

# Star BUSINESS

Grameenphone and Robi have secured a spectrum allocation of 20 megahertz each to boost the quality of their services.

Story on B4



## Credit rating may worsen if political transition faces challenges

US rating agency Fitch says on Bangladesh

STAR BUSINESS REPORT

Bangladesh's credit rating may worsen if the political transition faces challenges or leads to policy paralysis and exacerbates fiscal or external stresses, warned American credit rating agency Fitch Ratings yesterday.

"The fall of the Awami League led government, after protests in July and August, raises uncertainty about the sovereign's credit profile," it said.

The credit rating agency, which downgraded Bangladesh's rating to B- from BB- in May 2024, said the demotion reflected a sustained weakening of the country's external buffers, leaving the

remittance inflows, Bangladesh's two key sources of foreign earnings. At this stage, we assume these effects to be temporary, and that political stability will be restored and sustained," it said.

Fitch said the appointment of an interim government on August 9 appears to have eased the immediate political instability "but Bangladesh's society remains highly polarised and the longer-term political direction uncertain".

A roughly 11 percent recovery in the Dhaka Stock Exchange's benchmark index, the DSEX, between the end of July and August 13 signals moderate investor confidence in the interim administration, suggesting that there is a low risk of large-

## Extortion, a cause of high prices, sets alarm bells ringing

AHSAN HABIB and SUKANTA HALDER

Just a day after a mass uprising toppled Sheikh Hasina's government on August 5, a group of people, introducing themselves as activists of a major political party, visited an outlet of a leading footwear maker in Rangpur and demanded Tk 5 lakh in return for allowing the showroom to operate.

The company declined to provide the sum, but the group warned they would come again.

The same day, a businessman running a joint venture factory in Chattogram's Anwara upazila, located more than 550 kilometres southeast of Rangpur, received a phone call from a person claiming to be a leader of the student front of a political party.

The caller demanded money from the businessman, hinting that there would be consequences if the amount was not paid.

Similarly, a group of people demanded Tk 10 lakh from a top official of a real estate firm in Savar, on the outskirts of the capital Dhaka. They threatened to set the firm's offices ablaze unless the money was given.

Such examples do not end here. Over the past week and a half

since the political changeover, many businesses have complained of attempted extortion.

Such complaints reverberated at a conference organised by the business community on Wednesday.

Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of

Commerce and Industry (FBCCI), said extortion was a longstanding concern. "I have requested the army chief to break your [extortionists] legs... I don't care, go to hell," he said.

"Whoever resorts to extortion -- no matter what party you are associated with -- I ask the people to give them a beating. Those who extort, catch them on the spot.

action against perpetrators. occurred at all stages, from production to transportation and sales, significantly raising commodities prices.

It also reduces the competitiveness of exporters as their costs are raised without any value addition.

However, although businesses have taken a vocal stance against extortion over the years, no government has taken strict steps to curb it.

Instead, when the government changes, the baton of extortion is passed. This was reflected by the experiences of a street food seller in Mirpur's Rupnagar area.

"Some people came to me on Wednesday and said I would have to pay Tk 300 per day from now on," he lamented, adding that he paid Tk 50 per day to ruling party men during the Awami League government's tenure.

Risan Uddin, an apparel seller in the capital's Farmgate, said he had to pay Tk 500 per day to extortionists during the previous government's tenure.

He added that no one had attempted to extort him yet. He further said that some people came on August 7 to enquire about whether he had been facing any problems after reopening his

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Businesses present at the conference supported his allegations, shouting: "Right, right."

The allegations came several days after Home Affairs Adviser Brigadier General (retired) M Sakhawat Hussain warned

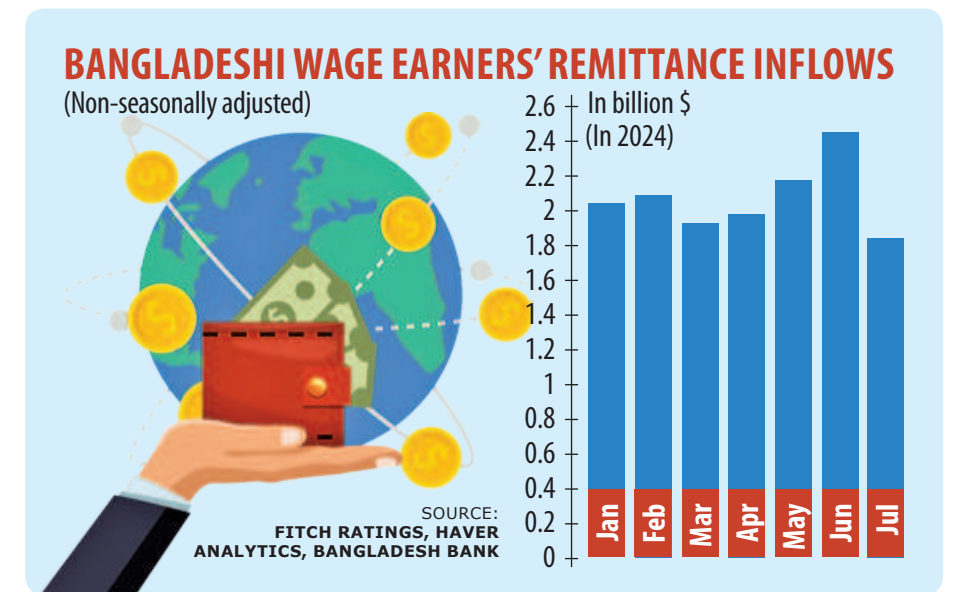
extortionists by threatening tough

Businessmen said extortion

We'll do what needs to be done. We'll restore law and order. The country cannot run like this. We cannot lease out the country."

Even during Hasina's tenure, businesses complained about extortion, a menace that has been blamed for increasing the cost of business and thereby contributing to hikes in the prices of commodities and essentials.

Businessmen said extortion



country more vulnerable to external shocks.

"We believe that this weakening will be challenging to reverse, despite reforms under a programme backed by the International Monetary Fund (IMF), including a shift towards greater exchange-rate flexibility," it said.

Earlier this week, another US ratings agency, Moody's, said Bangladesh's credit rating would depend on maintaining political stability and the interim government committing to structural reforms.

At the end of July, S&P Global downgraded Bangladesh's long-term sovereign rating from BB- to B+ amid deadly protests over the quota-based hiring system for government jobs, which culminated in the ouster of the Sheikh Hasina-led Awami League government.

Fitch Ratings said the protests would likely affect economic metrics in the current quarter, hurt growth and tax revenue collection, and push up inflation, which hit 11.7 percent year-on-year in July 2024.

"There is also likely to be an impact on readymade garment (RMG) exports and

scale capital flight for now, it said.

"However, confidence could weaken if the ongoing transition does not go smoothly and adverse economic effects could mount," it added.

"The timing of prospective elections remains unclear. Deciding this, and subsequently holding elections, could raise political risk," said Fitch.

Furthermore, the ratings agency said political gridlock remains a possibility following such elections, as a diverse range of political actors compete for power.

The actors are the somewhat weakened Awami League, the Bangladesh National Party, the other main party, the student movement that led the recent protests, the military, and Islamist groups, it said.

"Another risk is that foreign firms could scale back RMG orders or source from other markets, which could add to external pressures," it said.

"We stated in May that increased external vulnerability, for example, due to a marked decline in foreign exchange reserves or other liquidity buffers, could lead to negative rating action," said Fitch.

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## BB officials demand full autonomy of the central bank

STAR BUSINESS REPORT

The Bangladesh Bank Officers' Welfare Council has urged the interim government to amend the Bangladesh Bank Order 1972 to ensure complete autonomy of the central bank by establishing administrative, operational and financial independence.

The council made the demands through a memorandum submitted to the finance adviser of the interim government yesterday.

Council leaders later informed journalists of their demands during a press conference at the Bangladesh Bank headquarters in Dhaka.

Tanveer Ahmed, acting president of the Bangladesh Bank Officers' Welfare Council, AKM Masum Billah, general secretary, and other leaders were also present.

They also demanded the dissolution of the Financial Institutions Division of the finance ministry in order to avoid any conflicts of interest and dualism in the banking sector.

Amendments to the related laws, rules and other reforms were also sought to restore good governance in the banking and financial sectors.

The council recommended that the central bank be kept free of political interference or influence and instead be allowed to focus on its tasks such as managing interest and exchange rates and licensing banks or other financial institutions.

Other demands include structural reforms to the central bank's board of directors and making its governor position a constitutional post.

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## Repairs to metro rail will cost public funds in absence of insurance

SUKANTA HALDER

Public funds will be used to pay for repairs to Dhaka Metro Rail stations in the capital's Kazipara and Mirpur-10 areas as the popular mass rapid transit system is uninsured.

Mohammad Zakaria, additional director of the Mass Rapid Transit (MRT) Line-6 project, said the previous government did not insure the metro rail after it began operations in late 2022.

However, the project was under coverage during construction, he added.

The stations were damaged amid clashes between pro-government forces and protesters during a recent mass uprising that ended with Sheikh Hasina's resignation from her post as prime minister.

However, the repair costs will put more pressure on the public treasury, an official of the Sadharan Bima Corporation, the only state-owned non life insurer, said on condition of anonymity.

"If it had been insured, the government wouldn't have to pay for repairs from its coffers," the official added.

An official of the Dhaka Mass Transit Company Limited, which operates the metro rail, said the cost of repairs should not exceed Tk 50 crore.



The ticket vending area at the station of Dhaka Metro Rail in the capital's Mirpur-10 was vandalised during the countrywide unrest on July 19. PHOTO: RASHED SHUMON

He also informed that everything inside the metro stations, including ticket vending machines, police control rooms, computers, and security systems, had been smashed to bits.

On the evening of July 19, unidentified miscreants took advantage of the ongoing unrest to carry out mindless attacks on the Mirpur-10 and Kazipara stations.

Although the metro rail is set to resume

operations on August 17, the two stations will remain shuttered until repairs are complete.

Before the service was halted, more than 3 lakh people used the metro rail daily.

Citing that insurance coverage would have at least reduced the burden, the Sadharan Bima official said a reluctance to get insurance is a longstanding problem in Bangladesh.

"We want every state-owned asset to be insured, but our country does not have that culture. People abroad mitigate their risks with insurance, but we sit on it and that is a big problem."

An official of the Financial Institutions Division under the Ministry of Finance echoed the same.

"If the government had opted for insurance, the cost of repairs would not strain on the public treasury," the official said.

In February this year, the Insurance Development and Regulatory Authority sought cooperation from ministries and other public entities to expand insurance coverage in the country.

The insurance regulator sent a letter to the Financial Institutions Division on February 15, seeking an inter-ministerial meeting in this regard.

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## Gold rebounds

REUTERS

Gold prices rose on Thursday, a day after US inflation data suggested the Federal Reserve might reduce interest rates next month though the extent of cuts remains uncertain, prompting investors to await further economic indicators.

Spot gold was up 0.5 percent at \$2,460.38 per ounce as of 11:31 GMT, just \$23 shy of the record high of \$2,483.60 reached last month. US gold futures rose 0.7 percent to \$2,497.70.

"Gold continues to find resistance in the \$2,475-80 area with traders increasingly looking for the rate cut cycle to start before potentially adding more exposure," said Ole Hansen, head of commodity strategy at Saxo Bank, adding that the market is torn between whether a 25 or a 50-basis point will be delivered next month.

Markets have priced in a 100 percent chance of a US rate cut in September, according to the CME FedWatch Tool.

Data on Wednesday showed that the US consumer prices rose moderately in July and the annual increase in inflation slowed to below 3 percent for the first time in nearly 3-1/2 years, opening the door wider for the Fed to cut interest rates next month.

Atlanta Fed President Raphael Bostic is open to an interest-rate cut in September, he told the Financial Times, adding the Fed can't "afford to be late" to ease monetary policy.

A low interest rate environment tends to boost non-yielding bullion's appeal.

# Dhaka Bank obtains ISO cybersecurity certification



**AKM Shahnawaj, acting managing director of Dhaka Bank, receives an ISO certification from Mohammad Sirajul Islam, manager of certification at Bureau Veritas Bangladesh, at a function in Dhaka recently.**

PHOTO: DHAKA BANK

### STAR BUSINESS DESK

Dhaka Bank recently achieved a significant milestone by obtaining the ISO certification for advanced cybersecurity standards.

Conferred by the International Organization for Standardization (ISO), this certification provides a comprehensive framework designed to help organisations safeguard their information and digital assets against cyber threats, the bank said in a press release.

The certification was awarded by Bureau Veritas, a globally recognised certification

body, with Iota Consulting Bangladesh serving as the consulting partner.

AKM Shahnawaj, acting managing director of the bank, received the certification from Mohammad Sirajul Islam, manager of certification at Bureau Veritas Bangladesh, at a function in Dhaka.

Dhaka Bank is the first bank in the country to achieve this certification, highlighting its commitment to proactively safeguarding sensitive information, especially in the digital world, the press release also said.

The bank has also previously earned other significant certifications, including

Information security management systems/IEC-27001, the Payment Card Industry Data Security Standard (PCI-DSS), and the TIA-942 B 2017 (rated-3) Data Centre certification.

These achievements underscore the bank's dedication to maintaining high security standards and fostering trust with stakeholders.

AMM Momen Uddin, deputy managing director and COO, and Mohammad Golam Kibria, founder and CEO of Iota Consulting Bangladesh, along with other senior officials from all three organisations were also present.

## Dollar softens against peers

REUTERS

The dollar softened against its major peers on Wednesday, helping the euro to a near eight-month peak, as the US consumer price index showed inflation is subsiding, reinforcing expectations that Federal Reserve interest rate cuts are near.

US CPI rose moderately in July and the annual increase in inflation slowed to below 3 percent for the first time since early 2021, according to expectations for a rate cut next month, though likely less aggressive than markets hoped for.

The report adds to the mild increase in producer prices in July in suggesting that inflation is on a downward trend. This should give the Fed room to focus more on the labor market amid growing concerns of a sharp slowdown.

"It mildly shrank the expectations of targeting a 50-basis point rate cut in September," said Amo Sahota, director, Klarify FX, in San Francisco. "It's been a much quieter reflective approach on the inflation number."

The euro was last up 0.18 percent against the greenback to \$1.1014, surpassing the high hit during the market turmoil last week, and was trading at its strongest level since Jan. 2. The dollar index was slightly lower at 102.57.

Traders had been widely expecting a rate cut in September before the producer price data, and ramped up bets for a 50 basis-point cut after the release to 56 percent from 53 percent a day earlier, according to CME Group's FedWatch Tool.

Sahota thinks the market is still on track for three 25 bps cuts this year from the Fed, rather than 100 bps by the end of the year.

Sterling failed to gain on the weaker dollar and was down 0.29 percent at \$1.2825 after data showed the rise in British consumer price inflation was smaller than expected in July as services prices - closely watched by the Bank of England - rose less rapidly.

The pound did soften on the euro, however, which was up 0.47 percent at 85.87 pence. Financial markets priced in a 44 percent chance of a quarter-point BoE rate cut in September, up from 36 percent before the data was released.

Meanwhile, Japanese Prime Minister Fumio Kishida's decision to not run for reelection in his party's leadership race next month had little effect on markets, analysts said.

# UK growth slows slightly in Q2

AFP, London

Britain's economy grew 0.6 percent in the April-June period, a slight slowdown compared with the first three months of the year, official data showed on Thursday.

The country's economy is growing after it exited a mild recession at the end of last year, helped by inflation falling back from four-decade highs.

Gross domestic product had expanded by 0.7 percent in the first quarter of 2024, the Office for National Statistics said in a statement.

The data covers the period just prior to Britain's general election in early July, which resulted in the centre-left Labour party winning power on a promise to grow the country's economy by a sizable amount.

"The new government is under no illusion as to the scale of the challenge we have inherited after more than a decade of low economic growth and a £22 billion (\$28 billion) black hole in the public finances," finance minister Rachel Reeves said Thursday in reaction to the latest gross domestic product figures.



PHOTO: AFP/FILE

**A woman checks her phone near a closed store on Oxford Street in central London.**

"That is why we have made economic growth our national mission and we are taking the tough decisions now to fix the foundations, so we can rebuild Britain and make every part of the country better off."

The GDP data revealed also that the

economy recorded zero growth in June, or end of the second quarter, owing "to a weak month for health, retailing and wholesaling, offset by widespread growth in manufacturing", noted Liz McKeown at the statistics office.

She added that growth across the quarter "was led by the service sector, where scientific research, the IT industry and legal services all did well".

While the Consumer Prices Index rose back above the Bank of England's target in July to 2.2 percent, according to official data Wednesday, it is way down on the elevated levels seen in the months following Russia's invasion of Ukraine.

As such, the central bank is expected to keep on cutting interest rates in the coming months, according to analysts.

Separate data this week showed Britain's unemployment rate dropping to 4.2 percent and wage growth down to the lowest level in nearly two years.

Prime Minister Keir Starmer's Labour government has said that it plans to boost the economy thanks to mass house-building and by doubling onshore wind energy by 2030.

At the same time, Reeves has warned that the country's public finances face an extra £22-billion hole inherited from the previous Conservative administration that is likely to result in tax rises when she delivers her maiden budget later this year.

## Chinese economist calls for fairer int'l trade environment

ANN/CHINA DAILY

China is proactively expanding imports, encouraging outward investment and broadening institutional opening up to counter "unfounded" protectionist trading policies and promote win-win globalisation, said a renowned economist and policy researcher.

"We still hope to work with other economies to create a freer, fairer and more just environment for international trade and investment," Jiang Xiaojuan, director of the academic advisory committee of the Chinese Public Administration Society, told China Daily in an exclusive interview.

The CPAS is an academic organisation providing advisory services on government management, under the supervision of the General Office of the State Council. Jiang is also a professor at the University of Chinese Academy of Social Sciences.

While China will continue improving its business environment, Jiang said it is inappropriate to excessively blame China's investment climate alone for the decline in foreign direct investment inflow, which is partially a result of rising geopolitical risks and the growing competitiveness of Chinese industries.

Jiang's remarks came amid an ongoing trade dispute between China and the European Union surrounding Chinese electric vehicles. On Friday, China filed an appeal with the World Trade Organization, challenging the EU's provisional additional tariffs on Chinese EV imports up to 37.6 percent. In early July, the EU imposed the tariffs, claiming that subsidies benefit the Chinese EV value chain, posing a risk to EU producers.

# US consumer inflation sees smallest annual rise since 2021

AFP, Washington

US consumer inflation eased slightly in July, according to government data published Wednesday, its smallest 12-month increase since March 2021 and a positive sign for the Federal Reserve as it weighs cutting interest rates.

The consumer price index (CPI) eased to 2.9 percent last month from a year ago, down slightly from 3.0 percent in June, the Labor Department said in a statement, while a measure that strips out volatile food and energy costs cooled to an annual rate of 3.2 percent.

This was slightly lower than the median forecast of economists surveyed by Dow Jones Newswires and The Wall Street Journal.

The monthly inflation rate picked up by 0.2 percent after declining in June, in line with expectations.

"Today's report shows that we continue to make progress fighting inflation and lowering costs for American households," US President Joe Biden said in a statement.

"We have more work to do to lower costs for hardworking Americans, but we are making real progress, with wages rising faster than prices for 17 months in a row," he added.

But a spokesperson for Donald Trump's presidential campaign team took a different view of the data, seeking to blame vice president and Democratic presidential nominee Kamala Harris for the cumulative rise in prices since Biden took office in January 2021.

"Under Kamala Harris, everything costs 20 percent more than it did under President Trump," Trump Campaign national press secretary Karoline Leavitt said in a statement. "America cannot afford another four years of Kamala's failed economic policies"

Almost 90 percent of the



**A customer shops at a Safeway store in San Francisco, California. The July CPI data are good news for the US Federal Reserve as it weighs the right time to start bringing interest rates down from a 23-year high.**

PHOTO: AFP/FILE

monthly increase was down to a 0.4 percent increase in shelter costs, the Labor Department said. Energy prices remained unchanged, while the index for food rose 0.2 percent.

So-called "core" inflation, excluding volatile food and energy prices, also eased last month to 3.2 percent - its lowest level since April 2021.

The July CPI data are good news for US Federal Reserve as it weighs the right time to start bringing interest rates down from a 23-year high.

The US central bank has been attempting to lower inflation to its long-term target of two percent without crashing the economy or causing a surge in the unemployment rate, known as a "soft landing".

After a small uptick in the Fed's

favorable inflation measure earlier this year - which is calculated slightly different the CPI - inflation is now easing again.

In other good news for the Fed, economic growth remains positive, and the labor market has shown signs of coming into better balance without a dramatic rise in the unemployment rate.

Against this backdrop, Fed chair Jerome Powell suggested last month that the policymakers could cut rates "as soon as" September, if the data continue to come in as expected.

"Today's report will raise confidence within the Fed that inflation is indeed on a sustainable path towards 2 percent," economists at High Frequency Economics (HFE) wrote in a note to clients.

But the rise in shelter inflation

remains "a thorn in the Federal Reserve's side" as it weighs rate cuts, Oxford Economics chief US economist Ryan Sweet wrote in a note published Wednesday, adding that the rise in rents was broad based.

"Rents tend to be sticky but with the disinflation elsewhere, the Fed has the greenlight to cut interest rates by 25bps (basis points) at its September meeting," he added.

With futures traders overwhelmingly expecting the Fed to cut interest rates in September, according to data from CME Group, the question is how big its first cut will be.

Traders have assigned a probability of more than 55 percent that it will make a quarter-percentage point cut, leaving the chance of a larger, half-point cut at just under 45 percent.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (AUG 15, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 80	0	4.48 ↑
Coarse rice (kg)	Tk 52-Tk 55	2.88 ↑	9.18 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-16.67 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 152	-1.00 ↓	-5.71 ↓
Potato (kg)	Tk 50-Tk 55	-13.22 ↓	38.16 ↑
Onion (kg)	Tk 110-Tk 120	0	39.39 ↑
Egg (4 pcs)	Tk 48-Tk 50	2.08 ↑	-9.26 ↓

SOURCE: TCB

## Japan's economy

FROM PAGE B4

Possible successors include digital minister Taro Kono and economic security minister Sanae Takaichi, who would be Japan's first female premier and who is popular with the right wing of the party.

Other names floated in local media are Shigeru Ishiba, former party number two, and Shinjiro Koizumi, former environment minister and son of ex-premier Junichiro Koizumi.

On Thursday, the 79th anniversary of the end of World War II, both Takaichi and the younger Koizumi visited the Yasukuni shrine in Tokyo that honours Japan's war dead including convicted war criminals.

Kishida, 67, never went to the site officially as prime minister, but visits by predecessors including Shinzo Abe angered China, South Korea and other countries that suffered under Japanese wartime occupation.

Kishida won plaudits abroad while in office, siding decisively with Ukraine after Russia's invasion.

With US encouragement, Kishida firmed up Japanese defence policy to counter China, hiking spending and moving to acquire "counterstrike" weapons.

His leadership has been "nothing short of historic", US President Joe Biden, who hosted Kishida at the White House in April, said in a statement.

## China's underwhelming

FROM PAGE B4

China's major cities recorded another decline in real estate prices in July, a sign of sluggish demand.

In July, demand for bank loans also contracted for the first time in nearly 20 years, according to official figures published earlier this week.

International challenges are also mounting, with the European Union and the United States increasingly imposing trade barriers to protect their markets from low-cost Chinese products and perceived unfair competition.



Farmers harvest sugarcane in Kedarpur village of Jashore's Keshabpur upazila. Primarily cultivated for its juice from which sugar can be processed, this perennial grass takes around a year to mature. Each sugarcane is selling around the district for around Tk 15 to Tk 20 at wholesale. The photo was taken recently. PHOTO: HABIBUR RAHMAN

## ADB reaffirms its commitment to Bangladesh

### STAR BUSINESS REPORT

The Asian Development Bank (ADB) has reaffirmed its commitment to Bangladesh, emphasising its ongoing partnership aimed at sustainable development aligned with the nation's aspirations. The Manila-based lender has pledged to collaborate with the interim government to ensure the continuity of ongoing projects and to support a more inclusive, resilient and sustainable future, it said in a statement.

**Private sector development remains a key priority, with the ADB planning to work with the interim government to enhance competitiveness and create employment opportunities by streamlining government-to-business services.**

A central aspect of the ADB's efforts in Bangladesh will focus on public sector management and governance, highlighting the importance of macro-fiscal sustainability, including fiscal consolidation and domestic resource mobilisation.

"Private sector development remains a key priority, with the ADB planning to work with the interim government to enhance competitiveness and create employment opportunities by streamlining government-to-business services aimed at reducing the cost of doing business in the country."

The ADB pointed out climate change as a critical component of its strategy as Bangladeshi communities are very vulnerable to extreme weather events.

The multilateral lender said it will help in developing a comprehensive approach to climate change, including the promotion of renewable energy and green growth initiatives.

Since 1973, the ADB has provided Bangladesh with \$31.8 billion through 726 public sector loans, grants and technical assistance.

## Stocks end week with a dip

### STAR BUSINESS REPORT

Stock markets in Bangladesh ended lower yesterday a day after rising as investors went on a selling spree to make short-term profits amid the price movement.

As a result, indexes of both markets of the country fell sharply due to the lacklustre performance of sectors which account for large amounts in market capitalisation, which refers to the total value of their shares at present.

Subsequently, the associated large-cap index, CDSET, slipped by 0.81 percent to 1,162.54 points.

It had an impact on the other indices also.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), edged down by 49 points, or 0.82 percent from that on the day prior to close at 5,903.84.

Similarly, the DSES, the index for the Shariah-based stocks, dropped 5.62 points, or 0.44 percent to 1,264.72 and the DS30, the index for the blue-chip shares, slumped 18 points, or 0.80 percent to 2,179.34.

The Chittagong Stock Exchange (CSE) saw a similar trend as the CASPI, the broad index of the port city bourse, dropped by 110.47 points, or 0.64 percent, to settle at 17,031.57.

The day's turnover, which indicates

the total value of the scrips traded on the DSE, decreased by 19.69 percent to Tk 99.9 crore compared to the previous day's trading session.

The banking sector dominated the turnover chart, accounting for 18.07 percent of the day's total turnover.

The contribution of the block trades, meaning high volume transactions in security that are privately negotiated and executed outside of the open market, was 3.3 percent of the overall market turnover.

Grameenphone was the most traded share with a turnover of Tk 85.5 crore.

DBH Finance was on the top of the gainers' list with an increase of 9.86 percent, closely followed by Mithun Knitting and Dyeing, which recorded a rise of 9.80 percent, and Phoenix Finance and Investments, which logged a rise of 9.68 percent.

Olympic Industries, JMI Syringes & Medical Devices, Quasem Industries, Prime Textile Spinning Mills, Singer Bangladesh, Saihan Cotton Mills and Square Textiles were also on the gainers' list.

Delta Life Insurance Company shed the most, losing 5 percent.

Sonali Life Insurance Company, Investment Corporation of Bangladesh, Orion Infusion, Al-haj Textile Mills, Asia Pacific General Insurance Company, Asia Pacific General Insurance Company, New Line Clothings and Popular Life Insurance Company also featured on the losers' chart that suffered losses the most.

Of the issues that changed hands on the trading floor of the country's premier bourse, the prices of 91 advanced, 275 declined and 32 remained unchanged.

In its daily market update, UCB Stock Brokerage said services and real estate, cement, and engineering became the top three sectors that closed in the

positive. However, life insurance, paper and printing, and jute were the top three sectors that closed in the negative.

Most large-cap sectors posted a negative performance, according to BRAC EPL Stock Brokerage.

The banking sector experienced the highest loss of 2 percent, followed by telecommunication (1.17 percent), non-banking financial institutions (0.51 percent), food and allied (0.22 percent), fuel and power (0.15 percent), pharmaceuticals (0.21 percent) and engineering (0.40 percent).

In case of blue-chip companies, Olympic Industries, Renata, DBH Finance, Heidelberg Materials Bangladesh PLC, Singer Bangladesh, Marico Square Pharmaceuticals, Mobil Jamuna Lubricants Bangladesh, Confidence Cement and Saif Powertec drew investors the most, according to LankaBangla Finance Portal.

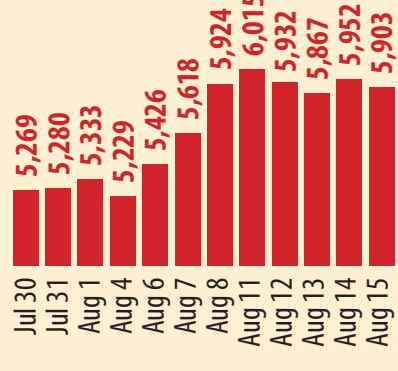
Olympic Industries logged a 6.68 percent growth, the highest of them all.

No entity posted double-digit growth in share prices.

However, BRAC Bank, Islami Bank Bangladesh, Beximco Pharmaceuticals, City Bank, Beacon Pharma, Robi Axiata, National Bank, Al-Arafah Islami Bank, United Commercial Bank and Delta Life Insurance suffered losses.

### Movement of DSEX in the last two weeks

In points; SOURCE: DSE



## US industrial production contracts sharply in July

AFP, Washington

US industrial production fell sharply in July, the Federal Reserve said Thursday, pointing to a larger-than-expected impact from Hurricane Beryl.

The news is likely to add to calls for the Fed to cut its key lending rate from a two-decade high next month, as its long-running campaign against inflation continues to percolate through to the broader economy.

Total industrial output contracted by 0.6 percent in July from a month earlier, when it rose by a revised figure of 0.3 percent, the US central bank said in a statement.

This was sharply below market expectations of a 0.1 percent increase, according to Briefing.com.

The Fed said industrial production had been held down

by the early "July shutdowns concentrated in the petrochemical and related industries due to Hurricane Beryl," which came ashore in Texas.

The manufacturing sector experienced a 0.3 percent decline due to a plunge of almost eight percent in the index for motor vehicles and parts.

Excluding this component, the manufacturing index actually increased by 0.3 percent, the Fed said.

Meanwhile, the mining index was unchanged, and the utilities index slumped by 3.7 percent.

"Normally, manufacturing snaps back after a disaster related temporary shutdown," economists at High Frequency Economics (HFE) wrote in a note to clients on Thursday. "So the results are not as bad as they look."



PHOTO: REUTERS/FILE

A worker builds a Ford Explorer car at its Chicago Assembly Plant. Total industrial output in the US contracted by 0.6 percent in July from a month earlier, when it rose by a revised figure of 0.3 percent.

## Alibaba's profit shrinks 29%

AFP, Beijing

Chinese e-commerce giant Alibaba reported a 29 percent fall in quarterly profit on Thursday as it battles sluggish consumption during an economic slowdown.

Net income attributable to shareholders came in at 24.3 billion yuan (\$3.3 billion) in the quarter ending June 30, Alibaba said in a corporate filing, down from 34.3 billion yuan in the same period in 2023.

Alibaba runs some of China's most popular e-commerce apps and its performance is widely considered an indicator of broader economic trends.

China released another series of disappointing indicators on Thursday, despite recent government measures to boost growth.

Alibaba's revenue for the first quarter was 243.2 billion yuan, up four percent from the previous year.

But revenue from core shopping platforms Taobao and Tmall was down one percent, which Alibaba said was "primarily due to the increase in investments in user experience."

"In this quarter, we continue to invest for growth in our core businesses while reducing losses in other business units through operating efficiency," chief financial officer Toby Xu said in the filing.

Alibaba made \$5.8 billion of share repurchases in the first quarter, part of an effort to reassure investors amid narrowing profits.

Its results contrasted starkly with rival shopping app operator JD.com, which announced a whopping 92.1 percent increase in profit for the past quarter.

## Extortion

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passed onto the consumer while the businessmen bear some of the load," Howlader said.

Rashed Al Mahmud Titumir, a professor of Development Studies at the University of Dhaka, said: "When rent-seeking increases in an economy, the burden ultimately falls on people through higher prices of goods."

He also illustrated how this occurs. "Rent-seeking occurs in many ways, such as by allowing cost-inflated development projects, leading to wilful defaulters using assets that are deposited by small depositors, and by grabbing rivers and forests. Politically influential players get many undue benefits," he said.

All these factors heighten the sufferings of general people. To save the economy from these unwarranted costs, a political change was necessary, and it has now been achieved, he added.

(Jagaran Chakma contributed to the story)

## Credit rating Repairs to may worsen metro rail

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Bangladesh's forex reserves stood at \$21.8 billion – an estimated four months of import cover – at the end of June, before the protests took hold, the ratings agency said.

It was higher compared to the \$18.4 billion it showed in May, when the ratings agency completed its assessment.

Moreover, near-term debt repayment pressures should be moderate. The public sector's external debt service due in 2025 is about \$4.3 billion, of which \$1.5 billion is bilateral debt and \$2.2 billion is multilateral, it added.

"We expect financing from these official creditors to continue under our baseline, supporting external debt servicing capacity. Nonetheless, future reserves data will be a key metric to analyse the impact of the ongoing political transition on external liquidity strains," said Fitch.

"If the interim or next government were to backtrack on the previous government's recent commitment to greater exchange rate flexibility in a bid to shore up near-term macroeconomic stability, intervention to support the taka could add to pressure on reserves," it said.

"However, we believe this risk to be contained."

Fitch assumed the interim government as well as its successor would adhere to the broad policy commitments under Bangladesh's programme with the IMF, but significant political instability or gridlock could complicate adherence.

"Significant slippage on key programme targets like fiscal metrics and exchange rate liberalisation could jeopardise Bangladesh's access to IMF and other multilateral funding support, further weakening its external position and increasing the risk of negative sovereign rating action," it warned.

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Currently, insurance penetration stands at less than 1 percent in Bangladesh, which has a population of around 170 million.

The letter also pointed out that the National Insurance Policy 2014 informs of the economic and social benefits of life insurance as well as insuring health, education, factories, residential and office buildings, agriculture, fisheries and livestock, and more.

Md Main Uddin, a professor of banking and insurance at the University of Dhaka, said the former government most likely opted against insurance as it was confident such incidents would never occur.

"The government should think about bringing all important projects under insurance. Then they will be paid compensation if there is any damage," he added.

The MRT Line-6, the country's first metro rail, was made partially operational from Uttara to Agargaon in December 2022. The Agargaon-Motijheel section was opened in October last year.

The Awami League government implemented a Tk 33,472 crore project to build a 21.26-kilometre rail line from Uttara to Kamalapur, with most of the funds loaned from Japan.

## BB officials

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Granting full ministerial status and appointing renowned economists or central bank officials as governors should be prioritised, they said.

They also sought to convert the post of deputy governor and head of Bangladesh Financial Intelligence Unit from contractual appointments to regular posts.

They called on the government to implement their demands to prevent money laundering and restore good governance to the financial sector.

## Oil prices edge up

REUTERS

Oil prices ticked up on Thursday as optimism built that potential US interest rate cuts will boost economic activity and fuel consumption, but concerns over slower global demand curbed gains.

Brent crude futures were up 51 cents, or 0.6 percent, at \$80.27 a barrel at 1107 GMT, recovering some of the previous day's losses. US West Texas Intermediate crude futures were up 47 cents, or 0.6 percent, at \$77.45 per barrel. Both benchmarks fell more than 1 percent on Wednesday after US crude inventories rose unexpectedly.

US consumer prices rose moderately in July and the annual increase in inflation slowed to below 3 percent for the first time in nearly 3-1/2 years, reinforcing expectations the Federal Reserve will cut interest rates next month.

"Crude oil prices inched higher during the early European session due to increased risks of a flare-up in confrontations in the Middle East," said Milad

**Crude oil prices inched higher due to increased risks of a flare-up in confrontations in the Middle East, said an analyst**

Azar, market analyst at brokerage XTB.

"Optimism that potential US interest rate cuts could spur economic growth and increase fuel consumption has also supported oil prices."

Investor worries over Iran's potential response to the killing of the leader of the Palestinian militant group Hamas last month supported prices. Three senior Iranian officials have said that only a ceasefire deal in Gaza would hold Iran back from direct retaliation against Israel for the assassination.

"Geopolitical risk continues to hang over the oil market. It is still unclear how and if Iran will retaliate against Israel," ING analysts said in a client note.

However, oil inventory gains raised concerns of weaker demand, analysts at ANZ said in a client note. US crude oil stockpiles rose by 1.4 million barrels in the week ended Aug. 9, compared with estimates for a 2.2 million barrel draw, building for the first time since late June.

China's factory output growth slowed in July while refinery output fell for a fourth month, underscoring the country's spotty economic recovery, also limiting the market's upside.



People use their mobile phones while sitting outside closed shops in Dhaka. Sufficient spectrum is essential for ensuring better mobile network performance as it determines the capacity, speed and coverage operators can provide.

PHOTO: AFP/FILE

# GP, Robi get 20MHz of spectrum each to improve service

MAHMUDUL HASAN

Grameenphone and Robi, the top two mobile network operators in Bangladesh, have each secured a spectrum allocation of 20 megahertz (MHz) to boost the quality of their services.

Bangladesh Telecommunication Regulatory Commission (BTRC) recently approved the operators' request in this regard, deciding they will pay Tk 1,160 crore under a 15-year contract.

The spectrum will be allocated from the 2.6 gigahertz (GHz) band suitable for 5G and 4G services.

Spectrum refers to the range of electromagnetic radio frequencies used to transmit data over air.

Sufficient spectrum is essential for ensuring better mobile network performance as it determines the capacity, speed and coverage operators can provide.

Also, increasing the operators' spectrum will facilitate higher data transfer rates, thereby reducing network congestion and improving the overall connectivity.

Grameenphone and Robi will each pay for their fresh allocations through 10 equal annual instalments.

This decision comes more than two years after Robi and Grameenphone each purchased 60 MHz from the 2.6 GHz band at an auction on March 31, 2022.

At the time, Banglalink acquired 40 MHz from the 2,300 MHz band for Tk 2,241 crore while state-run Teletalk secured 30 MHz from the same band for Tk 1,681 crore.

Shahed Alam, chief corporate and

regulatory officer of Robi Axiata PLC, expressed gratitude to the BTRC for providing spectrum from the 2.6 GHz band.

"Sufficient spectrum is key for serving customers with quality services, but it involves massive investment from operators," he said.

On the other hand, Alam urged the BTRC to resolve the lack of availability in number series, which is critical for adding new subscribers.

**Increasing the operators' spectrum will facilitate higher data transfer rates, thereby reducing network congestion and improving the overall connectivity**

"If this problem persists, making huge investment in acquiring spectrum will add to the financial struggles of the company," he said.

"So, we sincerely hope the BTRC will resolve this soon so we can truly create an inclusive network for all citizens of the country by acquiring new spectrum," Alam added.

As per BTRC documents, 160 MHz of spectrum from the 2.6 GHz band had been allocated for operators in Bangladesh.

And while Grameenphone and Robi each got 60 MHz at the auction, the remaining 40 MHz of spectrum was allocated for Internet Exchange Limited (IEL), a broadband wireless access provider.

But the BTRC then cancelled IEL's

allocation in July 2022 and decided that it will go to mobile operators.

USD DILEMMA CAUSES DELAY

So, with 40 MHz to sell in hand, the BTRC received applications for an allocation from both Robi and Grameenphone soon after announcing the decision.

However, the recurring rise in US dollar rates had become a point of contention.

This is because during the auction, the price per MHz was set at \$6.5 million, or Tk 56.03 crore as per the exchange rate at the time.

But the price per MHz ballooned to Tk 71.5 crore after the US dollar price rose, causing a dispute over determining the currency to be used for purchasing the spectrum.

Against this backdrop, the BTRC sent separate letters seeking the operators' views in this regard.

The operators, both in writing and verbally, responded that it would create obstacles in expanding their networks if the spectrum price is determined based on the current US dollar rate.

"Since the economic capacity of all operators is not the same, the costly spectrum will compromise the level playing field," Robi said in a letter.

Robi and Grameenphone had both proposed that spectrum from the 2.6 GHz band should cost Tk 58 crore per MHz.

And after obtaining approval from the state minister for ICT, the telecom regulator decided to allocate 20 MHz to each operator at their proposed price, according to official documents of the agreement.

## Beneficiaries in a crisis

MAHTAB UDDIN AHMED

On a hot, scorching day Asif's office air conditioner broke down, with workers doing little and complaining more. Seizing the opportunity, Asif relocated his team to a nearby ice cream parlour. Amid scoops and banter, the team bonded and surprisingly got a lot done. The ice cream shop owner appreciated the extra business, and Asif secured a discount for the group. Meanwhile, the air conditioner was fixed, and everyone returned to the office the next day. But "ice cream meetings" became a regular treat, demonstrating how crises can lead to boon opportunities.

During my tenure as CEO of Robi, the business faced numerous crises, including SIM verification readiness issues and the challenges from the pandemic. One motivational mantra I used for my team was to look for opportunities in each crisis. Initially, the impact was small, but it became a driving force over time. After that, the team consistently delivered exceptional performance during my five years as CEO.

My positive experience during crises stemmed from working for a financially strong company. However, financially weaker businesses often collapse during a crisis due to limited manoeuvring capacity. Historically, the rich-poor gap widens during a crisis, favouring the rich and bankrupting the poor. During the Great Depression, the rich bought assets cheaply while many faced hardships. The 2008 financial crisis and the pandemic saw tech giants and large institutions profit while average citizens suffered. The 1990s Russian and European debt crises also favoured the wealthy through bailouts, exacerbating economic inequalities.

Bangladesh's student-led movement was a call for transformative change. While the country transitions through a wave of change, it is also facing a major national crisis. Cronies and passive supporters of the fallen autocratic regime have suddenly surfaced under a new red banner chanting their support for the revolutionary students when, only a few days ago, they were mourning only the loss of state property and not the deaths of unarmed students! These turncoats that include politicians, bureaucrats, and businessmen—are now out to capitalise on the crisis for their own personal benefits.

But is the hard-fought victory of the student movement enough to achieve a corruption free, democratic nation envisioned by the students? Unfortunately, the evil forces are still lurking. With their amassed financial and social clout, these opportunists from major political parties are once again raising their ugly heads to undermine the system, threatening to perpetuate the cycle of corruption.

Transforming Bangladesh requires institutional reforms, transparency, and empowering civil society. We need an independent anti-corruption commission to investigate and prosecute without political interference. Public service appointments should be merit-based and free of nepotism. Judicial independence ought to be restored with transparent appointments and tenure protections for judges. Eliminating outdated laws and judicial practices along with corrupt judicial loopholes is crucial.

Regulatory bodies must be empowered with resources and independence to promote transparency through public disclosures, e-governance, and citizen oversight. Press freedom must be protected at all costs and bolster civil society watchdogs. Nationwide campaigns promoting accountability and civic participation must be ongoing.

Economic policies must be inclusive to reduce inequality, support SMEs, and create job opportunities for youth and marginalized communities. Implementing international standards of governance, transparency, and anti-corruption measures is imperative, partnering with global organisations for assistance, if necessary. Property rights must be ensured through stable regulations to build investor confidence while maintaining transparency. Improving forex reserves is one of the top priorities, not to mention controlling inflation, fixing the banking system, disciplining the capital market, and attracting foreign investment for sustainable growth. It is crucial to ensure reforms benefit the poor, and the wealthy contribute by investing and employing and not getting away by evading taxes.

The story of crisis management at the ice cream parlour illustrates how flexibility and creative problem-solving can turn challenges into opportunities. As we stand on the threshold of a new Bangladesh, we can all collaborate to work for a more resilient and dynamic economy that will open new opportunities for all, remove frustrations and disillusionment of the youth, create opportunities and benefits for ordinary citizens, and lastly, embrace the wave of positivity for a more prosperous Bangladesh.

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



## Japan's economy rebounds in Q2

AFP, Tokyo

Japan's economy has rebounded, government data showed Thursday, in welcome news for its next prime minister following Fumio Kishida's decision to quit.

The 0.8-percent expansion in the second quarter came after the world number four economy slumped by 0.6 percent in the first three months of the year.

The rise, supported by increased activity and increased capital and public investment, beat market expectations that output would grow 0.6 percent.

Hiroynuki Ueno, chief strategist at SuMi Trust, pointed to improving consumer sentiment thanks to higher wages and a recovery in auto production after several scandals.

Toyota subsidiary Daihatsu in particular halted production for months from late 2023 after admitting it had engaged in safety test irregularities for years.

Moody's economist Stefan Angrick cautioned that it would be "premature to conclude that Japan's economy is out of the woods."

"(The) headwinds facing the economy are substantial. Exports are struggling, and household finances are stretched," he said.

On Wednesday Kishida said he would step down next month after almost three years in office after dropping out of the race to retain the leadership of his party.

His poll ratings sagged badly because of price rises that have eaten into Japanese incomes and a slew of scandals.

The yen also fell sharply and the economy struggled to gain traction despite major stimulus efforts including tax cuts.

Kishida could in theory have governed until 2025 but analysts said he threw in the towel after losing support within the Liberal Democratic Party (LDP), which has ruled Japan almost without a break for decades.

READ MORE ON B2

## China's underwhelming data dampens hope of economic recovery

AFP, Beijing

Chinese industrial production growth slowed in July while unemployment rose, official data showed Thursday, highlighting an uneven recovery in the world's second-largest economy despite recent government measures to try to stimulate expansion.

More than a year and a half after the lifting of stringent Covid-19 measures, the much-anticipated post-pandemic recovery has been brief and less robust than expected, while a property crisis and high unemployment have weighed on investor confidence.

Chinese leaders have called for "eliminating risks" in the economy following a key political meeting in July and introduced 20 measures earlier this month aimed at boosting consumption.

Still, industrial production growth weakened in July, with the month's 5.1 percent expansion inching down from 5.3 percent in June, according to the National Bureau of Statistics (NBS) — its weakest growth since March.

It also fell short of the 5.2 percent increase that analysts surveyed by Bloomberg had predicted. Meanwhile, the unemployment rate rose to 5.2 percent in July, from 5 percent in June.

However, the NBS figures paint an incomplete picture of China's overall employment situation, as they only take urban areas into account.

The unemployment rate for people

aged 16 to 24 was 13.2 percent in June, according to a new calculation that now excludes students. July's figures have not yet been released.

It had skyrocketed to a record 21.3

percent last year, before authorities suspended the publication of figures for several months, citing a need to review methodology.

July data released over the past week "paints a bleak picture of the Chinese economy", said economist Larry Hu from Macquarie Group.

The data suggests that growth "edged down slightly" at the start of the third quarter, Capital Economics' Julian Evans-Pritchard said in a note.

But "the pace of decline appears to have eased and a cyclical turning point could be near", he added.

Retail sales — a key indicator of consumer spending — grew 2.7 percent year-on-year, climbing from June's 2.0 percent increase, and narrowly beating the 2.6 percent forecast in the Bloomberg survey.

Some sectors like the services industry in China have seen some recovery, driven largely by domestic tourism.

But significant hurdles remain for other sectors including the real estate industry, which long accounted for more than a quarter of China's GDP.

This sector has been under pressure with many housing developers on the brink of bankruptcy, discouraging Chinese from investing in property.



An employee works on a washing machine production line at a factory for Chinese company Haier in Qingdao, in eastern China's Shandong province. China's industrial production growth weakened in July, with the month's 5.1 percent expansion inching down from 5.3 percent in June.

PHOTO: AFP/FILE

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