



Investing in gold has become more profitable than savings certificates and various bank deposits as the price of the precious metal gained 24.53 percent year-on-year to Tk 138,288 per bhoiri in 2024.

PHOTO: ANISUR RAHMAN

Gold emerges as an attractive investment tool as prices jump

SUKANTA HALDER

Throughout 2024, gold seemingly became synonymous with price hikes amid economic turbulence, a weakening taka and plummeting interest rates on savings tools, making the precious metal a safe bet for middle and upper-middle-income people, according to jewellers.

They said many higher middle-class and middle-income earners in 2024 rushed to buy gold coins and small bars, while retail sales of gold ornaments dipped as much as 50 percent year-on-year.

Last year, gold prices were adjusted 62 times, with upward adjustments surpassing downward adjustments by 35 times, according to Bangladesh Jeweller's Association (Bajus) data.

The yellow metal gained 24.53 percent year-on-year to Tk 138,288 per bhoiri (one bhoiri is equal to 11.664 grams) in 2024, according to the association.

"Investing in gold has become more profitable than savings certificates and various bank deposits," said Masudur Rahman, vice president of Bajus.

He said many people are now investing in gold for a good short-term return. "Specially the middle class and upper middle-class people are now investing more in gold."

"Although the local gold market had been quite volatile over the last two to three years, it caused no concern for gold investors," Rahman told The Daily Star.

At times of economic uncertainty, brutal price pressures, economic slowdown or recession, people historically tend to hold on to gold as the metal offers gains somewhat immune to



these bumps.

Besides, gold offers a high level of liquidity, which means people can easily turn their holdings into cash.

Since March 2023, the country has been facing stubbornly high inflation, hovering above 9 percent.

For savings, the price pressures mean that if the returns are below or equal to inflation rates, savers will be adversely affected.

With inflation hitting 11.38 percent in November 2024, currently available national savings certificates offer almost similar gains ranging from 11.76 percent to 11.52 percent.

In contrast, according to jeweller platform leader Rahman, if someone buys a gold ornament, coin or bar worth

Tk 2 lakh and sells it within two or three weeks, they will pocket a handsome profit of around Tk 10,000 per bhoiri.

"And if they sell it after a year, the profit will be even higher because the market is consistently showing an uptrend," he added.

In June 2022, the price of per bhoiri gold in the local market was Tk 77,216, which has increased to Tk 138,288 now, down from the highest price of Tk 143,000 recorded in October last year, Bajus data show.

RETAIL SALES DOWN BY 50%

Amid the price volatility, local jewellers said their sales last year declined by about 40 to 50 percent compared to the previous year.

They said current domestic price fluctuations are due mostly to surges in

gold prices in the international market and the local currency Taka losing ground against the US dollar.

Reponul Hasan, owner of the Jewellery House in old Dhaka, said that if the prices of any product fluctuate frequently, it will certainly confuse buyers and affect sales.

Due to the price fluctuations of gold, eventually reaching record highs, he said that his year-on-year sales have declined by 30-35 percent.

Jewellers' leader Rahman, also chairman of the Bajus standing committee on pricing and price monitoring, said that local prices are set in coordination with the international market and retail sales dropped 40 to 50 percent last year due to the price fluctuations.

If the demand of a product is high and it is not available in the market as per demand, the prices will naturally go up, he added.

In the global market, gold prices marked 2024 as a record-breaking year as robust central bank buying, geopolitical uncertainties and monetary policy easing fueled the safe-haven metal's strongest annual performance since 2010, according to reports.

According to government estimation, the country needs 20 to 40 tonnes of gold per year.

The commerce ministry says almost 80 percent of the demand is met through smuggling and the rest by recycled gold.

Industry insiders said that the high taxes on imported gold were the main reason companies felt more comfortable sourcing gold from unauthorised channels.

Bajus said that gold worth roughly Tk 73,000 crore is smuggled in every year.

EPL Accessories to invest \$8m in Bepza EZ

STAR BUSINESS REPORT

EPL (Export Link) Accessories Limited is planning on investing \$8 million to set up an accessories manufacturing factory in Bepza Economic Zone at Mirsarai of Chatogram, around 200 kilometres southeast of capital Dhaka.

The company plans to produce a range of accessories, such as foam, carton, and gum tape, and create employment opportunities for 610 people.

Md Ashraful Kabir, member for investment promotion of Bangladesh Export Processing Zones Authority (Bepza), and Kazi Monowar Hossain, managing director of EPL (Export Link) Accessories Limited, signed a lease agreement at Bepza Complex in Dhaka yesterday.

Attending the signing ceremony, Maj Gen Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, thanked EPL (Export Link) Accessories Limited for deciding on investing in Bepza Economic Zone.

He assured of extending all necessary support to the company for enabling smooth business operations.

SK Trims & Industries incurs Tk 4.5cr loss in Q1

STAR BUSINESS REPORT

SK Trims & Industries, a manufacturer of garment accessories, suffered a loss and a decline in revenue in the first quarter of fiscal year 2024-25.

The company reported a net loss of Tk 4.46 crore in the July-September quarter of the fiscal year, which is a sharp reversal from the profit of Tk 4.29 crore it had recorded in the same period last year.

Its loss per share was Tk 0.53 in the first quarter, down from earnings per share of Tk 0.51 during the same period last year, according to a price sensitive information disclosure by the company.

Its revenue also nosedived, falling 63 percent year-on-year to Tk 8.17 crore.

Additionally, the company's net operating cash flow per share came to stand in the negative at Tk 0.02.

Established in 1998, SK Trims & Industries is known for garment accessory manufacturing facilities spanning 40,000 square feet.

The company specialises in a wide range of products, including sewing threads, woven labels, poly bags, heat transfer stickers, and packaging solutions, according to its website.

Manufacturing activity of China grows for 3rd month

AFP, Beijing

China's manufacturing activity expanded in December for the third month in a row, official data showed Tuesday, as leaders fight to reverse a slowdown in the world's number two economy.

The country has struggled to climb out of a slump fuelled by a property market crisis, weak consumption and soaring government debt.

China's Purchasing Managers' Index (PMI) — a key measure of industrial output — was 50.1 in December, marking a third consecutive month of expansion, according to the National Bureau of Statistics.

Tuesday's figure was lower than Bloomberg analysts' prediction of 50.2, but still above 50, which indicates an expansion in manufacturing activity. A reading below that shows a contraction.

Sri Lanka's key consumer price index fell 1.7% in Dec

REUTERS

Sri Lanka's consumer price index fell 1.7 percent year-on-year in December after dropping 2.1 percent in the previous month, the statistics department said on Tuesday.

The Colombo Consumer Price Index, a leading indicator for broader national prices, tracks inflation in Colombo, Sri Lanka's largest city.

Prices in the food category increased slightly to 0.8 percent in December from 0.6 percent the previous month. In the non-food category, prices were 3 percent lower than a year earlier, compared to a decline of 3.3 percent in November.

Reductions in power tariffs and fuel prices as well as an appreciating rupee have helped to reduce inflation to the lowest point in nine years, analysts said.

"Overall, the annual average inflation ended at 1.2 percent for the past 12 months, marking a notable recovery from the 17.4 percent faced a year prior," said Raynal Wickremaratne, co-head of research at Softlogic Stockbrokers.

"We expect January to witness a minus 1.5 percent rate on inflation, with it returning to positive territory over the next three month period."

Sri Lanka suffered record inflation after its worst financial crisis in decades pummelled the economy, which has stabilised since it secured a \$2.9-billion bailout from the International Monetary Fund in March 2023.

Taking advantage of low inflation, Sri Lanka's central bank set a new single policy rate of 8 percent last month, easing monetary settings below previously used benchmarks and setting the stage for a sustained recovery from the crisis.

Ample supply, slow demand to temper oil price gains in 2025: poll

REUTERS

Oil prices are likely to be constrained near \$70 a barrel in 2025 as weak demand from China and rising global supplies are expected to cast a shadow on Opec+ led efforts to shore up the market, a Reuters monthly poll showed on Tuesday.

The survey of 31 economists and analysts predicted that Brent crude would average \$74.33 per barrel in 2025, down from a forecast of \$74.53 in November, marking an eighth straight downward revision.

The global benchmark Brent crude has averaged around \$80 a barrel in 2024 and was poised for a 3 percent yearly decline on weakening demand stemming from top importer China.

US crude is projected to average \$70.86 per barrel in 2025, compared with last month's expectation of \$70.69.

"Rising production from non Opec countries is expected to keep the market well-supplied. While an economic recovery in China is anticipated, the shift to electric vehicles is likely to limit demand growth," Sehul Bhatt, director of research at CRISIL, said.

Most of the poll respondents expect the oil market to be in a surplus next year,

with analysts from JPMorgan predicting that supply will outpace demand to the tune of 1.2 million barrels per day (bpd).

Opec+, which pumps about half the

world's oil, at its December meeting pushed back the start of oil output rises by three months until April 2025 and extended the full unwinding of cuts by a



An oil pump jack is seen in a field in Nolan, Texas. The global benchmark Brent crude averaged around \$80 a barrel in 2024.

PHOTO: AFP/FILE

year until the end of 2026.

"The decision was driven by the expectation that non-Opec+ supply growth will outpace demand growth in 2025. This leaves limited room for Opec+ to raise production... we anticipate a further delay in unwinding of cuts until Q4 2025," said Florian Grunberger, senior analyst at data and analytics firm Kpler.

Global oil demand was seen growing between 0.4 million and 1.3 million bpd in 2025, the poll showed. That compares with Opec's 2025 growth estimate of 1.45 million bpd.

Markets are also bracing for substantial policy shifts, encompassing tariffs, deregulation, and tax amendments as Donald Trump is set to return to the White House in January 2025.

"In general, we think US politics matter less than many believe when it comes to the impact on oil prices and the US domestic oil & gas sector," said Kim Fustier, head of European oil & gas research at HSBC.

However, implementation of intensified sanctions on Iranian oil exports by the Trump administration could offer support to oil prices in the short term, some analysts noted.