

## Fed's inflation gauge shows some cause for concern

AFP, Washington

The US Federal Reserve's preferred inflation measure was largely unchanged last month, according to government data published Friday, but a widely scrutinized gauge of underlying price pressures rose.

The personal consumption expenditures (PCE) price index rose 2.5 percent in the 12 months to February, the Commerce Department said in a statement, unchanged from a month earlier. Inflation rose 0.3 percent on a monthly basis.

Both measures were in line with the median forecasts from economists surveyed by Dow Jones Newswires and The Wall Street Journal.

But of greater concern to Fed officials, an inflation measure stripping out volatile food and energy costs rose more than expected, by 0.4 percent month-on-month, and by 2.8 percent from a year ago.

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The Fed is attempting to return inflation to its long-term target of two percent. Friday's data suggests policymakers still have some way to go as they also grapple with the effects of trade policy uncertainty.

"They're kind of in wait-and-see mode for awhile," Wolfe Research chief economist Stephanie Roth told AFP. "Our call is that they're going to cut rates because growth is weakening, but they actually need to see a rising unemployment rate first."

"So today probably doesn't really change the narrative that much for them," she added. US President Donald Trump has embarked on a stop-start rollout of country- and sector-specific tariffs, drawing condemnation from allies and warnings from Fed officials that the measures will likely push up prices.



PHOTO: RAJIB RAIHAN

Lighter vessels unload imported fuel at Dolphin Jetty in Chattogram on availing it from mother vessels in the Bay of Bengal. The smaller boats containing the barrels are engaged in transporting fuel to nearby islands and ships at sea. The photo was taken recently.

# Petroleum Corporation's fuel sales drop slightly

MD NAZRUL ISLAM, Chattogram

Fuel sales by Bangladesh Petroleum Corporation (BPC) have slightly decreased, apparently for the slowdown in the economy and slack demand for the transportation of goods on roads and waterways.

In the first eight months of the current fiscal year 2024-25, fuel sales by the BPC stood at 44.45 lakh tonnes.

Year-on-year data on BPC's sales specifically for these eight months is not available.

However, the BPC sold 67.61 lakh tonnes in the whole of fiscal year 2023-24. That means, its average monthly sales during that time stood at 5.63 lakh tonnes.

In contrast, the average monthly sale of the current fiscal year was lower at around 5.55 lakh tonnes.

The BPC officials said they initially projected a rise in oil sales to 74.2 lakh tonnes in the current fiscal year 2024-25. With only four months remaining, the BPC expects that 22 lakh tonnes of fuel might be needed. Thus, it projects that the BPC's total fuel sales are likely to reach 66 lakh tonnes in the current fiscal year, ending in the coming June.

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in July, when deadly political turmoil crippled transport movement, industrial activity, and business operations.

The sluggishness in business persisted over the following couple of months at a time when the economy was facing headwinds amid high inflation and slowing imports due to the US dollar crisis.

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This has caused a reduction in demand for the transportation of goods, leading to a fall in fuel consumption in maritime and road transport.

"The demand for fuel will be less than the initial projection we made at the beginning of the fiscal year. So, we have prepared the import plan in view of the demand," said BPC Chairman Md Amin Ul Ahsan.

The BPC's data show that diesel is the main fuel it sells, accounting for over 60 percent of its sales in FY24, followed by furnace oil used in power plants and aviation.

The state corporation imports both refined and crude petroleum.

In the past eight months, it imported 28.86 lakh tonnes of various types of refined fuel, of which 70 percent was diesel and 12 percent was furnace oil.

In addition, Bangladesh also produces fuel from domestic gas fields and private refineries.

Choudhury Zafar Ahmed, general secretary of the Inter district Truck and Covered Van Owners' Association, said many factories suffered due to political turmoil in July and the subsequent changeover in early August.

"Many factory owners have faced lawsuits and attacks, forcing them to shut down their factories. As a result, goods transportation has decreased," he said.

Parvez Ahmed, vice president of Inland Vessel Owners Association Chattogram, told The Daily Star that import and export trade in the country had been disrupted due to the dollar crisis at the end of the previous government's term.

As a result, cargo transportation had slightly decreased at the beginning of the current fiscal year. However, everything was now back to normal, he said.

## UK dreams of US trade deal before Trump tariffs

AFP, London

Britain's government is hoping to reach a last-minute post-Brexit trade agreement with Washington to avoid – or at least mitigate – more tariffs set to be announced on Wednesday by US President Donald Trump.

Britain has set out to strike a trade deal with the United States since departing the European Union at the start of the decade, but had been unsuccessful under the previous Conservative government.

Prime Minister Keir Starmer, leader of the Labour party that won power in July, visited Washington at the end of February and came away hopeful an accord could be reached.

Trump himself held out the prospect of a "great" deal that could avoid tariffs on Britain, hailing Starmer as a tough negotiator.

Talks have continued, with Business Secretary Jonathan Reynolds recently visiting Washington, while Starmer and Trump took up the baton in a phone call earlier this week.

It is thought that the UK government wants to agree some kind of trade deal ahead of April 2 – termed "Liberation Day" by Trump, when he is set to unveil supposedly "reciprocal" tariffs, tailored to different trading partners.

It would follow Trump's announcement this week of imposing steep tariffs on imported vehicles and auto parts, vowing retaliation as trade tensions intensify and price hikes appear on the horizon.

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"We're engaged in discussions with the United States about mitigating the impact of tariffs," Starmer said heading into the weekend.

Finance minister Rachel Reeves on Thursday said Britain would not seek to "escalate" trade wars, in contrast to strong comments by other major economic powers that hinted at retaliation in response to the auto-sector tariffs.

Downing Street has described a potential agreement as an "economic prosperity deal", indicating it will fall short of a free trade deal ultimately sought by London.

As it stands, the United States is the UK's single largest country trading partner.

"Some type of arrangement that might let the UK escape some tariffs is possible but it would not be a full-scale trade deal," Jonathan Portes, professor of economics at King's College London, told AFP.

"Brexit is a double edged sword – it gives us more flexibility and we can negotiate with a view to our own interests."

"But equally, it means we have less weight than as part of the EU and moreover we cannot afford to agree to anything that complicates our trading relationship with the EU," Portes added.

UK media has reported that London may scrap a tax on tech giants to avert US tariffs under Trump and clear a pathway to a trade deal.

## What is the secret

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"The panjabi that costs Tk 85,000 takes about a month to make and is produced only upon advance order. Its accessories are imported from China," the official said.

Mohammad Abu Sayeed Saddam, manager at Abaya and Gown in Banani, said their products are either made in-house or imported from Dubai and China.

He said the high-priced items are made from muslin fabric. "Our primary customers are middle-class women," he said, adding that Eid sales have been strong so far.

Similarly, Md Hasnat Ali, manager of AZWA, a premium fashion and lifestyle brand for women, said prices mainly depend on fabric and design.

For exclusive sarees and lehengas, they take advance orders and can produce them at any price range. This Eid, products in the Tk 5,000 to Tk 10,000 range have been the bestsellers, he said.

Maria Hossain, a jobholder at a multinational company, was looking through the catalogue at a branded shop when this reporter approached her. Asked why she had chosen the particular outfit, she said, "Apart from matching my taste, the quality of the product here is much better. So, I don't mind buying it for a higher price."

Khalid Mahmood Khan, a director of Kay Kraft, a leading local clothing brand, said high prices are largely driven by perceived value.

"This is a psychological factor, and the actual production cost isn't the only consideration," he said.

"If a business can successfully sell an item at a high price, it means they have managed to convince customers of its creative and aesthetic value."

"In such cases, it's not about balancing production cost with selling price; rather, it's about whether the brand can make customers accept the value they are offering."

**What do analysts say?**

Fakir Muhammad Munawar Hossain, director of operations and laboratories at the Directorate of National Consumers' Right Protection, said that in a free-market economy, there is no legal framework for setting prices.

"The government regulates the prices of only a few essential commodities, which is an exception."

If a buyer feels cheated after purchasing a product, they can file a complaint, and action will be taken against the brand if necessary, he said.

Similarly, Wajid Hasan Shah, a member of the Bangladesh Competition Commission, said this is a niche market with limited competition, which is why prices can be exceptionally high.

Selim Raihan, a professor of economics at the University of Dhaka, said that when inequality is high in a society and wealth becomes concentrated among a certain class, they seek premium products to distinguish themselves from others.

This drives demand for such products.

"If these individuals cannot find these products in the local market, they will look for them abroad," he said.

He further said that there are significant questions about the high-priced products sold in Bangladesh.

"Are the prices truly justified? Sellers may not always have a clear answer," he said. "In the absence of proper regulatory oversight, some businesses take advantage of the situation."

## Bangladeshis own dozens

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Nasir, a prominent businessman in Sylhet, denies wrongdoing.

"We have conducted raids at Nasir's residence, Kazi Castle in Sylhet, and obtained important documents," the official said. "We are verifying the gathered information."

Among the seized records were 104 land deeds tied to Nasir and his family. The NBR also found discrepancies between the land values declared in his tax filings and those in official records.

Tax investigators further found properties in his name in Dubai and Sharjah, including a large showroom.

On 22 January this year, the NBR froze Nasir's and his family's bank accounts.

## Imports from India rise

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So, it takes 45 days just to deliver cotton to the mills.

However, if cotton is imported from India, it takes only two to three days to get delivery, that too at cheaper prices.

Before the Covid-19 pandemic, Bangladesh had cut down on its imports of Indian cotton. The country, which used to source around 60 percent of its cotton from India, had reduced the level to below 30 percent as Indian cotton traders often stopped sending cotton to Bangladesh without any prior notice.

However, the scenario has somewhat reversed in recent times, with a resurgence in imports of Indian cotton, yarn and fabrics.

Showkat Aziz Russell, president of the Bangladesh Textile Mills Association (BTMA), whose members are the biggest importers of Indian raw materials, said local millers and manufacturers were left with little choice but to turn to Indian goods again.

"You can say we are kind of bound to rely more on Indian goods because of the changing nature of global business trends," Russell told The

Daily Star over the phone.

This is because shorter lead times are the main factor in business, he said, adding that Indian cotton can be imported in two to three days.

Moreover, Indian yarn, cotton, chemicals and other industrial raw materials are cheaper, he said.

Md Abdul Wahed, joint secretary general of the India-Bangladesh Chamber of Commerce and Industry, said trade with India currently takes place through 24 land ports and three rail ports alongside airports and seaports.

So, as all the ports are operational and border security has been tightened, trade through informal channels is almost impossible now, he added.

Monsoor Ahmed, a former chief executive officer of the BTMA, said many local businessmen had no choice but to source raw materials from India as banks in other countries were reluctant to accept letters of credit (LCs) because of the US dollar shortage in Bangladesh banks.

Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, said the Indian economy is complimentary to

offices in the USA and the UK," he said. Regarding the 104 land deeds, Nasir said most were small purchases made by his father in 2008 in their village.

"The majority of our properties are properly declared in our tax records. If anything is missing, I have no issue – I am willing to provide all necessary documents," he added.

The NBR expects to finalise its report soon.

The National Board of Revenue (NBR) has detected tax anomalies amounting to over Tk 58 crore involving five individuals and their companies, including a former president of the Chittagong Stock Exchange (CSE).

On Friday, the NBR flagged tax

Bangladesh's industries as India is the second-largest source of industrial raw materials in the world after China.

It is also true that geographical proximity, familiarity with the language and a similar culture also contribute to higher import dependence on Indian goods, Razzaque added.

The most imported items were cotton, manmade fibre, fabrics, cotton and non-cotton yarn, textile chemicals and others, according to data from India's Ministry of Commerce and Industry.

On the other hand, Bangladesh has hardly been able to capitalise on duty-free trade benefits with India, with exports to the country still slow because of a lack of product diversity.

Bangladesh exported \$970 million worth of goods, mainly garment items, to India in the July-December period of the current fiscal year, according to data from the Export Promotion Bureau (EPB) of Bangladesh.

In FY24, Bangladesh's exports to India totalled \$1.56 billion, an 11.63 percent decline from the \$1.77 billion exported the previous fiscal year.

anomalies amounting to over Tk 58 crore involving Fakhor Uddin Ali Ahmed, a former president of the Chittagong Stock Exchange, and four of his relatives.

The tax administration said it had found an undisclosed offshore investment made by Fakhor in an under-construction 33-storey complex in Dubai.

Additionally, the official said the anti-graft agency has blocked another business tycoon from leaving Bangladesh over undisclosed Dubai assets.

"Our teams have found a hotel, an apartment, and land in his name in Dubai. We suspect that he may try to sell the properties abroad if he leaves the country."

## Rural demand fuels Eid electronics sales

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Bangladesh received a record \$2.94 billion in remittances in the first 26 days of March, driven by Eid-ul-Fitr.

He said sales were about 4-5 percent higher than last year, but it was not a major surge.

"Consumers were less inclined to purchase large appliances like televisions and washing machines, focusing more on essential kitchen electronics," he said.

Zohab Ahmed, chief marketing officer of Walton Hi-Tech Industries PLC, said the refrigerator industry remains a key business indicator for the company.

"While our sales growth has been somewhat slow, there is still room for optimism. We are witnessing a resurgence in sales growth, which is a positive sign for us," he said.

Ahmed emphasised the significance of their market space, particularly in the large refrigerator segment.

"Demand for bigger refrigerators is high, and alongside regular-sized models, large refrigerators are also gaining traction in the market," he added.

Regarding seasonal sales trends, he noted that Ramadan and Eid-ul-Azha account for approximately 65 to 70 percent of total refrigerator sales, making these periods crucial for the business.

On the performance of small home appliances, Ahmed acknowledged that the company did not achieve the expected growth this year.

"We had anticipated a higher sales momentum, particularly for products like rice cookers and blenders, but actual sales did not align with our expectations," he explained.

Ahmed said the company is closely monitoring market trends and will provide further insights into small appliance sales soon.