

# Star BUSINESS

Fashion brands and retailers report increased customer footfall ahead of Durga Puja despite rising prices and political uncertainty

Story on B4



## 4 crisis-hit banks secure Tk 945cr liquidity

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Four crisis-hit lenders – First Security Islami Bank, Social Islami Bank, Global Islami Bank and National Bank – received a total of Tk 945 crore in liquidity support from the inter-bank money market.

Social Islami Bank received Tk 300 crore from City Bank and Tk 50 crore from Mutual Trust Bank.

First Security Islami Bank got Tk 200 crore from City Bank, Tk 50 crore from Mutual Trust Bank and Tk 50 crore from Dutch-Bangla Bank, according to central bank data.

National Bank secured Tk 200 crore from City Bank, Tk 50 crore from Mutual Trust Bank and Tk 20 crore from Bengal Commercial Bank, as per BB data.

Global Islami Bank got Tk 25 crore from Eastern Bank.

BB Executive Director and Spokesperson Husne Ara Shikha confirmed the development yesterday, adding that some banks are still preparing documents to support the ailing lenders.

Last month, the four banks as well as Union Bank obtained guarantees from the Bangladesh Bank (BB) to avail liquidity support from the inter-bank money market.

Following the installation of an interim government in August, all five of the commercial lenders saw their boards of directors reconstituted.

The central bank also imposed nine conditions in agreements with the five lenders.

## Inflation continues to ease in Sept but still around 10%



STAR BUSINESS REPORT

Bangladesh's inflation continued to ease for the second consecutive month in September as prices of both food and non-food items cooled off, according to the statistics bureau.

Still, the Consumer Price Index (CPI) has been hovering around 10 percent since March last year despite several interest rate hikes by the central bank.

In September, the CPI stood at 9.92 percent, down from 10.49 percent in August, according to data released by the Bangladesh Bureau of Statistics (BBS) yesterday.

In August, the CPI, a measure of changes in consumer prices for a basket of goods and commodities, dropped to 10.49 percent from 11.66 percent in July.

"The positive news is that inflation has declined for the second consecutive month," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office. "The decline primarily

reflects lower food inflation in both rural and urban markets."

Drop in food inflation probably reflects marginally improved supply and cost conditions. The exchange rate has been stable and floods have receded, he said.

As the headline inflation is still close to 10 percent and non-food inflation in urban markets has increased, Hussain argued that the reduction in inflationary pressure is not solely due to policy tightening and that such measures may still be necessary.

Food prices in September grew at a slower rate of 10.4 percent compared to 11.36 percent in August, according to the BBS. Non-food inflation eased to 9.5 percent in that month from 9.74 percent in August.

The Bangladesh Bank in its quarterly report published yesterday hinted that it may maintain a contractionary monetary policy stance until there are clear signs of inflation easing.

To help curb inflation, the central bank last week raised the policy or repo rate, at which commercial banks borrow from the BB, by 50 basis points to 9.50 percent.

The BB said it is actively working to stabilise inflation while supporting productive economic sectors, despite the various macroeconomic uncertainties facing the economy.

The central bank also mentioned that disruptions in supply chains caused by the nationwide student movement and recent floods could potentially impact inflation in the coming months.

Given that inflationary pressures have become the country's top economic concern, it is expected that the current interim government would continue to implement its strict fiscal policies through spending cuts and reduced budgetary support.

Meanwhile, the Asian Development Bank recently projected that inflation

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## Sky Bees to invest Tk 550cr to set up drone factory

STAR BUSINESS REPORT

Sky Bees Limited, a newly established company, will today sign an agreement with the Bangladesh Export Processing Zones Authority (Bepza) for land to set up an export-oriented unmanned aerial vehicle (UAV) production facility.

Sky Bees is set to invest about Tk 550 crore to establish the facility, which will be built inside the Bepza industrial estate at the Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram's Mirsarai upazila.

The company expects to export UAVs, commonly known as drones, worth \$169 million or roughly Tk 2,300 crore annually after starting production in early 2025.

Sky Bees is the brainchild of Josim Ahmed, an industrialist with an impressive track record in the textile and garment accessories sector, particularly within the export processing zones of Dhaka and Pabna's Ishwardi upazila.

Ahmed's experience extends to his role in establishing two joint ventures: Global Levels Bangladesh Limited, a Spain-Bangladesh partnership, and Jinque Global Textile Bangladesh Limited, a China-Bangladesh collaboration.

With Sky Bees, Ahmed is now focusing on the future, investing in advanced UAV technology, a sector that holds great promise for Bangladesh's export landscape.

According to him, this project represents the hopes of "many dreamers and confident young people."

He describes their journey as one filled with challenges but driven by innovation.

Regarding his team, Ahmed said: "Their eyes and body language make us brave."

He also noted that their progress

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## Stocks plunge as 'manipulators' go for massive sell-offs

STAR BUSINESS REPORT

Stock indexes in Bangladesh plunged by over 2 percent yesterday as a section of investors sold shares on a massive scale apprehending punitive measures from the regulator for their past malpractices.

The benchmark index of Dhaka Stock Exchange (DSE), plummeted by 132 points, or 2.36 percent, from that on the previous day to 5,453.

Over the last three consecutive days, the index had dropped by 205 points.

Some investors staged protests in Motijheel of Dhaka yesterday blaming some recent "wrong decisions" of the Bangladesh Securities and Exchange Commission (BSEC).

The "wrong decisions" include imposition of fines on some investors and downgrading of some companies to "Z" or junk category for regulation violations.

On Tuesday, the BSEC imposed a fine of Tk 428.52 crore on five firms and four individuals for manipulating prices of

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## Why most stock market policies backfired

AHSAN HABIB

The stock market regulator formulated a large number of policies, rules and regulations and passed orders in the last 15 years citing the best interests of investors.

However, most have backfired, leaving the stock market reeling from a crisis of confidence.

Although these changes failed to ensure good governance in the market, Prof Shibli Rubayat-ul Islam and M Khairul Hossain got unwarranted extensions of their tenures at the head of the Bangladesh Securities and Exchange Commission (BSEC).

Analysts pointed out faulty decisions,



including the imposition of floor prices, allowing mutual fund tenure extensions and stock dividends as their returns, and allowing companies with poor performance records to make initial public offerings.

The imposition of strict conditions for the valuation of companies in the bookbuilding method and frequent changes to the circuit breaker -- which determines the extent to

which the price of a stock can increase and decrease in a day -- were also bad policy decisions, they said.

The Khairul-led commission tried to stop forced sales in 2011 and 2012, which ultimately caused institutional investors to lose interest.

Many of them are still dormant in the market as they are bearing the burden of past decisions.

During the pandemic, the stock market was closed for around two months although banking activities had resumed much earlier, said Mohammad Emran Hasan, managing director and chief executive officer of Investit Asset Management.

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## ADP spending hits 12-year low in Jul-Aug

STAR BUSINESS REPORT

The implementation rate of the annual development programme (ADP) in the July-August period of the current fiscal year was the lowest in the past 12 years due to cautious spending by the government and work disruptions amidst political turmoil.

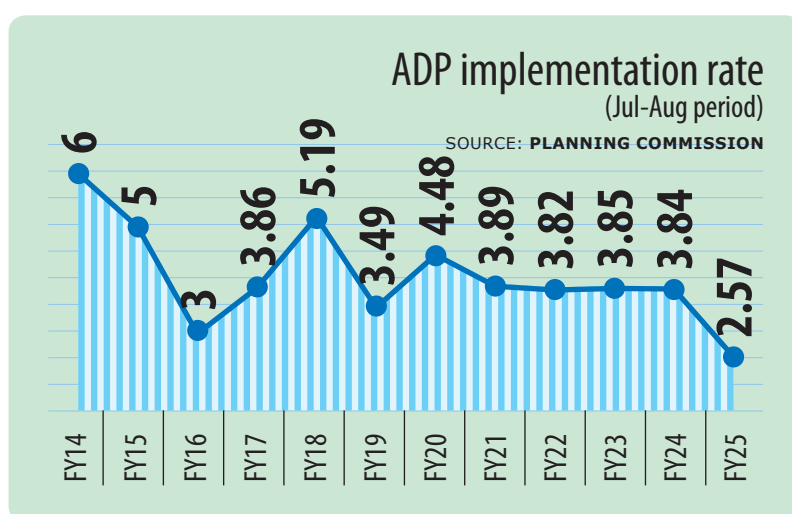
The government allocated Tk 278,288 crore for the ADP this fiscal year, up 9.6 percent from last fiscal's revised budget of Tk 254,000 crore.

According to data from the Implementation Monitoring and Evaluation Division (IMED), the implementation rate stood at just 2.57 percent in the two months, whereas it was 3.84 percent during the corresponding period of the last fiscal year.

Surprisingly, the implementation rate stood at 4.48 percent during the same period even amidst the pandemic.

Data shows that implementing agencies spent Tk 7,143 crore in the first two months of the current fiscal year, whereas they had spent Tk 10,542 crore during the same period in the last fiscal year.

IMED officials said all projects under the ADP had been halted as contractors fled following the ouster



of the Sheikh Hasina-led Awami League government on August 5.

Moreover, out of the 56 ministries and divisions, the land and foreign affairs ministries, law and justice division and parliament secretariat could not spend a single paisa.

An additional 18 ministries and divisions spent less than one percent of their allocations.

Among the 15 ministries and divisions that received the largest allocations, the Power Division spent 5.6 percent of its total allocation followed by the Local Government

Division with 4.6 percent.

The Ministry of Civil Aviation and Tourism spent 3.8 percent while the Ministry of Primary and Mass Education managed 3.2 percent.

"This time, a lack of resources and disruption in activities due to political unrest slowed the implementation rate," said Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue (CPD).

The interim government should scrutinise projects that are at the preliminary stages and revise them if needed, he added.

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এবি ব্যাংক পিএলসি, নতুন দিন গড়ার প্রত্যয়ে চট্টগ্রাম জেলার হাটহাজারীতে ২০০ এর অধিক ক্ষুদ্র ও প্রান্তিক কৃষকদের নিজস্ব তত্ত্বাবধানে ডেবিট কার্ডের মাধ্যমে কৃষি ঋণ বিতরণ করেছে।

চট্টগ্রামে এবি ব্যাংকের হাটহাজারী শাখায় এ উপলক্ষে আয়োজিত অনুষ্ঠানে ব্যাংকের ব্যবস্থাপনা পরিচালক ও সিইও জনাব তারিক আফজালের সভাপতিত্বে অনুষ্ঠানে প্রধান অতিথি হিসেবে উপস্থিত ছিলেন জনাব আরিফ হোসেন খান, নির্বাহী পরিচালক, চট্টগ্রাম অফিস, বাংলাদেশ ব্যাংক।

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A woman browses through clothes at a fashion outlet located in Bashundhara City shopping complex in the capital's Panthapath. Retailers reported increasing customer turnout ahead of Durga Puja, the biggest religious festival of the Hindu community to be celebrated from October 10.

PHOTO: PRABIR DAS

## Fashion brands see higher customer footfall ahead of Durga Puja

SUKANTA HALDER and TAHIRA SHAMSI UTSA

Fashion brands and retailers are witnessing increased customer footfall ahead of Durga Puja, the biggest annual festival for Hindu community, despite rising prices and political uncertainty.

Businesspeople were initially sceptical about sales prior to one of the biggest religious festivals in the country as law and order broke down after the fall of the Sheikh Hasina-led Awami League government on August 5.

However, those fears have now made way for optimism, with many saying sales could increase if the situation remains stable leading up to Durga Puja, which begins on October 10 this year.

According to businesspeople, Eid-ul-Fitr and Eid-ul-Azha account for about 70 percent of all festival-related sales in Bangladesh while the rest take place during Pehela Baishakh and Durga Puja.

Alongside apparel, demand for consumer electronics, sweets and hilsa fish also sees an uptick ahead of the major festival for Hindus, who account for approximately 8 percent of the country's population.

Sales typically peak about 10 days before the start of festivities and continue for around three days after. However, it is also a time when the pinch of rising prices is felt most.

Inflation hit 10.49 percent in Bangladesh in August and has been hovering over nine percent since March of 2023, eroding people's purchasing power and

becoming a cause for concern during a time for celebrations.

Upoma Dey, a third-year student at Eden Mohila College, expressed concern over the rising prices of clothing.

"Last Durga Puja, I spent Tk 7,800. But this year I had to spend around Tk 10,000 for the same number of dresses," she said, adding that the quality of fabrics was also declining over time.

Similarly, Deepa Pratiba Das, an employee at a private company in Dhaka, said the cost of clothing had increased significantly.

"The panjabi I bought for Tk 800 to 900 last year now costs Tk 1,200 to Tk 1,300," he said.

Many other shoppers echoed similar worries about rising prices. But despite such concerns, retailers report a positive response from customers.

Sharifun Reba, director at SaRa Lifestyle Limited, a popular retail fashion brand with 14 outlets across the country, was happy to see strong sales ahead of Durga Puja.

"This is always a special time of year for us. We have seen a significant uptick in sales across all clothing categories," Reba said.

She noted a two to three percent increase in year-on-year sales compared to the time preceding last year's Durga Puja, attributing the growth to their continued focus on offering high quality, stylish, and affordable clothing.

"We are optimistic that the upcoming festivities will prove a successful season for business," she added.



Khalid Mahmood Khan, co-founder of Kay Kraft, a retailer of fashion wear, accessories and home textiles with 16 outlets across the country, also reported increased customer footfall.

"If we compare sales before last year's Durga Puja to now, they are nearly the same," he said.

However, Khan expressed concern over the country's political situation, which has created uncertainty in consumer confidence. He expects sales to pick up in the week leading up to the festival.

Traders said sarees and salwar kameez are in high demand, with buyers more interested in katan, silk and embroidered sarees. Jamdani sarees are also sought-after items.

Soumik Das, manager of Rang Bangladesh, stated that sales were going well despite the political uncertainty.

However, he said there had been no growth compared to the

previous year. "If the current trend continues, growth may be seen in the final days before the Puja."

He also pointed out that some customers, unable to travel to India due to complications securing visas, have turned to local shops, contributing to the recent increase in footfall.

Raihan Kabir, head of marketing and e-commerce at Apex Footwear Limited, shared that their Puja collection, launched on September 29, had been well received.

However, the development is not the same in all places.

In Dhaka's New Market, Mohammad Rusel, a shopkeeper, reported a significant drop in customer traffic.

"The shop has been mostly empty all day," he noted.

A saree seller in the same area highlighted that customer turnout at saree shops is noticeably low this year.

"Our prices are the same

as last year, but the number of customers has decreased significantly."

A shopkeeper at the Aziz Super Market in the capital's Shahbagh shared that prices of sarees, panjabis and women's kurtis are consistent with last year.

He highlighted recent incidents of violence against minorities, saying it may have had an impact on the psyche of consumers.

Home appliance retailers usually also see a rise in sales ahead of any major festival, with blenders, grinders, rice cookers, and microwaves in high demand.

However, according to Nurul Ahsen, deputy managing director of Electro Mart Limited, shopping for home appliances had not yet fully started.

He hoped sales would pick up from the first week of October.

The food and beverage industry is also gearing up for Durga Puja, with retailers expecting an increase in sales.

Shah Mostaque Ahmed, general manager of Well Food and Beverage Company Limited, said sales of sweets had already started to increase compared to usual.

"As we do every year, we are offering a 10 percent discount on various types of sweets ahead of Durga Puja. However, corporate orders, which are a significant source of sales, have not yet started coming in," he added.

Khokon Chandra Samaddar, a wholesale fish trader at the Jatrabari fish market, said that the demand for Hilsa typically increases during Durga Puja.

## Govt to buy two LNG cargoes from Gunvor Singapore

STAR BUSINESS REPORT

The advisory committee on government purchases yesterday approved the import of two consignments of liquefied natural gas (LNG) from the spot market for nearly Tk 1,290 crore.

Singapore-based MS Gunvor Singapore Pte will supply each million British thermal units (MMBtu) of the first consignment at \$13.57 while the second will cost \$13.77 per MMBtu.

Each consignment of LNG is equivalent to 33.60 lakh MMBtu.

According to the meeting minutes, the first consignment will cost Tk 649.15 crore and the second Tk 649.59 crore.

"The committee approved the consignments after getting quotations from the companies, which signed the master sale and purchase agreements with Petrobangla in line with the Public Procurement Rules 2008," the minutes read.

Also at yesterday's meeting, the government approved the purchase of fertilisers, specifically 60,000 tonnes of urea, 30,000 tonnes of triple super phosphate (TSP) and 40,000 tonnes of diammonium phosphate (DAP).

Around 30,000 tonnes of urea will be supplied by Saudi Arabia's SABIC Agri-Nutrients Company for \$346.33 per tonne. The rest will be supplied by the local Karnaphuli Fertiliser Company Limited for \$335.5 per tonne.

TSP will be supplied by Morocco's OCP SA at a rate of \$415 per tonne while the DAP consignment will be supplied by Saudi Arabia's MA'ADEN at \$581 per tonne.

## US factory activity shrinks for sixth month

AFP, Washington

US manufacturing activity contracted for a sixth straight month in September, according to survey data released Tuesday, with demand remaining weak and new export orders slumping.

The tepid reading reflects uncertainty in the sector ahead of the US presidential election in November and with further changes to central bank policy in the pipes.

Meanwhile, a deterioration in the employment index underscores concerns over the jobs market.

The Institute for Supply Management's (ISM) manufacturing index held at 47.2 percent last month, the same reading as in August, missing market expectations.

That figure is below the 50-point mark separating expansion from contraction.

"Demand continues to be weak, output declined and inputs stayed accommodative," said ISM survey chief Timothy Fiore in a statement.

"Demand remains subdued, as companies showed an unwillingness to invest in capital and inventory due to federal monetary policy," he said, adding that "election uncertainty" was also a factor.

While the Federal Reserve has started to lower interest rates, further action is widely expected.

Besides export orders, the new orders index also remained in contraction while employment shrank at a faster rate.

"Panelists cited continuing efforts by their companies to right-size workforces to levels consistent with projected demand," according to Fiore.

A respondent in the chemical products sector said: "North America demand has started to weaken. Asian demand is slightly higher but shows signs of weakness in future months."

Matthew Martin, an economist at Oxford Economics, said that high interest rates and uncertainty over the US presidential election "continue to weigh on the manufacturing sector."

## Oil extends rally after Iran attack

AFP, Hong Kong

Oil prices extended a rally Wednesday after Iran's missile attack on Israel fanned fears of a Middle East-wide conflict, while the Hong Kong market ploughed on with its China-fueled surge as developers saw eye-watering gains.

News of the launches rattled US and European traders and sparked a sell-off on most markets, though Asia fared slightly better, with Hong Kong jumping more than six percent as it reopened after a one-day break.

Both main crude contracts shot up more than five percent at one point Tuesday after Iran fired dozens of missiles at Israel in response to the killings of Tehran-backed militant leaders.

Washington said it was discussing a joint response and warning of "severe consequences" and Israel vowed it would make Iran "pay" for the launch. Tehran threatened to hit all Israeli infrastructure if attacked.

"The burning question is whether Iran's missile strike is a one-off response or the start of something much bigger. Most bets lean towards the former, especially with the US stepping in to back Israel," said independent analyst Stephen Innes.

"Iran's oil infrastructure could very well be in their crosshairs. Taking a swing at Iran's oil lifeline could have far-reaching economic consequences, sparking a severe escalation," Innes wrote in his "The Dark Side Of The Boom" newsletter.

Demand for gold -- a go-to in times of uncertainty and turmoil -- pushed the precious metal close to its \$2,685 record.

All three main indexes on Wall Street ended in the red, with the Nasdaq down more than one percent.

## Eurozone inflation falls under 2% for first time since 2021

AFP, Brussels

The eurozone's annual inflation rate fell to its lowest level in three-and-a-half years in September, official data showed Tuesday, dropping below the European Central Bank's two-percent target and fuelling expectations of a rate cut.

Year-on-year consumer price increases in the single currency area slowed to 1.8 percent in September, down from 2.2 percent in August, thanks to falling energy costs.

The rate for the 20-country eurozone was the lowest since April 2021 and beat predictions of 1.9 percent by analysts surveyed by financial data firm FactSet.

Core inflation, which strips out volatile energy, food, alcohol and tobacco prices and is a key indicator for the ECB, cooled slightly to 2.7 percent in September from 2.8 percent in August, the EU's official statistics agency said.

The central bank's chief Christine Lagarde said Monday that rate-setters would take the new data on inflation "into account in our next monetary policy meeting in October".

The Frankfurt-based body has already cut borrowing costs twice in recent months, and Tuesday's data will raise hopes for another reduction at the next meeting on October 17.

That is a marked change from economists' expectations earlier this year when many experts predicted the next cut would come in December.

The latest figures "should be sufficient to persuade the ECB to cut rates in October, even though services inflation remained high", said Franziska Palmes, senior Europe economist at Capital Economics research group.

Consumer price rises have significantly slowed since the 10.6 percent peak in October 2022 after energy costs soared following Russia's invasion of Ukraine that year.

Sky-high inflation pushed the ECB to



Customers shop at a hypermarket in Villefranche-sur-Saone, central France. Consumer price rises in Europe have significantly slowed since the 10.6 percent peak in October 2022.

PHOTO: AFP/FILE

aggressively raise rates but with inflation now below target, the bank's "concerns seem to be shifting towards the lacklustre growth environment", said ING bank's Bert Colijn.

The ECB said last month it expects expansion of just 0.8 percent this year, a figure revised down from a previous prediction of 0.9 percent published in June.

The slowdown in inflation comes after energy prices fell sharply by 6.0 percent in September, compared with a drop of 3.0 percent in August, Eurostat data showed.

Lagarde warned "inflation might temporarily increase in the fourth quarter of this year as previous sharp falls in energy prices drop out of the annual rates".

But she told a European Parliament hearing Monday that "the latest developments strengthen our confidence that inflation will return to target in a timely manner".

Tuesday's data showed services inflation, which had been accelerating in recent months, slowed to 4.0 percent in September, down from 4.1 percent in August.

But food and drinks prices ticked up slightly, by 2.4 percent in September compared with 2.3 percent in August.