

Star BUSINESS



Salehuddin defends budget, says a 'highway is born out of an old road'

STAR BUSINESS REPORT

Finance Adviser Salehuddin Ahmed has defended the interim government's conservative budget strategy, pushing back against economists' criticism that it follows an "old road".

"A highway is born out of the old road. Every new highway begins as a rural path," Ahmed said yesterday, after the advisory council approved the Tk 790,000 crore budget for fiscal year 2025-26.

Ahmed acknowledged the

launching any new large-scale infrastructure projects in the coming year. "We're not taking up any new megaprojects worth \$12 billion or \$13 billion," Ahmed said. "Some medium-scale efforts, like metro extensions or the Bay Terminal, may proceed, but the days of announcing big-ticket projects without delivery discipline are over."

Several dormant or underperforming projects have also been scrapped to rationalise the Annual Development Programme. "We've cleaned up the project pipeline. The development budget is

KEY POINTS

- » Govt expects \$7.4b in new commitment in FY26
- » Social safety net allocation raised by Tk 10,000cr
- » Export subsidy phaseout delayed by six months to Jan 2026
- » Minimum incentive for govt staff raised from Tk 1,000 to Tk 1,500
- » Minimum pension for govt staff increased from Tk 500 to Tk 750

criticisms that the budget did not offer bold departures. "Many economists have said, 'This could have been done better,' or 'That would've been a better choice.' But we made our decisions based on what is implementable. This isn't a dream budget. We're not serving pulao with ghee. We're focusing on what's real and achievable."

A key feature of the budget is the government's decision to avoid

now aligned with actual capacity to execute," he added.

Although the overall size of the budget remains unchanged from the original proposal tabled on June 2, three significant changes were introduced during its final approval.

First, the government increased social protection spending by Tk 10,000 crore, raising the total allocation to Tk 91,297 crore.

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Deep uncertainty stalls businesses

Economists say at CPD dialogue, urge govt action to break investment freeze

STAR BUSINESS REPORT

The country's business climate is weighed down by a deep shadow of uncertainty, economist Hossain Zillur Rahman said yesterday, warning that the stagnation is slowing economic progress.

"We have draped the society under a blanket of suspicion. In such conditions, people are left idle and suffer," Rahman said at a post-budget dialogue organised by the Centre for Policy Dialogue (CPD) in Dhaka.

He explained this suspicion as distrust directed at many because of the actions of a few. Rahman blamed this on false or fabricated cases filed after the Awami League government was ousted in a mass uprising in August last year.

He said overcoming investment stagnation would require the entire government machinery to function properly. "If ministries, from home affairs to the judiciary, fail to perform their duties, the problem will remain unresolved," he said.

The economist called for what he termed "sacred anger" to push for change. "There is a peculiar syndrome in this government. They listen but do not respond."

He pointed to other major challenges, including a shortage of skilled workers, corruption, poor progress in youth skills, an education system failing to build human capital, and widespread corruption.

Rahman also said political will is needed for bold budget decisions.

"Many ask why the budget is so conventional despite four economists in the advisory council. Even if all its members were economists, nothing exceptional would happen without political courage," he

FIVE MAJOR CHALLENGES

Education not translating into human capital

Investment stagnation

Lack of progress in youth skills development

Poverty and inequality

Corruption

To overcome investment stagnation, finance ministry and the entire government machinery must function properly

Hossain Zillur Rahman
Economist

WHAT BUSINESSES SAY

They suffer from high interest rates while defaulters go unpunished

No clear plan in the budget to tackle LDC graduation challenges

Healthcare facilities needed in industrial zones

CPD warns ...

➤ Middle East tensions may push up fuel prices and inflation

➤ Tax changes will hurt middle-income groups the most



commented.

Business leaders at the programme echoed similar concerns.

Showkat Aziz Russell, president of the Bangladesh Textile Mills Association, said firms are in a painful situation as they are going through a very uncomfortable time under high interest rates.

"We see beautiful economic models being prepared, but when someone loots money, we are the ones who compensate for it. Those of us who do business with honesty have to bear the burden of high interest rates," Russell added.

"Identify those who looted public money and punish them. No bank official has faced jail so far," he added.

"The government cannot increase interest rates to subsidise the stolen money. That is unacceptable," commented the business leader. "Previous

governments distorted facts and misled the public in various ways. The current government seems to be heading in the same direction."

Inamul Haq Khan, senior vice-president of the Bangladesh Garment Manufacturers and Exporters Association, said the budget offers no guidance on coping with challenges after graduation from the least developed country club next year.

He also criticised the lack of talks with businesses on recent US tariffs.

"The government has not held any discussions with us regarding it, and the business situation will worsen if we fail to handle the inflated duties to the American market," he mentioned.

Khan also said that simply increasing labour wages will not solve all the problems amid high inflation.

"The government could build

a hospital in the Ashulia Gazipur industrial belt for the workers. This would allow them to receive healthcare services at affordable costs," he added.

Barrister Rumeen Farhana, a former lawmaker and BNP's assistant secretary for international affairs, said the budget for the upcoming fiscal year shows no fresh ideas despite input from respected economists.

"This is extremely unfortunate," she added.

Fahmida Khatun, executive director of the CPD, warned of rising inflation due to the Middle East conflict, which is likely to drive up fuel prices and import costs.

She also criticised the changes to the income tax threshold.

"This will disproportionately raise the burden on low- and middle-income earners over

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CHANGES IN CORPORATE TAX IN BUDGET

Lower tax benefit offered to firms listed through IPO or direct listing

Listed companies that offload less than 10% of shares will be taxed at 27.5%

The rate can be reduced to 25% if all transactions are conducted through banking channels

CORPORATE TAX CUT FROM 15% TO 10% FOR ...

Private universities

Medical colleges

Engineering colleges

Institutions that exclusively offer ICT education



ANALYSTS SAY ...

Higher corporate tax for non-listed firms may discourage investment

New corporate tax system could promote growth of informal economy

Stocks drop 1.6% amid global tensions

STAR BUSINESS REPORT

The stock market in Bangladesh plunged by over 1.6 percent yesterday, mainly due to investor apprehensions over news of the US joining Israel in bombing Iran.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), plummeted 76 points to 4,677 from the preceding day.

The DS30, the index that tracks blue-chip companies, fell 24 points, or 1.34 percent, to 1,758.

The DSES, the stock index of shariah-based companies, eroded by 2 percent to 1,016.

Due to the banking sector's high interest rates and the poor

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Movement of DSEX

In points; SOURCE: DSE



No cut in corporate tax for non-listed firms

STAR BUSINESS REPORT

The interim government has kept the corporate tax rate for non-listed firms unchanged at 27.5 percent for fiscal year 2025-26, despite repeated demands from entrepreneurs and business chambers to reduce the tax, especially for those transacting through banking channels.

Currently, non-listed companies are taxed at 27.5 percent, but the rate drops to 25 percent if they conduct all transactions via banking channels.

This conditional benefit was previously welcomed by entrepreneurs and analysts, as it was seen as a measure to incentivise the formalisation of the economy.

However, the government has omitted the benefit and made it a flat 27.5 percent from the next fiscal year.

If the government wants higher investment, it will have to ensure a preferable environment where corporate tax is also a tool for attracting investors, said

Kamran T Rahman, president of the Metropolitan Chamber of Commerce and Industry (MCCI).

When investors invest, they consider the regional corporate tax rate, and if they find that the rate is lower in other regional competitors, then there is no reason for them to invest in Bangladesh, he said.

The corporate tax rate in Bangladesh is "certainly" high, which is one of the factors discouraging investors from investing in the country, he said.

The corporate tax rate is 22 percent in Vietnam, 20 percent in Thailand, and 17 percent in Singapore. The average corporate tax rate in Asian countries is 21 percent.

Although the cost of labour is low in Bangladesh, efficiency is also low, for which labour might not draw them here, said Rahman.

To ensure that there are enough decent jobs in the country for youths, the government should focus on ensuring higher investment, be it foreign or domestic, he added.

In its budget proposal, the government had earlier recommended a 22.5 percent corporate tax rate for listed companies that have offloaded at least 10 percent of shares through an initial public offering (IPO).

The rate could go down to 20 percent if all financial transactions were processed through banking channels.

Now, the 20 percent rate will be applicable for companies that have offloaded at least 10 percent of shares through direct listing, according to a press release from the finance ministry.

However, companies listed via direct listing or IPOs that have offloaded less than 10 percent of shares, such as Berger Paints and Walton Hi-Tech Industries, will not qualify for the reduced rate and will instead face the 27.5 percent tax.

But the rate may be reduced to 25 percent if all transactions are conducted through formal banking channels, the press release said.

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Bank Asia organises Agent Business Meet 2025



Ziaul Hasan, deputy managing director and head of channel banking and CAMLCO at Bank Asia PLC, poses for group photographs with participants of the daylong event titled "Agent Business Meet - 2025" at the Software Technology Park in Jashore on Saturday. PHOTO: BANK ASIA

STAR BUSINESS DESK

Bank Asia PLC organised a daylong event titled "Agent Business Meet - 2025" at the Software Technology Park in Jashore on Saturday, aimed at reviewing business strategies and compliance matters.

Ziaul Hasan, deputy managing director and head of channel banking and CAMLCO at the bank, presided over the conference, according to a press release. The event was attended by agents and branch managers from Jashore, Khulna, Sathkira, Bagerhat, Jhenaidah, Narail,

Magura, Kushtia, Meherpur, Faridpur, Gopalganj, and Rajbari districts. During the interactive session, participants discussed the year's business achievements, compliance issues, and strategies for future business growth. Top-performing agents and officers

were recognised and awarded by the bank at the event. Mirza Azhar Ahmad, deputy managing director of the bank; Hossain Ahmad and Md Shaminor Rahman, senior executive vice-presidents; along with other senior officials of the bank, were also present.

FedEx founder dies

REUTERS



FedEx Corp's founder and former CEO Frederick Smith, who started the global delivery conglomerate with more than a dozen planes in the 1970s, has died, the company's CEO Raj Subramaniam said in memo to staff posted on its website on Saturday.

Born in 1944, Smith was most recently serving as the firm's executive chairman and focused on board governance, as well as issues of global importance, including sustainability, innovation and public policy, according to his profile on FedEx's website.

Smith stepped aside as FedEx's CEO in 2022 and was succeeded by Subramaniam, who was then the company's operations chief.

"Fred was more than just the pioneer of an industry and the founder of our great company. He was a mentor to many and a source of inspiration to all," Subramaniam said in the memo to staff.

Smith, who served as an officer in the US Marine Corps in Vietnam, officially launched Federal Express in 1973 with 389 team members and 14 small planes that flew 186 packages from Memphis to 25 US cities.

FedEx operations now include 705 aircraft, more than 200,000 vehicles and about 5,000 operating facilities, according to its website.

Midland Bank celebrates 12th anniversary



PHOTO: MIDLAND BANK

Md Ahsan-uz Zaman, managing director and chief executive officer of Midland Bank PLC, poses for photographs during the celebratory programme of the bank's 12th anniversary at the bank's head office in the capital's Gulshan-2 recently.

STAR BUSINESS DESK

Midland Bank PLC, a fourth-generation private commercial bank in the country, has recently celebrated the 12th anniversary of its commercial operations.

Md Ahsan-uz Zaman, managing director and chief executive officer of the bank, inaugurated the celebratory programme at the bank's head office in the capital's Gulshan-2, according to a press release.

In his address, Zaman extended his best

wishes and heartfelt thanks to all on the successful completion of the bank's 12-year journey.

He also expressed his gratitude to clients, shareholders, regulators, and staff for their continued support over the past 12 years of dedicated banking service to the nation.

He noted that the bank has consistently been a pioneer in adopting digital solutions and now offers a wide array of customised services tailored to meet the diverse needs of its valued customers.

"We are progressing steadily towards becoming more digitally oriented, ensuring access for everyone from anywhere," Zaman added.

All branches, sub-branches, and agent banking centres across the country marked the occasion by hosting separate anniversary celebrations at their respective locations, engaging both customers and well-wishers.

Senior management members and divisional heads of the bank were also present at the programme.

Pubali Bank donates Tk 50 lakh to Gonoshasthaya Kendra



Shireen Parveen Huq, chairperson of Gonoshasthaya Kendra, receives the donation from Mohammad Ali, managing director and chief executive officer of Pubali Bank PLC, at the bank's head office in Dhaka recently. PHOTO: PUBALI BANK

STAR BUSINESS DESK

Pubali Bank PLC has donated Tk 50 lakh to Gonoshasthaya Kendra, a non-governmental healthcare organisation based in Savar, as part of its corporate social responsibility (CSR) programme.

Mohammad Ali, managing director and chief executive officer of the bank, handed over the payment order to Shireen Parveen Huq, chairperson of the healthcare organisation, at a ceremony held at the bank's head office in Dhaka recently, according to a press release.

Speaking at the event, Ali remarked, "We believe in contributing not only to the financial sector but also to broader social welfare initiatives. Healthcare is a fundamental right, and we are proud to support such a vital sector."

Pubali Bank PLC is the largest private commercial bank in Bangladesh, with a network comprising 509 branches and 235 sub-branches across the country.

Beyond its core banking operations, the bank has long been involved in a range of social development initiatives, including education, healthcare, environmental protection, and disaster management.

Established in 1972, Gonoshasthaya Kendra operates as a charitable trust committed to delivering quality and affordable healthcare to the general public.

Its "Gonoshasthaya Dialysis Centre" is the largest renal treatment facility in the country, currently providing services to an average of 250 to 270 patients daily. The centre operates continuously in four shifts, 24 hours a day, and 365 days a year.

Mohammad Esha and Ahmed Enayet Manzur, deputy managing directors of the bank, were also present, alongside Monika Rani Sarker, director (finance) of Gonoshasthaya Kendra, and other senior executives of the bank.

Bangladesh General Insurance declares 10% dividend

STAR BUSINESS DESK

Bangladesh General Insurance Company PLC has announced a 10 percent cash dividend for the financial year 2024.

The declaration was made during the company's 40th annual general meeting (AGM), which was held virtually yesterday, according to a press release.

The meeting was chaired by Towhid Samad, chairman of the insurer, and attended by Ahmed Saifuddin Chowdhury, managing director and chief executive officer of the company.

A significant number of shareholders participated in the virtual session.

The meeting was conducted by Saifuddin Ahmed, deputy managing director and company secretary.

Md Shakil Rizvi, public director of the insurer; Mohammad Manjur Mahmud, nominated director; and Nasir Uddin Chowdhury, independent director; along with other senior officials of the organisation were also present.



PHOTO: BANGLADESH GENERAL INSURANCE COMPANY

Towhid Samad, chairman of Bangladesh General Insurance Company PLC, presides over the insurer's 40th annual general meeting, which was held virtually yesterday. At the meeting, a 10 percent cash dividend was declared for 2024.

Investors brace

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Saul Kavonic, a senior energy analyst at equity research firm MST Marquee in Sydney, said the more likely scenario would see Iran respond by targeting American interests in the Middle East, including Gulf oil infrastructure in places such as Iraq or harassing ship passages through the Strait of Hormuz.

The Strait of Hormuz lies between Oman and Iran and is the primary export route for oil producers such as Saudi Arabia, the United Arab Emirates, Iraq and Kuwait.

"Much depends on how Iran responds in the coming hours and days, but this could set us on a path towards \$100 oil if Iran respond as they have previously threatened to," Kavonic said.

While global benchmark Brent crude futures have risen as much as 18 percent since June 10, hitting a near five-month high of \$79.04 on Thursday, the S&P 500 has been little changed, following an initial drop when Israel launched its attacks on Iran on June 13.

In comments after Trump announced the strikes, Jamie Cox, managing partner at Harris Financial Group, agreed oil prices would likely spike on the initial news. But Cox said

he expected prices to likely level off in a few days as the attacks could lead Iran to seek a peace deal with Israel and the United States.

"With this demonstration of force and total annihilation of its nuclear capabilities, they've lost all of their leverage and will likely hit the escape button to a peace deal," Cox said.

Economists warn that a dramatic rise in oil prices could damage a global economy already strained by Trump's tariffs. Still, any pullback in equities might be fleeting, history suggests. During past prominent instances of Middle East tensions coming to a boil, including the 2003 Iraq invasion and the 2019 attacks on Saudi oil facilities, stocks initially languished but soon recovered to trade higher in the months ahead.

On average, the S&P 500 slipped 0.3 percent in the three weeks following the start of conflict, but was 2.3 percent higher on average two months following the conflict, according to data from Wedbush Securities and CapIQ Pro.

An escalation in the conflict could have mixed implications for the US dollar, which has tumbled this year amid worries over diminished US exceptionalism.

South Korea counts

FROM PAGE B4

At an APEC finance ministers' meeting in South Korea in May, US Trade Representative Jamieson Greer met Chung Ki-sun, vice chairman of HD Hyundai, the country's largest shipbuilder, before he met Seoul's top officials.

"South Korea's shipbuilding and defence industries see a window of opportunity," said Kim Dae-jong, a professor at Sejong University.

Greer also met with the CEO of Hanwha Ocean, the first non-American company authorised to carry out a dry-dock maintenance of a US Navy vessel.

The move last September was seen as significant as it signalled that Washington sees South Korea, where it already has 28,000 US troops stationed, as a strategic defence hub.

With worries growing about China's expanding naval fleet and potential conflict in the Taiwan Strait, the US has begun seeking reliable overseas shipyards to support its operations in the Asia-Pacific region.

The global market for ship maintenance, repair, and overhaul is projected to exceed \$60 billion annually, according to industry estimates.

Despite multi-billion-dollar

contracts, data suggests South Korea's shipbuilding industry is losing ground in the global race.

China dominates with South Korea's market share dropping, according to industry data.

Demand for eco-friendly vessels is rising, and the government need to overhaul regulations "to support the development of next-generation eco-friendly vessels," Rhee Shin-hyung, a professor at Seoul National University, told AFP.

South Korea's woeful demographics also make staffing hard. In Geosje — home to Samsung Heavy Industries — the number of residents in their 20s and 30s has nearly halved in recent years.

Orders are down in 2025 which hints that "the shipbuilding boom may end sooner than the market anticipated," warned Rhee.

Global ship orders between January and April fell by almost half the volume recorded during the same period last year.

Shipbuilders have been enjoying a "supercycle" but unfortunately the "peak is expected to be lower and the boom shorter-lived compared to the past," Nam Chul, vice president at HD Hyundai Heavy Industries, told AFP.

Apple eyes using AI to design its chips

REUTERS, San Francisco

Apple is interested in tapping generative artificial intelligence to help speed up the design of the custom chips at the heart of its devices, its top hardware technology executive said in private remarks last month.

Johny Srouji, Apple's senior vice president of hardware technologies, made the remarks in a speech in Belgium, where he was receiving an award from Imec, an independent semiconductor research and development group that works closely with most of the world's biggest chipmakers.

In the speech, a recording of which was reviewed by Reuters, Srouji outlined Apple's development of custom chips from the first A4 chip in an iPhone in 2010 to the most recent chips that power Mac desktop computers and the Vision Pro headset.

He said one of the key lessons Apple learned was that it needed to use the most cutting-edge tools available to design its chips, including the latest chip design

software from electronic design automation (EDA) firms.

The two biggest players in that industry - Cadence Design Systems and Synopsys - have been racing to add artificial intelligence to their offerings.

"EDA companies are supercritical in supporting our chip design complexities," Srouji said in his remarks. "Generative AI techniques have a high potential in getting more design work in less time, and it can be a huge productivity boost."

Srouji said another key lesson Apple learned in designing its own chips was to make big bets and not look back.

When Apple transitioned its Mac computers - its oldest active product line - from Intel's chips to its own chips in 2020, it made no contingency plans in case the switch did not work.

"Moving the Mac to Apple Silicon was a huge bet for us. There was no backup plan, no split-the-lineup plan, so we went all in, including a monumental software effort," Srouji said.

BPO industry slowly embracing AI

MAHMUDUL HASAN

The business process outsourcing (BPO) industry in Bangladesh, once known solely for voice-based customer service and back-office support, is cautiously but steadily embracing artificial intelligence (AI) to stay relevant in an evolving global market.

This shift was evident at the recently concluded BPO Summit Bangladesh 2025, where dozens of companies showcased their AI-powered tools and shared plans for transformation.

Held over two days at Senapangan in Dhaka, the summit drew stakeholders who came to explore how Bangladesh's \$850 million BPO sector is preparing for the AI era.

According to the Bangladesh Association of Contact Center and Outsourcing (BACCO), the sector employs over 80,000 people, some 40 percent of whom are female.

With full-scale automation still distant for many, several firms are already experimenting with AI to improve efficiency, accuracy, and client satisfaction.

"As we know AI is coming,

we're trying to adapt," said Nahid Sultan, senior software engineer at FinSource.

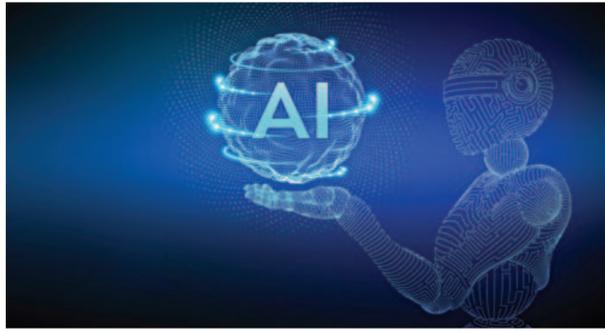
FinSource Limited is one of the fastest-growing fintech companies in Bangladesh, working as an offshore unit of a leading US-based retirement plan provider that started operations in Bangladesh in 2019 and now employs over 212 people.

"We're working on integrating Azure-based AI tools to improve decision-making and data analysis," he added.

MY Outsourcing Limited is a leading contact centre service provider with extensive experience in working with most multinational corporations (MNCs) and fast-moving consumer goods (FMCG) companies in Bangladesh.

Established in 2012 and a concern of MY Group of Companies, it specialises in offering extensive and comprehensive contact centre services and back-office support with robust infrastructure.

Apart from enhancing customer experience, it is highly specialised in providing tailored enterprise management solutions as per the



needs of clients and customers.

It now employs over 450 people.

"We've begun implementing AI in our customer solutions. For instance, our systems can now engage clients using AI before escalating to human support," said Fardin Rahman Nihal, business development executive at MY Outsourcing.

"This reduces response time and makes our operation more scalable," he said.

Mevrik, a product-based company focused on digital customer

experience in the finance and tax sectors, is a case in point.

It began AI development back in 2018 and now deploys local engineers for its solutions.

"Our AI acts as the first responder in digital customer service. Think of services like MyGP – if you ask for your balance, AI answers first. Only when there's ambiguity does a human agent step in," said Reyad Hossain, head of operations at Mevrik.

"We're handling nearly 100,000 repetitive queries daily for a single

client, which otherwise would need hundreds of human agents," he said.

Younger firms, too, are diving in. Digipro Solutions Ltd, founded in 2022, now employs 70 people and specialises in end-to-end accounting and finance solutions.

Its manager, Maruf Mosharraf, said, "Our AI-driven reconciliation tools can detect mismatches in financial reports far quicker than a big manual team."

At NR Business Solutions Ltd, founded in 2021, AI is being used for digital marketing analytics and back-office operations. "It saves time and increases accuracy in non-voice tasks," said Mahmudul Hasan, an executive at the firm.

BYTE Trek, a 2018-founded back-office service provider with over 50 staff, is building an AI-powered chatbot to automate billing and customer queries.

"It's an ongoing process, but we believe AI will ease repetitive tasks," said Hasib Kibria, its deputy manager.

Even traditional contact centre giants like ISSL, which has over 500 employees, are not ignoring the trend. "AI integration is in our roadmap

for the next phase," said Zahid Hussain, an executive of the company.

At the summit, innovation was also brewing at Narsingdi Science and Robotics Lab's booth, where a group of young engineers unveiled a VTOL (vertical take-off and landing) surveillance drone, which was still under development.

"It's self-funded. We're inspired by Turkey's Bayraktar drone and hope to build our own combat-grade version," said Chief Financial Officer Abdullah Al Mamun.

The importance of adopting AI in business and solutions was also echoed by Faiz Ahmad Taiyeb, special assistant to the chief adviser with executive authority over the posts, telecommunications, and ICT ministry, during the opening ceremony of the summit.

He said if the BPO companies in Bangladesh fail to embrace technologies such as artificial intelligence, machine learning, and large language models, they will fall behind in global competition.

"Technological advancement over the past two years has surpassed all previous eras of innovation," he said.

Salehuddin defends budget

FROM PAGE B1

Second, it postponed the third phase of export subsidy withdrawal, required under World Trade Organization rules, by six months – moving the implementation from July 2025 to January 2026 – to give the private sector more time to adjust.

Third, the government scrapped all provisions for legalising undisclosed income, including the previously available flat-rate scheme that allowed investments in real estate at a 15 percent tax.

"This is the first time we've had the courage to shut it down entirely," Ahmed said. "Not all undisclosed income is illicit, but we felt it was time to end this legalisation mechanism."

While acknowledging this could dampen activity in sectors like real estate, where undeclared money has historically circulated, Ahmed defended the decision on principled grounds. "If you lose three takas to collect one, that's not value for money."

The government also raised the minimum monthly special incentive for its employees from Tk 1,000 to Tk 1,500, and increased the minimum pension for retirees from Tk 500 to Tk 750.

Cautious targets

The government is projecting 5.5 percent GDP growth for the next fiscal year, with average inflation expected to ease to around 6.5 percent by June 2026. The budget deficit is forecast at 3.6 percent of GDP – its lowest level in over a decade.

Ahmed framed the numbers as part of a broader effort to preserve macroeconomic stability during a period of domestic and global uncertainty. "We're very mindful of debt sustainability. Bangladesh has never

defaulted on an external loan, and we don't intend to start now," he said.

The adviser also said Bangladesh secured fresh commitments totalling \$7.4 billion, including \$2.3 billion in direct budget support from multilateral partners. "This kind of support doesn't materialise unless there's confidence in your fiscal management," he said.

Responding to criticism that the budget was drafted without consultation, Ahmed said the process was extensive but deliberately kept low profile. "We sat with economists, the FBCCI, business groups – even someone like Rehman Sobhan participated," he said. "In most countries, budget consultations aren't public spectacles."

He also cautioned against unrealistic expectations. "Some people want a magical budget where tariffs fall, VAT disappears, incomes rise, and investment floods in overnight. But that's not a budget – that's a fantasy."

Finance Secretary Md Khairuzzaman Mozumder said the government had made key adjustments to the budget in response to extensive public feedback, much of which focused on expanding social protection and revisiting eligibility for certain state privileges.

"We received nearly 400 responses during the consultation process," Mozumder said. "When we analysed them, we found that the majority of suggestions centred on increasing social safety net allowances and revisiting special entitlements."

Mozumder said several of these concerns were addressed in the final version of the budget. Under the special privilege provisions, the

government has now included not just regular government employees but also members of the Armed Forces, Supreme Court judges, and teachers under the Monthly Pay Order (MPO) system.

"These inclusions were based on specific recommendations from various individuals, and we felt they were justified under the circumstances," Mozumder added.

Deposits in Swiss banks

The finance adviser addressed growing concerns over the sharp rise in Bangladesh-linked deposits held in Swiss banks, saying the government was taking the matter seriously amid signs of illicit fund outflows.

"Yes, we are concerned. Why did this happen?" he said. "Some of the money might be legal. Many of our people abroad don't remit funds through legal channels. They send it over there instead."

Ahmed said the surge occurred primarily in early 2024, following the national election, during what he described as a "very fluid" economic period. "This spike happened around January. They must have realised something was coming and rushed to move funds. We don't know why. But the volumes surged."

Bangladeshi-linked funds parked in Swiss banks surged to \$58.9 million Swiss francs, or about Tk 8,800 crore, in 2024 – their highest level in three years, according to data released by the Swiss National Bank.

Ahmed said both the central bank and the Anti-Corruption Commission would investigate the trend. "We're thinking this through. It's a cause for concern. The money is moving, and we have to understand why," he added.

Stocks drop 1.6% amid global tensions

FROM PAGE B1

performance of listed firms in recent quarters amid macroeconomic challenges, stocks were on a downward trend, which ultimately frustrated investors.

Now, frustrated investors are apprehensive of global tensions as the US bombed three atomic sites in Iran, said Md Moniruzzaman, managing director and chief executive officer of Prime Bank Securities Ltd.

"Although the war is not impacting us yet, it has many elements that can affect the whole world. Especially if oil prices rise further, it will impact the Bangladesh economy," he said.

Another stock market analyst said Bangladesh's stock market does not usually react to global developments, whether positive or negative.

However, this time, people fear that

the war could escalate, which would impact the economy of Bangladesh, he said.

So, the market index dropped significantly, he added.

Turnover at the DSE dropped 11 percent to Tk 271 crore. Among the stocks traded, 16 advanced, 365 declined, and 16 remained unchanged.

Shares of Taufika Foods and Lovello Ice-cream PLC were traded the most, amounting to Tk 19 crore, followed by Beach Hatchery Ltd (Tk 9 crore).

The food & allied sector dominated the turnover chart, accounting for 18.44 percent of the total.

In its daily market update, UCB Stock Brokerage said all sectors closed negative yesterday. Of them, paper & printing, non bank financial

institutions (NBFIs), and ceramics were the top three sectors that closed in negative territory.

All the sectors with large market capitalisation – which refers to the total value of a company's outstanding shares – posted negative performance, BRAC EPL Stock Brokerage said in its market update.

NBFIs experienced the highest loss of 3.17 percent, followed by food & allied (2.30 percent), engineering (2.29 percent), telecommunication (1.62 percent), fuel & power (1.51 percent), pharmaceuticals (1.22 percent), and banking (1.13 percent), respectively.

In the Chittagong Stock Exchange, the CSE All Share Price Index (CASPI), the premier index of the port city bourse, edged down by 171.46 points, or 1.29 percent, to close at 13,099.41.

Deep uncertainty

FROM PAGE B1

the next two fiscal years, while taxpayers in higher income brackets will face a relatively modest increase," said Khatun.

The economist said this goes against the principle of equitable tax treatment and fairness.

According to CPD estimates, tax liabilities for individuals earning Tk 6 lakh, Tk 10 lakh, and Tk 15 lakh annually will rise by 12.5 percent, 16.7 percent, and 16.7 percent, respectively, over FY27 and FY28.

Meanwhile, those earning Tk 30

lakh a year or more will see their tax burden increase by only 7.6 percent.

In the new budget, the annual tax-free income threshold for general taxpayers has been raised to Tk 3.75 lakh for FY27 and FY28.

"It's a positive step. But the concern is that it won't take effect until FY2026-27. That raises questions, especially since the previous threshold was set back in FY24," she added.

Prof Mustafizur Rahman, a distinguished fellow of the CPD, conducted the dialogue.

No cut in corporate tax for non-listed firms

FROM PAGE B1

Snehashish Barua, managing director of SMAC Advisory Services, said listed companies that offloaded or were going to offload over 10 percent of shares to avail the tax benefit would end up being deprived.

It is "discriminatory" for them, as their rate will go up to 25 percent from 20 percent, he said.

Meanwhile, the interim government has reduced the corporate tax rate from 15 percent to 10 percent for private universities, medical colleges, engineering colleges, and institutions exclusively offering ICT education.

Previously, a finance bill unveiled on June 2 had proposed maintaining the 15 percent corporate tax rate for these institutions.

In a separate measure, the government has reduced the withholding tax on property transfers.

Additionally, the advance tax on imports of refined petroleum products has been slashed from 7.5 percent to 2 percent.

A top official of a non-listed firm said the withdrawal of the benefit for the use of banking channels would discourage the formalisation of the economy, which would have a long-term effect on the mindset of investors.

It is another example of frequent policy changes, he said.

It is a tough task, but many companies plan to follow the condition. However, backtracking from the policy and scrapping the condition will encourage the growth of the informal economy, which already prevails to a large extent, he said.

Fed split on whether to hedge on inflation, or proceed with cuts

REUTERS, Washington

The close split at the US Federal Reserve over whether to keep hedging against inflation risks or move forward faster with rate cuts came through on Friday in the first public comments from policymakers following a decision this week to hold borrowing costs steady for now.

Rising tariffs are expected to raise inflation over the rest of the year, with a new Federal Reserve monetary policy report on Friday concluding that higher import taxes had already raised inflation for goods even if headline inflation, including services, remains weaker than expected in recent months.

But Fed Governor Christopher Waller on Friday said he felt the inflation risk from tariffs was small, and the Fed should cut rates as soon as its next meeting in July, because recent price increases have been moderate while he sees some

worrying signs for the job market such as a high unemployment rate among recent college graduates.

"Any tariff inflation ... I don't think is going to be that big and we should just look through it in terms of setting policy," Waller said on CNBC's Squawk Box. "The data the last few months has been showing that trend inflation is looking pretty good ... We could do this as early as July."

"I'm all in favor of saying maybe we should start thinking about cutting the policy rate at the next meeting, because we don't want to wait till the job market tanks before we start cutting the policy rate," Waller said.

In a Reuters interview, Richmond Fed President Tom Barkin took a more tempered view, arguing that with inflation still above the Fed's 2 percent target after a multi-year battle to contain it, key tariff debates still unresolved, and the unemployment rate at a low 4.2 percent, there was no urgency to cut rates.

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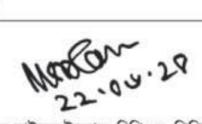
উন্মুক্ত দরপত্র বিজ্ঞপ্তি

২০২৫-২০২৬ অর্থ সালে বাংলাদেশ পুলিশ একাডেমী, সারদা, রাজশাহী প্রস্তাবিত বিবিধ সরবরাহ কাজের নিমিত্তে তিকাদার/সরবরাহকারী প্রতিষ্ঠানের নিকট হতে শর্ত সাপেক্ষে দরপত্র আহ্বান করা যাচ্ছেঃ

ক্র.সং	মন্ত্রণালয়/বিভাগ	স্বল্পে মন্ত্রণালয় (জননিরাপত্তা বিভাগ)। বাংলাদেশ পুলিশ।
১.	সংস্থা	প্রিন্সিপাল, বাংলাদেশ পুলিশ একাডেমী, সারদা, রাজশাহী।
২.	সংগ্রহ স্বত্তার নাম	প্রিন্সিপালের কার্যালয়, বাংলাদেশ পুলিশ একাডেমী, সারদা, রাজশাহী।
৩.	সংগ্রহ স্বত্তার ঠিকানা	শিডিউলে (STD) বর্ণিত যাবতীয় শর্তাবলী পালন ও কাগজ/দলিলপত্রাদি দরপত্রের সঙ্গে দাখিল করার সক্ষমতা থাকতে হবে।
৪.	দরদাতার যোগ্যতা	উন্মুক্ত দরপত্র পদ্ধতি (OTM)।
৫.	সংগ্রহের পদ্ধতি	১। প্রিন্সিপালের কার্যালয়, বাংলাদেশ পুলিশ একাডেমী, সারদা, রাজশাহী। ২। রেঞ্জ ডিআইজির কার্যালয়, রাজশাহী। ৩। পুলিশ সুপার এর কার্যালয়, রাজশাহী।
৬.	দরপত্র বিক্রয়কারী অফিসের নাম ও ঠিকানা	১। প্রিন্সিপালের কার্যালয়, বাংলাদেশ পুলিশ একাডেমী, সারদা, রাজশাহী। ২। রেঞ্জ ডিআইজির কার্যালয়, রাজশাহী।
৭.	দরপত্র গ্রহণকারী অফিসের নাম ও ঠিকানা	প্রিন্সিপালের কার্যালয়, বাংলাদেশ পুলিশ একাডেমী, সারদা, রাজশাহী।
৮.	দরপত্র খোলার তারিখ ও সময়	১৩-০৭-২০২৫খ্রিঃ অফিস চলাকালীন সময় পর্যন্ত
৯.	দরপত্র দাখিলের সর্বশেষ তারিখ ও সময়	১৪-০৭-২০২৫খ্রিঃ ১২.০০ ঘটিকা পর্যন্ত
১০.	দরপত্র খোলার তারিখ ও সময়	১৪-০৭-২০২৫খ্রিঃ ২.৩০ ঘটিকা দরদাতা বা তার প্রতিনিধি উপস্থিত থাকতে পারবেন।
১১.	দরপত্র মূল্যায়নের তারিখ ও সময়	২১-০৭-২০২৫খ্রিঃ ১২.০০ ঘটিকা
১২.	টেন্ডার সিকিউরিটি	প্রত্যেক গ্রুপের ক্ষেত্রে পৃথক পৃথকভাবে কাজের নামের বিপরীতে ১৫নং অনুচ্ছেদের উল্লিখিত জামানতের টাকা ব্যাংক ড্রাফট/পে-অর্ডার প্রিন্সিপাল, বাংলাদেশ পুলিশ একাডেমী, সারদা, রাজশাহীর অনুকূলে দরপত্রের সঙ্গে দাখিল করতে হবে।
১৩.	দরপত্রের বিবরণঃ	প্যাকেজ নম্বর
১৪.	বাংলাদেশ পুলিশ একাডেমী, সারদা, রাজশাহীতে আউটসোর্সিং এর মাধ্যমে জনবল সরবরাহ কাজ	১. ২,০০০/-
১৫.	মটরযান ও জলযান মেরামত ও যন্ত্রপাতি সরবরাহ কাজ	২. ৪,০০০/-
১৬.	পুলিশ হাসপাতাল ও পশু হাসপাতালের জন্য ঋনামদনা প্রকৃত ফার্মেসী/ঠিকাদারী প্রতিষ্ঠান কর্তৃক ঔষধপত্র সরবরাহ কাজ	৩. ১,০০০/-
১৭.	পুলিশ হাসপাতালের রোগীদের পথা সরবরাহ কাজ	৪. ১,০০০/-
১৮.	সিকিউরিটি মানি	৫. ৫,০০,০০০/-

বিশেষ শর্তাবলীঃ

- ১) অনিবার্য কারণবশতঃ নির্ধারিত দিনে বা সময়ে দরপত্র দাখিল/গ্রহণ বা খোলা সম্ভব না হলে দরপত্র আহ্বানকারী কর্তৃপক্ষ কর্তৃক দরপত্র দাখিলের ও খোলার/গ্রহণের পুনর্নির্ধারিত তারিখ ও সময় স্থানীয় বিজ্ঞপ্তির মাধ্যমে সর্বশ্রেষ্ঠ সকলকে অবহিত করা হবে। দরপত্র খোলার তারিখে যদি কোন কারণে অফিস বন্ধ থাকে তা হলে পরবর্তী কার্যদিবসে যথাসময়ে দরপত্র খোলা হবে।
- ২) কোন কারণ দর্শানো ব্যতিরেকেই কর্তৃপক্ষ যে কোন দরপত্র গ্রহণ কিংবা সকল দরপত্র বাতিল করার পূর্ণ ক্ষমতা সংরক্ষণ করেন।
- ৩) দরপত্র সিডিউল ক্রয়ের সময় প্রিন্সিপাল, বিপিএ সারদা, রাজশাহী বরাবরে নিজ প্রতিনিধির প্যাতে আবেদনের মাধ্যমে দরপত্র শিডিউল ক্রয় করতে হবে।
- ৪) দরপত্র পিপিএ/২০০৬ এবং পিপিআর/২০০৮ মোতাবেক সকল শর্তাবলী কার্যকর হবে।


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 বাংলাদেশ পুলিশ একাডেমী
 সারদা, রাজশাহী

GD-1440

Ministry opts to hand over New Mooring Container Terminal to CPA

STAFF CORRESPONDENT, *Ctg*

The authorities have decided in principle to let the Chittagong Port Authority (CPA) take charge of the New Mooring Container Terminal (NCT) for six months amid opposition from major political parties to appointing a foreign operator.

Currently, a private operator is running the NCT, the largest terminal at Chattogram port. Its contract will expire on July 6.

With the deadline nearing, the Ministry of Shipping held a meeting last Wednesday where it decided in principle to hand over operations to the CPA, according to an official document.

Subsequently, the CPA has sought final approval from the Cabinet Committee on Economic Affairs through the shipping ministry.

In a letter, the CPA pointed to the contract's looming expiry, the lengthy process of selecting a new operator, and the need to keep external trade running smoothly. It urged swift approval in the national interest.

The NCT has been making headlines in recent months over who would run it.

The government said that bringing in a well-known foreign operator would increase the overall efficiency of the port.

But parties including the BNP, Jamaat-e-Islami, and left-leaning groups oppose the idea, arguing that giving control of a key terminal to a foreign firm would endanger national security and sovereignty.

Port workers have also been



Currently, a private operator is running the New Mooring Container Terminal, the largest terminal at Chattogram port. Its contract will expire on July 6.

PHOTO: RAJIB RAIHAN

protesting, saying the move would make little economic sense as the terminal is "profitable and fully functional".

Built at a cost of Tk 2,000 crore, the 950-metre terminal was completed in

2007 by the CPA.

It has five jetties — four for ocean-going container ships and one for smaller vessels that connect to Pangaon port in Dhaka.

The Daily Star approached top CPA officials for comment, but to no avail.

CPA spokesperson and acting secretary Md Nasir Uddin did not answer repeated phone calls.

Why local garment industry must go nano

MD MANJURUL AHSAN

The rhythmic clatter of sewing machines may still define Bangladesh's garment factories, but in the near future, that familiar sound could fade beneath the shimmer of self-cleaning fabrics and the quiet of nanotechnology at work.

As global apparel production enters a new era of advanced materials and smart design, nanotechnology, engineering at the molecular level, is set to transform what garments are, not just how they are made. For Bangladesh, the world's second-largest apparel exporter, the question is no longer whether to adopt nanotech, but how quickly it can catch up.

Nanotechnology may sound futuristic, but it is already here. It is woven into the fibres of jackets that never need washing, T-shirts that repel coffee spills, and hospital garments that kill bacteria on contact. These nano-enhanced fabrics retain their natural texture, weight and breathability while adding remarkable functions such as water resistance, stain repellency, UV protection and antimicrobial properties. By creating an ultra-rough surface at the microscopic level, these fabrics cause liquids to bead up and roll off.

The result? Higher-value, longer-lasting and smarter clothing, precisely what premium markets are willing to pay more for.

And the market is growing fast. According to Research and Markets, the global nanotechnology clothing industry is projected to reach \$12.1 billion by 2025, growing at nearly 25 percent a year. Leading this shift are countries such as the United States, Germany, China and Japan.

If Bangladesh wants to remain competitive globally, not just as a mass producer but as an innovation leader, it must act now.

The global apparel narrative is shifting. Western consumers and buyers increasingly demand not only ethical labour and sustainability, but also performance and personalisation. While Bangladesh's ready-made garment sector still relies on low-cost labour and bulk output, that model is wearing thin.

Nations that integrate technology are moving up the value chain, earning more by producing less, but producing smarter. For Bangladesh, the current formula of "more shirts for less" is becoming obsolete.

The integration of nanotechnology offers a way forward. By transitioning towards smart textiles, Bangladesh can expand into high-margin sectors such as sportswear, outdoor gear, military-grade fabrics, medical apparel and sustainable fashion. These are not niche markets; they represent the future of global clothing demand.

Of course, embracing nanotech will not be easy. It will require investment in research and development, collaboration between universities and the private sector, and a shift in mindset from low-cost production to value-driven innovation.

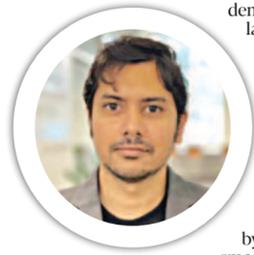
But we do not have to stay behind. Some Bangladeshi factories are already experimenting with artificial intelligence and Internet of Things technologies. The next step is to incorporate nanotech at scale, partnering with global research hubs, forming public-private partnerships, and integrating nano-capable processes into textile parks and export processing zones.

The government should provide fiscal incentives and regulatory frameworks that attract nanotech investment while ensuring worker safety and environmental compliance. It is also essential to train a new generation of textile engineers and workers who can navigate these emerging technologies. Just as we once trained millions to operate sewing machines, we must now train thousands to work with smart fibres, specialised coatings and responsive materials.

The stakes are high. Bangladesh's garment industry employs over four million workers and contributes more than 80 percent of the country's export earnings. But its dominance is under threat, from rising regional competitors, changing buyer demands, climate compliance pressures and automation-driven job loss. The nano revolution offers not only a way to stay relevant but also a chance to redefine Bangladesh's leadership in global fashion manufacturing.

Imagine a future where labels read not just "Made in Bangladesh" but "Engineered in Bangladesh". That future is within reach, but only if we act boldly today. The choice is clear: nano or nowhere.

The writer is an assistant professor (research) at University of Oklahoma. He can be reached at mdmanjurulhasan@gmail.com



South Korea counts on shipbuilding to ease US tariff woes

AFP, Seoul

Asia's fourth largest economy South Korea is facing gruelling tariffs by US President Donald Trump, but its shipbuilding industry could prove a useful bargaining chip.

Already hit by sector levies on steel and car exports, Seoul is laser-focused on negotiations over a 25 percent country-specific tariff that has been suspended until July 8.

AFP takes a look at what's going on:

In the 1970s, South Korea's military leader president Park Chung-hee accelerated the country's heavy industry, designating sectors such as steel and shipbuilding "strategically important" and rolling out state subsidies.

At the same time, POSCO was founded — now one of the world's largest steel producers — and conglomerate Hyundai built its shipyard in southeastern Ulsan, which started to grow rapidly.

European rivals struggled to keep pace.

Sweden's Kockums Shipyard filed for bankruptcy in 1987 — and in a symbolic shift of global shipbuilding power, Hyundai acquired its 140-metre (460-foot) Goliath crane for one dollar. It now towers over southern Ulsan.



This photo shows a general view of an under-construction Maersk triple-E class container ship at the Daewoo DSME shipyard in Okpo, 60km south of Busan. PHOTO: AFP/FILE

In the 1990s and 2000s, South Korean shipbuilders such as Hyundai Heavy Industries and Samsung Heavy Industries ramped up investment in research and development, backed by generous government subsidies.

The country secured a competitive edge in high-value-added vessels, including LNG carriers, very large crude carriers, and offshore platforms.

Now, South Korea ranks as the world's second-largest shipbuilding nation, trailing only behind China.

South Korea's exports hit a record high in 2024, with analysts pointing to shipbuilding as one of the key drivers.

The sector accounted for nearly four percent of total exports and grew by almost 20 percent from the previous year — reaching \$25.6 billion.

Shipbuilding directly employs around 120,000 workers — roughly one percent of the country's total workforce — with indirect employment significantly higher in industrial hubs like Ulsan.

Industry data shows so far this year, new orders have exceeded 13 trillion won (\$9.4 billion).

In March, Hanwha Ocean secured a landmark \$1.6 billion contract to build LNG carriers for Taiwan's Evergreen Marine, one of the largest single orders in the sector this year.

Trump has showed "significant interest in South Korea-US shipbuilding cooperation," said South Korea's trade, industry and energy minister Ahn Duk-geun in April.

Like the Europeans, the US shipbuilding industry has lagged behind South Korea and China, and as a result, the sector is seen as a "highly important bargaining chip in trade negotiations," he added.

READ MORE ON B2

China may win more than EU from auto tariff truce

REUTERS, London/Hong Kong

A détente in the electric vehicle tariff war may suit China more than Europe. Brussels and Beijing are haggling over a way for Chinese manufacturers to sell battery rides tariff free, but at a minimum price. Embracing such a system would be a risky move.

Europe's electric-vehicle tariffs are barely a year old. Brussels added extra levies of up to 35 percent to offset the competitive advantages that made-in-China vehicles get from government subsidies or cheap labour. Now, the People's Republic is pushing an alternative: rather than duties levied on imports, carmakers would commit to not sell below a certain price, a model used before with solar panels.

Such a system could have benefits. Chinese manufacturers would not have to absorb the burden of levies through discounted prices. Europe, meanwhile, would be able to mollify Beijing and so avoid tit-for-tat tariffs on cognac and other exports, but still stop it dumping cars on the cheap. The latter is a potential mortal threat to Renault

or Volkswagen. Last year, the Middle Kingdom exported some 1.25 million electric vehicles, more than half of the total production in Europe, as per International Energy Agency data.

Look beneath the hood, however, and there are issues. Europe would probably want to find a level that reflects the extent of subsidies enjoyed by each carmaker, as it did with tariffs.



A single tariff, likely China's preferred option, would be less precise. Either way, establishing a minimum floor for a complex vehicle with many moving parts would be challenging.

It could also quickly become obsolete. Renault and Volkswagen are launching cheaper EV models to compete with China, and changes in battery technology will

lower costs. A floor could reduce the incentive to innovate.

Enforcement looks a bigger headache. Tariffs have the virtue of simplicity. Yet car prices are fluid: dealers offer discounts, and incentives such as cheap loans. And China's carmakers are already masters at bundling products to make their wares more attractive at home. BYD includes its "God's Eye" assisted driving software for all vehicles priced above 100,000 yuan (less than \$10,000). Carmakers at April's Shanghai auto show touted perks such as multiple screens and built-in kitchenettes. Nio owners have access to the brand's clubhouses.

As such, European carmakers may still be undercut by Chinese rivals, incentivising production in China. True, Europe could impose minimum import quotas, as it did with Japan in the 1980s. Or it could set the price floor high but still impose tariffs below that level. But overall, minimum pricing may be the cost Europe must bear to maintain relations with Beijing and secure access to rare earths — meaning China would most likely be the winner.

Investors brace for oil price spike, rush to havens

US attack on Iran would cause a selloff in stock markets, they say

REUTERS, New York

A US attack on Iranian nuclear sites could push oil prices even higher and trigger a knee-jerk rush to safety, investors said, as they assessed how the latest escalation of tensions would ripple through the global economy.

The reaction in Middle East stock markets, which trade on Sunday, suggested investors were assuming a benign scenario, even as Iran intensified its missile attacks on Israel in response to the sudden, deep US involvement in the conflict.

Trump called the attack "a spectacular military success" in a televised address to the nation and said Iran's "key nuclear enrichment facilities have been completely and totally obliterated". He said the US military could go after other targets in Iran if the country did not agree to peace.

Iran said it reserves all options to defend itself, and warned of "everlasting consequences".

Investors said they expected the US involvement would cause a selloff in stock markets and a possible bid for the

dollar and other safe haven assets when major markets reopen, but also said much uncertainty about the course of the conflict remained.

"I think the markets are going to be initially alarmed, and I think oil will

open higher," said Mark Spindel, chief investment officer at Potomac River Capital.

"We don't have any damage assessment and that will take some time. Even though he has described this as 'done', we're

engaged. What comes next?" Spindel said. "I think the uncertainty is going to blanket the markets, as now Americans everywhere are going to be exposed. It's going to raise uncertainty and volatility, particularly in oil," he added.

One indicator of how markets will react in the coming week was the price of ether, the second-largest cryptocurrency and the new gauge of retail investor sentiment after bitcoin, which is now held largely by institutions.

Ether was down 5 percent on Sunday, taking losses since the first Israeli strikes on Iran on June 13 to 13 percent.

Most Gulf stock markets, however, seemed unconcerned by the early morning attacks, with the main indexes in Qatar, Saudi Arabia and Kuwait up slightly and Israel's Tel Aviv main index at an all-time high.

OIL PRICES, INFLATION

A key concern for markets would center around the potential impact of the developments in the Middle East on oil prices and thus on inflation. A rise in inflation could dampen consumer confidence and lessen the chance of near-term interest rate cuts.



In an aerial view, the LyondellBasell Houston refinery is seen at sunset on June 18 in Houston, Texas. The global benchmark Brent crude futures have risen as much as 18 percent since June 10, hitting a near five-month high of \$79.04 on Thursday. PHOTO: AFP

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