

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

December 15, 2021

ADB Raises 2022 Forecast for Bangladesh

The Asian Development Bank has raised the 2022 forecast for Bangladesh.

In Bangladesh, exports and imports grew more than projected in the ADB's 2021 update thanks to a surge in global demand for clothing, ADB says in its latest estimates presented in a regular supplement of the Asian Development Outlook (ADO) 2021.

Faster import growth widened the trade deficit, but growth will be supported by private investment with imports of capital machinery and raw materials for garments.

The expected implementation of fiscal and monetary stimulus adds to pressure from higher fuel prices, it adds.

However, South Asia is forecast to expand less than projected in the Update for 2021, reflecting a modest downward revision to forecast GDP growth in India with manufacturing now projected to grow more slowly than anticipated in the Update. In contrast, other economies in the region, like Bangladesh, have benefitted from higher global demand and rebounding domestic activity with Covid-19 largely contained across the subregion.

Source: <https://www.tbsnews.net/economy/adb-raises-2022-forecast-bangladesh-343459>



Banks Allowed to Take Unrealised Interest into Profit

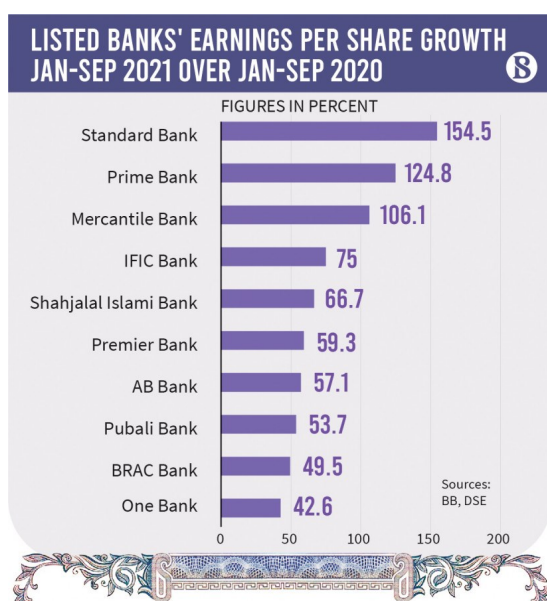
The Bangladesh Bank has come up with a mega discount for banks, allowing them to show unrealised interest incomes as profits if borrowers pay only 25% of their payable amounts of the current year.

Moreover, banks can transfer additional 1% provision that was asked to keep against moratorium loans last year, subject to the full recovery of the payable amounts from borrowers.

The central bank issued a circular giving an instruction how banks will transfer incurred interest against moratorium loans in their profits for 2021.

The facility of taking unrealised interest into income will allow banks to declare a high dividend for the current year. The circular instructed banks that borrowers who paid 25% of their payable amount will not be marked as defaulter.

Source: <https://www.tbsnews.net/economy/banking/banks-allowed-take-unrealised-interest-profit-343771>



BSEC Approves 4% Stock Dividend of SBAC Bank

The Bangladesh Securities and Exchange Commission (BSEC) has approved a 4% stock dividend of the South Bangla Agriculture and Commerce (SBAC) Bank Ltd - which was declared by the bank for the year 2020 in order to meet the Basel III requirement.

As a result, the newly listed private sector lender will be able to raise its paid-up capital by Tk31.38 crore from existing.

The BSEC approved the bank's stock dividend in a meeting on Tuesday.

As per rules, a listed company has to apply to the commission for securing approval of stock dividends before disbursing them.

In 2020, SBAC Bank's consolidated earnings per share slightly decreased to Tk1.39, from Tk1.41 in 2019.

The bank said bonus shares were declared out of profit and retained earnings, not from any reserve.

Earlier, the bank also recommended a 4% cash dividend for that year for its shareholders.

Source: <https://www.tbsnews.net/economy/stocks/bsec-approves-4-stock-dividend-sbac-bank-343720>



Navana Pharma to Raise Tk 750m from Capital Market

Navana Pharmaceuticals Ltd has planned to raise Tk 750 million from the capital market through initial public offering (IPO) under the book-building method to expand its business.

In this regard, the drug maker will hold a road show at a city hotel at 7:00pm on December 21 (Tuesday), where eligible institutional investors will get detailed information about various aspects of the company, according to issue managers.

A road show is a requirement under the book building regulations before the price discovery of a company's shares. The book building is a process through which an issuer attempts to determine the price to offer for its security based on demand from institutional investors.

Eligible investors such as merchant bankers & portfolio managers, asset managers, stock dealers, banks, financial institutions, insurance companies, alternative investment funds, foreign investors, and other institutions approved by the securities regulator are expected to join the event.

Source: <https://thefinancialexpress.com.bd/stock/navana-pharma-to-raise-tk-750m-from-capital-market-1639539302>



FloWater, FloSolar Plan to Go Public

Two new types of companies -- a water treatment solution provider and a solar panel producer -- plan to go public on the stock exchanges in Bangladesh as they look to raise funds to expand footprint.

FloWater Solutions and FloSolar Solutions have decided to list with the exchanges and signed a memorandum of understanding with MTB Capital to manage the issues on Sunday.

If everything goes as per plans, the two companies will be the first listed firms in the water treatment solution provider and the solar energy solutions provider categories in the country.

"We are now profitable companies, so we want guidance from an issue manager so that we can be listed with the stock market smoothly," said Mustafa AK Khan, founder and managing director of both companies.

Founded in 2019, FloSolar Solutions is a private limited company providing industrial rooftop solar solutions to industries.

Source: <https://www.thedailystar.net/business/economy/news/flowater-flosolar-plan-go-public-2917851>



Dhaka Bourse's Index Continues Falling

The Bangladesh stock market fell for the third consecutive day today due to the lower participation of investors.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 44 points, or 0.64 per cent, to 6,837.

Turnover at the DSE, however, rose 55 per cent to Tk 1,080 crore from the previous day's Tk 696 crore.

At the DSE, 88 stocks advanced, 249 declined and 40 remained unchanged.

Fortune Shoes topped the gainers' list that rose 9.44 per cent followed by AMCL Pran, Apex Footwear, Pharma Aids, and Apex Foods.

Stocks of One Bank traded mostly that worth Tk 124 crore followed by Fortune Shoes, Beximco Ltd, Genex Infosys, and GSP Finance.

Source: <https://www.thedailystar.net/business/economy/stock/news/dhaka-bourses-index-continues-falling-2917416>



IEA Sees More Comfortable Year for Oil Market in 2022

The Omicron coronavirus variant will slow the recovery in global demand for oil but the market will be "more comfortable" in 2022, the International Energy Agency said on Tuesday.

The oil market "appears to stand on a better footing than it has for some time," the IEA wrote in its latest monthly report.

The emergence of Omicron at the end of November "sparked a steep sell-off in oil, but initial pessimism has now given way to a more measured response," it said.

"The surge in new Covid-19 cases is expected to temporarily slow, but not upend, the recovery in oil demand," the IEA wrote.

It said "new containment measures put in place to halt the spread of the virus are likely to have a more muted impact on the economy versus previous Covid waves, not least because of widespread vaccination campaigns."

Source: <https://www.thedailystar.net/business/global-economy/news/iea-sees-more-comfortable-year-oil-market-2022-2917791>



Saudi Arabia Sees first Budget Surplus since 2014

Saudi Arabia approved its 2022 budget on Sunday, projecting a surplus for the first time since oil prices collapsed in 2014.

King Salman said the improved fiscal situation for the world's biggest oil exporter comes "after the Kingdom of Saudi Arabia has overcome the economic repercussions and the exceptional stages of the coronavirus pandemic".

Cited by the Saudi Press Agency, he said total expenditures were budgeted at 955 billion Saudi riyals (\$255 billion) and revenues estimated at 1.045 trillion riyals, giving a surplus of 90 billion riyals.

Riyadh's projections come with higher global crude prices, despite worries about the Omicron coronavirus variant which is spreading worldwide. Crude prices finished higher on Friday to post their best week since August. Brent North Sea crude for February delivery rose to \$75.15.

In New York, West Texas Intermediate crude for January delivery increased to \$71.67 a barrel. Economic experts have said Saudi Arabia needs a crude price of about \$80 a barrel to balance its budget.

At a press conference, Finance Minister Mohammed al-Jadaan did not answer AFP's question about the price per barrel on which the budget projections were based.

The kingdom produced about 9.8 million barrels per day in October, according to the Organization of the Petroleum Exporting Countries.

Source: <https://www.thedailystar.net/business/global-economy/news/saudi-arabia-sees-first-budget-surplus-2014-2916991>



Toyota Boosts Electric Vehicle Sales Target

Toyota hiked its electric vehicle sales goal by 75 per cent on Tuesday, unveiling a more ambitious plan for the sector as part of efforts to drive down carbon emissions.

The world's top-selling carmaker has risked falling behind its rivals including Volkswagen and Tesla in the race to develop less polluting cars, seen as a key market for the future.

And the Japanese auto giant, like other big car manufacturers, has faced pressure from environmental groups to work harder to phase out engines that burn planet-warming fossil fuels in favour of electric vehicles (EVs).

CEO Akio Toyoda said Toyota aims to sell 3.5 million EVs per year from 2030, and also plans to roll out 30 battery-powered electric models by the turn of the decade.

It had previously set a yearly sales target for 2030 of two million EVs and fuel cell vehicles.

"Two million is a significant number. And we are trying to bring that to 3.5 million units," Toyoda said.

Source: <https://www.thedailystar.net/business/global-economy/news/toyota-boosts-electric-vehicle-sales-target-2917806>



UK Unemployment Dips despite End of Virus Jobs Scheme

Unemployment in Britain has fallen again, despite the end of a government scheme to keep millions of private-sector workers in their roles during the coronavirus pandemic, official data showed Tuesday.

The jobless rate — which measures the number of people out of work as a proportion of the working population as a whole — slipped to 4.2 per cent in the three months to the end of October, the Office for National Statistics (ONS) said in a statement.

That compared with a rate of 4.3 per cent in the three months to the end of September.

Nevertheless, the rate was still 0.2 percentage point higher than the level before the Covid crisis struck.

The government ended its costly scheme to furlough workers in September.

Source: <https://www.newagebd.net/article/157367/uk-unemployment-dips-despite-end-of-virus-jobs-scheme>



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