

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

February 22, 2022

Korea Wants to Invest in Bangladesh's Major Sectors

South Korea is keen to invest in Bangladesh's garment and other major sectors as it looks to elevate the bilateral relations to a new height, said South Korean Ambassador Lee Jang-Keun yesterday.

He made this remark at a meeting with Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), at the federation office in Dhaka.

Bangladesh started its journey as a 100 per cent export-oriented readymade garment manufacturer with the help of South Korea.

Desh Garments was established under a joint venture with Korean Daewoo Corporation. Some 130 workers and staff were sent to South Korea to take part in training for six months.

Source: <https://www.thedailystar.net/business/economy/industries/investments/news/korea-wants-invest-bangladeshs-major-sectors-2967016>



IsDB to Provide \$56m for Sanitation Project

The Islamic Development Bank (IsDB) is set to provide \$56 million to Bangladesh for an inclusive sanitation and hygiene programme.

Of the total assistance, \$36.4 million will count as a loan while the remaining \$19.6 million will be considered a grant, according to a press release from the Economic Relations Division (ERD).

According to the ERD, the purpose of the loan is to improve the quality of life and livelihoods for 1.4 million citizens of 10 select priority towns – Narsingdi, Shariatpur, Cumilla, Lakshmipur, Jamalpur, Natore, Pabna, Sirajgani, Bagerhat and Patuakhali.

The project aims to ensure safer, adequate, equitable, sustainable sanitation, hygiene, facilities and services across these towns with a special focus on the urban poor women and children.

Source: <https://www.thedailystar.net/business/organisation-news/news/isdb-provide-56m-sanitation-project-2967026>



Nitol Insurance Earnings Grow 3.17% in 2021

The publicly listed non-life insurer has posted 3.17% higher or Tk11.77 crore in net profit for the year, while annual earnings per share increased to Tk2.93, from Tk2.84 a year earlier.

Nitol Insurance board recommended a 12.5% cash dividend for its shareholders. It means, against each share of Tk10 in face value and Tk57.9 in market value, investors will receive Tk1.25 in cash after the company's 23rd annual general meeting scheduled to be held on 24 April via a digital platform.

On the announced record date, 15 March 2022, Nitol Insurance shares will not be traded on bourses as the company will identify its shareholders to be entitled to participate in the general meeting and avail dividends.

At the end of December, the company's total net asset stood at Tk117.25 crore, which is Tk29.16 per share.

Source: <https://www.tbsnews.net/economy/stocks/nitol-insurance-earnings-grow-317-2021-373966>



Nitol Insurance Company Limited

UCB to Float its Second Perpetual Bond

United Commercial Bank (UCB), one of the largest private-sector lenders in Bangladesh, wants to float another perpetual bond worth Tk500 crore to strengthen its capital base.

The board of directors of the publicly listed commercial bank on Sunday also announced plans to form a subsidiary company in Singapore for remittance business.

Both the plans are subject to necessary consents from relevant regulators, the bank said.

UCB's 2nd Perpetual Bond will be an unsecured, non-cumulative bond without any tenure. But, in certain circumstances, the bond may be recalled by the issuer with regulatory approval.

Also, in cases of equity shortfall, the bank can convert part of the bonds into its equity.

UCB issued its first perpetual bond worth Tk400 crore last year.

Source: <https://www.tbsnews.net/economy/stocks/ucb-float-its-second-perpetual-bond-373963>





National Tea Plans to Raise Paid-up Capital by Issuing Right Shares

The publicly-listed National Tea Company wants to increase its paid-up capital by issuing the right shares to comply with the regulatory requirements.

The tea manufacturer has recently sought approval from the Bangladesh Securities and Exchange Commission (BSEC) to this end.

Incorporated in 1978 and listed on the stock market in 1979, National Tea Company Limited carries on the business of plantation, cultivation, manufacturing, and selling of tea and rubber in Bangladesh.

The annual average production of the company is about 5.2 million kg and its major portion is sold through the Chattoogram auction market.

In 2000, National Tea started selling tea at the local market on a small scale through its dealers. It has a sales centre at its registered office, which is open for all consumers.

Source: <https://www.tbsnews.net/economy/stocks/national-tea-plans-raise-paid-capital-issuing-right-shares-373555>



Sonali Aansh Posts 214% Earnings Jump in Q1

Jute-based products manufacturer Sonali Aansh Industries Ltd reported a 214% growth in earnings per share (EPS) to Tk0.44 in the July-September quarter of the ongoing 2021-22 fiscal year.

The company's board approved the financial statements for the quarter on 17 February, which were published on the Dhaka Stock Exchange (DSE) website on Sunday.

The profit growth of the company attracted investors to buy its shares at Tk498.7 each on Sunday, which was 4.57% higher compared to the previous trading session.

On the day, 56,000 shares were traded for Tk2.82 crore while the total number of outstanding shares of the company is 27.12 lakh.

To explain the higher growth to the stock exchange, the company said that EPS has increased due to an increase in net profit.

Source: <https://www.tbsnews.net/economy/stocks/sonali-aansh-posts-214-earnings-jump-q1-373552>



Global: Business

Russia Seeks to Regulate Cryptocurrencies

The Russian finance ministry said Monday it had submitted draft legislation regulating cryptocurrencies, including client identification and a cap on investments.

Russia is one of the world's top crypto-mining nations and authorities have for years criticised cryptocurrencies over fears they can be used for illegal activities and called for regulation. In January, the central bank proposed an outright ban on cryptocurrencies but the finance ministry has been pushing to regulate the sector to help attract investment.

"The proposed changes are aimed at creating a legal market for digital currencies with the establishment of rules for their circulation and the circle of participants," the ministry said in a statement.

Under the bill, cryptocurrencies would be permitted only as an investment instrument. Foreign cryptocurrency exchanges will also have to obtain a license in Russia, among other proposals.

Source: <https://www.thedailystar.net/business/global-economy/news/russia-seeks-regulate-cryptocurrencies-2967416>



Germany to Enter Recession Due to Virus

The Bundesbank said on Monday the latest wave of the coronavirus pandemic risked pushing the German economy -- Europe's largest -- into a technical recession before staging a recovery from the second quarter.

After gross domestic product shrank by 0.7 per cent in the last quarter of 2021, "overall economic output could again sink noticeably in the first quarter of 2022, before picking up speed again in the spring," the German central bank said in its monthly economic report.

Pandemic restrictions were mostly to blame for the drop, the Bundesbank said, with measures "hitting some service-sector branches hard".

Manufacturing, meanwhile, continued to report "serious" problems with a lack of raw materials and components, as well as a shortage of labour.

"The pick-up in industrial production, however, suggested a certain easing" in the supply situation at the end of 2021, the central bank said.

Source: <https://www.thedailystar.net/business/global-economy/news/germany-enter-recession-due-virus-2967471>



Thailand's Economy Rebounds in Q4

Thailand's economy rebounded in the fourth quarter of last year on the back of rising exports and the easing of coronavirus restrictions that allowed tourists to return, senior officials said Monday.

The 1.9 per cent on-year expansion was more than double what was forecast and marked a strong bounce after a 0.2 per cent contraction in the previous three months.

For the whole year the economy grew 1.6 per cent, according to the National Economic and Social Development Council, and also beat expectations.

South East Asia's second largest economy was hit with a 6.1 per cent contraction in 2020 -- its worst economic performance since the 1997 Asian Economic Crisis.

The NESDC said it saw growth of 3.5-4.5 per cent this year as tourism picks up and government spending kicks in.

Source: <https://www.thedailystar.net/business/global-economy/news/thailands-economy-rebounds-q4-2967516>



Luxury Sector Undaunted by Covid, Soaring Inflation

The pandemic and soaring inflation have done nothing to take the shine off luxury brands, from Louis Vuitton to Gucci and Cartier, as the sector hiked prices to notch up stellar profits.

The world economy began to recover from the pandemic last year but the rebound has been accompanied by rising inflation, with prices for raw materials and energy soaring.

UBS analysts estimate that top brands such as Louis Vuitton, which is owned by industry leader LVMH, have raised their prices two-and-a-half times higher than the inflation rate over the past 20 years.

Indeed, "pricing power remains one of the key characteristics of the luxury goods industry," UBS analysts wrote in a research note.

The French company also owns a broad range of spirits, perfume, jewellery and cosmetics products.

Kering -- which owns Gucci and Yves Saint Laurent -- also beat its pre-Covid levels to book a net profit of 3.2 billion euros on sales of 17.6 billion euros, the group reported on Thursday.

Source: <https://www.thedailystar.net/business/global-economy/news/luxury-sector-undaunted-covid-soaring-inflation-2967591>



Disclaimer

The above is a summary of important business news published in the leading daily newspapers of Bangladesh. Please note that the news summary doesn't reflect the opinion of Alliance Capital Asset Management Limited (ACAML). Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. This report is intended for distribution in only those jurisdictions in which Alliance Capital Asset Management Ltd. is liable and any distribution outside those jurisdictions is strictly prohibited.

Alliance Capital Asset Management Ltd.

Contact Us

Address:

Sima Blossom (10th floor)
Comprehensive Holdings
Plot # 390 (Old) 03 (New)
Road # 27 (Old) 16 (New)
Dhanmondi C/A,
Dhaka-1209.

Office: +880 2 9121360 Fax
: +880 2 9120971

Developed By:

Mehnaz Tabassum Khaleel
sarah@acaml.com

Visit us on the web at:
www.acaml.com