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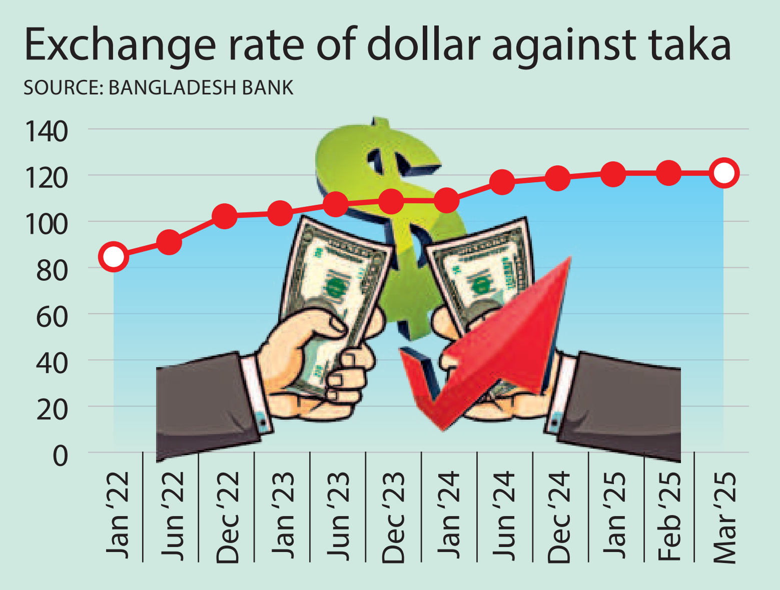
Star BUSINESS

Forex market steadies as dollar inflows go up

KEYPOINTS

- Banks' dollar holdings rose to \$550m
- Remittance, exports helped boost forex liquidity
- Forex reserves have been stable at \$20b (BPM6) for months
- Inter-bank exchange rate is also stable at Tk 122 per USD
- Remittance earnings jumped due to Eid



MD MEHEDI HASAN

The country's foreign exchange market is stabilising thanks to a surge in US dollar (USD) inflows, driven by higher remittances, stronger export earnings and tighter oversight by the central bank.

Liquidity in the forex market has improved, evident in banks' net open positions (NOP) -- the difference between their foreign currency assets and liabilities.

Banks' NOP reached \$550 million as of 20 March, up from around \$150 million earlier in the month, according to Bangladesh Bank data.

Over the past few months, the NOP had fluctuated between \$250 million and \$300 million, central bank officials said.

Industry insiders attributed the NOP increase to a rise in the inflow of the US dollar, which indicates that the foreign exchange market is increasingly gaining stability.

Bankers say remittances started to climb following the political changeover in August last year, while export growth further bolstered foreign exchange reserves.

"The forex market has stabilised in recent months due to higher dollar inflows," said Mirza Elias Uddin Ahmed, managing director and CEO of Jamuna Bank.

"Remittances have played a key role in boosting USD availability," said Ahmed.

In the first 23 days of March, remittances hit a record \$2.63 billion ahead of Eid-ul-Fitr, the biggest religious festival for Muslims.

Industry insiders anticipate that the figure could reach \$3 billion by the end of March -- an all-time high.

The upward trend in remittances began after the political changeover in August last year.

In September, remittances jumped 80.28 percent year-on-year to \$2.4 billion, central bank data shows.

The momentum continued, with inflows of \$2.39 billion in October, \$2.19 billion in November, \$2.63 billion in December, \$2.18 billion in January and \$2.52 billion in February.

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Expert panel meets today for LDC transition strategy

STAR BUSINESS REPORT

As Bangladesh's graduation from the least developed country (LDC) club to a developing one draws near, a six-member high-powered committee of public officials, economists, and policy experts has been formed by the interim government to implement a smooth transition strategy.

In the process, the committee aims to ensure a seamless and sustainable shift for the economy, addressing potential challenges.

The committee will hold an introductory meeting at the Economic Relations Division (ERD) today.

Anisuzzaman Chowdhury, special assistant (state minister rank) at the Ministry of Finance, will preside over the session.

The committee includes Professor Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD); Abdur Rahim Khan, additional secretary to the Ministry of Commerce; and Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development (RAPID).

The other two members are Monzur Hossain, research director at the Bangladesh Institute of Development Studies (BIDS), and Kazi Iqbal, senior research fellow.

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Shares of S Alam Steel, Shinepukur almost tripled in one month

Brokers point the finger at rumours

STAR BUSINESS REPORT

While S Alam Cold Rolled Steels and Shinepukur Ceramics Ltd have not been faring well in their business, the share prices of the companies almost tripled in the past month, raising the eyebrows of stock market analysts.

Stocks of S Alam Cold Rolled Steels went from Tk 9 to Tk 31 as of last week. Meanwhile, stocks of Shinepukur Ceramics soared from Tk 11 to Tk 31.

Several brokerage houses believe rumours have been raising people's interest in the two companies.

S Alam Group Chairman Saiful Islam is the chairman of the steel company. He had close ties with deposed prime minister Sheikh Hasina and has been living abroad since the Awami League-led government was ousted in August last year.

Last December, the company informed through a disclosure that "due to unforeseen circumstances" beyond its control, it has been facing significant challenges that have made it "troublesome to continue regular production".

"Due to recent restrictions on opening letters of credit placed by banks, we are facing a shortage of a couple of chemicals and raw materials and have no option but to stop production as well as try to resolve the matter," it said.

However, the company said this had not affected its business, which was continuing to deliver manufactured goods.

In January, one of its assets was put up for auction by a bank seeking to recover loans worth Tk 2,003 crore.

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Govt proposes conditional concessions over 700MHz spectrum auction

Move designed to alleviate investor concerns

MAHMUDUL HASAN

The government has formally responded to concerns raised by major foreign telecom investors regarding the upcoming 700MHz spectrum auction, proposing conditional pricing concessions to ease industry apprehensions.

Faiz Ahmad Taiyeb, special assistant to the chief adviser with executive authority over the Ministry of Posts, Telecommunications and ICT, suggested a potential 5-10 percent reduction in spectrum prices.

However, this discount would be contingent upon mobile network operators committing to infrastructure upgrades, lowering consumer prices and enhancing service quality.

The move comes after foreign investors expressed reservations about the auction, citing high costs and uncertain returns.

In a letter dated March 25, Taiyeb acknowledged investor apprehensions about spectrum costs, limited bandwidth availability and device compatibility, but underscored the state's focus on aligning pricing with global standards and addressing systemic sectoral inefficiencies.

Earlier on March 17, major international telecom investors expressed concerns about the proposed parameters for the upcoming auction, citing technical, commercial and economic challenges.

In a joint letter addressed to Taiyeb, the parent companies of Bangladesh's leading mobile network operators urged the government to reconsider the auction's timing and pricing structure.

Signed by senior executives of Axiata, Telenor, and Veon, the letter highlighted three key issues with the current plan: the limited amount of spectrum being released, the disproportionately high pricing and limited device compatibility with the 700MHz band.

Citing a 40 percent devaluation of the Bangladeshi Taka against the US dollar since 2022, Taiyeb defended its dollar-denominated spectrum valuation as a safeguard against currency risks for foreign-dominated telecom operators, which repatriate profits in USD.

Responding to concerns over partial release of spectrum in the 700 MHz band -- 2x25MHz out of a total 2x45MHz -- Taiyeb said efforts were underway to resolve technical and commercial barriers for releasing the remainder, emphasising the band's role in expanding 4G/5G coverage and IoT services.

While noting 50 percent of existing 4G devices already support 700MHz, the government revealed plans to mandate local manufacturers and importers to halt non-compliant device sales -- a policy expected to boost penetration "significantly" within months.

The letter sharply criticised mobile network operators for underutilising higher-frequency spectrum bands (7–18 percent usage) intended for urban capacity, blaming inadequate deployment of critical infrastructure like Baseband Units (BBU) and Radio Resource Units (RRU) for fragmented networks, slow speeds and frequent call drops.

It accused operators of maintaining "artificially" high internet prices and restrictive data validity periods, perpetuating a "vicious cycle" that limits digital adoption despite low utilisation rates.

"Mobile network operators have not shown proper willingness to adjust consumer pricing accordingly. Moreover, the very short data validity period of national internet packages is being criticised in society," Taiyeb said.

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Soybean output, imports rise amid growing feed demand

SOHEL PARVEZ

Bangladesh's soybean production and imports are increasing steadily as demand from the poultry, livestock, and aquaculture sectors continues to grow alongside rising domestic consumption, according to the latest report by the US Department of Agriculture (USDA).

Soybean production is estimated at 1.45 lakh tonnes for the marketing year (MY) 2023-24, which began in July. The output is projected to rise to 1.55 lakh tonnes in the current fiscal year as the harvesting area expands, the USDA stated in its Oilseeds and Products Annual Report on Bangladesh.

Acreage and production are expected to continue increasing in MY26, with Bangladesh likely to produce 1.60 lakh tonnes of soybeans next year, according to the report released last week.

Similarly, soybean imports are forecast to rise 9 percent year-on-year to 2.4 lakh tonnes in MY26, driven by increasing demand for poultry, aquaculture, and dairy feed. The rise in imports comes as the foreign exchange rate stabilises and the interim government relaxes restrictions on opening letters of credit (LCs) for imports.

The USDA projects that soybean meal -- produced from both locally grown and imported beans -- will reach 75 lakh tonnes in MY26.

Consumption of soybean meal in the feed industry is expected to rise to 29 lakh tonnes in MY26, up 7.4 percent from the estimated use in MY25, assuming stable prices and supply conditions.

Given the current demand for meat, eggs and milk, the poultry, aquaculture and dairy sectors are expected to continue expanding, with the feed industry projected to increase production by at least 10 percent annually for commercial farmers through 2030, the report said.

Over the past few years, soybean acreage has grown steadily, particularly in Bangladesh's coastal districts, supported by favourable weather conditions, improved market access, and higher profitability.

"In recent years, soybeans have gained popularity as a cash crop," the report stated.

The cost of soybean production is lower than other crops as it typically does not require irrigation. Soybeans are sown after the Aman rice harvest, benefiting from residual soil moisture, which aids germination, it added.

"Domestically produced soybeans are primarily used in the feed industry. Due to their poor quality and lower oil content, they are not utilised for oil production."

Only a small portion of domestically produced soybean is used for food preparation in Bangladesh. However, locally produced soybeans meet just 7 percent of the country's demand for soymeal and edible oils, making Bangladesh heavily reliant on imports.

The USDA reported that Bangladesh imported 22 lakh tonnes of soybeans in MY25, with the US supplying half of this amount and Brazil contributing one-third. This trend is expected to continue in MY26 as demand for soybean meal increases.

The report also highlighted the ongoing expansion of Bangladesh's poultry, livestock, and aquaculture sectors.

"Large commercial poultry farms have increased their capacity, alongside contract poultry farms. Many small and medium-sized poultry farmers have also resumed operations due to the reduction in feed costs over the past year," it said.

Workers gather eggs at a poultry farm in Barishal sadar upazila. According to the US Department of Agriculture, the feed industry is projected to increase production by at least 10 percent annually through 2030. The photo was taken yesterday.

PHOTO: TITU DAS