

## HIGHLIGHTS OF THE DAY

Bangladesh: Economy

September 1, 2021

### Padma Bank Seeks to Merge with State Bank

Padma Bank, the erstwhile Farmers Bank, in a letter to the finance ministry recently has sought to be merged with any state bank that fits the bill, in what seems to be a desperate effort to avoid further deterioration of its financial health.

"We have recently received an application from the bank for a merger," ABM Ruhul Azad, additional secretary to the ministry's financial institutions division, told The Daily Star.

The merger plea comes around three years past the government rescuing the lender from collapse in the wake of massive financial irregularities.

Established in 2013 as Farmers Bank, the lending agency had fallen prey to scamsters. A Bangladesh Bank investigation found that more than Tk. 3,500 crore was siphoned off between 2013 and 2017.

The Covid-19-induced challenges led to operating losses of Tk. 120 crore in the first half of 2021. As a result, shareholders' equity declined to Tk. 221 crore, down from Tk. 332 crore at the end of last year.

Source: Padma Bank seeks to merge with state bank | The Daily Star



### BRRI Projects 42 lakh tonnes of Rice Surplus in 2030

Bangladesh has been witnessing a record production of rice, but instead of becoming self-reliant, the country's dependence on imports of the staple food grain has grown steadily over the past two years – a crucial move in tackling the volatile market.

Despite such a situation, a recently conducted research of Bangladesh Rice Research Institute (BRRI) projects that the country will have 42 lakh and 65 lakh tonnes of surplus rice in 2030 and 2050 respectively.

As part of the study titled "Doubling Rice Productivity in Bangladesh: A Way to Achieving SDG-2 and Moving Forward," researchers have developed the framework for an action plan to facilitate the projected volume of rice production, BRRI sources told The Business Standard.

Source: BRRI projects 42 lakh tonnes of rice surplus in 2030 (tbsnews.net)



| Year               | Production        | Surplus                                                                 |
|--------------------|-------------------|-------------------------------------------------------------------------|
| 2030               | 4.69 crore tonnes | 42 lakh tonnes                                                          |
| 2040               | 5.40 crore tonnes | 50 lakh tonnes                                                          |
| 2050               | 6.80 crore tonnes | 65 lakh tonnes                                                          |
| Current Production |                   | Imports                                                                 |
| 2021               | 3.78 crore tonnes | Process is on to import more than 17 lakh tonnes through private sector |

## Now General Investors to Get 70% IPO Shares

From now on, general investors in the capital market will receive 70% shares of any initial public offering (IPO).

Previously, they would get 50% shares of any IPO in the fixed price method and 40% in the book building method.

As per the amended rules, institutional investors' quota in primary shares has been brought down to 20%, from 30%, and 25%, from 40%, in the fixed price and book building processes, respectively.

Besides, non-resident Bangladeshis (NRB) will get 5% IPO shares in both categories instead of 10%.

Mutual funds will get only 5% primary shares in the fixed price method while they will be treated as institutional investors in the book building system.

As a result, BSEC expects, general investors' participation will be increased due to an increase in the IPO quota.

The issuer company may offer private placement up to 15% of the size of its initial public offering, which will be treated as a part of the said IPO.

Source: Now general investors to get 70% IPO shares (tbsnews.net)



## Stocks Bounce back After 3-day Fall

Bangladesh's stock market bounced back yesterday after losing a total of 61 points over the last three days as investors started to buy stocks, thinking that the profit booking session had ended.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 45 points, or 0.68 per cent, to 6,869.

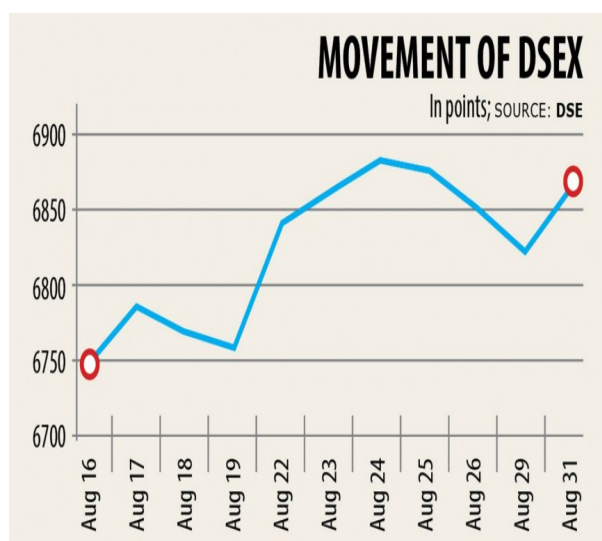
On the same day, the DS-30, the blue-chip stock index, rose 10 points to 2,453.

"As the deposit rate in the banking sector is low, people now prefer investing their funds in the stock market," said a merchant banker preferring anonymity.

Besides, the market recently became vibrant after a long time, attracting more general investors in the process.

Optimistic investors took positions in the cement, insurance, textile, food, and engineering sectors, which added 45 points to the DSEX for the session.

Source: Stocks bounce back after 3-day fall | The Daily Star



## **Nagad gets Conditional Permission to Raise Tk500cr thru' Bonds**

The stock market regulator has allowed Nagad, the mobile financial services arm of the Bangladesh Postal Department, to raise Tk510 crore through issuing zero-coupon bonds on condition that it would fulfil all regulatory requirements.

Sources said the company will have to submit its trust deed registration, Credit Information Bureau (CIB) clearance of all directors and no objection certificate from its regulator.

Nagad's paid-up capital is Tk3.50 crore, while authorised capital stands at Tk10 crore.

Earlier, the company applied to the commission for a zero-coupon bond of face value up to Tk750 crore. The tenure of the bond is five years and the coupon rate is up to 10%.

Besides, it is a transferable, redeemable and non-convertible zero coupon bond.

Source: Nagad gets conditional permission to raise 'Tk500cr thru' bonds (tbsnews.net)



## **IFIC Bank to Issue Tk. 5.0b Subordinated Bond**

The board of directors of IFIC Bank has taken a decision to issue Tk. 5.0 billion subordinated bond to raise Tier-2 capital of the bank.

The bank has decided to issue the non-convertible subordinated bond to help the bank to meet its Basel III requirements. The Bangladesh Bank is implementing Basel III in the local banking industry so that banks have adequate capital to avert a systematic risk.

The issuing of bonds is subject to the approval of the regulatory authorities — Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC), the bank said in a filing with the Dhaka Stock Exchange (DSE) on Tuesday.

Each share of the bank, which was listed on the DSE in 1986, closed at Tk. 16.30 on Sunday. Its share traded between Tk. 8.80 and Tk. 17.90 in the last one year.

The bank disbursed 5.0 per cent stock dividend for the year ended on December 31, 2020.

Source: IFIC Bank to issue Tk 5.0b subordinated bond (thefinancialexpress.com.bd)



# Subordinated Bond

## China's Oil Demand Recovers

China's demand for spot crude appears to be recovering after nearly five months of slower purchases caused by a shortage of import quotas, drawdowns from high inventories and Covid-19 lockdowns that muted Chinese fuel consumption.

Softer buying since April by the world's top crude importer and a drop in China's refining output to 14-month lows in July have depressed the prices of staple crude grades from West Africa and Brazil to multi-month lows.

But traders and analysts say Chinese importers are now increasing the pace of purchases and paying higher premiums to secure supplies from November onwards as lockdown restrictions ease. A sustained rebound in demand by China may tighten supplies and support global oil prices LCOc1.

Oil demand in the world's No. 2 consumer looks to be on a recovery path as Beijing eases lockdown measures after largely containing several outbreaks of the Covid-19 Delta variant since it emerged in the country in July, traders said.

Source: China's oil demand recovers | The Daily Star



## Asian Shares Down on Slow-Growth Fear; Dollar Stays near Three-week Low

Asian shares gave up some of their recent gains in cautious trading on Wednesday while the dollar inched back from three-week lows, as worries about slowing global growth in several markets returned to weigh on traders' minds.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.40%, edging off a three-week high reached the day before.

In the past two weeks, the regional benchmark has regained much of the ground lost a few weeks earlier when markets globally dropped, spooked by the possibility that the US Federal Reserve was moving closer to tapering its asset purchases.

The day before, China reported that factory activity expanded at a slower pace while the services sector slumped into contraction, showing that China's current soft patch is continuing in the third quarter," Mansoor Mohi-uddin, chief economist, Bank of Singapore, wrote in a note.

Source: Asian shares down on slow-growth fear; dollar stays near three-week low (tbsnews.net)



## Dollar at 3-week Lows as Traders await Tapering Clues

The dollar was trading near three-week lows against a basket of currencies on Tuesday, as investors looked to US jobs figures later this week for clues on stimulus taper timing.

The greenback has been on the back foot since Federal Reserve Chair Jerome Powell's comments at the Jackson Hole conference on Friday that the US central bank could scale back its bond-buying program this year but did not give a firm timeline.

US payrolls numbers due Friday this week will be closely watched, analysts said.

"Powell made clear on Friday that the Fed believes the 'substantial further progress' criteria has been met for inflation but not for employment and hence the jobs data will continue to be key for policy expectations," analysts at MUFG said in a note.

Trade on Tuesday will also likely be driven by month-end flows from businesses for their import and export transactions, traders said.

The dollar index slipped a quarter of a percent to 92.456, its lowest level since August 6.

The euro gained 0.3% against the broadly weaker dollar, hitting a three-week high of \$1.18315.

Source: Dollar at 3-week lows as traders await tapering clues (tbsnews.net)

## Indian Growth Jumps in April-June



India's economy rebounded in the April-June quarter even while a devastating second wave of Covid-19 swept the country, with growth of over 20 per cent compared to a year earlier driven by a surge in manufacturing and higher consumer spending.

The expansion nevertheless fell short of the 21.4 per cent predicted by the central bank, which some analysts said would make the Reserve Bank of India (RBI) more likely to retain its accommodative stance until at least year-end, reports Reuters.

Gross domestic product expanded 20.1 per cent in April-June, the first quarter of India's fiscal year, compared with the same period a year earlier, driven mainly by manufacturing and construction, the statistics ministry said on Tuesday.

The period included April-May's second wave of the coronavirus pandemic but activity was less affected than during last year's initial spread because lockdown measures adopted were less stringent.

The Indian economy, Asia's third-largest, shrank 7.3 per cent in 2020/21, putting it among major economies hit worst by the Covid-19 crisis.

Source: Indian growth jumps in April-June (thefinancialexpress.com.bd)

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Alliance Capital Asset Management Ltd.

### **Contact Us**

#### **Address:**

Sima Blossom (10<sup>th</sup> 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](http://www.acaml.com)