

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

February 15, 2022

OPEC Fund to Provide Budgetary Support Loan of \$75m

A budgetary support loan agreement for financing the 'Sustainable Economic Recovery Programme (SERP)' was signed Monday between the government and the OPEC Fund for International Development (OFID).

Under the agreement, OPEC Fund would provide a loan of \$75 million as budgetary support.

The interest rate of the loan is 1.35% per annum with a commitment fee of 0.25% per annum, front-end fee 0.25% and a maturity of 20 years including a grace period of five years.

The loan would be used to implement urgent reforms to facilitate rapid recovery from the Covid-19 pandemic, specifically by creating fiscal space to support critical public expenditure; and a favorable environment to foster the growth of cottage, micro, small and medium-sized enterprises, thereby generating employment and income opportunities.

Source: <https://www.tbsnews.net/economy/opec-fund-provide-budgetary-support-loan-75m-370768>



Uniform Export Fetches Half a Billion Dollars



Bangladesh has turned into a major sourcing hub for uniforms for the military, navy, air force, fire brigade and police for countries around the world as local garment manufacturers have enhanced their capacity and diversified products.

The country has also been a good source to supply dresses to the army of the North American Treaty Organisation (Nato), an intergovernmental military alliance, for many years.

However, manufacturers mainly supply the uniforms indirectly: international retailers and brands place work orders with Bangladeshi factories and they supply the products to the forces.

For instance, Team Group, a garment exporter, supplies uniforms to the Belgian army and Kosovo police through a buyer.

Source: <https://www.thedailystar.net/business/economy/news/uniform-export-fetches-half-billion-dollars-2962296>

IFIC Bank to Sell all Shares in NBBL

The IFIC Bank has decided to withdraw its total investment from the Nepal Bangladesh Bank Limited (NBBL), a disclosure said.

The officials said the bank has decided to sell all its shares in the NBBL - following a strategic decision taken by the company's board of directors.

To execute the decision, the IFIC Bank will sell all its promoter shares in the NBBL - subject to approvals of the Nepal Rastra Bank and other regulatory authorities concerned, said a disclosure - posted on the Dhaka Stock Exchange (DSE) website.

In its disclosure, the bank said the shares will be sold to Ms. Sarika Chaudhary, a resident of Ravi Bhawan, Kathmandu, Nepal, at a purchase consideration of more than NPR 6.18 billion.

"The shares will be sold as part of the bank's strategic decision. The sale procedure will be executed following the relevant approvals," said Md Mokammel Hoque, company secretary of the IFIC Bank.

Source: <https://thefinancialexpress.com.bd/stock/ific-bank-to-sell-all-shares-in-nbbl-1644896091>



Doreen Power Estimates Tk1,100cr yearly Revenue from Subsidiary



Publicly listed independent power company - Doreen Power Generations and Systems Limited - will earn approximately Tk1,102 crore in yearly revenue from its subsidiary company - Chandpur Power Generation Limited - which started commercial operations from 11 February for the next 15 years.

According to a disclosure by Doreen Power on the Dhaka Stock Exchange (DSE) website on Monday, Chandpur Power has completed its 100 hours of Reliability Run Test (RRT) successfully as per its Power Purchase Agreement (PPA) with the Bangladesh Power Development Board (BPDB).

Chandpur Power is a 115 MW heavy fuel oil (HFO) based power plant at Chandpur.

At present, Doreen Power supplies the national grid with 176 MW of electricity. It earned Tk666 crore by selling electricity in the last fiscal.

Source: <https://www.tbsnews.net/economy/stocks/doreen-power-estimates-tk1100cr-yearly-revenue-subsidiary-370723>



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Istisna Sukuk to Raise Tk 50b for Financing Rural Infrastructure Development

The central bank now tosses a new brand of Islamic bond called Istisna Sukuk to raise Tk 50 billion for financing a rural infrastructure-development project, officials say.

A six-member Technical Committee, headed by Masuma Sultana, a deputy general manager of the Bangladesh Bank (BB), is working to issue the Shariah-based bond.

The Technical Committee for issuing Sukuk has already written to the Ministry of Finance (MoF) for information on the infrastructure-development project which is set to be implemented with the money.

"We're thinking about issuing Istisna Sukuk instead of Ijarah one aiming to bring diversification in the market," a member of the committee told the FE Monday about the latest borrowing tool.

Source: <https://thefinancialexpress.com.bd/stock/istisna-sukuk-to-raise-tk-50b-for-financing-rural-infrastructure-development-1644893271>



JMI Hospital IPO Subscription Opens on 27 February

The subscription of the initial public offering (IPO) of JMI Hospital Requisite Manufacturing Ltd opens on 27 February and continues till 3 March.

Through electronic bidding, institutional investors had earlier fixed the cut-off price at Tk25 for the primary shares of the plastic, rubber and silicon components manufacturer.

Qualified and institutional investors including mutual funds will buy 25% of the IPO shares at the cut-off price.

While individual investors will be able to purchase the remaining primary shares at Tk20 each – a 20% discount on the cut-off price.

The cut-off price is the price at which institutional investors get all the primary shares set aside for them under the book building method.

JMI Hospital Requisite Manufacturing Ltd had earlier applied to the BSEC for IPO. But in July 2020, the commission rejected the application as the company failed to comply with the regulatory requirements.

Source: <https://www.tbsnews.net/economy/stocks/jmi-hospital-ipo-subscription-opens-27-february-370705>

Apollo to Invest \$1.4b in Abu Dhabi Developer Aldar

Apollo Global Management will invest \$1.4 billion in Abu Dhabi developer Aldar Properties, including a land joint venture and an equity investment in the company's real estate unit, the pair said on Monday.

The commitment will be made by Apollo managed funds and clients and include a \$500 million investment in a land joint venture and a \$100 million common equity investment in Aldar's real estate investment unit, the companies said.

New York-based Apollo would also invest \$800 million in the unit, Aldar Investment Properties, through perpetual subordinated notes and mandatory convertible preferred equity, they said.

Source: <https://www.thedailystar.net/business/global-economy/news/apollo-invest-14b-abu-dhabi-developer-aldar-2962261>



Boeing Confident of Working through any Disruption

Boeing Co is confident of working through any potential disruption in titanium supplies due to its "very diverse" supply base, a senior executive at the US manufacturer said on Monday.

Boeing relies heavily on Russia's VSMPO-AVISMA for the supply of titanium, a lightweight but strong metal that is used widely in planemaking.

"We've got a very diverse titanium supply now," Boeing Commercial Airplanes head Stan Deal told reporters in a briefing ahead of the Singapore Airshow, which starts on Tuesday.

"I will tell you that diversity gives us an opportunity to work through any disruption in the supply chain relative to titanium."

Industry sources said Western aerospace firms have been increasing inventory or diversifying sources of supply since 2014 when Russia was sanctioned for its annexation of Crimea from Ukraine, even though titanium was not directly targeted.

Source: <https://www.thedailystar.net/business/global-economy/news/boeing-confident-working-through-any-disruption-2962121>



US Investors Expect more Volatility

Geopolitical worries have added another layer of volatility to an already-jumpy market as investors priced in the possibility of escalating conflict between Russia and Ukraine, though some doubted the issue would weigh on US asset prices over the longer term.

Reports of rising tensions between the two countries slammed stocks on Friday and lifted prices for Treasuries, the dollar and other safe-haven assets. Investors were already rattled by a hawkish turn from the Federal Reserve.

"The market is reacting because an actual invasion has not yet been priced in," said Michael Farr of Farr, Miller and Washington LLC. "The severity of an invasion, if one occurs, will correlate to the severity of the market's reaction."

Russia has massed enough troops near Ukraine to launch a major invasion, Washington said on Friday. It urged all US citizens to leave Ukraine within 48 hours.

Source: <https://www.thedailystar.net/business/global-economy/news/us-investors-expect-more-volatility-2960571>



Unilever Annual Profit Climbs

British consumer goods group Unilever on Thursday logged a rising net profit in 2021 but warned that soaring inflation will likely ramp up costs again this year.

Profit after tax rose 8.4 per cent to 6.0 billion euros (\$6.9 billion) last year compared with 5.6 billion euros in 2020, Unilever said in a statement.

The group, which faced fierce criticism over its failed \$50-billion bid for drugmaker GlaxoSmithKline's health care unit, ruled out any major acquisitions and pledged to return 3.0 billion euros to investors via share buybacks.

The producer of food, cleaning and beauty products, including Magnum ice cream, Cif surface cleaner and Dove soap, added that revenues advanced 3.4 per cent to 52.4 billion euros.

"The major challenge of 2021 has been the dramatic rise of input costs," said chief executive Alan Jope, referring to overhead expenses.

Source: [thedailystar.net/business/global-economy/news/us-investors-expect-more-volatility-2960571](https://www.thedailystar.net/business/global-economy/news/us-investors-expect-more-volatility-2960571)



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