

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.29%	▲ 0.31%	\$1,875.82	\$51.29	▲ 1.14%	▼ 0.04%	▼ 0.07%	▲ 0.99%	BUY TK 83.95	101.49	112.91	12.67
5,344.01	9,292.30	(per ounce)	(per barrel)	46,973.54	26,656.61	2,840.14	3,396.56	SELL TK 84.95	105.29	116.71	13.32

OPENING OF

B Ed. COLLEGE ROAD

SUB-BRANCH

K.B. Aman Ali Road

Chawkbazar

Bakalia, Chattogram

29 December 2020

CallCenter 16491

SALTGOLA

SUB-BRANCH

Ishan Mistirir Hat

Saltgola Road

Bandor, Chattogram.

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BUSINESS

DHAKA TUESDAY DECEMBER 29, 2020, POUISH 14, 1427 BS
starbusiness@thedailystar.net

Sukuk era begins

BB holds maiden auction of the Islamic bond

AKM ZAMIR UDDIN

Banks yesterday flocked to sukuk to invest their idle funds and manage a better yield than in conventional treasury bills and bonds as Bangladesh held its first-ever auction for the Islamic bond.

Banks and individuals placed 39 bids worth Tk 15,153 crore against the targeted amount of Tk 4,000 crore.

The auction committee of the central bank allocated the fund proportionately among the bidders. As a result, every bidder received sukus equal to 26.4 per cent of their investment.

A sukuk is an Islamic financial certificate, similar to a treasury bond and structured to generate returns in compliance with Islamic finance principles.

The government will raise Tk 8,000 crore through the issuance of the sukuk to implement a safe water supply project.

The central bank will raise the rest Tk 4,000 crore in May.

The Shariah-based bond is expected to help the government manage its deficit financing at a time when it is struggling to collect revenues due to the economic hardship caused by the coronavirus

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WHY BANKS FLOCKED TO SUKUK

Higher profit than yield of T-bonds

Risk is low due to fixed profit rate

Lenders try to use huge excess liquidity

37 banks and 2 individuals took part in the auction

pandemic.

Although Shariah rules don't permit to use the Islamic bond to manage budget deficit directly, the fund will help the government implement infrastructure projects.

Investors will receive a profit of 4.69 per cent on their investment in the Islamic bond.

The central bank has fixed the rate based on the Bangladesh Government Islamic Investment Bond (BGIIIB). The last declared profit-sharing ratio of the six-month BGIIIB is 3.69 per cent, and the central bank has added one percentage point to decide the rate for the sukuk.

Profits will be paid on a half-yearly basis.

The yield on both T-bills and bonds has decreased as the government is issuing securities to manage the budget deficit.

READ MORE ON B3

2020

A YEAR LIKE NO OTHER

REFAYET ULLAH MIRDHA

For many, 2020 has been a year of despair. The unprecedented effects of Covid-19 have jolted economies and supply chains worldwide with Bangladesh being no exception.

As a major player in the garments sector, Bangladesh has been severely affected by the coronavirus fallout.

Primarily, the supply of raw materials to local garment factories was disrupted when China—Bangladesh's main source for such goods—halted all shipments between March and April due to the coronavirus outbreak.

But despite all the gloom and doom, Bangladesh's apparel exporters hope for brighter days ahead with the arrival of a Covid-19 vaccine that would save both lives and businesses.

They also look forward to fresh investments that would help add to their nearly \$750 billion contribution to the industry's global value chain.

During the March-April period, the garments sector faced order cancellations and delays worth about \$3.18 billion.

le Co., Ltd

DESPAIR

Pandemic severely disrupted garment supply chain

Some \$3.18b worth of apparel orders were cancelled or put on hold

Of the amount, 90pc were reinstated later

Work orders dropped 30pc for next season

HOPE

PPE and mask export emerged as a saviour

Govt stimulus gave exporters a breather

Vaccine optimism may boost consumer confidence

The government had imposed a nationwide 'general holiday' between March 26 and May 30, when all economic activities across the country were shut down.

However, garment factories were allowed to continue operations if they had sufficient work orders

from international buyers or if they wanted to produce Personal Protective Equipment (PPE).

But the sector plunged into deeper troubles when numerous international buyers offered lower prices and deferred their payments at a time when restrictions on

movement caused delays in shipment.

As a result, many workers lost their jobs as the factory owners were forced to shutter their units following a drastic fall in production.

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The fruit of fortune

Orange orchards expanding fast



ANVIL CHAKMA

Local production of orange has been increasing for the last several years. The photo was taken from Banarupa market of Rangamati district town on Sunday.

SOHEL PARVEZ

Roadside fruit stands stacked with oranges are now a common sight in Dhaka, particularly in urban residential areas and kitchen markets.

If you ask any such vendor about the origin of their produce, you will come to know that much of it is grown locally.

"These come from various sources such as Rangamati, Panchagarh and

Sylhet," said Mohammad Leon, a fruit vendor found near Mohammadpur Krishi Market, one of the capital's largest kitchen markets.

The 29-year-old was selling oranges for Tk 100 per kilogram on December 25 after buying it from the wholesale market at Dhaka's Badamtali.

"We get locally grown oranges between November and January but for the rest of the year, we sell the ones that come from India and China," he said.

In recent years, orange cultivation has increased thanks to the introduction of new varieties and a growing interest among farmers to develop orchards. The fruits were produced on more than 4,000 hectares of land in fiscal 2019-20.

Including tangerines, citrus fruits were grown on 7,500 hectares of land in the last fiscal year, data from the Department of Agricultural Extension (DAE) shows.

READ MORE ON B2

Credit growth takes another beating in Nov

AKM ZAMIR UDDIN

Private sector credit growth dropped in November once again due to the eroding confidence of businesses amid the second wave of coronavirus infections.

The year-on-year credit growth stood at 8.21 per cent in October, down 8.61 per cent from a month earlier, according to data from the Bangladesh Bank.

The credit growth in November is the lowest since 2008 at least. Bangladesh Bank's data goes as far back as 2008.

There is little ray of hope for the credit growth to increase in the next three to four months given the ongoing dull credit demand from businesses, said analysts.

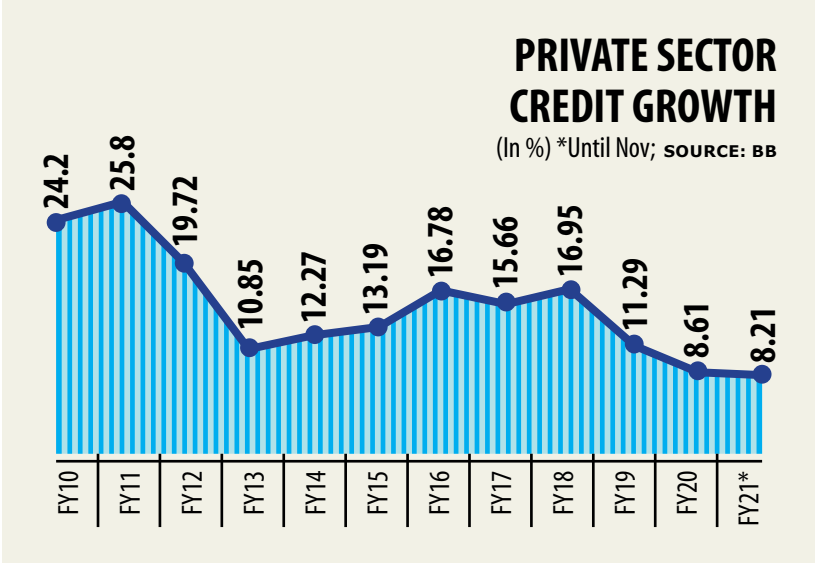
Credit growth had increased to some extent in the first three months of the ongoing fiscal year riding on the implementation of the stimulus packages.

But the credit growth has started to face a steep descent since September.

The decreasing trend in credit growth is an indication of massive fall in consumption, which is alarming for the economic recovery beyond a doubt, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

The credit growth would have decreased heavily had the central bank not offered the ongoing moratorium facility, he said.

This means banks now include the interest, which is yet to be realized, to



the principal credit amount taken by clients.

The central bank has asked banks not to classify the loans taken by clients in case of failure of paying the instalments of loans given the ongoing economic hardship.

Clients have been enjoying the moratorium for this entire year.

The upward trend of excess liquidity in the banking sector is a sign of lower credit demand, said Md Arfan Ali, managing director of Bank Asia.

As of September this year, excess liquidity in banks stood at Tk 169,650 crore in contrast to Tk 81,088 crore a year ago.

Credit demand from private sector may shrink more in the days ahead

in the wake of the second wave of the coronavirus, Ali said.

"It will take at least first quarter of the next year to pick up the growth. But, availability of the vaccine for the Covid-19 is highly important to make the private sector vibrant," he said.

Emranul Huq, managing director of Dhaka Bank, also echoed the same saying that imports have declined alarmingly in recent period, hitting the credit growth as well.

Imports of non-essential goods specially the lifestyle products has almost come to a halt due to the economic hardship while capital machinery and industrial raw materials have also gone down, he said.

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Govt sets 8pc GDP growth target in five-year plan

STAR BUSINESS REPORT

The government has set an ambitious average economic growth target of 8 per cent in its Eighth Five-Year Plan, more so to be achieved amidst the economically devastating pandemic.

Hopes are pinned on the elimination of the virus threat by 2021 and a strong economic rebound afterwards.

The plan's draft will be placed for approval before the Executive Committee of the National Economic Council (Ecne) today.

According to a planning ministry official, if the administering of the coronavirus vaccine can be completed by 2021, it will reduce the fear in people's minds and the dampened economy would get a boost.

"The national and global demand for manufactured goods would increase and long-stalled business activity will be completely reopened. So, the economy will grow rapidly," he said.

"That's why a bold economic growth projection has been made," he added.

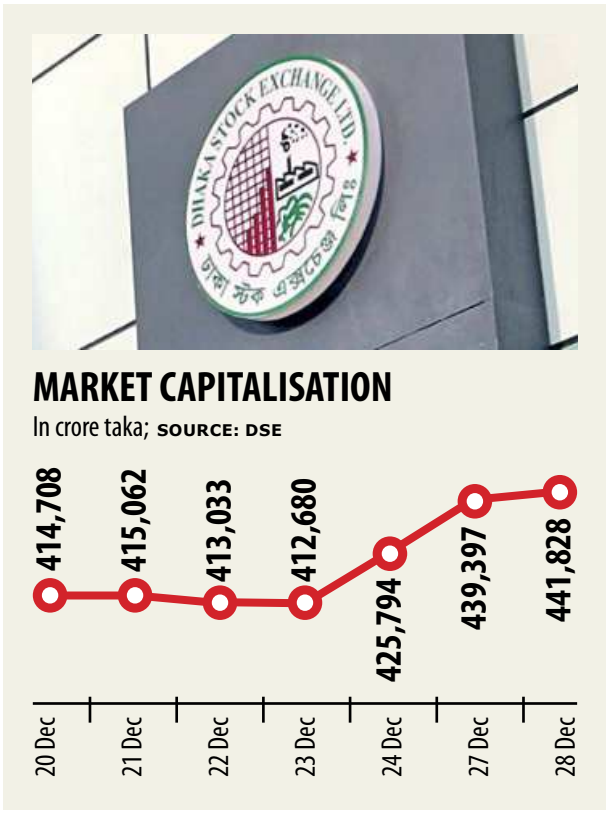
The extent of the effect of the ongoing pandemic's second wave on the country's economy is still blurry though a fast recovery was witnessed after the first.

In its twice-a-year regional update, the World Bank maintained its GDP forecast for Bangladesh at 1.6 per cent for the current fiscal year and 3.4 per cent for the next, assuming that the impact of the Covid-19 crisis would linger.

The International Monetary Fund in its latest World Economic Outlook published in October projected that the country's GDP growth may stand at 7.3 per cent in fiscal 2024-25. This is much lower than the government's target of 8.51 per cent for the eighth plan's concluding year.

According to provisional data, the GDP growth dropped to 5.24 per cent last fiscal year, down from the targeted 8.20 per cent.

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DSE market cap hits an all-time high

Trading of Rahima Food to resume today

STAR BUSINESS REPORT

Market capitalisation of Dhaka Stock Exchange (DSE) stood at an all-time high at Tk 441,828 crore yesterday thanks to increased investor participation.

The value of listed securities with the country's premier bourse rose Tk 51,849 crore, or 13 per cent, over the past month, when investors started pouring their money into the market.

Investors started coming back to the stock market in the last few months since many stocks have become lucrative amid the pandemic driven index fall, said a portfolio manager of a top asset management company.

Many well performing companies' stocks plunged to low levels in March but they have the potential to grow despite the

ongoing crisis, he said.

On March 18, the DSEX, the benchmark index of the DSE, plummeted to 3,603 points, which was the lowest point of the index since its inception in January 2013, shows the DSE data.

On the other hand, a Covid-19 vaccine is coming so the economy will be revived, said the stock market analyst.

The listing of well performing companies in the stock market also contributed to the increase in market capitalisation, he added.

Robi Axiata got listed with the stock market on Thursday and raised a fund of Tk 523 crore. Its market capitalisation is Tk 11,785 crore. Similarly, Walton Hi-Tech Industries raised Tk 100 crore and the market value of the company's shares is Tk 31,495 crore, shows the DSE data.

READ MORE ON B2