

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

September 28, 2021

Big Businesses Thrive on Spending Recovery

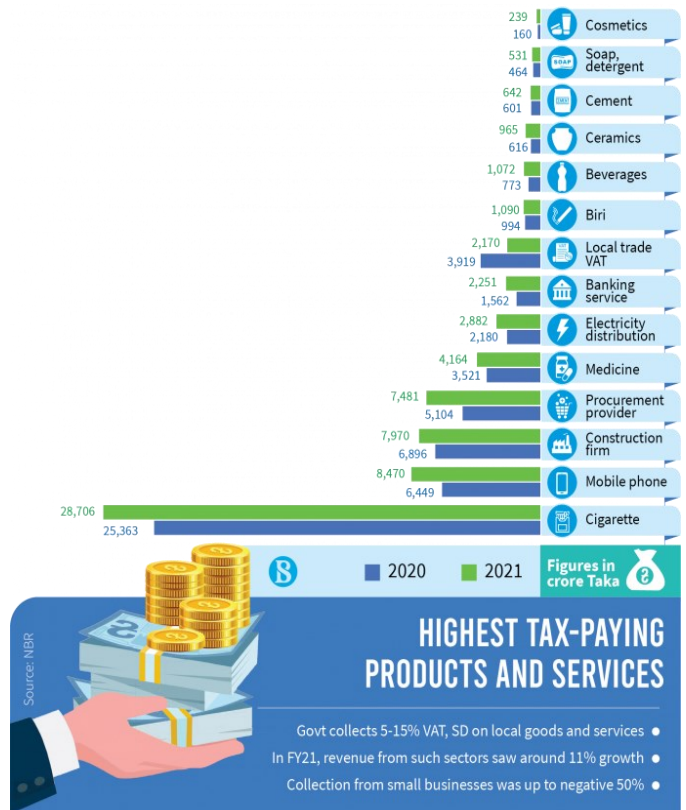
A double-digit growth in FY21 revenue collection from big businesses, from cosmetics to telecoms to pharmaceuticals to construction, bears witness to an excellent performance they all have put up dispelling the pandemic blues.

After the pent up consumer demand fuelled spending momentum post shutdown, big market players grabbed the opportunity – thanks to their very good logistics support.

In FY21, the National Board of Revenue (NBR) posted nearly 11% growth in revenue collection from cigarette, telecoms, housing, pharmaceuticals, banks, fast-moving consumer goods, manufacturing, construction and a few other businesses.

Experts have linked such strong revenue collection to uninterrupted operations of big businesses with good logistics support even in the pandemic time and the return of consumers to meet their pent-up needs.

Source: <https://www.tbsnews.net/economy/big-businesses-thrive-spending-recovery-308320>



Thai Envoy Calls for Signing FTA with Bangladesh

The Bilateral chamber also placed some proposals for enhancing bilateral trade and investment relationship between Bangladesh and Thailand, according to a press release.

BTCCI placed some important issues including making easier business policy between the business community, working jointly for Thai Special Economic Zone in Bangladesh, including more duty free Bangladeshi products, relocating labour intensive industry in Bangladesh like woven and textile Industry and some potential industry like power and energy, light engineering, electric, food, handicrafts and other effective bilateral activities.

The Thai envoy assured the business leaders of working on all proposals of BTCCI and augment business between the two countries.

Source: <https://www.newagebd.net/article/150281/thai-envoy-calls-for-signing-fta-with-bangladesh>



Legal Bar on Back-to-Back LC for Non-bonded Exports likely to Go

The existing legal barriers to back-to-back LC for non-bonded exports are likely to go, allowing the exporters the opportunity to procure raw materials and accessories on credit using the benefit.

The committee, formed on 21 September to decide on the fate of such benefit for those without bond licences, at its first meeting on Monday sounded positive in regard to amending the VAT law, according to a source present in the meeting.

In a back-to-back LC, an importer issues an LC to an exporter and the exporter can use it as collateral to get another LC issued for sourcing raw materials and accessories on credit.

With over 3 lakh workers, such factories export goods amounting to around \$5 billion annually.

Source: <https://www.tbsnews.net/dropped/industry/legal-bar-back-back-lc-non-bonded-exports-likely-go-308287>



Banks Can Now Invest up to Tk. 200cr in Green Sukuk

Bangladesh Bank today said banks can buy private sector-issued green Sukuk from their special funds, which they were allowed to form to invest in the stock market.

The central bank in February this year permitted banks to set up a Tk. 200 crore fund for investment in stock market by borrowing from it in order to increase liquidity flow in the market.

Since then, a number of banks formed funds and invested in stocks. Today, Bangladesh Bank allowed banks to invest all of the special fund in asset-backed green Sukuk by private sector.

It said issuer of Sukuk will need to invest 70 per cent of Sukuk in solar power, wind power, hydropower, and renewable energy generation. The Sukuk needs to be listed or committed to be listed within one year of subscription, said Bangladesh Bank.

Source: <https://www.thedailystar.net/business/news/banks-can-now-invest-tk-200cr-green-sukuk-2185311>



IPO Subscription of Two Firms to Begin Next Month

ACME Pesticides which producing mainly agro-based products, will raise a capital worth Tk. 300 million from the capital market under the fixed price method.

The stock market regulator approved the company's IPO proposal on July 19 to raise the said amount by issuing 30 million ordinary shares at Tk. 10 each.

The initial public offering (IPO) subscription of two companies ---Sena Kalyan Insurance and ACME Pesticides-- will commence from October 3 and October 12 respectively, officials said.

Sena Kalyan Insurance: The IPO subscription of Sena Kalyan Insurance Company (SKICL) is set to begin on October 3 aiming to raise Tk. 160 million under the fixed-price method.

The stock market regulator --- Bangladesh Securities and Exchange Commission-- (BSEC) approved the company's IPO proposal on August 11 to raise the said amount under the fixed price method to strengthen its business.

Source: <https://thefinancialexpress.com.bd/stock/ipo-subscription-of-two-firms-to-begin-next-month-1632803045>



Stocks Edge up After Bumpy Ride

Stocks posted a modest rise on Monday, after a single-day break, despite most of the shares losing prices.

The market opened on a positive note and the key index rose more than 43 points within 90 minutes of trading. However, two-third of early gains were wiped out amid profit booking tendency among investors.

DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up by 14.57 points or 0.20 per cent to settle at 7,251, after losing more than 13 points in the previous day.

Two other indices also edged higher with the DSE 30 Index, comprising blue chips, gaining 10.62 points to finish at 2,676 and the DSE Shariah Index (DSES) rose 4.18 points to close at 1,578.

Turnover, a crucial indicator of the market, however, dropped below Tk. 20 billion mark again and amounted to Tk. 19.80 billion, which was 12.58 per cent lower than the previous day's tally of Tk. 22.57 billion.

Source: <https://thefinancialexpress.com.bd/stock/stocks-edge-up-after-bumpy-ride-1632738015>



Europe's IPO Market Roars Back to Life

European stock market listings have come back with a bang after the summer lull but blank cheque firms are nowhere to be seen.

So far this quarter, 42 initial public offerings (IPOs) in Europe have raised \$8.5 billion, the highest amount for a decade, but there hasn't been special purpose acquisition company (SPAC) deal since July, according to Refinitiv data.

The SPAC frenzy in the United States during 2020 and the first half of 2021 was widely tipped to spill over to Europe but despite a flurry of activity before the holiday season, the market appears to have fizzled out.

In Europe so far this year, SPAC issuance peaked in the second quarter with 15 deals raising \$3.7 billion, followed by seven more in July worth \$1.4 billion, but there have not been any since, the Refinitiv data showed.

Source: <https://www.thedailystar.net/business/global-economy/news/europes-ipo-market-roars-back-life-2185591>



Panic Buying Leaves 90pc Fuel Pumps Dry in Major British Cities

Up to 90 per cent of British fuel stations ran dry across major English cities on Monday after panic buying deepened a supply chain crisis triggered by a shortage of truckers that retailers are warning could batter the world's fifth-largest economy.

A dire post-Brexit shortage of lorry drivers emerging after the Covid-19 pandemic has sown chaos through British supply chains in everything from food to fuel, raising the spectre of disruptions and price rises in the run up to Christmas.

Just days after Prime Minister Boris Johnson's government spent millions of pounds to avert a food shortage due to a spike in prices for natural gas, the biggest cost in fertilizer production, ministers asked people to refrain from panic buying.

Source: <https://www.thedailystar.net/business/global-economy/news/panic-buying-leaves-90pc-fuel-pumps-dry-major-british-cities-2185631>

Asian Markets Start Week with Gains but Eyes on Evergrande

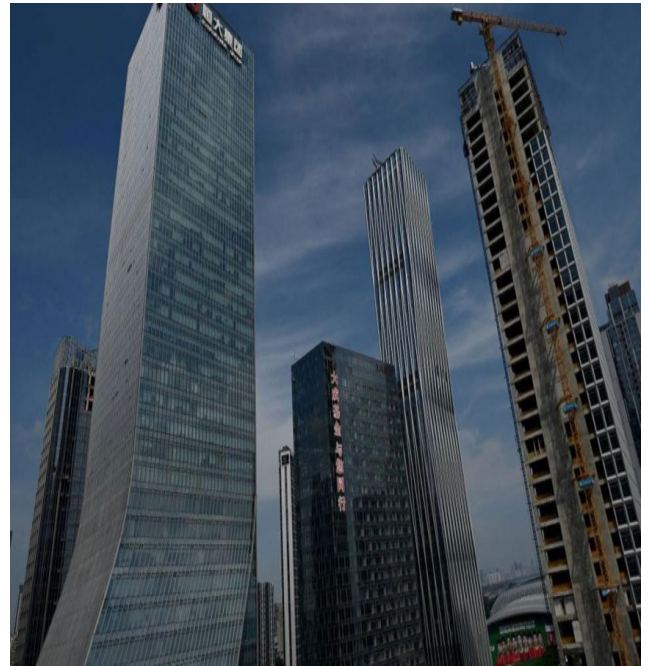
Equity markets mostly rose in Asia on Monday following a broadly positive lead from Wall Street, while investors kept a nervous eye on developments in the crisis at troubled Chinese property giant Evergrande as it teeters on the brink.

Hong Kong was among the best performers on bargain-buying after suffering a blow-out last week, though traders were still none the wiser about whether Evergrande paid interest on an offshore bond that was due last Thursday.

While concerns about an economically disastrous collapse of the firm have abated for now, analysts warned there was a long way to go before markets were out of the woods.

Reports at the weekend said Chinese authorities had ordered local housing chiefs to put the company's cash in ringfenced accounts to make sure it is used to complete construction projects. Observers said the move showed homeowners were taking priority for the government as it tries to temper social anger.

Source: <https://www.thedailystar.net/business/global-economy/news/asian-markets-start-week-gains-eyes-evergrande-2185596>



Some Apple, Tesla Suppliers Suspend Production in China

Several Apple Inc and Tesla Inc suppliers have suspended production at some Chinese factories for a number of days to comply with tighter energy consumption policies, putting supply chains at risk in the peak season for electronics goods.

The Taiwanese maker of printed circuit boards said it did not expect significant impact as other plants would make up production. Eson Precision Ind Co Ltd, an affiliate of Taiwan's Hon Hai Precision Industry Co Ltd (Foxconn), in a statement said it suspended production from Sunday until Friday at facilities in the Chinese city of Kunshan.

Concraft Holding Co Ltd, a supplier of speaker components for Apple's iPhone and which owns manufacturing plants in Suzhou city, said it would suspend production for five days until noon on Thursday and use inventory to meet demand.

Source: <https://www.thedailystar.net/business/global-economy/news/some-apple-tesla-suppliers-suspend-production-china-2185601>



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