

Gold prices edge higher

REUTERS

Gold prices edged higher on Wednesday due to the risks stemming from the tariff plans proposed by President-elect Donald Trump, with investors waiting for US economic data for guidance on the U.S. Federal Reserve's interest rate stance in 2025.

Spot gold gained 0.2 percent to \$2,653.35 per ounce, as of 0928 GMT. US gold futures rose 0.1 percent to \$2,667.20.

The risk of a Trump trade war, sticky inflation and worries about fiscal stability as US Treasury yields rise will be current and future themes that are potentially risk strengthening, which will be gold supportive, said Ole Hansen, head of commodity strategy at Saxo Bank.

Trump will be sworn in as president of the United States on Jan. 20. His proposed tariffs and protectionist trade policies are expected to be inflationary and could spark



Nityananda cycles around 15 kilometres early in the morning every day to Khulna city to sell fish, such as tilapia and spotted snakehead (taki), which he collects from fishermen in different surrounding villages. The photo was taken in Bil Pabla area on Khulna City Bypass Road recently.

PHOTO: HABIBUR RAHMAN



trade wars, adding to gold's allure as a safe-haven asset.

Gold is also used as a hedge against inflation, although higher interest rates reduce the appeal of holding non-yielding bullion.

The market awaits ADP employment numbers and the minutes from the Fed's December meeting, both due later in the day, along with US nonfarm payrolls report due on Friday, which could provide more insight into the Fed's policy direction.

Data on Tuesday showed US job openings increased in November, while hiring softened, implying a slower labor market that might not need Fed to be in a rush to cut rates.

Payra thermal power plant resumes full production

Test runs of neighbouring facility nearly complete

SOHRAB HOSSAIN, Patuakhali

The Payra 1,320MW Thermal Power Plant in Kalapara upazila of Patuakhali has resumed full production following a roughly two-month halt for maintenance works on its second unit and test runs of a neighbouring facility.

Upon completing maintenance works, which began on November 9 last year, the authorities began generating electricity from the second unit of the coal-fired power plant at around 9:30pm on Tuesday.

Now, the plant is supplying its full 1,320-megawatt (MW) capacity to the national grid, according to Shah Moni Jico, assistant manager of the Payra plant.

Meanwhile, the first unit of a neighbouring facility with an identical power generation capacity run by RPCL-NORINCO International Power Limited (RNPL) has been undergoing experimental production since mid-January this year.

As such, the first unit of the Payra plant had also been shut down for a week starting December 16.

The second unit of the new plant, which is located just two kilometres north of the Payra plant, is scheduled to begin production this June.

And with its first unit almost commissioned, the facility will have a total power generation capacity of 1,320MW in full production, thereby meeting 10 percent of the country's demand.

Construction of the RNPL Thermal Power Plant in Londa village under Kalapara began in 2019. However, the facility was unable to commence production as planned last year for various challenges.

The commissioning of its first unit, which has a power generation capacity of 660MW, will likely be complete within the second week of January, said Mohammad Ashraf Uddin, superintendent engineer of the plant.

He informed that all construction works,

including that of the power transmission line and coal transport jetty, are now complete.

The first unit is undergoing trial production, with commercial production expected to begin in March.

Shawkat Osman, executive engineer (mechanical) of the RNPL power plant, said 1.25 lakh tonnes of coal have been stored at the facility to ensure its uninterrupted production once fully operational.

He added that another 1.65 lakh tonnes of coal is expected to arrive this month.

Osman further said that the cost of each unit of electricity generated by the plant is estimated at Tk 9.

Yang Ling, commercial manager of the RNPL power plant, assured that the facility was built in compliance with global standards.

"It will use the latest ultra-supercritical technology and is designed to operate without causing harm to the environment," he said.

Listed firms' profit drops

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banking sector stability as the key challenges.

It said the country has been facing high inflation, due mainly to the depreciation of the taka and the influence of business syndicates in the local supply chain for essential goods.

Despite five policy rate increases in 2024 by the Bangladesh Bank to 10 percent, inflation remained stubbornly high.

Concurrently, interest rates on bank loans surged, negatively impacting the business environment.

Moreover, the banking sector faces the looming threat of a surge in non-performing loans, which had already reached 16.9 percent by the end of September 2024.

Some banks have already defaulted on depositor payments.

The report said a failure to effectively resolve this issue could have severe consequences for overall economic activity.

Amid the uncertainty surrounding political stability, the report said regaining economic momentum and ensuring a stable business environment would be the main challenge in 2025.

The brokerage firm said the business environment would be greatly influenced by political and banking stability, price pressures, and interest and exchange rate fluctuations.

Geopolitical instability also posed a major concern, given the uncertain stance of the US regarding the Russia-Ukraine war, the Myanmar conflict and other global events.

The report said, "This political stability will be the most important factor for business in 2025."

MARKET TURNAROUND EXPECTED IN MID-2025

The report said the bearish market trend continued throughout 2024, with trading activity mainly concentrated on speculative small and medium-cap stocks amid a high-interest-rate environment.

After the political changeover in August 2024, large-cap stocks saw a brief one-month rally as investor

expectations and confidence improved.

However, this rally proved unsustainable, losing momentum amid economic uncertainty and concerns regarding policy continuity.

Besides, regulatory and economic reforms in the final quarter of 2024 also impacted the overall stock market movement.

"We expect a turnaround in market momentum in 2025, especially during the second half of the year when inflation normalises, and interest rates begin to decline," predicted the report.

Mohammad Lutfur Rahman, a professor of economics department at Jahangirnagar University, said the profit drop due to political instability was not surprising as business was almost suspended for 40 days.

Apart from this, fluctuation of foreign exchange rates, higher finance costs for growing interest rates, and higher operating costs for costlier energy also impacted businesses, he said.

Due to the dearth of energy supply, many firms were not able to produce as per their capacity, especially the textile sector, which suffers the most from low gas pressure.

Rahman is optimistic about global economic turnaround through the de-escalation of the war between Ukraine and Russia, and timid oil prices.

However, frequent movement and political instability is a big challenge for the country to reap the benefits of world economic recovery, he added.

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Monetary policy likely

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The department will then hold a discussion with the country's leading research organisations on January 14 on potential policy measures.

The organisations include the Bangladesh Institute of Development Studies, Policy Research Institute of Bangladesh and South Asian Network on Economic Modelling.

The Institute for Inclusive Finance and Development, Centre for Policy Dialogue, Research and Policy Integration for Development, reputed economists, bankers, businesspeople, and journalists will also attend the event at Lakeshore Hotel in Gulshan, Dhaka.

The central bank committee forming the monetary policy will ultimately summarise the observations from various quarters regarding its goals and format, including measures for regulating

currency and lending rates, before finalising it on January 20.

Then on January 22, the board of directors of Bangladesh Bank will approve the policy and set a date for announcing it to the public.

Inflation in Bangladesh has been hovering above 9 percent since March 2023, with the central bank's existing contractionary monetary policy yet to cool consumer prices.

Bangladesh Bank has hiked the policy rate several times to 10 percent since then. The policy rate is the interest rate at which commercial banks borrow from the central bank.

But in December of the just concluded calendar year, inflation had eased slightly to 10.89 percent from 11.38 percent the previous month, according to the Bangladesh Bureau of Statistics (BBS).

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NBR doubles tax to 20%

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This also aligns with conditions set by the IMF as part of its ongoing \$4.7 billion loan programme for Bangladesh.

The IMF has long been pushing for reforms to Bangladesh's tax system, including rationalising exemptions, improving compliance, and separating tax policy from administration.

Bangladesh has one of the lowest tax-to-GDP ratios globally, with widespread tax benefits contributing to frequent collection shortfalls.

In the July-November period of FY25, income tax receipts fell by 0.94 percent year-on-year to Tk 40,293 crore. In FY25, the government provided Tk 1.63 lakh crore in tax benefits, also known as tax expenditures.

In a latest report on direct tax expenditure, the revenue board said the direct tax expenditure, a tax subsidy that includes rebates, exemptions, and reduced rates offered by the NBR, fell 8 percent year-on-year to Tk 1.15 lakh crore in fiscal year 2021-22.

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"The government will collect the information from Bangladesh Bank and Bangladesh Customs," he said.

Bangladesh meets more than 90 percent of its edible oil requirement through imports, as per commerce ministry data.

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Telecom stakeholders

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Bangladesh Mobile Phone Consumers' Association President Mohiuddin Ahmed views the NBR's actions as a reflection of a troubling authoritarian approach.

"Such reckless decisions bear the hallmarks of a bygone fascist regime. With 48 percent of the population still without internet access, this excessive taxation will only exacerbate the digital divide," he said.

Unless the government abandons this irrational and oppressive policy, citizens and consumer groups will have no choice but to take to the streets, Ahmed added.

"It is really unfortunate to see that the taxation regime for the telecom sector continues to defy rational thinking," Robi Chief Corporate and Regulatory Officer Shahed Alam said.

While there are sustained calls for price reductions, the prospect of additional tax burdens on consumers sends a contradictory and confusing message, he said.

"Time and again, we have seen that increasing consumer tax burdens in the telecom sector leads to reduced spending by mobile phone users. This, in turn, negatively impacts the financial

health of mobile phone operators and decreases government revenue."

While mobile operators face financial struggles, expectations regarding service quality continue to rise, he said.

"How can operators invest in next-generation networks if we are being systematically weakened by a taxation regime that clearly lacks purpose and direction?" he questioned.

Modi looks

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If China remains the main target of Trump's tariffs, that could present an opportunity for India to boost its trade profile, although it would also need to let the rupee fall further to make its exports more competitive, economists said.

The rupee has hit multiple lows in the past few weeks and 2024 was its seventh consecutive year of decline, mostly due to a surging dollar. On Wednesday, it hit a fresh all-time low.

India needs to "seriously implement tariff rationalisation to help embed itself more deeply into global value chains," Kathuria, also an Adjunct Professor at Georgetown University, said.

Don't transplant Boro

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The dry-season Boro, which accounts for roughly 55 percent of total annual rice production, is cultivated between December and January and harvested mainly in May.

In its advisory, the Bangladesh Agro-Meteorological Information Service (BAMIS), a project under the DAE, suggested that farmers use transparent polythene to cover the seedlings for protection from fog if sunlight is visible during the day.

Besides, water should be removed from the fields every morning during the cold spell. BAMIS advises using tube well water in a way that keeps the seedlings above the water level.

The DAE said that seedlings

may suffer from blight diseases -- a bacterial disease that can severely damage crops.

It suggests using fungicide and spraying to control the disease.

The agency said that unfavourable weather may also cause pest attacks on potatoes, one of the most widely consumed vegetables, and mustard, the main oilseed crop in Bangladesh.

In its weather forecast yesterday, the Bangladesh Meteorological Department said that weather across the country is likely to remain mainly dry with temporary partly cloudy skies.

It said that moderate to dense fog may occur across the country from midnight to morning and may continue until tomorrow.

Garment tech, accessories shows open in Dhaka

STAR BUSINESS REPORT

The 22nd edition of Garment Technology Bangladesh 2025 began at International Convention City, Bashundhara, Dhaka yesterday concurrently with the 14th edition of the Garment Accessories & Packaging Expo (GAP Expo) 2025.

Some 500 exhibitors from 25 countries are participating in this fair, which is being jointly organised by ASK Tradeshows & Exhibitions Pvt Ltd, and Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA).

Commerce Adviser Sk Bashir Uddin inaugurated the event and PARK Young Sik, South Korean ambassador to Bangladesh, graced the occasion as a special guest.

These exhibitions offer opportunities to view a wide range of ancillary products, including cutting, sewing, finishing and embroidery machinery, and retail items for the garment sector.

On the other hand, leading members of the BGAPMEA showcase their latest innovations in garment accessories and packaging at the exhibition, according to a statement.

Bashir Uddin said such exhibitions were crucial for advancing Bangladesh's readymade garment sector, and it was important to reduce dependency on fossil fuels and focus on promoting renewable energy. Sik said Bangladesh was globally recognised as a key hub for the garment industry, thanks to its strong manufacturing capabilities and rich ecosystem.

South Korea has consistently invested in Bangladesh and is committed to continuing this partnership in the future, he said.

Recognising the immense potential in Bangladesh's garment industry, South Korea is eager to collaborate further to help realise this potential, he said.

BGAPMEA President Md Shahriar also spoke at the event. Despite political instability and labour unrest, the garment sector achieved a 6.23 percent growth in export earnings in 2024, said a press release of the BGAPMEA.