BRAC Bank to issue Tk 1,000 crore bond

STAR BUSINESS REPORT

BRAC Bank PLC, one of the leading private commercial banks in the country, has announced that its board has approved the issuance of a Tk 1,000 crore social subordinated bond.

The bond will be issued to enhance its Tier-II capital base and reaffirm its commitment to social development initiatives.

The decision was made on June 4, through a "Resolution by Circulation," according to a disclosure of the bank published on the Dhaka Stock Exchange website yesterday.

The proposed instrument, titled "BRAC Bank Social Subordinated Bond," will be a non-convertible, unsecured, fully redeemable, coupon-bearing, floating rate bond with a tenure of seven years.

The bond will be issued through private placement, the disclosure added.

BRAC Bank said the issuance is subject to the necessary approvals from the relevant regulatory authorities.

The private lender posted higher profits in the first quarter of its financial year 2025, driven by increased investment and interest income.

The bank's net profit rose 47 percent year-on-year to Tk 486.33 crore in the January-March quarter, according to its financial statements.

As of March 31, 2025, sponsors and directors held 46.17 percent of the bank's shares. Institutions owned 14.24 percent, foreign investors 31.97 percent, and the general public 7.62 percent.

Ctg port overburdened with import containers

PHOTO: RAJIB RAIHAN

DWAIPAYAN BARUA, *Ctg*

The yards at the Chattogram port, which are designated for storing containers loaded with imports, exceeded their capacity yesterday as daily handovers to consignees did not gain pace during the Eid-ul-Azha holiday over the past week.

Berth operators running different terminals of the port, however, said the situation has yet to adversely impact vessel operations.

However, the scenario may worsen this week if the deliveries do not return to normalcy in the next few days, they said.

The port's yards have a container storage capacity of 53,518 TEUs (twenty-foot equivalent units). In case of import-laden containers, it is 44,018 TEUs.

Around 95 percent of import containers that arrive at the port are full container load (FCL) ones.

An FCL refers to a shipping method where a single shipper's goods occupy the entire space within a shipping container

The port's yards have a capacity to store 40,368 TEUs of such FCL containers.

As of yesterday morning, a total of 40,656 TEUs of FCL containers were lying at the port yards, exceeding the capacity.

Port users blamed poor daily deliveries since the day before Eid day, meaning June 7, for the accumulation. The number of FCL containers was at 28,000 TEUs before Eid.

Daily deliveries from the port average at 4,500 TEUs to 5,000 TEUs.

The deliveries dropped to less than 2,000 TEUs during the Eid holiday that ended last Saturday.

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Bangladesh's economy at risk from Iran-Israel conflict

MD DEEN ISLAM

The intensifying Iran-Israel conflict has created ripples across the globe, affecting economies far removed from the battle zones. Bangladesh is no exception. While oil prices rise amid instability in the Middle East and key sea routes such as the Suez Canal and Strait of Hormuz become insecure, Bangladesh is confronted with multiple economic stresses, from inflation and crippling import bills to declining remittances and strained foreign reserves.

The most immediate concern is rising oil prices. Bangladesh, which imports most of its crude oil from the Gulf states, is especially vulnerable. Higher fuel prices feed directly into production costs across the economy, from manufacturing to agriculture. The mechanism is straightforward: cost-push inflation, where businesses pass on rising costs of purchase and transport to consumers. The inflation rate has already crossed double digits, and higher fuel prices are likely to push it further. Supply-side inflation will be difficult to manage, especially as fiscal space has tightened under the interim government.

Bangladesh's economy has long relied on expatriate remittances, largely from the Gulf. In 2024, the country earned around $27 billion in remittances, about 6 percent of GDP, with most receipts coming from Saudi Arabia, the UAE, Qatar, Kuwait and Oman. Any major escalation in hostilities could trigger mass job losses or force expatriates to return home, adding pressure on families and local consumer demand.

Remittances also sustain foreign reserves, which have fallen from a peak of about $45 billion in 2021 to around $25 billion today, equivalent to some four months of import bills. If remittance inflows weaken and export earnings fall, reserves will decline further, forcing the Bangladesh Bank to let the taka depreciate further. Even if a weaker taka boosts export competitiveness, it will raise import costs and foreign currency obligations, straining the current account and the budget's capacity for debt repayment.

Exporters, especially in the ready-made garments sector that generates over 80 percent of export earnings, face additional headwinds. Rerouted shipping to avoid the Red Sea would add shipping time and costs, cutting into profit margins. Delays could erode Bangladesh's reputation for timely delivery. Combined with muted consumer spending in the US and EU, as inflation bites in those markets, demand for Bangladeshi goods may falter. Rising costs and falling demand could dent export volumes, reduce foreign currency inflows and pressure GDP growth.

Agriculture and domestic industry are not insulated. Fuel powers mechanised farming, irrigation and transport. Manufacturers facing higher input costs must either absorb losses or pass them on, contributing to food price inflation. The government could be forced to reinstate subsidies, further straining the budget.

Bangladesh's financial sector, already struggling with high non-performing loans, faces fresh risks. Capital adequacy is thin, and credit growth could stall as lenders become cautious. Sustained high inflation and a weaker currency would likely increase defaults, weakening bank balance sheets. The stock market, already under strain, could see deeper losses as investors retreat amid growing uncertainty.

Bangladesh must act swiftly. Policies could include setting up fuel hedging arrangements or long-term contracts to limit price shocks, strengthening reserves management, creating a remittance stabilisation fund, subsidising shipping for garments and food, and offering targeted aid to vulnerable sectors. These steps, alongside fiscal discipline, could protect livelihoods and sustain growth.

The Iran-Israel war may seem distant, but its financial shockwaves have already reached Dhaka. To steer through this storm, Bangladesh needs coordinated action, visionary leadership and bold policymaking to avert deeper economic distress.

The writer is an associate professor of economics at Dhaka University and research director at RAPID.

Israel's strike on Iran sparks LNG supply concerns in Asia: report

STAR BUSINESS REPORT

The Israeli strike on Iranian nuclear facilities has intensified concerns in Asia's LNG market, with trading companies, importers, and governments reviewing supply risks amid rising regional tensions, sources told Platts, part of S&P Global Commodity Insights, according to a recent report by S&P Global.

The airstrike, described as "pre-emptive", came just as the summer season began in Asian countries, when gas consumption for power generation peaks.

Asia is highly exposed to LNG exports from the Middle East, accounting for nearly 88 percent of the region's shipments, said Eric Yep, principal analyst at Commodity Insights.

"Importers are in discussions with their suppliers and portfolio players to explore contingency plans in case supply routes are impacted," Yep told S&P Global Commodity Insights.

While there have been no immediate supply disruptions, industry insiders warn that continued escalation could affect key transit points such as the Strait of Hormuz. The waterway, which handles nearly 11 billion cubic feet per day of LNG and around 20 million barrels of seaborne crude oil, is crucial to regional energy flows, the report said.

Asian spot LNG prices jumped following the Israeli assault. Platts assessed the July Japan-Korea Marker (JKM), the benchmark for LNG delivered to Northeast Asia, at $13.44 per MMBtu on June 13, up 5.38 percent from the previous day.

Shipping firms are also taking precautionary measures. Japan's Mitsui OSK Lines has issued safety alerts for its vessels in the Persian Gulf, while chartering offers are being paused.

"There are no fresh offers today," said one chartering executive, citing heightened risk.

South Korea's energy ministry held an emergency meeting with LNG importers and said it was ready to act to minimise any disruptions.

China, which now sources a third of its LNG imports from Qatar, is particularly vulnerable due to its ongoing halt of US LNG imports.

ICC joins coalition of global businesses for ocean sustainability

STAR BUSINESS REPORT

The International Chamber of Commerce (ICC) has joined a coalition of over 80 businesses and organisations from 25 countries in a Business Call to Action ahead of the 2025 United Nations Ocean Conference in Nice, France.

The joint statement—backed by companies representing over €600 billion in turnover and more than 2 million employees—urges both private and public sector leaders to enhance cooperation and step up efforts to conserve and sustainably use ocean resources, according to a press release.

The initiative highlights the deep interconnection between land and sea, underscoring how the health of coastal and marine ecosystems is essential to achieving the United Nations Sustainable Development Goals (SDGs).

It calls on businesses to contribute to ocean science, reduce environmental impacts, integrate ocean health into their climate strategies, and invest in sustainable blue economy solutions.

Meanwhile, policymakers are urged to pursue ambitious, science-based policies, implement international agreements, and recognise the interlinkages between the ocean, nature, and climate.

Specific demands include investing in ocean research, supporting science-policy interfaces, enabling adaptation to sea-level rise, and developing innovative financing tools to support marine sustainability.

The Business Call to Action is convened by major international organisations, including the ICC, United Nations Global Compact, World Economic Forum, We Mean Business Coalition, Business for Nature, Mouvement des Entreprises de France, UN Global Compact Network France, and the Association française des Entreprises pour l'Environnement.

Gold advances as Israel-Iran escalation fuels safe-haven bids

REUTERS

Gold prices soared on Friday as investors flocked to safe-haven assets following Israeli airstrikes on Iran, re-igniting fears of a broader conflict in the Middle East.

Spot gold rose 1.3 percent at $3,428.10 an ounce as of 1:49 p.m. EDT (1749 GMT), coming within striking distance of its record high of $3,500.05 set in April. Prices gained about 4 percent so far this week.

US gold futures settled 1.5 percent higher at $3,452.80.

"Israel knocking out Iranian targets is causing a little bit of geopolitical scare in the market. Prices will stay elevated in the anticipation of what is to come, the retaliation by Iran," said Daniel Pavilonis, senior market strategist at RJO Futures.

Israel launched a barrage of strikes across Iran on Friday, saying it had attacked nuclear facilities and missile factories and killed military commanders in what could be a prolonged operation to prevent Tehran from building an atomic weapon.

Boeing lowers 2044 global air fleet outlook

AFP, *New York*

The global commercial aviation fleet will stand just under 50,000 planes in 2044, with most built over the next 20 years, according to a Boeing forecast released Saturday.

The global fleet will nearly double to 49,600, a bit below Boeing's prior annual outlook, the company said ahead of the giant Paris Air Show beginning Monday.

Emerging markets "with expanding middle classes, dynamic and competitive airline networks and sustained aviation investment" will represent more than 50 percent of the commercial fleet in 2044, up from nearly 40 percent in 2024, Boeing said.

But the forecast also shows the effects of supply chain difficulties in the wake of the Covid-19 pandemic.

"The supply chain has probably had a small role in our slight reduction in deliveries over the next 20 years," Boeing vice president of Commercial Marketing Darren Hulst said at a briefing on Tuesday.

The briefing came before Thursday's deadly Air India crash of a Boeing 787 Dreamliner.

Following the crash, which has killed at least 279 people, Boeing CEO Kelly Ortberg and commercial plane chief Stephanie Pope canceled plans to attend.

The Boeing forecast projects annual passenger growth of 4.2 percent, above the 2.3 percent annual growth in GDP.

"New aircraft deliveries haven't been able to keep up with the demand," said Hulst, who estimates that problem has resulted in a "cumulative shortage" of some 1,500 to 2,000 planes.

But Hulst expects the cadence of deliveries to pick up between now and the end of the current decade.

Israel strike puts all eyes on Hormuz and $100 oil

REUTERS, *London*

Israel's strikes on Iran on Friday have raised the prospect of global oil prices hitting $100 a barrel. If Tehran seeks to escalate the conflict by retaliating beyond Israeli borders, it could seek to choke off the Strait of Hormuz, the world's most important gateway for oil shipping.

Israel launched a wave of strikes on Iran's nuclear facilities, ballistic missile factories and military commanders, prompting Iran to launch drones against Israel. It is likely the two archenemies will continue to exchange blows in the coming days.

Oil prices soared by more than 8 percent to $75 a barrel on Friday on the news.

The United States has sought to distance itself from the Israeli strikes while President Donald Trump urged Iran to return to their bilateral nuclear talks.

While Tehran may strike Israel with additional drones or ballistic missiles, it could also opt to target the Middle East military facilities or strategic infrastructure of the United States and its allies such as Saudi Arabia and the United Arab Emirates. This could include oil and gas fields and ports.

Of course, the most sensitive point Tehran could target is the Strait of Hormuz, a narrow shipping lane between Iran and Oman. About a fifth of the world's total oil consumption passes through the strait, or roughly 20 million barrels per day (bpd) of oil, condensate and fuel.

If that scenario played out, it would likely push oil prices sharply higher, very possibly into triple-digit territory, as Opec members Saudi Arabia, Iran, the United Arab Emirates, Kuwait and Iraq export most of their crude via the strait, mainly to Asia.

PHOTO: REUTERS/FILE

An aerial view shows a crude oil tanker at an oil terminal off Waidiao island in Zhoushan, Zhejiang province, China. One factor that could keep a lid on crude prices, however, is that these heightened Middle East tensions come at a time of ample global oil supply.

To be sure, an Iranian strike in the Gulf risks drawing a response from the United States and its regional allies, dramatically escalating the conflict and stretching Iran's military capabilities. But Iran has been heavily weakened over the past year, particularly following Israel's successful campaign against Hezbollah, the Iranian-backed militants in Lebanon.

With its back to the wall, Tehran could see an attack now as a deterrent.

The US military and its regional allies will obviously seek to protect the Strait of Hormuz against an Iranian attack. But Iran could use small speed boats to block or seize tankers and other vessels going through the narrow shipping lane. Iran's Revolutionary Guards have seized several western tankers in that area in recent years, including a British-flagged oil tanker in July 2024.

However, any Iranian efforts to block the strait, or even delay transport through it, could spook energy markets and lead to disruptions in global oil and gas supply.

Saudi Arabia and the UAE have sought in the past to find ways to bypass the Strait of Hormuz, including by building more oil pipelines.

Saudi Arabia, the world's largest oil exporter, sends some of its crude through the Red Sea pipeline that runs from the Abqaiq oilfield in the east into the Red Sea port city of Yanbu in the west.