

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

March 15, 2022

Tax Holiday Sought for New SMEs, Land Developers outside Dhaka

The SME Foundation has demanded tax holiday for new entrepreneurs in the small and medium enterprise sector for 10 years, while the Bangladesh Land Developers Association (BLDA) sought the facility for real estate businesses in municipality areas.

The organisations placed their demands in a pre-budget talk organised by the National Board of Revenue (NBR) at its office in the capital on Monday.

Several other trade bodies, including the Bangladesh Association of Pharmaceuticals Industries, the Bangladesh LPG Autogas Station and Conversion Workshop Owners Association, the Bangladesh Marine Fisheries Association, Bangladesh Lub Blenders Association, and Bangladesh Tea Association joined the event.

Source: <https://www.tbsnews.net/economy/tax-holiday-sought-new-smes-land-developers-outside-dhaka-384930>



Govt Waives 20% VAT on Soybean Oil

The government has waived 20% value-added tax (VAT) on soybean oil at production and consumer level till 30 June.

The National Board of Revenue (NBR) issued a circular regarding the VAT exemption Monday (14 March).

However, the existing 15% VAT on the import of edible oils remains unchanged, according to the circular signed by NBR Chairman Abu Hena Md Rahmatul Muneem.

The Bangladesh Tariff Commission and the Ministry of Commerce have urged the NBR several times to withdraw VAT on edible oil imports.

Presently, 15% VAT is imposed on the import stage, 15% on production stage and 5% on supply stage. However, the total amount of VAT importers need to pay has gone up as prices of imported edible oils increased in the international market, which created a downward pressure from importers to consumers.

Source: <https://www.tbsnews.net/economy/govt-waives-20-vat-soybean-oil-384822>



BDCOM Shares Soar 75% in Seven Days

The share price of BDCOM Online Limited – an internet service provider – soared 75% in the last seven trading sessions without any fundamental reasons.

According to the Dhaka Stock Exchange (DSE), the share price surged to Tk41.4 each on Monday, from Tk23.6 on 3 March.

Following such an exponential rise in the stock's price, the country's premier bourse wrote to the company asking it to explain the reasons.

In response, BDCOM Online said there was no undisclosed price sensitive information for the recent unusual price hike.

The company, listed on the capital market in 2002, provides nationwide internet service, data communication, IP telephony service, and vehicle tracking system services.

According to its financials, in the first half of the current fiscal year, the company's revenue increased by 17% to Tk37 crore, and net profit by 91% to Tk4.25 crore from a year earlier.

Source: <https://www.tbsnews.net/economy/stocks/bdcom-shares-soar-75-seven-days-384862>



Mir Akhter Gets BSEC Nod to Issue Tk250cr Bond

The Bangladesh Securities and Exchange Commission (BSEC) on Monday approved Mir Akhter Hossain Ltd, a construction company, to issue a zero-coupon bond worth Tk249.9 crore.

A zero-coupon bond is issued at a discount from its face value and the bondholders receive the face value at maturity. In Bangladesh, income from zero-coupon bonds is subject to no income tax for individual and corporate investors.

It would be a non-convertible, fully redeemable, and unsecured bond with a tenure of four years. The company will spend this fund on refinancing and increasing working capital.

The bond will be issued at a 7%-9% discount price considering the current bond market situation. Its issue price will be Tk5 lakh per unit. Unitholders will be paid fully every six months of the bond's maturity, starting after the first 18 months.

Local investment banks UCB Investment and IDLC investment will act as the trustee and the lead arranger of the bond, respectively.

Source: <https://www.tbsnews.net/economy/mir-akhter-gets-bsec-nod-issue-tk250cr-bond-384874>



Three Companies Replaced in the CSE50 Index

Delta Life Insurance Company, Prime Bank, and Shahjalal Islami Bank have replaced Jamuna Oil Company, Khulna Power Company, and Pubali Bank in the CSE50 index of the Chittagong Stock Exchange (CSE).

The biannual revision of the index will be effective from 3 April, stated the port-city bourse.

The CSE selects the constituents of the index based mainly on the capitalisation and turnover of all its listed companies.

At the end of 2021, CSE50 companies together made 58.83% of the total CSE market capitalisation, which was 62.26% in terms of free-float market capitalisation.

Free-float market capitalisation is the total value of the shares which can be traded without prior disclosure – not held by sponsor-directors or significant investors who hold 10% or more shares of a company.

Source: <https://www.tbsnews.net/economy/stocks/three-companies-replaced-cse50-index-384826>



Stocks Continue Recovery into Fourth Session

Dhaka and Chittagong stocks were on the recovery path for the fourth consecutive session on Sunday thanks to a minor correction in global crude oil prices and the regulatory disruptions.

DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), surged 97.6 points, or 1.5%, to settle at 6,766.

The market began to recover from a sharp dip last week as soon as the Bangladesh Securities and Exchange Commission (BSEC) announced no stock can fall by more than 2% in a day, while the upper circuit breaker remained the same – at 10%.

The regulator also had meetings with different stakeholders urging them not to go for panic selling instead of buying undervalued stocks.

Most of the sectors displayed positive performance, out of which ceramic, cement and services sectors gained more than 3%.

Source: <https://www.tbsnews.net/economy/stocks/stocks-continue-recovery-fourth-session-384322>



IMF in Sri Lanka to Discuss Worsening Economic Crisis

An IMF delegation was in Sri Lanka Monday for talks on the island's worsening economic crisis, with the public suffering through months of food, fuel and medicine shortages.

A lack of foreign currency has left traders unable to pay for vital imports in what authorities concede is the South Asian nation's worst financial crisis since independence from Britain in 1948.

Long queues outside gas stations and rolling blackouts have become the norm, while record inflation has caused serious hardship among the island's 22 million people by repeatedly pushing up the cost of groceries, transport and pharmaceuticals.

A senior staffer from the International Monetary Fund "will hold talks" with President Gotabaya Rajapaksa and his brother, finance minister Basil Rajapaksa, a spokesman for the leader told AFP.

Source: <https://www.thedailystar.net/business/global-economy/news/imf-sri-lanka-discuss-worsening-economic-crisis-2983001>



Malaysia's Manufacturing Sales up 13.1pc in January

Malaysia's manufacturing sales in January 2022 rose 13.1 per cent to 139 billion ringgit (about 33.15 billion US dollars) from a year ago, official data showed Friday.

The growth in sales value for the month was driven by the food, beverages and tobacco subsector which expanded 20.6 per cent, underpinned by the manufacture of food products industries, the Department of Statistics Malaysia (DOSM) said in a statement.

The expansion was also attributed to the petroleum, chemical, rubber and plastic products subsector that climbed 15.7 per cent, supported by the manufacture of coke and refined petroleum products industries, reports Xinhua.

Sales value for export-oriented industries which accounted for 71 per cent of total sales value increased 14.4 per cent while domestic-oriented industries rose 10.1 per cent in January 2022 as compared to the same month in 2021.

Source: <https://thefinancialexpress.com.bd/economy/malaysias-manufacturing-sales-up-131pc-in-january-1647001086>



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>



Gold Bid, Stocks Dumped further

Russia's invasion of Ukraine saw investors scrambling for the safety of gold and the protection of inflation hedges as weeks of brinkmanship came to a head on Thursday.

While market participants had been bracing for some form of aggression on Russia's part, Thursday's attack that brought explosions even in the Ukrainian capital of Kyiv, and across the country, made the war real for market participants.

Trader playbooks seemed to change from one that was built around the possibility of a diplomatic resolution to the crisis, to what had at one point been a tail-risk, or extreme, scenario.

"It looks pretty clear that they are moving toward Kyiv, which was always one of the worst case scenarios, because we now have a long night ahead of us trying to understand how bad this gets, and what sanctions get put up," said Chris Weston, head of research at brokerage Pepperstone in Melbourne.

Source: <https://www.thedailystar.net/business/global-economy/news/gold-bid-stocks-dumped-further-2970031>



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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