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Foreign stock investors keep pulling out funds

They sold more shares than they bought amid political uncertainty, weak banks, and a lack of promising companies

AHSAN HABIB

Foreign investors pulled more money out of the stock market in the first four months of fiscal year (FY) 2025-26, as political uncertainty made them cautious about putting fresh funds into shares.

Net foreign investment in listed stocks stood at minus \$66 million during the July-October period, according to Bangladesh Bank (BB) data, meaning overseas investors sold more shares than they bought.

In the same four-month period a year earlier, net outflows were much smaller at minus \$9 million.

Market insiders say concerns over the financial sector have added to uncertainty around the country's political landscape.

Saiful Islam, president of the DSE Brokers Association of Bangladesh (DBA), said foreign investors are worried that stress in parts of the banking sector could spread more widely.

He said only four to five banks are relatively stable, while the rest are under pressure. This has weakened confidence in financial stocks.

The central bank is merging five listed banks after their conditions were found beyond

repair. The BB is also working on liquidating nine non-bank financial institutions, eight of which are listed. These developments have added to investor nervousness.

At the same time, Islam said high inflation has hurt consumer spending, limiting the earnings potential of consumer goods companies and reducing their appeal to foreign funds.

According to him, foreign investors have also found limited reasons to stay in the market due to a lack of new and attractive companies.

"Some listed firms are performing reasonably well, but many have weak dividend records," said Islam, also a director of the BRAC EPL Stock Brokerage.

Most of all, no large, well-run companies have entered the market in recent times, which could draw fresh foreign interest, he added.

In the last one year, no initial public offering (IPO) has been approved, although the chief adviser of the interim government in May asked the authorities for listing state-owned enterprises.

Islam, whose brokerage house deals with foreign investments, also pointed to poor communication and weak governance at many

listed firms.

Foreign investors often do not get timely updates or meaningful access to company management, which discourages long-term investment.

Meanwhile, some other market operators say foreign investors are cautious partly because of earlier policy moves that disrupted trading.

Mohammed Rahmat Pasha, chief executive and managing director of UCB Stock Brokerage, said the political atmosphere around the next national elections is a key concern.

"Until a democratically elected government takes charge, most long-term foreign investors prefer to stay away," he said, citing fears of unrest and sudden economic disruptions.

According to Pasha, investors are also still wary after the imposition of floor prices in 2020 and again in 2022, which kept prices artificially high. The policy made much of the market illiquid, as many shares became hard to trade.

As a result, foreign investors faced losses and compliance issues with their own regulators, who discourage investment in illiquid markets, said the UCB Stock Brokerage MD.

He said that although floor prices were lifted after the new commission took office in August last year, confidence has yet to fully return.

The BB data show foreign investors pulled out \$150 million from the stock market in FY 2024-25. The outflows in FY 2023-24 amounted to \$343 million.

Nearly half of Bangladeshis remain offline: BBS

STAR BUSINESS REPORT

Nearly half of the population of Bangladesh is still without internet access, according to the latest official data, a situation that IT professionals describe as disappointing when compared with neighbouring countries.

Despite more than a decade of rapid expansion in online and smartphone-based services, experts argue that high data costs, driven by heavy taxation, are the primary reason for the poor performance.

By the end of September this year, 48.9 percent of people aged five and above were direct internet users, according to a quarterly report by the state-run Bangladesh Bureau of Statistics (BBS).

In other words, the BBS report on Information and Communication Technology (ICT) usage means 51.1 percent of the population remained offline during the same period.

"The performance is actually worse than that of our neighbouring countries," said AKM Fahim Mashroor, former president of the Bangladesh Association of Software and Information Services (BASIS).

At the household level, just over half of homes – about 56 percent – had at least one internet user in the July-September period, according to the report released on Wednesday.

The BBS survey covered 61,632 households nationwide and is aimed at informing national ICT policy as well as international platforms such as the International Telecommunication Union and the SDG Tracker.

According to the findings, 50.4 percent of households were online in the July-September quarter, down from 55.1 percent at the end of fiscal year 2024-25.

This means that around half of citizens remain digitally excluded, even as online services increasingly shape access to education, healthcare, finance and government support.

Mashroor described the findings as "extremely disappointing for Bangladesh", adding that the high cost of data is the main barrier. In India, more than 70 percent of the population is online, while in Pakistan, the figure exceeds 60 percent.



Ctg customs' Jul-Nov revenue jumps 9% but misses target

MOHAMMAD SUMAN

Chattogram customs house, the country's largest revenue-collecting entity, posted a 9 percent year-on-year rise in revenue in the first five months of the current fiscal year, but still fell short of its target.

The house collected Tk 31,602 crore in revenue during the period, up from Tk 29,001 crore in the corresponding months of the previous fiscal year, according to official data.

Despite the increase, revenue collection was 13 percent below the target of Tk 36,260 crore set for the period.

Officials attributed the shortfall to reduced imports of certain goods and the impact of government duty exemption policies, which limited revenue growth.

Data showed that imports rose sharply during the period, increasing by 63.97 lakh tonnes, or 18.47 percent year-on-year.

According to the National Board of Revenue (NBR), total imports during the first five months of the current fiscal year stood at 4.10 crore tonnes of goods worth Tk 2.22 lakh crore, up from 3.46 crore tonnes valued at Tk 1.97 lakh crore a year earlier.

Around 4,500 types of products are imported through the Chattogram customs house. But nearly 45 percent of total customs revenue comes from just 30 key items, including diesel, palm oil, coal, apples, grapes, oranges, dates, crushed stone, cement clinker, steel products, and powdered milk.

Mohammad Tafsir Uddin Bhuyan, additional commissioner of the Chattogram customs house, said higher imports of food items ahead of Ramadan

helped boost revenue collection.

Stricter monitoring to curb import irregularities and quicker completion of auction procedures also contributed to the increase.

"We are hopeful of achieving our revenue target if this momentum continues over the remaining months of the fiscal year," he told The Daily Star.

Bhuyan also said several measures have been taken to boost revenue collection, including preparing a list of importers and clearing and forwarding agents previously found to be evading taxes in order to intensify scrutiny of their consignments.

Govt's treasury bill borrowing up 4.3% in Nov

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The government increased its borrowing through short-term treasury bills in November, issuing Tk 31,289.13 crore worth of the instruments, a 4.3 percent rise from October, according to data from Bangladesh Bank (BB).

Treasury bills are short-term loans that the government takes from banks and other financial institutions to meet immediate funding needs. They are sold through auctions conducted by the central bank and are considered one of the safest investment options in the financial system.

BB's Money Market Dynamics report shows that four such auctions were held in November. The average interest rates paid by the government stood at 9.99 percent for 91-day bills, 10.03 percent for 182-day bills, and 10.01 percent for 364-day bills.

The interest rate, known as the cut-off rate, is the highest rate the government agrees to pay in an auction and reflects demand for the bills as well as overall liquidity conditions in the banking system.

For the 91-day treasury bills, the cut-off rate fell during the first three weeks of November, reaching a low of 10.07 percent, before edging up to 10.14 percent in the final auction.

According to the BB report, the rate in the first auction of the month was 10 basis points lower than the previous one.

In the case of 182-day bills, the cut-off rate jumped by 30 basis points in the second week of the month but declined gradually in the remaining auctions.

By contrast, interest rates on 364-day treasury bills rose steadily throughout November, climbing from 9.99 percent to 10.25 percent by the final auction.

Farmers of early potato varieties hit by old stock glut



Farmers harvest early varieties of potatoes at Nayapara village in Mominpur union of Rangpur Sadar upazila. Despite good yields, growers say prices remain depressed due to an oversupply of old stock, forcing many to sell below production costs.

PHOTO: S DILIP ROY

SUKANTA HALDER and S DILIP ROY

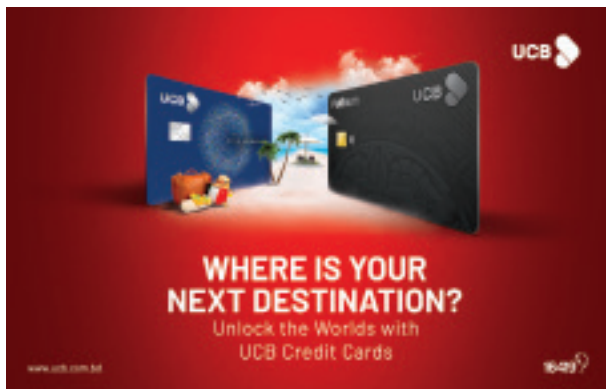
Farmers who cultivated early varieties of potatoes are once again incurring losses as prices of newly harvested tubers remain unusually low due to an oversupply of older stock in the market.

Fresh potatoes are traditionally sold at a premium for their aroma and taste, particularly when supplies of new harvests are limited. This year, however, the price gap between new and old potatoes has narrowed significantly, undermining farmers' expectations.

Growers say they had a bumper harvest last winter and had to accept a low rate, which has sent many to almost bankruptcy. Now, rising production costs have made the prevailing prices of early varieties unsustainable.

According to potato farmers, production cost stands at around Tk 30 per kilogramme (kg) this season, while wholesale prices hover between Tk 28 and Tk 30.

In Dhaka's retail markets, new potatoes are selling for around Tk 35 per kg, with traders purchasing them from farmers at below Tk 30. Smaller-sized new potatoes are fetching even lower prices, between Tk 25 and Tk 30 per kg, close to the Tk 20-Tk 25 per kg price of old potatoes.



"The market is still flooded with old potatoes, which is keeping prices of new ones down," said Arif Hossain, a retail trader in Mirpur. He said he bought fresh potatoes at Tk 28 per kg and is selling them at Tk 35.

According to data from the state-run Trading Corporation of Bangladesh, both new and old potatoes were selling at Tk 60-Tk 70 per kg in mid-December last year.

Early potato varieties are planted in early October and harvested within 60-65 days, reaching markets from early December. This season, however, farmers say adverse weather and high input costs have compounded their

difficulties.

Nabin Chandra Sarkar, a farmer from Rangpur Sadar upazila, said continuous rainfall during planting made it difficult to protect crops. "Despite all the effort, the price is far below expectations. Even early potatoes are now being sold at a loss."

Dilbar Rahman, a farmer from the Teesta riverine area of Lalmonirhat, said he spent Tk 6.20 lakh cultivating early potatoes on 10 bighas of land but earned only Tk 5.70 lakh from sales. "Last year, I made a profit of around Tk 200,000 on the same land."

Farmers from Kurigram district reported similar losses.

Mostofa Azad Chowdhury Babu, president of the Bangladesh Cold Storage Association, said around 500,000 tonnes of potatoes remain in cold storage, although facilities are usually cleared by December 10. "The faster the stock is cleared, the lower the losses."

Bangladesh produced about 1.15 crore tonnes of potatoes last winter, far exceeding domestic demand.

The association estimates annual demand at 80-90 lakh tonnes, including household consumption, industrial use and seed.

With supply outpacing demand, farmers were forced to sell potatoes below production costs.

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