

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

October 25, 2021

Revenue Figure Shows Strong Economic Recovery in Q1

The National Board of Revenue (NBR) has seen a 16.72% growth in revenue collection in the first three months of fiscal 2021-22, which indicates a strong economic recovery.

An NBR official said revenue collection has increased as a result of normalisation of economic activities, digitisation of the revenue system, and strengthening of source tax collection and revenue board's monitoring system.

As per the provisional data, the NBR saw a 21% growth till September. The collection was Tk19,309 crore in the first quarter of this fiscal year in the customs sector against the target of Tk21,727 crore.

Customs officials say a lot of products from previous orders have entered the country in the past few months. Imports of cement clinker, steel materials, and machinery have increased through the Chattogram port.

Like customs, NBR has had more success in the VAT sector. Most of the success has come from the large taxpayer unit (VAT) set up to collect VAT from large companies.

Source: <https://www.tbsnews.net/economy/revenue-figure-shows-strong-economic-recovery-q1-320314>



Korea to Give \$700m Loan for Economic Recovery, Improving Transportation

Bangladesh will receive a \$700 million soft loan from South Korea, 2021-2025, for sustainable economic recovery, improving transportation, and health services.

For the loans, on Sunday the Bangladesh government signed a "Framework Arrangement" with the Korean government to implement various development projects in the country, said a press release.

Under this Framework Arrangement, signed in the capital city's NEC Bhaban of the Economic Relations Division (ERD), the Korean government will provide financial assistance to implement various development projects in Bangladesh over the next five years.

Bangladesh has completed fifteen projects of \$469.77 million with assistance from the EDCF. Another eight projects of \$666.28 million are currently ongoing. At the end of Financial Year 2020-21, total commitment from the EDCF has been \$1330.48 million.

Source: <https://www.tbsnews.net/economy/korea-give-700m-loan-economic-recovery-improving-transportation-320227>



BSRM ups Investment by 164% to Meet Growing Demand

The steel market leader, BSRM Steels Ltd, has revised up its investment plan for capacity expansion amid a boost in demand for its products.

A year ago, the listed company had announced a Tk700 crore investment plan to increase its annual production capacity of construction rod and some other products by five lakh tonnes, taking the total capacity to over 21 lakh tonnes per year.

But amid soaring demand, it has now planned to increase rod re-rolling capacity by six lakh tonnes, for which it will also increase its billet making capacity by 2.5 lakh tonnes. This will make the company self-reliant for the semi-finished raw material, said company officials.

For the revised melting and re-rolling capacity of 22 lakh tonnes each per year, the total investment needed has been revised up to 2.64 times to Tk1,850 crore and the project is set to be completed by the end of 2023, instead of the previous plan to begin production by mid-2023.

Source: <https://www.tbsnews.net/economy/bsrm-ups-investment-264-meet-growing-demand-320359>



Two Square Group Firms to Invest Tk676cr to Boost Production Capacity

To meet the growing demand and increase their market stakes, two listed companies of Square Group will invest Tk676 crore for enhancing their production capacity.

Square Textiles will invest Tk376 crore and Square Pharmaceuticals Tk300 crore. Square Pharma said in its financial report that the board of the company approved the investment plan to buy new capital machinery and land for expansion.

Square Pharma's main competitors Beximco Pharma, Renata Pharma, and Incepta Pharma have together invested more than Tk1,000 crore in recent years to expand their market shares.

In fiscal 2020-21, its earnings per share jumped 11 times to Tk3.41 thanks to a reduction in the corporate tax to 22.5%, from 25%, and an increase in productivity by using modern technology. The company declared a 20% cash dividend for its shareholders for the last fiscal year, which was 10% in the previous fiscal year.

Source: <https://www.tbsnews.net/economy/two-square-group-firms-invest-tk676cr-boost-production-capacity-320338>



Stocks End in the Red Again

The stock market returned to its falling trend again yesterday due to a confidence crisis among investors.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), fell 70 points, or 0.99 per cent, to 7,005.

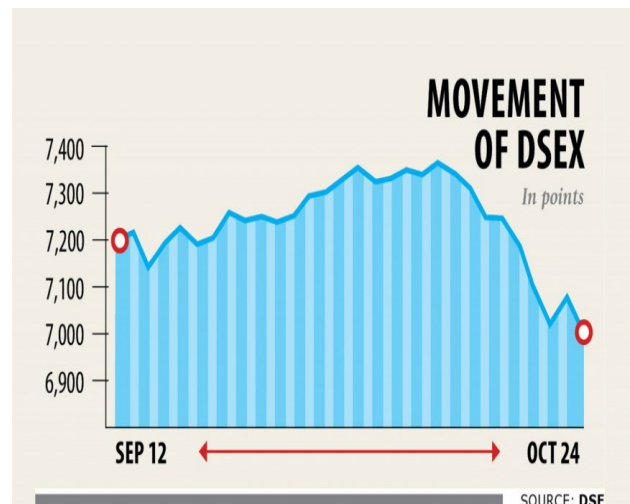
Market analysts are saying that investors had become frightened with the continuous fall last week, so they sold shares.

Though availing profits is a common phenomenon of the stock market, the recent fall was steep and continuous so it made investor fearful, said a merchant banker.

Investors need to be cautious in this situation because a wrong decision here can damage their investment, he said. If investors invest in good stocks, they have no reason to panic, the merchant banker added.

Turnover, an important indicator of the stock market, rose to Tk. 1,471 crore up from Tk. 1,310 crore.

Source: <https://www.thedailystar.net/business/economy/stock/news/stocks-end-the-red-again-2205571>



Dutch-Bangla Bank's Third-Quarter Profit Jumps 31%

Dutch-Bangla Bank Limited has recorded a 31% jump in its third quarter —July to September— profits.

The private sector lender also registered a 14% growth in profits in the first nine months of this year.

The company disclosed the figures as price-sensitive information (PSI) after its board of directors meeting on Sunday.

According to its latest figures, Dutch-Bangla recorded a net profit of Tk169.44 crore in the July-September quarter, while its earnings per share (EPS) stood at Tk2.68.

The bank recorded a Tk129.37 crore net profit and Tk2.08 EPS last year over the same period.

In the first nine months of this year, its profit stood at Tk395.37 crore and EPS at Tk6.25, which was Tk345.77 crore and Tk5.47 respectively over the same period in the previous year.

The company has paid 30% dividends — 15% cash and 15% stock—to its shareholders.

Source: <https://www.tbsnews.net/economy/stocks/dutch-bangla-banks-third-quarter-profit-jumps-31-320296>



UK Plans £8b of Extra Health and Education Spending

British finance minister Rishi Sunak plans a 5 billion pound (\$6.9 billion) programme to fund health research and 3 billion pounds of extra funding for further education in next week's budget, finance ministry officials said late on Saturday.

The announcements, which include a raft of smaller spending decisions, follows news earlier in the day of 6.9 billion pounds for regional transport projects ahead of a major review of government spending over the next three years.

The transport investment is 1.5 billion pounds more than previously planned, as the government seeks to boost living standards outside London through its 'levelling-up' agenda.

"We want to make the UK the best place in the world to start, grow and invest in a business, as we continue to support enterprise, create jobs, and level up as we recover from the pandemic," Sunak said in a statement.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/uk-plans-ps8b-extra-health-and-education-spending-2205506>



Italy Woos Intel over Chip Plant

Rome is drawing up an offer to try to convince Intel to invest billions of euros in an advanced chipmaking plant in Italy, as Germany emerges as frontrunner to land an even bigger mega-factory planned by the US company, three sources said.

The plants would be part of a drive by the US group to build cutting-edge manufacturing capacity in Europe to help avoid future supply shortages of the kind currently crippling the automotive industry in particular.

Rome is already in talks with Intel about the potential investment, which according to preliminary estimates would be worth more than 4 billion euro (\$4.7 billion), the sources who are involved in the discussions said.

Rome is ready to fund part of the overall investment with public money and offer favourable terms to Intel, including on labour and energy costs, the sources said. The factory would create more than 1,000 direct jobs in Italy, they added.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/italy-woos-intel-over-chip-plant-2205481>



Evergrande Resumes Work on Over 10 Property Projects

China Evergrande Group said on Sunday it had resumed work on more than 10 projects in six cities including Shenzhen - a statement that comes after it appeared to avert default with a last-minute bond coupon payment last week.

Evergrande, deep in crisis with more than \$300 billion in liabilities, has not disclosed how many of its 1,300 real estate projects across China it has had to halt work on.

On Sunday, it said in a post on its Wechat account that some of the projects it had resumed work on had entered the interior decoration stage while other buildings had recently finished construction.

China's second-largest property developer last month also promised potential buyers it will complete building of their homes and said that work on one of the world's biggest soccer stadiums in the southern city of Guangzhou was proceeding as planned.

Source: <https://www.thedailystar.net/news/asia/china/news/evergrande-resumes-work-over-10-property-projects-2205516>



Desperate for Employees, US Businesses Struggle to Hire

Even as millions of Americans who lost their jobs to the Covid-19 pandemic have returned to work, companies nationwide report they're still struggling to hire employees in recent months.

More than 10 million jobs were unfilled as of the end of August, according to government data. The labor force participation rate, which measures the US economy's active workforce, was 61.6 per cent in September, compared to 63.3 per cent before the pandemic.

The causes of the short staffing are myriad, from continued fears of contracting Covid-19, particularly among people who live with elderly family or children, to early retirements and objections over work-life balance and low wages.

And while the government throughout the pandemic offered generous unemployment benefits to keep people who lost their job financially sound, their expiration last month hasn't yet caused hiring to increase.

The employee shortages come as restaurants and entertainment venues reopen amid as more Americans get vaccinated, and ahead of the uptick in business around the holiday season.

Source: <https://www.newagebd.net/article/152631/desperate-for-employees-us-businesses-struggle-to-hire>



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