

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

November 04, 2021

StanChart Offers Deposit Solution to IDLC Finance

Standard Chartered Bangladesh has recently signed an agreement with IDLC Finance for the latter to use its "Straight2Bank Pay" solution.

IDLC Finance has recently launched an Online Digital Deposit Service, says a press release.

The solution will enable the service to act as a single gateway with multiple payment options for the collection of deposits from the IDLC's depositors. Real time application programming interface integration will allow instant transfer of deposit information.

IDLC Finance depositors can also open fixed deposit accounts anywhere, anytime and make payment using the multiple payment options.

Such solutions will enable today's corporates and financial institutions to digitalise collection processes for both online and offline channels, said Alamgir Morshed, head of financial institutions of Standard Chartered Bangladesh.

Source: <https://www.thedailystar.net/business/economy/banks/news/stanchart-offers-deposit-solution-idlc-finance-2221661>



PVC Bag Exports Grow 7.71% in Oct on Increased Demand

Exports of PVC bags, made with plastic materials, have grown 7.71% in the July-October period of the current fiscal year, riding on increased demands in the international market following the reopening of economies.

During the period, the industry has been able to export \$7.96 million against the yearly target of \$26.50 million.

The industry manufacturers produce different types of bags including PP woven bags, jumbo bags, bulk container bags, shopping bags, tarpaulin bags which are used for packaging cement, poultry and aqua feed, food grain, and seed. They export these bags to European and Asian countries.

Market insiders said the overall investment in this sector is approximately Tk3,000 crore. Around 100 firms are involved in this sector. Currently, the sector is growing at 20% yearly.

Source: <https://www.tbsnews.net/economy/pvc-bag-exports-grow-771-oct-increased-demand-324958>



Sonali Paper Profit Keeps Soaring on Share Business

Paper-based packaging board manufacturing company Sonali Paper and Board Mills Limited, a concern of Younus Group of Industries, reported higher profit in the last fiscal year and it maintains growth in the first quarter of this fiscal year thanks to higher return from share business.

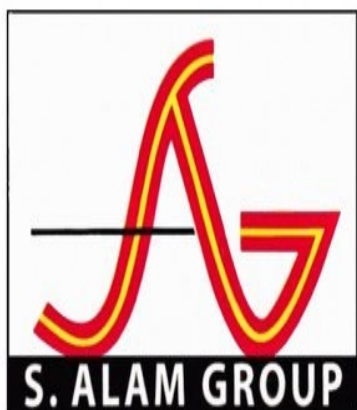
Between July and October, Sonali's share price jumped 245% to Tk679 based on its higher profit growth and it is going to issue right share and recommend handsome dividends, said a stock broker seeking anonymity.

It declared a 20% cash and 20% stock for FY2021, which was 5% cash and 10% stock in the previous year.

In FY2021, riding on the share business, the company reported a 235% growth in net profit to Tk8.94 crore, while it earned Tk5 crore from the capital market. But the company achieved only 3% growth in its core business.

The same thing happened in the July-September period of the fiscal year 2021-22. During this quarter, they earned Tk12 crore from the share business, while it earned only Tk3.7 crore by selling paper-based packaging board. During this period, it posted 967% growth in net profit to Tk12.18 crore.

Source: <https://www.tbsnews.net/economy/stocks/sonali-paper-profit-keeps-soaring-share-business-324955>



S Alam Cold Rolled Declares 10% Cash Dividend

S Alam Cold Rolled Steels Limited, a concern of S Alam Group, has recommended a 10% cash dividend for the fiscal year 2020-21.

The board of directors of the company took the decision at a meeting held on Wednesday evening.

In the last fiscal, its earnings per share was Tk0.88, which was 60% higher than the previous year.

The company said in its statement that the profit increased due to revenue increase.

Afterward, in order to meet the increasing demand of non-oxide furnace type sheet throughout the world and in this region, S Alam Cold Rolled set up a galvanising line with an annual capacity of 72,000 tonnes of sheets.

Source: <https://www.tbsnews.net/economy/stocks/s-alam-cold-rolled-declares-10-cash-dividend-324952>

Bangladesh Regulator Readies Bond Insurance Product

The insurance regulator has now prepared "bond insurance product" as a financial tool for attracting bonds onto the capital market to enhance supply of chips for trading, officials say.

Bond insurance is a type of insurance policy that a bond issuer purchases and that guarantees the repayment of the principal and all associated interest payments to the bondholders in the event of default.

The Insurance Development and Regulatory Authority (IDRA), the regulator, has already sent the product to the securities regulator or BSEC for endorsement.

The insurance regulator has been working to introduce insurance products for bond issuers over the past few months that will guarantee repayment of the principal and all associated benefits to the bondholders in the event of issuer default.

IDRA, the regulator for 81 life and non-life firms in insurance sector, made the move for insurance coverage of the fixed-income instruments on the capital market.

Source: <https://thefinancialexpress.com.bd/stock/bangladesh-regulator-readies-bond-insurance-product-1635993671>

- Guarantees payment of interest in case of default
- Already submitted and awaits BSEC nod
- For 'Sukuk' or Islamic securities, bond insurance not mandatory-may offer in light of Sharia
- No protection for individual investors in case of default by bond issuers

Stocks Keep Losing, Turnover Hits Four-month Months Low

Stocks extended the losing streak for the fourth straight session on Wednesday, with turnover hitting four months low on the Dhaka bourse, as investors were reluctant to make fresh investments in stocks.

Turnover, a crucial indicator of the market, dipped below Tk 12 billion-mark and amounted to Tk 11.54 billion on the country's premier bourse, in a further decline by 11 per cent over the previous day's tally of Tk 12.95 billion.

Along with lower turnover, DSEX, the prime index of the Dhaka Stock Exchange (DSE), fell sharply by 56.07 points or 0.80 per cent to settle at 6,898.

Two other indices also closed lower with the DSE 30 Index, comprising blue chips, slumped 20.13 points to finish at 2,585 and the DSE Shariah Index (DSES) shed 7.01 points to close at 1,461.

Source: <https://thefinancialexpress.com.bd/stock/stocks-keep-losing-turnover-hits-four-month-months-low-1635933208>



South Africa to Get \$8.5b from US, EU and UK to Speed up Shift from Coal

The United States joined Britain, France, Germany and the European Union on Tuesday in a multi-billion dollar partnership to help South Africa finance a quicker transition from coal, that will provide a model for other countries.

British Prime Minister Boris Johnson told the United Nations COP26 meeting in Glasgow that the initiative was valued at \$8.5 billion overall and would help move the world toward meeting its climate targets by "choking off international finance for coal".

South Africa, which is the world's 12th biggest emitter of climate-warming gases and heavily reliant on ageing coal-fired power stations for its electricity, said the money would help it deliver on a more ambitious pledge to reduce emissions by 2030.

Biden announced US participation in the project at a joint event at COP26 with European Commission President Ursula von der Leyen, who first discussed it last week.

Source: <https://www.thedailystar.net/business/global-economy/news/south-africa-get-85b-us-eu-and-uk-speed-shift-coal-2221651>



Chip Shortage Throttles German Car Sales in October

German car sales fell sharply in October for the fourth month in a row, data published on Wednesday showed, as the global shortage in semiconductors continued to be felt across the auto industry.

Almost 1,78,700 new cars were registered in Germany in October, 34.9 per cent fewer than in the same month last year, the KBA federal transport authority said in a statement.

After a fast start to the year, the increasingly short supply of semiconductors, a key component in both conventional and electric vehicles, has slowed the sector's momentum.

'Semiconductor bottlenecks were again the main obstacle to production,' the VDA German carmakers federation said in a statement.

At car plants in Germany, production was down 38 per cent in October on the previous year, as some manufacturers were obliged to pause production due to a lack of chips, according to the VDA.

In total since the beginning of the year, 2.2 million cars have been sold in Germany, 5 per cent less than over the same period in 2020.

Source: <https://www.newagebd.net/article/153606/chip-shortage-throttles-german-car-sales-in-october>

China Sets Target for Coal Use at Power Plants by 2025

China plans to reduce average coal consumption during electricity generation at power plants to improve energy efficiency and lower greenhouse gas emissions.

By 2025, coal-fired power plants must adjust their consumption rate to an average of 300 grams of standard coal per kilowatt-hour (kWh), economic planner the National Development and Reform Commission (NDRC) said in a statement on Wednesday.

"Further promoting the energy saving and consumption reduction at coal-fired power units is an effective means to improve energy efficiency and is of great significance for achieving carbon emission peak in the power industry," the NDRC said.

Carbon dioxide (CO₂) emissions from the power generation and heating sector accounts for about 40 per cent of total CO₂ emissions in China. In 2020, average coal use in power generation was 305.5 grams per kWh, down from 370 grams per kWh in 2005.

Source: <https://www.thedailystar.net/business/global-economy/news/china-sets-target-coal-use-power-plants-2025-2221676>



Asia Tourism Reopens with Big-spending Chinese Stuck at Home

Asia's gradual easing of international travel curbs is proving a welcome relief for the region's hard-hit tourism operators slowly opening up to visitors from around the world - with one giant exception.

China, previously the world's largest outbound tourism market, is keeping international air capacity at just 2% of pre-pandemic levels and has yet to relax tight travel restrictions as it sticks to zero tolerance for Covid-19.

That has left a \$255 billion annual spending hole in the global tourism market for operators such as Thailand's Laguna Phuket to try and fill.

The string of islands in the Indian Ocean promoted itself heavily at trade shows and attracted more Russian and Indian visitors to its luxury resorts and sparkling waters.

China had been its greatest source of tourists before the pandemic but the Maldives saw overall arrivals in the first nine months of 2021 fall just 12% versus the same period of 2019.

Source: <https://www.tbsnews.net/world/global-economy/asia-tourism-reopens-big-spending-chinese-stuck-home-325042>



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