

HSBC arranges Tk250cr sustainability-linked loan for BSRM

AKM ZAMIR UDDIN

The Hongkong and Shanghai Banking Corporation (HSBC) in Bangladesh has structured the country's second sustainability-linked loan for BSRM to help implement the steel manufacturer's sustainability agenda.

As much as Tk 250 crore in the form of working capital will be given to improve the energy efficiency of Bangladesh Steel Re-Rolling Mills (BSRM).

The deal was signed yesterday through a virtual session.

Under the credit facility, the working capital, which has already been given out

director of the central bank, attended the event as chief guest.

Referring to the sustainability initiative of HSBC, Ali said the central bank's vision was to develop a sustainable banking framework and to integrate it into core business operations of banks and non-bank financial institutions through efficient and effective implementation of green banking and CSR.

"We are about to publish a contemporary sustainable finance framework in consultation with all the banks," he said.

Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, said they have recently announced an ambitious plan to

Vaccine for all: key to reviving the world economy



SAZZADUL HASSAN

The human civilisation hasn't experienced such a grievous catastrophe in the last 100 years. Both lives and livelihoods are dreadfully impacted due to the pandemic caused by the deadly coronavirus. This is the worst-ever global economic recession in decades, according to the World Bank.

A study conducted by the UNCTAD reveals that the global economy would shrink by 4.3 per cent in 2020. Consequently, an additional 130 million people will fall into the trap of extreme poverty. For the first time since the 1998 Asian financial crisis, global poverty shows an upward trend.

The global poverty rate, which was 35.9 per cent in 1990, had come down to 8.6 per cent by 2018. However, because of the pandemic, it has already inched up to 8.8 per cent this year and will likely rise throughout 2021.

According to the International Labour Organisation (ILO), 1.6 billion workers in the informal economy are in immediate danger of having their livelihoods destroyed.

The billion-dollar question is what the way out is. The answer is relatively straightforward - contain the virus, and the only way to do that is to have an effective vaccine.

There have been enormous efforts being put in by different organisations, researchers and academia to discover a vaccine ever since the virus was detected. All these significant initiatives seemed to have paid off.

The recent announcement that

an effective coronavirus vaccine has been developed has given a rapturous hope to the world. US drug-maker Pfizer and German biotech firm BioNTech came up with the great news first in the second week of November that their vaccine's efficacy is more than 90 per cent.

US-based Moderna said interim results from a large-scale Phase 3 study demonstrate its candidate vaccine is 94.5 per cent effective with no significant safety concerns. Another breaking news came this week that the vaccine developed

it estimates that loss would fall to \$1.2 trillion annually, or \$103 billion a month.

However, a more widespread rollout that left only the poorest countries without initial access to a vaccine would cut the annual loss to \$153 billion and amplify the benefit to rich countries.

Kristalina Georgieva, managing director of the International Monetary Fund (IMF), says strong international cooperation on coronavirus vaccine could speed up the world economic recovery and add \$9 trillion by 2025.

people can be vaccinated in 2020, and another 650 million people could be brought under vaccination in 2021. In order to bring the entire 7.5 billion of the world population under immunisation, it would require several years.

We can expect that by 2021 Moderna and Oxford vaccine would also be available, which would certainly expedite the vaccination coverage.

The other critical issue to be focused on is the cost of the vaccine or, in other words, affordability. The vaccine would be zero per cent effective to the people who can't access or afford it, says Oxfam, the global poverty charity.

We see completely different approaches of the companies who have already developed the vaccines. Pfizer is treating this as a regular commercial opportunity. It has invested \$2 billion of its own money to develop the vaccine. It turned down research funding offer from the US government.

BioNTech received €375 million from the German government and a €100 million loan from the European Investment Bank. The price that Pfizer agreed with the US government is \$19.50 per dose, meaning \$39 for a two-shot course. It has signed a deal to supply 100 million doses to the US, 200 million to the EU and 40 million to the UK. According to an analysis done by Morgan Stanley, Pfizer and BioNTech are expected to generate \$13 billion in global sales from their coronavirus vaccine next year.

On the contrary, AstraZeneca, along with Johnson and Johnson, is developing a coronavirus vaccine in partnership with Oxford University and has promised to make their vaccines available on a not-for-profit basis during this pandemic. AstraZeneca is charging governments \$3 to \$5 a dose. They said low-income countries would receive its vaccine on a cost basis "in perpetuity".

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REUTERS

US-based Moderna said interim results from a large-scale Phase 3 study demonstrate its candidate vaccine is 94.5 per cent effective with no significant safety concerns.

by Oxford University and the drug-maker AstraZeneca has shown promising results.

All this great news has naturally brought tremendous enthusiasm and hopes to the global economy.

According to research conducted by RAND Europe, the global economy is currently losing output at a rate of \$3.4 trillion annually. If an effective vaccine gets available in the US, the EU, the UK, China, India and Russia,

These statistics are indeed excellent; however, we have to be pragmatic that it will not happen overnight. There are multifold challenges like production, distribution and affordability of the vaccine.

Pfizer and BioNTech said they expect to produce up to 50 million doses in 2020, and up to 1.3 billion doses in 2021. As this vaccine requires two doses per person, therefore, a maximum of 25 million



to BSRM, one of the country's leading steel manufacturers, will be attached to the sustainability-linked loan (SLL).

The SLL aims to improve the borrower's sustainability profile by aligning terms of conditions to the borrower's performance against pre-determined sustainability performance target (SPT) benchmarks.

For example, the interest rate under the relevant loan agreement may be reduced if the borrower achieves a pre-determined SPT threshold.

Aameir Alihussain, managing director of BSRM, told The Daily Star that they would reduce the use of energy by using latest technologies.

The existing technology will also be used properly to reduce energy consumption, he said.

Mohammad Ahmed Ali, executive

prioritise financing and investment that supports the transition to a net zero carbon emission.

"Like HSBC, we have always endeavoured to bring positive change to the industry and wider society. I am delighted to partner with the lender to join this innovative and future-ready solution," said Akberali.

Jonathan Drew, managing director of environmental, social, and corporate governance (ESG) solutions at HSBC, and Kevin Green, country head of wholesale banking at HSBC Bangladesh, were also present at the event.

Earlier this year, HSBC arranged Bangladesh's first SLL worth \$118 million (approximately Tk 1,000 crore) for local conglomerate Square Group, incentivising their long-term renewable energy usage.

Stocks pass dull month as investors remain glued to Robi IPO, new offerings

STAR BUSINESS REPORT

The stock market has passed a dull month in November as most of the investors were busy in mobilising funds to subscribe to Robi's initial public offering, the biggest of its kind in the history of Bangladesh.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), hovered around 4,928 to 4,817 points during the period, according to DSE data.

The same trend was seen in the port city bourse also: the benchmark index of the Chattogram Stock Exchange ranged between 8,536 to 8,427 points.

Apart from Robi, some other IPO subscriptions and bidding also took place last one month. As a result, investors' funds remained blocked, keeping the secondary market

relatively dull, said a top official of an asset management company.

"The secondary market will become vibrant when the funds are free for use again, and it will happen soon."

The DSEX fell 14.97 points, or 0.30 per cent, to 4,866.84 yesterday.

Turnover, another important indicator, went down to the Tk 400-500 crore level in the last one month.

However, yesterday it started increasing again and rose 4.99 per cent from the previous day to hit Tk 804 crore. General investors are still active in the market, but institutional investors are not, said a stockbroker.

They are still waiting to see the impact of the pandemic on the performance of the listed companies, he said. An increase in the number of IPOs, on the other hand, was also responsible for the fall in turnover, he

added.

Kohinoor Chemicals topped the gainers' list rising 10 per cent followed by Bangladesh Lamps, Padma Life Insurance, Sandhani Insurance, and Peninsula Chittagong.

Jute Spinners shed the most with a 9.65 per cent fall followed by Agni Systems, SEMI IBBL Shariah Fund, and Reliance Insurance.

Beximco Pharmaceuticals topped the turnover list with shares worth Tk 52.9 crore changing hands, followed by Rupali Insurance, Beximco Ltd, Sandhani Insurance and Pragati Insurance.

On the DSE floor, 95 securities gained, 144 declined, and 110 remained unchanged.

The port city bourse's premier index, CSCX, dropped 26 points, or 0.30 per cent, to 8,427.

UCB merchant banking wing starts journey

STAR BUSINESS REPORT

UCB Investment Ltd, United Commercial Bank's merchant banking subsidiary, started its journey yesterday.

Prof Shibli Rubayat Ul Islam, chairman of the Bangladesh Securities and Exchange Commission, launched the entity as chief guest at a hotel.

The core functions of merchant banks in Bangladesh include issue management, underwriting and portfolio management services.

"Merchant banks have a huge role to play in developing Bangladesh's capital market and economy," said Prof Islam.

UCB Investment will play a vital role to assist professional financial management services in the country, he hoped. The UCB is one of the pioneers in raising funds for special projects of the Bangladesh Bank, said Anisuzzaman Chowdhury Ronny, chairman of the executive committee



of UCB, according to a press release.

As of today, it has invested the largest amount of money from that special fund among all private commercial banks, he said, adding, "We are also optimistic about UCB Investment."

UCB Capital Management, a branch of UCB's stock brokerage, has risen to attain the second-highest trade volume from 63rd position in the last five years, he said.

UCB is working towards the development of the capital market in Bangladesh, said its managing

director, Mohammed Shawkat Jamil. UCB Asset Management, the newly formed subsidiary of UCB, has the largest capital base among all the asset management companies in Bangladesh, he said.

Although UCB Investment has recently got its merchant banking licence, the company has been investing its own funds in the listed equities since 2015, he added.

Prof Md Jonaid Shafiq, a director of UCB, and Tanzim Alamgir, CEO of UCB Investment, also spoke at the event.

Vaccine optimism puts gold on course for worst month in four years

REUTERS

Gold slid more than 1 per cent on Monday and was set for its worst month since November 2016, as hopes of a coronavirus vaccine-led economic rebound lured investors into buying risk assets.

Spot gold fell 0.7 per cent to \$1,775.11 per ounce by 0650 GMT, shedding 5.4 per cent this month. The metal also hit its lowest since July 2 at \$1,764.29 earlier in the session.

US gold futures dropped 0.7 per cent to \$1,775.70.

"Vaccine-inspired optimism about an economic bounce is really eroding the attraction of safe-haven investments like gold," said Michael McCarthy, chief strategist at CMC Markets.

Vaccine optimism drove the dollar to a more than two-year low and put world stocks on course for a record month.

"Gold looks bearishly biased and I don't see any signal of a trend reversing anytime soon," said Margaret Yang, a strategist

at DailyFX.

Though gold has reached over-sold territory, the overall trend is so bearish that a technical rebound may not last for long and be sustainable, she added.

Data showing China's factory activity expanded at the fastest pace in more than three years in November also aided risk sentiment. Investors await congressional testimony by US Federal Reserve Chairman Jerome Powell this week.



REUTERS/FILE

The Sipca Oasis validator system (bullion protect) is pictured on one kilogram bar of gold at Swiss refiner Metalor in Marin near Neuchatel, Switzerland.

Rejoinder, our reply

LR Global Bangladesh Asset Management Company sent a rejoinder to a report headlined "LR Global turns to Competition Commission to continue managing two mutual funds" published in the Daily Star on November 19, 2020.

Following is the full text of the rejoinder:

We strongly protest the article published by you dated 19.11.2020, which includes multiple factual errors and fabricated quotation only to spread misinformation orchestrated by colluding parties.

It is inaccurately stated in your news that the issue of removal has been resolved. LR Global Bangladesh Asset Management Company (LR Global) went to the Supreme Court of Bangladesh against the decision of illegal removal as Asset Manager from their two managed funds namely DBH 1st Mutual Fund and Green Daily Mutual Fund.

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Pandemic Motors: Europeans snap up old cars to avoid public transport

REUTERS, London/Madrid

Want a cheap used car to nip around town without running the gauntlet of coronavirus on public transport? Welcome to Pandemic Motors, we have just what you need.

Across Europe, people are snapping up old bangers, clunkers, Klapperkasten, tacots and catorci, desperate to avoid buses and trains but wary of splashing out on a shiny new motor in uncertain economic times.

"Public transportation is terrific here, but with the COVID and all that, it's better to avoid it," said Robert Perez, who recently moved to Spain's capital Madrid from Argentina.

On the hunt for work, Perez, a 33-year-old automotive engineer, bought a red 2001 Seat Toledo for 2,000 euros (\$2,370) from OcasiónPlus, a Spanish used car firm that has opened four new dealerships since the lockdown due to soaring demand.

Data provided to Reuters by research firm IHS Markit and online car market AutoScout24 showed there has been a marked upward shift in registrations of older cars across Europe, as well as a spike in internet searches for ageing vehicles.

The surge in interest in used cars is neither good news for struggling mass

transit networks nor the environment as dirty old cars appear to be more in demand than new electric vehicles.

In the longer term, however, the shift away from public transport towards "individual mobility" in the pandemic era is expected to help carmakers, hit by a 27 per cent slump

in new vehicle sales across Europe in the first 10 months of 2020.

At Nawaie Motoring's crammed lot in the west London suburb of Hayes, general manager Ameen Sultani points out the older cars selling for under 3,000 pounds (\$3,985) that are in demand.



REUTERS/FILE

Ameen Sultani, general manager of used car dealer Nawaie Motoring Ltd, looks inside a car as he shows some of the older, cheaper vehicles that have been popular with customers eager to avoid public transport during the coronavirus disease pandemic, in Hayes, Britain.