Stock indices fall across the board

STAR BUSINESS REPORT

The stock market in Bangladesh has further declined amid escalating concerns over tariff hikes by the US, which have adversely impacted the majority of economies worldwide to varying degrees and resulted in retaliatory duties.

Since the announcement of the new tariffs last Wednesday, the indices of the Dhaka Stock Exchange (DSE) have been declining for the past three days after the markets reopened following the Eid-ul-Fitr holidays.

However, the Chittagong Stock Exchange (CSE) declined for the first time yesterday. The DSEX, the benchmark index of the DSE, dipped by 10.87 points, or 0.21 percent, before closing at 5,185.

The other two indices of the premier bourse showcased a mixed performance.

The DSES, which tracks Shariah-compliant companies, posted a modest gain of 1.14 points, or 0.09 percent, reaching 1,167. The DS30 index, comprising blue-chip stocks, fell by 5.82 points, or 0.30 percent, to 1,924.

In Chattogram, the CSE All-Share Price Index (CASPI), the broad indicator of the port city's exchange, shed 28.15 points, or 0.19 percent, to settle at 14,533.41.

Since the announcement of the new tariffs last Wednesday, the indices of the Dhaka Stock Exchange have been on the decline

Out of the securities traded on the DSE, prices of 149 advanced, 194 declined, while the remaining issues remained unchanged.

The day's turnover, meaning the total value of shares that changed hands, rose by 2.92 percent to Tk 484 crore, signalling a slight uptick in investor engagement.

The pharmaceuticals sector led market activity, topping the turnover chart by contributing 19.19 percent of the total.

Within the sector, Beximco Pharmaceuticals Limited emerged as the most-traded stock, with a turnover of Tk 24 crore, accounting for 1.4 percent of the total market turnover.

According to the daily market commentary from UCB Stock Brokerage, the mutual fund, paper and printing, and jute sectors closed in the positive.

Conversely, the travel and leisure, non-bank financial institutions (NBFIs), and general insurance sectors were the top three to close in the negative.

Large-cap sectors, meaning those with significant market capitalisation, which is the value of their shares at present, exhibited a mixed performance, BRAC EPL Stock Brokerage stated in another market update. The fuel and power sector recorded the highest gain of 0.84 percent, followed by the food and allied sector (0.09 percent) and the engineering sector (0.02 percent).

Farmers irrigate watermelon fields in Charagachha of Khulna's Terokhada upazila. As the fruits grow, they require more and more water. Farmers work from morning till afternoon to water the plants. According to the Department of Agricultural Extension in Khulna, watermelon is being cultivated on 8,100 hectares of land in Terokhada upazila this year. The photo was taken in Banishanta recently.

PHOTO: HABIBUR RAHMAN

Govt approves export of 25,000 tonnes of aromatic rice

STAR BUSINESS REPORT

The interim government yesterday approved the export of 25,000 tonnes of aromatic rice by 133 companies.

Among the companies, Square Food and Beverage, Pran-RFL Group, Akij Essentials Ltd, and Mother Moon Enterprise received approval to export 500 tonnes each.

Meanwhile, Tanveer Food Ltd, Ajik FM CG Ltd, Ispahani Foods Ltd, Unicorn Distribution Ltd, and Bangladesh Edible Oil Ltd were permitted to export 400 tonnes each.

Commenting on the development, Md Abdur Rahim Khan, additional secretary (export) to the Ministry of Commerce, told The Daily Star yesterday afternoon that approval had been given to export fragrant rice until September 30.

"Exporters will have to comply with nine conditions," he said.

"Whether the export opportunity will be extended beyond the specified period will be determined based on a decision from the higher authorities," Khan added.

Pran-RFL Group congratulated the government on the initiative.

Kamruzzaman Kamal, director for marketing at Pran-RFL Group, said, "We thank the government for allowing the export of aromatic rice after almost two years of closure."

"There is a huge demand for our country's aromatic rice in various parts of the world. However, due to the prolonged suspension, this market had been captured by India and Pakistan," he said.

"Now that the government has permitted exports, we hope to reassert our position in the international aromatic rice market, as we did in the past," he said.

"Currently, the government has approved the export of 25,000 tonnes of aromatic rice," said Kamal.

"We hope this amount will gradually be increased in light of market demand," he added.

"Moreover, we urge the government not to impose another sudden halt on aromatic rice exports. If exports are abruptly stopped, exporters suffer greatly," he said.

The production of aromatic rice has nearly doubled in Bangladesh over the past seven years, with farmers showing interest in growing the grain in order to profit from its higher prices compared to traditional parboiled rice.

Farmers produced 5.79 lakh tonnes of aromatic rice in fiscal year 2017-18, while the amount produced in fiscal year 2023-24 was 10.23 lakh tonnes, according to a food ministry document.

Data from the Bangladesh Rice Research Institute show that a total of 33 types of aromatic rice are currently being cultivated in the country. They are typically grown during the Aman season.

A food ministry official said growing demand in both domestic and international markets, coupled with attractive prices, has motivated farmers to expand cultivation in recent years.

Consequently, traditional indigenous varieties are being increasingly replaced as farmers shift to high-yielding alternatives offering greater profitability.

While local varieties generally yield between 187 and 299 kilogrammes (kgs) of rice per bigha, high-yielding aromatic varieties can produce between 448 and 821 kgs per bigha.

Naogaon, Rajshahi, Panchagarh, Rangpur, Mymensingh, Dinajpur, Sherpur, and Thakurgaon are key hubs for the commercial production of aromatic rice in the country.

Data from the Export Promotion Bureau (EPB) shows that export earnings from aromatic rice totalled $2.88 million in fiscal year 2019-20, before falling to $2.06 million the following year.

In fiscal year 2021-22, $1.07 million worth of aromatic rice was exported. However, exports were banned in 2022-23.

According to the EPB data, no aromatic rice has been exported since then.

South Korean businesses keen to make significant investment

Delegation says

STAR BUSINESS REPORT

South Korean businesses are set to make significant investments in Bangladesh following the interim government's efforts to create a new era of hope for foreign investors.

A delegation of Korean investors, led by Youngone Corporation Chairman Kihak Sung, made the announcement during a meeting with Chief Adviser Professor Muhammad Yunus.

The delegation included officials from LG, as well as representatives from some of Korea's largest companies in textiles, fashion, spinning, logistics, healthcare, power, and renewable energy sectors.

On Monday, the officials visited the Korean Export Processing Zone (KEPZ) in Chattogram, where several investors committed to immediate investments in the industrial park, which is owned and managed by Youngone Corporation, according to a press release from the chief adviser's office.

During the meeting, Professor Yunus highlighted the government's commitment to reforms aimed at improving the business environment in Bangladesh, including significant changes to labor, industrial, energy, and investment policies.

"We are delighted that you are visiting Bangladesh at a time when we are building a new Bangladesh," the chief adviser said.

On Monday, the officials visited the Korean Export Processing Zone in Chattogram, where several investors committed to immediate investments in the industrial park

"In this new Bangladesh, we have made foreign investment easy and hassle-free. Our job is to make it smooth for you. I know you have undergone some tough times over the past 16 years, and we want to make up for lost time."

Kihak Sung, who first came to Bangladesh in the mid-1990s, echoed the chief adviser's remarks, praising the interim government's pro-business stance and policies that have improved the overall business climate in the country.

Professor Yunus encouraged foreign investors to positively impact the lives of the Bangladeshi people through their investments, adding, "Make Bangladesh your business destination and your source of inspiration. You have the potential to inspire tens of millions of people."

Kihak Sung also announced that his company, Youngone Corporation, would establish a textile and fashion college in Chattogram within the next few months to create a talent pool that could help transform Bangladesh into the world's leading textile hub.

He further praised the chief adviser's recent letter to US President Donald Trump regarding tariffs, noting that it addressed concerns caused by the new American administration.

"It was a well-written letter," Sung said, adding that he has advised the garment industry not to panic over potential US measures.

China will struggle to deal with its overcapacity

REUTERS, *Hong Kong*

China's exports will be squashed by Donald Trump's tariffs, regardless of whether the US president hits them with an extra 50 percent levy as he threatened on Monday. The problem for Beijing is that consumers in the People's Republic will need a lot more government support to absorb some of the slack.

The Asian behemoth's annual exports to the US are worth $525 billion and China produces about 30 percent of the world's manufactured goods, per the World Bank. Yet it only accounts for 13 percent of global consumption as of 2023. The imbalance endures despite pledges by party officials to restructure the economy away from an investment-led growth model.

Now Beijing's strategic response to the US assault could add pressure: To support the positioning of itself as a defender of global trade, the People's Republic may act quickly to lower its trade barriers with non-US economies.

That would send a message that China doesn't intend to flood the world with more subsidised stuff like steel, batteries and solar panels. Such opening up also could support deeper trade ties with the European Union and force further industrial upgrade.

Holding back on exports, which contribute about 20 percent of Chinese GDP, will increase the domestic pain President Xi Jinping needs to address. His administration has been preparing for the challenge, emphasising the need to boost demand in its $18 trillion economy in recent policy meetings.

The latest situation calls for more aggressive fiscal policies. UBS analysts expect Beijing may need to increase broad spending by 1.5 percent of GDP, or $270 billion, to achieve economic growth of 4 percent in 2025, below China's official 5 percent target. But the fiscal space is limited.

China keen to set up SEZ

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Chowdhury also commented on public reaction to misinformation, saying, "One tweet resulted in a 20-point drop in the index. Bangladesh Bank has since issued a clarification."

He added that coordination among ministries is being reviewed to ensure work is completed within assigned timelines.

Regarding regional development, Chowdhury said the focus is not limited to Chattogram, where China has plans to build a special economic zone in Anwara. "China has projects there, but other locations such as Saidpur are also under consideration. SEZ locations are being selected based on defined criteria."

On the matter of international credit ratings, Chowdhury said that Bangladesh is often grouped with other South Asian countries, which may not reflect its current financial arrangements. "A number of Bangladesh's loans are concessional. We are working based on structural planning."

He also raised concerns about the land-use policy and delays in enforcement. "Legal frameworks such as the Jail Establishment Act remain unimplemented. Repeated discussions without action slow down progress."

In response to energy concerns, Chowdhury called for the government to publicly release plans. "Gas shortages may occur in three to five years. A clear strategy should be made available."

Inflation inches up in March

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Rahman added that food prices are already coming down due to seasonal factors along with government efforts to increase supply.

"But this positive impact on non-food inflation typically has a slower response time," he said, opining that overall inflation may decrease further in the future.

However, though the rate of growth might be decreasing, food inflation levels are still quite high, he said.

"So, the social safety net and open market operations should be maintained properly. Also, with the upcoming budget, allocations should be made accordingly."

Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh, said the hike in consumption ahead of Eid-ul-Fitr may have contributed to higher non-food inflation.

"It may have happened mostly due to the pressure of Eid shopping as consumption spikes because people are shopping. This spike in consumption likely caused a slight increase in demand, resulting in an upward trend," he said.

However, inflation is still on a downward trend, he added.

"If you look at the 12-month or 6-month moving average, it's still on a downtrend. I think that's a good sign," he said. "If this trend continues, we may even see a reduction in the policy rate in the future."

Echoing those sentiments, Kazi Iqbal, a research director at the Bangladesh Institute of Development Studies, said, "It seems to be an 'Eid effect'. Record amounts of remittance were pumped into the economy in March -- about $3.3 billion. This had an inflationary impact which has outweighed the measures taken by Bangladesh Bank. The inflation is partly driven by clothes and shoes, which are popular items for Eid."

WB identifies four sectors

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At a panel discussion during the launch of the report, bKash CEO Kamal Quadir pointed to quick wins that could significantly boost private investment.

"There are many low-hanging fruits that can be solved easily and promote private sector investment," he said. "Make sure that the challenges would not repeat."

In the report, the World Bank proposed several sector-specific reforms.

For the RMG sector, it recommended upgrading production to meet EU standards, with a focus on sustainability, labour conditions and environmental impact.

In housing, it urged the government to improve the regulatory framework around digital mapping and property registration to ensure market-based property valuations, an essential step towards expanding access to mortgages.

In the paint and dyes industry, digitising customs classifications for imported raw materials would speed up clearance and help firms comply more easily with regulations, according to the report.

To encourage digital payments and financial inclusion, the report suggested allowing mobile financial service providers to offer merchant wallets with higher transaction limits, thereby facilitating wholesale transactions and expanding business use of digital platforms.

With a growing population and changing economic landscape, the report said that Bangladesh must urgently remove bottlenecks to private investment and unlock new engines of growth.

It emphasised that the proposed reforms have wider applicability and could serve as a blueprint for improving the overall investment climate, protecting jobs and building on existing development achievements.

During the panel discussion, Chowdhury Ashik Mahmud Bin Harun, executive chairman of the Bangladesh Investment Development Authority (Bida), said that the World Bank's recommendations could help lay the foundation for private sector-led growth.

"The interim government is dedicated to fostering growth by creating a more conducive business environment and supporting the expansion of emerging industries," he said. "Bida is also prioritising these sectors as the country urgently needs job creation."

He also called on the World Bank and IFC for both funding and diplomatic backing to implement the recommended reforms.

Gayle Martin, the World Bank's interim country director for Bangladesh, also advocated for reform.

"With new and emerging challenges, Bangladesh needs urgent and transformative policy and institutional reforms to help firms expand domestically, compete globally, and create millions of jobs for its youth entering the labour market each year," she said.

"This report recommends concrete policy actions to overcome barriers to private sector growth and job creation. The World Bank Group stands ready to work with the government and all stakeholders to keep Bangladesh on a strong and inclusive growth path," she added.

Martin Holtmann, country manager of the International Finance Corporation (IFC) for Bangladesh, Bhutan, and Nepal, said, "As part of the World Bank Group, IFC is committed to supporting Bangladesh in strengthening its private sector and driving economic growth."

He said, "The report offers a strategic roadmap to make these sectors more competitive and attract investment. By working together, we can create jobs and improve livelihoods, accelerating sustainable development."

Lutfey Siddiqi, chief adviser's envoy for international affairs, invited the private sector to engage in dialogue on the challenges and opportunities within these four sectors so the interim government can take swift action.

The report launch concluded with a panel discussion where Arun Mitra, head of Operations at Nippon Paint; Selim R.F. Hussain, managing director of BRAC Bank; Sharif Zahir, managing director of Ananta Group; and Srabanti Datta, managing director of ABC Real Estate, were present.

US loses cotton market share

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"Spinners prefer to buy Brazilian cotton due to its competitive pricing, increased availability during the harvesting season, and supply stability. The shipment period is also shorter for Brazilian cotton as it is often sold while it is afloat."

Cotton imports to rise

The US agency forecast an increase in cotton imports by Bangladesh to 8.2 million bales in MY26, up 1.2 percent year on year.

The report, citing industry contacts, said the RMG sector has shown resilience and growth despite recent political upheavals that led to the ouster of Sheikh Hasina's government in August 2024. The unrest led to factory shutdowns and a decline in international work orders. However, the industry has rebounded.

"With law and order restored, international clothing brands have resumed placing new orders since mid-January 2025, fostering optimism among garment exporters, with an increase in work orders from early 2025 boosting the demand for cotton."

"As the RMG industry is expecting a resurgence in work orders, the demand for raw materials, including cotton, will increase," it said.