

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

July 18, 2022

BB Moves to Ease Volatility in Forex Market

Bangladesh Bank yesterday withdrew the interest rate ceiling on non-resident foreign currency deposits in order to increase supply of the US dollar and arrest the ongoing volatility in the foreign exchange market.

The move followed a series of measures taken by the central bank to halt the weakening of the Bangladeshi taka against the US dollar which crossed Tk 100 mark for importers last week.

Yesterday, the forex market was stable as pressure from import payments was low for it being a weekly holiday in major global markets.

Bangladesh Bank earlier had asked banks to set the interest rate in line with the euro currency deposit rates followed by the lenders in the euro-zone.

Local banks offered interest rates ranging from 0.25 per cent to 0.80 per cent to depositor as per the BB instruction.

From now on, banks are allowed to avoid such ceilings to mobilise deposits from non-resident Bangladeshis and individuals of Bangladeshi origin, including those having dual nationality, according to a BB notice.

Source: <https://www.thedailystar.net/business/economy/news/bb-moves-ease-volatility-forex-market-3072876>



BB Lifts Interest Rate Ceiling on NFCDs

The Bangladesh Bank (BB) on Sunday withdrew the interest rate ceiling on non-resident foreign currency deposits (NFCDs) to raise the inflow of foreign currency into the country and ease the ongoing pressure in the foreign exchange market.

The central bank had earlier asked the banks to set the interest rate in line with the euro currency deposit rates. But through the circular, the BB has now made the rate competitive.

"The rate of interest is now open and competitive - to attract more foreign currency into the country," said a senior official of a privately-owned commercial bank. He also said now the local banks have freedom to attract foreign fund through this type of accounts, maintained by them.

The banks are allowed to avoid such ceiling to mobilise deposits from non-resident Bangladeshis and Bangladeshi-origin individuals, including those having dual nationality and residing abroad.

Source: <https://thefinancialexpress.com.bd/economy/bb-lifts-interest-rate-ceiling-on-nfcds-1658112702>



Standard Ceramic to Borrow Tk15cr for Working Capital

Publicly listed ceramic tableware manufacturer - Standard Ceramic Industries Ltd - is going to take a bank loan of Tk15 crore to solve its working capital crisis.

And, the announcement suddenly increased the demand for the struggling company's shares on the Dhaka Stock Exchange (DSE) on Sunday.

Following the early hour jump, the stock barely had sellers at the top circuit breaker of Tk160.4 over the session and it closed at the same, which was 9.9% higher than its previous session's closing price.

Analysts were surprised to see the market response to the company's decision of solving the ongoing working capital crisis through increased loan burdens.

The company mentioned in its disclosure that it had to partially lay off its factory for three months because of rebuilding its Glost Kiln. Then, the industry was closed for around three months due to the Covid-19 pandemic.

Source: <https://www.tbsnews.net/economy/stocks/standard-ceramic-borrow-tk15cr-working-capital-460066>



Grameenphone Posts Profit Growth in April-June

Grameenphone Ltd, the leading telecom operator in the country, has posted year-on-year growth in profit after taxes for the April-June quarter.

Its earnings per share (EPS) for the three months stood at Tk6.82 which was Tk6.3 in the same quarter last year. The company will explain the details of its quarterly performance at a live webcast session at 10.00 am on Monday.

The record date for the interim cash dividends will be 10 August. That means, investors who hold the company shares on that very day, will be entitled to the interim cash dividends.

On 30 June, Grameenphone's net asset value per share stood at Tk37.25.

Its shares in the Dhaka Stock Exchange closed 0.4% higher at Tk289.8 on Sunday, compared to the previous trading session.

Source: <https://www.tbsnews.net/economy/stocks/grameenphone-posts-profit-growth-april-june-459986>



DSE News

Sandhani Launches First ever no-Dividend Mutual Fund

Sandhani Asset Management Limited has launched the country's first-ever no-dividend mutual fund named "Sandhani AML SLIC Fixed Income Fund" in the open-end mutual fund industry.

The fund aims to achieve long-term capital appreciation and will not provide any dividends.

The unitholders can realise their returns through the redemption of the units during the business hour as specified by the asset management company.

On Sunday, the tax-efficient mutual fund was officially launched at the auditorium of the Capital Market Journalists' Forum (CMJF). The Bangladesh Securities and Exchange Commission (BSEC) had earlier approved the draft prospectus of the fund.

The primary target size of the fund is Tk50 crore. The sponsor will provide Tk10 crore and the remaining Tk40 crore will be raised by selling mutual fund units to investors at a face value of Tk10 each.

Source: <https://www.tbsnews.net/economy/stocks/sandhani-launches-first-ever-no-dividend-mutual-fund-459982>



Stocks Keep Losing amid Confidence Crisis

Stocks witnessed yet another bearish session on Sunday, extending the losing streak for the fourth straight session, as most investors followed a cautious stance amid growing macroeconomic worries.

The market index rose about 19 points soon after the trading started, but the rest of the session went down steadily, ultimately ending over 20 points lower.

DSEX, the core index of the Dhaka Stock Exchange, went down by 20.21 points to settle at 6,304. The benchmark market gauge lost about 63 points in the past four consecutive sessions.

Turnover, the crucial indicator of the market, remained low and amounted to Tk 5.93 billion, which was 2.07 per cent higher than the previous day's seven-week lowest turnover of Tk 5.81 billion.

Market operators said the market outlook remains bleak as investors are concerned on several macroeconomic issues such as shrinking foreign currency reserves, depreciating local currency and high inflationary pressure.

Source: <https://thefinancialexpress.com.bd/stock/stocks-keep-losing-amid-confidence-crisis-1658051818>



Global: Business

India on Course to Become Fastest-growing Economy

India's economy has remained resilient in the face of global headwinds and with inflation coming off its recent peak is expected to stay on course to become the world's fastest-growing economy, the Reserve Bank of India said on Saturday.

The recent revival of the southwest monsoon and renewed planting raised expectations that rural demand will soon catch up with urban spending and consolidate a recovery, the RBI said in a bulletin.

"In spite of this overwhelming shock, there are sparks in the wind that ignite the innate strength of the economy and set it on course to becoming the fastest growing economy in the world, though besieged it might be by fears of recession."

RBI said if the commodity price moderation witnessed in recent weeks endures alongside the easing of supply chain pressures, the worst of the recent surge in inflation will be over. India's annual consumer inflation remained painfully above the 7 per cent mark and beyond the central bank's tolerance band for the sixth month in a row, data last week showed.

Source: <https://www.thedailystar.net/business/global-economy/news/india-course-become-fastest-growing-economy-3072831>

Oil Drops as China's Rising Covid Cases Renew Fuel Demand Concerns

Oil prices fell \$1 in early trading in Asia on Monday, cutting into gains from Friday, as attention turned back to rising Covid-19 cases in China and the prospect of lockdowns again reducing fuel demand in the world's top oil importing nation.

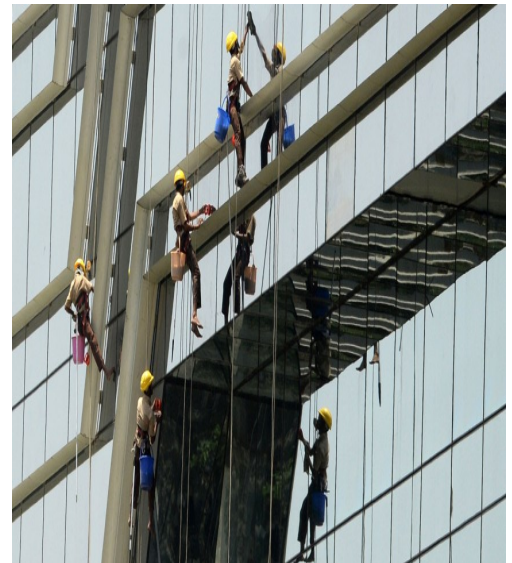
US West Texas Intermediate (WTI) crude futures for August delivery dropped \$1.54, or 1.6%, to \$96.05 a barrel at 0055 GMT, after climbing 1.9% on Friday.

Brent crude futures for September settlement fell \$1.47, or 1.5%, to \$99.69 a barrel, paring a 2.1% gain from Friday.

China, the world's second-largest oil consumer, on Sunday reported 691 new Covid cases for Saturday, up from 547 the previous day, with locally transmitted cases at the highest since May 23.

The Nord Stream 1 pipeline, the biggest system carrying Russian natural gas to Germany, began annual maintenance on July 11 due to last 10 days. Governments, markets and companies fear the shutdown may be extended because of the war in Ukraine.

Source: <https://www.tbsnews.net/world/global-economy/oil-drops-chinas-rising-covid-cases-renew-fuel-demand-concerns-460078>



Global: Business

Asian Stocks at Lowest in Two years, Euro near par with Dollar on Growth Fears

Asian shares fell on Tuesday, weighed down by the prospect of further monetary policy tightening by central banks, China's renewed Covid outbreak and Europe's energy shortage, which also left the euro a whisker from parity with the safe-haven dollar.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.8% to its lowest level in two years, while Japan's Nikkei lost 1.75%.

The euro fell as low as \$1.0006 against the US dollar, moving ever closer to parity for the first time since December 2002, as investors worry an energy crisis will tip the region into a recession.

"Risk-off sentiment is dominating global markets," said Yuting Shao, macro strategist at State Street Global Markets.

"The dollar is the go-to international reserve currency. So when there is a recessionary risk or there's pickup of volatility, the greenback is the currency that people rush to because that is the safest," Shao added.

Source: <https://www.tbsnews.net/world/global-economy/asian-stocks-lowest-two-years-euro-near-par-dollar-growth-fears-456850>



Japanese Shares Fall as Recession Fears Resurface

Japanese shares fell on Tuesday, following the prior session's gains after the weekend's upper house election, as rising domestic cases of Covid-19 raised worries of a recession.

Stocks had risen on Monday, outperforming the rest of the region, as the Japanese government's ruling coalition secured a strong result.

Japan's Nikkei share average was down 1.68% at 26,362.76 as the morning trading session ended.

The index was down 2.58% from the previous session's high of 27,062.17 and trading 0.58% lower than its Friday close when markets were rocked by the shooting of former Prime Minister Shinzo Abe.

A domestic securities broker said that the market was overbought on Monday despite the absence of any positive external factors.

The broader Topix lost 1.46% on Tuesday.

"The increased spread of Covid-19 has strengthened fears of a global recession," said a market participant at a domestic securities firm.

Source: <https://www.tbsnews.net/world/global-economy/japanese-shares-fall-recession-fears-resurface-456842>



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