Alliance Capital Asset Management Limited

HIGHLIGHTS OF THE DAY

Bangladesh: Economy **June 01, 2022**

BBS Cables to Supply Materials for Bangabandhu Tunnel

BBS Cables – the second-largest cable manufacturer in the country – will supply cables for the Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli River in Chattogram.

To this end, the company has signed an agreement with China Communications Construction Company Ltd – the foreign firm constructing the country's first underwater expressway tunnel.



BBS Cables will supply cables amounting to Tk47.25 crore. The materials will be delivered within ninety days from the date of signing.

Up to 40% of the revenue of BBS Cables comes from the sale of products to government companies and the rest to corporations and retailers.

In the January-March quarter of 2022, its revenue fell 12% to Tk114 crore, and net profit 37% to Tk13 crore compared to the same period of the previous fiscal year.

Despite the fall in revenue, its sales and distribution expenses surged 75% to Tk7.73 crore, up from Tk4.41 crore in the January-March quarter of 2021.

Source: https://www.tbsnews.net/economy/bbs-cables-supply-materials-bangabandhu-tunnel-430582

FBCCI Seeks Relaxed Loan Classification until Dec

The country's apex trade body yesterday urged the Bangladesh Bank to take steps so that existing borrowers are not classified as defaulters until December this year
"Businesses are still going through difficult times due to Russia's invasion of Ukraine and the ongoing instability in the global market," said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

He came up with the remark at a press briefing after a meeting with BB Governor Fazle Kabir at the central bank headquarters in the capital.

The FBCCI requested the BB to provide a long-term fund to a bank in the form of a refinancing scheme in order to allow it to lend to businesses since borrowing for a short-term period does not help borrowers.

Source: https://www.thedailystar.net/business/economy/news/fbcci-seeks-relaxed-loan-classification-until-dec-3036411

DSE News

Berger Paints Declares Highest Dividend in Five Years

Berger Paints Bangladesh, the country's leading coating producer, recommended a 100% cash dividend for the financial year that ended on 31 March 2022.

According to the company's filing on the Dhaka Stock Exchange (DSE) website on Tuesday, Berger Paints had paid an interim 300% cash dividend for the 2021-22 financial year. Hence, the total cash dividend payout will be 400% - the highest in five years.

Back in the 2016-17 financial year, the company paid a total of 600% cash dividend.

To determine the eligible shareholders for the dividend, the company has set the record date on 26 June, and the final approval of the dividend will be secured at an annual general meeting (AGM) dated 24 August.

In the last financial year, the consolidated net profit of Berger Paints increased 9% to Tk290 crore compared to the previous 2020-21 financial year. Its earnings per share stood at Tk62.68.

Source: https://www.tbsnews.net/economy/stocks/berger-paints-declares-highest-dividend-five-years-430562

Rahima Food's Cashew Nuts Unit Starts Operation

Rahima Food Corporation started the operation of its plant for processing and packaging cashew nuts after the successful completion of the unit's trial run.

In February this year, the company decided to set up this new plant to produce and market cashew nuts in both local and foreign markets.

Rahima Food had been out of production since 2013 because of a drop in demand for its products.

Then after a big gap, it started the commercial production of coconut oil, soybean oil, and mustard oil.

Rahima Food Corporation was incorporated as a private limited company in 1990, and it got listed in the food and allied sector of the stock exchanges in 1997. Its paid-up capital is Tk20 crore.

But on 19 July 2018, the Dhaka Stock Exchange (DSE) delisted its share trading because the company was not in operation for a long time.

Then in 2020, it got relisted on the stock exchanges.

Source: https://www.tbsnews.net/economy/stocks/rahima-foods-cashew-nuts-unit-starts-operation-430558

Alliance Capital Asset Management Limited

DSE News

DSE to Launch Exchange-traded Fund by September

As part of its product diversification, the Dhaka Stock Exchange (DSE) has planned to launch an exchange-traded fund (ETF) by September this year.



LankaBangla Asset Management, Shanta Asset Management, and Green Delta Dragon Asset Management have recently shown their interest in becoming a sponsor of an ETF, and already submitted proposals to this end.

The DSE will also launch an alternative trading board (ATB) with some companies in unlisted securities, mutual funds and over the counter market, said Tarique Amin Bhuiyan, managing director of the country's premier bourse, at a press conference on Tuesday.

Typically, ETFs will track a particular index, commodity or other assets, but unlike mutual funds, ETFs can be purchased or sold on a stock exchange the same way a regular stock is traded.

The Dhaka bourse's managing director said ETFs have several advantages over traditional open-end funds. The four most prominent advantages are trading flexibility, portfolio diversification and risk management, lower costs, and tax benefits.

Source: https://www.tbsnews.net/economy/stocks/dse-launch-exchange-traded-fund-september-430574

Dhaka Bourse's Index Rises, but Turnover Falls 23%



Turnover at the Dhaka Stock Exchange (DSE) dropped 23 per cent today, but the index experienced a slight rise from the previous day.

The DSEX, the benchmark index of the DSE, rose 19 points, or 0.06 per cent, to 6,392.

Sonar Bangla Insurance topped the gainers' list that rose 9.93 per cent. Rahima Food Corporation, Islami Insurance, Sonargaon Textiles, and City General Insurance were the other gainers.

Provati Insurance shed mostly that dropped 5.84 per cent. VFS Thread Dyeing, Golden Harvest Agro Industries, Bangas Ltd and Bangladesh Shipping Corporation were the other companies in the loser tally.

Beximco Ltd became the most traded stock with shares worth Tk 51 crore changing hands followed by Orion Pharmaceuticals, Fu Wang Food, GSP Finance, and Beximco Pharmaceuticals.

Source: https://www.thedailystar.net/business/news/dhaka-bourses-index-rises-turnover-falls-23-3036066

Alliance Capital Asset Management Limited

Global: Business

Euro Zone Inflation Hits New Record, Adding to Case for Big ECB Rate Hikes



Euro zone inflation rose to yet another record high in May, challenging the European Central Bank view that gradual interest rate increases from July will be enough to tame stubbornly high price growth.

Inflation in the 19 countries sharing the euro accelerated to 8.1% in May from 7.4% in April, beating expectations for 7.7% as price growth continued to broaden, indicating that it is no longer just energy pulling up the headline figure.

Prices have risen sharply across Europe over the past year, initially on supply chain problems after the pandemic, then on Russia's war in Ukraine, suggesting that a new era of fast price growth is now sweeping away a decade of ultra low inflation.

Inflation excluding food and energy prices, watched closely by the ECB, accelerated to 4.4% ear-on-year from 3.9% while an even narrower measure, that also excludes alcohol and tobacco, accelerated to 3.8% year-on-year from 3.5% in April.

Source: https://www.tbsnews.net/world/global-economy/euro-zone-inflation-hits-new-record-adding-case-big-ecb-rate-hikes-430370

India's March Quarter GDP Growth at One-year Low



India's economic growth slowed to the lowest in a year in the first three months of 2022, hit byweakening consumer demand amid soaring prices that could make the central bank's task of taming inflation without harming growth more difficult.

Gross domestic product grew 4.1 per cent year-on-year in January-March, government data released on Tuesday showed, in line with a 4 per cent forecast by economists in a Reuters poll, and below 5.4 per cent growth in Oct-December and growth of 8.4 per cent in July-Sept.

The economy's near-term prospects have darkened due to a spike in retail inflation, which hit an eight-year high of 7.8 per cent in April. The surge in energy and commodity prices caused partly by the Ukraine crisis is also squeezing economic activity.

"Inflation pressures will remain elevated," V. Anantha Nageswaran, chief economic adviser at the finance ministry, said after the data release, adding that the risk of stagflation - combining slow growth and high inflation - was low in India.

Source: https://www.thedailystar.net/business/news/indias-march-quarter-gdp-growth-one-year-low-prices-hit-consumers-3036226

Asian Stocks Shrug off Wall St Weakness but Growth Concerns Remain

Asia stocks opened mostly in positive territory on Wednesday even as global growth concerns and weak US economic data weighed on Wall Street overnight.



MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.35%, Australian shares were up 0.33%, and Seoul and Taiwan both ticked upwards 0.61% and 0.2%.

Hong Kong's, Shanghai's and China's CSI300 indexes opened marginally higher while Japan's Nikkei share average was down 0.18%.

On Wall Street, the Nasdaq Composite dropped 2.35% and the S&P 500 lost 0.81% as worries returned over surging global inflation cornering central banks into aggressive rate hikes, thereby slowing growth.

"The Fed's problem right now is that plenty of soft indicators and surveys are pointing to a slowdown," Steve Englander of Standard Chartered Bank said.

Source: https://www.tbsnews.net/world/global-economy/asian-stocks-shrug-wall-st-weakness-growth-concerns-remain-426410

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

Alliance Capital Asset Management Limited

Disclaimer

The above is a summary of important business news published in the leading daily newspapers of Bangladesh. Please note that the news summary doesn't reflect the opinion of Alliance Capital Asset Management Limited (ACAML). Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. This report is intended for distribution in only those jurisdictions in which Alliance Capital Asset Management Ltd. is liable and any distribution outside those jurisdictions is strictly prohibited.

Alliance Capital Asset Management Ltd.

Contact Us

Address:

Sima Blossom (10th floor)
Comprehensive Holdings
Plot # 390 (Old) 03 (New)
Road # 27 (Old) 16 (New)
Dhanmondi C/A,
Dhaka-1209.

Office: +880 2 9121360 Fax
: +880 2 9120971

Developed By:
Mehnaz Tabassum Khaleel
sarah@acaml.com

Visit us on the web at:
www.acaml.com