

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

June 20, 2022

Inflation Hits 8-year High in May

Inflation in May soared to 7.42% – an eight-year high – in Bangladesh, mainly driven by massive increase of prices of food items, reveals a report by the Bangladesh Bureau of Statistics (BBS).

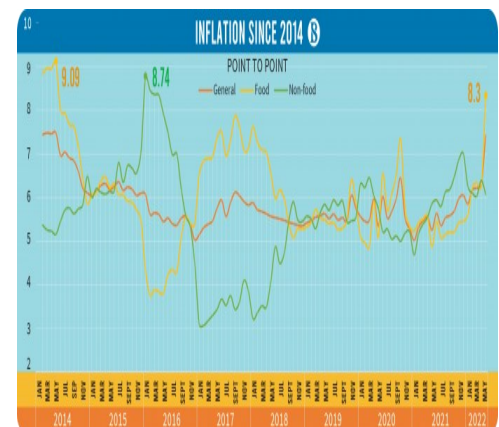
The point-to-point inflation (compared to the same time of last year) was 6.29% in April, registering a 1.13 percentage points increase in a single month.

Food inflation stood at 8.3% in the last month, a jump by 2.07 percentage points from April, while inflation for non-food items fell by 0.31 percentage points in the same period.

The time series data of the BBS found 7.48% inflation in April 2014 led by 9.09% food inflation.

The BBS published its May issue of the "Consumer Price Index (CPI), Inflation Rate and Wage Rate Index (WRI) in Bangladesh" on Sunday, which showed the moving average inflation in the last 12 months (Jun 2021-May 2022) at 5.99%, significantly higher than the previous year's average 5.59% and also higher than the budgetary target of 5.50% for the current fiscal year.

Source: <https://www.tbsnews.net/economy/bangladesh-sees-highest-inflation-8-years-may-442886>



Separate Authorities Sought to Ensure Accountability in Public Expenditure

Business leaders and stakeholders in a post-budget webinar on Sunday urged the government to establish separate authorities for ensuring accountability in public expenditure in a bid to curb corruption.

"Accountability is often neglected in public expenditure, even among businesspeople. To ensure that, separate authorities should be formed," Dhaka Chamber of Commerce and Industry (DCCI) President Rizwan Rahman said.

Echoing Rizwan, senior journalist and Head of Online at the Daily Prothom Alo Shawkat Hossain Masum proposed the government form a public expenditure review commission.

The Asia Foundation (TAF), Research and Policy Integration for Development (RAPID) and Economic Reporters' Forum (ERF) jointly organised the event, in which Planning Minister MA Mannan, Member Secretary of General Economics Division Md Kawser Ahmed were present.

Source: <https://www.tbsnews.net/economy/separate-authorities-sought-ensure-accountability-public-expenditure-443030>



National, Pragati Life Insurances Declare Dividends

Two publicly-listed insurers – National Life Insurance and Pragati Life Insurance – have declared dividends for their shareholders for 2021.

National Life has declared a 35% cash and Pragati Life announced an 11% cash and 6% stock dividend for the year ending on 31 December.

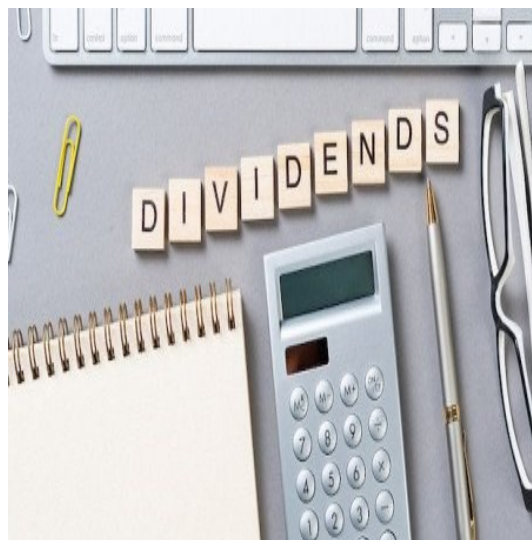
According to stock exchange filings, National Life posted a 2% increase in its consolidated earnings per share (EPS) to Tk3.84, which was Tk3.76 in 2020.

The consolidated net asset value per share rose to Tk52.65 for 2021, an increase from Tk47.82 in the previous year.

The company said its annual general meeting (AGM) will be held on 5 September through a digital platform, and the record date has been fixed for 7 July to identify the shareholders for dividends.

It said stock dividends or bonus shares have been declared to utilise such retained amount as capital.

Source: <https://www.tbsnews.net/economy/stocks/national-pragati-life-insurances-declare-dividends-442938>



Mir Group Increasing Stakes in Eastern Bank

Mir Group of Companies – one of the country's largest business conglomerates – has decided to increase its stake in Eastern Bank, a leading private sector lender.

According to stock market stakeholders, this will strengthen the group's position on the bank's board. The group has large businesses in the country's construction and IT sectors.

Coloasia Limited, a concern of Mir Group, has announced on the Dhaka Stock Exchange (DSE) that it will buy 1.97% or 2.11 crore shares of the bank at the prevailing market price in the block market through DSE.

Currently, Coloasia holds 2% shares of Eastern Bank and the company nominated Ruslan Nasir to the lender's board as a director. After completion of buying shares, Coloasia's stake will be 3.97% in the bank. Meanwhile, Eastern Bank's shares were closed at Tk32.80 each on Sunday on the DSE.

According to the bank's statement, its sponsors and directors hold 30.18%, institutions 47.56%, foreigners 0.33% and the general public 21.93% shares.

Source: <https://www.tbsnews.net/economy/stocks/mir-group-increasing-stakes-eastern-bank-442950>

DSE News

Berger Paints to Set up Subsidiary to Deliver IT-enabled Services

Berger Paints is going to set up a subsidiary to deliver information technology-enabled services (ITES) here in Bangladesh.

The listed paint maker would invest Tk 25 lakh to establish Berger Tech Consulting Ltd, according to a decision taken by its board today.

However, the share price of Berger Paints fell 0.5 per cent from the previous trading day to hit Tk 1,717.2 today at the Dhaka Stock Exchange.

In March this year, Berger through a joint venture with Fosroc International Ltd opened a construction chemicals plant near Dhaka to cater for the growing domestic market for chemicals and cut import dependence. The joint venture entity invested around Tk 100 crore to build the plant, Berger said earlier.

Net profit of Berger Paints rose 19 per cent year-on-year to Tk 191 crore in the April to December period of 2021-22 financial year, according to its financial statement.

Source: <https://www.thedailystar.net/business/news/berger-paints-set-subsi-dary-deliver-it-enabled-services-3051686>



City Bank Perpetual Bond Makes Debut Today

Trading of The City Bank Perpetual Bond will commence on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) today (Monday) under the settlement category 'N'.

Perpetual bonds are fixed income securities with no maturity date and they are often considered a type of equity rather than debt. These types of bonds are not redeemable; instead provide a never-ending stream of interest payments.

Currently, six perpetual bonds are listed with the stock market and the City Bank Perpetual Bond is the seventh listed perpetual bond.

The stock market regulator -- Bangladesh Securities and Exchange Commission (BSEC)-- on June 23, 2020 accorded its consent to The City Bank for raising additional Tier-I capital through issuance of perpetual bond worth Tk 4.0 billion. The bond is an unsecured, non-convertible, floating rate perpetual bond. The coupon rate will be 11 per cent to 14 per cent, as per the regulatory approval.

Source: <https://thefinancialexpress.com.bd/stock/city-bank-perpetual-bond-makes-debut-today-1655698242>

Global: Business

Asia Shares Turn Lower, No Dodging Recession Risks

Asian shares were unable to sustain a rare rally on Monday as Wall Street futures shed early gains amid worries the US Federal Reserve would this week underline its commitment to fighting inflation with whatever rate hikes were needed.

The euro also softened slightly after French President Emmanuel Macron lost control of the National Assembly in legislative elections on Sunday, a major setback that could throw the country into political paralysis.

Trade was thinned by a US holiday and Nasdaq futures soon went flat, having been up more than 1% at one stage, while S&P 500 futures eased 0.2%. EUROSTOXX 50 futures fell 0.6% and FTSE futures 0.3%.

The S&P 500 fell by almost 6% last week to trade 24% below its January high. Analysts at BofA noted this was the 20th bear market in the past 140 years and the average peak to trough bear decline was 37.3%.

Source: <https://www.tbsnews.net/world/global-economy/asia-shares-turn-lower-no-dodging-recession-risks-443114>

Germany to Take Emergency Measures

Germany will take emergency measures to ensure it meets its energy needs after the drop in supply of Russian gas, including increased use of coal, the government said Sunday.

"To reduce gas consumption, less gas must be used to generate electricity. Coal-fired power plants will have to be used more instead," the economy ministry said in a statement.

The move follows a warning by Russian energy giant Gazprom last week that it would sharply cut deliveries to Europe.

Gazprom said the supply reductions via the Nord Stream pipeline are the result of repair work, but EU officials believe Moscow is punishing allies of Ukraine, where Russian forces launched an invasion in February.

The decision by Berlin marks a turnaround by the ruling coalition of Social Democrats, Greens and the liberal FDP, which has vowed to wind down its coal usage by 2030.

The measures announced Sunday also include an "auction" system for the sale of gas to manufacturers, which, according to the government, will help bring down consumption by the powerful sector.

Source: <https://www.thedailystar.net/business/global-economy/news/germany-take-emergency-measures-3051596>



Global: Business

Germany Moves to Ramp up Wind Power

The German government approved a draft law on Wednesday aimed at covering two per cent of the country's land area with wind turbines by 2032, by setting fixed regional targets and easing some administrative burdens.

The push to accelerate the expansion of wind power comes as Germany is scrambling to wean itself off Russian fossil fuels following the war in Ukraine.

"Independence from fossil energies and from Russian fossil energies must be advanced at full speed," Energy Minister Robert Habeck told reporters.

The goal is for Germany's 16 states to collectively dedicate two percent of the nation's surface area to wind power generation by the end 2032 -- up from 0.5 per cent currently.

The installation of wind turbines regularly runs into "not in my back-yard" resistance in Germany and objections from residents have often blocked such projects in the past, as have concerns about endangering local wildlife.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/germany-moves-ramp-wind-power-3049396>



Fed Rolls out Biggest Rate Hike in 28yrs

The Federal Reserve on Wednesday approved its largest interest rate increase in more than a quarter of a century to stem a surge in inflation that US central bank officials acknowledged may be eroding public trust in their power, and being driven by events seen increasingly out of their hands.

The widely expected move raised the target federal funds rate by three-quarters of a percentage point to a range of between 1.5 per cent and 1.75 per cent, still comparatively low by historic standards.

But the Fed's hawkish commitment to controlling inflation has already touched off a broad tightening of credit conditions being felt in US housing and stock markets, and likely to slow demand throughout the economy - the Fed's intent.

Officials also envision steady rate increases through the rest of this year, perhaps including additional 75-basis-point hikes, with a federal funds rate at 3.4 per cent at year's end. That would be the highest level since January 2008 and enough, Fed projections show, to slow the economy markedly in coming months and lead to a rise in unemployment.

Source: <https://www.thedailystar.net/business/global-economy/america/news/fed-rolls-out-biggest-rate-hike-28yrs-3049421>



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