

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

February 07, 2022

Investment in Savings Certificates Falling due to Low Interest Rate

Investment in savings certificates declined in the December quarter of the current fiscal year after the government reduced the interest on all types of savings certificates in September last.

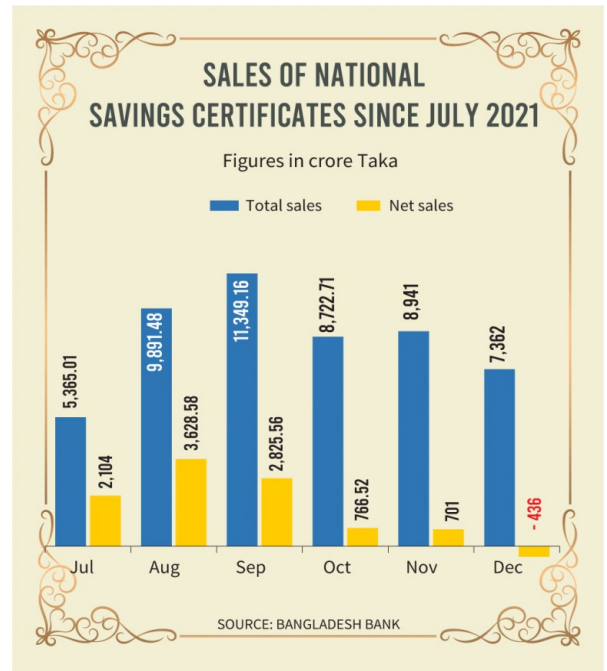
The government has paid more principal amount and interest in the month of December compared to the sales amount.

In December, the buyers of savings certificates withdrew Tk7,898 crore while the investment in the sector was Tk7,362 crore which is Tk436 crore lower, a rare incident in 18 months.

Officials said that the government cut the interest of savings certificate investment amount of Tk15 lakh to Tk30 lakh by 1.0% and 2.0% on the investment amount of Tk30 lakh to Tk45 lakh and more.

The investment amount in savings certificates fell to Tk8,722 in October from that of Tk11,349 crore in September.

Source: <https://www.tbsnews.net/economy/investment-savings-certificates-falling-due-low-interest-rate-367327>



Entrepreneurs Demand equal Tariff Facilities like RMG on Fire Safety Equipment Import

The government has only allowed the readymade garment (RMG) sector to import fire safety equipment at reduced rates even though workers in all sectors have equal rights to safety and security and therefore there should be no such discrimination in the tariff rate on the import of fire safety equipment, said entrepreneurs at a meeting.

"It is important for factories in all sectors to have fire protection systems to ensure safe industrialisation. The image of Bangladesh abroad is tarnished when fires break out in other industries as well. However, except for the garment industry, other industrialists have to bear the heavy tax burden of importing this much-needed equipment," said Md Niaz Ali Chisty, the chairman of the FBCCI Standing Committee at the first meeting of the Committee on Fire Safety, Disaster and Explosion held at FBCCI on Sunday.

Source: <https://www.tbsnews.net/economy/entrepreneurs-demand-equal-tariff-facilities-rmg-fire-safety-equipment-import-367318>



Large-cap Stocks Push Indices Higher

Despite price correction of the majority of shares on Sunday indices in both the bourses of Dhaka and Chattogram moved up thanks to the price appreciations of many large-cap stocks – which have more weight on the indices – such as Grameenphone, Square Pharmaceuticals, British American Tobacco, and Walton.

DSEX, the broad-based index of the Dhaka Stock Exchange (DSE) gained 0.58% to close at 7,076 while only 155 listed scrips advanced against a decline of 177 scrips.

Brokers observed a portfolio rebalancing – selling weak stocks to buy stronger ones – a tendency among many investors.

In Bangladesh, other than financial services firms and some multinational companies, all close their financial year in June.

Non-life insurance stocks, following the recent correction, observed some price appreciation on Sunday.

Source: <https://www.tbsnews.net/economy/stocks/large-cap-stocks-push-indices-higher-367333>



Agro Organica Files for a Tk10cr QIO

Agro Organica Limited has recently applied to the Bangladesh Securities and Exchange Commission (BSEC) for a Qualified Investors Offer (QIO) to raise Tk10 crore from the SME board of the stock exchanges.

The company will issue shares at a face value of Tk10 each under the fixed price method.

Agro Organica Limited was incorporated in August 2011 and its commercial operation started in October 2015. The factory is situated at BSCIC Industrial Area, Nowhata, Sherpur.

The principal activities of the company are manufacturing and marketing of agro products in the various categories of rice, saffron, isabgol, spices, ghee, jelly, and pickles which are sold in the local market.

From the QIO fund, the company wants to spend Tk1.69 crore on factory expansion, Tk5.17 crore on plant and machinery acquisition, and Tk3 crore on bank loan repayment.

Source: <https://www.tbsnews.net/economy/stocks/agro-organica-files-tk10cr-qio-367282>

Listed IT Companies' Profits Bounce Back

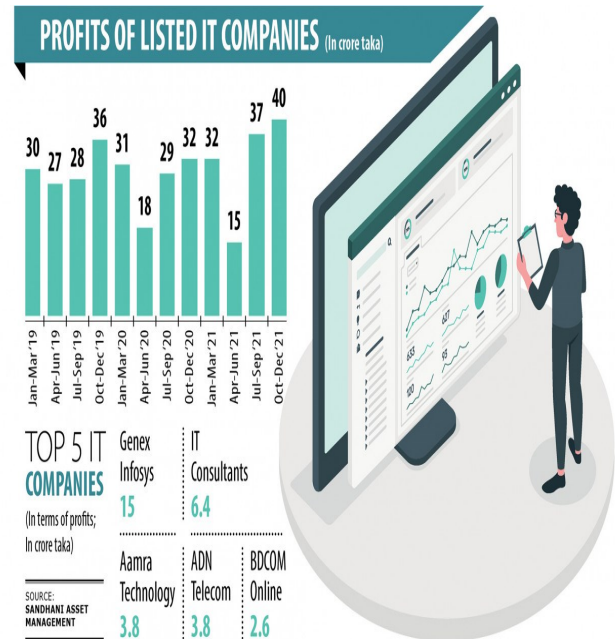
Listed IT-based companies' profits bounced back strongly in the last six months after the initial shock of the pandemic.

Among 11 IT-based companies, 10 disclosed their financial reports. Profits of the companies surged 26 per cent year-on-year to Tk 77 crore in the July-December period of the current financial year of 2021-22.

In the April-June period of 2020, when the coronavirus pandemic hit the country, profits of the IT-based listed companies dropped 33 per cent to Tk.18 crore compared to the same period of the previous year, according to data of Sandhani Asset Management.

In the same three-month period of 2021, their profits dropped further to Tk.15 crore when the second wave of the pandemic snared people's normal economic activities.

Source: <https://www.thedailystar.net/business/economy/news/listed-it-companies-profits-bounce-back-2954021>



Tax Receipts from DSE Jump 51pc in Seven Months

The government revenue earnings from Dhaka Stock Exchange (DSE) jumped 51 per cent in seven months for July-January period of the current fiscal year compared to the same period last fiscal, powered by rising trading volume.

The government bagged revenue worth Tk 2,786 million in the seven months for July-January of the fiscal year (FY) 2021-22, as against Tk 1,842 million in the same period of the previous fiscal, showing a 51 per cent growth, according to statistics with the prime bourse.

Of the total earnings, Tk 2,334 million came from the TREC holders' commission, popularly known as brokerage commission, while Tk 452 million from the share sales by sponsor-directors and placement holders during the period under review, the DSE data shows.

In FY 2020-21 for July-January, Tk 1,369 million came from the TREC holders' commission while Tk 473 million came from the share sales by sponsor-directors and placement holders.

The government earned the amount on TREC (trading right entitlement certificate) holders' commission and share sales by sponsor-directors and placement holders.

Source: <https://thefinancialexpress.com.bd/stock/tax-receipts-from-dse-jump-51pc-in-seven-months-1644206255>

Revenue earnings trend from DSE

Fiscal Year (FY) 2021-22		Fiscal Year (FY) 2020-21	
July	Tk 289 million	July	Tk 188 million
August	Tk 502 million	August	Tk 246 million
September	Tk 520 million	September	Tk 275 million
October	Tk 407 million	October	Tk 216 million
November	Tk 342 million	November	Tk 183 million
December	Tk 329 million	December	Tk 343 million
January	Tk 397 million	January	Tk 391 million
Total	Tk 2786 million	Total	Tk 1842 million

Source: DSE

State Bank of India's Profits Jump 62pc

State Bank of India, the country's largest lender by assets, reported a 62.3 per cent rise in third-quarter profit on Saturday, the Mumbai-based lender said in a regulatory filing, helped by lower provisions.

Net profit rose to 84.32 billion rupees (\$1.13 billion) for the three months ended December 31, from 51.96 billion rupees a year earlier, beating analysts' expectations for a profit of 80.94 billion rupees, according to Refinitiv IBES data.

Most Indian banks have reported stronger profits for the December quarter on improved lending in the final months of the year as coronavirus restrictions were lifted.

Source: <https://www.thedailystar.net/business/global-economy/indian/news/state-bank-indias-profits-jump-62pc-2955986>



Exxon Eyes more Gas supply Deals with India

Global energy major ExxonMobil is looking at signing more long-term gas sales deals with India as rising spot prices have added to the appeal of longer duration contracts.

"We're certainly happy to work with our friends and partners in India to sign the kind of long-term contracts that allow a large part of the energy demand to be de risked from a price perspective," said Monte Dobson, CEO, ExxonMobil Gas (India).

At present Exxon has a long-term contract to annually supply 1.5 million tonnes of liquefied natural gas to Indian firm Petronet LNG.

India is the world's fourth biggest importer of gas. And the fuel's demand in India is set to grow as Prime Minister Narendra Modi has set a target to raise the share of gas in the country's energy mix to 15 per cent by 2030 from the current 6.2 per cent.

Source: <https://www.thedailystar.net/business/global-economy/indian/news/exxon-eyes-more-gas-supply-deals-india-2956086>



China's Auto Exports Double in 2021

China's automobile exports doubled year on year to nearly 2.02 million units in 2021, latest data from the China Association of Automobile Manufacturers showed.

Last year the country's total exports for the year exceeded 2 million units for the first time, according to the association.

New energy vehicle exports reported a threefold increase year on year by reaching 310,000 units, the data showed.

Of the total, exports of passenger cars stood at 1.61 million units, up 1.1 times from the previous year, and exports of commercial vehicles surged 70.7 per cent to 402,000 units.

In December alone, the country's auto manufacturers exported 223,000 cars, up 11.4 per cent from the previous month and up 54 per cent year on year, the data showed.

China's exports of new energy vehicles will grow fast in coming years as they are on track to gain popularity in major car markets, said the Ministry of Commerce.



Source: <https://www.thedailystar.net/business/global-economy/news/chinas-auto-exports-double-2021-2956016>

Europe's Carbon Price nears 100- euro Milestone

The price of permits in the European Union's carbon market closed at a record high above 96 euros on Friday, with analysts expecting the symbolic 100 euro level could soon be breached.

Known as the EU emissions trading system (ETS), Europe's carbon market compels factories, power plants and airlines to pay for each tonne of CO₂ they emit - the higher the permit price, the greater the cost of producing planet-warming emissions, although some receive free permits to help them stay cost competitive in global markets.

The carbon price has risen more than 200 per cent since the start of 2021, due to factors including soaring gas prices that have also prompted some power generators to switch to coal, resulting in higher emissions and demand for permits.

The benchmark EU carbon permit contract traded as high as 97.50 euros per tonne on Friday before ending the day at 96.43 euros, the highest close since the carbon market launched in 2005.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/europes-carbon-price-nears-100-euro-milestone-2956076>



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