Farmers plant Boro season paddy, which accounts for nearly 55 percent of Bangladesh's yearly production of rice, in Tularampur area of Narail district. Harvest of Boro paddy runs between April and June and 20,767,626 tonnes were produced around the country in fiscal year 2022-23, according to the latest data available with the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

December PMI reflects expansion of manufacturing for 4th month

STAR BUSINESS REPORT

Bangladesh's manufacturing sector grew for the fourth consecutive month in December, indicating a "somewhat positive outlook" for the economy going into the new year, according to the latest Purchasing Managers' Index (PMI) released yesterday.

The PMI for the manufacturing sector, which measures new orders, new exports, factory output, input purchases, imports, input prices, and supplier deliveries, grew to 69.8 last month from 60.9 in November, as per a statement by the Metropolitan Chamber of Commerce and Industry (MCCI) and Policy Exchange Bangladesh (PEB).

"The finished goods index posted a slower expansion whereas the employment index reverted to a contraction. The order backlogs index posted a faster contraction rate," the statement said.

The latest PMI, which gives an idea about the direction of the economy, is developed based on data compiled from monthly surveys of over 500 private sector enterprises.

The MCCI and PEB, in cooperation with the Singapore Institute of Purchasing and Materials Management and supported by UK International Development developed the Bangladesh PMI in 2024.

The MCCI and the PEB have been releasing the PMI since January last year.

A reading of above 50 generally indicates expansion and below that contraction.

The PMI slightly declined to 61.7 in December from 62.2 a month ago, marking a marginal drop of 0.5 points.

Despite the fall, the PMI remains well above the 50-point mark, indicating continued expansion after last July, when the economy suffered heavily amid deadly student protests centring the public job quota reforms, which eventually led to the ouster of Sheikh Hasina's government.

The July PMI was 36.9, the lowest since the index was launched.

"The latest PMI readings indicate a somewhat positive outlook for the Bangladesh economy going into the new year. All key sectors of the economy posted expansion readings even though the headline PMI recorded a slower expansion rate."

The PMI for the manufacturing sector, which measures new orders, new exports, factory output, input purchases and imports, grew to 69.8 last month from 60.9 in November

"The nation continues to face numerous challenges as it struggles towards political stability and economic growth," said the MCCI and PEB.

The PMI showed that the agriculture sector posted a third month of expansion but at a slower rate.

The farm sector posted a contraction for the new business index and a slower expansion rate for the business activity index.

"The employment index reverted to an expansion and the input costs index posted a faster expansion whereas the order backlogs index posted a slower contraction."

In case of the construction sector, it rebounded to expansion, driven by faster growth in new business and construction activity, although employment expansion was slower. Input costs rose while order backlogs contracted at a reduced rate.

Also, the services sector expanded for a third consecutive month but at a slower rate, with declines in new business activity and employment.

"The input costs index posted a first-time contraction, whereas the order backlogs index posted a faster expansion rate."

The PMI said in terms of the future business index, the key sectors of manufacturing, construction, and services posted faster expansion rates whereas the agriculture sector posted a slower one.

Global crude exports dip as trade routes reshuffle again

REUTERS, *Houston*

The volume of global crude exports in 2024 declined 2 percent, the first fall since the COVID-19 pandemic, shipping data showed, due to weak demand growth and as refinery and pipeline changes reshuffled trade routes.

Global crude flows have been roiled for a second year by war in Ukraine and the Middle East, with tanker shipments rerouted and suppliers and buyers split into regions. Middle East oil exports to Europe declined and more US oil and South American oil went to Europe. Russian oil that formerly went to Europe has been redirected to India and China.

These shifts have become more pronounced as oil refineries have shut in Europe amid continued attacks on Red Sea shipping. Middle Eastern crude exports to Europe tumbled 22 percent in 2024, ship tracking data from researcher Kpler showed.

The shift in oil flows "is creating opportunistic alliances," said Adi Imsirovic, an energy consultant and former oil trader, citing closer relationships between Russia and India, China and Iran that are reshaping oil trade.

"Oil is no longer flowing along the least cost curve, and the first consequence is tight shipping, which raises freight prices and eventually cuts into refining margins," said Imsirovic.

Global crude flows have been roiled for a second year by war in Ukraine and the Middle East, with tanker shipments rerouted and suppliers and buyers split into regions

The US with its surging shale production has been a winner in the global oil trade. The country exports 4 million barrels per day, boosting its share of global oil trade to 9.5 percent, behind Saudi Arabia and Russia.

Trade routes have also been reshuffled by startup of the massive Dangote oil refinery in Nigeria, expansion of Canada's Trans Mountain pipeline to the country's west coast, falling oil output in Mexico, a brief halt in Libyan oil exports, and rising Guyana volumes.

In 2025, suppliers will keep grappling with falling fuel demand in major consuming centers such as China. Also, more countries will use less oil and more gas, while renewable energy will keep growing.

"This kind of uncertainty and volatility is the new normal - 2019 was the last 'normal' year," said Erik Broekhuizen, a marine research and consulting manager at ship brokering firm Poten & Partners.

Changes in oil demand forecasts have pulled the rug out from historical long-term oil market growth assumptions, Broekhuizen said.

"In the past, you could always say that there will be healthy long-term demand growth, and that solves a lot of problems over time. That can't really be taken for granted anymore," he said, citing weaker demand in China and Europe.

Indian flour mills struggle as wheat prices surge

REUTERS, *Mumbai*

Indian wheat prices jumped to a record high on Monday due to dwindling supplies amid robust demand from flour mills that are struggling to secure the grain to operate at full capacity, industry officials told Reuters.

The record prices are likely to lift retail inflation, which eased in November after surging to a 14-month high in October, and could influence the central bank's decision on interest rate cuts.

"Wheat supplies are limited in the market. Even after paying record prices, flour mills are unable to secure enough to operate at full capacity," said Ajay Goyal, managing director of Shivaji Roller Flour Mills.

In December, New Delhi lowered the limit on wheat stocks that traders and millers can hold to help boost the grain's availability and moderate prices.

But the curbs failed to bring down prices, which were trading around 33,000 rupees ($384.66) per metric ton in New Delhi, up from 24,500 rupees in April and far above the government fixed minimum support price of 22,750 rupees for last season's crop.

The stock limit failed to improve supplies and bring down prices, indicating that private players are holding few supplies, and the government needs to sell more wheat from its reserves to bulk consumers, said Pramod Kumar, a flour miller.

The state-run Food Corporation of India (FCI) is selling 100,000 metric tons of wheat to bulk consumers every week, but this is not sufficient to meet demand, as private players' sales are falling, Kumar said.

As trade dries up

FROM PAGE B1

The market should offer sufficient varieties of products so that all types of investors can participate, he added.

QUESTIONS OVER BOURSE INVESTMENTS

The DSE holds investments in FDRs and bonds worth Tk 832 crore, while the CSE holds FDR and bond investments worth Tk 327 crore.

Around 13 percent of DSE investments were with three banks, which were politically affiliated and recently failed to repay funds to their depositors.

The CSE also held 15 percent of its investments in the same three banks. Besides, it held Tk 34 crore in FDRs with several non-bank financial institutions (NBFIs) that are now struggling to return money to their depositors.

CSE MD Mazumdar said their FDRs with several NBFIs had become risky. "But these funds were invested several years ago. We are now trying to recover the funds. The CSE has already blocked dividends by the NBFIs," he added.

Saiful Islam, president of the DSE Brokers' Association, also raised questions about the DSE's fund management.

"I proposed to the DSE that it transfer its funds in troubled banks to treasury bonds and bills, considering the higher rates and risk-free nature of these investments. But the Dhaka bourse had not transferred these funds till December 2024," he said.

If they had invested in T-bills and bonds, the interest income could have been at least Tk 25 crore higher, he said.

"When the stock exchange itself mismanages its funds with such carelessness, it shows the inefficiency of its decision-makers," he added.

The president of the DSE Brokers' Association said when the stock exchanges are facing operating losses, it is easily understandable how the stock brokerages are doing.

He said as many as 95 percent brokerage houses are now in operating losses due to dull trading activities.

"Only brokerage houses, who are subsidiaries of big companies, are running by taking funds from the parents. But individual houses are in real trouble," he added.

FTA with UK can boost

FROM PAGE B1

suggested easing business processes in Bangladesh as many investors want to invest in the country.

He said the visiting delegation wants to invest at least $500 million in different sectors of Bangladesh such as in textile and garment, ICT, pharmaceuticals, and farming.

But the amount should have been at least $5 billion as the UK investors are investing outside of their own country, he added.

However, the ease of doing business in Bangladesh is still complex, he said, adding that at least 12 signatures were still required at present to start a business in the country.

He also said he had started exporting vannamei shrimp from Bangladesh to the UK but on a very limited scale.

India exports vannamei worth $10 billion to the UK in a year while Vietnam $16 billion and the sky is the limit for exporting to the UK, he said.

Bangladesh's annual exports to the UK amounts to $4.5 billion, whereas India sends that worth $30 billion and China $60 billion, he said.

Showkat Aziz Russell, regional president of the UKBCCI, highlighted the mission's emphasis on Bangladesh's robust readymade garment (RMG) sector.

"Bangladesh is globally recognised for its strong manufacturing capabilities and is a key hub for apparel sourcing," he said.

"This mission seeks to capitalise on the country's edge in global export competitiveness while fostering innovation in design and manufacturing," he said.

The textile sector, which contributes over 13 percent to Bangladesh's GDP, is also a key focus of the delegation, he said.

With investments exceeding $22 billion, the textile industry accounts for more than 84 percent of Bangladesh's export earnings and retains over 30 percent of foreign currency, he said.

The mission aims to leverage these strengths and encourage further investment in this critical industry, he said.

Md Hafizur Rahman, administrator to the Federation of Bangladesh Chambers of Commerce and Industry, said the UK has already committed to continuing to provide Bangladesh duty-free trade benefits like the European Union (EU).

This will come about for three more years after Bangladesh makes the country status graduation from a least developed country to a developing nation in 2026, he said.

Afterwards, the UK, like the EU, will also provide facilities under the GSP Plus arrangement, the administrator said.

Govt to incentivise

FROM PAGE B1

Against this backdrop, the finance adviser suggested that time has come to deepen the market.

"For this, good companies should be brought in the market. To this end, the government will consider giving policy support, including tax benefits," he said.

"The government has taken initiatives to bring some public companies to the market," Ahmed added.

Ahmed also urged all the relevant authorities, including the DSE, to take initiatives for increasing the investments of expatriate Bangladeshis in the domestic stock market.

"The Indian stock market has a large investment from expatriates. Many of non-resident Bangladeshis also have the ability to invest. So, they should be encouraged to invest. For this, the market has to be attractive."

Regarding the current condition of the stock market, Ahmed said the government has taken some reform activities for its betterment.

"All reforms cause some temporary pain. Therefore, the same can be expected from the share market reform programme. Still, the interim government wants to strengthen the stock market," he added.

Ahmed also said that an economy dependant on bank loans is not a sustainable one.

"Everybody becomes happy when stock indices increase but they should remain cautious in times the market goes higher," he added.

Khondoker Rashed Maqsood, chairman of the Bangladesh Securities and Exchange Commission, Mominul Islam, chairman of the DSE, Saiful Islam, president of the DBA, and representatives of the Bangladesh Bank, National Board of Revenue, Chittagong Stock Exchange, merchant bankers, asset managers, and other stakeholders were present at the event.

Beza to focus on

FROM PAGE B1

The rest of the economic zones will be utilised in other ways, for instance, for solar power generation, said Ashik.

Beza is also taking steps to open jute mills and sugar mills that have been shut down in the remaining economic zones. As utility services are available there, it will be easier to attract investors, he said.

"To make Beza truly investment-friendly, it is our commitment to implement the time-bound plans," he said.

Investors who have acquired land but have not been able to start operations are being encouraged to launch industries, said Ashik.

"If these investors are unable to start development work, they are requested to return the land to Beza," he said.

"I think if Beza can implement its plan to make five economic zones fully functional, this experience will be helpful to take good steps in future while coordinated steps are necessary from all the departments of the government," he added.

Ashik also said the Korean Export Processing Zone (KEPZ) would be brought under the jurisdiction of Beza. Afterwards, carrying out its activities will be made easier, he said, adding that some official formalities remain to be completed.

Regarding private economic zones, he said Beza would soon press the government to ensure utility services there.

Ensuring utility connections was a promise the government made when it allowed the private sector to set up the economic zones, he said.

Mobile internet users

FROM PAGE B1

A significant reason for the drop in active users could be economic hardship or growing reliance on fixed broadband, but the definition of active mobile internet users also requires scrutiny, Abu Nazam M Tanveer Hossain, a telecom expert.

The current report considers only Mobile Station International Subscriber Directory Numbers (MSISDNs) active in the past three months, ignoring usage patterns or devices, he said.

"The regulator should prioritise unique user numbers, which is feasible as each MSISDN is linked to an NID. This would help determine whether changes in user numbers reflect genuine trends or a reporting strategy by operators," he added.

According to BTRC data, November's decline was solely due to the fall in mobile internet subscribers, reducing the total to 11.90 crore. The number of broadband users remained unchanged at 1.37 crore.