

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

May 24, 2022

Bangladesh Bank Moves to Encourage Remittance Inflow to Boost Forex

Bangladesh Bank has withdrawn the provision of mandatory submission of documents for getting incentive against inward remittance of USD \$5000 or Tk 50,0000 and upward, in a move to encourage greater inflow of remittance.

As a result, the remitters will get a 2.5 per cent instant incentive for any amount of remittance sent in the formal channel, without submitting documents to the foreign exchange houses abroad.

The BB asked all the scheduled banks to execute the decision from May 23 (Monday), reports UNB.

In the current fiscal year Bangladesh so far received \$18.62 billion in remittance.

In the last FY 21, Bangladesh received \$24.77 billion remittance, so far the record high in a fiscal year.

Source: <https://thefinancialexpress.com.bd/economy/bangladesh-bank-moves-to-encourage-remittance-inflow-to-boost-forex-1653308810>



Businessmen Urge not to Hike Gas, Power Prices

The country's businessmen have urged the government not to increase the price of gas and electricity.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Md Jashim Uddin has sent a letter in this regard on Monday to Prime Minister's Power, Energy and Mineral Resources Adviser Tawfiq-e-Elahi Chowdhury.

The BTMA president requested to consider the recommendation of the technical committee of the Bangladesh Energy Regulatory Commission (BERC) in determining the price of gas.

He said the technical committee has recommended to fix the maximum price of per cubic metre gas at Tk15-Tk15.5. If the price is fixed at that rate, the government would not have to provide any subsidy and the industries will also be able to survive. At present, the price of per cubic metre of gas for captive power (used for industrial power generation) is Tk13.85.

Source: <https://www.tbsnews.net/economy/businessmen-urge-not-hike-gas-power-prices-425562>



Alif Industries to Issue Tk300cr Bond to Help Float C&A Textile

Alif Industries Limited - a listed textile firm - will issue a Tk300 crore floating rate, convertible bond for acquiring and bringing scam-hit C & A Textile back in production.

The money will help Alif Industries to clear bank liabilities of C & A, procure machinery for the company and also provide the working capital for reopening the factory, said the Bangladesh Securities and Exchange Commission (BSEC) in a press release on Monday.

The bond will be privately placed, but must be traded in the alternative trading board of the bourses, reads the BSEC press statement.

Bangladesh General Insurance Company Ltd will be the trustee and Bengal Investment Ltd will be the issue manager of the bond.

The face value of the bond units will be Tk1 lakh each.

Source: <https://www.tbsnews.net/economy/stocks/alif-industries-issue-tk300cr-bond-help-float-ca-textile-425482>



Envoy Textile to Issue Tk200cr Bond for Machinery Acquisition

Envoy Textiles Limited — a leading denim manufacturer and exporter — will issue a Tk200 crore bond for buying machinery for its power plant and repaying loans.

The non-convertible, fully redeemable, and unsecured zero-coupon bond will be issued through private placement and will be listed on the alternative trading board (ATB).

The Bangladesh Securities and Exchange Commission (BSEC) approved the bond's issuance on Monday, reads a press statement by the BSEC.

According to company sources, Envoy is currently using a 10MW electricity connection by the Rural Electrification Board (REB) along with its diesel-based generators that can produce 4MW electricity.

The company will discontinue the REB connection because its quality is not up to the mark to support Envoy units, and also ditch the generators because of an increase in their operating cost.

Sources said the company will use Tk168.4 crore for buying a gas-based 19MW captive power plant machinery, and the rest for repaying loans.

Source: <https://www.tbsnews.net/economy/envoy-textile-issue-tk200cr-bond-machinery-acquisition-425442>

Walton Gets 3 years to Offload 10% Shares

Walton Hi-Tech Industries Ltd got three years to offload more of its sponsor-held shares to ensure at least 10% free-float shares.

The Bangladesh Securities and Exchange Commission (BSEC) has recently approved the company's proposal, where it sought time for up to three years. Currently, the company has only 0.97% free-float shares.

Free-float shares are listed company shares held by external shareholders who do not need any prior declaration before trading company stocks.

Walton in a letter to the BSEC last month sought an opportunity to offload further sponsor shares in phases within an extended period of three years to avert any adverse impact on its stock price.

The BSEC, on 12 September last year, ordered Walton Hi-Tech Industries, Berger Paints Bangladesh Ltd, and the Investment Corporation of Bangladesh (ICB) to ensure a minimum of 10% free-float shares within a year through offloading sponsor-held shares.

Source: <https://www.tbsnews.net/economy/stocks/walton-gets-3-years-offload-10-shares-425458>



Enhancing Liquidity Flow: BSEC Raises EIs' Investment Limit

The securities regulator has taken another initiative to increase liquidity flow in the capital market by enhancing the stipulated investment ceiling, set for availing IPO (initial public offering) quota, by eligible investors (EIs).

The Bangladesh Securities and Exchange Commission (BSEC) has extended the EIs' investment limit in a meeting at the BSEC on Monday.

After sessions of losing 556 points, the DSE broad index - DSEX - advanced 1.93 per cent or 118.86 points to close at 6,261.54 points on Monday, riding on the announcement of extending the tenure and amount of the capital market refinancing fund and increased limit of margin loans.

As per the decision on the day, the EIs, other than the approved pension funds, recognised provident funds, and approved gratuity funds, must have a minimum investment of Tk 30 million in listed securities to avail IPO quota.

The minimum investment will be Tk 15 million for the approved pension funds, recognised provident funds, and approved gratuity funds.

Source: <https://thefinancialexpress.com.bd/stock/enhancing-liquidity-flow-bsec-raises-eis-investment-limit-1653366163>



Toyota to Cut Global Production Plan by 100,000 in June

Toyota Motor Corp will cut its global production plan by about 100,000 to roughly 850,000 vehicles in June due to the semiconductor shortage, it said on Tuesday.

The company did not change its estimate of producing about 9.7 million vehicles worldwide by March 2023.

The automaker also announced additional domestic factory line suspension due to supply shortage triggered by Covid-19 lockdown in Shanghai. The additional suspension will be up to five days between Wednesday and June 3, affecting 16 lines at 10 factories for May and June in total.

It is planning to produce about 850,000 vehicles globally a month on average from June through August, it said, adding chips shortage and Covid-19 outbreaks and other factors "are making it difficult to look ahead."

Source: <https://www.tbsnews.net/world/global-economy/toyota-cut-global-production-plan-100000-june-425698>



Asia Stocks Slip with US Futures, Euro Holds Gains

Asian shares slipped on Tuesday as relief at a rally on Wall Street was quickly soured by a slide in US stock futures, while the euro held near one-month highs as odds narrowed on a July rate rise by the ECB.

After ending Monday firmer, Nasdaq futures lost 1.4%, with traders blaming an earnings warning from Snap which saw shares in the Snap-chat owner tumble 28%.

S&P 500 futures also slipped 0.8%, surrendering some of Monday's 1.8% bounce.

MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.3% in hesitant trading. Japan's Nikkei fell 0.4% and Chinese blue chips eased 0.3%.

Markets had taken some comfort from US President Joe Biden's comment on Monday that he was considering easing tariffs on China, and from Beijing's ongoing promises of stimulus.

Unfortunately, China's zero-Covid policy, with attendant lockdowns, has already done considerable economic damage.

Source: <https://www.tbsnews.net/world/global-economy/asia-stocks-slip-us-futures-euro-holds-gains-425682>



Wall Street Ends Mixed after Punishing Week

Wall Street ended mixed on Friday after a volatile session that saw Tesla slump and other growth stocks also lose ground.

The S&P 500 and the Nasdaq logged their seventh straight week of losses, their longest losing streak since the end of the dotcom bubble in 2001.

The Dow suffered its eighth consecutive weekly decline, its longest since 1932 during the Great Depression.

Worries about surging inflation and rising interest rates have pummeled the US stock market this year, with danger signals from Walmart Inc and other retailers this week adding to fears about the economy.

The S&P 500 spent most of the session in negative territory and at one point was down just over 20% from its Jan. 3 record high close before ending down 18% from that level and flat for the day.

Closing down 20% from that record level would confirm the S&P 500 has been in a bear market since reaching that January high, according to a common definition.

Source: <https://www.tbsnews.net/economy/stocks/wall-street-ends-mixed-after-punishing-week-423750>



China Lifts Ban on Canada Canola Imports

China has lifted a ban on Canadian canola imports, a Canadian official said Thursday, calling it "very good news" for producers that Ottawa argued had been caught up in a diplomatic row.

"We got the news yesterday from the Chinese authorities that our Canadian canola can go to China," Agriculture Minister Marie-Claude Bibeau said.

"We had two big companies who were suspended for a while, so it's very good news for our producers," she told reporters in Ottawa.

Beijing had imposed the ban on Viterra Inc. and Richardson International in March 2019 as tensions flared between Ottawa and Beijing, saying harmful organisms had been detected in their canola shipments.

Worth tens of billions of dollars, the oil seed crop is used to make cooking oil, animal feed and biodiesel fuel. Vexed Canadian officials at the time decried the ban, saying there were "no scientific reasons for this action," and took their concerns to the WTO.

Source: <https://www.thedailystar.net/business/global-economy/news/china-lifts-ban-canada-canola-imports-3028716>



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