

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

December 07, 2021

Industrial Credit Rises over 12% in July-Sept

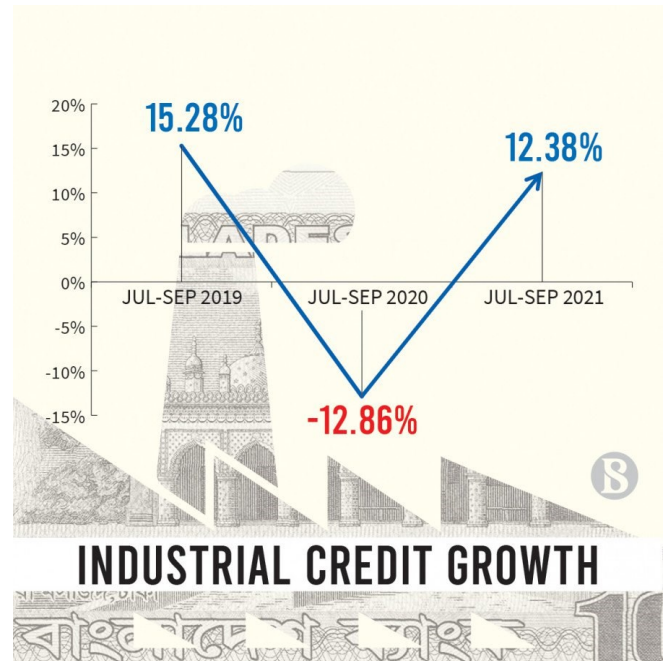
Credit flow to the industrial sector has registered a more than 12% jump year-on-year in July-September of the current year as economic activities have now bounced back with the pandemic situation turning the corner.

According to the latest data of the Bangladesh Bank, disbursement of bank loans to the sector amounted to Tk1,06,596 crore, while it was Tk94,849 crore in the same period a year ago.

But the disbursement in the quarter dropped by Tk644 crore from Tk1,07,241 crore in the April-June quarter of this year.

The bank loan disbursement to the industrial sector was lower in June last year owing to the pandemic. The situation has now improved because of different stimulus loans provided by the government. But the overall credit to the private sector marked a rise.

Source: <https://www.tbsnews.net/economy/industry/industrial-credit-rises-over-12-july-sept-339727>



GP Gains more Market Share despite SMP Imposition

The country's leading mobile operator, Grameenphone, has gained more market share despite the imposition of significant market power rules on the company.

The Bangladesh Telecommunication Regulatory Commission on June 21, 2020 imposed the Significant Market Power Regulations -2018 on GP with a view to facilitating smaller operators to grow by containing market share acquisition by the larger operators.

But, Robi Axiata and Banglalink Digital Communication have failed to gain market share in more than one year of imposition of the conditions on the leading telecom operator Grameenphone.

The two operators have even lost marginally market share to GP and to state-owned telecom operator Teletalk, showed the latest BTRC data.

Source: <https://www.newagebd.net/article/156677/gp-gains-more-market-share-despite-smp-imposition>



Investors Park Money in Potential IT Firms

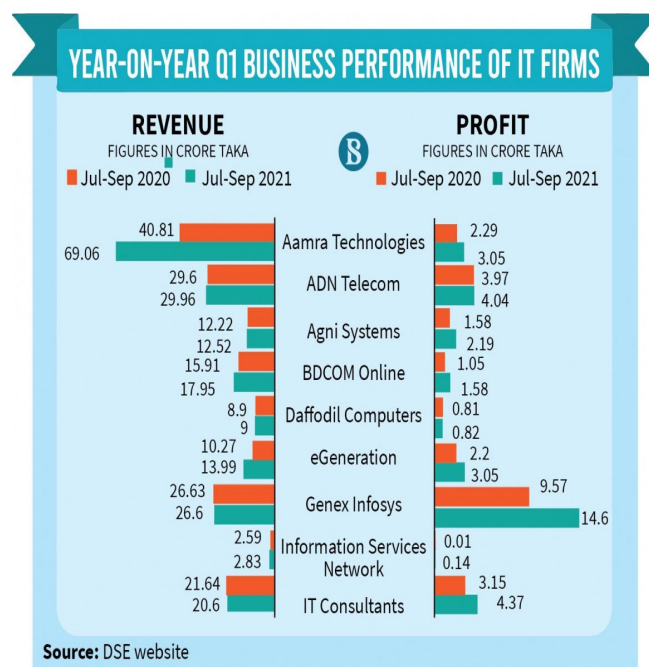
Digital connectivity across the country has brought a bright opportunity for the Information and Technology (IT) sector and to avail of the opportunity, investors have parked money here.

Eleven IT companies have already been listed on the Dhaka Stock Exchange (DSE), the prime bourse of the country.

In the last several months, the share prices of the companies climbed as investors showed interest in them. But in early November, investors witnessed a price correction due to selling pressures to book the quick profit from the risk-averse investors.

However, the sector is back on the gaining track as the investors did not lose their interest. On Monday, investors got the highest return of 4.2% from the IT sector at the DSE.

Source: <https://www.tbsnews.net/economy/stocks/investors-park-money-potential-it-firms-339733>



Sena Kalyan Insurance Shares Skyrocket

The share price of Sena Kalyan Insurance – a newly-listed insurance company on the stock market – jumped eight times just in a month.

The share price rose 692% in the 22 sessions of trading since its debut on the country's stock exchanges.

On Monday, its share price closed at Tk79.20 each – at 10% higher than that of the previous trading session.

The company has issued 1.6 crore ordinary shares at a face value of Tk10 each. The share trading began at stock exchanges on 7 November, and since then the price kept on increasing consistently. Owing to this unusual share price hike, the Dhaka Stock Exchange (DSE) sent a query to the company on 5 December.

In response, Sena Kalyan Insurance on Monday said, "There is no undisclosed price sensitive information for recent unusual price hike and increase in the volume of shares." According to the DSE, the total shares of the company are four crores.

Source: <https://www.tbsnews.net/economy/stocks/sena-kalyan-insurance-shares-skyrocket-339691>



Listed Cos to have Mandatory Credit Rating every Year

The Bangladesh Securities and Exchange Commission has taken initiatives to make it mandatory for all listed companies to have credit rating every financial year with the aim of showing actual health of business of the companies to investors.

Now there is no obligation for the listed companies to be credit rated unless they issue new shares with premium.

The stock market regulator drafted the BSEC Credit Rating Companies Rules, 2021 to repeal the credit rating companies rules, 1996.

According to the draft rules, every listed security or issuer of a listed security must be credit rated by a CRC within six months of the end of each financial year and the credit rating companies must immediately after awarding the rating disseminate it to the exchanges as price sensitive information in the same process of PSI disclosures.

Source: <https://www.newagebd.net/article/156678/listed-cos-to-have-mandatory-credit-rating-every-year>



Tk 100b Sukuk Bonds Forthcoming

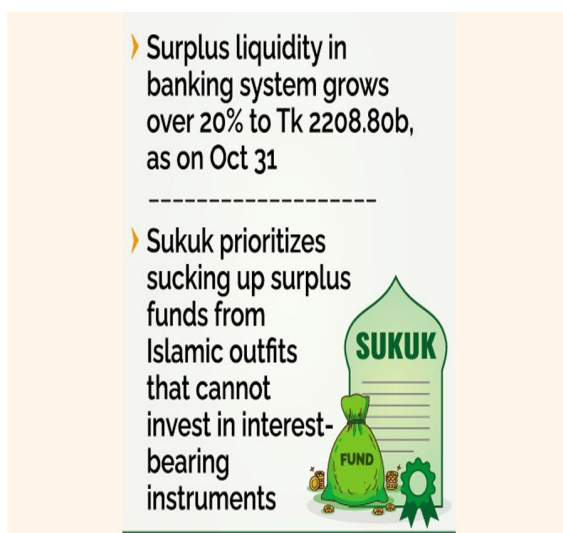
The government is going to issue shortly a couple of Shariah-compliant bonds, generally known as Sukuk, worth some Tk 50 billion each to finance public-sector development projects.

Officials say these bonds are designed primarily as part of its effort to implement two development projects smoothly and also to help mop up excess liquidity from the country's banking system.

The bond will help draw excess money particularly from Shariah-based banks, non-banking financial institutions (NBFIs) and insurance companies for investment in an alternative way away from conventional interest-yielding tools.

The MoF has already decided to implement demand-based government primary school-development project and rural infrastructure development project through issuing Sukuk bonds in two phases, according to the officials.

Source: <https://thefinancialexpress.com.bd/stock/tk-100b-sukuk-bonds-forthcoming-1638758168>



Weaker Foreign Demand Sinks German Industrial Orders

Weaker demand from abroad drove a much bigger than expected drop in German industrial orders, including cars, in October, data showed on Monday, further clouding the growth outlook for manufacturers in Europe's largest economy.

A pandemic-related scarcity of microchips and other electronic components has caused massive supply bottlenecks and production problems in Germany's mighty automobile industry and other important sectors of the economy.

Orders for goods 'Made in Germany' dropped 6.9 per cent on the month in seasonally adjusted terms after a revised rise of 1.8 per cent in September and a plunge of 8.8 per cent in August, figures from the Federal Statistics Office showed. A Reuters poll of analysts had pointed to a smaller decline of 0.5 per cent on the month in October.

"After incoming orders climbed to an all-time high in mid-2021, the index has lost more than 16 points in recent months," the economy ministry said, adding that the second sharp decline within three months put a further damper on the economic outlook.



Source: <https://www.thedailystar.net/business/global-economy/news/weaker-foreign-demand-sinks-german-industrial-orders-2911426>

Bitcoin Tumbles 5pc after Weekend Battering

Bitcoin tumbled almost 5 per cent on Monday as the start of the week offered little respite to the world's largest cryptocurrency after a bruising weekend where at one point it lost over a fifth of its value.

The world's biggest cryptocurrency suffered its biggest daily drop in a month, falling as low \$45,000 per coin. The drop extended a slump of nearly a fifth from a record high of \$58,354 hit on Sunday – though bitcoin remains up around 60 percent for the year.

The cryptocurrency market has been running hot this year as big money managers begin to take the asset class seriously and have made large purchases that have driven even more confidence among small-time speculators.

Earlier this month, electric carmaker Tesla said it had invested around \$1.5 billion in bitcoin and expected to begin accepting payment for its cars and other products with it soon, which helped vault bitcoin above \$50,000 but may now lead to pressure on the company's stock price as it has become sensitive to movements in bitcoin.

US Treasury Secretary Janet Yellen, who has flagged the need to regulate cryptocurrencies more closely also said on Monday that bitcoin is extremely inefficient at conducting transactions and is a highly speculative asset.

"They have had a spectacular run and the sharp reversal overnight is really not unexpected," said Michael McCarthy, chief strategist at brokerage CMC Markets in Sydney.

Source: <https://www.thedailystar.net/business/global-economy/news/bitcoin-tumbles-5pc-after-weekend-battering-2911411>

Oil Rebounds towards \$72

Oil climbed by \$2 a barrel towards \$72 on Monday on hopes the Omicron coronavirus variant would have a less damaging economic impact if its symptoms proved mostly mild and as the prospect of an imminent rise in Iranian oil exports receded.

Reports in South Africa said Omicron cases there had only shown mild symptoms and the top US infectious disease official told CNN "it does not look like there's a great degree of severity" so far.

Brent crude gained \$1.85, or 2.7 per cent, to \$71.73 by 1135 GMT while US West Texas Intermediate crude advanced \$1.92, or 2.9 per cent, to \$68.18. Both benchmarks feel for a sixth week in a row last week.

"If Omicron is proven over the coming days - or weeks - to be less aggressive, even if it is more contagious, then we can say 100 per cent last week's lows were the bargain of the quarter," said Jeffrey Halley, an analyst at brokerage OANDA.

Source: <https://www.thedailystar.net/business/global-economy/news/oil-rebounds-towards-72-2911401>



China Central Bank to Cut Reserve Requirement Ratio

China's central bank said on Monday it would cut the amount of cash that banks must hold as reserves, its second such move this year, releasing 1.2 trillion yuan (\$188.24 billion) in long-term liquidity to bolster slowing economic growth.

The People's Bank of China (PBOC) said on its website it would cut the reserve requirement ratio (RRR) for banks by 50 basis points (bps), effective from December 15.

The cut will not apply to financial institutions with existing RRR of 5 per cent, it said, adding that the weighted average RRR for financial institutions will be at 8.4 per cent after the new reduction.

The RRR for large banks, after taking into consideration the preferential policy of targeted cuts for inclusive financing, is currently at 10.5 per cent.

Some of the funds released will be used to replay matured medium-term lending facility loans, according to PBOC, reaffirming a stance of not resorting to "flood-like" stimulus.

Source: <https://www.thedailystar.net/business/global-economy/news/china-central-bank-cut-reserve-requirement-ratio-2911406>



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