

BATB sees stocks drop despite higher profits

STAR BUSINESS REPORT

Stocks of British American Tobacco Bangladesh (BATB) dropped although it announced higher profits in the first quarter (January-March) of 2021.

Its stocks closed 1.25 per cent lower at Tk 553 yesterday.

The BATB's sales rose by around 11 per cent to hit Tk 9,554 crore in the first quarter of this year, fueling the company's

profits in turn.

During the January-March period, the listed multinational cigarette maker's profits surged 27 per cent to Tk 387 crore year-on-year.

The company's earnings per share (EPS) increased as well compared to the same period last year due to growth in volume and cost optimisation, the BATB said in its financial report.

Its EPS stood at Tk 21.51 this year while it was Tk 16.87 a year earlier.

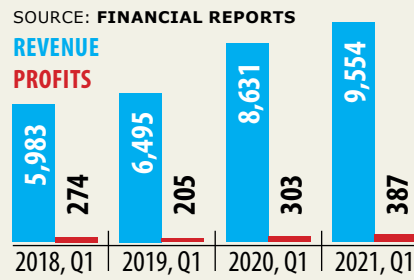
The company issued two stocks against each owned in the form of stock dividend for 2020 but it was not credited to the shareholders' account before March 31 and so, the bonus share was not included in accounting the EPS.

However, had the bonus shares been issued as of March 31, the EPS would have been Tk 7.17. The cigarette maker's operating expense rose four per cent to Tk 234 crore, according to the financial report.

Listed with the Dhaka bourse since 1977, the BATB's sponsors hold around 73 per cent of its shares.

REVENUE AND PROFIT OF BATB

First quarter; In crore taka;



MI Cement shares soar on news of tripling profit

STAR BUSINESS REPORT

Stocks of MI Cement Factory rose 3.41 per cent to Tk 69.80 yesterday after news broke that its profits have almost tripled over the past year.

The company made this disclosure on the capital market's website, where it also announced plans to set up an uploading and delivery unit in Pabna.

The MI's earning per share was Tk 4.73 for the July 2020-March 2021 period while it was Tk 1.60 in the same period a year before.

The parent company of Crown Cement Group will set up an automatic uploading and delivery unit at Kazirhat, Bera of Pabna to increase its market share in the western and northern zones of the country.

Through yesterday's disclosure, the MI said its board had approved the project involving Tk 31 crore, including land purchase and civil construction.

The company expected to complete the

installation work by July.

Its board also approved the sale of a mother vessel, MV Crown Victory, at the end of its useful life at the price of about Tk 28.50 crore.

Crown Cement produces 33 lakh tonnes of cement per year through five production units that have a daily production capacity of 11,000 tonnes.

The company claims to be one of the top five cement manufacturers in Bangladesh.

A top official of Crown Cement told The Daily Star they intend to use the Pabna facility to package and distribute their products in the western and northern regions of the country.

The company will make bulk shipments of cement from its manufacturing unit in Munshiganj to the delivery unit through river routes.

Transport costs will come down this way and help grab a share of the regional market, he said.

Focus on Sylhet's prospects to reduce regional disparity

Experts urge government ahead of upcoming budget



SHEIKH NASIR

Although Sylhet is famous for its tea, the industry has been struggling to survive due to climate change and low prices compared to production costs.

DWOHA CHOWDHURY

The government should exploit the opportunities in northeastern districts by taking adequate measures when formulating the national budget for fiscal 2021-22 as it would help reduce regional disparity, according to various experts.

Besides, Sylhet should be considered a prospective economic hub as it has access to huge markets in the adjacent Indian provinces and a direct link to the rest of the world through its international airport.

"Sylhet was industrially underprivileged until very recently, when a few industrial and hi-tech parks were established by the government," said Abu Taher Md Shoeb, president of the Sylhet Chamber of Commerce and Industry (SCCI).

"So, the focus should be on infrastructural development, such as upgrading the Dhaka-Sylhet highway, establishing a bypass road for the airport, and many more projects which are vital for the region," he added.

The SCCI president also proposed that the government reserve a bulk allocation in



RUN-UP TO BUDGET FOR FY2021-22

the upcoming budget for small-and-medium businesses in order to help them survive the ongoing Covid-19 pandemic.

Sylhet is agriculturally vibrant and some of the more distinct products grown in the region, such as shatkora (a type of citrus fruit), betel leaf, various nuts and sugarcane, have high global demand.

"That is why the government should give emphasis on revitalising the different agricultural niches," said Md Abdul Hamid, a professor of the business administration department of the Shahjalal University of Science and Technology in Sylhet.

"Tourism in the region could also flourish if a little more was spent on related infrastructural

development projects," he added.

Following a recent spike in the coronavirus infection rate, the government imposed strict measures on public movement, including the closure of all tourist spots, on April 14.

Since then, the industry has incurred daily losses between Tk 2 crore and Tk 3 crore.

"Businesses involved with the tourism industry are facing tough times so the government should have some good news for them in the budget," said Mutaheer Hossain, chairman of the Association of Travel Agents of Bangladesh (Sylhet zone).

"For example, the acquittal of renewal fees or taxes, and a bulk allocation could save the businesses from being closed for good," he added. Hossain also sought the government's attention for infrastructural development in all tourist spots and global branding.

Similarly, although Sylhet is famous for its tea, the industry has been struggling to survive due to climate change and low prices compared to product costs.

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GLOBAL BUSINESS

China, India buying adds support to bullish gold narrative

REUTERS

Gold has snuck back on to the radar screens of investors thanks to increased concern about inflation pressures, but the precious metal also appears to be getting a boost from renewed interest from the top two physical buyers, China and India.

Spot gold failed to hold levels above \$1,900 an ounce during Wednesday's session, ending at \$1,896.44, having traded as high as \$1,912.50 during the session.

That was the highest price since Jan. 8 and the yellow metal has gained 13.1 per cent since its year-to-date low of \$1,676.10 an ounce, hit on March 8.

While these gains look modest when compared to the darlings of the metals market such as copper and iron ore, gold is once again making a case for investor attention.

The market narrative for the recent rally has been mounting worries that inflation is poised to make a comeback in the global economy, as governments across the globe spend massive amounts to stimulate economies ravaged by

lockdowns to combat the spread of the coronavirus.

This supports gold on the basis that inflation will take root before the world's central banks raise interest rates to stamp it out, thus

leaving the precious metal to fulfill its historical role as a hedge against rising prices. Certainly, investor interest in gold exchange-traded funds (ETFs) has returned in recent weeks, with the biggest gold ETF,

the SPDR Gold Trust, showing holdings at 33.568 million ounces on Wednesday.

This was down slightly on the previous day's 33.633 million ounces, but up 2.7 per cent since the low of 32.699 million on April 29.

While the increase in the SPDR's holdings may be a mildly bullish signal, it's worth noting that they are still well below the 41.115 million ounces in September last year, which was a 7 1/2-year high.

A further factor that weighs on investor appetite for gold is the view that the current inflationary pressures are temporary and will fade in coming quarters once baseline effects from the economic hit from coronavirus lockdowns pass through.

However, there are some positive signs emerging for gold from India and China, where physical demand appears to be returning to what could be described as more normal levels. India's imports in April were nearly 70 tonnes, according to Refinitiv GFMS, which was down from March's 103 tonnes.



REUTERS/FILE

A saleswoman displays a gold necklace inside a jewellery showroom on the occasion of Akshaya Tritiya, a major gold buying festival, in Kolkata, India on May 7, 2019.

US faces 'very large challenges' on China

US trade chief Tai says

REUTERS

US Trade Representative Katherine Tai said on Wednesday that the United States still faces "very large challenges" in its trade and economic relationship with China that require the Biden administration's attention across the board.

Tai spoke with Reuters in an interview before her first virtual call with Chinese Vice Premier Liu He, a meeting in which she raised "issues of concern," according to her office.

"During their candid exchange, Ambassador Tai discussed the guiding principles of the Biden-Harris administration's worker-centered trade policy and her ongoing review of the US-China trade relationship, while also raising issues of concern," the USTR said.

China's commerce ministry described the talks as "a candid, pragmatic and constructive exchange."

"Both sides view the development of bilateral trade as very important. (Both sides) exchanged views on issues of mutual concern and agreed to maintain communication."

The meeting marked the first formal engagement between the trade chiefs of

the world's two largest economies since US President Joe Biden took office in January.

It came at a time when Biden has sharply criticized China on human rights abuses and sought to rally his Group of Seven rich nation allies to form a united front on China.

China's handling of the Covid-19 pandemic - which has now killed more than 3 million people worldwide - has also ranked the United States and its allies.

Biden on Wednesday ordered aides to investigate rival theories held by US intelligence agencies on the origin of the virus, including the possibility of a laboratory accident in China. China said it supported a 'thorough investigation' but warned the United States to avoid politicizing the issue.

The Biden administration is conducting a comprehensive review of US-China trade policy, ahead of the expiry of the Phase 1 deal at the end of 2021.

CHALLENGES 'STILL THERE'
Tai told Reuters the Phase 1 trade deal was important but only part of a complex relationship.

"The overall challenges that we have with China are also still there and they are very large," Tai said.

Total, Chevron suspend payments to Myanmar

REUTERS

French oil and gas group Total and US energy company Chevron have suspended some payments from a gas joint venture that would have reached Myanmar's junta, earning praise from pro-democracy activists for taking an important first step.

International companies doing business in the country have come under pressure from rights groups and Myanmar's parallel civilian government to review their operations to stop payments flowing to a military government that seized power on Feb. 1.

Myanmar has been in chaos since the army overthrew the elected government and detained its leader Aung San Suu Kyi, and the junta has responded with brutal force to daily protests, marches and strikes nationwide in support of the ousted civilian administration.

In a statement, Total said "in light of the unstable context in Myanmar" after a joint proposal with Chevron shareholders at the meeting of the Moattama Gas Transportation Company voted to suspend all cash distributions.

Biden backs Alaska oil drilling project approved under Trump

REUTERS

US President Joe Biden's administration defended on Wednesday a proposed ConocoPhillips oil development in Alaska, backing the drilling project which was approved under the administration of former President Donald Trump.

"A Wednesday filing by the US Department of Justice continues to defend a 2020 Record of Decision for the Willow Project in the National Petroleum Reserve - Alaska (NPR-A)" a spokesman of the US Interior Department said in an email.

In February, an appeals court blocked construction of ConocoPhillips' \$2 billion-plus Willow crude oil project in Alaska. Wednesday's development comes even as Interior Secretary Deb Haaland had opposed the project last year when she was

a member of Congress.

The Trump administration approved the Willow development plan in October. Permits to mine for gravel and build roads were issued on the morning of Jan. 20, just before Biden was sworn in as the nation's 46th president. Environmental groups had sued, making the argument that the government failed to take into account the impact that drilling would have on fragile wildlife.

"The filing (on Wednesday) maintains that the decision complied with NEPA (National Environmental Policy Act) standards in place at the time, and that the plaintiffs did not challenge the Record of Decision within the time limitations associated with environmental review for projects in the NPR-A", according to the statement shared by a Department of Interior spokesman.



REUTERS

US Trade Representative Katherine Tai testifies before the Senate Finance Committee on Capitol Hill in Washington, US on May 12.