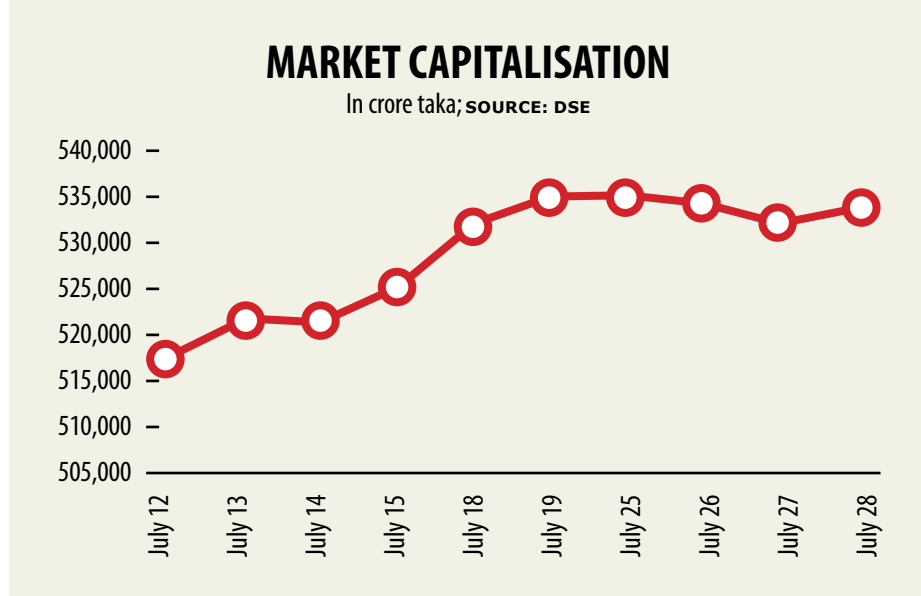


Stocks bounce back after two days



STAR BUSINESS REPORT
The stock market bounced back yesterday as institutional investors took to fattening up their portfolios.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 37.5 points, or 0.58 per cent, to 6,417 compared to the previous day. It had dropped 45 points on the preceding two days.

In another development, stock market trade is scheduled to remain suspended next Monday and Wednesday as Bangladesh Bank has decided to keep banks shut on those two days.

For the remaining three working days of the week, trade will run from 10:00am to 2:00pm.

Though general investors are hesitant, some institutional investors preferred buying stocks amidst the intensification of the pandemic, said a top official of a leading brokerage firm.

Money is very much available in the banking sector and there is no lucrative scope for investments, so some big investors are preferring the stock market to keep their money rolling, he said.

Excess liquidity in the banking sector stood at Tk 231,462 crore as of June, up 66 per cent year-on-year and 9 per cent from a month ago, according to Bangladesh Bank data. The investors believe the upcoming monetary policy will be expansionary, making their investment decision logical, said the broker.

The central bank is scheduled to announce the monetary policy for the current fiscal year today.

However, general investors are less active in the market now, he added.

Turnover, an important indicator of the market, fell 6.97 per cent to Tk 1,360 crore compared to the previous day.

Peoples Insurance Company topped the gainers' list yesterday, rising 10 per cent for the second consecutive day on disclosing earnings for the April-June period of the current year. Its earnings per share rose 57 per cent to Tk 0.60.

Stocks of Fu-Wang Ceramic Industry were traded the most, worth Tk 44 crore, followed by Saif Powertec, Beximco, GPH Ispat and Central Insurance Company.

Despite disclosing higher profits, stocks of HeidelbergCement Bangladesh shed the most in the market, falling 5.12 per cent followed by Emerald Oil Industries, Global Heavy Chemicals and C&A Textiles.

Earnings per share of the HeidelbergCement stood at Tk 11.79 in the first half of the current year while it was Tk 2.54 in the negative in the same period last year. At the DSE, 218 stocks advanced, 122 fell and 35 remained unchanged.

Chattogram Stock Exchange also rose yesterday. The CASPI, the general index of the port city bourse, increased 89 points, or 0.48 per cent, to 18,621.

Among 315 stocks to undergo trade, 172 advanced, 103 fell and 40 remained unchanged.

Rawhide business battered by Covid restrictions

Traders unable to find fair prices amid low supply

STAR BUSINESS REPORT

Rawhide traders across Bangladesh have been left disappointed by low prices this year, according to market insiders.

Besides, many people opted not to sacrifice animals during Eid-ul-Azha, for which the supply of rawhides has diminished significantly compared to pre-pandemic levels, they said.

Eid-ul-Azha, one of the two largest religious festivals for Muslims, accounts for more than half of the country's annual rawhide collection.

This year though, amid a slew of restrictions aimed at curbing the spread of Covid-19, the number of cattle sacrificed was considerably lower as most people avoided big expenses during this time of crisis.

A total of 90.9 lakh cattle were sacrificed this year, down by about 3.8 per cent from that in 2020, according to data from the Department of Livestock Services (DLS).

Rawhide wholesalers in Barishal say the supply of sacrificial animal skins was at least 20 per cent lower compared to last year.

Keramat Ali, a rawhide trader based in the Barishal wholesale market, said he bought 4,000 pieces of untanned leather this year while it was 6,000 pieces in 2020.

"There were at least 10 traders in Barishal market who used to do this business but that number has since come down to four thanks to coronavirus-induced financial troubles," he added.

Around 4.61 lakh cattle were sacrificed in the division this year, down by about 37,000 animals compared to that in 2020, as per data from the DLS Barishal office.

Similarly, the poor supply and low prices have taken a toll on the Pakuatia rawhide market in Ghatail upazila of Tangail.

As a result, many of the local traders now fear they may face huge losses.

More than four lakh rawhides



TITU DAS

Cattle skins are being offloaded from a truck at a rawhide wholesale market in Barishal. Due to inadequate supply this year, traders are in fear of losses. The photo was taken recently.

Rawhide production during Eid-ul-Azha, one of the two largest religious festivals for Muslims, accounts for more than half of the country's annual collection

4 lakh worth of rawhides and had to spend another Tk 40,000 for other costs.

"But with the current price situation in the market, it seems that I cannot sell my rawhides for more than Tk three-and-a-half lakh," he added.

On the other hand, Abu Sayeed, a representative from Ajmer Tannery in Dhaka, said rawhide prices have dropped because of a similar decline in prices at the international level.

Besides, the Covid-19 pandemic has only exacerbated the situation, he added.

However, Sayeed expressed hope that prices may rise a bit after the ongoing nationwide lockdown comes to an end.

Still though, most seasonal rawhide traders say they cannot wait for a potential rise in prices since they have to repay their loans.

were brought to the market in 2020 whereas just one-fourth of this amount is up for sale this year.

Moreover, thanks to the restrictions on public movement, only a small number of tannery owners, agents and wholesalers have been able to pay a visit.

During a recent visit to the wholesale market beside the Tangail-Mymensingh highway, several rawhide traders said they were forced to sell their products

at a loss in order to reduce the debt incurred to purchase these skins.

Punya Sarkar, a seasonal rawhide trader of Moter Bazar of Madhupur upazila in Tangail, said he availed 700 rawhides for Tk 500 apiece, which includes the cost of salt and transport.

"But buyers are offering not more than Tk 500 per hide," he added.

Likewise, Arun Kumar of Fulbaria in Mymensingh said he bought Tk

GLOBAL BUSINESS

Pfizer raises 2021 Covid vaccine sales forecast to \$33.5b

REUTERS

Pfizer Inc on Wednesday raised its forecast for sales of the Covid-19 vaccine that it developed with Germany's BioNTech by 28.8% to \$33.5 billion, as countries scramble to secure supply of the shots.

The company said the raised sales forecast of the vaccine is based on signed deals for 2.1 billion doses this year, and that it could increase if it signs additional contracts. Pfizer and BioNTech expect to produce 3 billion doses of the vaccine this year.

Pfizer gained a head start in December with the first US emergency authorization of a Covid-19 vaccine, and has since jumped ahead of rivals that have faced manufacturing hurdles. Johnson & Johnson's vaccine has also been under scrutiny over safety concerns.

J&J last week estimated full-year Covid-19 vaccine sales of \$2.5 billion, while Moderna has forecast \$19.2 billion.

Pfizer has said it believes a third "booster" dose of its vaccine will be needed in the future, which could help it bring in more sales in 2022. The company said on Wednesday it could file for an emergency use authorization for a potential booster dose as early as August.

Top infectious disease official Anthony Fauci said on Sunday that Americans who are immune compromised may end up needing booster shots as the United States deals with increasing cases from the Delta variant of the coronavirus. The United States purchased 200 million more doses of the Pfizer/BioNTech vaccine last week to help with pediatric vaccination as well as possible booster shots - if they are needed.

Pfizer's previous forecast in May of \$26 billion was based on deals signed for 1.6 billion doses. Wall Street was broadly in line with that forecast at \$28.51 billion, according to nine analysts polled by Refinitiv.

Expenses and profit from the vaccine are split 50-50 between Pfizer and BioNTech.



REUTERS/FILE

A person walks past a Pfizer logo amid the coronavirus disease pandemic in the Manhattan borough of New York City on April 1.

US oil refiners set for first profit during pandemic



REUTERS/FILE

A general view of the Marathon petroleum refinery in Carson, California, US.

REUTERS

US oil refiners are set to post their first quarterly profit since the Covid-19 pandemic, even though higher oil prices and weaker margins in June have tamed analysts' optimism fostered by the rebound in fuel demand.

US gasoline and diesel fuel demand has nearly recovered to 2019 levels following the plunge in travel and business activity during the worst of the coronavirus pandemic in 2020. Refiners ramped up processing on the back of the resurgence in activity, but are also grappling with higher crude oil prices, which have surged 48 per cent this year.

The top three US independent refiners - Valero Energy Corp, Phillips 66 and Marathon Petroleum Corp - are projected to report combined net income of about \$675 million in the second quarter.

That would be down from \$1.3 billion in profit forecast just 30 days ago, and analysts are concerned that the resurgence in coronavirus cases will undermine economic demand.

"There is a fear that second quarter could be peak earnings for the group

this year," said Cowen and Co analyst Jason Gabelman.

US crude has rallied nearly 24 per cent in the quarter, and while prices of transportation fuels tend to pick up in tandem, prices of other products like naphtha, asphalt and propane tend to lag the increase, squeezing margins.

The US Energy Information Administration earlier this month forecast US liquid fuels consumption in 2021 to rise by 1.5 million barrels per day from 2020. Gasoline product supplied rebounded in the second quarter to levels not seen since prior to the pandemic's beginning.

That has analysts optimistic about coming reports, after the top three refiners lost \$1.3 billion in the first quarter, according to Refinitiv IBES data. Valero reports its earnings on Thursday, followed by the other two next weeks.

Going forward, the spread of the highly transmissible Covid-19 Delta variant is threatening the nascent recovery in travel, with the United States saying this week that it will not lift any existing travel restrictions "at this point."

Refining margins started to decline in June, falling to about \$19.11

per barrel at the end of the month, compared with \$20.42 at the end of the first quarter, Refinitiv Eikon data showed. In the second quarter, blending ethanol into gasoline also hurt margins as price for the combusted fuel was at a rare premium to gasoline, analysts said.

Refiners also had to pay more for US renewable fuel credits, which touched a record \$2 in the quarter. The cost for Renewable Identification Numbers (RIN) - the credits used for compliance with US biofuels blending laws - increased by 22 cents each to \$1.54 at the end of June from \$1.32 at the end of the first quarter.

Refiners are required, by law, to blend biofuels into their gasoline pool, or pay up so others can do the same.

The pandemic has reduced blending activity generally, and as a result, fewer credits have been issued, increasing their costs.

Delta Airlines' refinery in Trainer, Pennsylvania, in early July posted a \$157 million operating loss in the second quarter, in part due to the higher costs associated with blending biofuels into its products.

NEWS In Brief

Oil price rises to \$75

REUTERS, London

Oil rose to around \$75 a barrel on Wednesday ahead of an industry report expected to show US crude inventories fell more than expected, bringing the focus back to a tight supply and demand balance rather than rising coronavirus infections.

US crude stocks fell 4.7 million barrels, two market sources citing American Petroleum Institute figures said, more than analysts forecast. Official US Energy Information Administration inventory figures are out at 1430 GMT.

"This price catalyst may inject some much-needed momentum into proceedings, especially after the API set a bullish tone," said Stephen Brennock of broker PVM, referring to the EIA report.

Brent crude rose 57 cents, or 0.8 per cent, to \$75.05 a barrel at 0950 GMT, after posting on Tuesday its first decline in six days.

British PM expects steady recovery for economy this year

REUTERS, London

British Prime Minister Boris Johnson said Britain's economy would show a steady recovery this year albeit with "bumps on the road" after the country posted a strong increase in the number of employees on company payrolls in June.

"You're seeing the job numbers increasing and I think the rest of this year there will still be bumps on the road but I think you'll see a story of steady economic recovery," Johnson told LBC radio on Wednesday.

Nissan posts surprise Q1 profit

REUTERS, Tokyo

Japanese automaker Nissan Motor Co on Wednesday raised its earnings outlook for the year, helped by a weaker yen and favourable demand in the United States, after reporting a surprise first-quarter operating profit.

Nissan reported an operating profit of 75.68 billion yen (US\$688.6 million) for April-June, compared with a 153.93-billion-yen loss in the same period a year earlier.

Deutsche Bank optimistic on revenues

REUTERS, Frankfurt

Deutsche Bank on Wednesday beat expectations with a surge in second-quarter profits after outperforming rivals in fixed income trading and raised its revenue outlook for next year.

The profit figures are good news for CEO Christian Sewing, who launched a major restructuring in 2019 to return the bank to profitability after a string of regulatory failings. Sewing said in a memo to staff: "The right strategy and hard work do pay off."

Deutsche Bank has lost around 8.2 billion over the past 10 years, but Wednesday's results mark the group's fourth consecutive quarterly profit, its longest streak in the black since 2012.