

News Blaze of the Week

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Editorial Panel

- Mohammad Ataour
Rahman
FVP & In- Charge,
R&DU
- Farzana Afroz
PO, R&DU

Quotation Corner

Success is not final; failure is not fatal: it is the courage to continue that counts.

Winston Churchill

Every problem is a gift—without problems we would not grow.

Anthony Robbins

If you really look closely, most overnight successes took a long time.

Steve Jobs

Contact us

rnd@dhakabank.com.bd

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Economy will return to high growth path next fiscal year: UN

- Bangladesh's economy will return to the high growth trajectory in the next fiscal year overcoming the scarring impacts of the coronavirus pandemic, according to a United Nations report. The country's gross domestic product (GDP) will grow by 7.6 per cent in the fiscal year of 2021-22 following a 5.1 per cent expansion in the current fiscal year, said the World Economic Situation and Prospects 2021 report produced by the United Nations Department of Economic and Social Affairs.
- The UN forecast is higher than the projection made by the World Bank and is in line with that of the International Monetary Fund (IMF). The WB has said Bangladesh's economy will expand by 3.4 per cent in the FY22 from 1.6 per cent in the current fiscal year. The IMF has forecast 7.9 per cent growth in the FY22. The government has lowered the GDP growth projection for the current fiscal year to 7.4 per cent taking into account the fallouts of the coronavirus pandemic.
- Several South Asian countries ran fiscal deficits of about 10 per cent of GDP in 2020, and government debt is forecast to grow significantly for most countries. economic diversification is low or minimal in many South Asian economies, with the near single-trade economies of Bangladesh (garments), Iran (oil) and the Maldives (tourism) especially exposed to external demand shocks. Garment shipment accounts for more than 80 per cent of annual exports of Bangladesh.

Source: <https://www.thedailystar.net/business/news/economy-will-return-high-growth-path-next-fiscal-year-un-2034569>

Central Bank

Bangladesh Bank in a tight spot

- The central bank plans to continue its expansionary monetary policy in the second half of the current fiscal year because of the persistent business slowdown caused by the coronavirus pandemic. The monetary policy committee of the central bank will sit on January 31 to decide whether the unconventional tools of the policy will be revised, said a number of central bankers with direct knowledge about the matter.
- Although there is little probability of inflation escalating at this moment, the excess liquidity has already had an adverse impact on the interest rate of fixed deposit schemes, largely hovering between 3 to 4 per cent. The excess liquidity at banks surged 95 per cent year-on-year to Tk 204,700 crore in December, data from the central bank showed. Credit demand from borrowers is still subdued because of the uncertainty.
- As a result, the surplus liquidity has been on the rise in recent months. In its monetary policy statement for fiscal 2020-21, the central bank set a private sector credit growth target of 11.5 per cent by December last year and of 14.8 per cent by June this year. The central bank has already missed its credit growth target for the first half of the fiscal year as loans expanded by 8.37 per cent in December. Both the central bank and the government have rolled out 23 bailout packages to absorb the economic shocks arising from the pandemic.
- The total amount of financial assistance stands at Tk 124,053 crore, which is 4.44 per cent of the gross domestic product. The BB cut the repurchase agreement (repo) rate in phases to 4.75 per cent, from 6 per cent before the pandemic. The bank rate, another tool of the central bank, was brought down by 100 basis points to 4 per cent in July, the first such cut in 17 years. The BB uses the rate while giving out money to banks under its refinance scheme. The central bank has purchased the American greenback worth a record \$5.49 billion in the first half of the current fiscal year to keep stable the exchange rate of the local currency. The previous highest was recorded in 2013-14 when the BB bought \$5.15 billion.

Source: <https://www.thedailystar.net/business/news/bb-tight-spot-2033997>

Central Bank

Bangladesh Bank renews call to exhaust stimulus packages by March

- The central bank has asked the banks to exhaust all stimulus packages by March to help revive the economy, battered by Covid-19. The advice was given at a virtual meeting between the bankers and Bangladesh Bank (BB) governor Fazle Kabir. The private sector credit growth will be increased in the coming months if the banks implement the financial packages fully by March 31. Nearly Tk 309 billion was disbursed as working capital until January 25 under the stimulus package of Tk 330 billion for large borrowers in industrial and service sectors.
- The implementation rate of the package is nearly 94 per cent. But the banks and non-banking financial institutions disbursed Tk 115 billion of the stimulus package to the smaller firms, which are 58 per cent of the total allocation of Tk 200 billion. Loans amounting to around Tk 130 billion were approved for 81,000 Covid-affected CMSMEs across the country during the period, the BB's data showed. At the meeting, the BB governor thanked 10 banks, which have already implemented their 100 per cent initial targets, set by the central bank, of the stimulus package for the CMSMEs.
- Under the revised deadline, banks and NBFIs are now allowed to implement the package for the sector by March 31, 2021 instead of December 31, 2020, according to a notification, issued by the central bank on January 03. The unsettled overseas import bills stood at US\$23.79 million as of September 2020 while the banks did not settle the local import bills amounting to \$31.22 million. The central bank has recently verified the unsettled import bills of 29 banks, of which the performance of some lenders was not good, according to a central bank's report.

Source: <https://today.thefinancialexpress.com.bd/first-page/bb-renews-call-to-exhaust-stimulus-packages-by-mar-1611767527>

Financial Institutions

Private credit growth inches up in December

- Despite demand for loans being suppressed by the ongoing business slowdown, private sector credit growth crept up in December after undergoing a steep descent in the previous two months. The year-on-year credit growth stood at 8.37 per cent in December, up from 8.21 per cent a month earlier, showed data from Bangladesh Bank.
- In its monetary policy statement for fiscal 2020-21, the central bank set a private sector credit growth target of 11.5 per cent by December last year and 14.8 per cent by June this year. But till date, this has turned out to be far from reality because of the financial meltdown brought on by the coronavirus pandemic. For this reason, the credit growth inched up last month, which is why the increase in growth should not be termed an extraordinary phenomenon, they said.
- In accounting, accrued interest refers to the amount of interest that has been incurred, as of a specific date, on a loan but has not yet been paid out. Accrued interest can be in the form of accrued interest revenue for banks. The banking sector is also facing a burden of excess liquidity due to the feeble credit demand from businesses and commoners in tandem.
- Excess liquidity in banks escalated 95 per cent year-on-year to Tk 204,700 crore in December last year. There had been no extraordinary reason for the increase in credit growth in December as banks had not experienced any robust loan demand from borrowers, said Emranul Huq, managing director of Dhaka Bank.
- Adding accrued interest to the principal loans amount pushed the credit growth for the time being, he said. Borrowers had enjoyed a loan moratorium throughout last year, meaning that a majority of clients did not pay the interest associated with loans they availed. So, banks were forced to add the accrued interest to the principal loan amount of borrowers, Huq said. Several global think tanks have recently forecasted that the global economy will rebound strongly from the second half of this year. The outstanding loans in the private sector stood at Tk 11,41,342 crore as of December in contrast to Tk 11,20,902 crore the previous month.

Source: <https://www.thedailystar.net/business/news/private-credit-growth-inches-dec-2033393>

Financial Institutions

NRB Commercial Bank's IPO subscription begins Feb 3

- The subscription for initial public offering (IPO) of NRB Commercial Bank is set to start from February 3 and it will continue until February 9, which will remain open for all kinds of investors. The fourth generation bank, which will raise Tk 120 crore through the IPO, is the first private commercial bank in the last 12 years to get listed with the stock market.
- Earlier in 2008, First Security Islami Bank got listed with the stock market. NRB Commercial, a private commercial bank, will issue 12 crore ordinary shares at a face value of Tk 10 each. With the IPO proceeds, the bank will use Tk 110 crore to buy government securities, Tk 6 crore in the secondary market for buying shares and the rest for IPO related expenses.
- The bank's weighted average earnings per share for the last five years and net asset value per share were Tk 1.55 and Tk 13.86 respectively as of June 30, 2020. The bank has been booking higher profits for the last few years. Its gross profit rose 22 per cent year-on-year to Tk 323 crore in 2020, according to the banks' financial statements. The bank established on February 20, 2013 had a pre-IPO paid-up capital of Tk 582 crore. The bank has 83 branches across the country till 2020.

Source: <https://www.thedailystar.net/business/news/nrb-commercial-banks-ipo-subscription-begins-feb-3-2034529>

Stock Market

Stocks ride on increased liquidity

- Although Bangladesh's stock market is not connected with global markets and does not follow the usual global trends, nowadays it has been different. Dhaka stocks are soaring like other major markets which are hovering around all-time highs.
- The DSEX, the benchmark index of the DSE, also touched 5,900 points last week and remains in a positive trend. Its all-time high is 6,336 points. The Nikkei stock average of Japan is at a high point of 28,631 while neighbouring India's BSE Sensex is also at a record 48,875. The UK's FTSE 100 was at its all-time high of 7,730 in 2018 but then fell due to the Covid-19 outbreak. The central bank has asked scheduled banks to form a fund of Tk 200 crore to invest in the stock market.

Source: <https://www.thedailystar.net/business/news/stocks-ride-increased-liquidity-2032897>

Bourses see extensive profit booking

- Bourses witnessed widespread profit-booking last week when the insurance stocks rose the most thanks to a regulatory move on minimum shareholding compliance. DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 73.14 points, or 1.24 per cent, during the week. Among listed 49 insurance stocks, 37 advanced and 12 declined in the last week.
- Insurance sector market capitalisation rose 1.6 per cent in the last week, according to the weekly market review of UCB Capital Management. In the last few weeks, insurance stocks have been declining after experiencing a continuous rise for a long time. Meanwhile, the DSE's average daily turnover, another important indicator of the market, dropped 16.25 per cent to Tk 1,565 crore in the last week. The fuel and power sector dominated the turnover chart, covering 14.3 per cent of the total turnover.

Source: <https://www.thedailystar.net/business/news/bourses-see-extensive-profit-booking-2032901>

Stock Market

Beximco Pharma stocks soar on Sanofi takeover news

- While investors continued to exhibit a tendency towards profit-booking, stocks of Beximco Pharmaceuticals rose 5.15 per cent to Tk 208.40 yesterday after news broke that it would buy a major stake in Sanofi Bangladesh.
- The DSEX, the Dhaka Stock Exchange's (DSE) benchmark index, dropped 20 points, or 0.35 per cent, to 5,815 yesterday. The local drug company's stock was the most sought-after of the day thanks to the firm's recent announcement that it would buy 54.6 per cent of Sanofi's Bangladesh unit in order to diversify its product base.
- The remaining 45.4 per cent shares are owned by the Bangladesh government, according to a disclosure on the DSE website. The base-price consideration for the majority stake is £35.5 million, subject to the deduction of the company's net financial debt and adjustments for short or excess over an agreed normative working capital at the closing date.
- The DSE's turnover, an important indicator of the market, rose 19 per cent to Tk 1,454 crore. Newly listed Energypac Power Generation topped the gainers' list, rising 9.92 per cent, followed by Nitol Insurance, Shyampur Sugar Mills, Shinepukur Ceramics and Northern Insurance.
- Paramount Insurance Company shed the most, falling 7.61 per cent, followed by Eastern Insurance Company, Peoples Insurance Company, Mercantile Insurance Company and Northern Islami Insurance. The port city bourse also fell yesterday as the general index of the Chittagong Stock Exchange, the CASPI, dropped 34 points, or 0.20 per cent, to 16,986. Among the 253 stocks to witness trade, 67 advanced, 145 fell and 41 remained unchanged.

Source: <https://www.thedailystar.net/business/news/beximco-pharma-stocks-soar-sanofi-takeover-news-2033385>

Stock Market

DSEX slumps below 5,800-mark

- Stocks extended the losing streak on Monday, with the key index of the major bourse dipping below 5,800-mark after seven days, as cautious investors continued profit booking on sector-wise issues. DSEX, the prime index of the Dhaka Stock Exchange (DSE), went down by 25.61 points or 0.44 per cent to settle at 5,789. DSEX lost roughly 46 points in the past two straight sessions. Two other indices also edged lower.
- The DSE 30 Index comprising blue chips fell 8.17 points to finish at 2,202 and the DSE Shariah Index (DSES) shed 0.41 point to close at 1,296. Recently the stock market regulator fixed the highest interest rate at 12 per cent on margin loan disbursed against listed securities with the highest spread on the cost of margin loans at 3.0 per cent. Turnover, a crucial indicator of the market, rose to Tk 15.85 billion on the country's premier bourse, rising further by 8.7 per cent over the previous day's mark of Tk 14.58 billion.
- Among the major sectors -cement saw the highest correction, losing 3.30 per cent, followed by telecom with 2.10 per cent, financial institution 2.10 per cent and banking 1.10 per cent. On the other hand, food and allied, pharmaceuticals and power sectors gained 0.90 per cent, 0.60 per cent and 0.30 per cent respectively. Losers took a strong lead over the gainers, as out of 359 issues traded, 202 declined, 76 advanced and 81 remained unchanged on the DSE trading floor.
- Beximco topped the turnover chart with 35.94 million shares worth Tk 3.303 billion changing hands, capturing nearly 21 per cent of the day's total turnover on DSE riding on higher earnings news. Beximco has reported 255 per cent higher earnings per share (EPS) to Tk 1.92 in the first half of fiscal 2020-21, thanks to an increase in the export of personal protective equipment (PPE) and face mask.
- The Chittagong Stock Exchange (CSE) also ended lower with the CSE All Share Price Index - CASPI -losing by 108 points to settle at 16,878 and the Selective Categories Index - CSCX shedding 65 points to close at 10,188. Of the issues traded, 146 declined, 64 advanced and 48 remained unchanged on the CSE.

Source: <https://today.thefinancialexpress.com.bd/stock-corporate/dsex-slumps-below-5800-mark-1611589342>

Stock Market

Stocks fall, Beximco companies end rally amid profit taking

- Concerns of Beximco Group witnessed corrections yesterday after leading from the front to raise the benchmark index of the Dhaka Stock Exchange (DSE) to a three year high just a week ago. DSEX, the benchmark index of the DSE, dropped 94.55 points, or 1.63 per cent, to 5,695 yesterday. Stock prices of Beximco Limited, whose paid-up capital is Tk 876 crore, fell 8.1 per cent while Beximco Pharmaceuticals with a paid-up capital of Tk 446 crore dropped 4 per cent.
- IFIC Bank, which has a paid-up capital of Tk 1,619 crore, fell 2.84 per cent and Shinepukur Ceramics, another listed concern of Beximco Group, declined 8.39 per cent. It has a paid-up capital of Tk 146 crore. Among the 49 listed insurance companies, only 8 rose while 37 dropped. The regulator fixed the interest rate on margin loans at no higher than 12 per cent, and the trigger sales came as a result. Turnover, one of the important indicators of the market, fell 29 per cent to Tk 1,125 crore.
- Beximco topped the turnover list, trading shares worth Tk 142 crore followed by Energypac Power Generation, Robi Axiata, LankaBangla Finance, and Beximco Pharmaceuticals. Jute Spinners topped the gainers' list, rising 7.53 per cent followed by Agrani Insurance, BATBC, Daffodil Computers, and Green Delta Mutual Fund.
- Energypac Power Generation shed the most, falling 9.93 per cent followed by Shinepukur Ceramics, Beximco, Robi Axiata and Midas Financing. The port city bourse also dropped. The general index of the Chittagong Stock Exchange (CSE), CASPI, fell 299 points, or 1.77 per cent to 16,578 yesterday.

Source: <https://www.thedailystar.net/business/news/stocks-fall-beximco-companies-end-rally-amid-profit-taking-2034553>

Berger Paints' profit up despite pandemic blues

- Profits of Berger Paints Bangladesh rose 5.1 per cent year-on-year during April to December on the back of the lower price of raw materials and cut in costs in the pandemic-hit 2020 that saw revenue drop. The Indian multinational company made Tk 160 crore in profits in the first nine months of the financial year that ends on March 31.
- Net revenue declined 7.89 per cent to Tk 1,118 crore. Expenses declined 26 per cent to Tk 199 crore, the financial report of the company showed. But the employment benefits were regular and were not curtailed, he said. The company's sales bounced back following the reopening of economic activities. As a result, sales rose 10.5 per cent in the October-December quarter to Tk 514 crore.
- Investment income fell 26.5 per cent to Tk 10.73 crore because of lower bank interest, according to the financial report. Net operating cash flow per share decreased mainly because of lower sales resulting from the lower collection in April and May. Berger shares traded at Tk 1,560.20, up 0.70 per cent, on the Dhaka Stock Exchange yesterday.

Source: <https://www.thedailystar.net/business/news/berger-paints-profit-despite-pandemic-blues-2035141>

Local production cools down AC prices

- Air conditioners (ACs) were once thought of as luxury items that are only enjoyed by the elite, but their prices have seen a drastic fall in the recent years thanks to increased local production and assembly. Jhimi Chakma, a lecturer of the philosophy department at Dighinala Degree College in Khagrachhari, has been using a locally made 1.5-tonne inverter AC for the past one year without any disruption.
- Hossen said he is very pleased with the air conditioner that cost him only Tk 55,000, as he has also been provided with great aftersales services by the local company. Local production caters to around 70 per cent of the country's total demand, which was valued at about Tk 4,500 crore in 2019, up from Tk 3,500 crore the year before.
- The demand for ACs has increased at an average of over 15 per cent annually since 2014, which encouraged global brands to set up their own plants in Bangladesh. Around 4.2 lakh units of air conditioners were sold in 2019 while the demand came down to 1.20 lakh in 2020 due to the Covid-19 fallout. Currently, Singer is manufacturing refrigerators, LED TVs and air conditioners at their plants.

Source: <https://www.thedailystar.net/business/news/local-production-cools-down-ac-prices-2035185>

LNG import rises in 2020

- Bangladesh imported 8.97 million cubic metres of LNG in 2020, up 1.56 per cent from 2019. It brought 65 cargoes, each having around 138,000 cubic metres of LNG (liquefied natural gas), from January to December last year. The shipments included only one cargo from the spot market and the remaining 64 from term dealers. It has also a plan to import up to 24 LNG cargoes from the spot market if it gets the price at an expected level, a senior Petrobangla official told the FE.
- Currently, Bangladesh has been importing LNG under long-term deals from Qatargas and OTI. It is working to double LNG imports to around 1,000 mmcf by 2021 and thereafter to 2,000 mmcf by 2025. The currently operational two 3.75 Mtpa-capacity LNG import terminals-both FSRUs-will regasify LNG to ramp up output to around 1,000 mmcf.
- LNG regasification will be 2,000 mmcf from 2025 with the commissioning of a proposed 7.5 Mtpa land-based LNG import terminal. A report prepared by Copenhagen-based Ramboll in association with Geological Survey of Denmark and EQMS Consulting Limited says Bangladesh will need to import around 30 million tonnes of LNG annually to meet the mounting demand from sectors like industries, power plants and fertiliser plants by 2041.

Source: <https://today.thefinancialexpress.com.bd/trade-market/lng-import-rises-in-2020-1611417596>

Trade deficit narrows on falling imports

- The trade deficit shrank heavily in the first half of the ongoing fiscal year because of dwindling imports amid the economic slowdown, in a sign of depressed demand and consumption. Between July and December, the trade deficit, which occurs when imports outweigh exports, stood at \$6.46 billion, down 21.37 per cent year-on-year, data from the central bank showed.
- During the period, imports declined 6.8 per cent from that a year earlier to \$25.22 billion, eclipsing a 0.44 per cent fall in exports to \$18.76 billion. Capital machinery import stood at \$ 1.5 billion in the first half of 2020-21, down 29.17 per cent from a year ago. The decline in imports has had an adverse impact on the private sector credit growth, which stood at 8.37 per cent in December against the central bank target of 11.5 per cent.
- Current account balance, one of the major indicators of the balance of payments (BoP), stood at \$4.32 billion in the July-December period in contrast to a deficit of \$1.66 billion a year ago. Between July and December, expatriate Bangladeshis sent home remittances worth \$12.94 billion, up 37.60 per cent year-on-year. The large balance in the current account has contributed to the ballooning of the foreign exchange reserve, which stood at \$43.17 billion at the end of December. The overall balance was \$6.15 billion in the first six months of the fiscal year in comparison to \$27 million a year earlier.

Source: <https://www.thedailystar.net/business/news/trade-deficit-narrows-falling-imports-2035181>





Social distancing proves a boon for bicycle exporters

- The need to maintain social distancing in order to avoid infection amid the ongoing coronavirus pandemic has buoyed the global demand for bicycles. And with Bangladesh being an exporter of bikes, the country is also reaping the benefits of the spiraling demand for two-wheelers. Bicycle exports are surging as an increasing number of people are using two-wheelers to avoid mass transportation that puts them at risk of infection, such as buses and the metro.
- Bike shipments amounted to \$65 million in the July-December period of fiscal 2020-21, marking a 44 per cent year-on-year growth, according to data from the Export Promotion Bureau (EPB). Bangladesh fetched \$126 million from bike exports in fiscal 2014-15, which was the highest in the last 10 years. But since then, bicycle shipments, which are mainly destined for European markets, had been on the wane, EPB data shows.
- Bari, also secretary of the Bangladesh Bicycle & Parts Manufacturers' and Exporters' Association, expects that export earnings from bicycles will cross \$115 million by the end of the ongoing fiscal year. Apart from export, the domestic market for bikes also expanded in 2020 thanks to the increased demand for alternative modes of transport to maintain social distance.

Source: <https://www.thedailystar.net/business/news/social-distancing-proves-boon-bicycle-exporters-2033397>

Govt targets \$4b from ship exports by 2025

- The cabinet yesterday approved the Shipbuilding Industry Development Policy 2020 to facilitate the growth of the labour-intensive sector and generate export earnings. The policy aims to fetch \$4 billion through ship exports by 2025, according to Cabinet Secretary Khandaker Anwarul Islam. Under the policy, benefits and loans can be accessed by shipbuilders. This will also help create more employment opportunities and reduce the country's import dependence, Islam said during a press briefing at the secretariat.
- In order to implement the policy, there are plans to reduce taxes and VAT as well as provide long-term loans to public and private shipbuilders. Bangladesh started exporting modern ships to other countries in 2008, and since then, it has earned around \$180 million by exporting 40 ships to several countries in Europe, Africa and Asia. There are 100 shipyards and dockyards in Bangladesh. Still, only five of them follow international standards, the entrepreneur said, adding that the plan to earn \$4 billion from exports depends on how well this policy is implemented.

Source: <https://www.thedailystar.net/business/news/govt-targets-4b-ship-exports-2025-2033993>

Digital Transformation

E-payment of import taxes over Tk 2 lakh a must from July

- Business will require to pay import tariff and taxes over Tk 200,000 electronically from the first day of July this year as the National Board of Revenue (NBR) is gradually automating customs systems in order to provide faster service and bring about transparency.
- The NBR made payments of import tariffs and taxes totalling more than Tk 2 lakh compulsory from April 1 this year for businesses who bring goods through Customs House, ICD Dhaka. And so, e-payments for import duties and taxes of over Tk 2 lakh will be made compulsory for the rest of the customs houses from July this year.
- The duty that has been exempted would have been added to the total revenue collected and Bangladesh's revenue-GDP ratio would have been higher in that case. Bangladesh's tax-GDP ratio is less than 10 per cent.

Source: <https://www.thedailystar.net/business/news/e-payment-import-taxes-over-tk-2-lakh-must-july-2034541>

SR Group sets up largest chemical plant in north

- SR Group has set up a chemical manufacturing plant in Bogura, the largest of its kind in the northern region of the country, at an investment of Tk 850 crore. The project went into operation last month. Located on 35 acres of land in the Mirzapur area on the Dhaka-Rangpur highway under Sherpur upazila, SR Chemical Industries was established last year and started producing caustic soda on December 16. So far, it has manufactured more than 650 tonnes of liquid caustic and 450 tonnes of caustic soda and sold them in the domestic market.
- The products are being used in paper mills, water treatment plants, and disinfectant industries, according to Asif Rabbani, managing director of SR Chemical. The annual production capacity of the factory is 54,000 tonnes, including 30,000 tonnes of caustic soda, 12,000 tonnes of bleaching powder and 12,000 tonnes of bleaching fine. Some other items will be produced as byproducts.
- Once full-fledged production begins, it can produce seven types of chemicals, including caustic soda (flake), liquid caustic bleaching power, bleaching fine, hydrochloric acid, sodium hypochlorite and liquefied chlorine worth Tk 500 crore annually. About 60 per cent of the fund came from Islami Bank Bangladesh and the rest from SR Group's own coffer.
- The plant will create jobs for 1,000 people. It has already recruited 800 people, including technicians, engineers and workers, said Md Rayhan Ferdoush, head of the production. SR Group runs 17 units in the areas of telecom, transport, logistics, restaurant, garment accessories, food processing, fast-moving consumer goods, CNG processing, information technology and chemicals.

Source: <https://www.thedailystar.net/backpage/news/sr-group-sets-largest-chemical-plant-north-2033389>



Enhanced credit limit for apparel to stay until June

- Textiles and clothing exporters will continue enjoying the enhanced credit limit under the Export Development Fund (EDF) for six more months as the impacts of the coronavirus pandemic persist, the Bangladesh Bank said. The members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Textile Mills Association (BTMA) will be able to use the facility until June 30, according to a central bank notice.
- In May last year, the central bank widened the credit limit under the fund to \$30 million from \$25 million for the rest of the year for the BGMEA and BTMA members as part of its efforts to help them tackle the economic downturn deriving from the coronavirus pandemic. After the pandemic hit the country, the central bank expanded the fund's size by \$1.5 billion to \$5 billion to protect the exporters as shipment collapsed because of the economic slowdown. The BB also cut the interest rate on the loans under the scheme. Exporters can borrow at a rate of 1.75 per cent from 2 per cent previously.

Source: <https://www.thedailystar.net/business/news/enhanced-credit-limit-apparel-stay-until-june-2035177>



US oil refiners set for worst earnings quarter

- US refiners are girding for a painful slate of fourth-quarter earnings, reflecting the pressure of rising crude prices, weak demand due to renewed COVID-19 travel restrictions, and higher costs of associated with blending of renewable fuels into their products.
- Seven US independent refiners are projected to post an average earnings-per-share loss of \$1.51, down from a loss of \$1.06 in the third quarter of 2020, according to IBES data from Refinitiv.
- Lockdowns in various European countries suppressed international flights and jet fuel demand in the quarter. Delta Airlines' refinery in Trainer, Pennsylvania, in early January posted a \$102 million refining segment loss in the fourth quarter, and a \$441 million loss on third party fuel sales.
- In the fourth quarter, refiners also had to pay more for US renewable fuel credits, which reached a three-year high earlier this month. The cost for Renewable Identification Numbers - the credits used for compliance with US biofuels blending laws - increased by 47 cents per barrel from the third quarter due to rising ethanol and biodiesel prices.
- Credit Suisse analyst Manav Gupta said Phillips 66 will lose \$1.16 per share in the quarter. He had originally anticipated a 30-cent loss, but changed that due to lower refining earnings in the Gulf Coast, West Coast and Midwest markets.
- US refining margins started to improve around the holiday season, and were around \$12.50 per barrel. Refining rates rose last week to their highest since March, government data showed. However, at about 80 per cent of capacity, refiners are producing approximately 2 million fewer barrels than at the same time last year.

Source: <https://www.thedailystar.net/business/news/us-oil-refiners-set-worst-earnings-quarter-2033949>

IMF lifts global growth forecast for 2021, still sees 'exceptional uncertainty'

- The International Monetary Fund on Tuesday raised its forecast for global economic growth in 2021 and said the coronavirus-triggered downturn in 2020 would be nearly a full percentage point less severe than expected.
- In its latest World Economic Outlook, the IMF forecast a 2020 global contraction of 3.5 per cent, an improvement of 0.9 percentage points from the 4.4 per cent slump predicted in October, reflecting stronger-than-expected momentum in the second half of 2020.

Source: <https://www.thedailystar.net/business/news/imf-lifts-global-growth-forecast-2021-still-sees-exceptional-uncertainty-2034477>



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Farzana Afroz

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