

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

April 10, 2022

Businesses Demand 5-year tax Exemption for Greenfield Projects

The Bangladesh Malaysia Chamber of Commerce and Industry (BMCCI) has demanded a five-year tax exemption for greenfield projects to attract investment in the country.

The trade body has also demanded a 250 basis point tax cut in the corporate tax to encourage investment.

They raised the demands at a roundtable on "National Budget 2022-2023: expectation and recommendation" on Saturday in the capital. The programme was attended by economists and representatives of different trade bodies.

Presenting the keynote at the discussion, Chittagong Stock Exchange Chairman Asif Ibrahim said in order to increase investment in the capital market, the opportunity to invest should be provided to the undisclosed money with 10% tax (penalty). Besides, tax concessions need to be given to the listed SME companies.

Source: <https://www.tbsnews.net/economy/businesses-demand-5-year-tax-exemption-greenfield-projects-400426>



Bangladesh's Apparel Exports to US Increase by 44.38pc in Jan-Feb

Bangladesh's apparel exports to the United States grew by 44.38 per cent or \$444 million in January-February on the back of increased prices and demand for readymade garment products in the market.

The country's RMG exports to the US in the first two months of 2022 increased to \$1.44 billion compared to \$1 billion in the same period of 2021, according to the US department of commerce's office of textiles and apparel.

Exporters said that the successful rebound of the US economy from the shock of the Covid-19 pandemic had created additional demand for apparel products.

Moreover, the increased import orders of knitwear products from the US to Bangladesh also contributed to growth, they said. According to the Otexa data, the value of apparel products in January-February increased more than the volume in the world market.

Source: <https://www.newagebd.net/article/167708/bangladeshs-apparel-exports-to-us-increase-by-4438pc-in-jan-feb>



Two Banks Declare Dividends for 2021

The City Bank and Pubali Bank Ltd – two private-sector lenders listed on the capital market – have recommended dividends for 2021 for their shareholders.

The dividends were declared at the companies' board meeting on Thursday evening.

The City Bank recommended a 25% dividend – 12.5% cash and 12.5% stock.

Last year, its consolidated net profit was Tk549.61 crore, up from Tk436.49 crore in the previous year.

The consolidated earnings per share (EPS) stood at Tk5.15 and its net asset value at Tk30.68 as of 31 December 2021.

On the other hand, Pubali Bank recommended a 12.5% cash dividend for 2021.

The consolidated net profit of the company was Tk434.97 crore, which was Tk370.19 crore in the previous year.

Source: <https://www.tbsnews.net/economy/stocks/two-banks-declare-dividends-2021-400398>



BSEC Cuts Circuit Breaker Limit on SME Index

The Bangladesh Securities and Exchange Commission (BSEC) on Thursday cut the circuit breaker limit to 10% from 20% on the trading of companies listed on the Small Capital Platform Index (DSMEX) of the Dhaka Stock Exchange (DSE), to be effective from the next trading day.

According to a BSEC directive, shares of the companies on the DSMEX can rise or fall by a maximum of 10% in a day.

The DSMEX jumped by 95% to reach 1,573 points in the last few working days till 5 March as investors' participation increased due to a waiver from the registration requirement for trading on that platform.

As a result, shares of eight companies listed on the SME platform rose by 20% daily. However, in response to the DSE's notice, the companies said that there was no price sensitive information behind the unusual share price increase.

But, in the last two days, the DSMEX lost 84 points due to the massive sell-off from the profit booking qualified investors.

Source: <https://www.tbsnews.net/economy/stocks/bsec-cuts-circuit-breaker-limit-sme-index-399394>





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DSE News

Four Square Pharma Directors to Buy 900,000 Shares

Four directors of the country's largest drug maker Square Pharma today said they wanted to buy 900,000 shares of the company at prevailing market prices, indicating that sponsors have confidence over long-term prospect of the company.

Each of the directors of the board wanted to buy 225,000 shares of Square at prevailing market price through DSE within April 28 this year, according to the disclosure.

Shares of Square Pharma inched up 2.06 per cent to Tk 222.90 today at the DSE.

The pharma company has 886,451,011 outstanding shares, according to DSE data.

The purchase desire shows that the sponsors think the shares of the company are undervalued, he added.

With zero bank loan, Square Pharma posted 13.80 per cent year-on-year growth in its net profit to Tk 1,474 crore in 2020-21 financial year, according to the company.

Source: <https://www.thedailystar.net/business/news/four-square-pharma-directors-buy-900000-shares-3000256>



Stocks Fall for 4th day

Dhaka stocks have extended its losing streak for a fourth consecutive day yesterday.

The DSEX, the benchmark index of Dhaka Stock Exchange, went down 21 points, or 0.31 per cent, to end the day at 6,641.

However, turnover, an important indicator of the market, rose to Tk 515 crore, 5 per cent up from the previous day's Tk 490 crore.

Risk-averse investors continued with their selling spree on sector-specific issues to avoid further losses, said International Leasing Securities in its daily market review.

The recent rise of call money rate indicates that the real economy is using much more money for paying bills due to inflation, it said.

That slowed down the flow of funds to the capital market. Besides, the banking sectors' earning disclosures failed to meet expectations of some investors, it added.

Source: <https://www.thedailystar.net/business/economy/stock/news/stocks-fall-4th-day-3000616>

Dollar Holds near 2-year Highs

The dollar hovered near two-year highs against a basket of major currencies on Thursday after meeting minutes showed the Federal Reserve preparing to move aggressively to fight inflation, while commodity currencies fell further from recent peaks.

The euro bucked the trend but was near a one-month low below \$1.09 as investors await European Central Bank minutes due later.

Minutes from the March Fed meeting published on Wednesday showed "many" participants were prepared to raise interest rates in 50-basis-point increments in coming months.

They also prepared markets for a reduction in the Fed's balance sheet after the May meeting at a rate of \$95 billion per month, the beginning of the reversal of the massive stimulus in pumped into the economy after the Covid-19 pandemic struck.

Source: <https://www.thedailystar.net/business/global-economy/news/dollar-holds-near-2-year-highs-3000541>

Canada Jobless Rate Drops to Record Low

Canada's unemployment rate fell to the lowest on record in March as job gains continued throughout the economy, Statistics Canada announced on Friday.

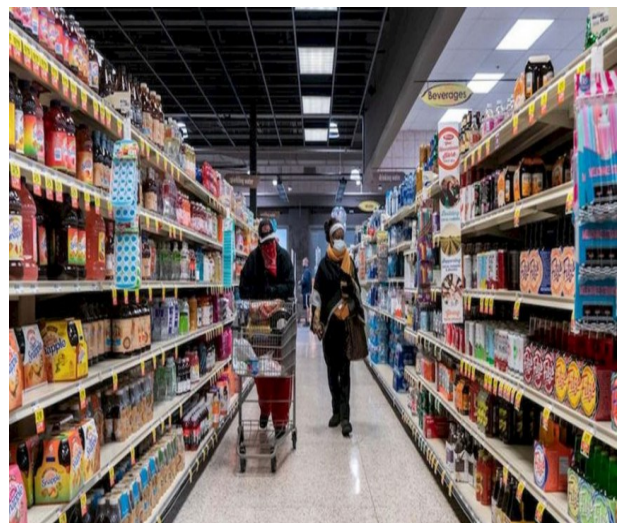
The jobless rate fell to 5.3 per cent, two-tenths lower than the prior month, and "the lowest rate on record since comparable data became available in 1976," the report said.

"With the exception of an increase in January 2022, the unemployment rate has fallen consistently in recent months," the agency said.

The decline came as the economy added 73,000 jobs last month, a 0.4 per cent increase driven by gains among women over 55 years old, and "core aged" men 25 to 54, according to the report. "The decline in the jobless rate was more pronounced than expected," said Royce Mendes, analyst at Desjardins.

While the job gains slowed from the 337,000 created in February, the increase in employment comes amid the continued easing of Covid-19 restrictions which allows the return to in-person work.

Source: <https://www.thedailystar.net/business/global-economy/news/canada-jobless-rate-drops-record-low-3001601>



Asian Shares Slip on Hawkish Fed, Dollar Stands Tall

Asian shares retreated on Thursday in line with a global selloff, as markets were spooked by more aggressive noises from US policy-makers about the need for tighter monetary policy, which also kept the dollar near a two-year peak.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.53% and Japan's Nikkei dropped 1.9%.

"The whole political and policy stance in the US has shifted, and markets are starting to get that," said Redmond Wong, a market strategist at Saxo Markets Hong Kong.

US Federal Reserve Governor Lael Brainard said on Tuesday she expects rapid reductions to the central bank's balance sheet.

Wong said that in the long run positive real interest rates would be good for the global economy, but in the medium term there would be a repricing of assets.

Overnight all three major US benchmarks fell with the Nasdaq Composite worst hit, losing 2.22%. In Asia trade S&P 500 futures fell 0.26% and Nasdaq futures fell 0.22%.

Source: <https://www.tbsnews.net/world/global-economy/asian-shares-slip-hawkish-fed-dollar-stands-tall-398826>



Oil Gains \$1 as Emergency Oil Release Seen as Band-aid

Oil prices clawed back some losses on Thursday after tumbling more than 5% to a three-week low in the previous session after consuming nations announced a huge release of oil from emergency reserves to offset supply lost from Russia.

Brent crude futures climbed \$1.32, or 1.3%, to \$102.39 a barrel at 0119 GMT, while US West Texas Intermediate (WTI) crude futures rose \$1.18, or 1.2%, to \$97.41 a barrel.

International Energy Agency member countries agreed to release 60 million barrels on top of a 180 million-barrel release announced by the United States last week to help drive down prices in a tight market following Russia's invasion of Ukraine.

"In addition to the enormous global reserves release, demand destruction and recession are currently the only price-lowering mechanism in a world devoid of inventory buffers," said Stephen Innes, managing director of SPI Asset Management.

Political decisions are needed in Tehran and Washington to overcome remaining issues, negotiators say.

Source: <https://www.tbsnews.net/world/global-economy/oil-gains-1-emergency-oil-release-seen-band-aid-398822>



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