

Oil, stocks gain, but rising infection rates spark concerns

REUTERS, New York
Crude oil prices and a gauge of global equity markets edged higher on Monday as lockdowns eased, with the Nasdaq setting a record closing high, but sentiment remained tenuous as coronavirus infections continued to rise.

The dollar fell and higher risk currencies, including the Australian dollar, jumped as investors weighed improving economic data against the prospect of new business shutdowns if a second wave of the pandemic gains force.

Gold prices climbed 1 per cent to hit the highest in more than a month as investors took refuge in the safe-haven.

Coronavirus cases are soaring in several major countries, with "worrying increases" in Latin America, especially Brazil, the World Health Organization said. More than 183,000 new cases around the world were reported on Sunday, the biggest daily tally since the outbreak started in December, WHO chief Tedros Adhanom Ghebreyesus said.

Bullish investors have a lot to prove in terms of further gains in the absence of continued good news in economic data, said Carlton Neel, chief executive officer of investment research firm Chaikin Analytics in Philadelphia.

"On one hand, the bulls have made their case for the fact that the opening up is going much better than expected. Yet the bears are looking at the number of cases that are starting to skyrocket," Neel said.

"There is a risk to the market that we have come a long way very quickly." MSCI's

broadest index of shares across the globe rose 0.36 per cent and has gained more than 40 per cent since its March lows on hopes that the worst of the pandemic was over.

But emerging market stocks lost 0.08 per cent and the pan-European STOXX 600 index closed down 0.76 per cent on signs of a resurgence in coronavirus cases in Germany.

The German reproduction rate jumped to 2.88 on Sunday, taking infections above the level needed to contain it over the longer term. The number was a sharp increase from 1.06 on Friday, according to the Robert Koch Institute. The number of patients in U.S. hospitals being treated for COVID-19 has been on a consistent decline since its peak in April, dropping to fewer than 30,000 from more than double that two months ago, asset manager Glenmede said.

"The continuing-to-decline hospitalization rate is more positive than the rising-case-count data is negative," said Jason Pride, chief investment officer of private wealth at Glenmede.

On Wall Street, the Dow Jones Industrial Average rose 153.5 points, or 0.59 per cent, to 26,024.96 and the S&P 500 gained 20.12 points, or 0.65 per cent, to 3,117.86. The Nasdaq Composite added 110.35 points, or 1.11 per cent, to 10,056.48, a record close, as shares of Apple Inc hit an all-time peak.

Investors nonetheless edged into perceived safe-haven assets like U.S. government bonds. Benchmark 10-year U.S. Treasury notes rose 0.1 basis point to yield 0.7102 per cent.

The dollar index fell 0.659 per cent, with the euro up 0.75 per cent to \$1.1259. The Japanese yen strengthened 0.07 per cent versus the greenback at 106.91 per dollar.

Credit rating agency Moody's warned that the stimulus measures will leave advanced economies with much higher debt than they accumulated during the last financial crisis.

"Government debt/GDP ratios will rise by around 19 percentage points, nearly twice as much as in 2009 during the (global financial crisis)... the rise in debt burdens will be more immediate and pervasive,

reflecting the acuteness and breadth of the shock posed by the coronavirus," Moody's said.

Oil rose about 2 per cent on tighter supplies from major producers and as coronavirus lockdowns continued to ease, but gains were capped by worries that a worldwide rise in new infections might stall a recovery in fuel demand.

Brent oil futures, the international benchmark, rose 89 cents to settle at \$43.08 a barrel. U.S. crude futures settled up 71 cents at \$40.46.

U.S. gold futures settled 0.8 per cent higher at \$1,766.40 an ounce.



Crude oil prices and a gauge of global equity markets edged higher on Monday as lockdowns eased.

Google faces employee petition to end tech sales to police

REUTERS, Oakland

More than 1,600 workers at Alphabet Inc are petitioning its Google unit to stop selling email and other services to police departments, a source familiar with the matter said on Monday.

The workers in a petition seen by Reuters expressed disappointment with Google not joining the "millions who want to defang and defund" police departments. Civil rights activists across the United States for years have called for scaling back traditional policing, and the efforts have gained momentum through protests over the death of George Floyd in Minneapolis police custody last month.

Accept deferred payments to benefit both nations: FBCCI to India

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"Waterways is the best option. Then there is the railway," he said.

"There are definitely pushes towards exploring and as fast as possible executing these routes in terms of passenger vehicles or any kind of goods and services that comes to Bangladesh from India or the products that goes to India," the statement read.

Riva Ganguly Das, Indian high commissioner to Bangladesh, echoed the same as keynote speaker.

"Indian railway and Bangladesh railway are working together which shows how committed they are to provide smooth logistics," she said.

India is dedicated to take regional cooperation forward, she said while praising several other speakers' ideas on remote deduction of duty on passengers and commercial vehicles. Dilip Chenoy, secretary general of the FICCI, and Manish Singhal, FICCI deputy secretary general, presided over the programme.

Abdul Matlub Ahmad, president of the India-Bangladesh Chamber of Commerce and Industry, Venkat Nageswar, deputy managing director of the State Bank of India, and Ashok Anantharaman, director (international) of CNH International, also participated in the webinar.

Country's first perpetual bonds get BSEC nod

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The company's issue managers at BMSL Investment and IIDFC Capital will face a Tk 5 lakh penalty.

MI Cement, a listed cement manufacturer, provided a Tk 70.40 crore interest-free loan to its sister concern. In the past, MI Cement provided similar loans to its sister concern despite the fact that its directors have full ownership of the branch company.

However, the cement manufacturer financed these loans without approval from its general shareholders, which is a breach of BSEC guidelines.

Therefore, the stock market regulator decided to fine the directors of MI Cement Tk 10 lakh each, the BSEC statement read.

At the commission meeting, BSEC approved the IPO of Walton Hi-Tech Industries to raise Tk 100 crore through the issuance of 29.28 lakh shares.

General investors can purchase stock in the company through the IPO at Tk 252 per share, which is 20 per cent lower than the cut-off price. Through bidding among eligible investors, the cut-off price was set at Tk 315.

The BSEC also approved the RACE Special Opportunities Unit Fund, an open-ended mutual fund with a primary target to raise Tk 35 crore.

Of that amount, Tk 25 crore would be financed by Premier Bank while the rest will be raised through general investors.

Credit cards use depressing as pandemic rules the roost

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Eastern Bank, one of the top three lenders in the credit card segment, lost 20 per cent of its business in the sector, said Ziaul Karim, head of communications and external affairs of the lender.

In order to protect the cardholders from financial ruins, the central bank has recently taken a host of measures.

Lenders were asked not to impose any late payment fees on credit cardholders from March 15 to May this year.

It has also asked banks not to consider cardholders as defaulters if they fail to repay instalments until September 30.

But the decision will not pick up banks' credit card business until the end of the pandemic.

HSBC lends Square Tk 1,000cr in Bangladesh's first sustainability-linked loan

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"This is only the beginning of a new journey because we have the capacity to increase it. I hope we will soon increase it to 8 megawatts," Square Group managing director Tapan Chowdhury said. "Sustainability sits at the core of Square's purpose."

Tawfiq-e-Elahi Chowdhury emphasised on the need for energy efficiency in the backend by way of consuming less water, gas and power along with front-end initiatives such as solar panels.

"This can help increase the productivity of industries and the sustainability of the planet," he said while calling for the establishment of proper waste management system in the country as well.

Chowdhury also said sustainability might take on a new meaning in the post Covid-19 era as there would be a lot more emphasis on self-reliance. Creative ways have to be found to use this shift to the country's advantage.

From the aspect of Sustainable Development Goals, this would be an important project, said central bank executive director Mohd Humayun Kabir.

"This is a new beginning for both Bangladesh's banking sector and business community-- an important step in creating a stronger, more resilient and sustainable economy," said HSBC Bangladesh CEO Md Mahubur Ur Rahman.

"At HSBC, we are proud to play our part in structuring the country's first sustainability-linked loan and we will continue to support the development of Bangladesh's financial markets."

"I also want to thank our regulators for their strong leadership and encouragement in driving this important initiative forward."

"HSBC is committed to doing its best to support our customers and communities. I think finance has a very crucial role to play in climate change," he said.

Globally, HSBC has commitments to provide \$100 billion in financing and investments by 2025 to develop clean energy, technologies with lower-carbon footprints, and other projects that contribute to the delivery of the Paris Climate agreement and the UN Sustainable Development Goals, Laura Galvin said.

This means playing a lead role in the development of financial products for customers advancing renewable energy and low carbon business activities, according to the bank.

HSBC Bangladesh aims to help large business groups align sustainability in their operations and shift to a carbon-free world. It looks to work with all major companies as well, said an official of the international bank in Dhaka.

Riaz A Choudhury, interim country head of wholesale banking of HSBC Bangladesh, also attended the event.

South Africa's jobless rate hits record high

REUTERS, Pretoria

South Africa's unemployment rate rose to a record high in the first quarter of this year, driven by job losses in the formal and agriculture sectors, the national statistics agency said on Tuesday.

The country's economy was already in recession before the coronavirus pandemic hit, with the strict lockdown implemented at the end of March further squeezing businesses and consumers.

The unemployment rate of 30.1% was up from 29.1% in the final quarter of last year, Statistics South Africa said in its quarterly labour force survey, and higher than the 29.7% forecast in a Reuters poll.

Govt stimulus not reaching SMEs: analysts

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Banks are not interested in disbursing loans among the small enterprises, said Rashedul Karim Munna, managing director of Creation. He suggested entrepreneurs explore domestic markets as the demand from overseas has been shrinking due to Covid-19.

If necessary the industrial policy could be amended to save the enterprises, the economy's lifeblood, said Abul Kasem Khan, chairperson of the BUILD.

The Tk 20,000 crore stimulus is a very small amount to save the enterprises, said Abdul Karim, former managing director of Palli Karma-Sahayak Foundation (PKSF).

There is a big difference between small and medium enterprises and the definitions, rules and regulations need to be duly stated to resolve problems faced by both types of entities, said Nihad Kabir, president of the MCCCI.

The DCCI has already opened a separate desk to help the small enterprises borrow from banks, said DCCI President Shams Mahmud.

Many of the discussion participants suggested creating an updated database of the small enterprises so that the right decisions can be taken for the right entrepreneurs.

Bangladesh Bank arranged a salary disbursement system for the nearly 20 lakh garment workers within three weeks and can bring about a similar model for small borrowers seeking the government stimulus easily and quickly, said CSE Chairman Asif Ibrahim.

Nasir Uddin Ahmed, former chairman of the National Board of Revenue, advocated for reforms in taxation and fiscal management systems so that more revenue can be generated.

For instance, the proposed reduction of corporate tax to 32.5 per cent from 35 per cent is not enough. The corporate tax should be reduced more, he said.

Industries Minister Nurul Majid Mahmud Humayun said the government has been trying to protect existing jobs and create new ones through the stimulus packages.

Bangladesh among top three Asian nations promoting green financing

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Investment under green financing will mainly be geared towards the construction of environmentally friendly housing and business infrastructure, transportation infrastructure, urban water management, agriculture, waste management and renewable energy to meet the nationally determined contribution (NDC) targets.

The IFC, in partnership with Bangladesh Bank, has outlined what steps need to be taken to promote the domestic green bond market as a way to mobilise funds for climate-related initiatives.

The central bank also increased the size of the refinancing scheme for environmentally friendly products, initiatives or projects from Tk 200 crore to Tk 400 crore, according to a circular from the central bank's Sustainable Finance Department in April this year.



Officials of Shah Cement pose as they distributed free masks and microbial hand rubs solutions among the company's distributors, dealers and retailers as part of effort to keep them safe from the deadly Covid-19. The cement manufacturer also handed over food items and handwashing soap to 40,000 helpless construction workers and families across the country during the pandemic.

Budgetary grants raised to Tk 12,680cr to fight pandemic

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"However, the government needs to quickly design interventions to meet the known urgent needs to fight the pandemic. There is no reason to sit on these funds because the contingencies are known."

The use of these funds should be limited to health and social protection where the needs are the deepest, he said.

What is lacking is a set of well-designed interventions to meet the known needs, according to the economist.

The government needs to ramp up testing to at least twice the current levels by widening the testing strategies and this requires a variety of testing kits, reagents, storage facilities, laboratories, and trained personnel, among others.

Hospitals in Bangladesh do not

have enough beds, intensive care units, ventilators and oxygen. The frontline soldiers do not have enough protective gears, he said.

"Tracing is another area where we have practically done nothing other than making some digital promises. If the health ministry cannot come up with initiatives to ramp up the capacity of the public health system, the government should invite non-state actors to come forward with pandemic fighting initiatives for funding from this allocation."

This block allocation should ideally be used to catalyse initiatives from within and outside the government to meet the urgent health and social protection needs, Hussain said.

The block allocation can also be used to make cash transfers to the old and new poor. It is not necessary

to ask the local administration to prepare a list of beneficiaries.

"Identifying the poor is no longer a big challenge. Reaching them would be a big challenge if we continue to rely on the bureaucratic machinery."

Monitoring the use of all funds will be critical, he said.

"The government will be facing serious financing constraints in FY21. Every single allocation from this fund, whether made to state or non-state actors, should be made public in the finance division website with details on how much is allocated to whom for what purpose and the expected results with measurable indicators."

The intermediaries receiving these funds should be required to provide information online on the use of the funds they have received and the results achieved, he said.

Authorities remain silent over fund embezzlement by BPC partner firm

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"We are yet to get any evidence of irregularities in the remaining six years as SAOCL's authorities are not cooperating well. To address this issue, we sent a letter to the ministry and ACC on August 25, 2019, recommending that punitive measures be taken against the persons responsible," said BPC chairman Shamsur Rahman.

It remains unknown whether the relevant authorities will take action in this regard.

These two officials have squandered crores of government funds with consequence for a long time as even with evidence, the BPC can do next to nothing due to legal constraints, Rahman said.

After receiving the initial investigation report and recommendations for corrective measures from the BPC, the ACC was told to take action, said Md Abu Jobayer Hossain Bablo, joint secretary of the Ministry of Power, Energy and Mineral Resources.

However, Bablo did not comment when asked why the ministry is relying on other agencies to take legal action when they themselves have the power to do so.

Even before receiving letters from the ministry and BPC to address the issue, the ACC had found evidence of irregularities against SOCAL through an independent investigation held at the end of 2018.

On March 12, 2019, the ACC seized both Ahmed and Shahed's passports while also directing every land, sea and airport to restrict the two officials from leaving the country.

The ACC also formed a separate investigation committee to look into 15 specific allegations of irregularities at SAOCL. Although investigation is already underway, the committee have not provided any reports so far.

"We found evidence that at least Tk 57 crore was transferred to two private company accounts," said ACC Deputy Director Mahamudur Rahman.

Besides, there were around 15 other allegations to investigate, including tender manipulation and sales irregularities.

"We were unable to complete our investigation sooner due to the coronavirus pandemic, the ACC deputy director said, adding that the exact amount of money embezzled will become clear only after investigations are complete.

When contacted, SAOCL Director Ahmed did not respond while Shahed, general manager of SAOCL, claimed to be uninformed with said irregularities.

"Some former employees filed complaints against me by supplying false information to the media, BPC and ACC. These workers are complaining that they lost their jobs due to these irregularities," Shahed said.

The company's operations have always been carried out with approval from the board of directors. Therefore, maybe the irregularities the BPC and ACC spoke of could have been caused by simple gaps in documentation.

"And so, we are now trying to calculate the value of previous sales to ascertain how much money is actually missing," the SAOCL general manager added.