

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

November 17, 2021

New Bill Proposes Govt Guarantee on Public Debt

Since the debt system has witnessed a radical change, the Finance Division has designed the new law incorporating necessary changes.

According to the proposed law, the government will give a precise guarantee against the debt taken by it from the people -- that they would get their deposited money back under any circumstance.

Provision was also incorporated in the draft law for running a Shari-ah-based deposit system alongside the regular deposit system, the finance minister said while placing the bill.

The public would be informed about the profits or interests against their deposits.

If anyone provides false information in obtaining the issued certificates under the government security and saving certificate schemes, he or she would face maximum six-month imprisonment, Tk one lakh fine or both.

Source: <https://www.thedailystar.net/business/economy/news/new-bill-proposes-govt-guarantee-public-debt-2231266>



Without even any Branding, Mango Export Sees Big Jump

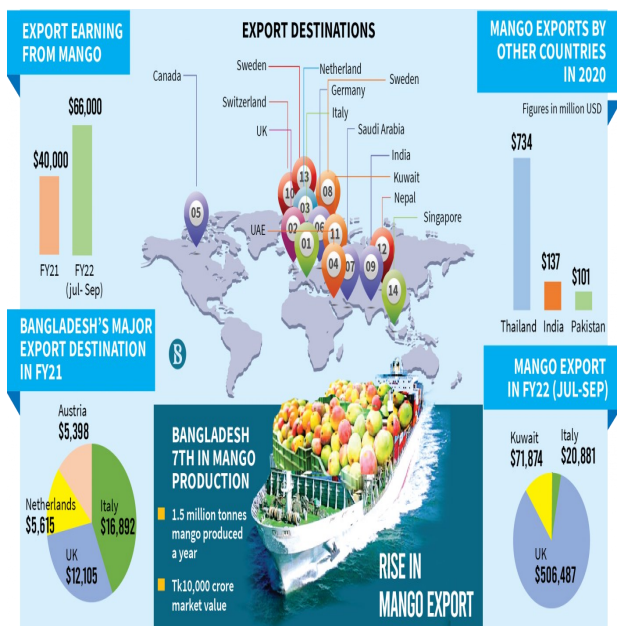
Bangladesh has shown a surprising performance in mango export by earning \$0.66 million in the first three months of FY 2021-22, which is a massive rise from \$40,000 in the 12 months of FY 2020-21.

During July-September of the last fiscal, Bangladesh exported mangoes worth only \$10,000 to Singapore. However, in the same period this year, mango was exported to more than 14 countries in Asia and Europe.

Although Bangladesh globally ranks seventh in mango production, it was at the bottom in terms of export earnings from this delicious fruit. Many countries are earning huge amounts of foreign exchange from mango export by producing fewer mangoes than Bangladesh.

Bangladesh produces around 1.5 million tonnes of mangoes with a market value of Tk10,000 crore every year. But the amount of export is very little compared to production.

Source: <https://www.tbsnews.net/economy/without-even-any-branding-mango-export-sees-big-jump-330277>





Power Grid Maintains Consistent Growth in Profits

The Power Grid Company of Bangladesh (PGCB) grew consistently both in terms of profit and revenue for the last four years.

The country's state-owned sole power transmission company has been making an annual profit of more than Tk300 crore since the 2017-18 fiscal year.

In fiscal 2020-21, it posted a profit of Tk377 crore, a 38% increase from the previous fiscal year. The company registered a 16.62% growth in its revenue.

Among the listed government firms, the Power Grid Company – a subsidiary of the Bangladesh Power Development Board (BPDB) – was able to keep consistency in profit as it enjoys a monopoly in the business.

It also continued upward growth in revenue and profit by 7% and 49%, respectively, in the July-September quarter of the current fiscal year.

PGCB's principal activities are planning, promoting, developing, and maintaining an integrated, and efficient power transmission system, and network throughout Bangladesh.

Source: <https://www.tbsnews.net/economy/stocks/power-grid-maintains-consistent-growth-profits-330682>



JMI Hospital Requisite Gets BSEC Nod for Tk75cr IPO

JMI Hospital Requisite Manufacturing Ltd on Tuesday received approval from the Bangladesh Securities and Exchange Commission (BSEC) to raise Tk75 crore from the capital market.

The modern medical instrument and hospital equipment manufacturer in Bangladesh will collect the fund from stock market investors by issuing an initial public offering (IPO) under the book-building system.

It will spend the fund on purchasing machinery and land as well as loan repayment.

Now, the company will have to determine the cut-off price of its shares from institutional investors and publish a vetted IPO prospectus.

After getting the cut-off price, the company will issue shares to the general public at a 20% discount on the price.

Source: <https://www.tbsnews.net/economy/stocks/jmi-hospital-requisite-gets-bsec-nod-tk75cr-ipo-330661>



Two Open-ended Mutual Funds Get Approval

The stock market regulator approved two open-ended mutual funds named Bangladesh Race Management Private Fund and HFAML Shariah Unit Fund.

The targeted fund size of both mutual funds is Tk 25 crore each. Of the fund, Tk 2.5 crore would be sponsored by Bangladesh Race Management and HF Asset Management Ltd.

Rest of the funds can be subscribed by general investors. The face value of the funds is Tk 10.

Mutual funds are investment funds that gather a fixed pool of money from several investors and re-invest them into stocks, bonds and other securities and then distribute the profits among the unitholders.

The asset management company of HFAML Shariah Unit Fund is HF Asset Management, trustee of the fund is Investment Corporation of Bangladesh.

Asset Management of Bangladesh Race Management Private Fund is Bangladesh Race Management Private Fund Company.

Source: <https://www.thedailystar.net/business/economy/stock/news/two-open-ended-mutual-funds-get-approval-2231471>



DSEX Gains 1.65% from Easing of Margin Loan Rules

Stocks jumped on Tuesday amid a buying spree a day after the market regulator relaxed its rules regarding margin loans.

DSEX, the broad-based index of the Dhaka Stock Exchange (DSE), closed 1.65% higher with a nearly 5% increase in the daily turnover at the country's premier bourse.

Investors take margin loans from their brokers or merchant banks to buy more shares for leveraged gains.

The Bangladesh Securities and Exchange Commission (BSEC) on Monday discarded the broad-index factor from its margin loans control mechanism and that offered the market an opportunity to see more demand for stocks.

The regulator had earlier said if margin loans can go as high as 80% of investors' equity until the DSEX goes above 8,000-mark and as soon as the index crosses the level brokers would not provide margin loans more than 50% of their individual clients' equity.

Source: <https://www.tbsnews.net/economy/stocks/dsex-gains-165-easing-margin-loan-rules-330685>



Outlook Starting to Brighten for Aviation: Airbus CEO

The global aviation sector has begun to emerge from the Covid pandemic, its worst-ever crisis, and the "outlook is starting to brighten", Airbus CEO Guillaume Faury told journalists Monday.

A large order of 255 of Airbus' single-aisle A231 planes announced Sunday at the Dubai Airshow "completely justifies" a shift to ramping up manufacturing, the CEO said, predicting production of long-haul planes could pick up by the second half of the decade.

"The crisis was very brutal, lasting 15 months at its worst stage. We are in the process of emerging, we can see aerial traffic recovering, the reopening of travel lines, the planes travelling here to Dubai were full or nearly full.

"The United States has largely resumed, Europe is also resuming. Asia will probably take a little longer, but globally the figures point to a recovery in the global economy and air traffic.

Source: <https://www.thedailystar.net/business/global-economy/news/outlook-starting-brighten-aviation-airbus-ceo-2231871>



UK Unemployment Drops as Vacancies Hit New High

Britain's unemployment rate has fallen further with the economy reopen following a pandemic lockdown, with vacancies hitting a fresh peak, data showed Tuesday.

The unemployment rate dropped to 4.3 per cent in the three months to the end of September, the Office for National Statistics said in a statement.

That compared with a rate of 4.5 per cent in the quarter to the end of August, the ONS added. At the same time job vacancies in the three months to the end of October hit a new record high at 1.17 million.

This was despite the UK government ending in September its furlough jobs support programme that kept millions of private sector workers in their roles during the pandemic.

"It might take a few months to see the full impact of furlough coming to an end, as people who lost their jobs at the end of September could still be receiving redundancy pay," noted Sam Beckett, head of economic statistics at the ONS.

"However, October's early estimate shows the number of people on the payroll rose strongly on the month and stands well above its pre-pandemic level. "The number of people on UK company payrolls surged by 160,000 last month, the official data showed."

Source: <https://www.thedailystar.net/business/global-economy/news/uk-unemployment-drops-vacancies-hit-new-high-2231866>

Oil Price Rally May Start to Ease: IEA

The International Energy Agency (IEA) said Tuesday a reprieve from soaring oil prices may be on the horizon as output increases.

Shortages of natural gas and coal have triggered a switch to oil, boosting demand for crude and fuelling a rise in prices. Last month, the IEA, which advises governments on energy policy, said oil prices were "scaling multi-year highs."

It cautioned however that was not because demand for high-polluting oil was decreasing, "but rather due to rising oil supplies." Prices had until now risen on the back of a global economic recovery, while supply from producer countries remained tight. The price of a barrel of oil rose by around \$20 between the end of August and mid-October, before reaching a plateau in recent weeks at around \$80.

But the IEA said global oil production was on the rise.

In October, oil supplies leapt by 1.4 million barrels a day (mb/d), with the US post-hurricane recovery accounting for half the increase.

Source: <https://www.thedailystar.net/business/global-economy/news/oil-price-rally-may-start-ease-iea-2231861>



Shell Plans UK Relocation, Sparking Dutch Outrage

Energy giant Shell on Monday announced plans to switch headquarters from the Netherlands to the UK and drop Royal Dutch from its name, in a major shakeup that angered the Dutch government.

The plan, hailed by UK Business Secretary Kwasi Kwarteng as "a clear vote of confidence in the British economy" post Brexit, will see Shell switch its tax residence and top executives to Britain.

The move deprives the Netherlands of its biggest company, which has for more than 130 years been a symbol of Dutch entrepreneurial spirit and is headquartered in The Hague.

"We are unpleasantly surprised by this. The cabinet deeply regrets this intention," Dutch Economic Affairs Minister Stef Blok said on Twitter.

Shell said it did not expect any major financial effect from relocating, except for a departure tax that could be as high as 400 million euros. For the Dutch treasury, however, the tax hit from Shell's departure could amount to billions of euros, local media said.

Source: <https://www.thedailystar.net/business/global-economy/news/shell-plans-uk-relocation-sparking-dutch-outrage-2231881>



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