

Rising energy costs threaten export competitiveness

GED report warns energy costs, ME tensions risk inflation, trade deficit, FX stability

STAR BUSINESS REPORT

Rising global energy prices, driven by geopolitical tensions, along with recent domestic fuel price adjustments, are pushing up production and transport costs and threatening Bangladesh's export competitiveness, according to a General Economics Division (GED) report published yesterday.

Export performance weakened in the first quarter of 2026 after a relatively strong start, the GED said in its April issue of the Economic Update & Outlook.

Year-on-year export growth fell sharply from negative 0.50 percent in January to negative 12.03 percent in February, before declining further to negative 18.07 percent in March. The report linked this trend to softer external demand and emerging supply-side constraints.

Readymade garment (RMG) exports declined from \$3.61 billion in January to \$2.78 billion in March, reflecting seasonal normalisation and weaker global demand.

Non-RMG exports were more volatile, dropping to \$679 million in February before rising slightly to \$698 million in March. The GED said the broad-based decline across export categories points to broader pressure on the sector.

However, it added that a modest recovery in non-RMG exports and steady demand for garments offer some cautious relief, although policy support and efficiency improvements may be needed going forward.

On inflation, the report said there were some positive developments as headline inflation eased slightly in March. Lower rice prices helped offset continued price increases in meat, fish, and vegetables.

EXTERNAL SECTOR

Energy costs rising, weighing on exports

Export growth slowed sharply in recent months

RMG exports falling; non-RMG volatile

INFLATION

Inflation easing, but non-food prices still rising

FINANCIAL STABILITY

Remittances, reserves supporting stability

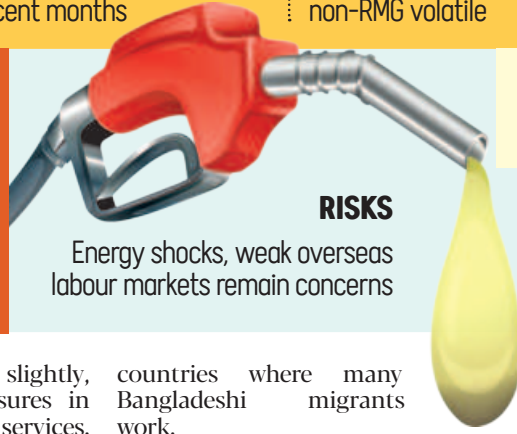
Deposits rising, signalling confidence

BORROWING

Public borrowing up; private credit steady

RISKS

Energy shocks, weak overseas labour markets remain concerns



Non-food inflation rose slightly, reflecting persistent cost pressures in housing, transport, utilities, and services. The GED linked these pressures to exchange rate effects, higher energy costs, and rising production and distribution expenses.

"Persistent non-food inflation suggests that underlying inflationary pressures remain entrenched despite temporary relief from food prices," the report said.

The GED also highlighted strong remittance inflows and higher foreign exchange reserves compared to last year as key buffers for external sector stability.

It said remittances continue to support the economy by strengthening reserves, financing the current account, and improving macroeconomic resilience.

It added that, amid the energy crisis, higher remittances are helping offset rising import payments and supporting reserve accumulation. However, it warned that geopolitical tensions could affect labour markets in energy-exporting

countries where many Bangladeshi migrants work.

While seasonal factors may support inflows in the short term, the report said remittance sustainability in the medium term will depend on external labour demand and global economic stability.

It also cautioned that rising global energy costs and tensions in the Middle East pose renewed risks to inflation, the trade deficit, and exchange rate stability. "Any further increase in energy costs or depreciation of the taka could quickly reverse recent moderation."

On the domestic financial sector, the GED said public sector borrowing from banks has increased significantly. Credit growth to the public sector rose nearly 30 percent year-on-year in February 2026, the highest in five months, compared to 26.15 percent in February 2025.

"Public sector credit growth is accelerating sharply, partly reflecting

increased government borrowing amid mounting energy-related fiscal pressures," the GED said.

Private sector credit also increased, although growth remained stable at 6.03 percent in both months.

The report said that up to February 2026, both bank deposits and credit disbursement showed a generally positive trend, indicating gradual recovery and improving confidence in the banking sector.

Total bank deposits reached Tk 19.95 lakh crore in February, up 11.28 percent year-on-year.

This was higher than Tk 19.67 lakh crore in January, when deposits grew 10.44 percent year-on-year.

The data used in the report were sourced from the Bangladesh Bureau of Statistics (BBS), Implementation Monitoring and Evaluation Division (IMED), Export Promotion Bureau (EPB), Bangladesh Bank (BB), and the National Board of Revenue (NBR).

Samsung posts record profit on AI boom

AFP, Seoul

Samsung Electronics said Thursday that operating profit soared 750 percent on-year to a record high in the first quarter thanks to strong sales of chips crucial for artificial intelligence, and forecast continued healthy demand in the next three months.

The South Korean technology giant has emerged as a key player – along with rival SK hynix – in the supply of high-performing chips in demand from companies racing to keep up with the fast-evolving AI industry.

Their strong performance has come as the South Korean government has pledged to make the country one of the world's top three AI powers alongside the United States and China.

Samsung said in its earnings report on Thursday it had "achieved record quarterly revenue and operating profit through AI technology innovations and proactive market response".

It said operating profit came in at 57.2 trillion won (\$38.4 billion), having said earlier in the month that it expected to reach a quarterly record.

Net profit hit 47.1 trillion won, beating forecasts in a Bloomberg survey of analysts, while sales reached 133.9 trillion won, an all-time quarterly high.

Its chips division also beat expectations with a huge rise in profit to 53.7 trillion won, accounting for the bulk of the unit's total.

The company said its memory arm "surpassed its quarterly sales record by addressing high-value-added AI demand despite limited supply availability, with industry-wide memory price increases also a contributing factor".

It added that it expected "strong memory demand to continue" through the second quarter as the buildout of AI infrastructure continues apace.

Chief financial officer Park Soon-cheol brushed off concerns about supply chain disruption due to the Middle East war, saying "semiconductor production lines are currently operating normally".

Global rice supply at risk from Iran war, El Nino

REUTERS, Singapore/Bangkok

Rice supply is expected to fall this year as farmers cut planting acreage across Asia because of fertiliser shortages and soaring fuel costs from the Iran war, with an emerging El Nino also set to squeeze output of the world's most consumed staple.

Rice is central to global food security, and even modest supply disruptions can ripple through countries, lifting prices and straining household budgets, particularly among price-sensitive consumers in Asia and Africa. The UN Food and Agriculture Organization in April forecast rice output would expand by 2 percent to a record high in 2025/26.

The effects of the Iran war are impacting farmers in top exporters Thailand and Vietnam as well as the import-reliant Philippines and Indonesia, growers and traders said. The war has cut fuel and fertiliser flows through the Strait of Hormuz, a key chokepoint that connects the Gulf to global markets.

Southeast Asia's mainly smallholder farmers also face mounting stress as the El Nino weather phenomenon is set to usher in hotter, drier conditions for the region in the second half of the year.

"Farmers have already started planting rice in some countries and are using fewer inputs because prices have gone up," said Maximo Torero, chief economist at the UN FAO. "We are going to see a tighter global supply situation in the second half of the year and early next year."

In 2008, export curbs by key suppliers more than doubled prices to about \$1,000 a metric ton, triggering unrest in several countries. More recently, supply tightness in 2022 to 2023, exacerbated by India's export restrictions, lifted prices and prompted panic buying.

SUPPLY-CHAIN DISRUPTION

Rice shipments are already facing supply-

chain bottlenecks.

"Logistics have become a nightmare, especially in Asia as there is shortage of polypropylene bags, limited truck availability to move rice to ports and shipping itself has been disrupted," said a Singapore-based trader at a top global rice merchant, who asked to remain unidentified as they are not authorized to speak to media.

While fertiliser shortages and dryness are already curbing yields of smaller crops being harvested in Southeast Asia, the next crop will likely face a bigger reduction.

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India, Thailand and the Philippines plant their main crops in June and July, while Vietnam and Indonesia are now sowing their second-season crops.

Most Asian producers grow two or three rice crops a year.

FARMERS CUT PLANTING

Sripai Kaew-Eam, a 60-year-old farmer in Thailand's Chai Nat province about 151 km (94 miles) north of Bangkok, said high fertiliser and fuel prices have pushed production costs to about 6,000 baht (\$183.99) per rai (0.4 acre), from around 4,500 to 5,000 baht for the previous crop, while the price she receives for the unhusked rice she harvests is about 6,200 baht per metric ton.

Fertiliser prices have risen to 1,000 to 1,200

baht per bag, from 850 baht, forcing her to cut her use by half.

"Fertiliser prices are high, fuel prices are high," she said.

The Philippines, the world's biggest rice importer, faces a similar situation.

"Some farmers are now saying they may not plant or will reduce fertiliser use, which would inevitably cut production," said Arze Glipo, executive director of the Integrated Rural Development Foundation.

The country's output could fall by as much as 6 million tons from its typical 19 million to 20 million.

"That would leave the Philippines in a precarious position, as imports are also uncertain due to export restrictions, making it extremely difficult to cover any production shortfall," Glipo said. In Indonesia, fertiliser supply is not a constraint but the El Nino is expected to curb output.

Indonesia's statistics bureau estimates the rice harvest area in the March to May period will shrink by 10.6 percent to 3.85 million hectares (9.5 million acres), while unhusked rice production will drop 11.12 percent to 20.68 million tons.

Despite the supply worries, the world has ample rice inventories following years of bumper output, with India, the world's biggest exporter, holding a record 42 million tons or about one-fifth of global stockpiles, according to US Department of Agriculture data, cushioning any drop in global production.

Most rice grade prices are currently steady but will likely rise even if the Hormuz situation were resolved immediately, the FAO's Torero said.

Opening the strait soon would avoid a major supply issue but "if we don't reopen this in the next two to three weeks, the situation is going to get pretty serious," he said.



The effects of the Iran war are impacting farmers in top exporters Thailand and Vietnam as well as the import-reliant Philippines and Indonesia.

PHOTO: REUTERS/FILE

When looting turns respectable

MAHTAB UDDIN AHMED

The news was so uplifting that one could almost picture an emergency meeting of the "Chor Samity", "Dakat Association", "People Looter Forum" and the esteemed "Bank Looters Welfare Council". Tea was poured. Samosas arrived. A solemn resolution was passed.

If the biggest bank looters can repair their past, soften legal troubles and perhaps return through a lawful arrangement after paying back only a slice of the damage, surely smaller thieves of the republic deserve equal compassion. Why should petty criminals remain trapped in outdated ideas like punishment and consequences when large-scale looting now appears eligible for rehabilitation?

The poor victim remains where the poor victim always remains in Bangladesh: outside the room, inside the suffering and still expected to finance the solution.

To be fair, governments do not pass such laws for entertainment. The Bank Resolution Act 2026, especially Section 18A, has been reported as creating a path for former owners of distressed or merged banks to regain control under certain conditions. They may do so by paying 7.5 percent upfront of the public funds injected into the bank and repaying the rest within two years with 10 percent simple interest. Critics see a route back for those linked to the wrecking of banks. Supporters call it a practical way to recover at least part of what might otherwise be lost.

The reasoning is easy to imagine. Looters are hard to bring back. Stolen money is hard to trace. Court cases move slowly. Banks are weak, the economy gasping, and repeated recapitalisation with public money would deepen inflation and fiscal pressure.

Perhaps some recovery is better than none. On paper, that sounds realistic. In practice, it teaches a dangerous lesson. If you loot on a large enough scale and survive long enough, the state may stop chasing you and start negotiating.

But the issue is bigger than a single section of a single law. I had written earlier

that large-scale bank looting in Bangladesh rarely occurs as a solo act.

No giant looter can inflict such damage without support, silence or cooperation from bank managing directors, compliant boards, parts of the central bank top brass, bureaucrats, political patrons and a legal culture that often punishes the weak faster than the guilty. The looter may be the face. The ecosystem keeps the back door open. I had warned earlier that successive governments have failed to dismantle the machinery that enabled such looting.

The government had another option. It could have chosen a tougher legal fight, pursued assets aggressively, gone after facilitators as well as front-end looters, permanently barred compromised sponsors from regaining control, and sent a clear message that banking is not a private picnic for politically connected adventurers. That would not only have punished offenders. It would have warned future predators that the state still has some spine.

The world offers little comfort for the softer route. There is no celebrated example of former bank wreckers being allowed to return, suddenly discovering honesty and leading a moral recovery. Serious banking reforms usually do the opposite. Failed owners and managers are removed. Shareholders absorb losses. Legal recovery is pursued. Those who break trust should not be first in line to reclaim it.

This brings us back to that imaginary meeting of the thief associations. Their demand sounded absurd. Under this new moral arithmetic, it is not absurd at all. When the savings of ordinary people and poor depositors are taken, recycled through failure and then handed back, directly or indirectly, to those accused of wrecking the banks, the joke is no longer in the opening paragraph. The joke is on the public. And the bill is theirs.

The writer is the founder of BuildCon Consultancies Ltd and BuildNation Ltd

Powell appeals for Fed independence

AFP, Washington

US Federal Reserve Chair Jerome Powell made a fervent appeal Wednesday for central bank independence, as he prepares to cap an eight-year term at its helm marked by insults and legal action under the Trump administration.

Powell's chairman term ends on May 15, and at his last policy press conference as chief, he announced that he would continue serving as a Fed governor for some time – even after vacating the top job.

The decision swiftly drew ire from President Donald Trump, who charged that he was only staying as he "can't get a job anywhere else."

At his press briefing, Powell gave a lengthy explanation of why central bank independence was key to the economy and the general public.

"We just work directly for the American people," he said. "We don't think, oh, I want to do this because the president says it's a good idea, or because there's an election coming up and I want to speed up or slow down the economy," Powell added.

"This isn't bipartisan. This is nonpartisan," he said.

The briefing, where Powell appeared more relaxed than previous news conferences, concluded with some applause.

"You want people to make monetary policy and set interest rates to benefit the general public, and try to achieve economic goals, which are maximum employment and price stability, and focus only on that, and ignore political considerations – completely ignore them," he said.

The Fed has come under sharp pressure from Trump during Powell's term, sparking concerns that its cherished independence could be eroded.

Trump has called Powell a "numskull" and "moron," lashing out at the Fed chief for not slashing interest rates more aggressively.