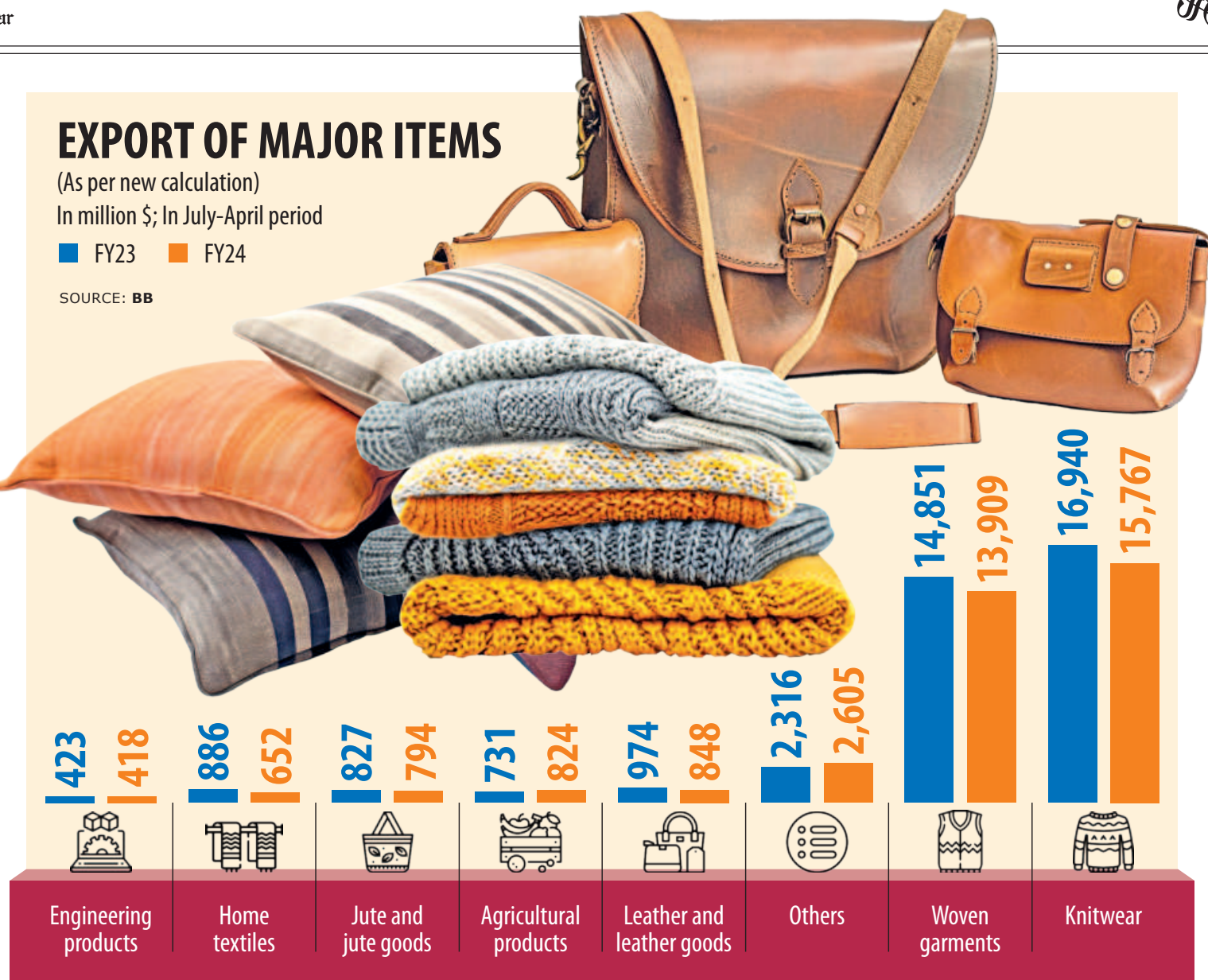
EXPORT OF MAJOR ITEMS

(As per new calculation)

In million \$; In July-April period

■ FY23 ■ FY24

SOURCE: BB



Apprehensions rife over future exports

Fears grow following fall in shipments last year, ongoing unrest

JAGARAN CHAKMA

The ongoing unrest and curfew have raised apprehensions over Bangladesh's future exports on the back of data corrections by Bangladesh Bank showing that almost all major sectors suffered a drop in shipments last fiscal year.

The situation has been exacerbated by the fact that Bangladesh is in dire need of foreign currencies to prop up dwindling foreign exchange reserves, which have dropped to just \$20.48 billion as of July 31 of this year.

Protests since July 15 over reforming public job quotas led to the deaths of at least 204 people and massive destruction of government property.

The authorities imposed a curfew on July 20 to contain the situation. Public and private offices are running under relaxed curfew times and economic activities are yet to return to normal.

The central bank found the export data mismatch in reports prepared by the Export Promotion Bureau (EPB) and the National Board of Revenue (NBR) for the July-April period of fiscal 2023-24.

The actual exports amounted to \$33.67 billion, nearly \$14 billion below the value earlier published, representing a 6.8 percent year-on-year fall in exports.

Among the products, knitwear exports, which account for over a third of the country's total export earnings, declined 6.93 percent. Similarly, export of woven garments, which account for a similar portion of the total shipments, declined 6.34 percent.

The scenario was the same for all the sectors, except for agricultural products, plastic and chemicals.

"The buyers are in uncertainty and anxious

over the unrest and on whether the exporters will be able to deliver the products," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

The apparel sector faced direct losses of \$800 million as exporters had to offer discounts and bear port demurrages for missing lead times and shipment deadlines, he told The Daily Star.

Besides, Bangladesh missed out on receiving exports orders amounting to at least \$3 billion during the last 12 days as those were not placed for the unrest, he said.

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Hatem feared that those orders were placed in countries comparatively similar to Bangladesh.

Fortunately, previous work orders were not cancelled and the buyers are now observing the situation to decide on their next steps, he said.

Till date the mood of the buyers is not clear, said Anwar Ul-Alam Chowdhury, president of the Bangladesh Chamber of Industries, adding, "So, it's tough to forecast what is ahead."

It is tough to understand the buyers and what they are thinking regarding the ongoing situation of the country, he said.

As S&P Global downgraded Bangladesh's long-term sovereign rating from BB- to B+, its impact will fall on the economy as well as exports, he said.

Considering the overall situation, there

is a possibility that there will be a negative impact at the end of the day as buyers do not like unrest and an unstable situation, said Chowdhury.

Referring to a latest US study, he said American fashion companies were actively diversifying their apparel sourcing base and exploring opportunities, especially in India, amid growing risks and market uncertainties in Bangladesh. This is not a good message for the Bangladeshi exporters, he said.

The recent unrest pushed the country's economy and exports towards uncertainty, said Ahsan Khan Chowdhury, chairman and chief executive officer of PRAN-RFL Group.

Some of their buyers have cancelled scheduled factory visits, he said. Businesses should be provided the space to function for the sake of the economy and, overall, national interest, he said.

Businesses have an equilibrium and if it collapses for any reason, it takes time to return to normalcy, said Khan, adding, "Now it will take time for normalcy to return to Bangladesh."

"Exports of our sector, particularly agricultural products, were in the positive last fiscal year and it will continue this fiscal year also as we have plans to grow the exports," he said.

He claimed that their agriculture products were doing well in the international markets and gaining popularity.

"If we get sufficient investment from the financiers, our business will definitely grow," he said, adding, "We do not need to stay stuck in flashbacks of the past, rather we should think about the future."

"Besides, we entered the plastic sector which is also creating a scope to win over the global market and it has good prospects to grow the exports," he said.

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Truth vs cry wolf

MAHTAB UDDIN AHMED

We have all been taught the virtues of honesty from our early childhood. Every child is instilled with the belief that truthfulness is the foundation of success and "honesty is the best policy". As children, we were introduced to the fable of "the shepherd and the wolf," where a shepherd repeatedly lied about a wolf attacking his sheep. But when a real wolf appeared, nobody took his cries seriously, and he lost all his sheep to the wolf. It teaches us that lying undermines trust, making truth lose its credibility when it is most needed.

As we live through the digital era, predominantly led by Generation Z, morals of old fables seem to strike odd at times. A new theory, the "illusory truth effect," suggests that repeated lies can be accepted as truth. This occurs because familiar statements are easier to process, leading to perceived accuracy. In the age of social media, false information spreads quickly through constant repetition, distorting public perception. These new theories driven by technology are widely being used at state and corporate levels to manipulate people's perceptions for commercial and political purposes.

This disturbing trend is not limited to any particular region; it is a global phenomenon. Leaders from developed to developing countries, including the US, Russia, China, India and Europe, routinely lie to their citizens, casting aside moral values for political or economic gain.

Corporate leaders are no exception. In pursuit of their professional success, they can steal credit, backstab colleagues and spread rumours, sometimes even at the cost of their companies' interests. Fundamentally, corporate and political leaders are similar in character, outdoing each other in their display of shrewdness.

Falsehood's impact on the economy and the populace, especially the young generation, is profound and multifaceted. Economically, widespread misinformation can lead to poor policy decisions, market instability and a lack of investor confidence. For companies, lies erode trust with consumers and stakeholders, culminating in



damaging reputation and financial losses. Growing up in a culture of rampant misinformation, an entire generation may struggle to differentiate truth from falsehood, lacking the capability to make informed decisions. Moreover, it can stifle innovation, hinder social progress, and create a cynicism and disengagement, ultimately weakening societal foundations.

The recent student movement on the quota system in Bangladesh echoes the moral of the shepherd's story. Initially, the government ignored the students' demands, undermining the scale of the potential threat. However, under persistent deception and neglect, the protests escalated and became widespread, with trust in the government dwindling rapidly.

Economically, the unrest led to disrupted business activities, loss of public properties and deterred foreign investment. It illustrates how short-term benefits from lies and deceptions can have profound long-term consequences, damaging public confidence and strength. It also highlights the crucial need for transparency and truth in governance.

Student movements have always had an inherent appeal of novelty, hope, and a spirited voice against wrongdoings. Students across the world are raising their voices against the injustice in Gaza, embodying a new wave of global activism. In Bangladesh, the recent quota movement by students is a testament to this growing spirit of resistance. Historical precedents, such as the Language Movement of 1952, the Tiananmen Square protests in 1989, among others, endorse the transformative power of student movements. They testify how young people driven by a deep sense of justice can shape the history of nations and institutions. Today, while the Bangladeshi youths are out on the streets, passionately advocating for change, many seniors often seem reluctant to challenge the status quo.

The timeless lesson of the importance of honesty can never cease to remain crucial. In today's digital age, where lies can become perceived truths, the need for integrity and transparency is more pressing than ever. A stable society with a prosperous economy is only possible with an unwavering commitment to truth.

The author is founder and managing director of BuildCon Consultancies Ltd.

In world first, EU's sweeping AI law enters into force

AFP, Brussels

The European Union's landmark law on artificial intelligence came into force on Thursday, which Brussels vows will drive innovation while protecting citizens' rights.

The EU earlier this year adopted the world's first sweeping rules to govern AI, especially powerful systems like OpenAI's ChatGPT after difficult and tense negotiations.

Although the rules were first proposed in 2021, they took on greater urgency when ChatGPT burst onto the scene in 2022, showing generative AI's human-like ability to churn out eloquent text within seconds.

Other examples of generative AI include Dall-E and Midjourney, which can generate images in nearly any style with a simple input in everyday language.

"With our artificial intelligence act, we create new guardrails not only to protect people and their interests, but also to give business and innovators clear rules and certainty," European Commission President Ursula von der Leyen said.

Companies will have to comply by 2026 but rules covering AI models like ChatGPT will apply 12 months after the law enters into force.

Strict bans on using AI for predictive policing based on profiling and systems that use biometric information to infer an individual's race, religion or sexual orientation will apply six months after the law enters into force.

The law known as the "AI Act" takes a risk-based approach: if a system is high-risk, a company has a stricter set of obligations to fulfil to protect citizens' rights.

REUTERS, London/Tokyo

Manufacturers across Europe and Asia turned in a weak performance last month as factories grappled with tepid demand, surveys showed on Thursday, raising the risk of an underpowered global economic recovery.

It was a broad-based downturn in the euro zone while a slump in China's manufacturing activity suppressed its Asian neighbours. British factories bucked the trend and recorded their best month for two years, with output and hiring rising.

HCOB's final euro zone manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, held at June's 45.8 in July. It has been below the 50 mark separating growth from contraction for over two years.

An index measuring output, which feeds into a composite PMI due on Monday that is seen as a good gauge of economic health, dropped to a seven-month low of 45.6.

"The turn in the manufacturing inventory cycle has yet to materialise in a context of weak global demand, leaving the euro zone short of a clear growth driver as services are slowing," said Leo

Barincou at Oxford Economics.

"Persistently weak industrial surveys pose a major downside risk to our forecast of an industrial pick-up in the second half of the year."

The downturn in Germany's

manufacturing sector, which accounts for about a fifth of Europe's biggest economy, accelerated while in France the industry contracted at its fastest rate in six months.

In Britain, however, the index rose to



Employees work on an electric meter production line at a factory in Yinchuan, in northwestern China's Ningxia region. China's Caixin/S&P Global manufacturing PMI sank to 49.8 in July from 51.8 in the previous month.

PHOTO: AFP/FILE