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## Interbank dollar trade surges nine times in June

STAR BUSINESS REPORT

Average daily interbank spot transactions rose to \$68.7 million in June, registering a ninefold increase from \$7.5 million in March and April this year, following increased market-driven exchange rate movements and improved liquidity.

In a report released yesterday, the Bangladesh Bank (BB) said that the volume of interbank spot transactions had been on the rise since mid-May.

The central bank in May said it would allow the exchange rate of foreign currencies to be determined by market forces, moving away from the crawling peg.

The BB last year introduced the crawling peg, which allowed the exchange rate to move in a certain band, before reintroducing the market-based exchange rate.

"This shows that forex transactions are taking place based on the market rate. Transactions increase when buyers and sellers can take part in the market freely," said Md Shaheen Iqbal, deputy managing director and head of Treasury & Financial Institutions at BRAC Bank.

"And price discovery becomes easy when transactions take place based on market demand and supply, and prices become transparent. Otherwise, it becomes costly for all," he added.

The volume of total spot transactions picked up to \$155 million and \$184 million on the second and fourth of June 2025, respectively, before a 10-day-long public holiday for Eid-ul-Azha and weekends, said the report titled "Exchange Rate & Foreign Exchange Market Dynamics".

Iqbal said the increased availability of foreign exchange, due to higher inflows of remittances and exports, contributed to the spike in spot transactions.

The BB said the interbank exchange rate of the US dollar, after staying stable at Tk 122 for a long time, had been depreciating since mid-May 2025 in an orderly fashion.

However, exchange rates witnessed some appreciation pressure in the recent period at the end of June 2025 amid a favourable development in the Balance of Payments (BoP), which is a summary of a country's transactions with the rest of the world, on the back of strong external inflows against weak import demand.

The BB said the volume of daily spot US dollar transactions in June 2025 ranged from \$23.5 million to \$184.3 million, and transactions were highly concentrated in US dollars.

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Customs launches special auction to clear backlog at Ctg port

MOHAMMAD SUMAN

Bangladesh will auction around Tk 100 crore worth of abandoned imports on August 8, in the first such sale held under a special order aimed at easing the severe congestion at the country's ports.

The auction, to be conducted by Customs House, Chattogram, will include 6,000 tonnes of goods in 343 containers grouped into 146 lots, according to a circular issued by the customs office on July 19.

The goods—ranging from fabrics, machinery and tyres to tiles, steel, scrap materials, plastics and sodium sulphate—were imported between 2020 and 2023 but were never claimed by consignees.

"This is the first time such a large number of containers are being auctioned under the special mechanism," Md Sakib Hossain, assistant commissioner of Chattogram Custom House, told The Daily Star.

"The process has been launched with greater speed and transparency to clear port space and reduce delays," he said.

The auction is part of a broader effort to decongest Bangladesh's busiest seaport, which has been overwhelmed by abandoned containers.

As per the Ctg customs circular, the containers are open for inspection until July 31. Bidders with a valid Taxpayer Identification Number (TIN) can submit their bids online from anywhere in the country until August 7.

"To encourage participation, bidders have been given a 10 day inspection window and full online access from any part of the country," said Hossain.

Unlike regular auctions, there is no requirement to set a reserve price for the lots being sold under the special auction, but legal verification is mandatory.

Customs officials believe this provision will draw higher participation, as goods will be awarded to the highest bidder regardless of price.

According to Chattogram Port Authority data, there are currently 9,644 unreleased containers stranded at the port. Among these, 383 hold perishable goods such as fruits and spices, 357 contain hazardous materials, and the rest

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## Economy expanded 50% in eight years, but jobs grew only 11%

Researcher blames 'jobless growth', says FDI not the only solution

STAR BUSINESS REPORT

Over the past eight years until fiscal year 2023-24, the country's economy grew by more than 50 percent, painting a rosy picture of performance by major sectors, while the expansion did not translate into job creation.

Employment grew by only 11 percent during the period, making a clear case of "jobless growth", a term that economists have been using in recent years to refer to the paradox of growing gross domestic product (GDP) without much job creation.

"Our growth failed to meet the demand for jobs," said Abdullah Nadví, research director at non-governmental research organisation Unnayan Shamannay, during a discussion on employment challenges in Dhaka yesterday.

He said that although the country's economic performance has been lauded globally, it has not translated into the expected rise in job opportunities.

**Although the country's economic performance has been lauded globally, it has not translated into the expected rise in job opportunities, said an expert**

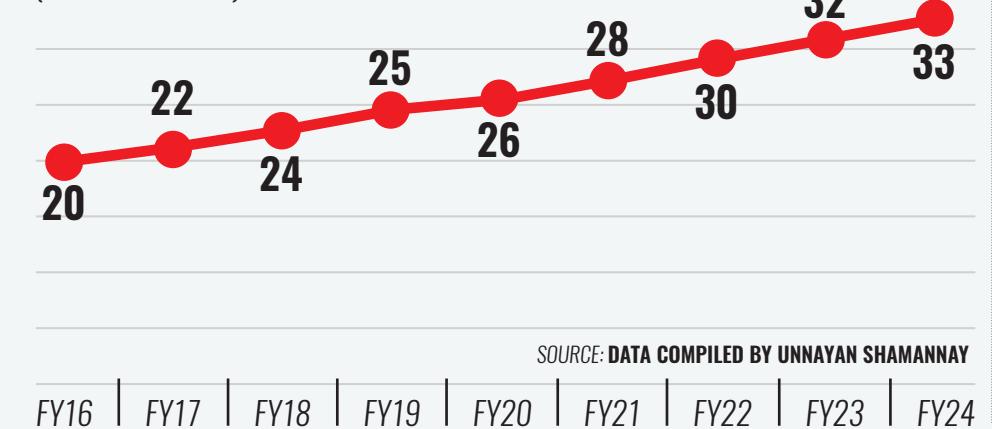
In his presentation at the event, held at the organisation's office, Nadví pointed out that while GDP had grown fivefold, employment had increased by barely a fifth of that.

"For this reason, Bangladesh's economic growth is referred to as 'jobless growth,'" he said.

Nadví also talked about the widely held belief that foreign direct investment (FDI) leads to huge job creation, calling it overly optimistic.

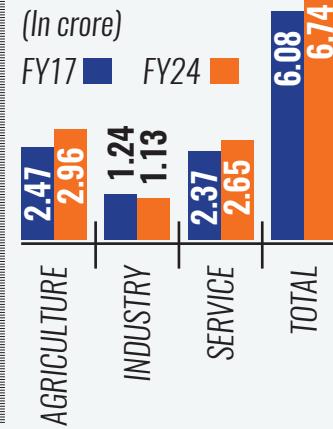
He said that between 2009-10 and 2020-21, the country received around \$51 billion in FDI, which generated only about

### GDP size over the years (In lakh crore taka)



SOURCE: DATA COMPILED BY UNNAYAN SHAMANNAY

### Working population in three sectors (In crore)



5.46 lakh jobs.

In contrast, domestic investment during the same period stood at \$106 billion and created more than 28 lakh jobs, he noted.

"This shows that FDI alone cannot solve the country's employment challenges. Instead, greater emphasis must be placed on domestic investment," he added.

From 2017 to 2022, the number of agricultural workers rose by 30 percent, while agri production increased by just 10 percent. According to Nadví, this mismatch means the labour force is growing faster than production, which in turn is depressing incomes.

He also raised concerns over employment in the industrial sector, calling the situation alarming.

While industry's share of GDP increased from 33 percent to 38 percent over the past eight years, the number of people employed in the sector has dropped by an average of 1 percent annually, said Nadví.

The main reason is believed to be automation, he said, which means fewer workers are needed to maintain factory

production. "As a result, despite growth in the industrial sector, employment is decreasing," he said.

In the service sector, jobs are increasing by just 1 percent a year, whereas GDP is rising at 6 percent. Nadví added that 68 percent of service sector workers are employed informally.

At the programme, researcher Maha Mirza said that relying solely on market forces to generate jobs in industry is a flawed approach.

"If the responsibility of job creation in the industrial sector is entirely left to the so-called free market economy, profits may increase, but employment generation in line with demand will not occur," she said, adding that this has been evident over five decades of industrialisation in Bangladesh.

Muhammad Shahadat Hossain Siddiquee, economics professor at the University of Dhaka, argued that the country's employment crisis could have been avoided if public resources had not been lost to defaulted loans and

widespread corruption.

Suzana Karim, associate professor at the Institute of Health Economics, University of Dhaka, said Bangladesh is now paying the price for relying too heavily on a single sector to drive industrial growth.

She emphasised drawing lessons from international models to ensure both industrial expansion and adequate job creation.

AKM Fahim Mashroor, chief executive of Bdjobs, pointed out that a significant share of young people are graduating without the skills required in today's job market. As a result, the unemployment rate is considerably higher among graduates than among those with only primary, secondary, or higher secondary education.

SM Zulfiqar Ali, research director at the Bangladesh Institute of Development Studies (BIDS), said that unless education standards align with labour market needs, it will not be possible to meet the challenges posed by automation, digitisation, and the Fourth Industrial Revolution.

## Why is the stock market rebounding now?

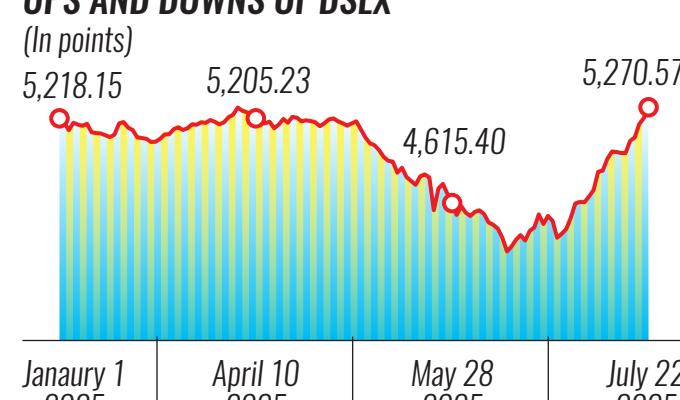
### REASONS BEHIND RECENT RECOVERY



### RECOMMENDATIONS

List fundamentally strong companies  
Ensure good corporate governance

### UPS AND DOWNS OF DSEX (In points)



SOURCE: DSE

### AHSAN HABIB

The stock market has bounced back strongly within two months of falling to its lowest in the past five years, thanks to some macroeconomic level recoveries, including a drop in inflation and the strengthening of the local currency against the greenback.

The DSEX, the benchmark index of the Dhaka Stock Exchange, soared to 5,270 points yesterday, the highest in the last eight months since November 18, 2024, when it was 5,300, according to DSE data.

In less than two months since last June, the DSEX rose by more than 650 points, or around 14 percent.

During this time, the DSE's market capitalisation soared by Tk 60,907 crore, or 9 percent, to Tk 702,898 crore.

"I would not say the rise of the index is a bull run, it is just a long-overdue recovery which is still underpriced," said Shahidul Islam, chief executive officer of VIB Asset Management.

In the one and a half months till May 28 of this year, the index had dropped by 590 points, or 11 percent, to 4,615 points, which was the lowest in the past five years.

Regarding the reasons behind the recent market recovery, Islam, who

manages funds and invests in the stock market, said the prime one was the lowering of the interest rate of 10-year tenure treasury bonds.

It was close to 13 percent just a few months ago, and now it has dropped to 10.48 percent, he said.

As the interest rate is falling, large investors are choosing stocks to retain their funds, he said.

"Macroeconomic stability is also clear, and this is another factor to invest in stocks," said Islam.

When the forex market cools in a country like Bangladesh, many other economic problems are resolved, he said.

Not too long ago, there was a scarcity of the US dollar in the country, whereas now the central bank is purchasing the greenback to halt the appreciation of the taka, he said.

Last week, Bangladesh Bank purchased \$484 million from commercial banks as the exchange rate fell by more than Tk 2 in five days, dropping to Tk 120 against each US dollar.

Following this intervention, the rate for interbank sales climbed back to Tk 121.20, according to Bangladesh Bank data.

The contrast to one year ago is just as night is to day, he said.

So, the improvement in the macroeconomic situation has

contributed to the recovery of the index, he added.

Moreover, inflation in Bangladesh eased to 8.48 percent in June.

This is the first time in 27 months that inflation has dipped below the 9 percent mark, according to the latest data by the Bangladesh Bureau of Statistics (BBS).

Saiful Islam, president of the DSE Brokers' Association (DBA), and Shek Mohammad Rashedul Hasan, managing director and CEO of UCB Asset Management, echoed Islam.

They said macroeconomic stability, undervalued stocks, and a drop in inflation were the main reasons behind the recent recovery.

On whether the rise in stocks could be sustained, Saiful Islam said it was a "million-dollar question".

The actual financial state of some banks will soon be revealed as they are now following a reporting system of international standard, he said.

Quoting the Bangladesh Bank governor, he said some non-bank financial institutions were in "red list".

If the performance of the financial institutions drops significantly, it will ultimately impact stock market shareholders and then the market will get its "fingers burnt", said Saiful Islam.

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## Handset production falls 30% in June

MAHMUDUL HASAN

Local handset production dropped by over 30 percent in June compared to the previous month, with feature phones taking the biggest hit, according to official figures.

Data from the Bangladesh Telecommunication Regulatory Commission (BTRC) shows that 16.31 lakh handsets were made in June, down from 23.45 lakh in May.

Manufacturers say production levels often swing from month to month, largely because local assembly depends entirely on imported components. As a result, shipment delays can disrupt the supply chain and affect output.

In June, feature phone production saw the steepest fall, dropping 36.88 percent to 8.69 lakh units. Yet, these devices still made up 53.32 percent of all handsets produced during the month.

Smartphone output also fell in June, shrinking 25.97 percent to 7.01 lakh units, making up the remaining 46.62 percent.

Over the past few years, local phone makers have been complaining about the growing dominance of the grey market, which they say has been chipping away at their sales and undercutting production.



According to the Mobile Phone Industry Owners' Association of Bangladesh (MPIOAB), nearly 40 percent of the smartphone market is now dominated by grey imports.

As such illegal products flood the industry, domestic firms, already grappling with high input costs, see their margins undercut and sales eroded.