

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

December 19, 2021

Bangladesh, Russia Discuss Possibilities of Trade, Economic Cooperation

Bangladesh and Russia recently discussed the possibility of cooperation in various trade and economic sectors including atomic energy, aviation industry, fisheries and livestock, geological research, as well as space and satellite.

The two countries also discussed working together to modernise Ghorashal TPP Units 1 and 2, inspecting and monitoring of Karnafuli HPP, commissioning Rooppur Nuclear Power Plant on time, among many other areas during the third session of the Bangladesh-Russia Inter-Governmental Commission on Trade, Economic, Scientific, and Technical Cooperation.

Both countries also spoke about working together in radioactive waste management, animal vaccine production, cyber security, peaceful and safe use of atomic energy, among other topics.

The fourth session of the Bangladesh-Russia Inter-Governmental Commission on Trade, Economic, Scientific, and Technical Cooperation will be held in December 2022 in Russia.

Source: <https://www.tbsnews.net/economy/bangladesh-russia-discuss-possibilities-trade-economic-cooperation-344374>

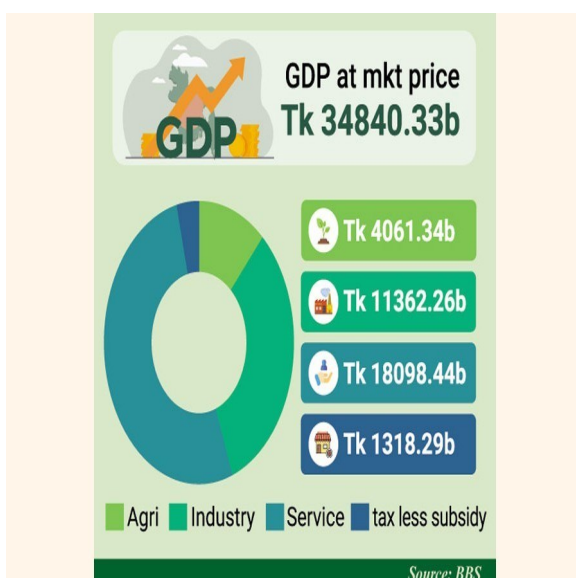


Bangladesh's Services Sector Grows Fast to 54pc of GDP

Bangladesh's services sector has expanded by nearly 90 per cent over the past five years to Tk 18.98 trillion, a latest official count shows.

The size of the services sector stretching over accommodation, education, financial, transport, and wholesale and retail trading stood at Tk 18.98 trillion or nearly 54 per cent of the Tk 34.84 trillion nominal GDP (gross domestic product) in the fiscal year 2020-21. Human-health and social-work activities saw the fastest growth to Tk 1.186 trillion till the last fiscal year, up by 117 per cent from the 2015-16 mark. It was followed by administrative and support-service activities, growing by 90.48 per cent to Tk 271.33 billion. The other sectors which saw tremendous expansion are financial and insurance activities, accommodation and food services, wholesale and retail trade, repair of motor vehicles, transportation and storage as well as real estate.

Source: <https://thefinancialexpress.com.bd/economy/bangladeshs-services-sector-grows-fast-to-54pc-of-gdp-1639622355>



2 Alif Group Concerns Post Higher Profits in Q1, FY22

Two of Alif Group's listed textile firms have posted higher profits in the first quarter of the current fiscal year with their sales having increased compared to the last fiscal.

Alif Manufacturing Company posted a 14% gain, and Alif Industries posted a 12% increase in net profit for the July-September period of this fiscal compared to the same time period in the previous fiscal year.

Alif Manufacturing produces cotton yarn of different counts. The company's net profits rose to Tk3.82 crore in this fiscal's July-September quarter from Tk3.35 crore in the same period of the previous fiscal.

Its earnings per share (EPS) stood at Tk0.15 in the first quarter of this fiscal, which was Tk0.13 in the same period of the previous year.

The company's net asset value increased to Tk372.09 crore in September 2021, which was Tk364.56 crore in June 2021.

Source: <https://www.tbsnews.net/economy/stocks/2-alif-group-concerns-post-higher-profits-q1-fy22-344731>



Square Pharma Declares 60% Cash Dividend

Square Pharmaceuticals Ltd has declared a 60% cash dividend to its shareholders for the year ended 30 June, 2021.

The announcement came at the 55th Annual General Meeting of the company held Wednesday on a virtual platform, reads a press release.

The AGM was presided over by the Chairman of the company Samuel S Chowdhury.

The turnover, gross profit and net profit (after tax) were Tk5,835 crore, Tk2,590 crore and Tk1,474 crore respectively.

Turnover and net profit rose to 10.24% and 13.80% respectively during the year under review.

Shareholders attended the AGM and many of them took part in the discussion regarding the company's performance and future expansion. At the end the chairman expressed their deep appreciation to shareholders for their trust and support to the company's performance.

Source: <https://www.tbsnews.net/economy/corporates/square-pharma-declares-60-cash-dividend-344665>



Beximco Sukuk Subscription Completed

The subscriptions of the Beximco Green-Sukuk Al Istisna – the first-ever asset-backed securities by a private sector entity in Bangladesh – have been completed, according to its issue manager.

General investors had earlier subscribed only 56% of the total public offer of Tk750 crore through the Dhaka Stock Exchange (DSE).

Elaborating on the pattern of subscriptions, the issue manager said 70% of the subscriptions have come from the banking industry – both private and public – followed by the corporate investor and the mutual fund, respectively.

Besides, individual investors have subscribed below 2% while Beximco shareholders subscribed only 1% in the debt security, said Ershad Hossain, managing director at City Bank Capital Resources Limited, the issue manager of the Sukuk.

Source: <https://www.tbsnews.net/economy/stocks/beximco-sukuk-subscription-completed-344314>



Ten Companies Grab 37pc Turnover

The ten most-traded stocks grabbed more than 37 per cent of turnover of the Dhaka Stock Exchange (DSE) in the outgoing week while ONE Bank topped both the turnover and the losers' lists.

Investors were mostly active in the banking sector stocks as the sector captured 18 per cent of the week's total turnover, with two banks featuring on the top turnover list.

ONE Bank dominated the turnover list with 190.62 million shares worth Tk 2.91 billion changing hands, accounting for 7.81 per cent of the week's total turnover.

ONE Bank was also the day's worst loser, shedding 21.31 per cent to close at Tk 14.40 per share on Wednesday, the last trading day of the week, as investors dumped its shares, after witnessing its sharp rise over the past three weeks.

Its shares traded between Tk 9.80 and Tk 20.90 in the last one year.

The bank has reported consolidated earnings per share (EPS) of Tk 1.64 for January-September 2021 as against Tk 1.15 for January-September 2020.

Source: <https://thefinancialexpress.com.bd/stock/ten-companies-grab-37pc-turnover-1639798158>



Fitch Downgrades Sri Lanka as Default Fears Mount

International ratings agency Fitch downgraded cash-strapped Sri Lanka Saturday due to mounting fears of a sovereign default on its \$26 billion foreign debt, but Colombo insisted it will meet its obligations.

The downgrade by one notch from "CCC" to "CC" came a day after Sri Lanka reported a 1.5 per cent contraction in the third quarter of this year as a foreign exchange crisis wrecked its recovery from the coronavirus pandemic.

Fitch said the downgrade reflected its view of an "increased probability of a default event in coming months" as Sri Lanka's foreign reserves slumped to \$1.58 billion at the end of November.

"We believe it will be difficult for the government to meet its external debt obligations in 2022 and 2023 in the absence of new external financing sources," the agency said in a statement.

Source: <https://www.thedailystar.net/business/global-economy/news/fitch-downgrades-sri-lanka-default-fears-mount-2920681>



Shortages, Inflation Affect US Retail Sales

US retail sales increased less than expected in November, likely payback after surging in the prior month as Americans started their holiday shopping early to avoid empty shelves.

A rotation in spending from goods back to services also appears to have held back retail sales last month, with the report from the Commerce Department on Wednesday showing a sharp drop in receipts at electronics and appliance stores.

Online retail sales were unchanged. Higher food and gasoline prices are probably curtailing discretionary spending.

The modest retail sales gain did not change views that the economy was regaining steam after a slowdown in the third quarter that was triggered by the Covid-19 Delta variant and rampant shortages.

In a nod to soaring inflation, the Federal Reserve on Wednesday said it would end its pandemic-era bond purchases in March, paving the way for three quarter-percentage-point interest rate increases by the end of 2022.

"Consumers are still doing their best to keep the economy's sails full and the recovery on track," said Christopher Rupkey, chief economist at FWDBONDS in New York.

Retail sales rose 0.3 per cent last month after surging 1.8 per cent in October.

Trillions of dollars in Covid-19 pandemic relief from governments across the globe fueled demand for goods, straining supply chains. The resulting shortages, ranging from motor vehicles to furniture and electronics, have raised goods prices.

Source: <https://www.thedailystar.net/business/global-economy/america/news/shortages-inflation-affect-us-retail-sales-2919346>

US Industrial Production Hits Pandemic High

US industrial production climbed in November to its highest level since the Covid-19 pandemic began, the Federal Reserve said Thursday.

The 0.5 per cent overall gain in the month was less than expected but brought the index to its highest level since September 2019, and 5.3 per cent above its level in November 2020, according to the report.

Mining and manufacturing each posted 0.7 per cent gains, while utilities fell 0.8 per cent, the central bank data said.

There was solid growth in big-ticket manufactured goods production last month, and motor vehicles and parts made up a large part of that, according to the report, indicating the sector is working its way through the semiconductor shortage that hobbled production in recent months.

However, auto and parts production was 5.4 per cent below where it was a year ago.

Ian Shepherdson of Pantheon Macroeconomics said the data boded well for American manufacturers.

Source: <https://www.thedailystar.net/business/global-economy/america/news/us-industrial-production-hits-pandemic-high-2919361>



Fed Signals Three Rate Hikes in 2022

The Federal Reserve said on Wednesday it would end its pandemic-era bond purchases in March and pave the way for three quarter-percentage-point interest rate hikes by the end of 2022 as the economy nears full employment and the US central bank copes with a surge of inflation.

"The economy no longer needs increasing amounts of policy support," Fed Chair Jerome Powell said in a news conference in which he contrasted the near-depression conditions at the onset of the coronavirus pandemic in 2020 with today's environment of rising prices and wages and rapid improvement in the job market.

The pace of inflation is uncomfortably high, he said after the end of the Fed's latest two-day policy meeting, and "in my view, we are making rapid progress toward maximum employment," a combination of circumstances that has now convinced all Fed officials, even the most dovish, that it is time to exit more fully the pandemic policies put in place two years ago.

Source: <https://www.thedailystar.net/business/global-economy/america/news/fed-signals-three-rate-hikes-2022-2919376>



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