

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

June 07, 2022

BB Sets aside Tk 200cr for Flood-hit Farmers

Bangladesh Bank has set aside Tk 200 crore to help farmers in six flood-affected districts overcome their losses, according to a Bangladesh Bank circular issued yesterday.

The funds will come from an existing Tk 3,000 crore refinance scheme aimed at providing low-cost loans to farmers with a view to supporting production amid the coronavirus pandemic.

The six districts where farmers can avail the loan are: Sylhet, Sunamganj, Moulvibazar, Habiganj, Kishoreganj and Netrokona.

Of the Tk 3,000 crore fund to be disbursed by banks, each lender should allocate at least 20 per cent of any undisbursed amount of their respective targets as loans for flood-affected farmers, the circular said.

Bangladesh Bank went on to say the loans should be disbursed quickly considering the actual need of agriculture and livestock farmers while the recovery of previous disbursements should be set aside for now.

Source: <https://www.thedailystar.net/business/economy/banks/news/bb-sets-aside-tk-200cr-flood-hit-farmers-3040966>



85pc Firms Want Bangladesh-Japan FTA: Survey

About 85 per cent of the local and Japanese companies with operations in both nations want their respective governments to sign a free trade agreement (FTA) so that they can continue enjoying duty benefits after Bangladesh graduates from the UN's list of least developed countries in 2026, according to a survey.

Meanwhile, some 20 per cent or 26 Japanese companies want to relocate from Bangladesh to more competitive countries in the Association of Southeast Asian Nations (Asean) if an FTA is not signed.

Only one company was against signing an FTA as it would render the incentives for garment factories housed inside export processing zones redundant. Of the local companies surveyed, some 87 per cent, or 26 multinational companies, want an FTA between the two countries.

Six companies did not respond while 8 per cent of respondents had no particular opinion on the question of signing an FTA.

Source: <https://www.thedailystar.net/business/economy/news/85pc-firms-want-bangladesh-japan-fta-survey-3040381>



BSEC Moves to Make A and B Category Stocks Sellable the Next Day

The Bangladesh Securities and Exchange Commission (BSEC) has moved to shorten the settlement cycle of stocks under the 'A' and 'B' categories so that they can be sold the very next day after purchase.

This settlement cycle is commonly known as "T plus one".

Currently, investors can sell a stock on the next to next day after purchase - following the "T plus two" settlement - as the Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), and the Central Depository Bangladesh Ltd (CDBL) take a day in between to settle the transaction of securities.

On Monday, the commission wrote to the bourses, and CDBL asking for their detailed plan for implementing the change.

The BSEC also asked the bourses and the depository service provider to submit their roadmap with specific time slots for each of the needed activities, amendment proposals to the relevant rules and regulations, system modification, user acceptance test, and any other pertinent issues.

Source: <https://www.tbsnews.net/economy/stocks/bsec-moves-make-and-b-category-stocks-sellable-next-day-434410>



Insurance Sector Shines amid Correction of Indices

Indices dipped marginally on Monday amid a sell-off due to profit booking after a seven-day rally, but the general insurance sector shone by posting the highest 7.7% gain among all the sectors.

Out of the total 53 insurance companies, 46 posted gains on the day. Also, the sector was the highest 13.6% contributor to the daily turnover followed by banks and financial institutions.

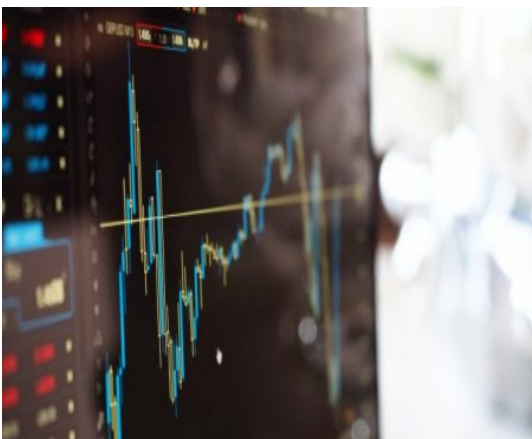
Moreover, the top ten gainers' list was all composed of insurance stocks and their shares were traded at the 10% upper circuit limit.

According to market analysts, investors were most interested in insurance stocks because they found their stock prices to be low.

DSEX, the broad-based index of the Dhaka Stock Exchange (DSE), lost 8 points to settle at 6,489.

Turnover at the DSE advanced by 2.5% on Monday and stood at Tk974 crore. Out of the 379 issues traded, 130 advanced, 209 declined, and 40 remained unchanged.

Source: <https://www.tbsnews.net/economy/stocks/insurance-sector-shines-amid-correction-indices-434398>



Meghna Insurance to Make Share Trading Debut Wednesday

Meghna Insurance Company Ltd will commence trading of its shares on the Dhaka Stock Exchange (DSE) from Wednesday under the "N" category.

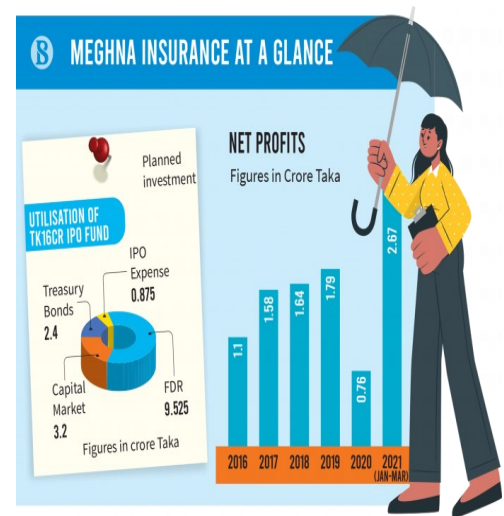
The DSE trading code for the company is "MEGHNAINS" and the DSE company code is 25754.

Earlier, on 1 March this year, the Bangladesh Securities and Exchange Commission (BSEC) allowed the general insurer to raise Tk16 crore from the stock market through an initial public offering (IPO).

The company has issued 1.6 crore ordinary shares at a face value of Tk10 each. It will invest Tk2.4 crore in government Treasury bonds, Tk3.2 crore in listed securities, and Tk9.52 crore in fixed deposit receipts (FDRs).

Asian Tiger Capital Partners Investments, Prime Bank Investment, and UCB Investment are the issue managers for the company's IPO.

Source: <https://www.tbsnews.net/economy/stocks/meghna-insurance-make-share-trading-debut-wednesday-434446>



Dhaka Stocks Inch down after 7-day Rise

Dhaka stocks inched down on Monday, snapping a seven-day gaining streak, as investors went for profit taking.

DSEX, the key index of the Dhaka Stock Exchange, shed 0.12 per cent, or 8.22 points, to close at 6,489.17 points on Monday after gaining 309 points in the previous seven sessions.

The market was positive for most the time of Monday's session, but it failed to maintain the momentum at the end of session as investors went for profit booking, market operators said.

Among the large capitalised companies, share prices of BEXIMCO, Bangladesh Submarine Cables Company, Beximco Pharmaceuticals, Grameenphone and Square Pharmaceuticals dropped the most on the day.

Out of the 376 issues traded on Monday, 130 advanced, 209 declined and 40 remained unchanged on the DSE.

Source: <https://www.newagebd.net/article/172545/dhaka-stocks-inch-down-after-7-day-rise>



Asian Wealth Managers Seen Wary of Digital Assets despite Soaring Demand

Wealth managers in Asia are holding back from offering digital assets to investors despite soaring demand due to a lack of understanding of these assets, according to an industry survey by consulting firm Accenture published on Monday.

Global banks have been cautiously moving into crypto for several years, some building it within existing operations and others setting up new businesses.

"Currently, 52 percent of affluent investors in Asia hold digital assets of some sort. Accenture's research indicates this could reach 73 percent by the end of 2022," Accenture said on Monday.

"Digital assets represent 7% of surveyed investors' portfolios — making it the fifth-largest asset class in Asia — more than they allocate to foreign currencies, commodities or collectables. Yet two-thirds of wealth management firms have no plans to offer digital assets," Accenture said.

Source: <https://www.tbsnews.net/world/global-economy/asian-wealth-managers-seen-wary-digital-assets-despite-soaring-demand-434238>



China May Services Activity Contracts for Third Straight Month

China's services activity contracted for a third straight month in May, pointing to a slow recovery ahead despite the easing of some Covid lockdowns in Shanghai and neighbouring cities, a private business survey showed on Monday.

The Caixin services purchasing managers' index (PMI) rose to 41.4 in May from 36.2 in April, edging up slightly as authorities began to roll back some of the strict restrictions that have paralysed the financial city of Shanghai and roiled global supply chains.

However, the reading remained well below the 50-point mark that separates growth from contraction on a monthly basis.

Analysts say weakness in the services sector, which accounts for about 60% of China's economy and half of urban jobs, is likely to persist under the government's zero-Covid policy, with contact-intensive sectors such as hotels and restaurants bearing the brunt of the fallout.

Source: <https://www.tbsnews.net/worldbiz/china/china-may-services-activity-contracts-third-straight-month-434218>



ECB to End Stimulus in Prelude to Rate Hikes

The European Central Bank is set to draw a line under its massive bond-buying stimulus programme at a meeting in Amsterdam on Thursday, as inflation in the eurozone soars to all-time highs.

The decision, already extensively flagged in advance by senior policy-makers, is then expected to pave the way for the ECB to raise its interest rates for the first time in over a decade in the weeks that follow.

Eurozone consumer prices rose by 8.1 per cent year-on-year in May, a record since the single currency was launched and well above the ECB's own target of two percent.

The surge, driven by the war in Ukraine and the consequent rise in energy prices, has boosted calls for the ECB to move more quickly to end its expansionary monetary policy.

The ECB is lagging behind the central banks in Britain and the United States, which have moved aggressively to try to stamp out inflation.

Source: <https://www.thedailystar.net/business/global-economy/news/ecb-end-stimulus-prelude-rate-hikes-3041051>



Tata Steel Says India Export Tax Could Alter Output Targets



India's Tata Steel is concerned New Delhi's sudden decision to impose an export tax on some steel products could force it to review its production targets, if the levy remains in place for a long time, its CEO told Reuters on Tuesday.

India imposed an export tax of 15% on some steel products over the weekend, at a time steelmakers are looking to make up for tepid local demand by increasing market share in Europe, where the Ukraine conflict has hit supplies.

The taxes were part of a series of measures India has taken to rein in retail inflation, which has hit eight-year highs. But India's top steelmakers body has warned the new duty will "adversely impact" mills that have been aiming to boost exports and widen global market share.

Tata Steel has plans to double its capacity from around 20 million tonnes per annum (mtpa) to 40 mtpa in India, but Narendran said it had baked in an assumption that 10-15% of that would be exported.

Source: <https://www.tbsnews.net/world/global-economy/tata-steel-says-india-export-tax-could-alter-output-targets-426254>

Disclaimer

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