

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

July 28, 2022

Dollar Price Drops to Tk108 a Day after Record High

Kerb market dollar prices on Wednesday dropped by Tk4 to Tk108, a day after record high of Tk112.

Private sector banks, however, increased the cash dollar prices on the same day to the highest Tk108, while state-run ones sold the currency at the rate of Tk102-103.

Eastern Bank sold cash dollars at the rate of Tk101 on Tuesday and raised the price to Tk108 on Wednesday, while IFIC Bank charged Tk107 per dollar yesterday, according to officials concerned.

With the rolling of time, the dollar price saw ups and downs and the sales closed at Tk108 at the end of the day.

The kerb market dollar prices have been on a constant rise since 21 July. On that day, it was Tk102.50 per dollar. The price increased to Tk105 on 24 July and Tk107 the next day. The cash dollar price hit an all-time high of Tk112 on Tuesday this week.

Source: <https://www.tbsnews.net/economy/dollar-rate-tk1085-kerb-market-466110>



IMF Says it Stands ready to Support Bangladesh

The International Monetary Fund (IMF) said on Wednesday it would discuss with Bangladesh its loan request after the country became the third in South Asia to seek such support after Pakistan and Sri Lanka.

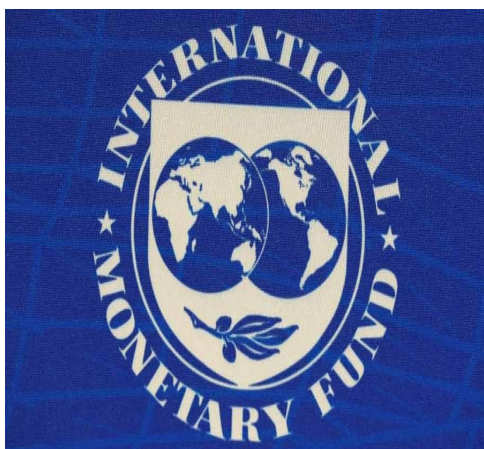
Bangladesh's \$416 billion economy has been one of the fastest-growing in the world for years, but rising energy and food prices because of the Russia-Ukraine war have inflated its import bill and the current account deficit.

The IMF said Bangladesh was interested in its new Resilience and Sustainability Facility aimed at helping countries face climate-change challenges and had also requested negotiations for an "accompanying IMF programme".

"The IMF stands ready to support Bangladesh, and the staff will engage with the authorities on programme design as per the established policies and procedures of the Fund," an IMF spokesperson said, reports Reuters.

"The amount of support will be part of the programme design discussions."

Source: <https://thefinancialexpress.com.bd/economy/imf-says-it-stands-ready-to-support-bangladesh-1658940138>



Dhaka Bank's Profit Jumps 19pc

Dhaka Bank Ltd reported an 18.75 per cent increase in profit in the April-June quarter of 2022.

Consolidated earnings per share were Tk 0.57 in the quarter against Tk 0.48 in the same period of 2021, according to the unaudited financial statements.

The EPS rose thanks to an 18 per cent year-on-year increase in operating profit, said the private commercial bank in a filing on the Dhaka Stock Exchange yesterday.

Consolidated EPS was Tk 1.30 in the first half of 2022, up 15 per cent from Tk 1.13 a year ago.

Dhaka Bank's consolidated net operating cash flow per share was a negative of Tk 17.81 from January to June while it stood at Tk 3.98 during the identical period of 2021.

The NOCFPS reduced due to an increase in loans and advances and investment in Treasury bills, said the bank.

Source: <https://www.thedailystar.net/business/economy/banks/news/dhaka-banks-profit-jumps-19pc-3081371>



BSEC Increases SME Board Investment Limit to Tk30 lakh



The securities regulator has increased the minimum investment limit from Tk20 lakh to Tk30 lakh for an investor to be qualified for trading shares of companies on the Small Capital Platform or the SME board of the exchanges.

The Bangladesh Securities Regulator and Exchange Commission (BSEC) took the decision on Wednesday in a meeting, which will be effective immediately.

The commission has given three months to the investors who are already trading shares on the SME board with a portfolio of Tk20 lakh to increase their investment to Tk30 lakh.

In order to be considered eligible for trading shares in the Small Capital Platform launched in 2021, initially there was an obligation to invest Tk1 crore in the shares of listed companies in the capital market.

At that time eligible investors had to express their interest in trading in small caps by filling up a number of forms.

Source: <https://www.tbsnews.net/economy/stocks/bsec-increases-sme-board-investment-limit-tk30-lakh-466406>

DBBL Profit Marginally up

Dutch-Bangla Bank Ltd's (DBBL) profit was marginally up in the April-June quarter of 2022 compared to a year ago.

The private commercial lender reported earnings per share of Tk 1.97 for the quarter against Tk 1.95 during the same period last year.

The EPS rose 10.15 per cent to Tk 3.58 in the first half of 2022. It was Tk 3.25 during the same January-June half of 2021, according to the unaudited financial statements.

Net operating cash flow fell to Tk 21.38 from January to June from Tk 21.76 last year, mainly for the increase in loans and advances to customers, said the bank in a filing on the Dhaka Stock Exchange yesterday.

Source: <https://www.thedailystar.net/business/economy/banks/news/dbbl-profit-marginally-3081376>



Brokers for Amending Existing Book-building System

DSE Brokers Association of Bangladesh (DBA) has demanded amendment of current book-building system.

Terming the existing system faulty, they urged the authorities concerned to amend the bidding system to attract big and well performing companies to the stock market.

Under the existing book-building system, share prices of a new company are derived based on a simple average of its asset value and yield analysis.

Prices can be predicted under the current method as a bidder cannot bid 1.2 times the value which is not favourable for listing well performing conglomerates.

Besides, first come, first serve basis is also not justifiable. The previous bidding method was open and competitive. The DBA made their demands at the Eid reunion and discussion meeting held Monday at its club auditorium in Motijheel, says a statement issued on Tuesday.

DBA also urged to reduce certificate renewal fees to maintain the quality services and smooth operation in the stock market. DBA is a platform for trading right entitlement certificate (TREC) holders of the DSE, which has been working since 2014, after the demutualisation of the country's premier bourse on November 21, 2013.

Source: <https://thefinancialexpress.com.bd/stock/brokers-for-amending-existing-book-building-system-1658894882>



Global: Business

Dollar Advances With all Eyes on Fed

The dollar rose modestly against a basket of major currencies on Wednesday as investors braced for the latest policy announcement from the US Federal Reserve in which the central bank is widely expected to hike interest rates by 75 basis points.

The greenback was weaker earlier in the session but had slowly gained ground to move into positive territory on the day.

Expectations for a 75 basis point rate hike stand at about 87% percent, according to Refinitiv data, with a roughly 13% chance for an even bigger 100 basis point hike. The central bank is expected to bring the rate up to as high as 3.4% by the end of the year as it attempts to bring inflation under control.

"There is sort of a mood shift going on out there with respect as to whether we will see that pivot or even hints of a dovish pivot here," said Karl Schamotta, chief market strategist at business payments company Corpay, in Toronto.

Source: <https://www.tbsnews.net/world/global-economy/dollar-advances-all-eyes-fed-466342>



Samsung Warns Chip Demand for Phones, PCs to Weaken as People Shop Less

Samsung Electronics Co Ltd said chip demand from smartphone and PC makers would weaken further in the second half of the year as people shop less, but that a fundamentally solid uptake of server memory chips provided a silver lining.

While the world's top maker of memory chips and smartphones turned in its best April-June operating profit since 2018 on strong server chip demand, its mobile business saw profits weakening amid geopolitical issues, inflation concerns, and higher components and logistics costs.

"In the memory business, server demand is expected to remain solid while PC and mobile demand is likely to see continued weakness," the South Korean company said on Thursday.

Earlier, San Diego-based Qualcomm Inc warned of a hit to fourth-quarter sales from cooling smartphone demand, adding to the chorus of voices cautioning about chip sales as red-hot inflation squeezes consumer spending.

Source: <https://www.tbsnews.net/tech/samsung-warns-chip-demand-phones-pcs-weaken-people-shop-less-466506>



Global: Business

Australian Inflation Speeds to 21-year High, Peak still to Come

Australian inflation sped to a 21-year high last quarter and is likely to accelerate even further as food and energy costs explode, stoking speculation interest rates will need to more than double to bring the outbreak under control.

Wednesday's gloomy report comes just a day before Treasurer Jim Chalmers is due to update the previous government's budget forecasts, and he is already warning that inflation would get worse before it got better.

Data from the Australian Bureau of Statistics showed the consumer price index (CPI) jumped 1.8% in the June quarter, just short of market forecasts of 1.9%.

The annual rate picked up to 6.1% from 5.1%, the highest since 2001 and more than twice the pace of wage growth.

A closely watched measure of core inflation, the trimmed mean, rose 1.5% in the quarter, lifting the annual pace to the highest since the series began in 2003 at 4.9%.

Source: <https://www.tbsnews.net/world/global-economy/australian-inflation-speeds-21-year-high-peak-still-come-465746>



Central Banks Must Resist Urge to Back off Inflation Fight: IMF Economist

Global central banks may get "antsy" about the swiftness of economic pain brought on by monetary tightening to fight inflation and be tempted to cut interest rates before the job is done, the International Monetary Fund's chief economist said on Tuesday.

That would be a huge mistake, prolonging the agony of inflation, IMF research director Pierre-Olivier Gourinchas told Reuters in an interview.

Gourinchas said rate hikes like the one expected from the US Federal Reserve on Wednesday are already raising borrowing costs and softening demand. That process needs to continue until inflation rates are back "within sight" of central bank targets of around 2% a year, he added.

The IMF cut its global economic growth outlook on Tuesday, as it warned that monetary tightening, along with spillover from the war in Ukraine and Covid-19 lockdowns in China, could push the global economy to the brink of recession in the coming months.

Source: <https://www.tbsnews.net/world/global-economy/central-banks-must-resist-urge-back-inflation-fight-imf-economist-465762>



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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