

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

December 06, 2021

BB Collects Tk6,500cr from Banks thru' Two Treasury Bills

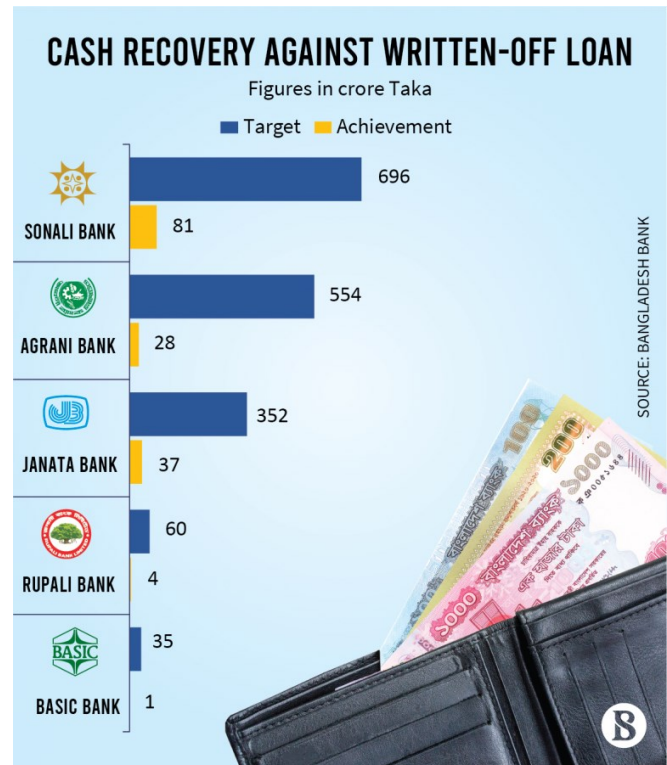
The Bangladesh Bank has now collected Tk6,500 crore from banks against government treasury bills at a time when the banking sector is going through a liquidity crunch.

Even a few days ago, to ease the crisis, the central bank suspended mopping up money from the market through Bangladesh Bank bills for a month starting from 1 December.

According to the central bank's auction calendar, the government on Sunday was supposed to raise Tk2,500 crore through two categories of treasury bills based on their maturity – Tk1,500 crore against the 91-day bill at 2.4% interest and Tk1,000 crore against the 364-day one at 3.49%.

However, the central bank collected Tk3,841 crore and Tk2,840 crore respectively through the bills to meet a rising demand for bill payments all of a sudden.

Source: <https://www.tbsnews.net/economy/banking/bb-collects-tk6500cr-banks-thru-two-treasury-bills-339259>



Chuadanga Cotton Farmers Upbeat with Yield, Prices



Chuadanga expects to produce 10,000 tonnes of cotton worth Tk85 crore this season as there has been a rise both in number of cotton farmers and in land area under the crop in the district this year compared to the previous few years.

Besides, farmers have followed the seedling transplantation method – similar to that in paddy cultivation, instead of sowing seeds in the field, which also will help increase the output, according to stakeholders.

In 2020, the production of cotton in Chuadanga was 9,772 tonnes from 4,000 hectares of land. This year, cotton has been cultivated on 4,332 hectares of land in the district.

Source: <https://www.tbsnews.net/economy/chuadanga-cotton-farmers-upbeat-yield-prices-338836>

Power Grid to Issue Preference Shares against Share Money Deposit

Power Grid Company of Bangladesh (PGCB) Ltd, the only state-owned power transmission company in the country, wants to issue preference shares against a government fund collected as share money deposit for project implementation.

The Ministry of Power, Energy and Mineral Resources recently took the decision at a meeting to comply with a circular issued by the accounting super regulator Financial Reporting Council (FRC).

According to PGCB's audited financial statement for FY21, the company received Tk7,180 crore from the government as share money deposit.

Meanwhile, in FY21, PGCB posted a profit of Tk377 crore, a 38% increase from the previous fiscal year. The company registered a 16.62% growth in its revenue.

It also continued upward growth in revenue and profit by 7% and 49%, respectively, in the July-September quarter of the current fiscal year.

Source: <https://www.tbsnews.net/economy/stocks/power-grid-issue-preference-shares-against-share-money-deposit-339250>



Envoy Textiles to Raise Tk. 87cr



Envoy Textiles is all set to raise Tk. 87 crore by issuing preferred stocks, which are shares in a company owned by people who receive a part of the company's profits before ordinary shareholders are paid.

Envoy will issue 8.7 crore preference shares through private placement at a face value of Tk. 10 each.

The funds raised will be used to finance the company's upcoming expansion project for the production of blended yarn, and to pre-pay a portion of high-cost borrowing, Envoy Textiles said in a disclosure posted on the Dhaka Stock Exchange website.

The company's paid up capital was Tk. 167 crore while its earnings per share rose to Tk. 0.21 in the July-September period of the current financial year, up from Tk. 0.13 previously.

Source: <https://www.thedailystar.net/business/economy/news/envoy-textiles-raise-tk-87cr-2910641>

Paper Industry Bouncing back

Absorbing pandemic shocks, the country's paper manufacturers are making a comeback on growing demand following the reopening of the economy, and educational institutions.

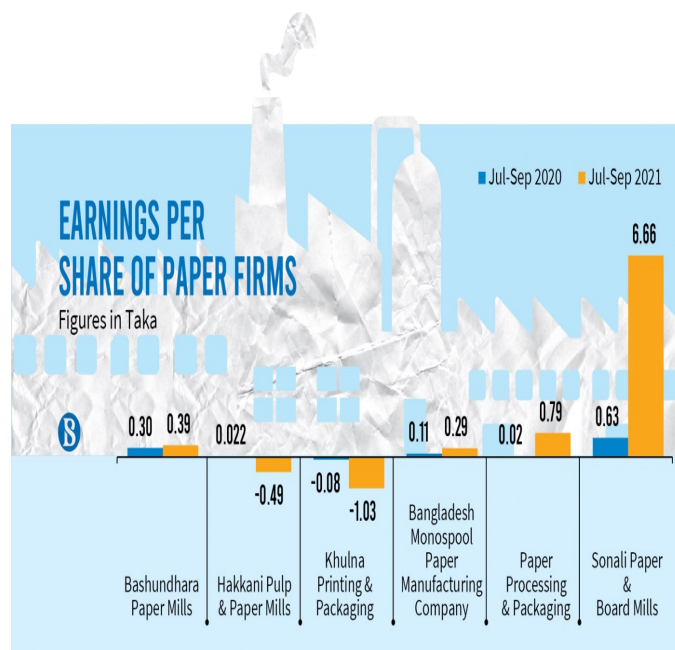
Most listed paper firms witnessed a higher profit in the July-September quarter of the current fiscal year.

A leader of the industry at the Bangladesh Paper Mills Association (BPMA), seeking anonymity, said the paper industry had faced a big blow following the Covid outbreak in the country, but it is now bouncing back following the reopening of the economy.

"Although the scenario is not like the pre-pandemic level, the industry hopes to recover by next year if another disaster does not hamper the business again," he added.

The four paper companies have posted higher profits in the first quarter of the 2021-22 fiscal year compared to the same time a year ago.

Source: <https://www.tbsnews.net/economy/stocks/paper-industry-bouncing-back-339256>



LankaBangla Securities Launches Trade Express in DSE

LankaBangla Securities Limited launched an order management system (OMS), Trade Express, to facilitate direct transaction to its customers in the Dhaka Stock Exchange (DSE).

Professor Shibli Rubaiyat Ul Islam, chairman of Bangladesh Securities and Exchange Commission, handed over the trade certification to Mohammad Nasiruddin Chowdhury, managing director of LankaBangla Securities, on 2 December, said a press release.

Lankabangla Securities started the OMS at the Chittagong Stock Exchange (CSE) in 2013.

Additionally, customers will find services of the capital market including order correction, market monitoring and mapping, as well as access technical charts.

Source: <https://www.tbsnews.net/economy/stocks/lankabangla-securities-launches-trade-express-dse-339220>



Bitcoin Briefly Loses \$10,000 in Nervous Market

The bitcoin dropped sharply overnight, losing \$10,000 in value in a nervous market before recouping some of its losses Saturday morning.

At one point late Friday, the often volatile cryptocurrency took a sudden sharp drop to \$42,296, losing nearly 20 percent of its value.

But by 1600 GMT Saturday, the virtual currency had regained some ground, trading at \$48,210, down 10 percent from Friday.

The leading Wall Street indicators all ended in the red Friday amid weakness in tech shares and fears about the new Omicron variant of Covid-19.

Reyes said the decline in the value of bitcoin, often prone to violent swings, was not entirely surprising. Since late November, she said in a note, it had been "stuck in a narrow range" while some investors wanted to unwind their positions.

Source: <https://www.thedailystar.net/business/global-economy/news/bitcoin-briefly-loses-10000-nervous-market-2910616>



IMF says US Fed Should Accelerate Rate Hikes

With the recent wave of price increases likely to remain a concern for some time, the US Federal Reserve should raise interest rates sooner, the IMF said Friday.

It was an unusually direct policy recommendation from the Washington-based crisis lender that comes as surging demand coupled with supply bottlenecks and shortages of key materials like semiconductors has driven US consumer inflation to its highest level in three decades.

The Fed already has signaled that it will remove stimulus measures more quickly, opening the door to a rise in lending rates before mid-2022. Many economists now expect two or three interest rate increases next year.

'Inflation is likely to be higher for longer than previously thought,' especially in economies that have recovered faster from the pandemic like the United States, IMF chief economist Gita Gopinath and Tobias Adrian, director of the IMF's Monetary and Capital Markets Department, said in a blog.

With the US economy recovering strongly from the pandemic and facing tight labor markets and broad price increases, 'It would be appropriate for the Federal Reserve to accelerate the taper of asset purchases and bring forward the path for policy rate increases.'

Fed Chair Jerome Powell earlier this week said he would advocate ending the bond buying more quickly, which would mean the bank would be in position to hike rates in the first half of next year.

Source: <https://www.newagebd.net/article/156590/imf-says-us-fed-should-accelerate-rate-hikes>

Asian LNG Prices Fall as Import Demand from China Muted

Asia liquefied natural gas (LNG) prices fell this week as spot demand from China remained muted despite the start of winter and as natural gas supplies from Russia continued to flow steadily to Germany.

But the drop in prices was kept in check by outages in Australia which curbed cargo loadings, trade sources said.

The average LNG price for January delivery into Northeast Asia fell to \$34.60 per metric million British thermal units (mmBtu), down \$1.50, they said.

Chinese LNG buyers are pulling back on spot purchases of the super-chilled fuel as prices remain high and inventories are ample, several trade sources said.

Another source added that the government's tolerance of additional coal burning has also dampened appetite for more expensive LNG.

Beijing Gas entered the market to purchase LNG cargoes, but they are for delivery in the middle of next year.

Source: <https://www.thedailystar.net/business/economy/news/envoy-textiles-raise-tk-87cr-2910641>



China to Encourage Listing of Leading Futures Firms

China will help leading futures companies to speed up their development and encourage qualified firms to be listed, the China Futures Association said in a statement, citing an official from the securities regulator.

Authorities would support futures companies to widen and diversify their financing channels and allow them to compete with overseas players, Fang Xinghai, vice chairman of the China Securities Regulatory Commission, told an industry conference on Sunday, according to the statement.

Leading futures firms should "make due contributions" to ensure China's energy and mineral security, Fang said. China's commodities market had been volatile this year amid the uneven global economic recovery, easing liquidity and speculation. Metal and coal futures, for example, surged to historical highs before plunging after government interventions.

Source: <https://www.thedailystar.net/news/asia/china/news/china-encourage-listing-leading-futures-firms-2910586>



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