

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

November 24, 2021

Bangladeshi Products Have Huge Potential Market in Thailand: Envoy

There is a possibility of creating a huge demand for Bangladeshi branded products in Thailand, said Makawadee Sumitmor, Thai ambassador to Dhaka.

In particular, there is a huge opportunity to export readymade garments, leather goods and fish from Bangladesh, she said today during a courtesy call on Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI).

Addressing the meeting, FBCCI President Md Jashim Uddin said FTA will be essential for economic development after 2026 as, after graduation from a least developed country, Bangladesh will lose some market advantage in the world market.

However, before concluding a free trade agreement, a trade balance must be established between the two countries concerned, he said.

Source: <https://www.thedailystar.net/business/news/bangladeshi-products-have-huge-potential-market-thailand-envoy-2901036>



Call Money Rate Almost Doubles in a Week

Call money rate almost doubled on Tuesday in the span of a week, thanks to a sudden increase in demand for cash in banks as investment has risen in various sectors after the pandemic situation turned a corner.

Seeking anonymity, a government bank treasury official told The Business Standard that for the last couple of weeks, the call money rate has significantly been increasing. Now, bank-to-bank call money transactions are happening at a rate of more than Tk4.50, while the rate is Tk5.25 for non-bank financial institutions.

According to the Bangladesh Bank, on Monday, interbank call money transactions were worth Tk5,388 crore at a rate of Tk4.31. A week ago, the rate was at Tk2.93.

Earlier on 15 November, the call money rate hit a 14-month high. On that day, the interbank call money transactions amounted to Tk8,378 crore at a rate of Tk3.14.

Source: <https://www.tbsnews.net/economy/banking/call-money-rate-almost-doubles-week-333793>



NRBC Bank Approved to Issue Tk300cr Bond

The securities regulator has approved NRB Commercial (NRBC) Bank Ltd to issue a subordinated bond worth Tk300 crore.

The Bangladesh Securities and Exchange Commission (BSEC) granted the permission during a meeting at its office on Tuesday.

The bond will be listed on the alternative trading board (ATB).

The bond will be unsecured, non-convertible, fully redeemable, and at a floating rate. Through private placement, the bond can only be issued to local financial institutional investors, and high-net-worth individuals can buy the bond.

NRB Commercial Bank will strengthen its tier-two capital base with the money. The face value of each unit of the bond will be Tk1 crore and it will be completely redeemable in seven years.

The investors will get money at a floating rate.

UCB Investment Limited has been named as the trustee of the bond and City Bank Capital Resources Ltd as the mandated lead arranger for the bond.

Source: <https://www.tbsnews.net/economy/stocks/nrbc-bank-approved-issue-tk300cr-bond-333757>



BSEC Allows AB Bank to Issue Tk600cr Perpetual Bond

The securities regulator has approved AB Bank Ltd to issue a perpetual bond worth Tk600 crore.

The listed commercial bank will strengthen its additional Tier-1 capital base with the collected money, according to the Bangladesh Securities and Exchange Commission (BSEC).

This would be an unsecured, transferable, non-cumulative and contingent-convertible bond, the regulator said on Tuesday.

Local institutional investors and high-net-worth individuals can buy the bond units through a private placement. General investors can also buy units through a public offering.

Tk540 crore will be issued through private placement and the remaining Tk60 crore through a public offering.

The coupon rate will be 6% to 10% of the bond. The minimum subscription amount of the bond, both private placement and public offer, will be Tk1,000.

Source: <https://www.tbsnews.net/economy/stocks/bsec-allows-ab-bank-issue-tk600cr-perpetual-bond-333730>





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Olympic to Invest Tk25.65cr for Construction, Capacity Enhancement

Olympic Industries – the country's leading biscuit manufacturer – will invest Tk25.65 crore for land development, extension works, production capacity enhancement, and importing cupcake making lines.

According to a company disclosure on the website of the Dhaka Stock Exchange on Tuesday, Olympic will manage the investment gradually from its sources or working capital financing.

Of the Tk25.65 crore, Olympic will invest a total of Tk9 crore for developing land, and constructing boundary walls, main gate, security guard's room, and internal roads. Of the Tk9 crore, Tk33.62 lakh will be paid as design charges.

The company will invest Tk8.50 crore for undertaking first phase extension works to construct a 5-storey building in Kutubpur with a floor area totalling 73,000 square feet, and extend a 7,300 square feet tin shed on the ground floor for carton and snacks units.

The space extension will meet the shortage of storage space to keep raw materials, packing materials, finished goods, craft papers, and finished cartons.

Source: <https://www.tbsnews.net/economy/stocks/olympic-invest-tk2565cr-construction-capacity-enhancement-333748>



Beximco Holdings to Buy Tk500cr Shares of Beximco

Beximco Limited's corporate director Beximco Holdings announced to buy 3 crore shares worth around Tk500 crore of the company at the current market rate at Dhaka Stock Exchange (DSE), according to an announcement Tuesday.

As per the announcement, the corporate director will buy 3.42% shares of Beximco Ltd within the next 30 days. Beximco Ltd has been in the textile business.

Mohammad Asad Ullah, company secretary of Beximco Limited, told The Business Standard, it is a strategic decision of the holding company to buy the shares.

As the decision was revealed on the DSE website, Beximco shares – driven by a keen interest of the investors – topped the turnover chart with Tk161.78 crore trading at DSE Tuesday. The trading amounted to 12% of the total DSE turnover on that day.

Source: <https://www.tbsnews.net/economy/stocks/beximco-holdings-buy-3-crore-shares-beximco-333397>



IMF Urges El Salvador against Using Bitcoin as Official Currency

The International Monetary Fund on Monday warned El Salvador against using bitcoin as official tender given the risks associated with the cryptocurrency, a day after the country announced plans for the world's first "Bitcoin City".

El Salvador, which has used the US dollar for two decades, became the first country in the world in September to legalize bitcoin as legal tender.

"Given Bitcoin's high price volatility, its use as a legal tender entails significant risks to consumer protection, financial integrity, and financial stability," the IMF said in a statement after concluding a monitoring mission to the small Central American country. "Its use also gives rise to fiscal contingent liabilities. Because of those risks, Bitcoin should not be used as a legal tender."

The Washington-based lender thus recommended "narrowing the scope of the Bitcoin law" that made it official currency and urged "strengthening the regulation and supervision of the new payment ecosystem."

Source: <https://www.thedailystar.net/business/global-economy/news/imf-urges-el-salvador-against-using-bitcoin-official-currency-2901296>



Eurozone Business Recovery again Gains Pace

The recovery of the eurozone economy is again gaining pace after dipping last month, a closely watched survey said on Tuesday.

The IHS Markit purchasing managers' index (PMI), which measures corporate confidence, rose to 55.8 in November after dropping to 54.2 in October.

Chris Williamson, chief business economist at IHS Markit said: "A stronger expansion of business activity in November defied economists' expectations of a slowdown."

But this is "unlikely to prevent the eurozone from suffering slower growth in the fourth quarter, especially as rising virus cases look set to cause renewed disruptions to the economy in December."

Economist Rory Fennessy of Oxford Economics agreed that the uptick in the PMI was a surprise, and seemed mainly driven by growth in services.

And he warned that a new wave of coronavirus and ongoing supply chain bottlenecks mean that "the near-term outlook is quickly turning more pessimistic."

Source: <https://www.thedailystar.net/business/global-economy/news/eurozone-business-recovery-again-gains-pace-2901286>

Amazon, Apple Handed \$225m in Italian Antitrust Fines

Italy's antitrust authority has fined US tech giants Amazon.com and Apple Inc a total of more than 200 million euros (\$225 million) for alleged anti-competitive cooperation in the sale of Apple and Beats products.

Contractual provisions of a 2018 agreement between the companies meant only selected resellers were allowed to sell Apple and Beats products on Amazon.it, the watchdog said, adding that this was in violation of European Union rules and affected competition on prices.

Both Apple and Amazon said they plan to appeal against the fines. The authority imposed a fine of 68.7 million euros on Amazon and 134.5 million euros on Apple, ordering the companies to end the restrictions to give retailers of genuine Apple and Beats products access to Amazon.it in a non-discriminatory manner.

"To ensure our customers purchase genuine products, we work closely with our reseller partners and have dedicated teams of experts around the world who work with law enforcement, customs and merchants to ensure only genuine Apple products are being sold," Apple said, denying any wrongdoing.

Source: <https://www.thedailystar.net/business/global-economy/news/amazon-apple-handed-225m-italian-antitrust-fines-2901281>



Tech Weakness Keeps Wall Street under Pressure

Wall Street's main indexes slipped on Tuesday, with the Nasdaq lagging the most as rising Treasury yields weighed on major technology stocks, while gains in banking and energy stocks helped limit broader market losses.

The S&P 500 energy index jumped 2.7% as oil prices rose after a move by the United States and other consumer nations to release oil from their reserves to try to cool the market fell short of some expectations.

The S&P banks subindex rose 1.3%, extending Monday's gains, with Goldman Sachs, JPMorgan and Bank of America rising more than 1% each as investors ramped up expectations for interest rate hikes next year after Jerome Powell was nominated as Fed Chair for a second term.

The S&P tech sector, however, sank 0.9% as rising yields dented appeal of the high-growth sector.

Source: <https://www.tbsnews.net/world/global-economy/tech-weakness-keeps-wall-street-under-pressure-333796>



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