Govt to form new firm for data centre business

STAR BUSINESS REPORT

The government has decided to form a specialised firm -- Bangladesh Data Center Company Limited (BDCCL) -- to run business centring data storage in the country.

The company's paid-up capital will be Tk 50 crore and authorised capital will be Tk 2,000 crore.

It will get Tk 100 crore as equity to run the business, Cabinet Secretary Khandker Anwarul Islam told journalists after a cabinet meeting yesterday.

The cabinet okayed the draft of the company's memorandum of articles, which will now be sent for registration to the Office of the Registrar of Joint Stock Companies and Firms.

"Bangladesh is generating a huge amount of data and also has achieved tremendous improvement on data storing capacity as we have already set up the world's seventh largest Tier 4 data centre," said Zunaid Ahmed Palak, state minister for ICT, told The Daily Star.

The government also has a Tier 3 data centre that contains a huge amount of data.

On November 28, Prime Minister Sheikh Hasina opened the Tier 4 facility called National Data Centre .

All government data has been saved in the centre free of cost and the government is now trying to get the private sector to store theirs too, Palak said.

"Hosting the government data saves at least Tk 353 crore annually. We also have the opportunity to earn from the private sector as well."

READ MORE ON B3

Crack down on illegal rod makers

Minister asks BSTI

STAR BUSINESS REPORT

Industries Minister Nurul Majid Mahmud Humayun yesterday directed the Bangladesh Standards and Testing Institution (BSTI) to soon start a drive against factories manufacturing illegal and substandard steel rods.

"The drive will be run for the sake of public interest," he said while addressing a meeting with representatives of Bangladesh Steel Manufacturers Association at the ministry.

He further said legal action would be taken against paint manufacturers who illegally use the BSTI logo.

The steel manufacturers placed some demands which Humayun assured of giving due consideration in the interest of quality steel production.

He also directed the ministry officials to take effective measures in "rationally" fixing the certification fee of mild steel rods.

The association leaders said their products were of world class and they would be able to go for exports on meeting domestic demand if necessary government support was provided.

Stocks end 2019 on a positive note

STAR BUSINESS REPORT

Dhaka stocks have been ending in the green for the past three consecutive days as some investors started to purchase lucrative stocks on their prices plummeting in the last couple of months.

The DSEX, the premier bourse's benchmark index, rose 18.98 points, or 0.42 percent, to close at 4,452.93.

Market insiders said most of the blue-chip stocks plunged to three to four-year lows recently with the market slide.

So some investors bought stocks of those companies at low prices which ultimately had a positive impact on the index, they added.

A broker said stock prices of some high-performing companies became very low for which smart investors were going for those.

He said some blue chip companies' price-earnings ratio was now under 10 and the rule of thumb was that lower the ratio, that is below 15, lower the risk.

So investments in these stocks are a safe bet, despite the risk of further fall, as they provide high dividends every year, the stock broker added.

A merchant banker said the stock market's fall created the scope for investors to make a fresh start with these stocks.

However, most of the investors do not have enough money while others are fearful of a further fall.

Meanwhile, Dhaka Stock Exchange (DSE) informed stock investors that trading would be closed today for it being a bank holiday.

Turnover, another important indicator of the DSE, surged 6.1 percent to Tk 318.99 crore yesterday. Of the traded issues, 154 advanced, 142 declined and 59 closed unchanged on the premier bourse.

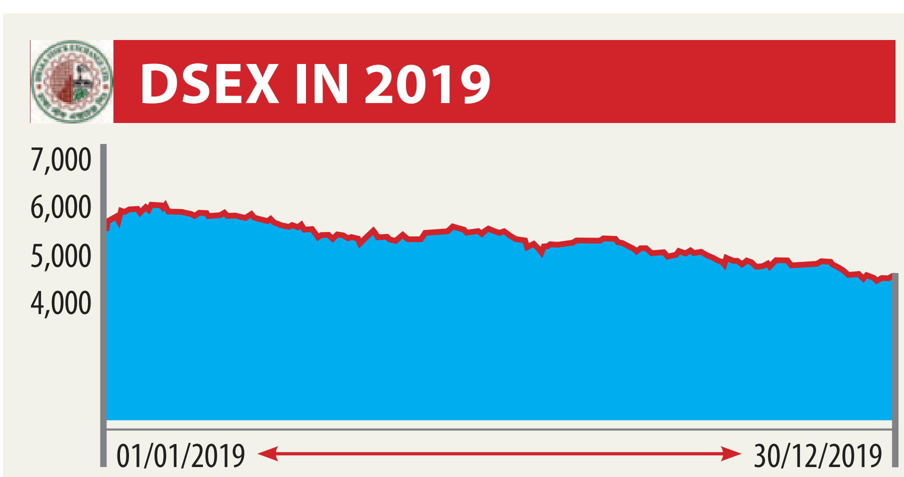
Khulna Power Company dominated the chart with a turnover of Tk 13.56 crore followed by Brac Bank, National Life Insurance, Beacon Pharmaceuticals and Square Pharmaceuticals.

Pragati Insurance was the day's best performer with a 9.85 percent gain whereas Al-Haj Textile was the worst loser shedding 9.88 percent.

Among the major sectors, textiles increased 0.75 percent in market capitalisation followed by banks (0.70 percent) and non-bank financial institutions (0.36 percent).

The benchmark index of the Chittagong Stock Exchange -- the CSCX -- also rose. It went up 11.19 points, or 0.13 percent, to finish the day at 8,187.91.

Losers beat gainers as 107 issues declined, 84 advanced and 39 finished unchanged on the port city bourse, which traded shares and mutual fund units worth Tk 18.77 crore.



US LNG exports soar, but supply glut awaits

REUTERS

US exporters of liquefied natural gas (LNG) head into 2020 after a record year that saw exports soar by more than 60 percent, but growing concerns about weakened demand and heavy competition could act as headwinds in the coming year.

Four new liquefaction trains - the common term for a shipping facility - entered service this year in the United States. The US is on track to become the biggest global LNG exporter by 2024.

LNG is seen as an alternative for Asian countries that have relied on coal-fired power plants. LNG exports have surged in recent years out of Qatar, Australia, and the United States, the three biggest exporters of the super-cooled fuel.

The fickle nature of the market was apparent early this year, when a warm winter in Asia cut heating demand and prompted Asian importers to divert cargoes to Europe.

"It's likely that LNG prices will stay somewhat depressed in 2020, unless we get a cold winter across the pond and in the Far East," said James Mick, managing director and energy portfolio manager at energy investment manager Tortoise.

Tesla delivers first China-made Model 3 sedans in just under a year

REUTERS

A staff member explains the China-made Tesla Model 3 vehicle at the Shanghai Gigafactory of the US electric car maker in Shanghai, China on December 30.

REUTERS, *Shanghai*

TESLA has started delivering Model 3 electric cars built at its Shanghai factory in just under a year since it began work on the $2 billion plant, a record for global automakers in China, and said it would ramp up deliveries from next month.

The US electric vehicle maker marked the start with an event on Monday where 15 Tesla employees received cars they had purchased, one of whom took the opportunity to propose marriage to his girlfriend after getting his new set of wheels.

The China-made Model 3 sedans are priced at 355,800 yuan ($50,000) before subsidies. Imported Model 3 vehicles start at 439,000 yuan for the longer-range version, while the standard range plus model costs under $40,000 in the United States.

The Shanghai plant, up and running in just 357 days, is part of Tesla's plans to bolster its presence in the world's biggest car market and minimize the impact of the US-China trade war.

The automaker, which previously imported all the cars it sold in China, had said it wanted to start deliveries from the Shanghai plant before the Lunar New Year beginning on Jan. 25.

"From now onwards China-made Model 3 vehicles will start running on China's large streets and small lanes," Tesla Vice President Tao Lin said at the delivery ceremony which was attended by employees and Shanghai government officials.

China General Manager for the Silicon Valley carmaker Wang Hao said Tesla plans to ramp up Model 3 deliveries in January.

The Chinese government has been supportive of the factory, the first wholly foreign-owned car plant and a reflection of Beijing's broader shift to open up its auto market.

Tesla has taken a different approach to the Chinese market, the world's biggest for electric vehicles with 1.3 million new-energy vehicles sold last year, as is evident from its marketing blitz in the country that is quite unlike anywhere else.

The company and its flamboyant billionaire CEO Elon Musk openly disdain marketing, but in China Tesla has offered racing events and showroom parties.

It is also building service centers and charging stations across China to assure customers of standardized after-sales service, Tesla's senior executives said, confirming a Reuters report on the plans published last month.

The car maker will double the number of service centers and fast charging stations in China next year, and plans to more than double its after-sales workforce to 1,500 from about 600 currently, the executives added.

Singtel, Grab join forces for Singapore digital bank licence

REUTERS, *Singapore*

SINGAPORE Telecommunications Ltd (Singtel) is teaming up with Southeast Asian ride hailing firm Grab to bid for an online banking license in Singapore, the first such partnership that could spur a shake-up of the city state's financial sector.

The companies said in a joint statement that they will form a partnership, with Grab owning 60 percent and Singtel holding the remainder to apply for a digital banking license to serve retail and small and medium enterprises.

The move comes as Singapore's biggest liberalization of its banking sector in two decades seeks to enable digital banks that can operate at lower costs and therefore offer different services than traditional lenders such as DBS Group Holdings Ltd.

But stiff criteria for digital licenses, including requiring S$1.5 billion ($1.1 billion) in paid-up capital for retail banks and local control, is making it necessary for potential bidders to team up.

Singtel, the region's largest telecommunications firm, and Grab are among the best-known consumer names in Southeast Asia and both have been expanding outside their traditional businesses.

Singtel has been pushing into areas such as mobile payments and online gaming, while Grab has grown beyond its ride-hailing roots into food delivery and financial services.

"The natural next step is to build a truly customer-centric digital bank that will deliver a variety of banking and financial services that are accessible, transparent and affordable," Reuben Lai, senior managing director at Grab Financial Group, said in a statement.

Sources have told Reuters they expect bidders to team up to combine banking know-how and consumer facing technology expertise and invest jointly.

Singapore's central bank is set to issue up to two "digital full bank" licenses and three wholesale bank licenses. Digital full banks can accept deposits from and offer services to both retail and non-retail customers but must be led by a Singapore-based company.

Wholesale banks will mostly serve small and mid-sized enterprises.

Saudi Arabia may cut light crude prices to Asia in February

REUTERS, *Singapore*

SAUDI Arabia, the world's biggest oil exporter, may cut the prices of its light crude grades sold to Asia in February on signs of slowing demand ahead of the region's peak refinery maintenance season, six trade sources said on Monday.

The official selling price (OSP) of flagship Arab Light crude in February could fall by 20-30 cents a barrel, four of six respondents in a Reuters survey said. State oil company Saudi Aramco raised the Arab Light OSP to the highest in six years in January, the fourth month of increases.

Aramco may cut the OSP as the price structure for Middle East crude benchmark Dubai indicated falling crude demand in February as cargoes loading that month are likely to arrive when Asian refineries begin shutting for maintenance in March, the sources said.

The average backwardation between the first and third month cash Dubai price so far this month narrowed by 15 cents from the previous month, Reuters data showed. In a backwardated market prompt prices are higher than those in future months.

The OSPs are also likely to drop as the gross product worth, which measures the value of a crude in terms of the fuels it yields after refining, for Saudi oil grades are lower than last month because of falling refining margins, one of the respondents said.

"Refining margins are under pressure," he said.

Arab Extra Light may see a bigger price cut in February after naphtha cracks weakened this month, the sources said.

REUTERS/FILE

General view of Saudi Aramco's Ras Tanura oil refinery and oil terminal in Saudi Arabia.

However, firm demand for January-loading cargoes and rebounding fuel oil margins will support the OSPs for heavier Saudi oil, they said.

Most of the survey respondents expect the February OSP for Arab Medium to remain unchanged or drop slightly while the view was split between an expected price hike and price cut for Arab Heavy.

Supplies of these grades could remain tight as demand from new Chinese refineries will continue to rise in 2020 even as Saudi Arabia and Kuwait are working on resuming output from their joint production in the Neutral Zone between them.Saudi crude OSPs are usually released around the fifth of each month, and set the trend for Iranian, Kuwaiti and Iraqi prices, affecting more than 12 million barrels per day (bpd) of crude bound for Asia.

Saudi Aramco sets its crude prices based on recommendations from customers and after calculating the change in the value of its oil over the past month, based on yields and product prices.