

Dhaka stocks continue to fall

STAR BUSINESS REPORT

The benchmark index of the Dhaka Stock Exchange continued its bearish trend yesterday, extending its losses for the sixth consecutive day.

The DSEX, the main index of the bourse, declined 28.60 points, or 0.53 percent, to settle at 5,315.44.

The other indices also posted negative performances before the end of the day's trading. The Shariah-compliant DSES fell 0.82 percent to 1,152.5, while the DS30, comprising blue-chip shares, declined 0.76 percent to close at 2,051.29.

However, turnover, a key gauge of investor participation, hit Tk 666.51 crore, up from Tk 610.86 crore of the previous session.

A total of 202,671 trades were executed, while block transactions amounted to Tk 44.68 crore across 32 scrips.

Market breadth was negative, with 115 stocks advancing, 222 declining, and 60 remaining unchanged.

Among A-category scrips, 65 gained, 124 lost, and 29 remained unchanged.

In the B-category, 29 stocks rose and 46 fell, while no issue was changed in the N-category.

Segment-wise performance was mixed. In mutual funds, 6 issues advanced and 16 declined.

Corporate bonds saw just one issue decline, while the government bond market saw no trading activity.

Among individual performers, Yeakin Polymer topped the gainers' list with a 9 percent surge, while Dulamia Cotton Spinning Mills was the worst performer, dropping 4 percent.

Currency markets brace for US inflation data

REUTERS, Tokyo/London

Currency markets were in a holding pattern on Tuesday, with traders' reluctance to make large bets ahead of US inflation data - important for Federal Reserve policy expectations - capping moves after UK jobs data and an Australian rate cut.

A moderate reading on US price pressures could cement bets for a Fed rate reduction next month, which increased after last week's soft payrolls data.

But if signs emerge that US President Donald Trump's tariffs are stoking inflation, that could pressure the central bank to stay on hold.



The production line of a garment factory is in full operation. Workers are busy sewing, contributing to the fast-paced manufacturing process that supplies clothing to markets worldwide. The picture was recently taken from a garment factory in Chattogram. PHOTO: RAJIB RAIHAN

Economy shows signs of recovery: MCCI

But inflation, banking woes persist

STAR BUSINESS REPORT

Bangladesh's economy is showing early signs of recovery, but weak private sector credit growth, falling investments, and reduced imports of capital machinery have slowed momentum, according to a new report by the Metropolitan Chamber of Commerce and Industry (MCCI).

"...several structural issues continue to weigh heavily on recovery," said the report, "Review of Economic Situation in Bangladesh April-June 2025 (Q4 of FY25)," published yesterday.

The chamber also cited longstanding problems in the banking sector, including regulatory gaps and widespread loan irregularities, as major obstacles to broader economic improvement.

It further stressed that ongoing reforms aimed at strengthening financial governance and restoring public confidence in banks will be key to reviving growth and ensuring long-term stability.

According to the latest central bank, the net inflows of foreign direct investment (FDI) in July-May of fiscal year 2024-25 (FY25) increased by 17 percent year-on-year to \$1.58 billion.

However, the MCCI noted that the FDI inflow is low compared to that in many other countries at similar levels of development.

According to the MCCI, despite Bangladesh's low labour costs, foreign investors hesitate to invest due to underdeveloped infrastructure, energy shortages, inconsistent policies, lack of industrial land, corruption, and uneven rule enforcement.

The government needs to address these impediments to attract more FDI to the country to ensure the country's economic development, it said.

The MCCI report also noted that FY25 closed with mixed outcomes.

According to Bangladesh Bureau of

Statistics (BBS) data, GDP growth in the January-March quarter edged up to 4.86 percent from 4.48 percent in the October-December quarter, indicating mild improvement.

Inflation eased slightly to 8.48 percent in June, but the annual average stayed above 10 percent, which the MCCI described as "far higher than comfortable levels".

"Though growth remains sluggish, the quarter under review showed early signs of a turnaround," the MCCI noted.

Export earnings in FY25 rose about 9 percent year-on-year to \$48.28 billion, driven mainly by knitwear and woven garments, which accounted for 43.82 percent and 37.67 percent of total shipments, respectively. This was 97 percent of the year's \$50 billion target.

Export earnings in FY25 rose about 9 percent year-on-year to \$48.28 billion, driven mainly by knitwear and woven garments, which accounted for 43.82 percent and 37.67 percent of total shipments, respectively

However, June 2025, the final month of the fiscal year, saw export earnings drop 8 percent year-on-year to \$3.34 billion, also 29 percent lower than May 2025.

Exporters attributed the sharp fall to an extended Eid-ul-Azha holiday and a two-day complete shutdown of ports amid unrest at the National Board of Revenue.

"The overall decline in June 2025 export earnings underscores the challenges, including ongoing global economic uncertainty, falling consumer demand in major markets, logistic issues and tough competition from other manufacturing hubs, facing Bangladesh in the short term," said the

MCCI.

Ready-made garment (RMG) exports, which make up the bulk of the country's overseas sales, rose 9 percent to \$39 billion in FY25, accounting for 82 percent of the total export earnings.

Import trends also showed decent growth. Total imports in the July 2024-May 2025 period rose 5.31 percent year-on-year to \$63.96 billion, driven largely by intermediate goods, especially those for the RMG sector, and food grain imports.

In May 2025, import payments climbed 4.76 percent year-on-year to \$5.79 billion, though slightly lower than April's figure.

The MCCI, despite stating that capital machinery import has dropped, provided no data in this regard.

However, imports of capital machinery, as reflected by the opening of letters of credit (LCs), dipped by 25 percent year-on-year to \$1.74 billion last fiscal year, according to BB data.

Remittances provided a major boost to the economy. For the full fiscal year, remittances surged 27 percent to \$30 billion, aided by higher cash incentives, streamlined regulations, and measures to promote formal transfer channels.

"The Bangladesh economy is trying to overcome the difficulty stemming from the present political uncertainty and world conflicts. Therefore, the performances of the select economic indicators are mixed," the MCCI said.

Cautioning that the difficulty persists, the MCCI, however, projected that exports and imports may increase over the next three months, while remittances and foreign exchange reserves could dip in July before rebounding in August and September.

Inflation, however, is likely to go down slowly in July, August and September of FY26, the MCCI projected.

Can our firms go global?

MASUD KHAN

Can Bangladeshi companies raise capital overseas? This question is being asked more often as our economy matures and ambitious businesses look beyond the local stock market. Dhaka's exchanges have improved over the years, but anyone who has tried to raise meaningful funds knows the constraints. Those include thin trading volumes, modest valuations and a narrow investor base. For a company with regional ambitions or plans for technology upgrades, the thought of tapping bigger markets in Singapore, Saudi Arabia or Dubai is only natural.

On paper, nothing in Bangladesh law explicitly forbids a foreign listing. In practice, the path is complex and filled with regulatory obstacles.

The first hurdle is the country's foreign exchange regime. Outbound investments by resident firms are tightly controlled under the Foreign Exchange Regulation (Amendment) Act of 1947. Promoters often consider setting up a holding company in a jurisdiction like Singapore or the Dubai International Financial Centre and listing that entity overseas.

Even that requires explicit approvals from the Bangladesh Bank for outbound investment and from the Bangladesh Securities and Exchange Commission for foreign share issuance. Tax planning is also critical so that dividends and capital gains can be brought back. And even if these hurdles are cleared, the company must meet the listing standards of the overseas market: several years of profitability, IFRS compliant audits, independent directors and robust internal controls. For many firms, these are not small adjustments but significant upgrades.

There is another dimension. Many owners hesitate because they fear losing control.

Listing ordinary shares abroad means handing over voting rights to new investors, which can shift boardroom dynamics or even open the door to activist shareholders. Other emerging markets faced the same concern and came up with solutions.

One of the most effective is the Global Depositary Receipt, or GDR. Here, a company issues ordinary shares held by a custodian bank in its home country, while a foreign depository bank issues receipts representing those shares, which trade on an overseas exchange. Investors abroad buy and sell the receipts, the company raises hard currency capital, but the underlying voting shares remain in the promoters' hands. It is a proven way to raise foreign capital without surrendering control. India, Pakistan and Sri Lanka have used GDRs for years to tap global investors while keeping decision-making authority intact.

Bangladesh does not yet have a working GDR framework. The BSEC explored the idea more than a decade ago and even issued draft guidelines, but the initiative never turned into a usable system. A clear GDR policy would lay out approval steps, custodial arrangements and disclosure rules. It would allow well-run Bangladeshi companies to raise capital in Singapore's sophisticated market, Saudi Arabia's booming Tadawul exchange or Dubai's dynamic financial centre, while keeping control at home.

The benefits would be significant. Companies listing abroad often enjoy better valuations, particularly those with export earnings or technology-driven models. Global investors bring not only capital but also credibility and networks that help businesses grow. Funding sources become more diverse, and raising hard currency provides a natural hedge against taka volatility. For Bangladesh, creating a viable path to overseas listings would send a strong signal of confidence in our corporate sector. It would also encourage more firms to adopt international reporting and governance standards, strengthening the domestic market in the process.

The ability to raise money abroad without losing control is not just a technical possibility. It is a strategic lever that could reshape how Bangladeshi companies finance their future. If regulators revive and implement a GDR framework, and if companies start preparing now with better reporting and governance, we could open a new chapter in our capital markets. That is an opportunity worth pursuing for our businesses and for the economy as a whole.

The writer is the chairman of Unilever Consumer Care Ltd

Trump says gold will not face tariffs after customs confusion

AFP, Washington

US President Donald Trump said Monday that gold imports will not face additional tariffs, days after confusion flared on whether recent hikes applied to certain gold bars - threatening to upend global trade of the precious metal.

Trump's comments came after US customs authorities made public a letter saying that gold bars at two standard weights - one kilogram and 100 ounces (2.8 kilos) - should be classified as subject to duties.

"Gold will not be Tariffed!" Trump said on his Truth Social platform, without providing further details.

The letter, which was made public last week and dated July 31, was first reported on by the Financial Times, sending the price of gold on the US futures market to a record high.

But a White House official told AFP on Friday that the Trump administration plans to "issue an executive order in the near future clarifying misinformation about the tariffing of gold bars and other specialty products."

On Friday, gold for December delivery hit a record high on the Comex, the world's biggest futures market.

The concern is whether gold products would be exempt from Trump's "reciprocal" tariffs impacting goods from dozens of economies including Switzerland, which sees a 39 percent levy. One-kilo bars are the most common form traded on Comex and comprise the bulk of Switzerland's bullion exports to the US, the FT said.

The US customs ruling letter, typically used to clarify trade policy, came as a shock amid expectations that gold bars would be classified under a different customs code that spared them from Trump's countrywide levies.

China's Nvidia pushback is only just beginning

REUTERS, Hong Kong

China's relationship with Nvidia just got messier. Just one month after boss Jensen Huang's rockstar welcome in the People's Republic, state media has blasted the \$4.4 trillion chipmaker's popular H20 processors over security concerns. Washington's latest plan to pocket 15 percent of Nvidia and AMD's high-end China sales will rattle Beijing even more. That puts customers like Tencent in an awkward spot.

Nvidia's lucrative ties with the world's biggest importer of semiconductors have been upended by the trade war, geopolitics and the broader US-China rivalry in artificial intelligence. In April, US President Donald Trump effectively banned the company from selling its China-specific H20 AI processor. That decision, which Huang said at the time would result in a \$5.5 billion inventory writedown and \$15 billion of lost revenue, was soon reversed as part of US concessions to Beijing in exchange for continued supplies of rare earths.

That's a huge relief to Nvidia. Sales in China are forecast to surge 185 percent to roughly \$49 billion in the fiscal year to January, per Visible Alpha, and account for nearly a quarter of total revenue.

Even that may be conservative: Trump on Monday said he was open to Nvidia selling a scaled-back version of its most advanced Blackwell chip to China.

But the outlook is darkening once again. Washington's July "AI Action Plan" called for, among other things, stricter enforcement

of export controls including "new and existing location verification features". That prompted China's cyberspace watchdog to summon Nvidia to a meeting. Last week, the US company published a blog post in both English and Chinese reiterating that its chips did not have so-called backdoors, kill

switches and spyware.

Those assurances have not been enough. A couple of weeks ago the state-owned People's Daily published an opinion piece titled, "Nvidia, how can I trust you?", that was followed on Sunday by another commentary elsewhere which criticised the H20 as a threat to security, technologically not that advanced and environmentally unfriendly. Worryingly, it included that China "certainly had the option not to buy it".

It's likely the intended audience is the country's technology giants. Those include Tencent and TikTok parent ByteDance, which are in the process of submitting applications for H20 chips, Reuters reported last month, citing people familiar with the matter. But Beijing is keen to wean the country off foreign technology and have them buy domestic offerings instead. Authorities have sent notices to companies discouraging the use of Nvidia chips, particularly for government or security-related applications, Bloomberg reported on Tuesday, citing people familiar with the matter. Moreover, Trump's latest 15 percent revenue collection deal will result in national champions indirectly handing money to the US government; that will not sit well with President Xi Jinping.



Jensen Huang, co-founder and CEO of Nvidia Corp, speaks during a news conference in Taipei. Nvidia's lucrative ties with China have been upended by the trade war, geopolitics and the broader US-China rivalry in artificial intelligence. PHOTO: AFP/FILE