

Economy

Govt moves to allow private sector in fuel oil refinery, retailing

In a major policy shift, the government is moving towards ending its fuel oil monopoly as it has drafted outlines to allow the private sector to import and refine crude oils and market their products through their own networks. Under the initiative, the Bangladesh Petroleum Corporation (BPC) will procure more than half of diesel, petrol, octane, jet fuel, and furnace oil during the initial five years of private sector fuel production entering the market. • The Ministry of Power, Energy, and Mineral Resources has already drafted a policy framework in this regard, a copy of which has been accessed by The Business Standard. The draft policy states that private refineries will have to sell a minimum of 60% of the total fuel oil outputs – diesel, octane, petrol, jet fuel, furnace oil and by-products- to the BPC at a government-determined price during the initial three years from the commencement.

<https://www.tbsnews.net/bangladesh/energy/govt-moves-allow-private-sector-fuel-oil-refinery-retailing-678678>

Indian businesses keen to invest in health, education and power sectors

A business delegation from Indian Chamber of Commerce (ICC) have expressed keen interest in investing in Bangladesh especially in the health, education and power sectors. During a meeting with Foreign Minister AK Abdul Momen on Monday (7 August), they also proposed to launch a BIMSTEC Chamber of Commerce to promote trade and commerce amongst the BIMSTEC member states– India, Bhutan, Bangladesh, Myanmar, Thailand, Nepal and Sri Lanka.

<https://www.tbsnews.net/economy/indian-businesses-keen-invest-health-education-and-power-sectors-678526>

High inflation erodes real wages in Bangladesh

Bangladesh's high inflationary pressure has eroded the real wages of its labourers amid volatility in the Consumer Price Index (CPI) over the last few months, analysts and economists said on Monday. The daily living of the country's low-income people has been battered for a stymied growth in the Wage Rate Index (WRI) compared to the higher inflation rate, they noted. The higher inflation against the lower WRI would severely affect employment, production and consumption, and many people would slip down below the poverty line, they added. The Bangladesh Bureau of Statistics (BBS) data showed that the country's WRI was 7.52 per cent in July. On the other hand, the point-to-point inflation rate in the same month was 9.69 per cent. Over the last few months, the gap between the WRI and the inflation has been becoming wider, thereby eating into the real wages of labourers. The BBS counts the WRI through calculating the wages of 145 types of low-income labourers.

<https://thefinancialexpress.com.bd/economy/bangladesh/high-inflation-erodes-real-wages-in-bangladesh>

Bank, NBFIs, and Insurance Sector

NBFIs' profits halve in H1 as interest spread hits historic low

Non-bank financial institutions' (NBFIs) overall profit halved year-on-year in the first six months of this year, owing to rising costs of funds rendered by shrinking interest spread. The gap between borrowing and lending rates came down to a historic low at 0.27% on an average in June for the NBFIs industry, while it was 0.75% for January-June this year, according to the Bangladesh Bank data. The main business of the non-bank financial institutions was hit due to the narrowing of the gap between the interest rate on deposits and the lending rate. Interest spread of International Leasing [among the nine that disclosed earnings] and eight others, which are yet to make disclosures, turned negative up to 11.36% in June, meaning they offered higher interest rates on deposits than what they charged against loans.

<https://thefinancialexpress.com.bd/stock/bangladesh/nbfis-profits-halve-in-h1-as-interest-spread-hits-historic-low>

Pharmaceuticals and Chemicals Sector

Factories at API park still unable to start production

Makers of active pharmaceutical ingredients (API) at the API Industrial Park in Gazaria of Munshiganj have fallen into uncertainty as bureaucratic complexities and the lack of gas connections are preventing them from starting production. Investors of API industries now need to secure a number of certifications before starting commercial production due to the enactment of the Drugs and Cosmetics Act, 2023. Earlier, API manufacturers would only need a licence from the Directorate General of Drug Administration (DGDA). But now, they also need permission from the Department of Narcotics, the Department of Explosives and the Ministry of Commerce before commissioning their units, which is a time-consuming process.

<https://www.thedailystar.net/business/economy/news/factories-api-park-still-unable-start-production-3389011>

Capital Market

Indices continue to slip, turnover inch up

Stocks fell for the third consecutive trading session on Monday as investors continued to sell their holdings in stocks amid political tensions ahead of the elections in the country. DSEX, the broad-based index of the Dhaka Stock Exchange (DSE), fell 0.26% on Monday and settled at 6,299.7 points compared to the previous trading session. Investor participation slightly increased by 12.2% and the daily turnover stood at Tk468 crore. The prolonged volatility and waning market momentum have induced the majority of investors to sell off their holdings for safeguarding their funds from the ailing market. Cautious investors preferred to remain on the sidelines and observe the market momentum amid the prevailing macroeconomic concerns, coupled with the rising political tensions in the country. Only paper and pharmaceutical sectors posted price appreciations with 0.4% and 0.1% gains respectively. Rest of the sectors faced corrections, with general insurance losing 3.3%, life insurance losing 1.9% and IT losing 1.3%.

<https://www.tbsnews.net/economy/stocks/stocks-continue-sliding-monday-678290>

Stock-Specific

Square Pharma enters outsourcing contract with Euro Pharma

Square Pharmaceuticals entered into another production outsourcing contract with local drug maker Euro Pharma Ltd, according to a regulatory disclosure following a board meeting on Monday (9 August). This is the second outsourcing contract Square Pharma signed within a week. Under the contract, Euro Pharma would manufacture some products on behalf of Square, helping the latter in meeting the increased demand for the products. Also, it would help Square introduce new products, according to the regulatory filing. Earlier last week, the company informed that it had entered an agreement with Aristopharma Ltd for contract manufacturing of its product.

<https://www.tbsnews.net/economy/stocks/square-pharma-enters-outsourcing-contract-euro-pharma-678578>

BSEC moves to bring debt-ridden RSRM back into business

The Bangladesh Securities and Exchange Commission (BSEC) has decided to investigate the overall business situation of Ratanpur Steel Re-Rolling Mills (RSRM) Limited, a Chattogram-based company owned by Ratanpur Group burdened with crores of default loans. Two steel plants of RSRM, a listed company, have been closed for the last two and a half years due to debt and a lack of working capital. The number of cases filed against the group now stands at 30 for defaulting on BDT 25 Bn loans taken from ten banks. The securities regulator took the initiative as investors are being deprived of their expected return as the company did not declare a dividend for a few years and the reopening of the company's two factories remains uncertain as of today.

<https://www.tbsnews.net/economy/stocks/bsec-moves-bring-debt-ridden-rsrm-back-business-678590>

Islami Bank sees big changes as Saudi company withdraws directorship

A big change has been made in the position of directors in the board of Islami Bank Bangladesh Limited. Country's largest private sector lender has mentioned the change in its shareholding report for July this year. The report was also submitted to the stock exchanges to comply with the regulatory requirement. According to the report, Arabsas Travel and Tourist Agency, a Saudi Arabia-based company, withdrew the directorship by sending a letter on 5 July, where the bank approved it on 26 July through board meeting. Earlier, Musaid Abdullah A Al-Rajhi served as the director of Islami Bank for a long time on behalf of the company.

<https://www.tbsnews.net/economy/banking/big-changes-islami-banks-board-678586>

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