

# Star BUSINESS



## Why dividend delay a double whammy for investors

AHSAN HABIB

Motaher Hossain Masum was frustrated last September when Confidence Cement announced a mere 10 percent dividend for the last fiscal year despite making a handsome profit.

His frustration turned to anger last month as the company delayed paying the dividend, exceeding the stipulated time.

On Tuesday last week, he was in shock after the Dhaka Stock Exchange (DSE) downgraded the company to 'Z' category for not paying dividends to investors on time.

It seems more shocks were still awaiting Masum. The next day, the cement manufacturer's stock dropped over 5 percent, mostly because of the downgrade.

"Why should general investors be punished for the wrongdoing of the company?" Masum cried, lamenting the "double penalties" investors face. "This policy is completely against the interest of the investors."

Like Masum, many stock investors ultimately pay the price when listed companies fail to pay dividends within the stipulated time.

Market analysts say the regulator should punish the management and board if a company fails to pay dividends on time, not the general investors.

IMPACT OF STOCK DOWNGRADE		
Trade settlement becomes limited to 3-4 days	Downgraded stocks turn non-marginable	Mounting sell pressure pull their prices down
WAYOUT		INVESTORS SUFFER FROM
Penalising top officials of defaulting companies	Revising policy to offer more investor protection	Delayed dividend payment
		Investment value erosion

They argue that for late payment, investors not only miss out on their dividends but also face plummeting share prices after downgrades, further eroding their investment value.

A company is transferred to the 'Z' category if it fails to disburse at least 80 percent of its declared dividend within 30 days of its annual general meeting (AGM), according to the Bangladesh Securities and Exchange Commission (BSEC).

When a stock is downgraded, its trading settlement time is extended from two to three days, and it becomes non-marginable, meaning investors must pay the full purchase price without borrowing funds from their brokerage.

As a result, stock intermediaries often demand that investors return margin loans used to buy these shares.

If the investors fail to comply, intermediaries begin selling shares, triggering a steep fall in prices due to selling pressure.

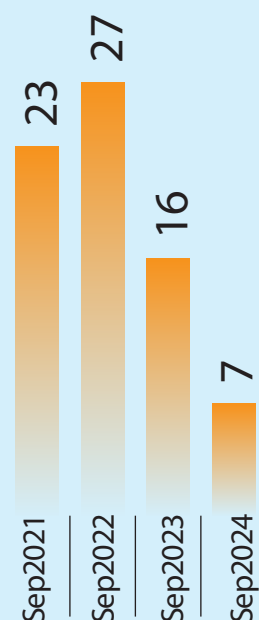
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**UCB PERSONAL LOAN**

## Consumer financing slows amid economic hardship, uncertainty

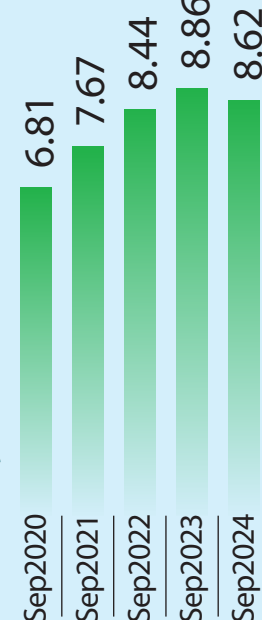
GROWTH OF CONSUMER CREDIT IN RECENT YEARS (IN %)

SOURCE: BB



PERCENTAGE OF CONSUMER CREDIT IN TOTAL LOANS

SOURCE: BB



MD MEHEDI HASAN

Consumer financing has slowed as people are adopting a go-slow strategy for taking loans, considering the increasing trend of interest rates amid ongoing inflationary pressure.

Banks are also being very conservative in providing consumer credit amid the uncertainty surrounding the recent political change over, industry insiders said.

As of September this year, the percentage of consumer credit out of total loans stood at 8.62 percent, down from 8.86 percent the previous year, according to the latest data from the Bangladesh Bank.

Total outstanding loans in the banking sector stood at Tk 1,619,917 crore as of September this year, of which Tk 139,613 crore is consumer financing.

The percentage of consumer credit out of total loans was 6.81 percent in the same period of 2020, 7.67 percent in 2021 and 8.44 percent in 2022.

Consumer credit, or consumer debt, is personal debt taken on to purchase goods and services. For instance, a credit card is one type of consumer credit in finance.

Industry insiders said people take consumer credit mostly

for lifestyle and luxury product purchases.

However, they have been forced to cut their spending on luxury products in the face of economic hardships. Still, some people are taking consumer loans to meet their monthly expenses, they added.

From September last year to September this year, banks disbursed Tk 9,103 crore as

upper middle income are mainly taking consumer credit, he said, adding that professionals are mostly taking those types of loans.

The housing and automobile sectors were adversely impacted last year due to the exchange loss of the local currency, taka, against the US dollar, Hussain said, adding that the 100 percent letter of credit (LC) margin on luxury products impacted retail loans.

Hussain also said consumer credit or retail loans are expanding on the increased earning capacity of people and changing lifestyles.

From September last year to September this year, banks disbursed cash for purchasing consumer goods, apartment purchases, credit cards loan and salaries, central bank data showed.

Banks are also lending for educational expenses, medical treatment, marriage expenses, travel or holidays, professional loans, transport loans, loans against provident funds, personal loans against deposit premium schemes (DPS), personal loans against fixed deposit receipt (FDR) and more.

M Khurshed Alam, deputy managing director of Eastern

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consumer credit, down from Tk 17,993 crore in the same period of the year prior, central bank data showed.

Bank Asia is continuing to expand its retail loans or consumer financing, said its managing director, Sohail RK Hussain.

Home loans, personal loans, automobile loans and credit cards are the major areas of retail loans.

Credit growth in the retail segment is not substantial and is still insignificant compared to the total loans in the banking sector, said the Bank Asia MD.

People of middle-income and

## Janata Bank pleads for Tk 20,000cr bailout

STAR BUSINESS REPORT

Janata Bank has requested Tk 20,000 crore in urgent funds from the interim government and the central bank to overcome its fund crisis, maintain a normal cash flow and uphold depositor confidence.

The management body of the largest state-run bank sent a letter to the Financial Institutions Division of the finance ministry and central bank last month for the bailout package.

The bank wanted to get Tk 10,000 crore in urgent recapitalisation from the finance ministry to meet a capital shortfall and provisioning shortfall.

At the same time, it requested the central bank for Tk 10,000 crore in special liquidity support for the next five years at the bank rate, which is now at 4 percent, the bank letter showed.

Contacted, Md Mazibur Rahman, managing director of Janata Bank, told The Daily Star that the bank requested both the finance ministry and the central bank to urgently provide the funds but was yet to get the support.

The Janata Bank letter showed that currently the bank's ability to borrow from the money market has decreased because of a lack of sufficient securities, which may lead the lender to a CRR (cash reserve ratio) and SLR (Statutory Liquidity Ratio) shortfall.

As a result, the state-run bank may face fines from the central bank, which poses a risk to the image of the interim government, it said.

The bank informed the government that 61 percent of its loans defaulted and the commercial lender is now facing a liquidity crisis due to being unable to recover the loans.

It said more than 45 percent of Janata's loans are concentrated with just five large borrowers, and those borrowers have mainly taken loans from the bank in the past years without facing any limits.

Beximco Group, S Alam Group, AnonTex Group, Crescent Group and Thermex Group are the five top borrowers who defaulted.

The state-run bank currently holds the highest amount of defaulted loans in the banking sector, totalling Tk 60,489 crore as of September this year.

This amount represents 61 percent of the bank's total disbursed loans and 21.22 percent of the sector's total non performing loans (NPLs) of Tk 284,977 crore till September this year, according to central bank data.

Beximco Group owes the bank Tk 19,507 crore, S Alam Group Tk 10,500 crore and AnonTex Group Tk 7,708 crore.

STOCKS	
DSEX ▼	CASPI ▼
0.37%	0.42%
5,105.43	14,304.00

COMMODITIES	
Gold ▼	Oil ▲
\$2,715.75	\$70.58
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.32%	▲ 1.21%	▲ 0.43%	▲ 0.85%
81,263.84	39,849.14	3,809.27	3,461.50

## Inflation 7% by next June: BB governor

STAR BUSINESS REPORT

Bangladesh Bank Governor Ahsan H Mansur yesterday said the interim government has set a target to reduce inflation to 7 percent by the end of next June and further below 5 percent in the next fiscal year.

"We have reviewed many countries, including the US, the UK, European Union or Thailand," he said.

"...what we have learned is that it will take at least 12 months for the full impact of inflation-curbing measures to be reflected in the inflation target. So, we have to allow that time," he said.

Mansur was speaking at an event titled "Driving Changes: Unlocking the Potential of Bangladesh Financial Market" organised by BRAC EPL Stock Brokerage Ltd at Sheraton Dhaka in the capital.

He said inflation has not yet come down although monetary policies have

READ MORE ON B3



Ahsan H Mansur

## Pharma exports hit record high in Nov

JAGARAN CHAKMA

Pharmaceutical exports from Bangladesh notched record growth in November this year as local drug makers secured new markets and larger orders, according to industry people.

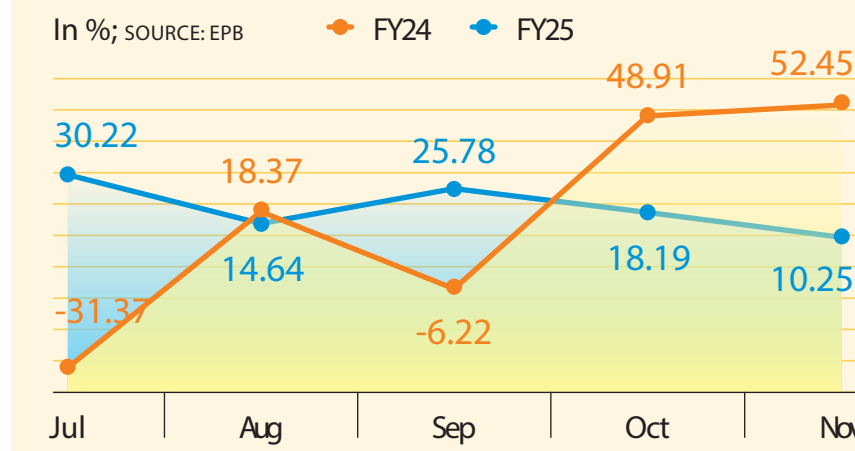
Data from the Export Promotion Bureau (EPB) shows that the country's pharmaceutical shipments rose by 52.45 percent year-on-year to \$92.58 million in the July-November period of the current fiscal year.

In November alone the sector fetched \$22.73 million from exports, indicating substantial growth from the \$13.14 million earned during the same month a year prior.

"Export orders usually increase this time each year if the overall situation remains normal, as reflected by the shipment volume," said Monjurul Alam, chief executive officer of Beacon Medicare Limited, a concern of Beacon Pharmaceuticals.

While acknowledging that export orders have risen significantly, he said the growth was aided by gradual improvements in the country's US dollar stock and the subsequent easing of letters of credit (LCs)

### MONTHLY TREND OF PHARMACEUTICALS EXPORT GROWTH



opening for raw material imports.

And although the local pharmaceutical industry was rocked by worker unrest in September, the situation has been stabilising since October.

"Drug makers are now keen on boosting exports and finding new destinations," Alam added while citing how the international marketing teams of local exporters

are working hard to this end.

Mujahidul Islam, executive director (marketing and sales) for both domestic and international markets at Eskayef Pharmaceuticals Limited, said major importers like Sri Lanka, Nepal and Myanmar have resumed placing orders.

Against this backdrop, he expressed optimism that exports will grow further in the coming

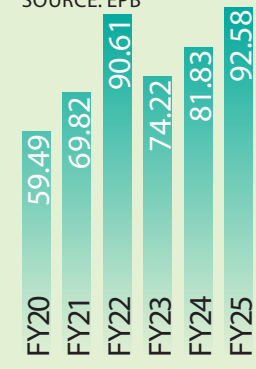
days as global economies continue to recover from economic crises brought on by the Russia-Ukraine war.

Besides, existing importers have started placing larger orders, Islam said while adding that the export growth was not equally shared by all in the local industry.

Ananta Saha, international business manager of Renata

### Drug exports from Bangladesh

In million USD; Jul-Nov; SOURCE: EPB



Limited, said they achieved their desired export growth this year despite facing a number of challenges, such as rising raw material import prices.

"Although we did not get significant growth over the past five months, the current growth rate is sustainable," he added.

Saha also said nearly all of the leading pharmaceutical exporters are working to secure approval from drug enforcement agencies of foreign economies in a bid to expand their global footprints.

However, he informed that despite increased exports, the profit margins of local drug makers decreased as a result of the higher US dollar rates and rising raw material import costs.

"Manufacturers could not raise their product prices even though taka's depreciation against the greenback hiked the production cost," Saha added.

The country exports pharmaceutical products to at least 151 countries, including those in the EU, Africa and Latin America as well as the US, after catering to 98 percent of the domestic demand, according to Bangladesh Association of Pharmaceutical Industries.

## Bank Asia leads seminar on women entrepreneurship

STAR BUSINESS DESK

Bank Asia PLC has recently organised a seminar on the "Identification of Women Entrepreneurs and Loan Disbursement" in the cottage, micro and small enterprises (CMSE) sector at Jhenaidah Shishu Academy.

A total of 43 women entrepreneurs attended the event, where Tk 8.12 crore (81.20 million) in loans were disbursed to support their businesses.

SM Hasan Reza, executive director of the Bangladesh Bank Khulna office, attended the seminar as the chief guest,

the bank said in a press release.

Md Shaminoor Rahman, senior executive vice-president of Bank Asia, presided over the event, where Sheikh Shahriar Rahman, additional director of the Bangladesh Bank Khulna office, was present.

Bank Asia remains committed to empowering women entrepreneurs and their economic growth by fostering their success through relevant financial solutions, the press release added.

Senior officials along with branch managers and credit officers working at different banks across Jhenaidah district also took part in the programme.



SM Hasan Reza, executive director of the Bangladesh Bank Khulna office, hands over a loan cheque to an entrepreneur at a seminar on "Identification of Women Entrepreneurs and Loan Disbursement" organised by Bank Asia at Jhenaidah Shishu Academy recently.

PHOTO: BANK ASIA

## AB Bank gets two new vice-chairmen



Feroz Ahmed

Md Fazlur Rahman

STAR BUSINESS DESK

Feroz Ahmed and Md Fazlur Rahman were recently elected as vice-chairmen of AB Bank PLC at the 802nd board meeting of the bank.

Ahmed was serving the bank as a director, said a press release.

He is chairman of Elite Paint Group and managing director of Elite International Limited, Hexagon Chemical Complex Limited and Ahmed Securities Services.

Apart from business activities, Ahmed is also engaged with various sociocultural, philanthropic and sports organisations.

He is a member of the board of trustees of Chittagong Independent University and Chittagong Metropolitan Sports Association.

He is a life member of Chittagong Zila Krira Sangstha, Red Crescent Society, Chittagong, and Maa O Shishu Hospital in Chatogram.

Rahman, the other newly elected vice-chairman, had joined AB Bank as a director on October 9 this year. Before taking on this role, he was chairman of AB Investment Limited and AB Securities Limited.

He served the bank as its president and managing director from April 2012 to January 2014, with his visionary leadership guiding the institution through pivotal financial milestones.



Syed Mohammad Kamal, country manager for Bangladesh at Mastercard, and M Khorshed Anowar, deputy managing director and head of retail and SME banking of Eastern Bank, pose for photographs while relaunching the bank's popular "Mastercard Aqua Prepaid Card" at the latter's head office in the capital's Gulshan yesterday.

PHOTO: EASTERN BANK

## Eastern Bank relaunches 'Mastercard Aqua Prepaid Card'

STAR BUSINESS DESK

Eastern Bank PLC (EBL), in collaboration with payment network partner Mastercard, has relaunching its widely popular "Mastercard Aqua Prepaid Card" designed for customers with new look and additional features.

Syed Mohammad Kamal, country manager for Bangladesh at Mastercard, and M Khorshed Anowar, deputy managing director and head of retail and SME banking of EBL, attended the programme at the bank's head office in the capital's Gulshan yesterday, said a press release.

Ahmed Shaheen, additional managing

director of the bank, said, "At EBL, we are committed to bringing more innovative groundbreaking solutions, setting new standards of excellence in banking, and ultimately making banking experience smoother, safer, and more reliable."

Apart from regular features, the relaunching ergonomic vertical card offers Mastercard flight delay pass, ensuring extraordinary privileges for the travellers in critical scenarios.

The EBL Aqua Prepaid Card is one of the most successful products in the bank's card history for offering facilities such as convenient cash top-up, dual currency facility, secure and seamless transaction.

## IFIC Bank, Shakti Foundation launch women's health awareness campaign

STAR BUSINESS DESK

IFIC Bank PLC and Shakti Foundation have launched a campaign styled "Project Her Power" to raise awareness about women's health.

The bank signed a memorandum of understanding (MoU) with the foundation in this regard at IFIC Tower in the capital's Purana Paltan yesterday, said a press release.

Mohammad Rafiqul Islam, deputy

managing director and chief of branch business of the bank, and Md Shariful Islam, senior director and head of administration of the foundation, penned the MoU. The campaign will be held across the bank's branches and sub-branches to enhance health awareness among the bank's women customers.

Md Monirul Rahman, Iqbal Parvez Chowdhury and KARM Mostafa Kamal, deputy managing directors of the bank, among others, were present.



Mohammad Rafiqul Islam, deputy managing director and chief of branch business of IFIC Bank, and Md Shariful Islam, senior director and head of administration of Shakti Foundation, exchange signed documents of a memorandum of understanding at IFIC Tower in the capital's Purana Paltan yesterday.

PHOTO: IFIC BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (DEC 12, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 68-Tk 80	0	8.03 ↑
Coarse rice (kg)	Tk 50-Tk 55	-1.87 ↓	2.94 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-10.53 ↓
Lentil (kg)	Tk 105-Tk 110	0	0
Soybean (litre)	Tk 163-Tk 165	-2.09 ↓	4.13 ↑
Potato (kg)	Tk 65-Tk 80	3.57 ↑	45.00 ↑
Onion (kg)	Tk 115-Tk 130	-19.64 ↓	-18.18 ↓
Egg (4 pcs)	Tk 45-Tk 50	-3.06 ↓	11.76 ↑

SOURCE: TCB

## Exim Bank opens new branch in Munshiganj

STAR BUSINESS REPORT

Exim Bank opened a new branch at Tongibari in Munshiganj yesterday.

This is the 154th branch of the bank, said a press release.

Mohammad Feroz Hossain, managing director and CEO of the bank, inaugurated the branch as chief guest.

Hossain discussed the details of the various deposit and investment products of the bank and urged local people to do banking with the Tongibari branch of Exim Bank. Md Anisul Alam, regional manager for Dhaka South of the bank, presided over the programme.

Sanjib Chatterjee, head of corporate affairs and branding division of the bank, along with local dignitaries and officials of the bank were also present.



Mohammad Feroz Hossain, managing director and CEO of Exim Bank, inaugurates a new branch of the bank at Tongibari in Munshiganj yesterday.

PHOTO: EXIM BANK

### গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

নির্বাহী প্রকৌশলী, সওজ'র কার্যালয়

সড়ক বিভাগ, জামালপুর

Telephone : 0981-64826

Fax : 0981-63691

Email : ee.rhdjam@gmail.com

স্মারক নং- ৩৫.০১.৩৯৩৬.৪৩০.০০.০০৩.২৪-২৪৮৮

তারিখ- ১২/১২/২০২৪ খ্রিঃ

### e-Tender Notice

These are online Tenders, where only e-Tender will be accepted in e-GP portal and no off line/hard copies will be accepted. To submit e-Tender, please register on e-GP system Portal (<http://www.eprocure.gov.bd>).

e-Tenders are invited in e-GP system Portal (<http://www.eprocure.gov.bd>) by the Executive Engineer, RHD, Jamalpur Road Division, Jamalpur for the procurement of below mentioned work :

Tender ID	Package No.	Name of works	Tender Security Submission Date and Time	Last Selling Time	Tender Closing Time
1042794	12/e-GP/JRD/PMP-Bridge/2024-2025.	Construction of 44.02m (1x42.68m) long P.C Girder Bridge (Jamira Bridge) at 19 <sup>th</sup> km (Ch. 18+100km) of Jamalpur-(Madargonj)-Koyra-Mansurnagar(Kazipur) -Abdullah More (Sarisabari)-Tangail (Dhanbari) Zilla Highway (Z-4029) under Jamalpur Road Division	16-01-2025 11.30	15-01-2025 17.00	16-01-2025 12.00
1042835	13/e-GP/JRD/PMP-Bridge/2024-2025	Construction of 37.92m (1x 36.58m) long P.C Girder Bridge (Beparipara Bridge) at 11 <sup>th</sup> km (Ch. 10+752km) on Bakshigonj-Sanandabari-Char Rajibpur Road (Z-4615) under Jamalpur Road Division, Jamalpur	16-01-2025 11.30	15-01-2025 17.00	16-01-2025 12.15
1049171	14/e-GP/JRD/PMP-Road/2024-2025	Periodic Maintenance Program by Construction of Rigid Pavement from Ch. 01+630 km to Ch. 01+860km of Jamalpur-Madargonj Road (R-461) & from Ch. 0+000 km to Ch. 0+400 km of Jamalpur-Islampur-Dewangonj-Bahadurabad Ghat Road (R-465) and by Providing DBS Wearing Course, Construction of Rigid Pavement, Construction of RCC Drain and Protective work from Ch. 0+000 km to Ch. 5+600 km of Sarishabari Link (Proursova) Road (Z-4030) under Jamalpur Road Division during the year 2023-2024	16-01-2025 11.40	15-01-2025 17.00	16-01-2025 12.30

12.12.24  
(Md. Nawajish Rahman Biswas)  
ID No-602246  
Executive Engineer (CC) RHD  
Road Division, Jamalpur

GD- 1178

"পালন করণীয় সম্পদ। এর ব্যবহার রোধ করে জাতীয় দায়িত্ব পালন করুন।"

সুখী সমৃদ্ধশালী ও দুর্নীতিমুক্ত বাংলাদেশ গড়তে কাজ করুন।  
- জাতীয় শুদ্ধাচার কৌশল

"বিদ্যুৎ ও জ্বালানি নিরাপত্তা সর্বোচ্চ অগ্রাধিকার"

**বাংলাদেশ গ্যাস ফিল্ডস কোম্পানি লিমিটেড**  
(পেট্রোবাংলার একটি কোম্পানি)  
**Bangladesh Gas Fields Company Ltd.**  
(A Company of Petrobangla)

### Invitation for International Tender

1. Ministry/Division	: Ministry of Power, Energy & Mineral Resources/Energy & Mineral Resources Division.
2. Agency	: Bangladesh Gas Fields Company Limited (A Company of Petrobangla).
3. Procuring entity name	: Bangladesh Gas Fields Company Limited (BGFCL).
4. Procuring entity district	: Brahmanbaria
5. Invitation Ref. No.	: IFT No. BGFCL/T/FC/001 Date: 12-12-2024
6. Invitation for	: Design, Engineering, Supply, Installation, Testing & Commissioning of Gas Flow Computer Packages Including Hook-up with the Existing Sales Gas Metering System for Upgrading the Existing Sales Gas Metering System on Turnkey Basis.

**KEY INFORMATION**

7. Procurement method	: International Competitive Tender (ICT) One Stage Two Envelope Tendering Method
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**FUNDING INFORMATION**

8. Budget and source of funds	: Own source of BGFL.
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**PARTICULAR INFORMATION**

9. Tender publication date	: 13-12-2024
10. Date, time & place for pre-tender meeting	: 02-01-2025, 14:00 hrs (BST), Bangladesh Gas Fields Company limited (BGFL), Head Office, Meeting Room (2nd floor), Birashar, Brahmanbaria-3400, Bangladesh. Tenderer(s) have to buy tender document to attend the pre-tender meeting and maximum 2 persons may attend for each Tenderer.
11. Place of tender selling	: a) Bangladesh Gas Fields Company Limited, Head Office, Level-5, Birashar, Brahmanbaria. b) BGFL's Liaison Office at Petrocentre (14th Floor), 3, Kawran Bazar C/A, Dhaka.
12. Date & time of selling of tender document	: The tender documents will be available for sale from 15-12-2024 to 27-01-2025 within office hours (09:00 hrs to 15:00 hrs BST) on all working days (Sunday to Thursday).
13. Tender closing date & time	: 28-01-2025 and 15:30 hrs (BST)
14. Tender opening date & time	: 28-01-2025 and 15:30 hrs (BST)
15. Place of tender receiving and opening	: BGFL Head Office, Meeting Room at 2nd Floor, Birashar, Brahmanbaria-3400.

**INFORMATION FOR TENDERER**

16. Eligibility of tenderer	: Reputed manufacturer(s)/Producer(s)/Supplier(s)/firm(s) from all countries except the countries with which Bangladesh has no diplomatic or commercial relation or there is restriction under GOB's current import policy/order are eligible to participate in the tender. Likewise, the offered materials should be of origin of any country except the countries with which Bangladesh has no diplomatic or commercial relation or there is restriction under GOB's current import policy/order.
17. Brief description of works	: Design, Engineering, Supply, Installation, Testing & Commissioning of Gas Flow Computer Packages Including Hook-up with the Existing Sales Gas Metering System for Upgrading the Existing Sales Gas Metering System on Turnkey Basis.
18. Price of tender document	: Tk. 5,000.00 or USD 45.00 (non-refundable)
19. Name of official inviting tender	: Engr. Md. Shahidur Rahman Chowdhury
20. Designation of official inviting tender	: General Manager (Technical Services)
21. Address of official inviting tender	: Bangladesh Gas Fields Company Ltd. (BGFL), Head Office, Birashar, Brahmanbaria-3400, Bangladesh. E-mail: <a href="mailto:prbfgcl@gmail.com">prbfgcl@gmail.com</a> / <a href="mailto:dumfp@bgfcl.org.bd">dumfp@bgfcl.org.bd</a> Phone No. +880 1730 317976.
22. Special instruction	: a) Tender must remain valid for 150 days from the date of closing of the tender. b) Tenderer shall furnish with the Tender an acceptable Tender security in the form of Bank Guarantee issued by a scheduled bank in Bangladesh or Bank Guarantee issued by any reputed foreign bank duly endorsed with full obligation and liability by a scheduled bank of Bangladesh in the format provided in the Tender Document amounting to Taka BDT 20 (twenty) lac or equivalent USD 16,700.00 with full obligations & liabilities. c) The Tender security must remain valid for one hundred and seventy-eight (178) days from the date of closing of the tender. d) In case of any unavoidable circumstances such as strike, civil commotion, Govt declared holiday, etc. tender will be received and opened on the following working day. e) Tender(s) submitted after the deadline for receiving of Tender will be rejected and returned unopened to the tenderer. f) Tender submitted by e-mail will be rejected. Likewise photocopy of e-mailed tenders will also be rejected. g) The tender notice will also be available at BPPA Website <a href="http://www.cptu.gov.bd">www.cptu.gov.bd</a> , Petrobangla Website: <a href="http://www.petrobangla.org.bd">www.petrobangla.org.bd</a> and BGFL Website: <a href="http://www.bgfcl.org.bd">www.bgfcl.org.bd</a> . h) This tender will be conducted as per the Public Procurement Act 2006 and the Public Procurement Rule 2008
23.	: BGFL reserves the right to accept any or reject any or all tenders or annul the tendering process at any stage without assigning any reason whatsoever and without incurring any liability to the Tenderer(s).

28.10.1213.876.09.069.24 (FP)

Engr. Md. Shahidur Rahman Chowdhury  
General Manager (Technical Services)

GD-1174

DSE brokers call for suspension of CCBL procurement

**STAR BUSINESS REPORT**

The DSE Brokers Association of Bangladesh (DBA) has called for an immediate halt to the procurement activities of Central Counterparty Bangladesh Limited (CCBL), citing concerns over governance, transparency and operational inefficiencies.

In a meeting with the board of directors of the Dhaka Stock Exchange (DSE) on December 3, the DBA raised alarms over CCBL's past procurement practices, highlighting potential risks to national interests, according to a letter issued by the DSE.

These concerns were later echoed at a board meeting of the DSE held on the same day.

The DBA flagged several issues, including questionable procurement decisions that may have compromised key technology infrastructure, significant delays in CCBL's operational launch and missed opportunities for cost savings through resource sharing with the DSE.

Additionally, a lack of stakeholder engagement and irregular financial reporting have further eroded trust in CCBL's governance.

# BTTC for 25% duty on rice bran oil export

**STAR BUSINESS REPORT**

The Bangladesh Trade and Tariff Commission (BTTC) has recommended that the government impose a 25 percent regulatory duty on the export of crude and refined rice bran oil to discourage shipments and increase domestic supply.

The suggestion comes in response to soaring cooking oil prices in the local market over the past three months, driven by rising international prices due to a reduction in palm oil production and Indonesia's increased focus on using palm oil for biodiesel.

In Dhaka, the average price of unpackaged palm oil, the most consumed edible oil, rose by 20 percent to Tk 158.5 per litre yesterday, according to market price data compiled by the Trading Corporation of Bangladesh.

It was Tk 132.5 per litre three months ago.

Prices of soybean oil have also increased, with supply still falling short of demand.

The BTTC noted that Bangladesh requires approximately 23 lakh tonnes of edible oil annually, and more than one-fourth of this demand could be met by producing rice bran oil.

Bangladesh produces 5.5 crore tonnes of paddy annually, from which up to 7 lakh tonnes of rice bran oil can be extracted.

Currently, the country has 20 rice bran oil mills with an annual production capacity of 4.53 lakh tonnes. Of this capacity, 2.86 lakh tonnes are produced and packaged.

The BTTC stated that rice bran exports have declined since the government imposed a 25 percent export duty.

However, crude rice bran oil continues to be exported to India, as no duty currently discourages its export.

Bangladesh annually exports around 70,000 tonnes of crude rice bran oil, according to the commission.

The BTTC observed that the supply of



There are currently 20 rice bran oil mills in Bangladesh with a combined annual production capacity of 4.53 lakh tonnes. PHOTO: STAR

edible oil is decreasing due to the export of rice bran oil. Exporters are reportedly reluctant to supply the oil to the Trading Corporation of Bangladesh (TCB), citing high market prices. The TCB has requested measures to discourage the export of the oil.

Last month, the BTTC organised a seminar with stakeholders.

Based on its analysis, the commission, in a letter to the commerce secretary and the National Board of Revenue on Wednesday, suggested that a 25 percent regulatory duty be imposed on the export of crude and refined rice bran oil.

It also proposed that prior permission from the commerce ministry be made mandatory for the export of rice bran and bran oil.

Chitta Majumder, managing director of the Majumder Group of Industries, which exports rice bran oil, said prices of edible oil, including rice bran oil, rose in India after the neighbouring country slapped import duty on cooking oil import.

Price of edible oil has also shot up in the international market, he added.

However, Bangladesh gets duty-free benefits under the South Asian Free Trade Area, so importers from there are showing increased interest to make imports from Bangladesh, he added.

Majumder said imposition of regulatory duty on exports of rice bran oil will make export less attractive, but consumers will get the oil at cheap rates.

## US-China officials to hold economic talks before Trump return

**AFP, Washington**

Economic officials in outgoing President Joe Biden's administration are set to meet their Chinese counterparts this week for talks, in a final effort to strengthen ties before Donald Trump's White House return.

The talks come as Treasury Secretary Janet Yellen stressed in an interview Wednesday the need for "ongoing communications at all levels" to avoid needless worsening in relations between the world's two biggest economies.

Economic and trade tensions between Washington and Beijing have continued to flare during Biden's time in office.

But temperatures could rise further under Trump, who has threatened sweeping tariff increases on Chinese goods ahead of his presidency, most recently over concerns surrounding the flow of illegal fentanyl into the United States.

"It's critical to have open channels of communication," Yellen told Bloomberg Television, warning that Trump's universal tariffs proposal would likely trigger retaliation.

For now, US officials are seeking to reinforce communication channels on economic issues.

On Thursday, Treasury Under Secretary for International Affairs Jay Shambaugh is due to meet Chinese Vice Minister of Finance Liao Min for an economic working group meeting on the sidelines of Group of 20 talks in South Africa, said the Treasury Department.

"The United States and China are the two largest economies on the globe, and the American people expect that we should be able to communicate directly with Chinese officials on both areas where we agree and especially on areas where we don't," said Shambaugh.

Treasury officials are expected to raise issues of concern like recent Chinese export restrictions on certain key minerals, a department spokesperson said.

## Why dividend delay a double whammy for investors

**FROM PAGE B1**

In October this year, the DSE downgraded 14 companies to the 'Z' category for failing to pay dividends within the stipulated time.

The companies are SK Trims & Industries Limited, Shepherd Industries PLC, VFS Thread Dyeing Limited, Fortune Shoes Limited, Associated Oxygen Limited, Desh Garments Ltd, Indo-Bangla Pharmaceuticals Limited, Beach Hatchery Ltd, Advent Pharma Limited, Khulna Power Company Limited, Libra Infusions Limited, Pacific Denims Limited and Union Insurance Company Limited.

The latest addition to this list was Confidence Cement, which was downgraded to the 'Z' category last week.

After that, Confidence Cement's stocks fell by over 15 percent within a week.

On Monday, the DSE upgraded the cement-maker to the 'A' category after dividend payment.

Similarly, a number of companies downgraded in October returned to 'A' after implementing required measures.

"If a company fails to pay dividends within the specified period, the

regulator should hold the management and board accountable and take punitive action against them," said Saiful Islam, president of the DSE Brokers Association (DBA).

"Stock investors are already victims of delayed dividends and downgrades further hurt them," he said, adding, "How can a regulator take steps that punish general investors instead of those responsible for the wrongdoing?"

Islam, also a director of BRACEPL Stock Brokerage, called for revising the directive in the interest of stock investors.

Md Ashequr Rahman, managing director of Midway Securities, said the situation would not be as dire if margin loan restrictions were not tied to the downgrades.

"Investors usually sell shares to adjust margin loans, causing prices to drop further," he explained.

He also said that low financial literacy in the country complicates the whole scenario.

Rahman also suggested limiting margin loan offerings to protect investors.

Contacted, Md Delowar Hossain, company

secretary of Confidence Cement, defended the company's track record.

"For 32 years, we paid dividends within the stipulated time. This year, we were in trouble due to stagnant business conditions."

The company announced a 10 percent cash dividend while reporting earnings per share of Tk 8.73, according to the DSE.

However, Hossain said unrealised profits tied up in associated companies constrained cash flow, preventing a higher dividend.

"We completed the dividend payment on Wednesday and informed the regulator," he added.

BSEC Spokesperson Mohammad Rezaul Karim said the commission avoids frequent policy changes but would consider recommendations from a task force currently consulting stakeholders.

"The task force will provide short-, medium- and long-term measures," he said.

The BSEC has already fined directors of 10 companies for failing to pay dividends within the deadlines set by the regulator.

## Uttara Bank opens new branch in Cox's Bazar

**STAR BUSINESS DESK**

Uttara Bank PLC opened a new branch at Chakaria in Cox's Bazar yesterday.

This is the 248th branch of the bank, according to a press release.

Mohammed Rabiul Hossain, managing director and CEO of the bank, inaugurated the new branch as the chief guest.

Md Rezaul Karim, deputy managing director of the bank, Md Rabiul Hasan, general manager for public relations division, Mohammad Liton Pasa Khan, regional manager and head for Chatogram zone of the bank, among others, were also present.



Mohammed Rabiul Hossain, managing director and CEO of Uttara Bank, inaugurates a new branch of the bank at Chakaria in Cox's Bazar yesterday. PHOTO: UTTARA BANK

## Inflation 7%

**FROM PAGE B1**

been tightened and fiscal measures implemented to control domestic borrowing.

"I think all the medications that could be applied has been applied in order to reduce inflation. We are waiting for the body to react to the medication. We are waiting for the economy to react to the doses of economic policy tightening," Mansur said.

Apart from tightening the monetary policy, Mansur said the government also has removed import duties on essential food items like onions, vegetable oil, and sugar to help ease inflationary pressures.

If inflation does not show signs of improvement by January, "we will tighten the monetary policy further" to achieve the desired results, he said. Highlighting significant economic challenges and ongoing efforts to stabilise the country's financial situation, he said Bangladesh has been actively focusing on foreign exchange, balance of payments and banking sector issues.

One of the most pressing issues, according to Mansur,

is that the unsettled LCs, have now been reduced to over \$300 million which was initially estimated at over \$2.5 billion, with a clear objective to eliminate all pending payments.

"We do not want to tolerate a single non-payment issue," he said.

On the matter of foreign exchange reserves, Mansur explained that the country had been depleting its reserves in previous years to manage imports.

However, with reserves now at a more precarious level of \$20 billion, Bangladesh Bank has stopped selling foreign currency for market interventions, he said.

The emphasis now is on allowing the market to determine the exchange rate, without central bank interference, he said.

Talking about the banking sector, Mansur said to address mismanagement, irregularities and bring good governance to the banking sector, the government has introduced a bank resolution act, which grants the central bank the authority to take decisive actions, including liquidation or mergers of troubled banks.

## Oil little changed

**REUTERS**

Oil prices were little changed on Thursday as forecasts of weak demand and a higher-than-expected rise in US gasoline and distillate inventories placed a lid on gains from an additional round of EU sanctions threatening Russian oil flows.

Brent crude futures were up 31 cents at \$73.83 a barrel at 0815 GMT. US West Texas Intermediate crude futures rose 22 cents to \$70.51. Both benchmarks rose by more than \$1 on Wednesday.

Opec cut its demand growth forecasts for 2025 for the fifth straight month on Wednesday and by the largest amount yet.

"Investors will be closely monitoring the IEA's market balance estimates for 2025, which will reflect Opec's recent announcement," analysts at ANZ said in a note on Thursday.

In the world's top oil consumer, the United States, gasoline and distillate inventories rose by more than expected last week, according to data from the Energy Information Administration.

Weak demand, particularly in top importer China, and non-Opec+ supply growth were two factors behind the move. However, investors anticipate a rise in Chinese demand, after Beijing unveiled plans this week to adopt an "appropriately loose" monetary policy in 2025, which could spur oil demand.

Global oil demand rose at a slower-than-expected rate this month, but has remained resilient, analysts at JPMorgan said in a note on Thursday.

"Growth (in oil demand) over the past week has been tempered by a slight reduction in jet fuel consumption across much of the world," the note read.

**সিলেট গ্যাস ফিল্ডস লিমিটেড**  
(পেট্রোবাংলার একটি কোম্পানী)  
**Sylhet Gas Fields Limited**  
(A Company of Petrobangla)

Ref. No. 28.20.9153.144.81.001.24      Date: 12-12-2024

**CORRIGENDA OF TENDER**

Tender No: SGFL/RCFP/TOH/2024(RE-TENDER) dated 17-11-2024

Tender for procurement of Design, Engineering, Procurement, Supply, Installation, Commissioning & Testing of One (1) Natural Gas Fired Thermal Oil Heater Package with Associated Facilities on turnkey basis at Rashidpur Condensate Fractionation Plant (RCFP), Bahubal, Habiganj, Bangladesh of Sylhet Gas Fields Limited.

The following Corrigenda in the tender document are hereby made in connection with the submission of tender:

- Tender last selling date will be 12-01-2025 instead of 22-12-2024.
- Tender closing/Receiving date will be 13-01-2025 instead of 23-12-2024.
- Tender opening date will be 13-01-2025 instead of 23-12-2024.

All other information, terms & conditions will remain unchanged.

(Md. Atikur Rahman)  
Deputy General Manager (Procurement)

GD- 1179

## Consumer financing

**FROM PAGE B1**

Bank, said consumer financing has slowed because of inflationary pressure.

Inflation in Bangladesh hit a four-month-high of 11.38 percent in November this year and has stayed above 9 percent since March of last year.

Alam said Bangladesh Bank is trying to curb inflationary pressure by hiking the policy rate, which pushes up the lending rate. As a result, people are avoiding loans.

Keeping pace with the interest rate of general loans, the central bank recently increased the maximum interest rate on credit cards to 25 percent from 20 percent.

The hike in interest rate of loans against credit cards will impact the credit growth of consumer financing, Alam said.

Few banks are providing consumer credit, which is why this segment is yet to expand, said Syed Mahabubur Rahman, managing director of Mutual Trust Bank.

He said banks are allowed to lend a maximum of Tk 2 crore to each client as a home loan and a maximum of Tk 40 lakh as a personal loan.

Rahman, also the former chairman of the Association of Bankers, Bangladesh, said banks are now very conservative in giving consumer credit as defaulted loans in this segment have also increased.

**বঙ্গবন্ধু শেখ মুজিবুর রহমান অ্যাভিয়েশন অ্যান্ড অ্যারোস্পেস বিশ্ববিদ্যালয়**  
পুরাতন বিমানবন্দর, ঢাকা সেনানিবাস, ঢাকা-১২১৫

**Invitation for Tenders**

No. BSMRAAU/Registrar/163/2024/Part File/OTM-03/06A      Date: 10 December 2024

Government of the People's Republic of Bangladesh	
1	Ministry/Division: Ministry of Education
2	Procuring entity name: Bangabandhu Sheikh Mujibur Rahman Aviation and Aerospace University (BSMRAAU)
3	Procuring entity district: Dhaka, Bangladesh
4	Invitation for: SUPPLY AND INSTALLATION OF EQUIPMENT FOR AEROSPACE MATERIALS LAB, BANGABANDHU SHEIKH MUJIBUR RAHMAN AVIATION AND AEROSPACE UNIVERSITY AT LALMONIRHAT CAMPUS.
PARTICULAR INFORMATION	
5	Tender last selling date: 30 December 2024 03:00pm
6	Tender closing date and time: 31 December 2024 12:30pm
7	Tender opening date and time: 31 December 2024 01:00pm
PROCURING ENTITY DETAILS	
8	Name designation of official involving: Registrar, Bangabandhu Sheikh Mujibur Rahman Aviation and Aerospace University
9	Contact details official inviting tender: Tel No. 55065078, Mobile: 01769995061 Web: www.bsmraau.edu.bd Email: procurement@bsmraau.edu.bd
10	The procuring entity reserves the right to accept or reject any tender without assigning any reason.
11	Note: More detail in website

Farzana Rahman  
Wing Commander  
Additional Registrar (Procurement)  
Bangabandhu Sheikh Mujibur Rahman  
Aviation and Aerospace University

GD-1177

## Dacca Dyeing's FY24 losses surge 344%

STAR BUSINESS REPORT

Dacca Dyeing & Manufacturing Co Ltd reported a staggering 344 percent year-on-year increase in losses primarily because of the gas line disconnection by Titas.

The company recorded a loss of Tk 22.48 crore for the fiscal year ending June 30, 2024, with a loss per share rising to Tk 2.58 from Tk 0.58 in the previous financial year, according to a disclosure on the Dhaka Stock Exchange (DSE) website.

The company cited a significant reduction in turnover due to the gas line disconnection of its factory as a major factor in the increased losses.

Additionally, provisions for doubtful debts on receivables, as well as advances and prepayments, have further impacted financial results.

The company's net operating cash flow per share (NOCFPS) stood at Tk 1.47 in FY24, down from Tk 1.69 in the previous year.

The board of the company recommended no dividend for the year ended June 30, 2024.

The company was listed on the bourses in 2009. In FY22, the company recommended a 0.25 percent cash dividend for its shareholders.

# Ctg port eyes record-high container, cargo handling this year

DWAIPAYAN BARUA, Chattogram

Container and cargo handling at Chattogram port, the main seaport of Bangladesh, could hit record highs this year after declining steeply in the two years prior, according to official data.

Port officials and users said the rise in container and cargo handling is being driven by the recovery of foreign trade activities to some extent.

The country's foreign trade faced slowdowns over the past two years due to global crises like the Russia-Ukraine war and conflicts in the Middle East. Besides, domestic concerns such as the acute US dollar crunch and persisting higher inflation also played a part, they added.

Annual container handling at Chattogram port slumped by 2.92 percent year-on-year to 30.51 lakh twenty-foot equivalent units (TEUs) in 2023.

However, it has already handled 29.92 lakh TEUs as of this November, indicating growth of 7.55 percent compared to the same period of last year.

The Chittagong Port Authority (CPA) prepared the data on container handling by tallying the number of import, export and empty containers that were loaded and unloaded at the port's main jetties, the Pangoan Inland Container Terminal in Keraniganj and Kamalapur Inland Container Depot in Dhaka.

With the volume of containers handled on just the first day of this month, the port has exceeded the 3 million TEUs of container throughput required to retain its place in the "Three Million Club".

As such, port officials now hope that



PHOTO: RAJIB RAIHAN

container handling at the port this year could exceed its previous record of 32.15 lakh TEUs in 2021.

"Considering the average monthly volume of container handling so far, we are hopeful about achieving a record-high this year," said CPA Secretary Md Omar Faruk.

The average monthly container handling stands at 2.72 lakh TEUs, with February notching the lowest volume of 2.45 lakh TEUs.

Meanwhile, Chattogram port handled a total of 11.28 crore tonnes of cargo over the past 11 months, registering growth of about 2

percent year-on-year.

Faruk said the country's import-export activities have gained some pace this year, impacting the volume of container and cargo handling.

Syed M Arif, president of the Bangladesh Shipping Agents Association, said there was acute container congestion due to a backlog stemming from political unrest in the July-August period this year.

The congestion gradually eased in later months, when container and cargo handling sped up, he added.

## Faultless but flawed

MAHTAB UDDIN AHMED

One of my senior colleagues was a file-hoarding perfectionist, minutely checking every line before approving. His room looked like a paper factory explosion! He also believed everyone was out to stab him in the back, so he trusted no one. When the boss caught him delaying, he would pull a "Chatur from Three Idiots" – "I didn't do it!" – triggering a blame game that turned the office into a daily soap opera of chaos and comedy! Often, I was on the receiving end of that blame game! Trying to be perfect in an imperfect world is like ironing your pyjamas – hard work that nobody notices, and it's a waste of time!

In Bangladesh's corporate environment, the pursuit of high standards is often celebrated as a key to professional success. However, the relentless quest for perfection can sometimes become counterproductive, creating challenges for both individuals and organisations.

High standards often breed perfectionism, leading to overthinking, delays, and poor adaptability. In Bangladesh's fast-evolving industries, this can impede timely responses to changing demands. For example, the obsession with flawless quality in export sectors often sacrifices agility, resulting in missed opportunities and failure to meet market expectations effectively.

Research shows how expectations of high standards can impact workplace wellbeing. Momentum Leaders found that 86 percent of employees feel perfectionist expectations affect their work, with 68 percent linking it to burnout. A Psychological Bulletin study shows self-oriented perfectionism increased by 10 percent and socially prescribed perfectionism by 33 percent (1989-2016), emphasising the growing need to address its effects in organisations. The hierarchical nature of many Bangladeshi workplaces aggravates the problem. Leaders with perfectionist tendencies may impose unrealistic expectations on their teams, leaving employees feeling overwhelmed or undervalued.

This can stifle innovation and discourage the sharing of creative ideas, as individuals fear criticism or failure. Over time, this dynamic may lead to burnout, reduced morale, and decreased productivity within organisations.

Anne Sugar and Karen Walker, in their recent HBR article, recommended that to navigate these challenges, it is crucial to balance high standards with practical and flexible approaches. One way to achieve this is by prioritising progress over perfection, allowing quicker and more effective decision-making. This mindset shift can be particularly beneficial in fast-paced industries, where adaptability is key to staying competitive.

Promoting open communication within organisations is essential for creating a positive and productive work environment. Employees should feel secure in sharing their ideas and concerns without fear of criticism. A transparent feedback system and supportive culture can foster trust and collaboration, particularly in Bangladesh, where teamwork is deeply valued.

Celebrating effort and incremental progress, rather than solely focusing on outcomes, is another impactful approach. Acknowledging team members' contributions, even if results are imperfect, boosts morale and reduces the pressures of perfectionism. This enables employees to take calculated risks, explore new ideas and learn from experiences, and eventually drive organizational success.

Investing in employee training and development is also critical. Providing resources and opportunities for skill enhancement can help individuals meet high standards without unnecessary stress. Leadership development programs, for instance, can equip managers with tools to set realistic expectations, delegate responsibilities, and support their teams more effectively.

Striving for high standards will always remain essential in the corporate landscape, or any workplace for that matter. However, an overemphasis on perfectionism can limit growth and innovation. Organisations can foster an environment where employees and businesses thrive by adopting a balanced approach that values progress, collaboration and continuous learning. In this way, high standards can be transformed from a source of stress into a catalyst for sustainable success.

The moral of the story is clear: perfectionism is not just about doing things right – it is about delaying progress, triggering blame games and initiating trust issues. Who needs the kind of efficiency that comes with a daily dose of suspense, finger-pointing, and distrust?

The author is president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd



## New platform launched to promote evidence-based policymaking

STAR BUSINESS REPORT

Researchers and experts yesterday launched a new platform named "Bangladesh Development Insights (BDI)" to promote evidence-based policy formation in Bangladesh.

The platform wants to hold inclusive dialogues to form impactful policies addressing Bangladesh's evolving needs.

The BDI also aims to reduce the gap between research and policymaking in Bangladesh, reaching both the decision-makers and the general mass who can benefit from expert insights.

In this regard, 10 founding members of the platform launched a website named "bdevinsights.com" at a programme at the Bishwo Shahitto Kendro in the capital.

The platform will offer articles, literature reviews, podcasts, videos, and more to share key insights from the latest research and bring them into public discussions about Bangladesh's future, according to the founding members.

The Bangladesh Development Insights platform will also address some critical issues such as gender dynamics and women's participation in the labour market; climate resilience and sustainable development practices and education reforms and skill developments etc.

The Bangladesh Development Insights (BDI) is not just a platform, it is a movement to ensure that decisions are informed by robust evidence, empowering stakeholders across sectors to shape a brighter future, said Asad Islam, professor of economics at Monash University, one of the founders.

"Another founder, Abu Parves Shonchoy from Florida International University, stated that this platform aims to make research actionable, ensuring that evidence informs decisions not only at the policy level but also at the grassroots."

"Together, we aim to bridge the gap between research and practice," he added.

Rubaiya Murshed, a founder and a lecturer of economics at the University of Dhaka, said, "Evidence isn't just a tool for policymakers – it's a promise to the people."

"It ensures that decisions are not driven by assumptions or guesswork but by what works, for whom, and under what circumstances. Let us make evidence-based policymaking the norm, not the exception, for a smarter, stronger, and more prosperous Bangladesh."

Among others, Towfiqul Islam Khan, a senior research fellow at Center for Policy Dialogue; Mehrab Bakhtiar, research fellow of the International Food Policy Research Institute; Wameq Raza, senior health specialist of the World Bank, and Adnan Fakir, associate professor at Sussex in the UK, also spoke at the event.

## US finalises tariff hikes on more China green tech imports

AFP, Washington

The United States firmed up tariff hikes Wednesday on more Chinese imports including crucial solar panel components, capping recent efforts by the world's biggest economy to guard its growing green energy sector.

The latest moves announced by the US Trade Representative's office cap a review of tariffs imposed during President-elect Donald Trump's first administration.

Rates for solar wafers and polysilicon are due to double in January to 50 percent, while those on certain tungsten products will rise from zero to 25 percent.

"The tariff increases announced today will further blunt the harmful policies and practices by the People's Republic of China," said US Trade Representative Katherine Tai in a statement.

## Amid weak eurozone, ECB to cut rates again

AFP, Frankfurt

Faced with a stuttering economy, political turbulence in the eurozone and the prospect of renewed trade tensions with the United States, the European Central Bank is Thursday set to cut interest rates again.

It would be the ECB's third straight reduction as it increasingly focuses on spurring lending to boost consumer spending and business investment in the 20 countries that use the euro.

After hiking rates aggressively from mid 2022 to combat runaway energy and food costs, policymakers have turned their attention to cuts as inflation eases and the eurozone economy weakens.

Recent worse-than-expected data had fuelled speculation the ECB could deliver a hefty, half-percentage-point cut for the first time in its easing cycle.

Inflation pressures are still a concern – the indicator rebounded above the central bank's two-percent target in November – and analysts now expect the ECB to continue at the same pace as before, with a quarter-point cut.

ING economist Carsten Brzeski said a quarter-point reduction would follow the ECB's usual

"cautious" approach and amount to a "typical European compromise" between supporters of keeping policy tight and those wanting to ease faster.

While a bigger cut would send "a strong signal that the ECB is seriously trying to get ahead of the curve", he predicted the central bank would be reluctant to go too far.

It would be the Frankfurt-based institution's fourth cut since June, and take the key deposit rate to three percent.

Ahead of the ECB announcement on Thursday, the Swiss central bank surprised markets with a half-point cut to rates.

The move, which brings the Swiss National Bank's main rate down to 0.5 percent, reflected "uncertainty" about the economic outlook between political upheaval in the United States and Europe.

ECB officials have likewise raised concerns about the weakening growth outlook in the single-currency area, signalling a shift away from being laser-focused on bringing down inflation.

Eurozone inflation peaked at 10.6 percent in late 2022 after surging in the wake of Russia's full-scale invasion of Ukraine and amid post-pandemic supply chain woes.

It fell back under the ECB's two-percent target in September but rebounded in subsequent months, reaching 2.3 percent in November.

Analysts expect the weaker outlook to be reflected in updated ECB economic forecasts, to be released alongside the rate call, and are predicting small downward revisions to growth and inflation estimates.

Political headwinds are adding to the tricky terrain that rate-setters will have to navigate.

Germany is heading for elections in February, seven months earlier than scheduled, after the collapse of Chancellor Olaf Scholz's long-troubled coalition last month.

Even before the latest turbulence, the eurozone's biggest economy was struggling with a manufacturing slowdown, and its anaemic growth rates are weighing down the broader single currency area.

Meanwhile in France, the eurozone's second-biggest economy, the government of Michel Barnier was ousted last week in a historic no-confidence vote, deepening the country's growing political and financial chaos.

Adding to the troubled picture is Donald Trump's impending return to the White House.

## US consumer inflation accelerates for second straight month in November

AFP, Washington

US consumer inflation ticked up for a second consecutive month in November, driven by food prices and other sectors, according to government data published Wednesday, complicating the Federal Reserve's rate cut deliberations.

The consumer price index (CPI) rose to 2.7 percent last month from a year ago, up slightly from 2.6 percent in October, the Labor Department said in a statement.

This was in line with the median forecast of economists surveyed by Dow Jones Newswires and The Wall Street Journal.

"This data really underscores what a game of Whack-A-Mole getting inflation down has been for the Federal Reserve," KPMG chief economist Diane Swonk told AFP.

The November inflation data is "just about good enough," analysts at Evercore ISI wrote in a note to clients, adding it left the Fed on track to cut rates again at its next interest rate decision on December 17 and 18.

On a monthly basis, headline inflation rose 0.3 percent, propped up by housing costs.

Several other indexes also edged higher, including food, energy, medical care and

recreation, the Labor Department said.

Among the sharpest year-on-year increases was the cost of eggs, which has surged by 37.5 percent as the US has contended with avian flu.

The back-to-back increases add to the challenges the Fed faces returning inflation to its long-term target of two

percent, potentially slowing the pace of rate cuts over the coming months.

The Fed's favored inflation gauge, the PCE price index, which differs slightly from CPI, also rose in October, underscoring the bumpy path back to two percent.

The US central bank recently began

dialing back interest rates from a two-decade high, and its benchmark lending rate currently sits at between 4.50 and 4.75 percent, down three quarters of a percentage point from September.

The financial markets overwhelmingly expect the Fed to make another quarter point cut next week, according to CME Group data.

But some analysts expect the Fed to be more cautious about cutting than markets expect.

"I still thinks its closer than financial markets have it priced in," said Swonk from KPMG.

This will be the last Fed rate decision before President Joe Biden, a Democrat, hands over the White House to incoming Republican Donald Trump.

In a statement, Biden's top economic advisor attempted to paint the inflation data in a more positive light.

"For four months in a row now, inflation has been close to the level right before the pandemic," National Economic Council Director Lael Brainard said, adding the administration would "continue to fight to lower costs for American families."

But Republicans in Congress took a very different view, with Florida Senator Rick Scott criticizing the rise in the cost of living under Biden.



Shoppers walk around Twelve Oaks Mall in Novi, Michigan. The consumer price index rose to 2.7 percent last month from a year ago.

PHOTO: AFP/FILE