

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

September 15, 2021

Central bank sets up Tk. 3000cr stimulus fund for farmers

The central bank has set up a Tk3000 crore special refinancing scheme to help farmers cope with the financial crisis caused by the Covid-19 pandemic.

Farmers will be able to take loans from the fund on easy terms without collateral at only 4% interest, the Bangladesh Bank said in a circular published on Tuesday.

According to the circular, the second phase of the refinancing facility for the priority sector, will be in effect till 30 June 2022.

Scheduled banks interested to take part in the scheme will have to sign an agreement with the central Bank. They will be responsible for disbursing the loans to their own farmer customers.

Under the scheme, banks will be able to disburse a maximum of Tk2 lakh each to small, marginalized, and sharecropper farmers without any collateral.

Source: <https://www.tbsnews.net/economy/banking/central-bank-sets-tk3000cr-stimulus-fund-farmers-302479>



Beximco Pharma acquires majority stakes in Sanofi Bangladesh for Tk. 400 crore

Beximco acquired the shares as it looks to expand its product base and diversify into new areas.

With this, the French pharmaceuticals giant Sanofi will exit Bangladesh ending its presence in the country that spans over more than six decades.

Earlier, the central bank gave go-ahead to the Bangladeshi drug maker to acquire Sanofi's shares from Fisons Ltd and May and Baker Ltd of the UK -- the two foreign shareholders of Sanofi Bangladesh.

Some 20 per cent stakes of Sanofi Bangladesh is owned by the Bangladesh Chemical Industries Corporation and 25.4 per cent by the industries ministry.

Source: <https://www.thedailystar.net/business/news/beximco-pharma-acquires-majority-stakes-sanofi-bangladesh-tk-400-crore-2175891>

Growing Demand Pushes Spinners to Synthetic Yarn

The country's spinning millers have stepped up for investing more on synthetic and blended yarns in response to the increasing use of such yarns globally.

Also, to decrease dependency on cotton yarns and stay competitive in the global market, leading spinners, such as Noman Group, Envoy Group, DBL Group, Maksons Group, Square Group and Shasha Denim are now setting up new facilities for manufacturing synthetic and blended yarns.

The number of spinners has now reached about 50 from 10 over the last five years and are producing different types of synthetic and blended yarns for high-end garments, such as activewear, said BTMA officials.

The BTMA said local spinners can meet about 80% of the demand for export-oriented knit yarn and 40% of that for woven yarn, while synthetic and mixed yarns are mostly imported from China.

Source: <https://www.tbsnews.net/economy/rmg/growing-demand-pushes-spinners-synthetic-yarn-302194>



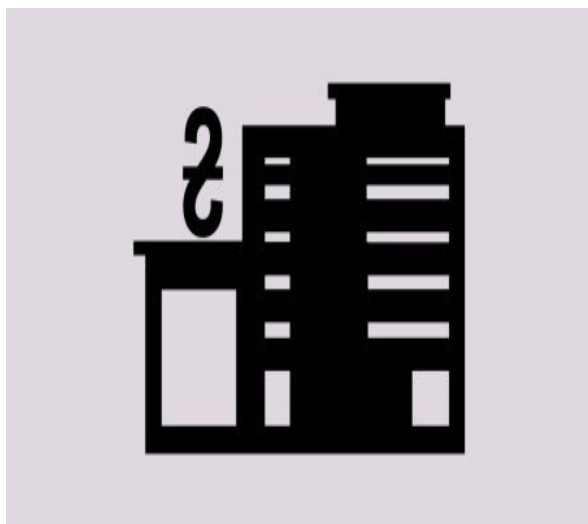
Banking Sector Dominates Highest Taxpayers' List

The Large Taxpayers Unit (LTU) – under the National Board of Revenue – has honoured 30 companies for paying the highest amount of taxes in Fiscal Year 2020-21. It also honoured three other entities for deducting the highest amount of tax at source, including the central bank.

This list of highest taxpayers honoured by the LTU clearly indicates that the banking sector is dominating, as 13 of these 30 companies are private banks. The manufacturing sector follows closely, with 10 companies making into the list.

In the FY2020-21, the LTU collected around Tk24,071 crore in taxes from the largest tax-paying companies, which is 15% more when compared to the previous year. The NBR has conveyed special thanks to stakeholders for the relatively good tax collection despite the Covid-19 crisis.

Source: <https://www.tbsnews.net/dropped/nbr/banking-sector-dominates-highest-taxpayers-list-302551>



Stocks take a dive

Bangladesh's stock market took a dive yesterday thanks to a profit booking tendency among investors alongside an ongoing stand-off between Bangladesh Bank and the Bangladesh Securities and Exchange Commission (BSEC) regarding two issues.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), fell 77 points, or 1.07 per cent, to 7,140.

The market dropped mainly for three reasons with two of them being the profit booking tendency among investors and the stand-off between Bangladesh Bank and the BSEC, according to a senior official of a stock brokerage firm preferring anonymity.

The third reason is the BSEC's recent order to Walton, ICB, and Berger Paints, asking them to offload more stocks so that their total free float shares stand at 10 per cent, he said.

Meghna Condensed Milk topped the gainers' list, rising 9.44 per cent, followed by Meghna Pet Industries, Meghna Life Insurance, Sonali Paper and & Board Mill, and Union Capital.

Tamijuddin Textile Mills shed the most, falling 9.7 per cent, followed by Alltex Industries, Paper Processing & Packaging, Jute Spinners, and Bangladesh Monospool Paper Manufacturing.

Source: <https://www.thedailystar.net/business/economy/stock/news/stocks-take-dive-2176161>



NRB Bank to Go Public

NRB Bank Ltd, a fourth generation private sector commercial bank, has started its journey into the stock market through appointing issue managers who will serve to process its initial public offering (IPO).

The bank on Monday signed an agreement with two local investment banks—UCB Investment and Shahjalal Equity Management Ltd—for issue management services, according to a press statement.

NRB Bank, established in 2013, has grown its assets to over Tk5,500 crore with a loan portfolio of Tk3,885 crore against a paid-up capital of Tk466.56 crore, according to the bank's annual financial statement for 2020.

Last year, the bank secured a net profit after taxes of over Tk67 crore, while it incurred a loss of Tk12.53 crore in 2019.

Source: <https://www.tbsnews.net/economy/stocks/nrb-bank-go-public-302512>

UK Employee Numbers Surge above Pre-pandemic Level

British employers added a record 241,000 staff to their payrolls last month, lifting the total number of pay-rolled employees just above the level they were before Britain first went into a Covid-19 lockdown last year, official data showed on Tuesday.

Tuesday's data show continued recovery in Britain's job market as the government phases out its furlough support program, which will finish on September 30.

During the three months to July, the number of people in employment, which includes the self-employed as well as employees, rose by 183,000, broadly in line with forecasts. July marked the peak of a so-called "pingdemic" when hundreds of thousands of staff had to self-isolate after being alerted by a government mobile phone app that they had been in contact with people who had tested positive for Covid-19.

Source: <https://www.thedailystar.net/business/global-economy/news/uk-employee-numbers-surge-above-pre-pandemic-level-2176151>



Amazon Hikes Starting Pay to \$18 an Hour

Amazon.com Inc has increased its average starting wage in the United States to more than \$18 an hour and plans to hire another 125,000 warehouse and transportation workers, an executive told Reuters.

The world's largest online retailer has raised pay from around \$17 since May. In some locations, the company is giving signing bonuses of \$3,000, said Dave Bozeman, vice president of Amazon Delivery Services, or triple what the company offered four months ago.

The fatter paycheck shows how big employers are desperate to draw workers in an increasingly tight US labor market. Fewer Americans are seeking jobless claims just as openings have hit a record in the reopening economy.

Bozeman attributed Amazon's latest compensation increase to fierce competition. Amazon did not give exact figures, but a \$1 raise on a \$17-per-hour wage would amount to about a 6 per cent hike.

Source: <https://www.thedailystar.net/business/economy/e-commerce/news/amazon-hikes-starting-pay-18-hour-2176126>



Dollar Drifts Higher as US Inflation Data Looms

The dollar began a busy data week on a firm footing, with immediate focus turning to US inflation figures but investors are also wary of the Federal Reserve priming to exit from its super-supportive policy stance even as Covid-19 cases surge.

The greenback inched higher in Asia after logging its best week in three on Friday, benefiting both from safety flows and the policy outlook lifting US Treasury yields.

Moves were modest but the euro fell back under \$1.18 to \$1.1792. The dollar also made small gains on the Australian and New Zealand dollars and marginal rises against the yen and sterling -- last buying 109.96 yen.

"A couple of dynamics favour the dollar," said Rodrigo Catril, senior currency strategist at National Australia Bank in Sydney, noting growing risk aversion as even highly vaccinated countries such as Singapore and Britain log surges in Covid-19 cases.

US consumer price data on Tuesday is the next major focus for FX traders, along with US retail sales and production figures later in the week as they frame the economy's progress in the lead-up to the Federal Reserve's September. 21-22 meeting.

Source: <https://www.thedailystar.net/business/global-economy/news/dollar-drifts-higher-us-inflation-data-looms-2175306>

Investors Turn Bearish on Global Economy

Barely a tenth of respondents in a monthly fund manager survey expect a stronger global economy in the coming months, marking the lowest proportion since last April's initial Covid-19 panic, Bank of America's (BofA's) September edition of the survey showed.

Despite the growing caution on the macroeconomic outlook, positioning in asset markets remains overwhelmingly bullish. Equity market protection designed to shield portfolios against a sharp drop in asset values was at the lowest levels since January 2008.

Nearly half of BofA's clients, with \$840 billion in assets under management, said they have removed protection against a sharp fall in equity prices over the next three months, the lowest figure since January 2018. Moreover, broader equity market positioning remains firmly bullish with net global equity allocations at 50 per cent, far above a 20-year average of 29 per cent, the survey said.

Eighty four percent of investors now expect the US Federal Reserve to start reeling in its stimulus measures by the end of the year, though expectations for the first US rate hike were pushed out to February 2023 from November 2022 previously.

Source: <https://www.thedailystar.net/business/economy/stock/news/investors-turn-bearish-global-economy-2176121>



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