

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

October 17, 2021

MFS Transactions Surge in Aug

Transactions through mobile financial services in Bangladesh grew more than 50 per cent year-on-year to Tk. 62,230 crore in August, central bank data showed.

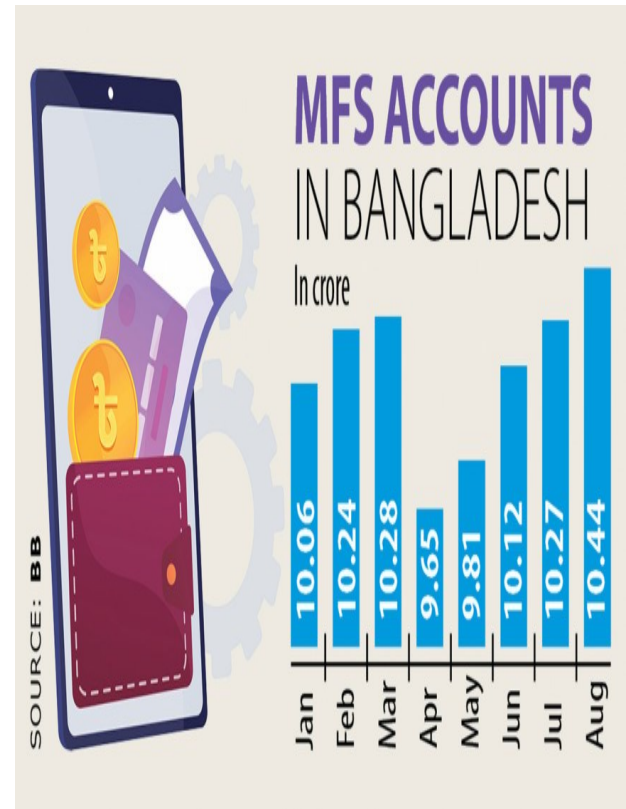
August's amount was, however, down from Tk. 66,387 crore recorded in July this year, according to the Bangladesh Bank.

The use of MFS rose sharply from May last year after the country was hit with the coronavirus pandemic as people were forced to carry out transactions on mobile phones to buy products and services and make payments to keep the rogue virus at bay.

Merchant payment rose three times to Tk. 3,465 crore in August, which was Tk. 1,062 crore in the same month last year.

Users paid utility bills amounting to Tk. 1,323 crore, up from Tk. 908 crore in the same month last year, while person-to-person transfers rose to Tk. 19,445 crore from Tk. 12,464 crore. Customers purchased mobile talk-times amounting to Tk. 688 crore in August, which was Tk. 649 crore in the same month last year.

Source: <https://www.thedailystar.net/business/economy/banks/news/mfs-transactions-surge-aug-2198711>



\$2.9bn Food Security Plan Afoot



The government is going to invest \$2.9 billion over the next five years on mechanised and climate-smart agriculture to grow more food, achieve nutrition security and reduce the cost of farming.

The World Bank (WB) has initially agreed to lend \$500 million towards implementing the government's vision in the eighth five-year plan and the global lender has drafted a concept paper for the government's Economic Relations Department (ERD).

Additional Secretary (planning) of the Ministry of Agriculture, Md Abdur Rauf, told The Business Standard, "The World Bank has shown interest in lending for the proposed project and the Department of Agricultural Extension has also started work on the Development Project Proposal (DPP)."

According to the Ministry of Agriculture, a plan of action for the 2021-25 period was prepared last year under the National Agricultural Policy. As per the government's 8th five-year plan estimates, the project is supposed to cost \$2.9 billion.

Source: <https://www.tbsnews.net/economy/29bn-food-security-plan-afoot-316837>

Treasury Bonds Finally Make Stock Market Debut

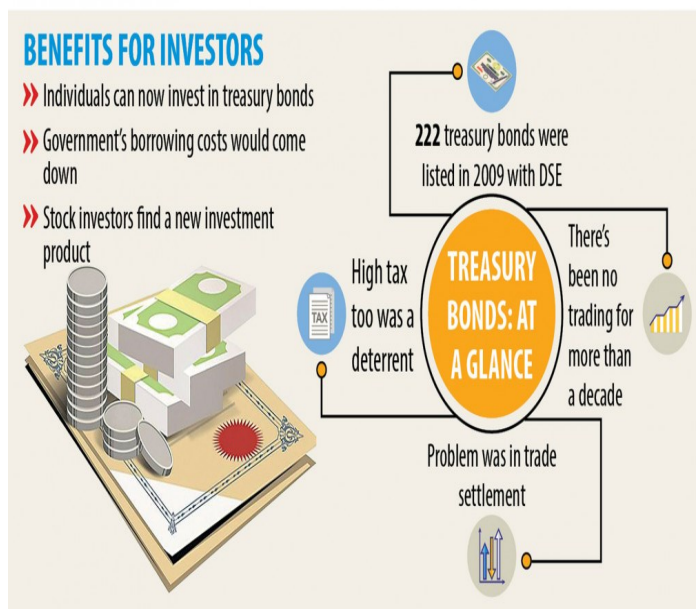
The trading of treasury bonds began in the secondary market of the Dhaka Stock Exchange yesterday, ending a wait of more than a decade and creating one more investment tool for the retail investors reliant only on shares and mutual funds.

Some 222 government bonds, with a combined value of Tk. 55,000 crore, were listed with the premier bourse of the country between 2005 and 2011. But they were not traded like shares and mutual fund units as there was no secondary market.

Problems related to the settlement of the trading of treasury bonds and a higher tax had prevented the government securities from being traded on the exchange. All of the problems have now been solved, paving the way for retail investors to take part in the trading.

A transaction of a 10-year Bangladesh Treasury Bond was executed as a test case yesterday between VIPB Accelerated Income Unit Fund and Alliance MTB Unit Fund.

Source: <https://www.thedailystar.net/business/economy/stock/news/treasury-bonds-finally-make-stock-market-debut-2198736>



Islam Oxygen to go public for business expansion

Oxygen manufacturer and supplier Islam Oxygen Limited wants to raise Tk93 crore from the capital market through a book-building method for its business expansion.

The company will spend Tk90.70 crore on the expansion. According to the spending breakdown, Tk87.15 crore will be spent on new capital machinery and Tk3.55 crore on the construction of sheds for generators and a new plant.

Established in 2009, the business entity wants a premium on the face value of Tk10 of its primary shares.

As per the book building criteria, Islam Oxygen will arrange a roadshow on 25 October in Dhaka, where it will introduce the company to institutional investors.

The company's earnings per share were Tk4.37, which was Tk2.77 in the previous year. The net asset value per share with revaluation stood at Tk38.37 and without revaluation at Tk25.09 during the period.

Source: <https://www.tbsnews.net/economy/stocks/islam-oxygen-go-public-business-expansion-316822>



Cuts in System loss, Corporate Tax Boost Desco Profit

The Dhaka Electric Supply Company (Desco) – a listed power distributor – has reported a 62% growth in profit for FY21, thanks to the reduction in system loss and lower corporate tax.

Desco's net profit stood at Tk73.94 crore at the end of the last fiscal year, which was Tk45.56 crore in the previous year.

The company's system loss due to the transmission of electricity at high voltage recently decreased to a great extent.

Besides, in the last budget, the government decided to cut the corporate tax by 2.5 percentage points to 22.5% for the listed companies.

Desco's revenue also rose by 10% to Tk4,347 crore in the last fiscal year.

Its board has recommended a 10% cash dividend for the shareholders for FY21. To approve the dividend and the audited financial report, the company will conduct its annual general meeting (AGM) on 15 January 2022 through a digital platform. Shareholders will have to hold on to the Desco share till 18 November this year to attend the AGM.

Source: <https://www.tbsnews.net/economy/stocks/cuts-system-loss-corporate-tax-boost-desco-profit-316816>



LafargeHolcim Profit Surges 106% in Jan-Sep

Strengthening digital initiatives and optimising costs, LafargeHolcim Bangladesh—a multinational cement maker – has posted a 106% growth in net profit in January-September this year.

At the end of the first three quarters of 2021, the net profit of the company stood at Tk308.9 crore and earnings per share (EPS) at Tk2.66, which was Tk149.7 crore and Tk1.26 respectively in the January-September of 2020.

During the period, its net sales rose 37% to Tk1565.6, which was Tk1142.4 crore in the same time the previous year.

Currently, LafargeHolcim has a capacity to produce 4.2 million tonnes of cement, which makes up 10% of the market in Bangladesh.

The company, which has been running the cement business for almost two decades, has invested \$500 million – the largest foreign direct investment in the sector – in building one fully integrated cement plant and three grinding plants.

Source: <https://www.tbsnews.net/economy/stocks/lafargeholcim-profit-surges-106-jan-sep-315961>



Wall Street Banks Set to Profit again when Fed Withdraws Stimulus

Wall Street banks have been among the biggest beneficiaries of the pandemic-era trading boom, fueled by the Federal Reserve's massive injection of cash into financial markets.

With the central bank nearing the time when it will start winding down its asset purchases, banks are set to profit again as increased volatility encourages clients to buy and sell more stocks and bonds, analysts, investors and executives say.

The Fed has been buying up government-backed bonds since March 2020, adding \$4 trillion to its balance sheet, as part of an emergency response to the Covid-19 pandemic.

The strategy was designed to stabilize financial markets and ensure companies and other borrowers had sufficient access to capital.

It succeeded but also resulted in unprecedented levels of liquidity, helping equity and bond traders enjoy their most profitable period since the 2007-09 financial crisis.

Source: <https://www.thedailystar.net/business/global-economy/america/news/wall-street-banks-set-profit-again-when-fed-withdraws-stimulus-2199886>



Food, Rents Boost US Inflation

US consumer prices increased solidly in September as Americans paid more for food, rent and a range of other goods, putting pressure on the Biden administration to urgently resolve strained supply chains, which are hampering economic growth.

With prices likely to rise further in the months ahead following a recent surge in the costs of energy products, the report from the Labor Department on Wednesday could test Federal Reserve Chair Jerome Powell's repeated assertion that high inflation is transitory.

Powell and the White House have blamed supply chain bottlenecks for the high inflation.

Supply chains have been gummed up by robust demand as economies emerge from the Covid-19 pandemic, thanks to more than \$10 trillion in global economic stimulus, about half of it in the United States.

Source: <https://www.thedailystar.net/business/global-economy/news/food-rents-boost-us-inflation-2198626>



EU to Press ahead with Emergency Relief for Energy Prices

European Union leaders are set to press ahead with measures to shield consumers from record-high energy prices that have curtailed industrial production and hiked consumer bills.

EU leaders will meet on October 21-22 to discuss the energy price spike and a "toolbox" the European Commission published this week which confirmed the measures national governments can use to provide immediate relief to consumers.

A draft of the leaders' conclusions, seen by Reuters, invites the Commission and EU countries to use that toolbox "to provide short-term relief to the most vulnerable consumers and to support European companies."

As of Wednesday, twenty EU countries had drawn up such measures, including price caps, cuts to energy taxes and subsidies for poorer households.

That number is set to grow, with Germany planning to cut the surcharge on consumers' energy bills which helps fund renewable energy investments.

Source: <https://www.thedailystar.net/business/global-economy/news/eu-press-ahead-emergency-relief-energy-prices-2199951>



World Stocks Notch Best Day in 5 months

Stocks surged globally on Friday in their best day in five months as strong US corporate earnings reports fueled optimism about the economy, though three-year-high oil prices kept inflation risks alive and lifted government bond yields.

US investment bank Goldman Sachs Group Inc was the latest on Wall Street to trounce market expectations when it reported a 66 per cent surge in third-quarter profit, thanks to a record wave of investment banking activity. Though some analysts warned investors against complacency so early in the earnings season, especially given current constraints in the supply chain, US stocks joined Friday's rally in global equities.

The Dow Jones Industrial Average jumped 1.1 per cent in its best weekly performance since June 25. The S&P 500 climbed 0.75 per cent to notch its best week in 2-1/2 months, and the Nasdaq Composite added 0.5 per cent.

Source: <https://www.thedailystar.net/business/global-economy/america/news/world-stocks-notch-best-day-5-months-2199916>



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