

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

September 9, 2021

Luxury Hotels Turning Around

After a prolonged lockdown, business of star-rated hotels has slightly improved amid the pandemic as business travel and flight operations have resumed, according to industry insiders.

They say the occupancy rate has slowly been increasing during the past one month after the lockdown was lifted on August 11.

Officials of The Westin Dhaka said after the withdrawal of the lockdown the number of guests has increased and occupancy rate had reached around 40 per cent at the moment.

They said around 80 per cent of guests were foreigners on business travel while another 20 per cent were locals and guests quarantining on returning from abroad.

They were hopeful of a gradual improvement in business and of achieving pre-pandemic figures once the population was completely vaccinated.

Source: <https://www.thedailystar.net/business/economy/news/luxury-hotels-turning-around-2171791>



Higher Yield, Prices Bring Cheer to Jute Growers



Jute growers are overjoyed as they took home good crops, which will allow them to make more profit because of the current higher prices of the golden fibre.

Bumper jute was harvested in the district this season on the back of favourable weather conditions. Also, there was no problem rotting the plants as local water bodies were filled with water on time, farmers and agriculture officials say.

This led the production to exceed the target set by the agriculture department.

Jute was cultivated on 15,815 hectares of land in Tangail last year, and the production was 162,312 bales, according to Nargis Akter, a sub-assistant agriculture officer at the Department of Agricultural Extension (DAE) in Tangail.

Jute production rose about 5 per cent year-on-year to 169,989 bales this year. The fibre was cultivated on 16,088 hectares.

Source: <https://www.thedailystar.net/business/economy/news/higher-yield-prices-bring-cheer-jute-growers-2171746>

Bank Deposits Rise despite Low Returns

Deposits at banks saw remarkable growth last fiscal year as the coronavirus-linked uncertainty compelled people to cut non-essential expenses and save more, while lending growth shrank slightly due to business slowdown.

Deposits totalled Tk. 1,485,601 crore in fiscal 2020-21, up 8.49 per cent from a year ago, according to data from Bangladesh Bank.

Among all lenders, Islami Bank Bangladesh disbursed the highest amount, at Tk. 100,400 crore in FY21.

Sonali Bank secured the top position when it comes to deposit mobilisation, collecting Tk. 132,798 crore.

Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, credited the robust remittance growth and higher export earnings for the expanding deposit base.

The inflow of foreign loans increased throughout the last fiscal year, contributing to the ballooning of the deposits.

Source: <https://www.thedailystar.net/business/economy/banks/news/bank-deposits-rise-despite-low-returns-2171811>

TOP PERFORMERS IN FY21

Sonali Bank had highest deposit at Tk 132,800cr
Islami Bank was top lender giving out Tk 100,400cr

CREDIT GROWTH IN BANKS

FY20: 9%

FY21: 8.4%

DEPOSIT GROWTH IN BANKS

FY20: 10.5%

FY21: 13.8%

LOAN-DEPOSIT RATIO

FY20: 76.2%

FY21: 71.5%



SOURCE: BB

Govt to Provide Seamless Automated Services to Taxpayers to Boost Revenue, Says Official Document

The government has taken several measures to provide seamless services to the taxpayers through automation and digitalisation of Income Tax, VAT and Customs Departments under the National Board Revenue (NBR), according to an official document.

The government believes that internal sources will be the main field of revenue collection for uninterrupted economic progress amid global economic stagnation due to the Covid-19 pandemic and its aftermath.

According to the document, E-payment services have been initiated through the establishment of necessary interfaces with the Bangladesh Bank for online payment of taxes.

Now, the taxpayers can pay their returns from home at their convenience through their own bank accounts without physical presence at the premises of Bangladesh Bank or the state-run Sonali Bank.

Source: <https://www.tbsnews.net/dropped/nbr/govt-provide-seamless-automated-services-taxpayers-boost-revenue-says-official-document>





Alliance Capital
Asset Management
Limited

DSE News

Stocks Stay afloat to Hit New Highs

Stocks continued to break their previous records, as all three indices and market-cap of the Dhaka Stock Exchange (DSE) set at new highs on Wednesday.

DSEX, the benchmark index of the DSE, went up by 55.45 points or 0.77 per cent to settle at more than 7,196—the highest since its inception nearly nine years back on January 27, 2013.

DSEX added more than 373 points in the past seven consecutive sessions as buoyant investors continued to put fresh bets on major sector stocks amid high hopes.

Two other indices--the DSE 30 Index and the DSE Shari'ah Index (DSES) -- followed the suit to close at their historical highs of 2,613 and 1,571, after surging 29.60 points and 20.09 points respectively.

Turnover, another important indicator of the market, amounted to Tk 25.55 billion on the country's premier bourse, which was 10.85 per cent lower than the previous day's tally of Tk 28.66 billion.

Analysts say the high confidence of investors coupled with a lower interest rate in the banking sector continued to encourage them to perk up their funds on stocks.

Source: <https://thefinancialexpress.com.bd/stock/stocks-stay-afloat-to-hit-new-highs-1631095531>



Monno Firms Go into Full Production Today

Two listed companies belonging to Monno Group are going into full production on Thursday this year.

Benoy Paul, company secretary of Monno Agro Machineries, told The Business Standard, "Due to the Covid-19 pandemic, we could not run the factories in full capacity. Now the Covid situation has improved across the country following vaccination. That is why we have decided to run full operation of the factories."

Monno Ceramic's share prices rose 57% to Tk168.3 during the June-September period this year at the Dhaka Stock Exchange (DSE).

It declared 5% cash and 5% stock dividends for the shareholders for FY20.

Monno Agro's share price also jumped 50% to reach Tk849.4 each at the same period this year. At the end of Wednesday's trading session, its share's closing price stood at Tk836.50.

Source: <https://www.tbsnews.net/economy/stocks/monno-firms-go-full-production-today-299866>

Japan Upgrades Q2 GDP on Stronger Business Spending

Japan's economy grew faster than the initially estimated in the April-June quarter, helped by solid capital expenditure, although a resurgence in Covid-19 is undermining service-sector consumption and clouding the outlook.

Revised gross domestic product (GDP) data by the Cabinet Office released on Wednesday showed the economy grew an annualised 1.9 per cent in April-June, beating economists' median forecast for a 1.6 per cent gain and the initial estimate of a 1.3 per cent expansion.

It followed Prime Minister Yoshihide Suga's announcement last Friday that he was stepping down, paving the way for the September 29 ruling party leadership race, in which contenders will outline their plans to revive the world's third-largest economy.

The upward revision was caused by better-than-initially-estimated business spending, as a brisk global economic recovery powered capital expenditure and factory output, which more than offset weak service-sector activity.

Source: <https://www.thedailystar.net/business/global-economy/news/japan-upgrades-q2-gdp-stronger-business-spending-2171721>



In World first, Bitcoin becomes Legal Tender in El Salvador

El Salvador on Tuesday became the first country to embrace bitcoin as legal tender, with consumer demand crashing its brand-new cyber "wallet" system even as the currency's value seesawed against the US dollar.

Under the initiative of President Nayib Bukele, Salvadoran consumers can now legally use bitcoin -- along with the US dollar which has been the official currency for two decades -- to pay for any good or service.

Bitcoin can be bought and spent using a cyber wallet app called Chivo (which translates as "cool" in the local dialect), while cash can be drawn, in dollars, from some 200 bitcoin automated teller machines hastily erected countrywide.

While made possible by a law promulgated in June, in practice few people could make use of the new system on launch day.

Source: <https://www.thedailystar.net/business/global-economy/news/world-first-bitcoin-becomes-legal-tender-el-salvador-2171711>



India May let Foreign Investors Buy up to 20pc in LIC IPO

The Indian government is considering allowing foreign institutional investors to buy up to a total of 20 per cent in state-owned Life Insurance Corporation (LIC), a government source said on Wednesday, as it presses ahead with a stake sale.

The listing of LIC is set to be India's biggest ever initial public offering (IPO), with the government aiming to raise up to Rs. 90,000 crore (\$12.2 billion) from its stake sale.

At present, even though foreign institutional investors are allowed to hold up to 74 per cent of private insurance companies and up to 20 per cent of state-owned banks, they are not permitted to own shares in LIC.

Enabling this would allow foreign pension funds, insurance companies and mutual funds to participate in the IPO of India's largest life insurer. The government is keen to complete the listing this financial year to help with budgetary constraints and late last month selected 10 merchant banks out of the sixteen that had bid to kick-start the process.

In total, the merchant banks will earn a fee of around Rs 10 crore (\$1.36 million), higher than the token fee charged on some IPOs of state-owned firms in the past, but still significantly lower than fees for private listings.

Source: <https://www.thedailystar.net/business/global-economy/news/india-may-let-foreign-investors-buy-20pc-lic-ipo-2171686>



Britain no Longer in Top 10 for Trade with Germany as Brexit Bites

Britain is on course to lose its status as one of Germany's top ten trading partners this year for the first time since 1950, as Brexit-related trade barriers drive firms in Europe's largest economy to look for business elsewhere.

In the first six months of this year, German imports from Britain sank nearly 11% year-on-year to 16.1 billion euros (\$19.0 billion), Federal Statistics Office data reviewed by Reuters showed.

While German exports to Britain rose 2.6% to 32.1 billion euros, that could not prevent a decline in bilateral trade, by 2.3% to 48.2 billion euros – pushing Britain down to 11th spot from ninth, and from fifth before it voted to leave the EU in 2016.

That trend was becoming more marked, though British businesses were even worse off, said Michael Schmidt, President of the British Chamber of Commerce in Germany, making any turnaround before the end of this year unlikely.

Source: <https://www.tbsnews.net/world/global-economy/britain-no-longer-top-10-trade-germany-brexit-bites-299842>

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

