

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

October 18, 2021

Cumilla EPZ Sees Export Growth even in Pandemic

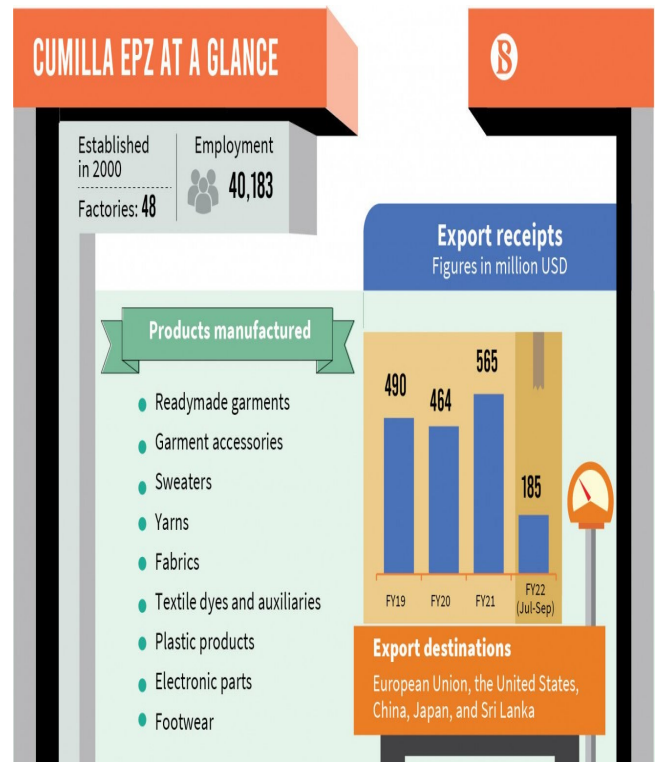
Factories inside the Cumilla Export Processing Zone have registered excellent export growth by fetching \$751 million over the last 15 months when the pandemic raged, riding on uninterrupted production in compliance with health safety guidelines.

They exported \$565 million worth of goods in FY21 in contrast to \$464 million earned in FY20. In the first three months of the current fiscal year, their export receipts amounted to \$185 million, according to Cumilla EPZ sources.

The EPZ authorities have put this impressive export figure down to the continuation of factory operations by maintaining Covid-19 protocols, arranging lunch in different shifts to ensure physical distancing, and 14-day quarantine for workers who fell sick.

The Cumilla EPZ, established in 2000 on some 267 acres of land, has 48 factories. Some 27 are foreign companies in the A category, 13 domestic and foreign companies in the B category and eight domestic companies in the C category.

Source: <https://www.tbsnews.net/economy/cumilla-epz-sees-export-growth-even-pandemic-316510>



Tax Exemption for Sukuk Investment on the Cards

To foster investment, the government has decided to offer income tax exemption on Sukuk bonds, an Islamic asset-backed security instrument, at the individual level.

Individual taxpayers will be able to enjoy the facility by the next fiscal year.

On October 6, the Ministry of Finance had sent a letter to the National Board of Revenue (NBR), saying, "for the first time, a number of taxpayers have invested in Sukuk bonds issued by the government in the 2020-21 financial year.

"An individual taxpayer is entitled to income tax exemption, for investment in government securities such as treasury bonds. Sukuk is also an Islamic security of the government, like treasury bonds. But there was no provision included to facilitate the investment of individual taxpayers in Sukuk for income tax rebates."

Source: <https://www.tbsnews.net/economy/tax-exemption-sukuk-investment-cards-316894>



Bangladesh now has 150 Green Garment Factories -- Highest in the Globe

Bangladesh now has the highest number of green garment factories in the globe with the Leadership in Environmental and Energy in Design (LEED) certification given by the United States Green Building Council (USGBC).

Even a few months ago, the number of green buildings was 144, but this month the tally touched 150 with the last one's inclusion in the list on October 7, according to Bangladesh Garment Manufacturers and Exporters Association.

Of the 150, some 44 are platinum rated, 93 are gold, 9 are silver standard and four are just certified.

Some 500 more garment factories are waiting to be certified LEED by the USGBC.

Source: <https://www.thedailystar.net/business/news/bangladesh-now-has-150-green-garment-factories-highest-the-globe-2200791>



Govt Bank Borrowing up 17%



Government borrowing from the banking sector has jumped 17% during the first three months of the 2021-22 fiscal year (FY) compared to the same period last fiscal as the Covid-19 situation gradually improves.

Government borrowing from the banking sector stood at Tk1,76,386 crore at the beginning of September while at month-end the amount rose to Tk2,06,513 crore, according to information from the Bangladesh Bank.

Besides, the government borrowed Tk14,121 crore from banks in the first three months of the current fiscal and it repaid loans amounting to Tk9,524 crore to the central bank. The net loan for this FY now stands at Tk4,597 crore, which is around 6% of the government's target.

The deficit in the budget of the current 2021-22 fiscal year was estimated at Tk 2,14,681 crore, which amounts to 6.2% of the GDP. The Banking Sector is the main source for the government in meeting the budget deficit. The government planned to take loans of Tk76,452 crore from the banking sector this fiscal.

Source: <https://www.tbsnews.net/economy/banking/govt-bank-borrowing-17-317380>

Tk7,650cr Bonds in the Pipeline

Sixteen listed companies including banks and financial institutions and a non-government organisation (NGO) are awaiting regulatory approval to issue bonds worth Tk7,650 crore.

The Bangladesh Securities and Exchange Commission (BSEC) is scrutinising the applications.

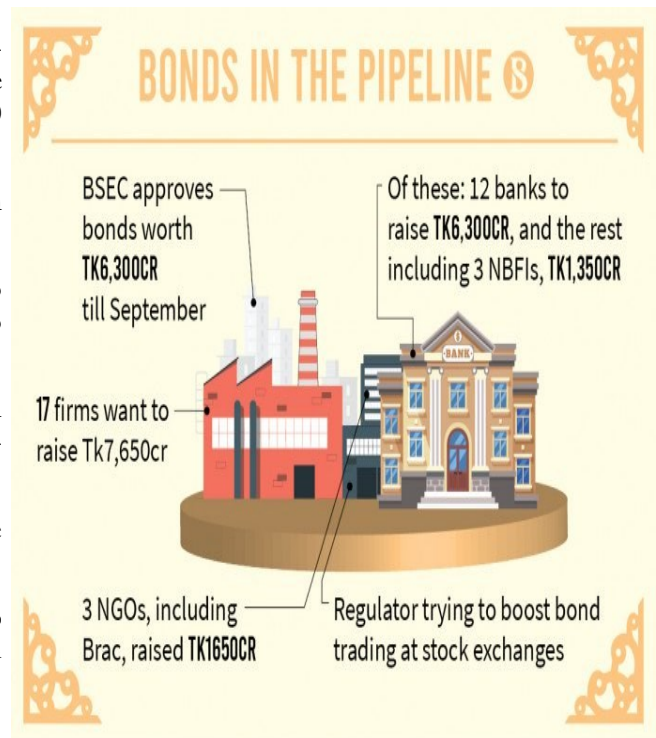
The banks and financial institutions want to raise funds to strengthen their capital base while other firms have plans to spend the proceedings on expanding their business.

Facing scarcity of funds from both local and foreign sources, the NGO has chosen the capital market as a preferred place to raise money amid the pandemic.

Most banks will come up with perpetual bonds which have no tenure.

According to the BSEC decision, issuers must float 10% units of their perpetual bonds through public offerings and the bonds must be tradable on local bourses.

Source: <https://www.tbsnews.net/economy/stocks/tk7650cr-bonds-pipeline-317371>



IPDC keeps posting higher profits

IPDC Finance has come through another quarter of profit growth in July-September period.

The fastest growing listed non-bank financial institution (NBFI) secured Tk22 crore in quarterly net profit after tax which is 18.2% higher than that over the same quarter a year ago and 7.1% higher than the previous quarter this year.

In the third quarter, the company has demonstrated its increasing operational efficiency through 22.4% revenue growth from the second quarter, while its operating expenses only grew by 2.9% from the previous quarter. As a result, its operating profits grew by 36.3% quarter-on-quarter.

As the third quarter was in line with the year's previous two ones, IPDC's operating profits grew 24.2% over the January-September period from the same nine months of 2020, while its net profit for the first nine months grew 25.4% to Tk63 crore. Earnings per share (EPS) grew to Tk0.59 for the third quarter and Tk1.7 for the nine months.

Source: <https://www.tbsnews.net/economy/stocks/ipdc-keeps-posting-higher-profits-317347>



IPDC
FINANCE

India's Electricity Demand Picks up

India's electricity demand grew 4.9 per cent during the first half of October, with supply falling short of demand by 1.4 per cent despite a 3.2 per cent rise in coal-fired generation and 30 per cent rise in solar output, a Reuters analysis of government data showed.

Increased economic activity after the second wave of the coronavirus has driven up electricity demand, resulting in a supply deficit due to a coal shortage that has forced northern states to cut power this month for up to 14 hours a day.

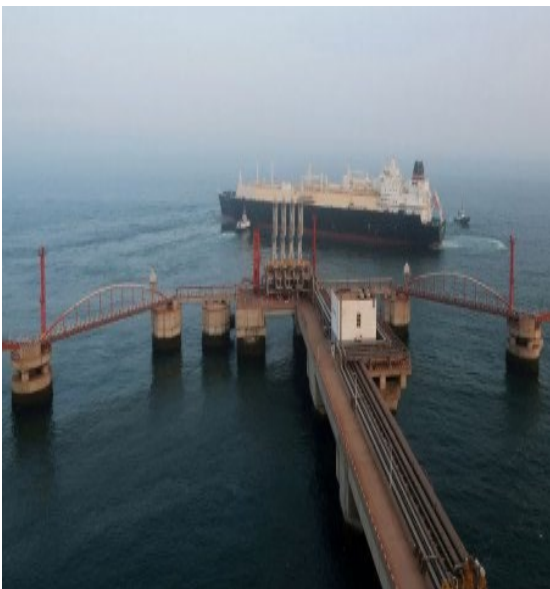
The rapid surge in power demand and high global coal prices have left utilities scrambling for coal - India's dominant source of power generation - despite record supplies from state-run Coal India, a near-monopoly in coal production.

Coal's share in India's electricity generation jumped to nearly 70 per cent during the first fifteen days of October, compared with an average of 66.5 per cent during the whole of September, an analysis of data from federal grid regulator POSOCO showed.



Source: <https://www.thedailystar.net/business/global-economy/indian/news/indias-electricity-demand-picks-2200726>

China Looks to Lock in US Liquefied Natural Gas in Energy Crunch



Major Chinese energy companies are in advanced talks with US exporters to secure long-term liquefied natural gas (LNG) supplies, as soaring gas prices and domestic power shortages heighten concerns about the country's fuel security, several sources said.

The discussions could lead to deals worth tens of billions of dollars that would mark a surge in China's LNG imports from the United States in coming years. At the height of a Sino-US trade war in 2019, gas trade briefly came to a standstill. LNG export facilities can take years to build, and there are several projects in North America in the works that are not expected to start exporting until the middle of the decade.

Cheniere, the largest exporter out of the United States, said in late September it expects to announce "a number of other transactions" that will support their going forward with the Corpus Stage 3 expansion next year.

Source: <https://www.tbsnews.net/world/global-economy/china-looks-lock-us-liquefied-natural-gas-energy-crunch-317143>

Russia Seeing Record Gas Demand

Russian gas consumption is running at a record high but Moscow is still ready to increase supplies to Europe should it receive such requests, Deputy Prime Minister Alexander Novak said on Saturday.

European spot gas prices have surged by 800% this year as demand has recovered after the coronavirus pandemic. Prices eased earlier this month after Russia, Europe's key gas supplier, said it could deliver more, but these supplies have yet to materialise.

Russia, whose gas production and exports to EU are already near record highs, has said it needs to finish filling its own gas storage reserves before it increases supplies to Europe's spot market. It plans to complete this by end-October.

Novak did not say how large Russia's gas reserves were but estimated that European underground facilities were short of around 25 billion cubic metres of gas.

He insisted high domestic demand would not stop Russia offering more supplies to Europe if it received such requests.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/russia-seeing-record-gas-demand-2200761>



Oil Prices Climb to Highest in Years as Covid Recovery, Power Generators Stoke Demand



Oil prices hit their highest in years on Monday as demand continues its recovery from the Covid-19 pandemic, boosted by more custom from power generators turning away from expensive gas and coal to fuel oil and diesel. Brent crude oil futures rose 87 cents, or 1%, to \$85.73 a barrel by 0111 GMT, the highest price since October 2018.

US West Texas Intermediate (WTI) crude futures climbed \$1.12, or 1.4%, to \$83.40 a barrel, highest since October 2014.

Both contracts rose by at least 3% last week.

"Easing restrictions around the world are likely to help the recovery in fuel consumption," analysts from ANZ bank said in a note on Monday.

The US oil and gas rig count, an early indicator of future output, rose 10 to 543 in the week to Oct. 15, its highest since April 2020, energy services firm Baker Hughes Co said last week.

Source: <https://www.tbsnews.net/world/global-economy/oil-prices-climb-highest-years-covid-recovery-power-generators-stoke-demand>

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