



Bangladesh exported garment items worth \$38 billion in 2023, according to the World Trade Organization, while China shipped apparel items worth \$165 billion, holding 31.6 percent of the global market share. PHOTO: STAR/FILE

Dollar hits four-month low

REUTERS, New York

The US dollar dropped to a four-month low on Friday after a weaker-than-expected employment report for July raised expectations that the Federal Reserve will cut interest rates by 50 basis points in September as the economy sours.

Employers added 114,000 jobs, below expectations for an increase of 175,000. The unemployment rate rose to 4.3 percent, above economists' expectations that it would be unchanged on the month at 4.1 percent.

Traders are now pricing in a 71 percent probability that the Fed will cut rates by 50 basis points in September, up from 31 percent before the data was released and from 22 percent on Thursday, according to the CME Group's FedWatch Tool.

A cut of at least 25 basis points is fully priced in for September and 116 basis points of easing is now expected by year-end.

"This is what a growth scare looks like. The market is now realizing that the economy is indeed slowing," said Wasif Latif, president and chief investment officer at Sarmaya Partners in Princeton, New Jersey.

The dollar index was last down 1.1 percent at 103.21 and got as low as 103.12, the lowest since March 14. It is the largest one-day percentage drop since November.

Treasury yields also tumbled, with interest rate sensitive two-year yields dropping as low as 3.845 percent, the lowest since May 2023, and benchmark 10-year yields reaching a low of 3.79 percent for the first time since Dec 27.

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The US Labor Department said that Hurricane Beryl, which made landfall in Texas on July 8, had "no discernible effect" on the jobs data, discounting one theory that may have explained the weakness.

"There's no silver lining anywhere as far as I can tell. They say they didn't have any kind of hurricane effects, and if they did, it's not enough to offset the degree of softness that we're seeing," said Steve Englander, head of global GIO FX research at Standard Chartered's New York Branch.

Some economists, however, were not convinced that Beryl had no impact, and saw some spots of brightness in Friday's jobs data.

The Fed kept interest rates unchanged at the conclusion of its two-day meeting on Wednesday and Fed Chair Jerome Powell said that interest rates could be cut as soon as September if the US economy follows its expected path.

Chicago Fed President Austan Goolsbee said on Friday the US central bank should move in a "steady" way, a mild pushback against the market pricing for rate cuts.

Softer jobs data, a weak manufacturing report and some disappointing corporate outlooks in recent days have increased fears that the economy is worsening at a faster pace.

But despite Friday's weak jobs report, Englander notes that "most of the other indicators are not consistent with a really sharp slowdown at the moment... Everything is soft, but nothing is catastrophically soft."

Apple logs higher sales

AFP, San Francisco

Apple's quarterly profit rose from a year ago, the company said Thursday, besting analyst forecasts and giving its shares a boost in after-hours trading.

The iPhone maker reported a \$21.4 billion profit in the three months ending in June, on \$85.8 billion in revenue over the period.

The revenue is a new record for the June quarter, and a five percent jump from a year ago, CEO Tim Cook said in a statement.

Cook added that the company looks forward to sharing new tools involving Apple Intelligence with users - referring to its suite of AI features.

Apple has been under pressure to win over doubters on its artificial intelligence strategy after Microsoft and Google rolled out products in swift succession.

Bangladesh still 2nd biggest apparel exporter despite data fix

STAR BUSINESS REPORT

Bangladesh has retained the second position in global garment trade with a 7.4 percent market share although the country's exports amounted to \$9 billion less than the estimates of the Export Promotion Bureau (EPB), according to World Trade Organization.

The WTO in its flagship "World Trade Statistics 2023" released on July 31 said Bangladesh exported garment items worth \$38 billion in 2023, but the nation's public overseas trade promotion council, the EPB, mentioned the amount to be \$47.38 billion.

However, the EPB later corrected the figure while Bangladesh Bank (BB) said the export figure was inflated due to double counting by the EPB and the customs department of the National Board of Revenue (NBR).

China remained the top garment exporter worldwide with the shipping of \$165 billion

worth of apparel items, holding 31.6 percent of the global market share, according to the WTO.

Vietnam was in the third position exporting \$31 billion worth of garment items in 2023, grabbing a 6 percent global market share.

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Turkey, with \$19 billion in exports, stood fourth with a 3.6 percent market share while India became the fifth largest garment exporter by exporting \$15 billion garments in 2023 with a 3 percent market share.

Indonesia, with a 1.6 percent of the global garment market share, exported goods worth \$8 billion in 2023.

In 2023, world trade in goods and commercial services fell on an average by 2 percent to \$30.5 trillion, on a balance of payments basis, the WTO said.

Trade in goods declined by 5 percent whereas services trade took an opposite trajectory, increasing by 9 percent.

As a result, the share of goods in global trade decreased from 77.8 percent in 2022 to 75.3 percent in 2023 while the share of services reached 24.7 percent, up from 22.2 percent.

The global supply chain experienced volatility last year because of the severe fallouts of Covid-19, Russia-Ukraine war, high inflationary pressure on Western consumers, labour unrest demanding a wage hike for garment workers, Red Sea crisis and an exorbitant rise in freight charges.

Unrest hits

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Firoze Mohammad, chief operating officer of Apex Footwear, said sales dipped since the second half of July.

"Sales usually decline during this type of situation," he said. "Customers are not in the buying mood in such times."

Helal Uddin, president of the Bangladesh Shop Owners Association, said businessmen are enduring a very tough time.

"There are almost no customers although our stores are open."

Abu Obayed Rony, owner of Fire Fashion, a retailer of readymade clothes at Noorjahan Super Market in the New Market area, said his daily sales stood at Tk 3,000 to Tk 4,000 in the last two weeks.

"When everything remains normal, we can log about Tk 30,000 in daily sales."

A senior official of ACI Motors said, "We thought business would return to normal in a short time. But now it is tough to predict how long it will take for the situation to become normal."

Deepening political crisis

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For instance, the European Union (EU), Bangladesh's largest export destination, has already said it will not further negotiate with Bangladesh on a cooperation agreement in light of the present situation, which saw the deaths of at least 204 people, including students.

"We are apprehensive that garment workers may also be called to be involved in the movement," said former BGMEA President Md Shafiqul Islam Mohiuddin.

Adding that hundreds of shipments could not be delivered on time, Mohiuddin said: "Altogether, we are in bad shape."

The garment sector, which was already struggling to recover from the severe fallouts of the Covid-19 pandemic, Russia-Ukraine war, Red Sea crisis and historic inflationary pressures on Western consumers, is now facing a domestic political crisis, he added.

Many have had to opt for expensive air shipments and provide discounts as they failed to ship goods timely due to a disruption in production

following the internet blackout and shutdown of factories, he added.

"The biggest loss is the damage to the reputation of Bangladesh as a good supplying country. The country is now perceived as weak by international retailers and brands," said a European garment buyer, asking not to be named.

However, he added that his company was still booking work orders for upcoming seasons as factories are still operational.

He also said his company faced a shipment crisis as operations at the Chattogram port were moving at a snail's pace due to the internet disruption but added that shipments were now taking place smoothly.

He added that they would face further difficulties in shipment and placing work orders with local suppliers if the situation does not improve.

"My officers were sent to Chattogram to monitor the shipment problem as production was delayed, but they cannot return now in Dhaka," said a medium-level garment supplier, asking not to be named.

"The situation of booking work orders for next season is quite bad since I could not communicate with my buyers during the internet blackout," the factory owner added.

Arshad Jamal (Dipu), chairman of Tusuka Group, said the garment business is between two seasons as it is the peak time for the booking of work orders for next summer and spring as well as the peak time to send shipments ahead of Christmas.

He added that buyers were not willing to compromise on lead times.

Furthermore, the Red Sea crisis has also created a barrier to the timely shipment of goods.

Since October last year, international commercial vessels have had to travel an additional 3,500 kilometres around the Cape of Good Hope in Africa because of Houthi attacks along the Suez Canal, the main waterway between Asia and Europe.

This increased freight costs for international clothing retailers and brands.

Tour operators suffer losses

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The demonstrators started to stage sit-ins on the roads in different areas blocking traffic since July 15 and law enforcers later tried to disperse them by force, causing the movement to turn chaotic and violent.

The government slapped the curfew for an indefinite period from midnight of July 19 and deployed the armed forces to contain violence.

The Daily Star found that more than 204 lives have been lost in the violence since July 16.

However, the organisers of the Anti-Discrimination Student Movement yesterday announced a single-point demand for the resignation of Prime Minister Sheikh Hasina and her cabinet members.

Mahadi Hasan, chief executive officer of Bangladesh Eco Adventure, which was founded in 2016, said seven of their tours were cancelled from July to August.

Due to this, the company suffered a financial loss of about Tk 2 lakh, he said, adding that now there was apprehension over whether foreign tourists would decide against visiting Bangladesh.

Because if the tourists do not come to Bangladesh during the November-December period, the business situation will be very bad for the sector, he said.

It will be very helpful if the government starts working on the issue from now so that the image crisis is resolved quickly, he added.

"My company has four tours in November. Its value is like Tk 1.5 crore. These tourists will come from Belgium, Taiwan and Poland. If these tours are cancelled, we will be in big danger for the whole year," Hasan said.

Syed Sajjat Hossain Mahmud, chief executive officer of Desghhuri.com, which was founded in 2013, said they were expecting 20 foreign tourists to arrive from seven countries between August 3 and August 7.

But they cancelled the trip and this caused a loss of about Tk 8 lakh, he said.

Then another tourist group was supposed to come from Hong Kong and that trip too was cancelled. As a result, there was a loss of more than Tk 2 lakh, he said.

"There is another tour in September when eight tourists are expected to come. But the situation that I see, they are likely to cancel it," he said, adding that it takes a long time to confirm a tour.

"You must do a lot of campaigning. Then when it is cancelled, the matter is lost from all sides," he added.

Shibul Azam Koreshi, a former president of the Tour Operators Association of Bangladesh, said he met the civil aviation and tourism minister on Thursday and highlighted the current crisis and uncertainty in their sector.

"I have requested him to involve the foreign affairs ministry and take necessary steps so that the situation normalises as soon as possible," he said.

Bangladesh is home to the world's longest sea beach as well as the world's largest mangrove forest alongside numerous places of outstanding natural beauty.

But despite its potential, the country still could not explore the global markets and attract foreign holidaymakers.

Even 53 years after its independence, Bangladesh's tourism sector lags behind many South Asian countries.

More than 6.55 lakh foreigners, including holidaymakers, visited Bangladesh in 2023, according to data of the immigration wing of Bangladesh Police provided by Bangladesh Tourism Board (BTB).

Most of these visitors were from India, the UK, the US, the UAE, China, Saudi Arabia, Australia, Canada, Italy, the Netherlands, Turkey, Russia and Japan, said the BTB.

Internet outage

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Ultimately, it had a negative impact on investors and the index dropped when the floor price was eventually withdrawn.

If the government tries to cover up or hide the reality, the scenario gets exposed by a massive proportion once the barrier is removed.

So, the government should not intervene in hiding the reality and instead work for bringing peace to the country and stability to the economy.

Mamun Rashid, an economic analyst and a former banker, said business process outsourcing (BPO) is a very competitive market while Bangladesh's young generation was acquiring the market nicely.

"The government's support also

helped the outsourcing sector. But the recent internet blackout spooked the industry very badly," he said.

This industry needs regular involvement of people so any disruption to the internet hits the activities and it impacts the buyers, he said.

Many of the service providers had to immediately go to neighbouring countries to continue their activities so that buyers do not get to feel the impact of the internet blackout, he said.

If the buyers observe that the internet disruption occurs frequently, the work order can be diverted to other countries, he said.

An exporter informed that his buyer already diverted around 40 percent of import orders to other

countries like Cambodia and Indonesia, he said.

If the internet service in Bangladesh is tagged with the word "unpredictable", many other buyers also will turn away to other countries, he added.

A top official of a leading LEED-certified garment factory, preferring anonymity, said he earned a reputation for shipping products timely by putting in the effort for years.

But the recent instability had impacted his shipping. Although his factory was closed for several days during the curfew in mid-July, he had to send products through air shipments which is costly, he said.

On the other hand, he fears that