



Coops resembling two-storey houses featuring doors, netted windows and tin roofs put up for sale in Tanore upazila in Rajshahi for anywhere from Tk 2,000 to Tk 4,000. The makers say these cages are well ventilated and help prevent predation of poultry by fishing cats and jackals. The photo was taken last Saturday. PHOTO: AZAHAR UDDIN

Stocks end week with a fall

STAR BUSINESS REPORT

Equities at the Dhaka Stock Exchange (DSE) ended the final trading session of the week lower yesterday, dragged down by losses in engineering and non-bank financial institutions. It was the fourth straight session of decline.

The DSEX, the benchmark index of the bourse, shed 54.14 points, or 1.01 percent, to close at 5,283.71, according to DSE data.

Other indices also recorded negative performances, as the Shariah-based DSES and the blue chip DS30 slipped into negative territory.

The market closed in the red as all large-cap sectors posted negative performances, BRAC EPL Stock Brokerage Ltd said in its daily market update.

Turnover, a key gauge of investor activity, fell to Tk 530.18 crore from Tk 611.87 crore in the previous session, reflecting subdued participation in line with the market downturn.

Block trades, high-volume transactions involving large numbers of securities, contributed 2.3 percent of the overall market turnover.

Market breadth was firmly negative, with 72 issues advancing against 292 declining, while 34 remained unchanged.

Among the major sectors, engineering shares suffered the biggest fall, sliding 1.26 percent, followed by non-bank financial institutions at 1.09 percent and pharmaceuticals at 0.94 percent.

Food and allied dropped 0.91 percent, banks 0.79 percent, fuel and power 0.75 percent, and telecommunications 0.30 percent.

Dominate Steel Building Systems emerged as the most traded stock, posting a turnover of Tk 21.9 crore, said BRAC EPL.

On the performance table, Rahima Food Corporation surged 9.04 percent to top the gainers' list, while Union Bank slumped 10 percent, making it the worst performer of the session.

AI boom fuels TSMC revenue

REUTERS

TSMC, the world's largest contract chipmaker, reported on Thursday third-quarter revenue rose 30 percent year-on-year, beating the market forecast, as demand for the company's products leapt on surging interest in artificial intelligence applications.

Revenue for July-September came in at TS989.92 billion (\$32.47 billion), according to Reuters calculations, compared with TS759.69 billion in the year ago period.

The latest result handily topped an ISEG SmartEstimate of TS973.26 billion drawn from 22 analysts, and was in the mid-point of guidance of \$31.8 billion to \$33 billion issued by TSMC in July in its last earnings call. TSMC only gives guidance in US dollars.

TSMC will report full third-quarter earnings on October 16, including an updated outlook for the current quarter and full year.

The company, whose customers include Nvidia and Apple, has been a major beneficiary of advances in AI, which has more than offset the tapering off of pandemic-led demand for chips used in consumer electronics like tablets.

How Europe can play to its strengths with AI

REUTERS, London

No one in Brussels should be under any illusions about Europe's standing in the global AI race. It's plain to see that the bloc lags the United States and China on almost every conceivable metric. A 1 billion euro (\$1.16 billion) investment pledge unveiled by the European Commission on Wednesday will do little to change any of that. Yet there are, at least, some seeds of a viable plan.

Only a handful of European companies are relevant in the global AI industry. Dutch \$400 billion group ASML, for example, makes machines that can print circuits on chips, and recently invested in French large language model developer Mistral at a \$14 billion valuation. Germany's \$320 billion SAP meanwhile, helps businesses navigative the bold new world of AI agents. Beyond that, it's thin. There's no European leading-edge chip designer like Nvidia, and it's not clear how the bloc could create one. Compare that

with China, where Huawei, Alibaba and others are making strides with AI-grade silicon.

Europe is also heavily dependent on the US for cloud computing services, which is how many companies end up interacting with the latest models. Microsoft's Azure, Amazon.com's AWS and Alphabet's Google Cloud control around 70 percent of the European market, with just 15 percent held by local players, Synergy Research Group data shows. Private investment in European AI startups, meanwhile, is slow, and the gap with the US is only widening given a recent fundraising and investment blitz by OpenAI.

The question is what Brussels can do about all this. One move, announced on Wednesday, is to shove 1 billion euros of funding towards boosting AI adoption. Commission President Ursula von der Leyen name-checked the robotics, healthcare, energy and automotive sectors in a statement.

While the money is tiny by American standards, it's broadly the right idea. Major European economies including Germany and France have large industrial companies, like carmakers and utilities, while governments are also trying to build

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up local defence manufacturing. If the bloc isn't globally relevant in building the smartest models or services, perhaps it can lead in the industrial applications. The partnership between ASML and Mistral, focused on developing specific uses of AI in semiconductor manufacturing, is a case in point.

Another logical place to focus on is talent. With the United States mulling

policies that could make life tougher for foreign workers, Europe might have an edge.

A huge hurdle to clear, however, is the cost of energy, which is a non-negotiable input when building and using AI. European electricity prices can be more than twice as high as in the US and China, according to Mario Draghi's 2024 competitiveness report. The former Italian prime minister floated a range of possible fixes, including green energy investments.

One sign of progress is that the Commission seems alert to the dangers of burdensome AI regulation, and is seeking to make life easier for startups. While Europe is behind, it at least has the building blocks of a sensible approach.

The European Commission on October 8 announced a 1 billion euro (\$1.1 billion) plan to ramp up the use of artificial intelligence in key industries amid a push to cut the European Union's reliance on US and Chinese technologies.

China's forex reserves hit highest level in decade

ANN/CHINA DAILY

China's foreign exchange reserves stood at the highest level in a decade in September, underscoring the country's growing economic resilience in the face of external shocks, official data revealed on Tuesday.

At the same time, official gold reserves rose for the 11th consecutive month, a trend experts said is likely to continue as the country optimizes its reserve structure amid waning confidence in the US dollar.

The country's foreign exchange reserves increased for the second month in a row in September to \$3.3387 trillion, up 0.5 percent or \$16.5 billion from the previous month, the State Administration of Foreign Exchange said on Tuesday.

The \$3.3387 trillion in reserves marked the highest level since November 2015, when it stood at \$3.4383 trillion, according to the foreign exchange regulator. The administration said China's steady economic performance and high-quality development will continue to help keep its foreign exchange reserves generally stable going forward.

Guan Tao, global chief economist at investment bank BOCI China, said that China's foreign exchange reserves hitting their highest level since late 2015 highlights the country's growing capacity to withstand and address external shocks.

Guan said the latest increase was largely driven by the appreciation of global financial assets, while the US Federal Reserve's interest rate cut in September led to slight fluctuations in the dollar. Fluctuations in the dollar change the value of non-dollar reserves in dollar terms.

Wen Bin, chief economist at China Minsheng Bank, said the rise in foreign exchange was also the result of the country's export resilience and the rising appeal of

renminbi financial assets.

Diversified trading partners, an optimized product structure and progress in trade talks with the United States have all helped exports remain the cornerstone for stabilizing cross-border capital flows, Wen said, adding that broader access for overseas investors to onshore securities is set to further strengthen the renminbi's international appeal.

Despite global trade uncertainties, the country's exports in goods went up 7 percent year-on-year to \$1.7 trillion in the first half of the year, according to the balance of payments data released by the State Administration of Foreign Exchange, leading to a trade surplus in goods of \$456.7 billion.

Official gold reserves also rose for the 11th consecutive month, a trend experts said is likely to continue as the country optimises its reserve structure amid waning confidence in dollar

The data also showed that net overseas investment inflows into onshore securities reached \$37.3 billion in the same period, surpassing the \$26.6 billion for the whole of 2024, with equity investment accounting for three-quarters of the amount.

The administration said the country's official gold reserves came in at 74.06 million ounces at the end of September, up from 74.02 million ounces a month earlier, marking the 11th consecutive month of increase.

This happened as international gold prices hit record highs amid expectations of the US Fed's rate cuts and doubts about its policy independence.

Oil little changed

REUTERS, Singapore

Oil prices were little changed on Thursday as investors weighed a ceasefire deal in Gaza that could ease geopolitical tensions in the Middle East against stalled peace talks in Ukraine that could sustain sanctions on Russia and curb its exports.

Brent crude futures rose 2 cents to \$66.27 a barrel by 0629 GMT. US West Texas Intermediate crude fell 1 cent to \$62.54.

US President Donald Trump said that had reached a long-sought deal for a Gaza ceasefire and hostage release under a plan for ending the two-year-old war in the Palestinian enclave.

Govt approves merger

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partner within three years and is expected to be fully privatised within five.

"Finally, it has been assured that through this merger process, no employee will lose their job, and no depositor will lose their savings," said Alam.

Central bank officials who are directly involved in the merger process said depositors of the merging banks would be allowed to withdraw up to Tk 2 lakh if they choose to close their accounts.

Larger deposits will be repaid in phases, while institutional depositors will be reimbursed through a separate mechanism, they added.

The merger is being carried out under the newly enacted Bank Resolution Ordinance 2025, which gives broad powers to restructure troubled banks.

The move follows forensic audits by international accounting firms earlier this year that showed an alarming level of financial distress in those five banks.

The audits found that non-performing loans (NPLs) accounted for 96.37 percent of total loans at First Security Islami Bank, 97.8 percent at Union Bank, 95 percent at Global Islami Bank, 62.3 percent at Social Islami Bank and 48.2 percent at Exim Bank.

As of May this year, combined deposits at these banks stood at over Tk 1.36 lakh crore, according to the

Bangladesh Bank.

After the political changeover in August last year, the central bank dissolved the boards of these banks and appointed new ones. The forensic audit findings prompted the interim government to move forward with the merger.

Yesterday's advisory council meeting also approved the draft Depositor Protection Ordinance, which proposes setting up a Depositor Protection Fund to be managed through a designated account at the Bangladesh Bank.

External account

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The financial account is a component of a country's balance of payments that covers claims on or liabilities to non-residents concerning financial assets, including foreign direct investment, portfolio investment, reserve assets, and loans.

As such, the overall deficit declined to \$53 million in the July-August period of FY26, from \$1.4 billion in the same period a year ago.

Bangladesh's balance of payments — a summary of a country's economic transactions with the rest of the world — returned to a surplus in FY25, ending a three-year spell of deficits.

This came about owing to stronger remittance inflows, foreign aid, a flexible exchange rate, and tighter fiscal measures.

Industrial rebound lifts

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Even though GDP growth this year is slightly better than the Covid period of FY20, it remains the lowest compared to FY21, FY22, FY23 and FY24, he said.

The economist described FY25 as "the most difficult year since the pandemic".

"In some ways, it has been even more difficult than Covid-19 because political uncertainty continued throughout the year," he added.

Unlike the pandemic, when lockdowns were temporary, the prolonged sense of insecurity badly affected the services sector. "When unrest continues on the streets, key service activities such as wholesale and retail trade and transport are hit the hardest," Hussain added.

He also referred to growth forecasts by multilateral agencies that suggest only a marginal improvement in FY26. "Most anticipate it will hover around five percent," he said.

On October 7, the World Bank projected that the Bangladesh economy would grow 4.8 percent in FY 2025-26, up from 4 percent in the previous fiscal year.

The Asian Development Bank (ADB) also forecast moderate expansion, projecting 5 percent growth in FY26, slightly lower than

its April estimate.

The Manila-based lender said the country's growth prospects face headwinds from global trade shocks, persistent inflation, and domestic financial sector weaknesses.

Hussain said that the future outlook will depend on how both external and domestic risks unfold.

"Externally, we face risks linked to Trump-era tariffs and ongoing geopolitical tensions. But our bigger risks are internal. Street protests may have eased somewhat recently, but political uncertainty remains unresolved," he said.

He added that the absence of political consensus remains a major cause for concern. "If there is a smooth political transition, the economy will likely recover gradually. But if the transition is rocky, the recovery could falter."

Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh (PRI), said the economy would only regain momentum if the election restores public confidence in the democratic process.

"My projection for FY26 is timid as investors are holding back investments till the next election, and not much ADP implementation will happen after December," he said.

Bangladesh cashes in on

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took part in the reciprocal tariff negotiations on behalf of the country's private sector. During those talks, Washington imposed a reduced 20 percent tariff on Bangladeshi goods entering the US, tied to efforts to reduce the trade imbalance.

Trade between the two countries remains heavily in Bangladesh's favour, with exports to the US crossing \$8.2 billion a year, while imports from the US total around \$2 billion.

Khabibur Rahman, country team lead for Bangladesh at the US Soybean Export Council (USSEC), confirmed the surge in US soybean imports following the reciprocal tariffs. "Over the last two months, soybean imports in Bangladesh have boomed because

of the advantageous price." In August and September, Bangladesh imported 400,000 tonnes of soybean seeds, up from 200,000 tonnes in the previous two months, said Rahman.

In September alone, 114,000 tonnes came from the US, accounting for 87.11 percent of total imports that month. Brazil supplied 16,800 tonnes, or 12.89 percent, he said.

"Even in July, before the tariffs took effect, 45.84 percent of soybeans were imported from the US and 54 percent from Brazil. The picture is now completely reversed," he added.

Bangladesh's soybean crushing is forecast to rise 9.1 percent to 2.4 million tonnes in the 2025-26 marketing year, Rahman said.