

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

August 07, 2022

Bangladesh's Economic Indices Rebound in July

The pressure on Bangladesh's economy, generated by rising imports against less-than-sufficient exports and falling remittances amid escalating inflation, has eased slightly as the indices have rebounded in July, reports UNB.

Experts, however, do not think the time has come to relax. They have urged the government to be cautious about loosening the austerity measures and the monitoring that were initiated to help the country deal with the global economic crisis created by the Russia-Ukraine war.

The monthly year-on-year rise in inflation crossed the 6 percent mark in February and continued to increase by 7.56 percent in June before falling slightly by 7.48 percent in July.

Bangladeshi importers opened letters of credit, or LCs, worth \$5.5 billion in July, down by 31 percent from June, as the central bank continued to tighten its control over imports.

Bangladesh made a record in exporting goods and services in the last fiscal year, but it was not sufficient to pay the import bills as a low remittance inflow had affected the balance of payments, resulting in a shortfall of US dollar reserves.

Source: <https://thefinancialexpress.com.bd/economy/bangladeshs-economic-indices-rebound-in-july-1659675678>



Bangladesh for Securing SAFTA Benefits in CEPA Pact with India



Bangladesh will push for securing the benefits it enjoys under the SAFTA deal when negotiations on Comprehensive Economic Partnership Agreement (CEPA) start with India soon, officials say.

As a least developed country (LDC) all but 25 tobacco and alcohol products of Bangladesh are entitled to duty-and quota-free market access to India under the South Asian Free Trade Area (SAFTA) agreement.

Bangladesh will lose the duty-free and quota-free market-access facility to India after 2026 when it graduates to a developing country.

A recent meeting at the Ministry of Commerce (MoC) decided to open CEPA negotiations with India soon with a view to retaining in the new pact the facilities it enjoys under the SAFTA deal.

Export to the neighbouring giant is also increasing gradually, according to the meeting's opinion.

Source: <https://thefinancialexpress.com.bd/economy/bangladesh-for-securing-safta-benefits-in-cepa-pact-with-india-1659754828>

City Bank Perpetual Bond's Half-yearly Coupon Rate Declared at 9.58%

City Bank Limited has announced the coupon rate at 9.58% of its perpetual bond, which is being traded on the Dhaka Stock Exchange (DSE), for the first six months of its financial year starting in March.

On 4 August, the bond's trustee board approved the coupon rate, where the coupon range of the bond is from 6% to 10%.

To get the semi-annual coupon payment, the bond's unitholders should hold their stake until 29 August.

A coupon is the interest payment received by a bondholder from the date of issuance until the date of maturity of a bond

Earlier, on 20 June, City Bank perpetual bond started trading on the country's premier bourse, priced at Tk1 lakh per unit.

A perpetual bond is a hybrid security with no maturity date that has debt and equity characteristics. These types of bonds are not redeemable, instead, they provide a never-ending stream of interest payments.

Source: <https://www.tbsnews.net/economy/stocks/city-bank-perpetual-bonds-half-yearly-coupon-rate-declared-958-472762>



Capital Market Prepares to Facilitate Startups

BANGLADESH STARTUP ECOSYSTEM	CHANGES ON THE TABLE
 2,500 successful startups	 BSEC plans to allow potential startups despite losses
 Giants: bKash, Pathao, Chaldal, Shopup	 Officials hint at more accommodative changes
 Mostly funded by foreign venture capitalists	 Tech industry demands relaxed IPO pricing method
 Govt to give firms TK500 CR fund by 2025	

Startups and technology firms that have long been facing challenges in local financing while their investors have been suffering due to fewer exit options amid no listing of loss-making startups are going to see opportunities in the local capital market.

"The securities regulator is going to allow them to go public," said Professor Shibli Rubayat-Ul-Islam, chairman of the Bangladesh Securities and Exchange Commission (BSEC), at a conference titled "Capital Market of Bangladesh: Prospects and Opportunities for Tech Startups and Growth Stage Companies."

Only a few startups such as bKash, Pathao, Chaldal, and Shopup succeed in their business, but they pay back investors and the society so much that it more than compensates for the failed startup investments, said State Minister for ICT Zunaid Ahmed Palak at the event jointly organised by the Dhaka Stock Exchange (DSE) and Startup Bangladesh Ltd, a state-run venture capital firm.

Source: <https://www.tbsnews.net/economy/stocks/capital-market-prepares-facilitate-startups-472890>

DSE News

Stock Market Surge: MNCs See Price Hike up to 10.39pc

With the stock market surge that continued throughout the last week, share prices of the listed multinational companies (MNCs) gained between 1.67 per cent and 10.39 per cent.

Buoyed by market-supportive measures taken by the securities regulator, the benchmark DSEX index of the Dhaka Stock Exchange (DSE) kept soaring for five consecutive sessions in a row, ending the week 331.74 points or 5.55 per cent higher at 6,312.25.

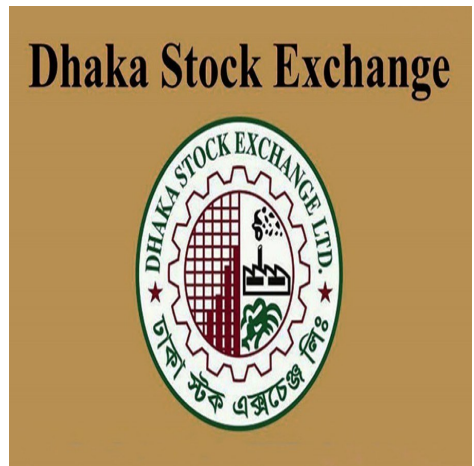
Following the reintroduction of 'floor price' on the first day of the last week, investors participation increased significantly, pushing the share prices of most listed securities, including the MNCs, higher.

Of the listed MNCs, LafargeHolcim Bangladesh saw the highest gain, as its share price closed at Tk 70.10 each on Thursday, up 10.39 per cent from the closing price of the previous week.

The share price of British American Tobacco Bangladesh advanced 1.67 per cent or Tk 8.5, closing the week at Tk 523.10 each.

Bata Shoe Company (Bangladesh) surged 5.47 per cent or Tk 50.60 to settle the week at Tk 974.10 each.

Source: <https://thefinancialexpress.com.bd/stock/stock-market-surge-mncs-see-price-hike-up-to-1039pc-1659844697>



Undistributed Stock Dividend: CMSF likely to Start Settlement Process this Month

The Capital Market Stabilisation Fund (CMSF) is set to start the process of settlement of investors' claims for undistributed stock dividend this month.

"The Board of the CMSF has approved the guideline and it has been sent to the securities regulator for its consent," said an official of the CMSF. The CMSF will start the settlement of claims this month after receiving the consent of the regulatory body, he added.

On June 27 last year, the Bangladesh Securities and Exchange Commission issued rules for the CMSF to help revitalise the market and settle the investors' claims for undistributed stock dividends.

So far, the CMSF has received undistributed cash dividend worth Tk 4.80 billion from different listed securities.

Source: <https://thefinancialexpress.com.bd/stock/undistributed-stock-dividend-cmsf-likely-to-start-settlement-process-this-month-1659845375>



Global: Business

Oil Prices Hit Multi-month Lows

Oil prices settled higher on Friday, recouping some of this week's losses on strong US job growth data, but closed the week at their lowest levels since February, rattled by worries a recession could hit fuel demand.

Brent crude settled up 80 cents to \$94.92 a barrel, 11 per cent off last Friday's settlement. US West Texas Intermediate crude settled up 47 cents to \$89.01, off 8 per cent in the week. US job growth unexpectedly accelerated in July as nonfarm payrolls increased by 528,000 jobs, the largest gain since February, the US Labour Department reported.

"This is strong economic data that's supporting the oil market rise today," said Bob Yawger, director of energy futures at Mizuho.

Oil traders this week have fretted about inflation, economic growth and demand, but signs of tight supply kept a floor under prices.

The number of oil rigs, an early indicator of future output, fell seven to 598 in the week to August 5, the first weekly decline in 10 weeks, energy services firm Baker Hughes Co said in its closely followed report on Friday.



Source: <https://www.thedailystar.net/business/global-economy/news/oil-prices-hit-multi-month-lows-3089346>

Tesla Sets Aug 25 as Trading Day for Three-for-one Split Shares

Tesla Inc (TSLA.O) said on Friday trading in its three-for-one split shares will start on Aug. 25, after the electric vehicle maker's shareholders approved the proposal during its annual meeting.

Shareholders of the EV maker voted for board recommendations on most issues at the company's annual meeting on Thursday, including re-electing directors, approving a stock split, while rejecting proposals focused on environment and governance.

Chief Executive Elon Musk owns 15.6% of Tesla, according to Refinitiv data, after selling millions of shares last year.

Each stockholder of record on Aug. 17 will get a dividend of two additional shares for each share held, to be distributed after close of trading on Aug. 24, the company said.

The new share split comes two years after a five-for-one split helped bring down the price of the high-flying stock within the reach of ordinary investors.



Source: <https://www.tbsnews.net/world/tesla-sets-aug-25-trading-day-three-one-split-shares-472222>

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