Dhaka stocks rise for second day

STAR BUSINESS REPORT

The benchmark index of the Dhaka Stock Exchange closed higher yesterday, extending its gain for the second consecutive day, while turnover also rose.

The DSEX, the main index of the bourse, increased 51.24 points, or 0.95 percent, to settle at 5,401.48.

The other indices also posted positive performances before the end of the day's trading. The Shariah-compliant DSES increased 0.80 percent to 1,172.57, while the DS30, comprising blue-chip shares, inched up 1.06 percent to close at 2,095.95.

Turnover, a key gauge of investor participation, hit Tk 801.71 crore, up from Tk 703.02 crore in the previous session.

A total of 221,135 trades were executed, while block transactions amounted to Tk 16.34 crore across 32 scrips. Market breadth was positive, with 205 stocks advancing, 135 declining, and 58 remaining unchanged.

Among A-category scrips, 122 gained, 78 lost, and 20 remained unchanged.

In the B-category, 52 stocks rose and 23 fell, while there was no trading activity in the N-category.

Segment-wise performance was mixed. In mutual funds, 8 issues advanced and 17 declined.

Corporate bonds saw two issues advance and one decline, while the government bond market saw one issue advance and two decline.

Among individual performers, Desh Garments topped the gainers' list with a 9 percent surge, while IFIC Bank 1st Mutual Fund was the worst performer, dropping 5 percent.

EU push to protect digital rules

REUTERS

The European Union is trying to prevent the United States from targeting the bloc's digital rules as both sides work through the final details of a delayed statement to formalise a trade deal reached last month, the Financial Times reported on Sunday.

EU officials said disagreements over language relating to "non-tariff barriers", which the US said include the digital rules, are among the reasons for the hold-up of the statement, the newspaper said.

Rice prices remain high in the domestic markets, and they contributed to more than half of food inflation in July. The photo was taken in Barishal city early this month.
PHOTO: TITU DAS

Rice prices remain key driver of inflation: GED report

STAR BUSINESS REPORT

Rice prices remain a major concern for food inflation as well as overall inflation, according to a report by the General Economics Division (GED) of the Bangladesh Planning Commission.

Bangladesh's overall inflation was 8.55 percent in July, up from 8.48 percent a month ago, while food inflation increased by 0.17 percentage point to reach 7.56 percent.

More than half of July's food inflation was driven by rice prices, according to the Economic Update & Outlook August 2025 by the GED released yesterday.

The report said the contribution of rice to food inflation increased from 40 percent in May to 51.55 percent in July. Medium rice and coarse rice contributed 24 percent and 18.39 percent, respectively, to food inflation in July.

"All three categories of rice have been recording double-digit inflation, fine rice for the past twelve months and medium and coarse rice since December 2024. Inflation for each category stood at around 15 percent."

Over the last month, the price of coarse rice in Dhaka stood at Tk 55-60 per kilogram. Year-on-year, the price rose 7.48 percent, according to market data by the Trading Corporation of Bangladesh (TCB).

Prices of fine and medium grain were also higher than a year ago.

The GED report noted that the yield of Boro paddy was expected to contain rice prices from June onwards. But data from the Bangladesh Bureau of Statistics (BBS) showed otherwise.

According to BBS estimates, the production of Aus paddy fell 0.85 percent and Aman paddy 6.04 percent in fiscal year 2024-25.

"The decline in yields was attributed to frequent floods and unfavourable weather conditions," it said, adding that the land under cultivation of Aus shrank by 7.32 percent from the previous year.

The GED report cited the government's announcement to procure 14 lakh tonnes of Boro rice between April 24 and August 31, 2025. As of August 13, the food ministry had purchased 16.44 lakh tonnes.

More than half of July's food inflation was driven by rice prices, according to the Economic Update & Outlook August 2025 by the GED released yesterday

Yet, rice distribution in July slumped 36 percent year on year to 62,889 tonnes, said the GED.

The GED report also cited the food ministry's initiative to increase the supply of rice in the market by allowing the private sector to import the staple. The ministry authorised 242 private importers to bring in 5 lakh tonnes of rice and directed them to market the grain by September 30.

The GED said the measures may take months to impact retail prices. "Uncertain weather in the coming months could further threaten supply." In this context, the report suggested that the government may need to accelerate food grain imports and procurement while scaling up Open Market Sale (OMS) distribution in the short term.

Within the broad food category, the contribution of vegetables and root crops fell sharply by 6.48 percent and 10.34 percent, respectively, helping ease pressure to some extent.

At the macroeconomic level, the government has undertaken several steps to curb inflation, which surged into double digits earlier this year. Coordinated measures between the Bangladesh Bank and the finance ministry included tightening monetary policy, raising interest rates, and restricting imports of luxury goods.

These efforts began to yield results by mid-2025, as inflation showed signs of easing and the exchange rate stabilised, the report said.

"Although macroeconomic stability has been largely restored, persistent revenue shortfalls have led to substantial government borrowing from commercial banks, somewhat crowding out private sector investments," the GED observed.

"The limited fiscal space constrains public investments in social sectors."

To strengthen revenue mobilisation, the government has dismantled the National Board of Revenue (NBR) and created two separate divisions, revenue management and revenue policy.

The restructuring is expected to positively impact revenue collection and fiscal governance in the coming years, it said.

Cashless Bangladesh is a developmental necessity

ASHIKUR RAHMAN

Bangladesh stands at a crucial turning point in its economic and technological journey. While the digital economy has grown rapidly over the past decade, most visibly through mobile financial services (MFS), cash still dominates everyday transactions. This reliance on notes and coins is not simply a holdover from the past; it is a structural barrier to a more inclusive, efficient and accountable economic system. Moving towards cashless transactions should be seen not as a technocratic ambition, but as a developmental imperative. It has far-reaching implications for financial inclusion, lower transaction costs, and stronger governance and transparency.

A cashless transition can deepen financial inclusion by overcoming the constraints of traditional banking. It can reach both the unbanked and the underbanked. Large sections of the population, especially women, rural residents and informal workers, remain excluded from formal financial institutions. Yet many of these groups are connected through mobile phones and can be served through digital platforms. Digital wallets and MFS offer an affordable entry point to the financial system, allowing people to make peer-to-peer transfers, receive government-to-person (G2P) payments, save, and access microcredit or microinsurance. In this way, digital systems widen access and help reduce the social and spatial inequalities that have long shaped Bangladesh finance.

Beyond access, digital payments enable a low-cost transaction economy. Cash is inefficient and creates hidden costs, particularly for small businesses, farmers and low-income households. Handling cash means travel, risk and often informal fees. Digital transactions ease these burdens by providing safer and quicker payment options. For government agencies, electronic transfers improve efficiency and reduce leakages in subsidies, pensions and procurement. For micro and small enterprises, digital payments cut operating costs and support integration into wider markets.

The most critical advantage of a cashless economy lies in governance and transparency. Cash transactions are opaque and often feed informality, tax evasion and corruption. Digital payments, by contrast, generate real-time and traceable data that can strengthen fiscal policy, regulatory oversight and targeted service delivery. Policymakers gain greater visibility into financial flows, enabling better monetary management, stronger anti-money laundering measures and improved tax compliance. The result is a more accountable and fiscally responsible state.

This shift also aligns with Bangladesh long-term development vision. A digital economy boosts domestic efficiency and global competitiveness, driving fintech innovation, attracting foreign investment and supporting e-commerce and cross-border trade. Failing to make this transition risks creating a dual economy, where one segment benefits from digital access while another remains locked in a low-productivity, cash-dependent cycle.

Yet the promise of a cashless Bangladesh will not be realised by market forces alone. It requires coordinated policy action, including regulatory reforms to ensure platform interoperability, greater investment in infrastructure, gender-sensitive financial products and strong consumer protection.

A cashless economy is not an end in itself. It is a tool for inclusive growth, accountable governance and digital transformation. For Bangladesh, the debate is no longer about whether to move in this direction, but about how swiftly, wisely and fairly the transition can be made.

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Japan posts modest growth despite US tariffs

AFP, *Tokyo*

Japan eked out modest growth in the second quarter despite painful US tariffs, official data showed Friday, in welcome news to embattled Prime Minister Shigeru Ishiba.

A preliminary estimate showed gross domestic product (GDP) in the world's number four economy growing 0.3 percent in the three months to June, above market forecasts of 0.1 percent.

The cabinet office data also saw a revision upwards for its reading for the previous quarter to show an expansion of 0.1 percent.

On an annualised basis, GDP grew 1.0 percent, beating market forecasts of 0.4 percent and following 0.6 percent in the last quarter.

The previous estimate was for a contraction and, without the revision, a second negative reading would have put Japan in technical recession.

The new figures are a fillip for Ishiba, whose future has been uncertain since the disastrous upper house elections in July. With voters angry about the cost of living, his coalition lost its majority months after it suffered a similar catastrophe in the lower chamber.

An opinion poll this week by broadcaster NHK suggested, however, that more people want Ishiba to stay than to quit.

There is also no obvious successor to the 68-year-old leader, who took office in October, while the opposition is likely too fragmented to form an alternative government.

US producer inflation highest in three years in July

AFP, *Washington*

US producer price inflation bounced in July to its highest reading since 2022, data showed Thursday, with underlying signs that businesses are facing pressures from President Donald Trump's tariffs.

The rise in services costs exceeded that in goods, contributing to a markedly larger advance than analysts expected.

But economists noted that the headline increase might be overstated -- boosted by a range of volatile factors -- even as there are also price gains in goods exposed to tariffs.

The producer price index (PPI) rose 0.9 percent on a month-on-month basis after a flat reading in June, said the Department of Labor. A Briefing.com analyst consensus forecast expected a much smaller jump of 0.2 percent.

The PPI measures changes in producers' prices, and the report is seen by some as a bellwether for what consumers could face in the months ahead if firms choose to pass on more costs.

On Wall Street, all three major US indexes retreated after the report but generally shook off early losses.

Businesses have been grappling with Trump's sweeping tariffs after he targeted most trading partners with a 10-percent levy this year, alongside steeper levels on sectors like steel and aluminum.

The latest numbers took the overall PPI figure to 3.3 percent from a year ago, said the Bureau of Labor Statistics.

The cost uptick in goods was 0.7 percent while that of services was 1.1 percent -- marking the biggest such jump since March 2022 as well.

While the advance was "broad-based" in July, more than three-quarters can be traced to services, the Labor Department said.

PHOTO: AFP/FILE
A customer shops at a Safeway store in San Francisco, California. The producer price index rose 0.9 percent on a month-on-month basis after a flat reading in June.

Much of this was due to trade services, relating to changes in margins for wholesalers and retailers. Economists noted this was a sign that trade disruptions are hitting supply chains, though trade services are also a volatile component.

Prices for final demand goods made a big advance too, with 40 percent of the July increase traced to foods.

All of this complicates the Federal Reserve's job as it seeks to balance inflation risks with the health of the labor market in mulling the right time for the next interest rate cut.

Fed policymakers have been monitoring the impact of tariffs on consumer inflation, with some officials arguing the hit will be one-off and others cautious about more persistent effects.

"Input costs for producers jumped in July as price pressures for businesses build from compounding tariff impacts," said Nationwide senior economist Ben Ayers in a note.

"While businesses have assumed the majority of tariff costs increases so far, margins are being increasingly squeezed by higher costs for imported goods," he added.