

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

November 21, 2021

ADB Gives \$150m to Support SMEs Hit by Covid

The Asian Development Bank (ADB) has approved a \$150 million loan for Bangladesh to provide financing for cottage, micro, and small enterprises (CMSEs) operated by youths, returning migrant workers and rural entrepreneurs, particularly women, who have been hit hard by Covid-19.

The loan to Bangladesh Bank will be on-lent to participating financial institutions (PFIs), which in turn will help 30,000 CMSEs operated by the beneficiaries.

The project aims to facilitate employment creation and help these vulnerable groups recover from the adverse impacts of the pandemic, a press release said.

Youth unemployment remains at a high level in the country, and they are more severely affected as they concentrate in sectors such as retail trade, accommodation, and food services, which were worst hit by the pandemic.

It also complements the \$50 million additional financing to the ongoing Microenterprise Development Project, approved in December 2020, to help restore economic activities of local microenterprises affected by Covid-19.

Source: <https://www.thedailystar.net/business/economy/banks/news/adb-gives-150m-support-smes-hit-covid-2233691>



Copper Industry back to Pre-pandemic Sales

Sales of copper products have surged back to pre-pandemic rate, thanks to a marked increase in demand both in the local and international markets following the reopening of economies around the world.

The copper industry in the country registered around a 40% jump in sales in the first quarter of the current fiscal year 2021-22, said market insiders, adding the Covid induced economic downturn had dented the demand for copper products but the industry rebounded quickly along with the electronics market.

They said the production of air conditioners and refrigerators has increased as the pandemic situation has become normal. Now, customers are buying more ACs and refrigerators besides electronics products, they added.

Source: tbsnews.net/economy/industry/copper-industry-back-pre-pandemic-sales-331687



Tung Hai Stock Price Surges over AGM News

Tung Hai Knitting and Dyeing share price moved up by 14% on the Dhaka Stock Exchange's (DSE) secondary trading platform in two days as the company has got approval from the high court to conduct an annual general meeting (AGM).

On the second day, Thursday, its share saw a 10% price hike as no one showed interest in selling the share. At the end of the Thursday trading session, its share price on the premier bourse closed at Tk6.60 each.

The company's factory has remained closed since the middle of the 2016-17 fiscal year. It also failed to hold an AGM since then. The company also did not publish the quarterly unaudited financial report since March 2017.

Tung Hai Knitting's paid-up capital is Tk106.65 crore. Out of total shares, sponsors and directors hold 30.04%, institutes 4.55%, and general investors have 65.41%.

Source: <https://www.tbsnews.net/economy/stocks/tung-hai-stock-price-surges-over-agm-news-331696>



Indices Extend Gains for Fourth Session

The stock indices continued an upward trend for the fourth straight day of the outgoing week.

On Thursday, the last trading session of the week, stock indices kept its upward trend led by the bank sector.

DSEX — the prime index of the Dhaka Stock Exchange (DSE) — surged by 31 points and settled at 7,092 points.

However, the investors' participation in the bourse decreased. The total turnover declined by 3.05% to Tk1,461 crore compared to Tk1,507 crore in the previous session.

The banking sector contributed 30.51%, miscellaneous sector 11.44%, and pharmaceuticals 8.53% to the DSE turnover on Thursday.

Travel (2.6%), Food (2.2%), and Bank (2.2%) sectors fetched the most positive returns, while the general insurance sector (-1.9%), textile (-0.7%), and tannery (-0.5%) observed the biggest corrections at the bourse on Thursday.

Source: <https://www.tbsnews.net/economy/stocks/indices-extend-gains-fourth-session-331699>



Baraka Power to Issue Zero-Coupon Bonds

Baraka Power has decided to issue zero coupon bonds amounting to Tk 1.80 billion in face value to repay the existing debts.

The company will issue the bonds under private placement, the company said in a filing with the Dhaka Stock Exchange (DSE) recently.

The proceeds of the issue will be utilised to repay the existing debts of the company, thereby reducing the overall finance costs in future, said the company.

The bond issue is subject to approval of the regulatory authority - Bangladesh Securities and Exchange Commission (BSEC)-- according to the filing.

A zero-coupon bond is a debt security that does not pay interest but instead traded at a deep discount, rendering a profit at maturity, when the bond is redeemed for its full face value. Each share of the power generation company, which was listed on the DSE in 2011, closed at Tk 25.80 on Thursday, gaining 0.78 per cent over the previous day.

Source: <https://thefinancialexpress.com.bd/stock/baraka-power-to-issue-zero-coupon-bonds-1637291400>



Stock Brokers Allowed to Open Two Additional Consolidated Customers' Accounts

The securities regulator has allowed stock brokers to open two additional consolidated customer's accounts (CCA) to smoothen the maintenance of investors' funds deposited for investment purposes.

The Bangladesh Securities and Exchange Commission (BSEC) paved the way for maintaining two additional CCAs through a directive issued on Wednesday.

"Every stock broker may open two additional CCAs in its name with any scheduled bank in the same manner as mentioned in sub-rule (1) of rule 6 of the Securities and Exchange Rules, 2020," said the BSEC directive.

The securities regulator said the decision was taken in the interest of investors and development of securities market.

Source: <https://thefinancialexpress.com.bd/stock/stock-brokers-allowed-to-open-two-additional-consolidated-customers-accounts-1637291223>



US Again Presses Opec+ as it Weighs Reserve Release

The White House on Friday pressed the Opec producer group again to maintain adequate global supply, days after US discussions with some of the world's biggest economies over potentially releasing oil from strategic reserves to quell high energy prices.

The Biden administration has asked a wide range of countries, including China for the first time, to consider releasing stocks of crude.

Oil prices were down sharply after Austria announced it would impose a full lockdown due to rising Covid cases, with Germany likely to follow.

Members of the Organization of the Petroleum Exporting Countries and allies have said the world economic recovery is fragile.

The group has been raising output by 400,000 barrels per day (bpd) per month, gradually unwinding record production cuts made in 2020 when the pandemic dissipated fuel demand.

Source: <https://www.thedailystar.net/business/global-economy/america/news/us-again-presses-opec-it-weighs-reserve-release-2234881>



IMF Renews \$50b Credit Line for Mexico

The International Monetary Fund announced on Friday that it had renewed a two-year credit line for Mexico for \$50 billion.

The Mexican economy remains exposed to risks, including from the impact of Covid-19, and the flexible credit line (FCL) will provide insurance against those risks and bolster market confidence, the International Monetary Fund said in a statement.

The government considers the credit line 'precautionary' and has gradually reduced the amount since 2017, when it totalled nearly \$90 billion, the IMF said.

'The Mexican economy is rebounding from its deepest recession in decades, spurred by strong US growth and rising vaccination rates,' said IMF first deputy managing director Geoffrey Okamoto.

'The authorities have successfully maintained external, financial, and fiscal stability, despite the pandemic-related challenges.'

Source: <https://www.thedailystar.net/business/global-economy/america/news/pandemic-debt-adds-challenge-funding-worlds-climate-goals-2233671>



European, US Recovery Helps Boost 2021 Remittances to \$589b: World Bank

Remittances to low- and middle-income countries from citizens working abroad will rise by more than expected in 2021 thanks to a strong economic recovery in the United States and Europe as well as rising oil revenue in Russia and the gulf, the World Bank said.

Remittances are expected to have grown by 7.3 per cent to \$589 billion this year following a 1.7 per cent decline in 2020 as the fallout from the Covid-19 pandemic tipped the world economy into a recession, the World Bank said in its report published on Wednesday.

"The immediate impact of the crisis on remittance flows was very deep," said Dilip Ratha, lead author of the report and head of the Global Knowledge Partnership on Migration and Development (KNOMAD).

"The surprising pace of recovery is welcome news. To keep remittances flowing, especially through digital channels, providing access to bank accounts for migrants and remittance service providers remains a key requirement," Ratha said.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/european-us-recovery-helps-boost-2021-remittances-589b-world-bank-2233686>



Pandemic Debt Adds to Challenge of Funding World's Climate Goals

Huge spending by governments kept the world economy afloat during the pandemic as officials mobilized a fiscal response not seen since World War Two to bolster household incomes and give businesses a fighting chance to survive the health crisis.

But the resulting nearly \$300 trillion pile of debt held by governments, businesses and households will leave many countries with vulnerable finances and weigh on efforts to address urgent challenges such as climate change and ageing populations.

Even as rich and poor governments take stock of battered finances, inflation is pushing central banks toward higher interest rates and a tightening of monetary policy which, for the indebted, can only make the math less favorable.

"That means higher borrowing costs, higher interest burdens for the government and for the real sectors," said Emre Tiftik, director of sustainability research for the Institute of International Finance (IIF), the global association of the financial industry.

Source: <https://www.thedailystar.net/business/global-economy/america/news/pandemic-debt-adds-challenge-funding-worlds-climate-goals-2233671>



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