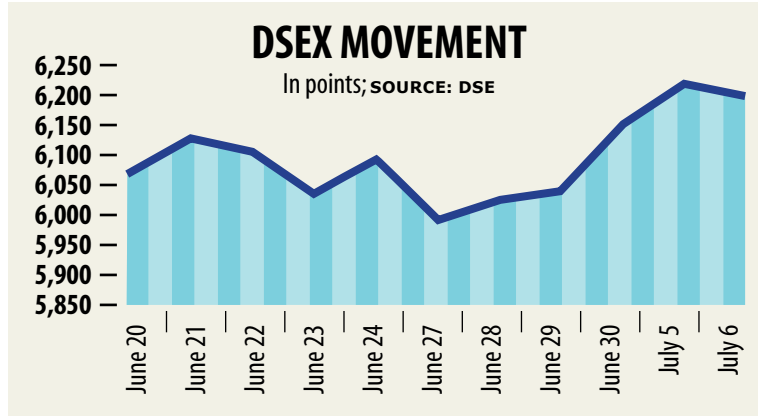
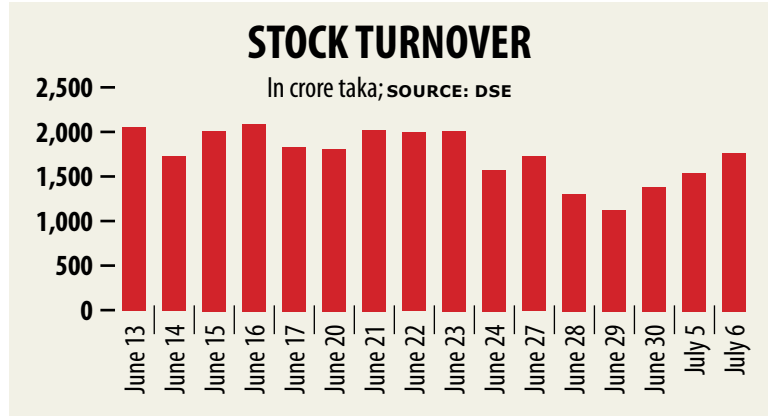


Stocks fall on profit booking

DSE app ready for trade



STAR BUSINESS REPORT

The country's stocks dropped yesterday due to a profit booking tendency among investors while the market turnover rose.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), dropped 23 points, or 0.37 per cent to 6,196.57.

The index reached a three-and-a-half-year high on Monday with many stocks advancing by 10 to 15 per cent in the last few days, according to a merchant banker.

"So investors took in the profit now," he said, adding that the profit booking tendency improves the market in the long term.

That is why investors should not fear the fall and instead should invest based on the companies' performances, he said.

Turnover, another important indicator of the market, rose 15 per cent to Tk 1,789 crore whereas it was Tk 1,551 crore a day earlier.

Although the market has been on a rising trend for the last few months, many junk stocks and low profit-making companies have risen day by day mainly due to rumour-based trading, said a stock broker preferring anonymity.

"These stocks are creating a balloon in the market that could burst at any time and so investors need to be cautious," he added.

Since companies with good performance

records survive even at the toughest of times, investors should seek out companies based on their fundamentals, he said.

"If they invest in well-performing companies, investors remain unscathed even if the market falls because these companies provide good dividends," said the broker.

At the DSE, 142 stocks advanced, 244 declined and eight remained unchanged.

Foreast Finance & Investment topped the gainers' list, rising 10 per cent, followed by Paper Processing & Packaging, Sonali Life Insurance, FAS Finance & Investment, and Generation Next Fashions.

Stock of Beximco were traded the most with Tk 93 crore worth of shares changing hands, followed by LankaBangla Finance, Aman Feed, Keya Cosmetics, and ML Dyeing.

Malek Spinning Mills shed the most, falling 7.12 per cent, followed by Sonargaon Textiles, Dhaka Insurance, Metro Spinning, and Sonali Paper & Board Mills.

The port city bourse also fell yesterday. The CASPI, the general index of Chittagong Stock Exchange (CSE), nosedived 79 points, or 0.44 per cent, to 17,956.

Among 312 stocks to undergo trade, 134 advanced, 166 dropped and 12 remained unchanged.

The CSE announced that investors can now safely and reliably conduct trading activities through the bourse's Internet Trading Service (ITS) and mobile application "CHITRA", according to a press release issued yesterday.

Amidst the ongoing Covid-19 pandemic and subsequent lockdowns, local investors can comfortably trade digitally through websites, it said.

Safeguarding private sector employees



SAZZADUL HASSAN



OPINION

additional amount is taxed. This restriction should be lifted to encourage firms to help the employees whenever they face any unfortunate medical emergency.

Another component could be life insurance. Anytime an employee can meet an accident that may lead to disability or even death. To address the challenge, life insurance coverage must be ensured for all employees. The regulatory authority would decide a minimum value. However, if the organisations want, they can go for higher insurance coverage.

A contributory provident fund can be put in place. From the basic salary of an employee, a certain percentage would be deducted, and the organisation would add a similar amount to top that up. The total amount will be invested.

At the time of separation, the employee will be awarded the total amount plus the interest earned.

Mohammad Kashem served a private company for 20 years. One fine morning when he was getting ready to go to his office, he had a sudden heart attack. Unfortunately, he could not recover, left this world, leaving behind a family of four members - his elderly mother, wife and two children.

Kashem was the breadwinner of the family. The entire family was at the mercy of his minuscule salary. Like most of the private sector employees in Bangladesh, he was literally living from hand to mouth and had no savings whatsoever.

To add to the despair, the organisation Kashem worked for neither had any insurance policy nor the after-service benefits. Consequently, after his passing, the family found itself in a dire state, with no clue how to survive.

Kashem represents millions of private sectors employees who devote their best part of life working for organisations yet are unable to ensure a secure life. What should be done to deal with this unkind situation? There should be some components in the compensation that would take care of the uncertainties associated with life.

For instance, medical allowances could be of help.

Employees and their family members do get sick. There are very few companies that reimburse medical expenses for the employees and their immediate family members. Some companies offer a lump sum monthly amount, while most firms do not provide any such facility.

Health insurance to cover medical expenses is a popular and widely used tool in many countries. Employers, insurance companies, and the government should jointly work to come up with a cost-effective, comprehensive medical coverage plan.

There is a restriction in the existing tax law that says a company can pay 10 per cent of the annual basic salary, Tk 120,000, or whichever is lower as a medical allowance to an employee. If the company pays more than the specified amount, the



One-month basic salary could be added for each completed year of service in the form of gratuity. This provision is already included in our labour law. However, not all organisations abide by this. Gratuity is also given at the time of separation.

A universal pension scheme can be introduced. Discussions have been going on since 2015 to put in place a pension scheme for the private sector employees and self-employed persons. In the budget speech of 2019-20, the finance minister proposed to form a Universal Pension Authority to implement the plan. However, the plan is yet to take any shape.

READ MORE ON B2

BO account transfer now possible online

STAR BUSINESS REPORT

A new online linked account is now enabling stock investors to transfer their BO accounts from one stock brokerage to another right from the comfort of their homes.

Earlier, this required investors to visit Central Depository Bangladesh to collect a form, fill it up and submit it again.

Now this is being enabled by an Online Transmission of Securities and Lodging Complaints by the Clients of Suspended

Stock-Broker module, launched by the Bangladesh Securities and Exchange Commission (BSEC) yesterday.

Investors can find the module link in the websites of the BSEC, Central Depository Bangladesh, Dhaka Stock Exchange (DSE), and Chittagong Stock Exchange (CSE).

The module has been modelled and made functional by Central Depository Bangladesh and the DSE.

READ MORE ON B2

GLOBAL BUSINESS

Samsung Q2 profit likely up 38pc on strong chip prices

REUTERS, Seoul

Samsung Electronics likely saw a 38 per cent surge in profit for the April-June quarter thanks to strong chip prices and demand spurred by a pandemic-led consumer appetite for electronics as well as recovering investment in data centres.

Operating profit for the world's biggest memory chip and smartphone maker likely jumped to 11.3 trillion won (US\$10 billion), according to a Refinitiv SmartEstimate drawn from 20 analysts and weighted toward those who are more consistently accurate.

The South Korean tech giant's strong performance - coming despite it shipping fewer smartphones than in January-March - underscores the stratospheric demand for chips that has depleted stockpiles and filled production capacity.

The result would be up 20 per cent from the first quarter and mark Samsung's highest operating income for the second quarter since 2018. Revenue likely rose 15.4 per cent. Samsung is scheduled to announce preliminary second-quarter results on Wednesday.

The company's chip division likely benefited from memory chip price hikes that exceeded market estimates, analysts said, while shipments grew as well.

Prices of DRAM chips, widely used in servers, mobile phones and other computing devices, jumped 27 per cent compared to the March quarter, while those of NAND flash chips that serve the data storage market rose 8.6 per cent, according to research provider Trendforce.

Profit also improved at Samsung's chip-contract manufacturing and logic chip design business, partly because operations at its storm-hit Texas factory returned to normal, analysts said. They estimated the chip division's operating profit in April-June rose about 22 per cent from the year-earlier period to about 6.6 trillion won.

Still, Samsung's smartphone shipments dropped to about 59 million in April-June from about 76 million in the first quarter, according to Shinyoung Investment & Securities, as sales slowed for its latest flagship model, launched in mid-January.



REUTERS/FILE

People wear masks in front of a Samsung store at a main shopping area as the country is hit by an outbreak of the new coronavirus in downtown Shanghai, China.

Global corporate tax overhaul faces rocky road to completion

REUTERS, Paris

A long road strewn with potential political pitfalls lies ahead for countries seeking to end a race to the bottom on international corporate tax, even though 130 of them have agreed to overhaul the way multinationals are taxed.

Nearly all 139 countries involved in talks at the Paris-based Organisation for Economic Co-operation and Development (OECD) last week backed plans for new rules on where companies' profits are taxed, and a rate of at least 15 per cent.

With ink barely dry on the agreement, jubilant politicians in higher-tax countries declared that what French Finance Minister Bruno Le Maire termed the "most important international tax deal in a century" had ended tax competition among governments.

G20 finance ministers are expected to endorse the deal at meetings on Friday and Saturday in Venice, adding momentum to a global initiative that in June prompted G7 ministers to back a clampdown on tax havens including the British Virgin Islands.

The new rules emerging from



REUTERS/FILE

The outside view of the Organization for Economic Co-operation and Development (OECD) office in Paris.

the OECD pact are tentatively scheduled to take effect in 2023, but for that to happen, countries must hammer out remaining details by October so tax codes can be revised next year - and some

signatories, including India and Switzerland, have since expressed reservations.

That suggests a 2023 implementation could be optimistic, given that many

countries took years to ratify an earlier less far-reaching amendment to international tax treaties. In the European Union, the world's biggest trading bloc in terms of consumer wealth, the best vehicle

for enforcing the rules would be an EU law. That could come during France's six-month presidency stint in the first half of 2022.

However, like all tax decisions in the EU, that would require unanimous backing from member states, and none of low-tax Estonia, Hungary and Ireland supported the OECD agreement.

"There will be pressure on the remaining three countries to change their position," a source close to the tax talks said.

Another source said that while the Irish and Estonians could probably be swayed, the Hungarians would likely be harder. Cyprus, which was not involved in the OECD talks but is an EU member, will also have to be convinced.

For Peter Vale, international tax partner in the Dublin office of accountants Grant Thornton, there is ultimately little that countries like Ireland can do to keep the deal from going ahead.

"The hope would be that Ireland and other countries, including some who have signed up to it, can exert some influence and impact on that rate so maybe it is capped at 15 per cent.

UK construction activity grows at fastest rate since 1997

REUTERS, London

Britain's construction industry recorded its fastest growth in 24 years last month, bolstered by a jump in demand for new homes and commercial property, but the sector was beset by a record rise in the cost of raw materials.

The monthly purchasing managers' index data underscored the speed of Britain's broader economic rebound as coronavirus restrictions ease, and also how

bottlenecks in supply chains are creating inflation pressures.

The IHS Markit/CIPS construction PMI jumped to 66.3 in June from 64.2 in May, its highest since June 1997 and above all forecasts in a Reuters poll of economists.

Britain's housing market has been boosted by a tax break for home-buyers which finance minister Rishi Sunak is due to phase out by the end of September.

The PMI's input cost

component was the highest since the series started in April 1997, and delivery times were the longest on record too.

"Supply chains once again struggled to keep up with demand for construction products and materials," IHS Markit's economics director Tim Moore said. The Bank of England last month said it expected inflation to peak above 3 per cent but it predicts the bottlenecks that are partly behind the rise will prove temporary.

Construction slumped at the start of the Covid-19 pandemic but recovered faster than other parts of Britain's economy as it was less affected by social-distancing restrictions and benefited from booming house prices.

Official data showed that construction output in April was slightly above its pre-pandemic level. Confidence among purchasing managers remained high but weakened to its lowest since January, partly due to

rising costs and difficulties hiring construction workers.

"Escalating cost pressures and concerns about labour availability appear to have constrained business optimism at some building firms," Moore said.

Separate PMI data for the private sector as a whole, which includes the much larger services sector and manufacturing, showed a small fall to 62.6 in June from May's record-high 63.0.