

World stocks near record high as investors await dovish Fed act

REUTERS, Tokyo

Global shares held firm near record highs on Monday while US bond yields flirted with three-month lows as investors expect the Federal Reserve to stick to its dovish mantra later this week.

Japan's Nikkei rose 0.35 per cent while MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.1 per cent. Activity was limited with the region's largest markets – China, Hong Kong and Australia – closed for a holiday.

Globally, equity markets were basking in the prospects of a broadening economic recovery from the coronavirus pandemic and anticipation of continuity in dovish monetary policy from the US Federal Reserve.

The MSCI all-country world equity index, the US S&P 500 and the pan-regional STOXX Europe 600 index all closed at record highs on Friday.

The rally came even as US inflation data on Thursday exceeded market expectations.

"One big factor is that the Fed has been saying inflation will be transitory and that it will maintain loose monetary policy," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities.

"But another factor to consider is

that markets are simply awash with cash."

Ample funds are finding their way to bonds, where the yield on 10-year US Treasuries stood at 1.465 per cent ahead of the Fed's policy meeting this week, having fallen to a three-month low of 1.428 per

cent on Friday.

"It is becoming painful for bond bears and I bet the 10-year yield will fall to 1.25 per cent or even 1 per cent," said Akira Takei, fund manager at Asset Management One, noting that US economic recovery is likely to slow in coming months.

"The US employment rate was 61 per cent before the pandemic. It has recovered to 58 per cent but I expect its recovery to slow. After the great financial crisis (of 2008), it has never recovered to its pre-crisis levels."

Speculators are also building up long positions in US debt, with their net long positions in US bond futures hitting the highest level since October 2017, US financial watchdog data showed.

Many investors expect the Fed to repeat its dovish view at its two-day meeting from Tuesday.

While some Fed board members have said the bank should start discussing tapering its bond buying, most investors think a majority of policymakers still prefer to wait a bit more.



REUTERS/FILE

A man wearing a protective face mask, following an outbreak of the coronavirus, talks on his mobile phone in front of a screen showing the Nikkei index outside a brokerage in Tokyo, Japan on February 26, 2020.

Tax benefit to spur growth of oceangoing shipping sector

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And the AIT during the import increases our initial cost," said Azam J Chowdhury, president of the Bangladesh Ocean Going Ship Owners' Association.

According to the businessman, the relaxation would raise interest among entrepreneurs to invest in taking a slice of freight charges that businesses pay to import goods.

Bangladesh spends \$7-8 billion as freight charges every year to carry goods for its imports. The country has the opportunity to retain a portion of freight charges, ship owners earlier said.

Currently, entrepreneurs have 70 ships plying on the international waters. The number of vessels, dry cargo vessels, tankers and container vessels doubled from 35 five years ago.

Bangladesh had 85 oceangoing ships. But the owners sold off most of them in the face

of declining freight rates, higher operating costs and removal of the VAT exemption on the imports and manufacturing of ships from fiscal 2014-15.

Private investors showed renewed interest in buying ships after the NBR reinstated the VAT exemption in 2018 to accelerate the shipping industry's growth.

Since then, the number of locally owned ships has started increasing as the volume of imports and exports for the growing economy has increased.

Chowdhury said investment in ships to cater for the global freight market would increase if the government further relaxed some more rules.

The tax at source on freight incomes should be removed, he said.

"We are earning foreign currency. Either the government should withdraw the tax or bring down the rate to 1 per cent," he said.

At present, 3 per cent to 5 per cent tax on freight is applicable depending on the destinations.

"In addition, Bangladesh Bank's support is needed," Chowdhury said, adding that steps should be taken so that importers mention C&F (cost & freight) and FOB (Free on board) prices of goods while opening the letters of credits.

"Once this is done, Bangladeshis will buy many ships," he said.

Mostafa Kamal, chairman and managing director of Meghna Group of Industries, said the AIT on freight income should be withdrawn as ship owners received a small portion of the revenue after deducting operating expenses.

"This is a highly capital-intensive sector, and a lot of risks is involved. Many entrepreneurs will sign up in the trade if the remaining issues are addressed," he said.

MGI owns eight oceangoing vessels.

ACI stocks soar on news of Tk 84cr foreign investment

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The new investment will reduce ACI's shareholding in ACI Motors from 52.70 per cent to 46.80 per cent, the company added.

ACI Motors is one of the market leaders in the distribution of agricultural machinery in Bangladesh and the sole distributor of Yamaha motorcycles in the country.

The FMO will support access to mechanisation for farmers and help ACI Motors increase local value creation in the motorcycle segment, the FMO said about the investment in its website.

Bangladesh is experiencing significant labour shortages during peak crop harvesting seasons and mechanisation can play a key role in increasing yields and improving farmers' income. The FMO's investment is expected to contribute to economic growth and reduce inequalities and indirectly to zero hunger, it added.

Earlier, in 2020, the FMO bought 23.33 lakh convertible non-cumulative preference shares worth Tk 126 crore.

Of the total foreign fund, including the previous investment, around 65 per cent will be used as capital expenditures while the remaining as working capital.

Revenue of ACI Motors rose 1.67 per cent year-on-year to Tk 970 crore in the nine-month period of the current fiscal year, from July 2020 to March 2021. During the same period, its profit before tax was Tk 91.74 crore.

Its asset was Tk 1,381 crore and liabilities Tk 849 crore as of March 31, 2021, according to the financial reports.

ACI Motors offers a line-up of high horsepower agricultural machinery, such as tractors, power tillers, reapers, mini combine harvesters and rice transplanters.

It introduced the Sonalika Tractor, which is said to be specially designed for Bangladesh's small sized lands and roads.

In 2017, ACI Motors added China's leading brand Lovol's construction equipment such as wheel loaders and mini excavators.

Modernise FBCCI

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FBCCI representatives will be included in those sub-committees for their opinions to face these challenges. "So, a trade organisation like the FBCCI should be more active in contributing towards the national interests," the minister said.

Munshi also advised the FBCCI leaders to diversify Bangladesh's list of export products as the country is highly dependent on the garment sector, which accounts for 84 percent of the total exports each year.

The commerce minister urged them to explore opportunities to export ICT products, leather and leather goods, plastic goods, jute and jute goods and light

engineering goods, apart from garment items.

"We want to export merchandise worth \$50 billion in the next fiscal year," he said.

Munshi sought the cooperation of all businessmen to achieve this target.

FBCCI President Jashim Uddin said the government should facilitate export of new goods and diversification of markets.

Welcoming the proposed budget, he assured of the FBCCI's readiness to help the government face the challenges of LDC graduation and achieve sustainable development goals.

Commerce Secretary Tapan Kanti Ghosh also spoke at the meeting.

Make farm machinery affordable

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"As a result, agriculture is moving towards mechanisation, and the benefits of mechanisation are being reaped," he added.

Md Monjurul Alam, a professor of the farm power and machinery department of Bangladesh Agricultural University, said a survey should be carried out to assess the usefulness of the agriculture machinery currently in use.

"Moreover, farmers need long-term training to learn about modern machinery," he said.

Women's participation in the agriculture sector is increasing, and the government should pay special attention to them.

About 60,000 more combine harvesters are needed to harvest crops across the country. Agricultural loans have to be disbursed in a way that makes buying farm machinery mandatory, Alam added.

Strong bike industry inspires component makers

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"My company is unable to fulfil the demand despite running the factory round the clock. Users appreciate the quality of our product," he noted.

QVC Bangladesh supplies drive chains to Grameen Motors, Runner Automobiles, and state-run Atlas Bangladesh.

It meets around 60 per cent of the demand for drive chains of Runner Automobiles.

Officials from Honda, TVS, and Hero have visited his factory and inspected the quality of the product, Shamsuzzaman said, adding that he was optimistic about becoming a supplier of the companies.

Md Tazul Islam, president of the Automobile Components & Accessories Manufacturers Association, said Bangladesh could manufacture all motorcycle components as local vendors had all the resources.

Islam is the managing director of Run Industries, which manufactures motorcycle seats.

Set up at Sibrampur in Faridpur in 2009, the company is the sole seating solution provider to Runner Automobiles and Hero Motorcycle.

It sells more than two lakh seats to Runner and Hero combined. The factory has an annual production capacity of 18 lakh seats.

Local firms could not provide any official data on the annual market size

of bike components or spare parts.

The annual demand is worth no less than Tk 500 crore and the market has been growing around 15 per cent per annum for the last 10 years, they said.

The growing demand for the two-wheelers and the Motorcycle Industry Development Policy 2018 has inspired local firms to set up manufacturing facilities or assembly plants to keep prices lower and capture the market share.

Currently, 96 per cent of motorcycles running in the country have either been locally manufactured or assembled.

Around 5 lakh units of motorcycles were sold in 2019. The sales declined to 3.11 lakh units in 2020 as demand fell because of the impacts of the economic slowdown caused by the coronavirus pandemic.

"Local component makers are trying to cater to the motorcycle industry amid challenges," said Hafizur Rahman Khan, chairman of Runner Automobiles, the pioneer in motorcycle manufacturing in Bangladesh.

OBSTACLE FOR LOCAL VENDOR DEVELOPMENT

The government has extended tax facilities to encourage the bike industry to develop local vendors to create world-class products for the local and export markets and to create jobs.

But not a single motorcycle company is working to develop local vendors to produce parts and components. Motorcycle assemblers import finished and semi-finished goods.

WHAT MOTORCYCLE MANUFACTURERS SAY

Khan of Runner Automobiles said policy support was needed to develop local vendors. "Runner is trying to develop local vendors."

Abdul Matlub Ahmad, chairman of Nitol Niloy Group, which assembles Hero-branded motorcycles, said all manufacturers should cooperate with local vendors in the greater interest of the industry.

Shah Muhammad Ashequr Rahman, head of finance and commercial at Bangladesh Honda Pvt Ltd, said manufacturing generated the most robust backward linkages industry through vendors across all sectors of the economy.

He noted the expansion of the motorcycle industry might encourage the growth of the parts component and supporting industries and technical consulting services.

He said the technology transfer was highly required to develop local suppliers. Sound policies and facilities were needed for local suppliers and vendors to produce parts.

"Local manufacturers may be able to offer good quality products at a reasonable price," Rahman added.

Rising yarn prices threaten garment export recovery

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According to the US Department of Agriculture, global cotton production and consumption are expected to rise marginally from last month.

The record global trade will be boosted, led by robust demand in China, Bangladesh, and Turkey, it said.

Since Bangladesh is not a major cotton-producing nation, 99 per cent of the requirement for the raw material is met through imports.

Traders, importers and millers import 8 million bales of cotton, spending \$3 billion a year.

Last year, cotton imports fell to 7.2 million bales as production halted in many mills after the government had imposed nationwide restrictions to tame the coronavirus pandemic.

Bangladesh produces 1.5 lakh bales of cotton annually.

Despite the increase in the price of raw materials, international clothing retailers and brands are reluctant to offer a better price to local garment suppliers.

The increase in yarn price has pushed up the production cost of a finished exportable garment item by 25 per cent. But buyers are offering a 5 per cent to 10 per cent increase.

"One of my buyers had proposed a 3 per cent price hike. I rejected the offer," said a garment supplier.

"The buyer shifted the work orders to Sri Lanka, but the Sri Lankan supplier also did not accept the price. Finally, a Bangladeshi buying house received the order at a lower rate."

Md Fazlul Hoque, managing director of Narayanganj-based Plummy Fashions Ltd, said his buyers were offering a 5 per cent to 10 per cent hike.

"I am taking the orders to keep my factory up and running. Keeping the factory operational even at an abnormally lower price is also a business," he added.

Some local suppliers are not getting any additional prices from the buyers as retailers and brands booked the orders at least six months ago, according to a European buyer in Dhaka.

"Six months ago, the prices of cotton and yarn were lower. The suppliers should have bought the raw materials at that time. Then, they would not have faced the current situation," he said.

Last year, cotton production was lower in the US and India, the two

major suppliers of the raw material for Bangladesh, said Mohammad Ali Khokon, president of the BTMA.

"So, the yarn prices have gone up in local markets," Khokon said.

Because of the depressed demand in the western markets and lower prices, Bangladesh is set to miss its apparel export target for the outgoing fiscal year.


At the beginning of the fiscal year, the government aimed to earn \$33.79 billion from apparel exports.

In the first 11 months of FY2020-21, the country earned \$28.57 billion from garment exports, registering 11.1 per cent year-on-year growth, according to data from the Export Promotion Bureau.

Knitwear shipments fetched \$15.36 billion, and woven garments brought home \$13.19 billion, registering 20.55 per cent and 1.80 per cent year-on-year growth respectively.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the retailers and brands raised the prices up to 15 per cent for new orders, although the cost had gone up by up to 25 per cent.

"We need to negotiate strongly with buyers," he added.



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Office of the Plant Manager (Superintending Engineer)
Sirajganj 225 MW Combined Cycle Power Plant (Unit-1)
NWPGL, Soyadabad, Sirajganj-6750.

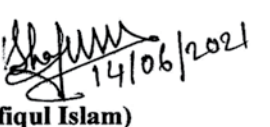
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The following e-Tender is invited in the National e-GP System Portal (www.eprocure.gov.bd):


Sl. No.	Tender ID	Brief Description of Tender	Publication Date & Time	Last Selling Date & Time	Opening Date & Time
1	587968	Supply of Aqueous Film Forming Foam and Refilling of FM-200 Gas Cylinder.	13/06/2021, 16:00 PM	29/06/2021, 03:45 PM	30/06/2021, 11:00 AM

This is an online tender where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP System Portal (www.eprocure.gov.bd) is required. Further information and guidelines are available in the National e-GP System Portal and e-GP Help Desk (helpdesk@eprocure.gov.bd).



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GD-1209



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১।	DA-2-1.88	587400	Works: At SSAE/Works/KRF Section: Partial rebuilding of BTPK and abutment wall and wing wall of bridge No. 28 (Span 1x20'-0") at Km. 347/4-5 and other ancillary work in between BTPK-MIZ Station.	OTM (NCT)	30-Jun-2021 12:40:00pm
২।	DA-2-1.88	587407	Works: At SSAE/Works/KRF Section: Re-construction of bed block on both end abutment by RCC Slab of bridge No. 23 (1x20'-0" span) at Km. 345/9-346/0 in between BTPK-MIZ Station with temporary arrangement including construction of pre-cast RCC ballast protection wall as per drawing.	OTM (NCT)	30-Jun-2021 12:50:00pm
৩।	DA-2-1.90	587414	Works: At SSAE/Works/KRF Section: Partial rebuilding of Both end abutment wall and repairs to damaged Floor of bridge No. 220(Span 1x12'-0") at Km. 327/5-6 in between KRF-LNG Station with other ancillary work.	OTM (NCT)	30-Jun-2021 14:00:00pm
৪।	DA-2-1.27	587426	Works: At SSAE/Works/BCI Section: Partial Re-rebuilding of Bridge No. 35 (1x40'-00"+2x20'-00" Span) at section BCI-DLY Km 237/5-6 and other related works.	OTM (NCT)	30-Jun-2021 14:10:00pm

বিঃদ্রঃ

১. শুধুমাত্র ই-জিপি সিস্টেমে নিবন্ধিত শর্তাবলী পূরণকারী দরদাতাগণ সরাসরি অংশগ্রহণ করতে পারবেন।
২. দরপত্রে অংশগ্রহণের জন্য দরপত্র দলিল ও দরপত্র জামানত বাবদ অর্থ নির্ধারিত ব্যাংকে জমা করতে হবে।

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মোঃ সুলতান আলী
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