Business

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Imported items' contribution to inflation rises: BB

STAR BUSINESS REPORT

The contribution of imported goods to inflation is increasing, reflecting Bangladesh's growing exposure to international price pressures despite a moderation in overall consumer prices, according to Bangladesh Bank (BB).

The average contribution of import-concentrated food and non-food items to inflation rose to 27 percent in the July-September quarter from 24.9 percent in the preceding quarter, the central bank said in its latest quarterly report on Inflation Dynamics in Bangladesh.

In contrast, the average contribution of domestic items declined to 73 percent in the July-September quarter from 75.1 percent in April-June.

Inflation averaged 8.31 percent in the July-September quarter, down from 9.21 percent in the preceding quarter, primarily due to a sharp decline in the contribution of vegetables and rice- and wheat-related items, BB said.

However, protein-based foods remained the largest contributor to food inflation, accounting for nearly half of the total.

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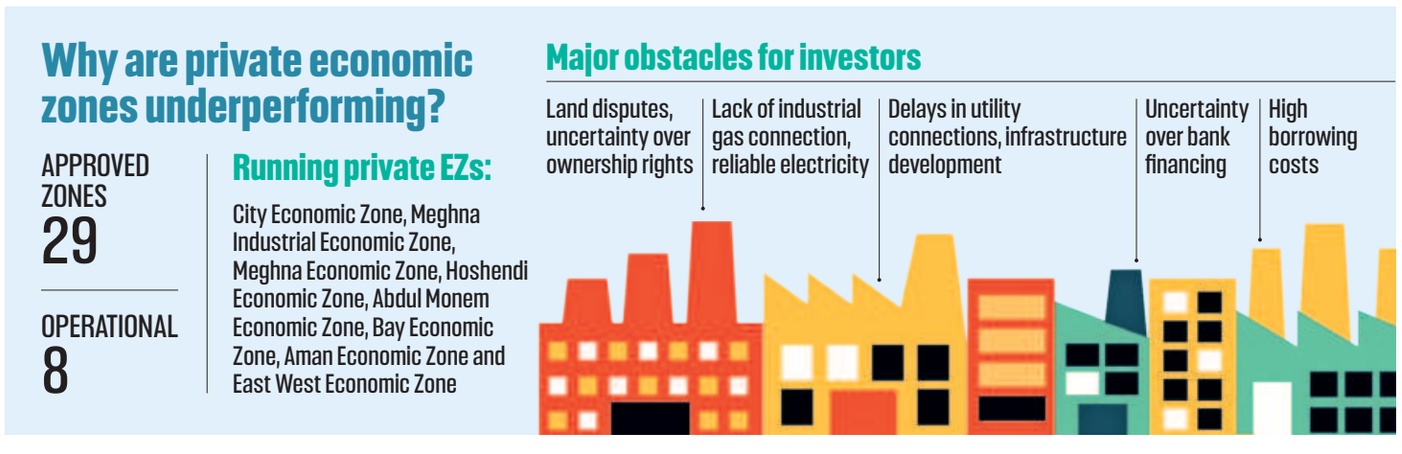
Citing projections from multilateral lending agencies, including the International Monetary Fund (IMF), BB warned that the recent moderation in consumer prices could reverse as global inflation is projected to rise to 4.7 percent in 2026, driven mainly by higher energy and food prices.

This would reverse the improvement seen in FY2025-26, when average inflation fell from double digits to 8.7 percent, according to the latest World Economic Outlook, the central bank said.

Domestic energy inflation also remained elevated during the July-September quarter, averaging 17.40 percent, up from 17 percent in the preceding quarter.

Solid fuels, including firewood, agricultural by-products, cow dung and jute sticks, remained the main driver, with inflation in the category reaching 22.1 percent. Inflation in fuels and lubricants also rose to 14.7 percent from 13.8 percent in the previous quarter.

The central bank said the recent increase in fuel prices, which has yet to be reflected in the inflation figures, remained a significant concern.



Economic zones built to end land, gas woes are stuck with both

JAGARAN CHAKMA

Around a decade ago, the authorities began issuing licences for private economic zones to speed up industrialisation, attract domestic and foreign investment, create jobs and expand exports.

The idea was to spare businesses the cost and hassle of buying land in scattered locations, building roads, arranging gas and electricity connections and securing multiple approvals.

But more than 15 years after the initiative began, developers and investors say some of the very problems the zones were meant to solve are holding back investment.

So far, 29 private zones have been licensed, but only eight are running, some of them only partially. Developers say land and utility supplies, the issues the zones were supposed to resolve, are blocking investment from turning into working factories.

Take the Abdul Monem Economic Zone in Gazaria upazila of Munshiganj. The developer, Abdul Monem Limited, has so far invested Tk 1,000 crore in the project.

But it cannot use 20-25 acres of the site because of disputes with local residents.

This creates three problems. They have prevented the full implementation of the master plan, made it harder to allocate plots to investors and pushed up costs as work falls behind schedule despite money already spent on land development and infrastructure.

"For private economic zones, land disputes are a major problem," said ASM Mainuddin Monem, managing director of Abdul Monem Limited.

The zone is also struggling without an industrial gas connection.

Mainuddin, who is also president of the Private Economic Zones Association of Bangladesh (PEZAB), said the company spent Tk 10-Tk 15 crore of its own money laying an eight-kilometre gas pipeline, but the connection never came.

High borrowing costs of 14-16 percent add to the burden, he said. While the site sits idle, the banks continue to charge high interest.

Mainuddin said attracting investors requires reliable utilities, clear land ownership and predictable costs. He urged the government to resolve land disputes and to consider long-term leases of public land for qualified developers.

UNCERTAIN LAND RIGHTS DETER INVESTORS

Given the scarcity of land and the lack of ready-made industrial sites, private zones remain essential for the country.

But while developers face disputes over land acquisition, prospective investors face uncertainty over land rights.

Without long-term rights to a plot, investors cannot readily use those rights as collateral to get bank loans for factory construction, said Mahmud Hasan Khan, vice-chairman of Sirajganj Economic Zone Limited (SEZL).

A consortium of 10 industrial groups developed the zone and has invested more than Tk 1,000 crore in land, roads, bridges, drainage, electricity and other infrastructure.

SEZL estimates that full development of the zone could attract about $5 billion in phased investment and create 500,000 direct and indirect jobs.

Hasan urged the government to introduce registered long-term leases, preferably of up to 99 years, and to let investors mortgage their land rights to banks, subject to regulatory approval.

Md Abdul Quader Khan, an adviser to the Private Economic Zones Association, said investor interest is no longer the main constraint. "Rather, it is the lack of a registrable and mortgageable long-term land framework."

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Dollar nears Tk 124 in inter-bank market

STAR BUSINESS REPORT

The US dollar rose to nearly Tk 124 in the inter-bank market yesterday as banks faced mounting pressure to settle payments for oil and gas imports through letters of credit (LCs).

The weighted average exchange rate climbed to Tk 123.99 from Tk 123.98 a day earlier, according to Bangladesh Bank (BB) data.

To ease the pressure on the market, the central bank sold $122 million from its foreign exchange reserves to commercial banks on Wednesday.

Bankers said higher payments for oil and gas imports were the main reason for the dollar's rise.

Eastern Bank PLC quoted the dollar at Tk 124.35 for spot selling and Tk 123.35 for spot buying yesterday, up 7 paisa from the previous day for both transactions.

State-owned Sonali Bank quoted a spot selling rate of Tk 124.20, while its buying rates ranged from Tk 122.93 to Tk 123.20. Both rates were considerably lower a week earlier.

A BB official said dollar inflows and outflows were roughly balanced. However, demand for dollars typically increases towards the end of the month as businesses settle import payments, putting upward pressure on the exchange rate.

Remittance inflows also tend to slow during this period, temporarily widening the gap between dollar supply and demand, the official added.

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CPA to drop Saif Powertec from container terminal operation

DWAIPAYAN BARUA, *Ctg*

The Chittagong Port Authority (CPA) has decided not to renew Saif Powertec Ltd's contract to operate Chittagong Container Terminal (CCT) when it expires on November 2, its secretary said.

"Their six-year contract to operate CCT would not be renewed," CPA Secretary Syed Refayet Hamim told The Daily Star yesterday. He, however, said no decision had been finalised on how the terminal would be operated after November 2.

The move comes as the government is reviewing proposals from foreign firms to operate the terminal. The non-renewal will leave Saif Powertec without a terminal operating role at Chattogram port, as it lost the operation of New Mooring Container Terminal (NCT) last year.

A senior CPA official, seeking anonymity, said the authority planned to hand over CCT's operations to Chittagong Dry Dock Ltd, a Bangladesh Navy-owned entity, on an interim basis until a foreign operator is appointed.

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The CPA has yet to formally announce the interim arrangement. Chittagong Dry Dock has been operating NCT since July last year, following the expiry of Saif Powertec's contract. On October 8 this year, the CPA signed a 15-year concession agreement with UAE-based DP World to operate and maintain the terminal.

The shipping ministry began reviewing a proposal from Saudi firm Red Sea Gateway Terminal International to operate CCT last month. Red Sea Gateway submitted the proposal in late April, seeking to operate CCT and the General Cargo Berth, as well as to implement the proposed Bay Terminal Project.

In a letter dated October 19, the CPA asked Saif Powertec to remove its machinery, equipment, structures and other assets from CCT as soon as possible after the contract expires. It also asked the company to ensure timely payment of salaries, allowances, wages and outstanding dues owed to workers and employees engaged at the terminal.

Meanwhile, Saif Powertec employees at CCT and former employees at NCT, who now work under Chittagong Dry Dock, suspended container handling and other operations at the two terminals for an hour yesterday afternoon, demanding payment of their salaries and wages.

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AI-ASSISTED INFOGRAPHIC

How to build a balanced investment portfolio

AHSAN HABIB

Many people in Bangladesh earn a decent income and invest their savings yet often fail to generate satisfactory returns. In some cases, they even lose their principal by making poor investment decisions.

There is no hard-and-fast rule governing how much money should be allocated to each asset class or how an investment portfolio should be structured. However, investment experts recommend several strategies that can help minimise risks while improving returns.

Suppose you have a relatively small amount of money and are unsure whether it is worth investing.

If you have Tk 1 lakh or a similar amount that you may need at short notice, a three-month bank deposit scheme could be a suitable option. You can keep the money in the scheme until it is needed, allowing the deposit to renew automatically and interest to accumulate. The money can also be withdrawn when necessary.

However, if you do not expect to need the money for at least three to five years, savings certificates could be a better option.

For those with larger sums, such as Tk 10 lakh, Tk 15 lakh, Tk 20 lakh or even several crore taka, bank deposit schemes are also suitable for short-term investments.

However, if you have a substantial amount that you are unlikely to need in the foreseeable future and wish to invest for the long term, putting all your money into bank deposits may not be the best strategy. Instead, consider diversifying your investments across several instruments.

Your Money

Suppose you have Tk 1 crore and are unwilling to take investment risks. One option would be to invest Tk 50 lakh in savings certificates and Tk 40 lakh in treasury bonds or government sukuk. The remaining Tk 10 lakh could be kept in a fixed deposit receipt (FDR) with a sound bank.

This arrangement would allow you to meet unexpected financial needs without having to liquidate your savings certificates or treasury bonds.

Buying savings certificates is relatively straightforward. You can purchase them through government banks or post offices. Treasury bonds and sukuk are available through certain banks, and investors can also open a beneficiary owners' (BO) account with a brokerage house to invest in these instruments.

If participating in bond auctions seems cumbersome, open-ended fixed-income mutual funds offer an alternative.

These funds pool money from investors and invest it in bonds, sukuk, shares and other financial instruments. The returns generated are distributed among investors, while the asset management company charges a fee for managing the portfolio.

Several asset management companies in Bangladesh,

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SPOTLIGHT

Bangladesh must brace for another inflationary shock

Economists warn

STAR BUSINESS REPORT

Bangladesh needs to prepare for another bout of inflation as global prices could rise from this coming winter, driven by surging oil prices and higher agricultural production costs, economists warned yesterday.

They called for stronger social protection, better market management and a fairer distribution of economic growth to protect vulnerable households from rising living costs.

"We should not assume that the situation will improve in the coming months. We need to prepare for the possibility that it could deteriorate further," said AKM Enamul Haque, director general of the Bangladesh Institute of Development Studies (BIDS).

Crops currently growing in fields worldwide would begin to be harvested next month, but production costs had already doubled, he claimed.

Oil prices had risen from around $70-80 to $115 since February, driving up the costs of fertilisers, pesticides and other agricultural inputs.

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Bank Asia to set up Hong Kong subsidiary

STAR BUSINESS REPORT

Bank Asia's board has approved a plan to set up a wholly owned subsidiary in Hong Kong, with an initial capital injection of HK$6 million over three years.

The board approved the proposal at a meeting on Wednesday, according to a disclosure posted on the Dhaka Stock Exchange (DSE) website yesterday.

The subsidiary will operate under a Money Lenders Licence. Through the new venture, the bank aims to expand its international banking business, strengthen cross-border trade finance and tap growing trade and investment between Bangladesh and China.

The plan is subject to approval from Bangladesh Bank and completion of the required incorporation and licensing procedures in Hong Kong.

In a separate disclosure, the bank reported consolidated earnings per share (EPS) of Tk 3.24 for January to September 2026, up from Tk 2.37 in the same period last year.

Consolidated net operating cash flow per share (NOCFPS) rose to Tk 66.13 from Tk 38.17 over the same period.