

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

February 16, 2022

Rice Bran Oil's Tk300cr Boost to Bogura Exports

Achieving a staggering growth, Bogura, a northern district of Bangladesh, witnessed its annual export earnings boost to over Tk500 crore last year from only a little over Tk100 crore five years ago, mainly riding on rice bran oil.

Alongside agro-products that mostly contributed to raking in forex earnings, light engineering and farm machinery in the region's export basket also played a part in propelling the growth at a faster pace.

The number of export items manufactured in the district has also risen to at least 16 from 10 during the time.

The range of export items from Bogura includes irrigation pumps, rice bran oil, jute yarn and jute bags, sacks and threshing machines, potatoes, pets and various types of plant saplings.

Source: <https://www.tbsnews.net/economy/rice-bran-oils-tk300cr-boost-bogura-exports-371335>



NBFIs, Govt Entities Can now also Extend Mobile Financial Services

Non-bank financial institutions and government entities can now extend mobile financial services (MFS) along with banks, according to a Bangladesh Bank circular released today.

They, however, will have to form subsidiaries to provide MFS, according to the central bank guidelines.

The parent banks, NBFIs and the government entities will have to provide at least 51 per cent of the equity of MFS providing subsidiary.

The parent entities will also have majority in the board of directors along with controlling shares.

The minimum paid-up capital requirement of a subsidiary model-based MFS provider is Tk 45 crore.

The banks, which are now running MFS operations with approval of BB will continue with their existing structure without forming subsidiary company.

Source: <https://www.thedailystar.net/business/news/nbfis-govt-entities-can-now-also-extend-mobile-financial-services-2962761>





Merchant Banks Seek Corporate Tax for Listed Cos Reduced to 15%

The Bangladesh Merchant Bankers Association has proposed reducing corporate tax to 15% from the existing 22.5% for listed companies, which will encourage more such companies to enter the capital market.

The number of registered companies in the country stands at more than 1.5 lakh, while only 348 are listed on the stock market, the association said in a pre-budget discussion in the revenue building in the capital on Tuesday.

Besides, Md Sayadur Rahman, president of Bangladesh Merchant Bankers Association, in his written statement demanded cutting tax for merchant banks to 25% from the existing 37.5%.

He proposed considering tax deducted at source on profits as the final settlement and reducing VAT on listed companies to 10%.

Source: <https://www.tbsnews.net/economy/stocks/merchant-banks-seek-corporate-tax-listed-cos-reduced-15-371311>



**Bangladesh Merchant
Bankers Association**



Stock Investment Returns lift Sonali Paper Profits to Record High

Sonali Paper and Board Mills – a manufacturer of paper-based packaging boards and writing papers – reported record growth in profit for the first half of the current fiscal year, riding on robust returns from their stock market investments.

The concern of Younus Group of Industries earned Tk17.75 crore from its core business, while it made a capital gain of Tk17.84 crore by trading shares on the Dhaka Stock Exchange (DSE).

Thus the company reported a six times higher profit of Tk25.64 crore from a year earlier.

Sonali Paper has bought Asia Insurance, Bangladesh National Insurance, Eastern Insurance, Fortune Shoes, NRB Commercial Bank, Genex Infosys and Northern Insurance shares by investing Tk45.37 crore.

In the last year, those shares prices increased considerably. And the company has made a huge return by selling those shares.

Source: <https://www.tbsnews.net/economy/stocks/stock-investment-returns-lift-sonali-paper-profits-record-high-371293>

Star Adhesives Gets BSEC Nod to Raise Tk5cr from the SME Board

The Bangladesh Securities and Exchange Commission (BSEC) has allowed Star Adhesives Ltd, a concern of Partex Star Group, to raise Tk5 crore through a qualified investor offer (QIO) from the SME board of the Dhaka Stock Exchange (DSE).

The company will issue 50 lakh ordinary shares at a face value of Tk10 each.

Out of the amount, Star Adhesives wants to spend Tk1.51 crore for factory renovation, Tk1.80 crore for working capital, and Tk1.60 crore for repaying bank loans.

According to the company's audited financial statement as of 30 June 2021, its net profit stood at Tk2.69 crore, which was Tk0.88 crore in the previous year.

Its revenue was Tk41.24 crore, which was Tk25.33 crore a year ago.

Source: <https://www.tbsnews.net/economy/stocks/star-adhesives-gets-bsec-nod-raise-tk5cr-sme-board-371248>



Saif Powertech's Half-yearly Profit Jumps 59%

Saif Powertec Limited has posted a 59% year-on-year profit growth in the first half of 2021-22 fiscal year.

Port operations and the contract businesses were the major drivers of the half-yearly growth, according to the company's Chief Financial Officer Md Hasan Reza.

The company provides engineering maintenance services to various manufacturing facilities alongside its battery business.

Saif Powertec's earnings per share (EPS) for the July-December period of 2021 stood at Tk1.05, which was Tk0.66 in the same period of 2020.

In the June-September quarter, its EPS grew to Tk0.52 from Tk0.32 over the same period a year ago.

Besides, in the October-December quarter, the EPS rose to Tk0.53 from Tk0.29 in the corresponding quarter of 2020.

Saif Powertec stocks closed at 1.9% higher at Tk43.8 each in the Dhaka Stock Exchange on Tuesday.

Source: <https://www.tbsnews.net/economy/saif-powertechs-half-yearly-profit-jumps-59-371302>



Britain Unemployment Rate Steady

The UK's unemployment rate remained steady at the end of last year despite the emergence of the Omicron variant of the coronavirus, official data showed on Tuesday.

The figure stood at 4.1 per cent in the three-month period ending in December, the same as the previous quarter, according to the Office for National Statistics.

The rate was lower than the period ending in September, when it was at 4.3 per cent, but it is still slightly over its pre-pandemic level.

The discovery of Omicron in late November raised concerns about its potential effects on the global economy as countries restored some travel restrictions, but the highly infectious variant has proven less deadly than its predecessors.

Source: <https://www.thedailystar.net/business/global-economy/news/britain-unemployment-rate-steady-2962996>



German Investor Morale Rises

Confidence among investors in Germany grew in February, according to figures published Tuesday, in spite of rising tensions with Russia over Ukraine and lingering supply chain issues.

The ZEW institute's monthly barometer measuring economic expectations climbed 2.6 points to 54.3 after rising sharply in January by 21.8 points. Investors' assessment of the current economic situation also advanced slightly by 2.1 points to minus 8.1, despite recent disappointing growth figures.

"The economic outlook for Germany improved again in February despite growing economic and political uncertainty," ZEW president Achim Wambach said in a statement.

Grounds for positivity was the expectation amongst investors, allowing an economic recovery in the first half of 2022, Wambach said.

Source: <https://www.thedailystar.net/business/global-economy/news/german-investor-morale-rises-2963056>



Fed's Credibility 'on the line' amid US Inflation Spike

The Federal Reserve needs to accelerate the pace of interest rate increases to fight inflation, but can do so in a way that doesn't roil financial markets, St. Louis Fed President James Bullard said Monday.

"Our credibility is on the line here," Bullard said on CNBC. After consumer prices saw their biggest jump in 40 years in January, he said the Fed should "front load" its actions and raise the benchmark borrowing rate to one percent by July.

Bullard, a voting member of the Fed's policy-setting committee, caused a sharp reaction in markets last week with similar comments on the need to remove stimulus provided to the US economy during the Covid-19 pandemic.

The consumer price index in January jumped 7.5 per cent compared to a year earlier, its largest increase since 1982.

Source: <https://www.thedailystar.net/business/global-economy/news/feds-credibility-the-line-amid-us-inflation-spike-2962941>



Japan's Economy Rebounds on Solid Spending

Japan's economy rebounded in the final three months of 2021 as falling coronavirus cases helped prop up consumption, though rising raw material costs and a spike in new Omicron variant infections cloud the outlook.

Bank of Japan Governor Haruhiko Kuroda also highlighted escalating tensions in Ukraine as a fresh risk to the central bank's forecast for a moderate economic recovery.

The world's third-largest economy expanded an annualised 5.4 per cent in October-December after contracting a revised 2.7 per cent in the previous quarter, government data showed on Tuesday, falling short of a median market forecast for a 5.8 per cent gain.

Some analysts expect the economy to slump again in the current quarter as rising Covid-19 cases keep households from shopping and supply chain disruptions hit factory output.

Economic growth was driven largely by a 2.7 per cent quarter-on-quarter rise in private consumption, which accounts for more than half of Japan's gross domestic product (GDP).

Source: <https://www.thedailystar.net/business/global-economy/news/japans-economy-rebounds-solid-spending-2963061>



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