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## Govt to form expert panel for trade talks

STAR BUSINESS REPORT

Bangladesh will form an expert panel for negotiations as the country seeks to sign deals with major trading partners ahead of its graduation to a developing nation from the least developed country (LDC) category.

The country has been negotiating with nearly a dozen countries to sign free trade agreements (FTAs), preferential trade agreements (PTAs), comprehensive economic partnership agreements (CEPAs), and economic partnership agreements (EPAs) to retain preferential trade benefits following the LDC graduation slated for November next year.

If the new resource pool is approved, it will engage in negotiations with major trading partners to sign deals in line with government rules and regulations.

"We are trying to form a pool of resources for negotiations to sign the trade agreements," Commerce Secretary Mahbubur Rahman said at an event titled "Building national capabilities in trade negotiations: reflections & way forward" held at the InterContinental Dhaka hotel yesterday.

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Negotiations for signing a trade deal with Singapore will begin soon, while talks are underway for a similar one with Korea, the secretary said.

A team from Bangladesh is now engaged in the final round of negotiations in Tokyo to finalise an EPA, which the two nations may sign this year, Rahman added.

If signed, it will be Bangladesh's first full-fledged economic partnership agreement, as previously the South Asian nation had signed only a PTA with Bhutan in December 2020.

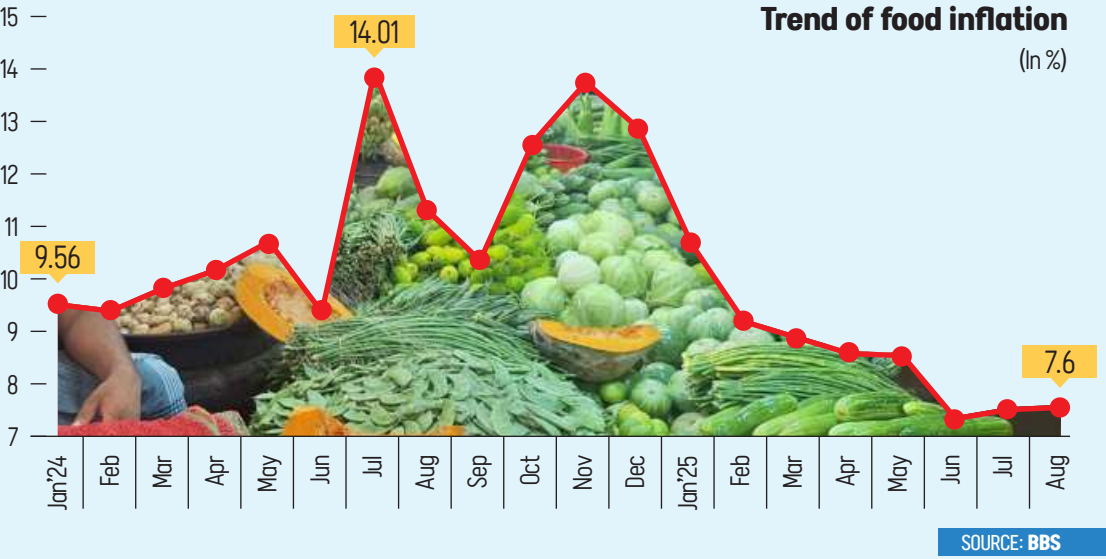
Commerce Adviser Sk. Bashir Uddin said by strengthening policy frameworks and institutional support, the government aims to ensure that this pool evolves as a dynamic force, fully equipped to navigate the complexities of international trade and safeguard Bangladesh's economic interests in the years ahead.

Built on the foundation of continuous learning and adaptability, the trade negotiators' pool is poised to deliver an enduring impact, Bashir Uddin also said.

British High Commissioner to Bangladesh Sarah Cooke said her country will continue extending duty-free market access to Bangladeshi goods in the post-LDC period.

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## Inflation drops to 3-year low, but food costs remain high



MD ASADUZ ZAMAN

Consumer prices eased in August, reaching their lowest point in more than three years. Yet households faced higher food bills compared with July, at a time when shrinking purchasing power and declining jobs are squeezing many households.

Headline inflation stood at 8.29 percent in August, down from 8.55 percent in the previous month, according to the latest data released by the Bangladesh Bureau of Statistics (BBS) yesterday.

Food inflation, a lingering concern for low-income households, edged up to 7.60 percent from 7.56 percent in July.

In August, vegetable prices rose for the second month in a

row, pushing food costs higher.

But falling prices of non-food items pulled overall inflation down. Non-food inflation slipped to 8.90 percent in August, from 9.38 percent the month before.

With this, the annual average inflation rate eased to 9.58 percent in August, compared with 9.95 percent in the same month a year earlier.

SM Nazer Hossain, vice-president of the Consumers Association of Bangladesh, a non-profit organisation for the protection and promotion of consumers' rights, said rising prices of rice, vegetables and other essentials are driving up food inflation.

"These escalating costs are placing a significant burden on consumers," he said.

The absence of timely government intervention, combined with fewer job opportunities and eroding household incomes, has made matters worse, Hossain told The Daily Star.

Bangladesh had recorded monthly inflation above 9 percent for over two years until May this year. Prices then began to cool in the following months.

Even so, annual average inflation rose to 10.03 percent in June from 9.73 percent a year earlier, squeezing the living standards of poor and low-income families.

A study by independent non-profit Power and Participation Research Centre (PPRC) published last month found that poverty levels have risen sharply.

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## Reserves fall to \$25.3b after ACU payment

STAR BUSINESS REPORT

Bangladesh's foreign exchange reserves fell to \$25.30 billion yesterday, according to the International Monetary Fund's calculation, after the country cleared \$1.50 billion in import bills under the Asian Clearing Union (ACU).

The Tehran-based organisation facilitates payment settlements among nine member countries: India, Bangladesh, Bhutan, Iran, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka.

Under the ACU mechanism, Bangladesh clears its import bills every two months, leading to a temporary decline in reserves after each payment.

Following the payment, Bangladesh's gross reserves stood at \$30.04 billion overall, according to Bangladesh Bank data.



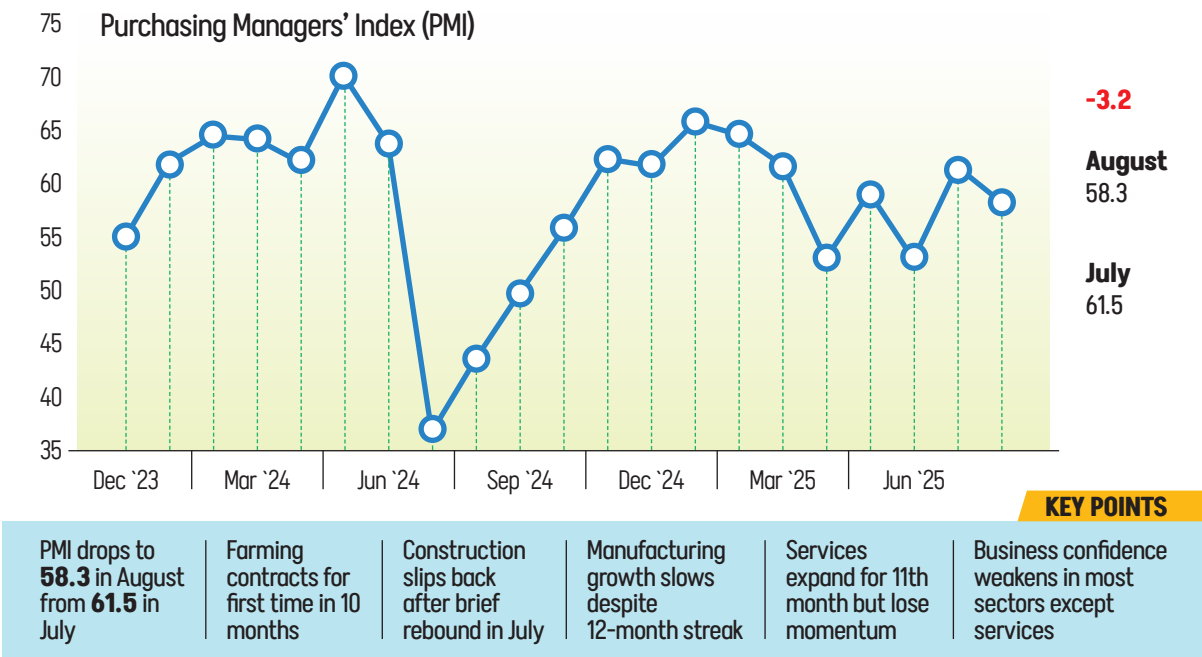
The foreign exchange reserves, which had fallen below \$20 billion in the first half of last year, have been on the rise in recent months, buoyed by increased inflows of remittances and export earnings.

On September 4 last year, the reserves were \$20.55 billion, according to the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) published by the IMF.

In its July issue of Exchange Rate & Foreign Exchange Market Dynamics, Bangladesh Bank said pressure in the foreign exchange market continued easing on the back of favorable developments in the balance of payments—a summary of a country's transactions with the rest of the world.

The central bank added that the surplus in the overall balance of payments rose to \$3.4 billion during the 2024-25 fiscal year, with a significant improvement in the current account balance driven by a surge in remittance inflows, strong export growth, and weak import demand.

## Economic growth slows in Aug as key sectors lose steam: PMI



STAR BUSINESS REPORT

The country's economy grew in August, though at a weaker pace than the month before, as several sectors lost momentum, according to the latest Purchasing Managers Index (PMI).

The index fell to 58.3 in August, down from 61.5 in July, according to the index jointly prepared by the Metropolitan Chamber of Commerce and Industry (MCCI) and Policy Exchange Bangladesh (PEB).

As per the index, agriculture and construction contracted in the last month, while manufacturing and services posted slower growth.

"The latest PMI readings indicate that the overall Bangladesh economy continued to expand for 11 consecutive months, but at a slower rate," said M Masrur Reaz, chairman and chief executive of PEB.

The PMI is a forward-looking measure of business conditions used worldwide. A score above 50 signals growth, while a reading below 50 points to contraction.

In August, agriculture shrank for the first time in nearly a year, with new business, activity, and input costs all easing. Order backlogs and employment also declined.

Manufacturing logged its 12th month of expansion, but gains in new orders, exports, production, and supplier deliveries were held back by falling backlogs and a third straight monthly drop in jobs.

**The PMI publication, prepared by MCCI and PEB, tracks more than 500 private companies across agriculture, manufacturing, construction, and services**

"Agriculture and construction contracted due to disruptions caused by the prolonged monsoon, while manufacturing and services also grew at a weaker pace, as reflected in the dip in export earnings in August," said Reaz.

Construction, which had expanded in July for the first time in months, slipped back into contraction in August. New business and activity rose, but order backlogs and jobs continued to decline for a fourth month.

The services sector grew for an 11th straight month, though at a slower clip. Business activity, orders, employment, and input costs increased, but backlogs fell.

Meanwhile, confidence weakened in agriculture, manufacturing, and construction, while services showed greater optimism.

Businesses cited political uncertainty, seasonal factors, and rising costs as challenges, though some still benefited from earlier orders and ongoing projects.

The MCCI and PEB launched the PMI publication in January last year with support from the UK government.

It tracks more than 500 private companies across agriculture, manufacturing, construction, and services.

## Confidence Cement to sell subsidiary to sister company

STAR BUSINESS REPORT

Confidence Cement PLC has announced plans to sell its entire stake in its Dhaka-based subsidiary to Confidence Power Holdings Ltd, citing a combination of financial obligations, strategic restructuring, and market headwinds in the cement sector.

The proposed transaction involves 14.09 crore ordinary shares priced at Tk 10 each, totaling Tk 140.97 crore, according to a disclosure on the Dhaka Stock Exchange (DSE) website yesterday.

Approved by the board on September 4, the deal is subject to shareholder approval at an upcoming general meeting.

Speaking to The Daily Star on the matter, Confidence Cement Company Secretary Delwar Hossain said the decision to divest its Dhaka unit is part of a "broader strategic shift," as the company seeks liquidity to meet operational and financial obligations in a tightening market.

He also dismissed speculation in the industry that the transaction was a form of internal financial maneuvering.

"Not exactly. When a group has multiple units, each must maintain its own legal identity. That's all this is," he said.

"The process is fully transparent and aligns with all applicable guidelines," he added.

Confidence Cement's Dhaka unit, which has a production capacity of 6,000 tonnes per day, has yet to reach full commercial operation.

Citing macroeconomic factors and a prolonged slowdown in infrastructure projects, Hossain said, "The industry is going through a tough phase. There's a notable slowdown in government infrastructure projects, which has significantly impacted overall demand."

"To operate the production unit efficiently, we need funding. Since we currently lack adequate liquidity, we're handing it over to a stronger entity that can manage it better," he explained.

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## Gold nears record \$3,600 in global market

REUTERS

Gold's powerful rally took on fresh legs on Friday, with prices just cents away from \$3,600 per ounce, as weak US jobs data further raised expectations for bullion supportive Federal Reserve rate cuts.

Spot gold was up 1.4 percent at \$3,596.55 per ounce, as of 2:47 p.m. EDT (1847 GMT), having hit a record \$3,599.89 earlier. The metal is now on track for its strongest weekly gain in nearly four months. US gold futures for December delivery settled 1.3 percent higher at \$3,653.30.

Bullion has surged 37 percent so far this year after a 27 percent gain in 2024 - driven by US dollar weakness, central bank buying, a softening monetary policy backdrop and wider geopolitical and economic uncertainty.

Data showed US job growth weakened sharply in August while the unemployment rate increased to 4.3 percent, confirming that labour market conditions were softening. Traders are now betting an 90 percent chance of a 25-basis-point rate cut and a 10 percent chance of a 50-basis-point cut in September.

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