



MA Baqui Khailiy, chairman of risk management committee of the board of Bank Asia, and Md Arfan Ali, president and managing director of Bank Asia, attend its "Risk Conference 2021" at Bank Asia Tower in Dhaka on Saturday.



Hasan Mahmood Raja, chief adviser at United Group, Khandaker Moinul Ahsan Shamim, adviser, Moinuddin Hasan Rashid, group chairman and managing director, Syed Mahbubur Rahman, CEO, and Syed Rafiqul Haq, additional managing director, attend the closing ceremony of a deal in Dhaka. The bank as lead arranger has successfully closed the subscription of Tk 1,500 million redeemable cumulative preference share (non-listed securities) of United Jamalpur Power, a concern of the group.

US consumer spending decreases further

REUTERS, WASHINGTON

US consumer spending fell for a second straight month in December amid renewed business restrictions to slow the spread of COVID-19 and a temporary expiration of government-funded benefits for millions of unemployed Americans.

The report from the Commerce Department on Friday also showed inflation steadily rising last month. Expectations that inflation would perk up this year were supported by other data showing a solid increase in labor costs in the fourth quarter.

But a rise above the Federal Reserve's 2 per cent target, a flexible average, is unlikely to worry policymakers. The US central bank is expected to maintain its ultra-easy monetary policy stance for a while as the economy battles the pandemic. Excess capacity remains throughout the economy, which could limit companies' ability to raise prices.

"The Fed would like inflation to average 2 per cent, so it would like inflation to temporarily move above 2 per cent," said Gus Faucher, chief economist at PNC Financial in Pittsburgh, Pennsylvania. "Inflation pressures will remain limited to a few sectors as high unemployment will restrain wage growth."

Consumer spending, which accounts for more than two-thirds of US economic activity, slipped 0.2 per cent last month as outlays at restaurants declined. Spending at hospitals also fell, likely as patients stayed away in fear of contracting the coronavirus.

Households also cut back spending on recreation. Consumer spending tumbled 0.7 per cent in November. Economists polled by Reuters had forecast spending would fall 0.4 per cent in December.

When adjusted for inflation, consumer spending decreased 0.6 per cent last month after dropping 0.7 per cent in November. That likely sets a lower base for consumer spending in the first quarter.

Repayment tenure for term loans extended by two years

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Clients that had not availed the moratorium facility last year are also eligible for the latest relaxed policy. Banks will have to follow the same rule for the loans granted under the stimulus packages.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the initiative would help clients make a smooth turnaround.

A good number of clients had not secured the moratorium facility, and they repaid the loans on time, he said.

The relaxed facility will be provided on the basis of the bank-customer relationship. So, lenders will extend the support to the borrowers who have been genuinely affected by the business slowdown, he said.

"This will help strengthen corporate governance in the financial industry as well," he said.

Emranul Huq, managing director of Dhaka Bank, said the central bank measure would help the economy make a faster recovery.



Bibi Russell, renowned fashion designer, cuts a ribbon as Ace Autos, the exclusive distributor of HAVAL SUVs, launches luxury pick-up POER for Bangladesh market. Shafin Ahmed, a singer; Md Nasim Akhter, a retired brigadier general, and Hazera Nazrul, chairperson of Ace Autos, were present.



Md Ahsan-uz Zaman, CEO of Midland Bank; Mohammad Javed Tarek Khan, head of institutional banking division, and Joarder Mohammed Hosne Quamar Alam, managing director of Florence Group, attend a deal signing ceremony at the bank's head office in Dhaka yesterday. Florence Group will run their daily business banking and cash management activities using a Midland Cash Management application.

TK Group to invest Tk 6,600cr in Bangabandhu Shilpa Nagar

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"It would be cost-effective for us considering the geographical location and the presence of a strong distribution channel," he added.

The regional market in question is expected to grow in the days to come, keeping pace with the spiralling purchasing capacity of consumers in the port city.

Meanwhile, Samuda has started construction of the new units, which are expected to go into operation by 2024.

The company hopes to create around 10,000 opportunities for both direct and indirect employment at these factories.

Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority, said his organisation is working regularly with various training institutes to build the necessary skilled manpower for the huge industrial city.

"There is a continuous struggle going on in the BSMSN to make the impossible possible," he said.

TK Group is one of the largest and diverse business conglomerates in Bangladesh with 43 active business units and more than 12,000 employees.

In the last four-and-a-half decades, the group has invested in edible oils and fats, steel, board, paper, textile, packaging and containers, tea plantation, ship building, consumer products, trading shares and securities.

Trade thru Benapole land port suspended

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The security force has also been harassing the goods' trucks in the name of searching without showing any specific reason, he said.

All these pushed Petrapole Bandor Jibon Jibika Bachao Committee, an association of the ports' users, including truck drivers and C&F agents, call the work abstention, Chandra said.

Benapole port loses Tk 17 crore in import revenues a day and Tk 5 crore for exports, Mustafizur Rahman, deputy commissioner of Benapole Custom House, told The Daily Star.

Over 250 trucks with different goods, including jute and jute products, fish, industrial raw materials, apparel items, machinery and food items, are now waiting to cross the border through the ports, he said.

"If it continues for a long time, the strike will restrict the custom house to reach its revenue target of Tk 5,500 crore set by the government for fiscal year 2020-21."

Every day over 500 different types of goods are imported from India and 250 trucks of goods are sent from Bangladesh through Benapole port.

However, there was hindrance in the travel of passengers and unloading of goods at Benapole port.

Poppadom export potential remains untapped

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Azad said most traders acquired mixing machines to bring ease to the manufacturing process but the women continue to play a key role in maintaining the sustainability of the business.

"We often do not get fair prices for various reasons," said another trader, Sonjoy Roy.

Manufacturers sell each kilogramme of poppadom for around Tk 150 but shopkeepers charge customers double that, he said, adding, "We even do not get any loan support from banks."

Azad said the EPB officials in 2012 had pledged providing a moisture analyser and drier machines to the traders in Dinajpur but did not follow through.

India earns \$2 million from poppadom export. "Why shouldn't we?" he said.

Mahbubur Rahman, the EPB director general, said exporting food items was no easy task as a lot of standards have to be maintained.

He said the last poppadom export initiative would be revived. "I will hold a meeting to evaluate everything on poppadom export," he said.

Shasha Denims nears fully owning Italian firm's local subsidiary

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"Also the EOS is the largest Italian investment in Bangladesh and it is a matter of pride that a Bangladeshi company has acquired it which shows how far we have come," Mahmud also said.

"Also worth mentioning is that Bangladesh Bank and all other agencies had played a very proactive role in ensuring this takeover was done in a successful manner. Shasha Denims will be making further expansions in the coming days," he said.

"With the acquisition, the Shasha offers a wider range of fabrics...we are also focusing on making high-end denim fabrics using the Italian knowhow and techniques, which will be good for the shareholders," he said.

Renata buying Tk 20cr land for expansion

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Meanwhile, its profit after tax increased 15 per cent to Tk 241 crore from Tk 209 crore.

Renata posted an increase in its earnings per share during the period.

With 10 manufacturing facilities in three locations, the pharma maker has also reported an 83 per cent year-on-year growth in exports and contract manufacturing to Tk 219 crore.

Pandemic leaves little impact on steel, cement makers

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There are 37 active cement factories in Bangladesh and more than Tk 30,000 crore has been invested in the industry.

Manufacturers have a combined annual production capacity of 58 million tonnes against local demand of 33 million tonnes.

Of the total demand, individuals account for 25 per cent, real estate companies and developers 30 per cent and public sector 45 per cent.

The industry employs 60,000 people directly and another one million indirectly.

Masud Khan, chief adviser of MI Cement, said they made around 28 per cent higher gross profit during the last quarter as their sales volume was huge.

He however added that the profit margin was limited in terms of volume.

During the pandemic, the company's operational costs as well as freight cost for imported raw materials were reduced, which had an impact on the last quarter.

Government support in the form of stimulus packages also helped reduce financial losses and register better profit compared to that last year.

If this trend continues, cement makers will be able to recover their pandemic-induced losses in the coming days, Khan said.

MI Cement earned EPS of Tk 2.03, which was previously Tk 1.89 in the negative.

Profits of Confidence Cement and Meghna Cement also rose in the period. However, Aramit Cement remained in losses but to a reduced extent.

Along with cement makers, the steel sector did very well.

Tapan Sengupta, executive director of

Bangladesh Steel Re-Rolling Mills (BSRM), said demand has gradually increased since July as all mega projects and development activities resumed in full swing.

Their sales volumes increased during the last quarter, as a result of which the profit margin increased, according to Sengupta.

The stimulus package also helped to reduce the interest rate and besides, raw materials were imported at a cheaper rate during the pandemic while manufacturers also had previous inventory left over.

"For this reason they made some profit," he said, adding that the mill also ran in full swing in line with increasing demand.

Post-Covid demand for steel was good because government works along with private sector construction works resumed, said Kamrul Islam, executive director (finance and business development) of GPH Ispat.

"Moreover, steel prices rose in the international market so the local market's profits were positively impacted," he said.

The government's incentive package and single digit interest rate also had a positive impact on the sector because most companies have a big amounts of loans.

"Our profit growth was in double digit because our new factory started to supply products," Islam added.

GPH Ispat's earnings per share rose 113 per cent to Tk 1.75.

The steel industry in Bangladesh is worth Tk 55,000 crore.

There are about 40 active manufacturers with a combined capacity to produce nine million tonnes of steel a year. Of them, Abul Khair Steel, GPH Steel, the BSRM and Kabir Steel Re-Rolling Mills meet more than half of the annual demand of eight million tonnes.

Most listed apparel makers log profit despite sluggish sales

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"Due to the pandemic, export orders were affected for almost all apparel companies," said Ehsanul Habib, managing director of Esquire Knit Composite.

Retail shops are still closed in many of the export destinations of Bangladesh, and many people are confined to homes as the deadly virus is affecting and killing people across the world every day.

"So, the demand for formal clothes fell mostly," Habib said. The clothes that are worn informally or at homes are rising, he said.

In July-December, earnings from apparels, which account for more than 80 per cent of export receipts, declined 2.99 per cent to \$15.54 billion, according to the data of the Export Promotion Bureau.

Of the amount, \$8.52 billion came from

knitwear exports, an increase of 3.9 per cent, and \$7.01 billion from woven product exports, down 10.22 per cent.

Exporters say the knitwear shipment rose compared to the woven ones as people are spending more time indoors because of the pandemic.

"The inflow of work orders at the spinning mills are still low although the order for the overall industry is improving," said Kutub Uddin Ahmed, chairman of Envoy Textiles Ltd.

"Orders are fewer. The denim segment had not been in good shape. However, the situation has been improving from last month."

The entrepreneur said cotton prices increased a lot worldwide, causing orders to Bangladesh slow. "We had to increase the yarn prices even during the pandemic because of higher cotton prices."

Cotton prices have gone up globally because China is purchasing a lot of the raw material from the world markets, Ahmed said.

The prices of manmade fibre are also increasing because of the chain effect of the rise in cotton prices, he said.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, said April, May and June were the worst months for the spinning sector as the segment took a serious beating from the pandemic.

The situation had improved from July last year, and it continued up to October. The business again started falling from November because of the second wave of coronavirus infections, he said.

The order situation in the spinning segment has been improving from January. "The garment business globally is also

reviving," he said.

An analysis of the earnings of the listed garment and textile companies showed that spinning companies were comparatively in a better position in the July to December period. Among nine spinning mills, five witnessed higher earnings.

Listed apparel companies are operating their business with low margin, so investors' demand from the sector is comparatively low, said Md Moniruzzaman, managing director of IDLC Investments Ltd.

Also, the sector has been impacted by wage cost and the pandemic-related shocks, he said, adding that spinning companies were affected by the volatility of cotton price in the international market.

"So, their stock prices behaved in line with their earnings in the last six months," Moniruzzaman added.