

News Blaze of the Week:

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Issue 06

Quotation Corner

Editorial Panel

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“The only time you fail is when you fall down and stay down.”

-- Stephen Richards

“If opportunity doesn’t knock, build a door.”

-- Milton Berle

“Every day may not be good... but there’s something good in every day.”

-- Alice Morse Earle

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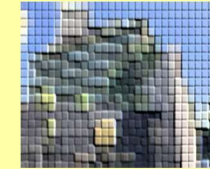
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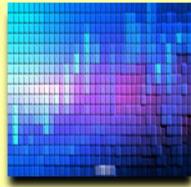
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Government Initiatives

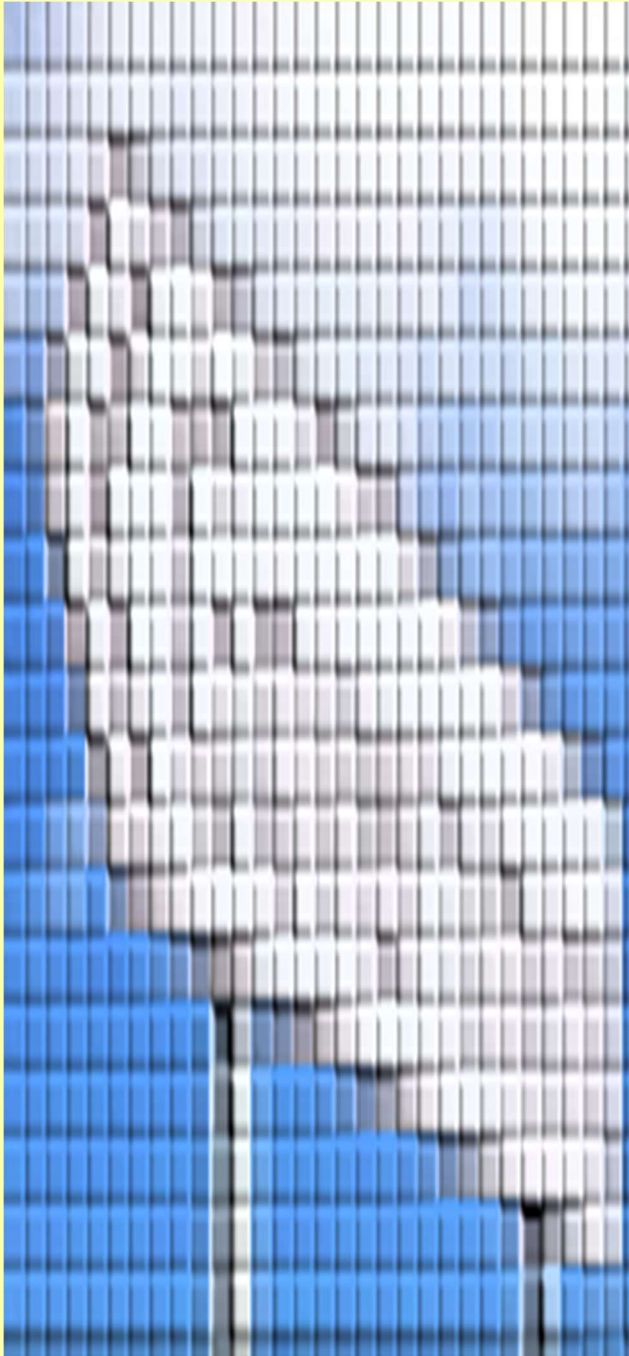
\$2.0b budgetary support likely this fiscal year

- The government is working on securing about \$2.0 billion budgetary support from bilateral and multilateral development partners in the current fiscal year (FY), finance ministry officials said. In the just-concluded fiscal year, Bangladesh got \$1.0 billion as budgetary support to help the economy tide over the crisis created by the covid pandemic.
- The country, in the meanwhile, received \$732 million from the International Monetary Fund or IMF as emergency assistance to meet the balance of payments and budget needs. In the current fiscal, according to the official, the World Bank may provide some \$500 million, the Asian Development Bank \$500 million, the Japan International Cooperation Agency \$300 million and Asian Infrastructure Investment Bank, or AIIB \$300 million.
- At the same time the government is expecting \$90 million from the European Union, \$50 million from South Korean Economic Development Cooperation Fund, \$50 million from French Development Agency, and \$30 million from Germany, according to officials.
- In the last fiscal year, the Asian Development Bank gave \$500 million, the World Bank \$250 million, and the AIIB, \$250 million as budgetary support. Executive director of the Policy Research Institute Dr Ahsan H Mansur told the FE on Monday the budgetary support is very essential now to finance the gap, which is estimated at nearly Tk 900 billion.

Source: <https://today.thefinancialexpress.com.bd/first-page/20b-budgetary-support-likely-this-fiscal-year-1594660944>

Farm mechanization gets a big push from govt

- The government yesterday approved a Tk 3,020 crore project -- the biggest ever scheme for farm sector -- to provide price support to farmers in purchasing agricultural machinery.
- The aim is to enable them to timely plant and harvest crops by getting rid of worries over the availability of farm workers.
- Farmers throughout the country will get subsidies to buy agricultural machinery, namely combine harvester, rice trans planter, power thresher, drier, power weeder, power sprayer, potato digger and maize sheller, to reduce production cost and post-harvest losses.
- Food producers in haors in the northeastern and southern coastal regions will be able to buy the farm machinery by paying only 30 per cent of the prices of the items. The government will pay the rest 70 per cent from the state coffer.
- This will be to increase coverage and production of oilseeds by up to 20 per cent from 7.20 lakh hectares and reduce import dependence.



- Beginning with Tk 150 crore for a three-year project to finance the purchase of equipment, namely power tillers, the government spent Tk 339 crore in a second project that ended in June 2019.
- The government also provided Tk 200 crore last fiscal year as subsidy so that farmers can buy combine harvesters and reapers to harvest their crops timely.
- Farmers got the subsidy to buy 1,240 combine harvesters, 500 reapers and 13 rice transplanters under the initiative, said agricultural officials. And under the new project, the government will offer purchase support to farmers so that they can buy 51,300 units of machinery until June 2025 when the five-year project will end.
- Paddy is cultivated on 71 per cent of the total croplands of 1.54 crore hectares in the country, according to official data. Apart from giving a boost to farm mechanization, the government also gave the nod to a Tk 278 crore project to expand cultivation of improved varieties of oilseeds such as mustard, sunflower, soybeans and peanut and sesame.
- Bangladesh spent Tk 5,500 crore to import oilseeds in fiscal 2018-19, which was 31 per cent higher year-on-year, showed Bangladesh Bank data. The Ecneec brief said 40,000 demonstration plots would be set up apart from production and distribution of improved varieties of seeds of various crops including rice, jute and maize.

Source: <https://www.thedailystar.net/business/news/farm-mechanisation-gets-big-push-govt-1930645>

Govt to establish technical education institute in Ctg

- As part of the government's initiative to expand Bangladesh's technical education sector, a general engineering technology centre will be set up at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Chattogram.
- Once complete, the institute is expected to produce skilled manpower for industrial units located at the economic zone and subsequently save billions of dollars lost through outward remittance each year, said Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority (Beza).
- Beza in cooperation with the commerce ministry will build the institute on a 10-acre plot under the Export Competitiveness for Jobs Project financed by the World Bank.
- Students enrolled at the institute will have access to sophisticated technology, be taught with up-to-date curriculums and have skills and management training courses.
- The project has an estimated cost of \$119.12 million, of which the World Bank will fund up to \$ 100 million while the government the rest, according to Beza.
- Although the project is being conducted under the commerce ministry, Beza is taking all kinds of initiatives to set up the institute, Chowdhury added. Beza expects construction to be complete within the next two years. Chowdhury said they hope to create 90,000 job opportunities through the project.

Source: <https://www.thedailystar.net/business/news/govt-establish-technical-education-institute-ctg-1931129>



Central bank regulation

Mr. Fazle Kabir reappointed BB governor

- The government yesterday finally reappointed Fazle Kabir as the governor of the central bank for two more years as it looks for an old hand to steer the financial sector during its most challenging period yet.
- Mr. Fazle Kabir, who originally took charge on March 19, 2016, saw his tenure end on July 3, a day before he turned 65 years of age. As per the Bangladesh Bank Order, 1972 an cannot hold the post beyond that age. Given the economic challenges thrown up by the global coronavirus pandemic, the government was not keen on bringing in a fresh face. So, it preceded to amend the laws to make way for the former finance secretary to stay on beyond the 65-year age limit, in what was an unprecedented move.
- Although the cabinet approved the amendment to the Bangladesh Bank Order on time, the bill was not placed in parliament during the budget session. The parliament passed the amended bill on July 9. He would now able to helm the position until July 3, 2022, when he would go past 67 years of age, the financial institutions division said in a notice.
- Mr.Fazle Kabir's prime task now is to ensure smooth implementation of the Tk 103,117 crore stimulus packages to put the economy back on track again from the ruins caused by the pandemic. The central bank has been tasked with administering most of the packages.

Source: <https://www.thedailystar.net/business/banking/news/kabir-reappointed-bb-governor-after-much-ado-1931157>

Banks and Financial Institutions

New digital on-boarding solution of MISL for SIBL

- Millennium Information Solution Limited (MISL) and Social Islami Bank Ltd. (SIBL) have inked an agreement to implement "Chinho", the digital on-boarding solution of MISL for SIBL clients.
- "Chinho" of MISL will be providing an extremely simplified and user-friendly way of account opening for prospective clients of SIBL from anywhere and anytime using their smartphones without having to go to any branch or service outlet of SIBL.
- "Chinho" of MISL automates e-KYC services are complying with the central bank's guidelines. It simplifies and accelerates customer on-boarding, enhances customer experience and launches banking befitting the modern lifestyle of the clients, all from the palm of their hands.
- "Chinho" ensures instant account opening with a minimum number of clicks using state-of-the-art technology and ensuring maximum security and it provides an easy and smooth way of Identity management, multi-layer authentication keeping modular and scalability options for the clients on-boarding and KYC system.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/new-digital-on-boarding-solution-of-misl-for-sibl-1594480354>

Card spending halves in April

- The coronavirus pandemic triggered a decline in card spending by nearly 50 per cent in April, in an indication of a massive fall in demand in Bangladesh as people went for belt-tightening amid income collapses.
- Transactions through debit cards stood at Tk 8,336 crore in April, the first month that bore the full brunt of the coronavirus-induced shutdown, down 45 per cent from that a month ago, according to data from Bangladesh Bank. Credit card spending declined 54 per cent to Tk 523 crore.
- The record fall in transactions through debit and credit cards came about after people movement was restricted by the government in an effort to tackle the spread of the contagion. Almost all countries in the world adopted the same path to fight against the deadly flu, triggering a financial recession. With malls and shops closed, people tightened their belts in apprehension that the upcoming days might be harsher.
- Banks used to issue 15,000 to 17,000 credit cards every month before the virus arrived on the shores of Bangladesh. In April, it stood at just 694 cards, BB data showed. The release of debit cards faced the same consequence in the month: lenders issued 77,664 debit cards against the monthly average 300,000-350,000 previously.
- Dutch-Bangla Bank, one of the largest debit card issuers in the country, saw a card transaction of Tk 5,000 crore in April through its vast network of automated teller machines against the average monthly transaction of Tk 8,000 crore, said its managing director, Abul Kashem Md Shirin.
- The private commercial bank faced a lower transaction of Tk 75 crore in April on point-of-sale (POS) terminals against the average monthly transaction of Tk 250 crore. Card transactions through POS, however, advanced to Tk 150 crore in June.

Source: <https://www.thedailystar.net/business/news/card-spending-halves-april-1929581>



21st AGM of Bank Asia

- The 21st Annual General Meeting (AGM) of Bank Asia Ltd was held virtually through digital platform due to COVID-19 pandemic. Mr. A. Rouf Chowdhury, Chairman of the Bank, presided over the meeting on Sunday.
- The AGM approved 10 per cent cash dividend for the year 2019.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/21st-agm-of-bank-asia-1594570497>

Trust Bank gets new director

Mr. Arshad Jamal has recently been appointed as Independent Director of Trust Bank Ltd. He will also be a member of Audit Committee and Risk Management Committee of the Board. Mr. Jamal is the chairman of NovoTel Ltd. and Tusuka Group. He is also Director & CFO of Novo Air Ltd. He completed MBA (Finance) from IBA, Dhaka University.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/trust-bank-gets-new-director-1594570679>

Digital financial inclusion could help economic recovery

- Bangladesh has embraced a wide range of financial inclusion since 2010 by allowing a vast population to open an account with an initial deposit of Tk 10 to Tk 100 as the government looked to bring the unbanked under the umbrella of the banking sector.
- As of March 31, banks opened 2.13 crore accounts for those who receive allowances under social safety net schemes, farmers and extremely poor.
- The International Monetary Fund has recently said that the countries whose financial inclusion agenda is strong and vibrant could absorb the shocks smoothly. This is good news for Bangladesh given the gigantic number of accounts under the financial inclusion, which is 20 per cent of total accounts of 10.66 crore in the banking sector.
- But the IMF research paper -- The Promise of Fintech: Financial Inclusion in the Post-COVID-19 Era -- has also given a message that the traditional inclusion will be unable to address the crisis.
- There will have a requirement of digital financial inclusion to address the pandemic-stricken economy. Such financial system also helps people maintain social distancing to avoid the deadly pathogen. Although the Bangladesh Bank does not have available data on how many of the 2.13 crore accounts opened under the drive are active, there has been a strong indication that the majority of them are inoperable given the amount of deposit trend with the accounts.
- The outstanding deposit in the accounts stood at Tk 2,385 crore as of March. The government has provided funds to the garment sector under a stimulus package and the wages to the workers have been paid through MFS channel. It should widen the digital financial inclusion for implementation of the total stimulus packages worth more than Tk 103,000 crore.

Source: <https://www.thedailystar.net/business/news/digital-financial-inclusion-could-help-economic-recovery-1930109>



A. Rouf Chowdhury re-elected chairman of Bank Asia

- Rouf Chowdhury has been re-elected as chairman of Bank Asia at the 432nd meeting of the board of directors of the bank held recently. He is the main sponsor of Bank Asia. Mr. Chowdhury is an eminent businessperson and industrialist of the country.
- He is the Chairman of Rangs Group and Sea Resources Group. He is also a Director of the Daily Star, the highest circulated English daily in the country.
- He has established organisations in transport, medicine, real estate, IT, banking, deep sea fishing and in other economic sectors of the country that are contributing immensely for country's employment generation and economic development.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/a-rouf-chowdhury-re-elected-chairman-of-bank-asia-1594655094>

Prime Bank wins AsiaMoney's best 'Digital Bank award'

- Prime Bank Limited clinched best 'Digital Bank Award' outshining local and international counterparts in this fiercely contested award category.
- Recently, in a first for Bangladesh, Prime Bank has launched collateral free loan for ICT, BPO/outsourcing, internet and e-commerce startups, that won whole-hearted appreciation from the government and industry.
- Hong Kong-based AsiaMoney's prestigious Best Bank Awards are seen as the benchmark for the leading firms in financial services in the region, and are fiercely contested across numerous markets and categories.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/prime-bank-wins-asiamonies-best-digital-bank-award-1594830822>

Romo Rouf Chowdhury re-elected Vice Chairman of Bank Asia

- Mr. Romo Rouf Chowdhury has been re-elected as Vice Chairman of Bank Asia at the 432nd meeting of the board of directors of the bank held recently. Romo Rouf Chowdhury is one of the sponsor shareholders as well as one of Sponsor Directors of Bank Asia.
- He is a graduate in Engineering from Durham University, United Kingdom. He has more than 27 years of experience as an industrialist. He is one of the successful young entrepreneurs of the country. He holds directorship of various sister concerns of Rangs Group and Sea Fishers Group.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/romo-rouf-chowdhury-re-elected-vice-chairman-of-bank-asia-1594830728>



Social Islami Bank launches 'dual prepaid' card

- Social Islami Bank has launched a "dual prepaid" card with a number of features which would make daily activities of its users "more comfortable than ever".
- The card can be used both at home and abroad for multiple purposes, including transactions at automatic teller machines, point of sale terminals and e-commerce, said the bank in a press release yesterday.
- Students can use this card to pay tuition fees across the world including registration fees of the International English Language Testing System (IELTS), Graduate Record Examinations (GRE) and Test of English as a Foreign Language (TOEFL).
- Freelancers can make payments for license or registration fees of different online platforms like Google, Windows and Blackberry. Payments can also be made for online training, vendor certification programmes, website domain registration and hosting and cloud solution.

Source: <https://www.thedailystar.net/business/banking/news/social-islami-bank-launches-dual-prepaid-card-1931133>

Stock Market Update

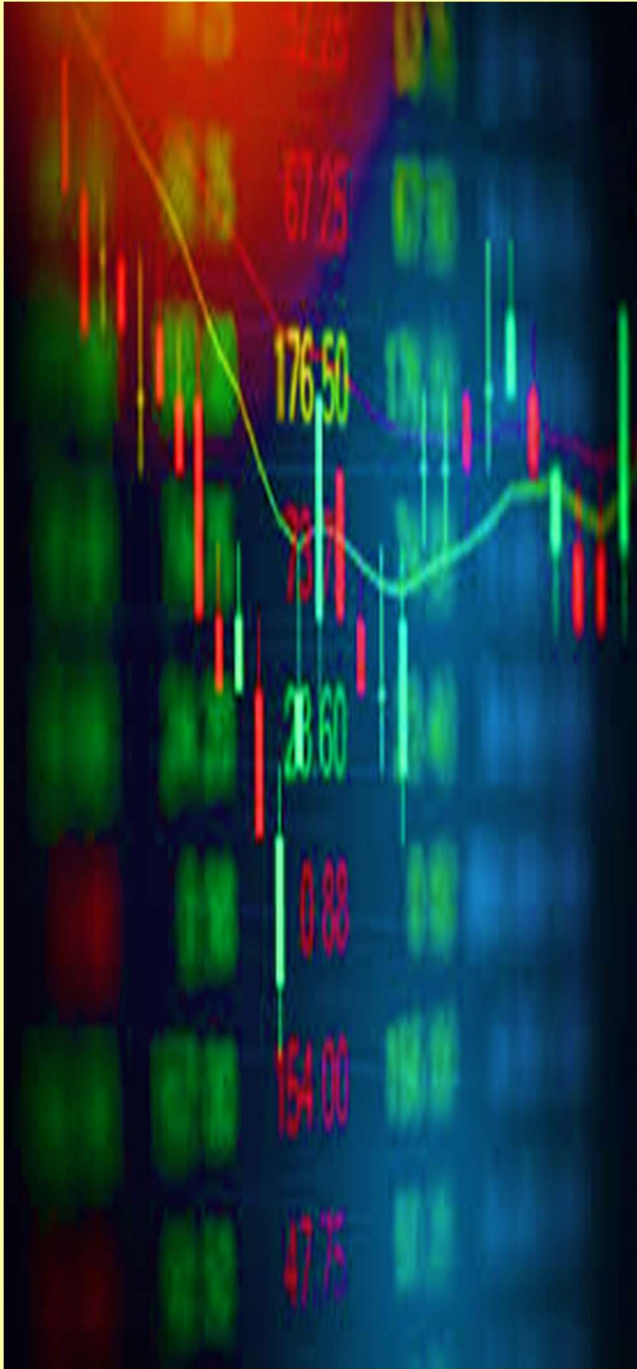
New brokers' minimum paid-up capital to be Tk 100m each: DSE

- The Dhaka bourse wants to sell new broking licenses to the companies having a minimum paid-up capital of Tk 100 million though the paid-up capitals of many existing brokers are still below Tk 30 million.
- The board of the Dhaka Stock Exchange (DSE) has approved some recommendations including this minimum paid-up capital of a company willing to get TREC (Trading Right Entitlement Certificate) paying registration fee and application form fee worth Tk 50 million each.
- The recommendations will be submitted to the securities regulator as part of the regulatory process of finalising rules required to issue new broking license. Of 250 brokerage firms of the DSE, the paid-up capitals of six are still below Tk 10 million, while 15 brokerage firms have paid-up capital worth Tk 10 million each.
- According to DSE information, 93 brokerage firms are doing business with paid-up capitals ranging between above Tk 10 million and Tk 50 million each. The Bangladesh Securities and Exchange Commission (BSEC) published gazette notification on the draft rules on June 23 and sought public opinion of it.
- In the draft rules, the securities regulator has proposed a paid-up capital of Tk 30 million for a company willing to get the stock exchange's membership. Besides, the BSEC's draft rules have proposed a registration fee of Tk 0.5 million and application form fee of Tk 0.1 million.
- Along with proposing a minimum paid-up capital of Tk 100 million, the DSE made the recommendation of setting the non-refundable registration fee for new broking license at Tk 50 million and security deposit at Tk 50 million. Besides, the DSE has proposed application form fee of Tk 1.0 million and annual renewal fee of Tk 0.1 million.
- The securities regulator had asked the stock brokers to submit a framework on their capital adequacy by June 30, 2020. The DSE officials said the deadline of submitting the framework has been extended till December 31, 2020.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/new-brokers-minimum-paid-up-capital-to-be-tk-100m-each-dse-1594480278>

Stocks stay afloat amid regulatory moves

- Stocks surged on Sunday with key index of the prime bourse hitting four months high as the buoyant investors continued their buying binge amid growing investors' confidence. DSEX, the key index of the Dhaka Stock Exchange, went up by 37.85 points or 0.93 per cent to settle at four months high at 4,099 during the four hours trading.
- The core index added 118 points in the five straight sessions and reached four months high since March 12, although trading was suspended for two months (March 26 to May 30). Market operators said the securities regulator's hard stance on ensuring mandatory 2.0 per cent shareholding by each director of listed companies



had a positive impact on the stock prices. The stock market regulator has recently asked 61 directors of 22 listed companies to ensure a minimum 2.0 per cent shares in their own companies within 45 days to continue their directorship. Two other indices also ended higher. The DS30 index, comprising blue chips, rose 14.34 points to finish at 1,383 and the DSE Shariah Index advanced 15.90 points to close at 954. Turnover, another important indicator of the market, stood at Tk 3.47 billion on the country's prime bourse, remained almost same over the previous session.

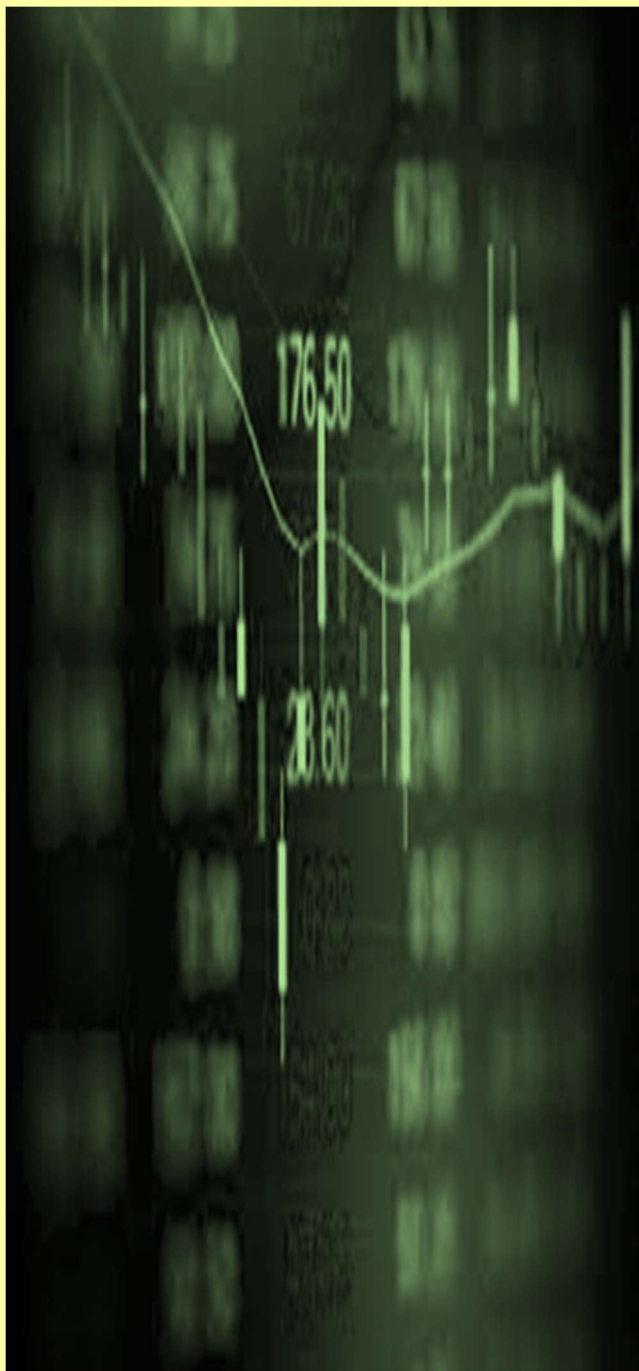
- Telecom, pharma, financial institution sectors gained 2.0 per cent, 1.93 per cent and 1.70 per cent respectively while investors booked some quick gain on general insurance and banking sector, losing 0.58 per cent and 0.25 per cent respectively. The Chittagong Stock Exchange also ended higher with its All Shares Price Index (CASPI)-advancing 63 points to close at 11,600 and the Selective Categories Index - CSCX -gaining 40 points to finish at 7,029. Of the issues traded, 69 gained, 35 declined and 104 remained unchanged on the CSE. The port city bourse traded 4.66 million shares and mutual fund units with turnover value of Tk 153 million.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/stocks-stay-afloat-amid-regulatory-moves-1594570116>

Aamra Networks to issue Tk 1.0b zero coupon bonds

- The board of directors of Aamra Networks Ltd has decided to issue non-convertible zero coupon bonds worth Tk 1.0 billion. The IT company will issue the bond at face value through private placement, subject to approval of the regulatory authorities like Bangladesh Securities and Exchange Commission, according to an official disclosure on Sunday.
- The bond will be non-convertible, size of the bond will be up to Tk 1.0 billion (at face value) with the denomination of Tk 1000 each with a five years tenure. The aforesaid decision has been taken in conformity of the BSEC (Private Placement of Debt Securities) Rules 2012 and subsequent amendment made thereof, said the disclosure. Each share of the company, which was listed on the Dhaka bourse in 2017, closed at Tk 35.10 on Sunday.
- The company's earnings per share (EPS) stood at Tk 0.98 for January-March 2020 as against Tk 0.91 for January-March 2019. In nine months for July 2019-March 2020, its EPS was Tk 2.67 as against Tk 2.89 for July 2018-March 2019.
- The company disbursed 6.0 per cent cash and 6.0 per cent stock dividend for the year ended on June 30, 2019. Currently, the company's paid-up capital is Tk 562.24 million, authorised capital is Tk 1.0 billion and the total number of shares is 56.22 million. Sponsors-directors own 33.04 per cent stake in the company, while the institutional investors own 28.09 per cent, foreign investors 15.98 per cent and the general investors 22.89 per cent as on February 29, 2020.

Source: <https://today.thefinancialexpress.com.bd/trade-market/aamra-networks-to-issue-tk-10b-zero-coupon-bonds-1594570913>



DSE snaps five-day winning streak

- Dhaka stocks slipped into the red on Monday, snapping a five-day winning streak, as risk-averse investors opted for quick-profit on selective issues amid ongoing virus fears. Following the previous five days' upward trend, stocks opened on upbeat momentum and the key index of the prime bourse crossed the 4,100-mark in early session. But late hours profit booking sell pressure wiped out the early gains.
- At the end of the session, DSEX, the key index of the Dhaka Stock Exchange, went down by 9.90 points or 0.24 per cent to settle at 4,089, after adding 118 points in the past five consecutive sessions.
- However, the Chittagong Stock Exchange edged up with its All Shares Price Index (CASPI)-advancing 5.84 points to close at 11,606 and the Selective Categories Index - CSCX -gaining 4.18 points to finish at 7,033. Of the issues traded, 43 gained, 66 declined and 92 remained unchanged on the CSE. The port city bourse traded 6.86 million shares and mutual fund units with turnover value of Tk 132 million.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/dse-snaps-five-day-winning-streak-1594654947>

BSEC to help boost startup and venture capital ecosystem

- Venture capital and private equity association has sought policy support to create a sustainable venture capital industry in the country. They sought the support when a delegation from Venture Capital and Private Equity Association of Bangladesh (VCPEAB) met Professor Shibli Rubayat-Ul-Islam, Chairman, Bangladesh Securities and Exchange Commission (BSEC) and his team through a video conference on Wednesday.
- The delegation put emphasis on the possible contribution by venture capital and private equity investments to boost trade, innovation, export and help create home-grown startups that can contribute to the securities market in Bangladesh.
- The delegation was led by Shameem Ahsan, Chairman of VCPEAB and General Partner of Pegasus Tech Ventures (former Fenox Venture Capital), according to a statement. During the meeting, the team discussed different initiatives related to strengthening the venture capital, private equity and startup ecosystem.
- BSEC Commissioner, Dr. Shaikh Shamsuddin Ahmed said that they will give all kinds of support to improve the startup and venture capital industry in Bangladesh. Shawkat Hossain, General Secretary, VCPEAB, presented a keynote on behalf of the association to share the policy reforms necessary to develop the venture capital and private equity industry.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/bsec-to-help-boost-startup-and-venture-capital-ecosystem-1594830605>



corporate Market Update

Two subsidiaries of Summit Power win international awards

- Project financing of two subsidiaries of Summit Power International ("SPI") have received 'Oil and Gas Deal of the Year' and 'Power Deal of the Year' awards in the Best Deals in South Asia category at the Asset Triple A Asia Infrastructure Awards 2020. With best deals on projects financing Summit is able to generate power and supply LNG to Bangladesh at a globally competitive rate, said a statement.
- Summit's deal worth US\$97 million debt financing of Summit LNG Terminal Co Ltd ("SLNG") received the 'Oil and Gas Deal of the Year'. Japan's Sumitomo Mitsui Banking Corporation ("SMBC") was the mandated lead arranger. It is the first LNG transaction in Bangladesh that was funded on a non-recourse basis solely by an international commercial bank. This was a big step towards the commercial bankability of private sector infrastructure projects in Bangladesh.
- In addition, Summit Meghnaghat II Power Ltd (583MW), currently in its construction phase, won the 'Power Deal of the Year' for securing a US\$350 million dual-tranche term loan facility. Summit Group and GE Capital were sponsors of the deal while Standard Chartered Bank ("SCB") and the International Finance Corporation ("IFC") were the co-lenders.
- Swiss SERV was the Export Credit Agency (ECA) structuring and coordinator bank making this deal. It is the first and largest project financing deal backed by the Swiss ECA in Bangladesh in the Independent Power Producer (IPP) space. GE Gas Power is providing the turnkey solution for the power project, and is responsible for the design of the facility, supply and installation of the equipment and commissioning works. The combined-cycle power plant will be powered by GE's record-setting and most efficient heavy-duty 9HA gas turbine, that will generate equivalent electricity needed to supply up to 700,000 homes in Bangladesh.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/two-subsiaries-of-summit-power-win-international-awards-1594654843>

GP sees revenue de-growth in Q2

- Grameenphone Ltd. reported total revenues of BDT 33.1 billion for the second quarter of 2020, registering an 8.2 per cent de-growth from the same period of last year. Net profit after taxes (NPAT) for the second quarter was BDT 7.3 billion, with 22 per cent margin.
- Earnings per share (EPS) for the period stood at BDT 5.38. The operator reported 74.5 million total customers, of which 54.8 per cent, or 40.8 million, are internet customers. Its net operating cash flow per share (NOCFPS) was Tk 6.13 for January-June 2020 as against Tk 20.94 for January-June 2019.
- The net asset value (NAV) per share was Tk 37.70 as on June 30, 2020 and Tk 28.40 as on December 31, 2019. Each share of the company, which was listed on the Dhaka Stock Exchange (DSE) in 2009, closed at Tk 242.10 on Wednesday, gaining 1.25 per cent over the previous day.
- The GP disbursed total 130 per cent cash dividend for the year ended on December 31, 2019. Meanwhile, four more listed companies, including three insurers, have recommended dividend for the year ended on December 31, 2019, according to separate official disclosures on Wednesday.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/gp-sees-revenue-de-growth-in-q2-1594830648>



International business

Indian economy's medium-term outlook remains uncertain: RBI Governor

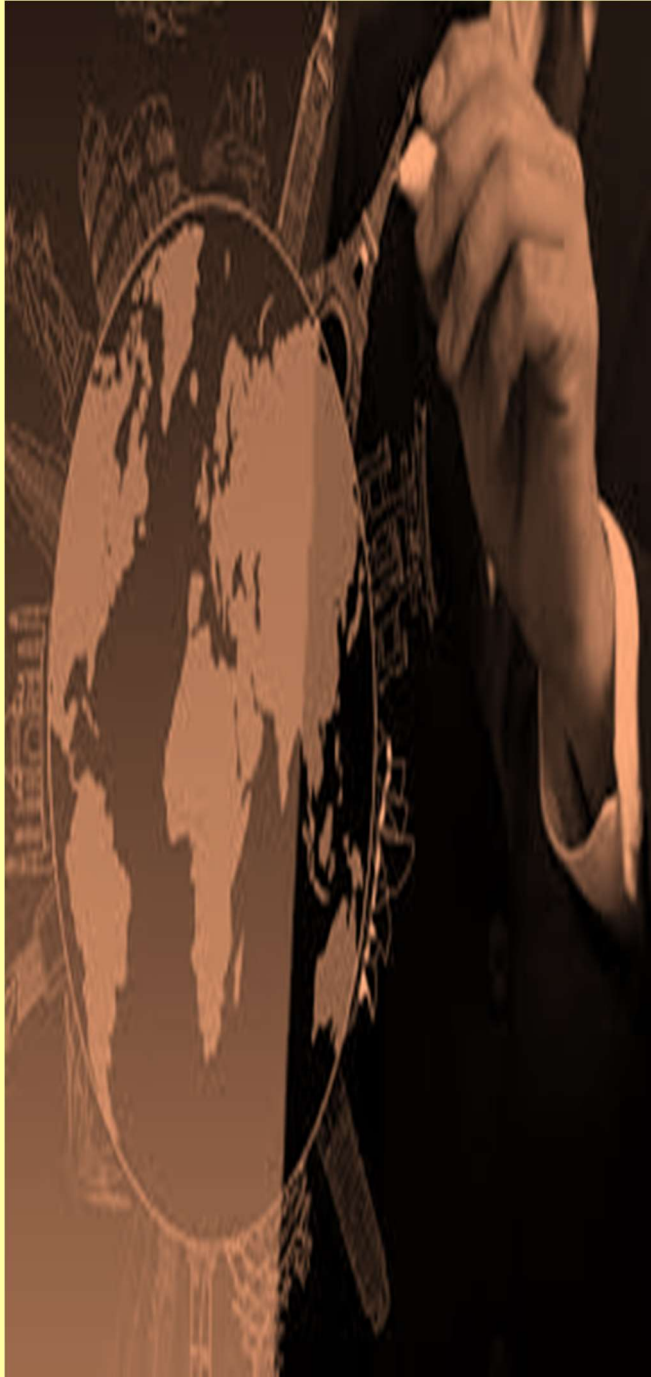
- The medium-term outlook for the Indian economy remains uncertain with supply chains and demand yet to be restored fully while the trajectory of the coronavirus spread and the length of its impact remain unknown, Reserve Bank of India Governor Shaktikanta Das said on Saturday. According to most estimates, the Indian economy will register a record contraction of over 4.5 per cent in the current fiscal year that started on April 1 due to the pandemic.
- Starting late March, the country was placed under one of the strictest lockdowns in the world for over two months. Since early June, the government has started easing restrictions to help some revival in the economy even though the number of infections in the country continues to rise. Das said that the 2008 global crisis and the current crisis show that such economic shocks have "fatter tails" than generally believed, and that the country's financial system should have larger capital buffers.
- A recapitalisation plan for Indian banks is necessary as the economic impact of the pandemic may result in higher bad loans and erosion of capital for banks, the RBI governor added. The central bank has cut policy rates by 115 basis points in response to the pandemic, resulting in a total policy rate reduction of 250 basis points since February 2019, along with providing liquidity of 9.57 trillion rupees (\$127.28 billion).
- It has also eased some bad loan provisioning norms and allowed loan moratoriums for retail customers. Das said that the central bank has to carefully unwind the unusual monetary and regulatory measures taken to cushion the economic shocks in the post pandemic world, as the financial sector should return to normal functioning without relying on the regulatory relaxations as the new norm.

Source: <https://www.thedailystar.net/business/news/indian-economys-medium-term-outlook-remains-uncertain-rbi-governor-1928941>

IMF warns cutting spending too soon could derail recovery

- As governments rushed out funding to prevent an economic collapse amid the coronavirus pandemic, global public debt swelled to the highest in history, but the IMF warned Friday that cutting back too soon could undermine the recovery.
- Continuing to provide the support as the economic slowdown drags on will be "paramount," the International Monetary Fund's fiscal policy chief Vitor Gaspar told AFP in an interview.
- Deficits in advanced economies are projected to be five times higher than pre-pandemic estimates for 2020. The Washington-based crisis lender, which historically has always advocated for governments to restrain spending, is in the unusual position of urging authorities to flood their countries with cash while also sounding the warning about pitfalls ahead, especially if there is a renewed spike in virus cases.
- With over 12 million cases worldwide and 555,000 deaths, "priority number one" is the health crisis and policies to contain the spread of COVID-19 so that life and the economy can return to normal, Gaspar said.
- And as economic activity rebounds, government debt levels should stabilize and begin to fall starting in 2021, he said. In the wake of the 2008 global financial crisis, many governments shut down their stimulus programs at the first sign their economies had stabilized, which led to a slower, more sluggish recovery.

Source: <https://www.thedailystar.net/business/news/imf-warns-cutting-spending-too-soon-could-derail-recovery-1928937>



Billionaire Musk's net worth zooms past Warren Buffett's

- Elon Musk's net worth soared past Warren Buffett on Friday as the chief executive officer of Tesla Inc became the seventh richest person in the world, according to the Bloomberg Billionaires Index.
- Musk's fortune rose by \$6.07 billion on Friday, Bloomberg News said, following a 10.8 per cent jump in the electric carmaker's stock.
- Buffett's net worth dropped earlier this week when he donated \$2.9 billion in Berkshire Hathaway stock to charity, the report added.
- Tesla's shares have surged 500 per cent over the past year as the company increased sales of its Model 3 sedan.
- The blistering rally also puts Musk in reach of a payday potentially worth \$1.8 billion, his second jackpot from the electric car maker in about two months.
- The stock is up about 38% since the close on July 1, a day before the company reported its quarterly delivery numbers.

Source: <https://www.thedailystar.net/business/news/billionaire-musks-net-worth-zooms-past-warren-buffetts-1928925>

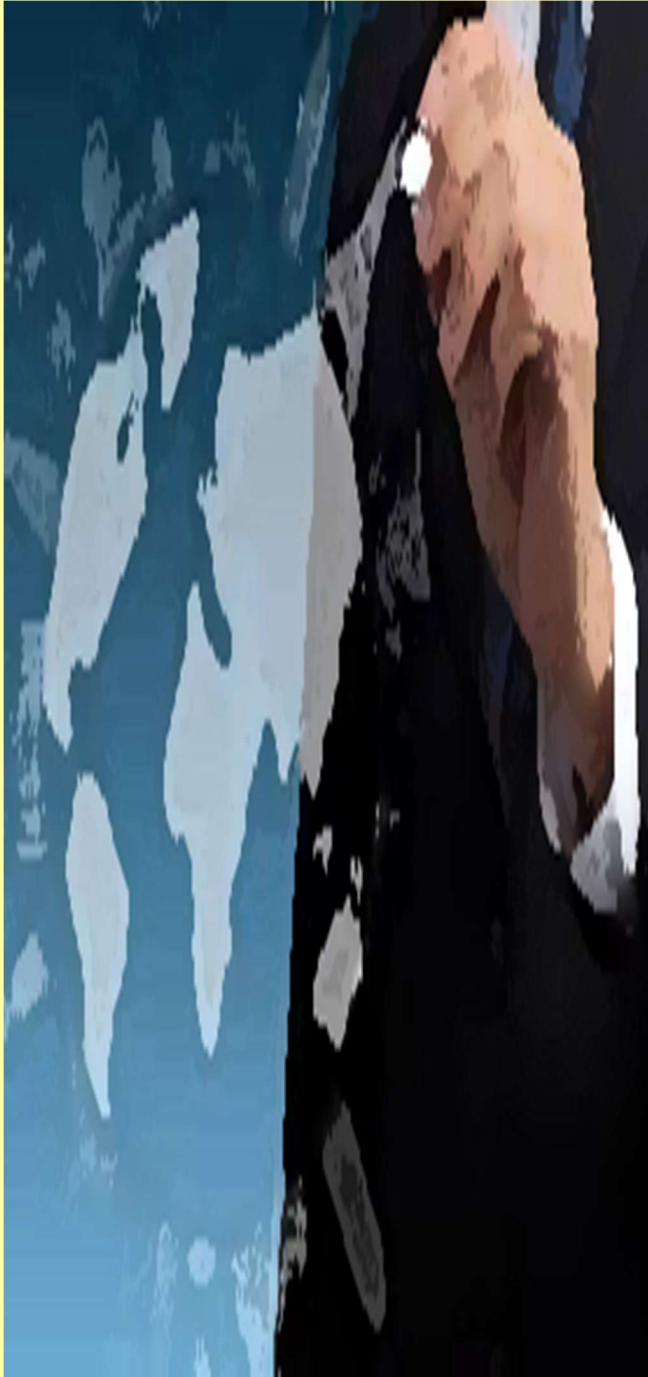
Chinese banks must brace for surge in bad loans, regulator says

- China's banks should brace for a big jump in bad loans due to coronavirus-induced economic pain, the financial regulator said on Saturday, noting the deterioration of asset quality at some small and mid-sized financial institutions was accelerating.
- China's Banking and Insurance Regulatory Commission said in a statement that profit growth would slow sharply at some banks while others could see profits decline.
- If banks were to make the minimum amount of provisions for their non-performing loans, which some have yet to do, profits for the sector would fall by more than 350 billion yuan (\$50 billion), the statement said.
- Data from the commission shows that Chinese commercial banks booked 2 trillion yuan in profits in 2019, up 8.9 per cent from a year earlier.
- Outstanding non-performing loans in the sector totalled 3.6 trillion yuan as of end-June, while the bad loan ratio rose to 2.10 per cent, 0.08 percentage points higher than the beginning of the year.

Source: <https://www.thedailystar.net/business/news/chinese-banks-must-brace-surge-bad-loans-regulator-says-1928933>

India in talks with EU for trade deal, open to pact with UK

- India has started trade talks with the European Union (EU) and is open to dialogue with the United Kingdom for a free trade agreement, the trade minister said on Saturday, as Asia's third largest economy looks for new markets for its products.
- Piyush Goyal said that India is open to engage with the UK for a preferential trade agreement with the ultimate goal of a free trade agreement. He is also in dialogue with the European Union's trade commissioner for a deal that could start with a preferential trade agreement. He added that the ultimate goal here too would be to have a free trade agreement.
- Negotiations for a comprehensive free trade agreement between the EU and India were suspended in 2013 after six years of talks.



- India pulled out of the Regional Comprehensive Economic Partnership last year due to fears over China's access to its markets and is looking for new ways to boost its exports.
- The country has also been raising trade barriers to block cheap imports from China and replace them with locally made goods for domestic consumption and exports.
- India's economic growth has largely been driven by local consumption and successive governments have struggled to expand exports.
- In the last six years Prime Minister Narendra Modi's government has been trying to push exports through various programmes like "Make in India" but with limited success.

Source: <https://www.thedailystar.net/business/news/india-talks-eu-trade-deal-open-pact-uk-1929533>

Reliance Insurance approves 25pc cash dividend

- Reliance Insurance yesterday approved 25 per cent cash dividend for 2019 in its 32nd annual general meeting (AGM) held through a digital platform.
- The insurer's gross premium income was Tk 3,004.15 million during the year, up from Tk 2,689.26 million in the previous year. It earned pre-tax profit of Tk 849.76 million.
- Habibullah Khan, vice chairman of the company, presided over the meeting, according to a statement.
- The AGM elected Md Habibur Rahman Mollah and Sabra Yasmin Chowdhury as new directors from among the public shareholders.
- The AGM was subsequently followed by a meeting of the board of directors on future directions.
- Zakia Rouf Chowdhury and Shahnaz Rahman were unanimously elected chairman and vice chairman respectively.

Source: <https://www.thedailystar.net/business/news/reliance-insurance-approves-25pc-cash-dividend-1929537>

Canada's oil-producing Alberta looks to NHL to boost hard-hit economy

- Canada's oil-producing province of Alberta, hard-hit by lockdowns caused by the coronavirus pandemic, is counting on National Hockey League (NHL) games to provide a badly needed boost to morale and business.
- Edmonton, the provincial capital and home to the NHL's Edmonton Oilers, will be a hub city with Toronto when games resume starting on Aug. 1, the first since the league suspended the season in March. Each city will host 12 teams, sequestering players in so-called bubbles that encompass arenas, hotels and select restaurants. Fans will not attend the games.
- The spread of the novel coronavirus has eased in Canada, allowing the two cities to beat out rivals such as Las Vegas, which has seen increased infections, for the chance to host the games. Alberta Premier Jason Kenney said hosting games could generate C\$60 million (\$44.16 million) in economic activity. "That alone is not going to turn around our economy, but it's a great shot in the arm.
- Alberta's unemployment rate was the second-highest in Canada in June as a crash in oil prices this spring forced energy companies to lay off workers and some businesses remained closed due to the pandemic.
- Alberta's chief medical officer has reassured the public that arriving hockey players will not accelerate the spread of the virus if they abide by certain conditions, which include daily testing and restricted movement.

Source: <https://www.thedailystar.net/business/news/canadas-oil-producing-alberta-looks-nhl-boost-hard-hit-economy-1929501>

Google to commit \$10b to India

- Alphabet Inc's Google on Monday said it will spend around \$10 billion in India over the next five to seven years through equity investments and tie-ups, marking its biggest commitment to a key growth market.
- The investments will be done through a so-called digitization fund, highlighting Google's focus on the rapid pace of growth of apps and software platforms in India, one of the world's biggest internet services markets.
- "We'll do this through a mix of equity investments, partnerships, and operational, infrastructure and ecosystem investments," Sundar Pichai, CEO of Alphabet, said on a webcast during the annual "Google for India" event.
- "This is a reflection of our confidence in the future of India and its digital economy."
- Indian-born Pichai joined Google in 2004, and is widely credited for making the Chrome browser. He replaced company co-founder Larry Page as CEO of parent Alphabet Inc last year.
- "Sundar Pichai, who is heading Google, is a very powerful symbol of the creative potential of India's human resource," India's technology minister Ravi Shankar Prasad said at the event.
- The US tech group, whose Android mobile operating system powers a bulk of India's roughly 500 million smartphones, will continue to work with manufacturers to build low-cost devices so that more and more people can access the internet, another Google executive said.

Source: <https://www.thedailystar.net/business/news/google-commit-10b-india-1930077>

Chinese trade sees surprise bounce as virus recovery picks up

- Chinese trade enjoyed surprise growth in June as the world slowly emerges from economy-strangling lockdowns, though officials warned of headwinds for recovery owing to the spread of the pandemic.
- The figures come days before the release of data expected to show the world's number two economy returned to growth in the second quarter following a contraction in the first three months of the year.
- The 2.7-per cent growth in imports was the first since December and much better than the nine-percent contraction forecast in a Bloomberg News poll, while exports also beat expectations by rising 0.5 percent. In May, imports had collapsed 16.7 per cent and exports retreated 3.3 per cent.
- Customs spokesman Li Kuiwen told reporters Tuesday that imports and exports showed "signs of recovery and stability" in the second quarter and that China was "forging ahead" with efforts to ensure stability in areas such as employment, foreign trade, and investment.
- But he cautioned the external environment is "more grim and complicated" now, with COVID-19 plunging the global economy into a deep recession and international trade and investment experiencing sharp contractions.
- In the first half, exports dropped 6.2 per cent on-year while imports fell 7.1 per cent, official data showed, reflecting the hit from the pandemic, which first surfaced in central China.

Source: <https://www.thedailystar.net/business/news/chinese-trade-sees-surprise-bounce-virus-recovery-picks-1930605>



US deficit soars to record amid pandemic relief payments

- Massive government rescue payments to help businesses and households survive the economic hit from the coronavirus drove a record surge in the US deficit last month, the Treasury Department said Monday.
- "Driven by the impact of the COVID-19 outbreak and government response, the deficit for June 2020 was \$864 billion, compared to \$8 billion in June 2019," Treasury said in its monthly report statement.
- That was well past the previous record of \$234 billion set in February 2009 at the start of the global financial crisis. With outlays in June surging to \$1.1 trillion and receipts falling, the funding gap in the first nine months of the current fiscal year soared 267 per cent compared to a year earlier, hitting \$2.74 trillion, Treasury said.
- More than half of this increase was due to a \$511 billion increase in Small Business Administration budget outlays, primarily for the Paycheck Protection Program (PPP).
- The payments were part of the unprecedented \$2.2 trillion CARES Act, which provided aid for businesses of all sizes as well as direct payment to US taxpayers and expanded unemployment benefits.
- The weekly payments of \$600 to help the millions laid off as the economy shut down have so far amounted to \$171 billion. Given the crisis caused by the pandemic, the exploding deficit came as no surprise. Treasury in May announced it was planning to borrow a record \$3 trillion in the April-June period to fund the relief programs.
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