

Stocks stay buoyant on liquidity hopes

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Bangladesh's stock market remained buoyant for the second consecutive day yesterday, sending the prime index of Dhaka Stock Exchange (DSE) to a record high, as investors were upbeat that liquidity flow in the market would continue owing to the central bank's expansionary monetary policy.

"Investors hope that the index will continue to rise as money flow in the banking sector may flood the stock market," said a merchant banker.

The DSEX, the benchmark index of the country's premier bourse, edged up 8.06 points, or 0.12 per cent, to 6,425.25 points yesterday. This is its highest point since the inception of the index in 2013. Earlier on July 25, the index touched a historic high of 6,424 points.

"Bank funds are already coming to the market and so, their (investors) expectation is not illogical," he said, adding that the banking sector has a huge excess of liquidity.

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 that a month ago, according to Bangladesh Bank data.

"If the monetary policy for the current fiscal year is expansionary, then the market will get more liquidity," added the merchant banker.

Turnover, another important indicator of the market, went up 11.8 per cent to hit Tk 1,521 crore.

At the DSE, 159 stocks advanced, 167 declined and 48 remained unchanged.

Despite there being no cause for such a rise, Coppertech Industries topped the gainers' list, growing 10 per cent, followed by AFC Agro Biotech, Metro Spinning, Deshbandhu Polymer and FAR Chemical Industries.

AFC Agro Biotech is going to supply five lakh "RT-PCR" test kits along with "VTM" and swab sticks to the Ministry of Health and Welfare for Covid-19 testing. The value of these goods is estimated to be Tk 43.45 crore. After this news was published on the DSE website, stocks of AFC Agro Biotech rose 9.78 per cent to Tk 30.3 yesterday.

Stocks of Beximco were traded the most, worth Tk 60 crore, followed by GPH Ispat, Saif Powertec, British American Tobacco Bangladesh and Active Fine Chemicals.

Stocks of RAK Ceramics rose by more than 4 per cent after its financial report was published, which said its per share profits stood at Tk 1.02 in the second quarter of 2021.

However, it incurred a per share loss of Tk 0.09 year-on-year.

The multinational ceramics maker said due to a revised and responsive business strategy taken by its management, sales had increased by 65 per cent to Tk 326 crore from Tk 197 crore in the same period the previous year.

The company registered an improve in the cost of sales due to enhanced controls on costs compared to that the year before, resulting in increased profits.

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BB raises farm loan disbursement target



Bangladesh Bank has increased the farm loan disbursement target to Tk 28,391 crore this fiscal year in a bid to help farmers combat the adverse impacts of the pandemic.

PHOTO: STAR/FILE

STAR BUSINESS REPORT

Bangladesh Bank has set a target to disburse Tk 28,391 crore in farm loans this fiscal year, up 8 per cent from that a year ago, aiming to combat the adverse impacts deriving from the Covid-19 pandemic.

Banks collectively gave out Tk 25,511 crore last fiscal year, which was 97 per cent of their annual target, according to the central bank's annual agricultural and rural credit policy and programme.

The central bank has incorporated some new aspects in its policy from this fiscal year to ensure food security and develop a sustainable agricultural credit system.

This includes enabling farm loans to be enjoyed by farmers involved in rearing Sonali chickens, buffalo and Garol sheep for commercial purposes.

The Sonali is a cross-breed of Rhode Island

Red cocks and Fayoumi hens having an appearance similar to that of local chickens and introduced in northern parts of Bangladesh in 1996-2000.

In Bangladesh, buffaloes are seen as draft animals used for ploughing and pulling carts.

Various authors have reported that the breeding of the highly prolific Garole breed of sheep is localised in the Sunderban region of Bangladesh and West Bengal.

Considering the demand of the farmers and actual scenario of farming activities in a particular area, per acre credit limit can be increased by up to 15 per cent.

The central bank has also increased the per acre credit limit for fish cultivation.

About 43.8 lakh tonnes of fish are produced annually in Bangladesh, which ranks fifth in aquaculture and third in inland open water capture fish production in the world.

The policy said it would strengthen the

supervision on agricultural credits such that farmers can smoothly avail loans they desire.

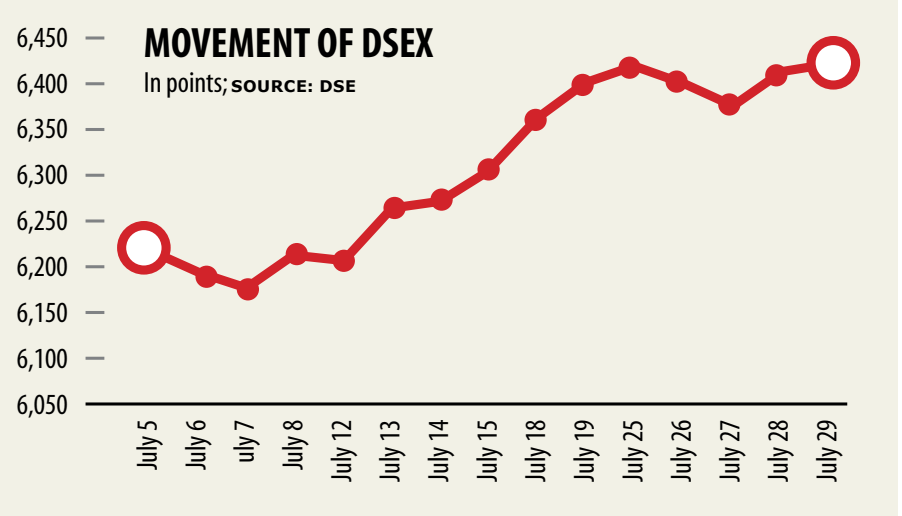
It mentioned that the central bank had recently reduced the farm loan interest rate to 8 per cent from the previous 9 per cent considering the agriculture sector as one of priority.

The policy said the BB had created a refinance scheme of Tk 5,000 crore last year from its own fund to be disbursed as working capital for the agricultural sector to mitigate the crisis due to Covid-19 pandemic.

The tenure of the scheme ended in June. Under the scheme, banks disbursed Tk 4,295 crore.

In addition, the central bank took an initiative to disburse agricultural credit for the crop and grain sector at a 4 per cent concessional interest rate.

Under it, banks disbursed Tk 4,880 crore till June.



GLOBAL BUSINESS

Fiscal stimulus, vaccines likely fuelled US economic growth in Q2

REUTERS, Washington

The US economy likely gained steam in the second quarter, with the pace of growth probably the second fastest in 38 years, as massive government aid and vaccinations against Covid-19 fueled spending on travel-related services.

The anticipated acceleration in gross domestic product last quarter would lift the level of GDP above its peak in the fourth quarter of 2019. Even with the second quarter likely marking the peak in growth this cycle, the economic expansion was expected to remain solid for the remainder of this year.

A resurgence in Covid-19 infections, driven by the Delta variant of the coronavirus, however, poses a risk to the outlook. Higher inflation, if sustained, as well as ongoing supply chain disruptions could also slow the economy.

The Commerce Department will publish its snapshot of second-quarter GDP growth on Thursday at 8:30 a.m. EDT (1230 GMT).

"Consumers have plenty of income and wealth ammunition to support consumer spending, while business inventories remain lean and restocking efforts are poised to support business investment and overall GDP growth substantially in the second half of the year," said Sam

Bullard, a senior economist at Wells Fargo in Charlotte, North Carolina.

The Federal Reserve on Wednesday kept its overnight benchmark interest rate near zero and left its bond-buying program unchanged. Fed Chair Jerome Powell told reporters that the pandemic's economic effects continued to diminish, but risks to the outlook remain.

The economy likely grew at an 8.5 per cent annualized rate last quarter, according to a Reuters survey of economists.

That would be the second-fastest GDP growth pace since the second quarter of 1983. The economy grew at a 6.4 per cent rate in the first quarter, but that is subject to revision.

With the second-quarter estimate, the government will publish revisions to GDP data. Given that this is not a comprehensive benchmark revision, economists expect only modest changes to previously published estimates. The National Bureau of Economic Research, the arbiter of US recessions, declared last week that the pandemic downturn, which started in February 2020, ended in April 2020.

Economists expect growth of around 7 per cent this year, which would be the strongest performance since 1984. The International Monetary Fund on Tuesday boosted its growth forecasts for the United States to 7.0



REUTERS/FILE

Guests enjoy outdoor dining in the Manhattan borough of New York City, US on May 23.

per cent in 2021 and 4.9 per cent in 2022, up 0.6 and 1.4 percentage points respectively, from its forecasts in April.

President Joe Biden's administration provided \$1.9 trillion in pandemic relief in March, sending one-time \$1,400 checks

to qualified households and extending a \$300 unemployment subsidy through early September. That brought the amount of government aid to nearly \$6 trillion since the pandemic started in the United States in March 2020.

Samsung reports surge in profit

AFP, Seoul

Samsung Electronics' net profits surged more than 70 per cent in the second quarter thanks to higher memory chip prices fuelled by pandemic-led demand, the South Korean tech giant reported Thursday.

Coronavirus-driven working from home boosted demand for devices and appliances powered by Samsung's memory chips.

The company said that "memory shipments exceeded previous guidance and price increases were higher than expected". The world's biggest smartphone maker saw net profits rise 73.4 per cent year-on-year to 9.6 trillion won (\$8.4 billion) for April-June, the company said in a regulatory filing.

Operating profit increased 54.3 per cent to 12.6 trillion won from 8.1 trillion won a year earlier, more than half of which came from the firm's semiconductor business.

The strong results come despite an on-quarter decline in Samsung's earnings from its smartphone business because of supply chain problems that disrupted global production. Samsung Electronics is the flagship subsidiary of the giant Samsung group, by far the largest of the family-controlled empires that dominate business in South Korea, the world's 12th largest economy.

The conglomerate's overall turnover is equivalent to one-fifth of gross domestic product. Analysts say the chip unit's proportion of the firm's profit is likely to grow in the months ahead.

"Samsung will benefit from memory chip prices that are likely to go higher in the third and fourth quarter," Park Sung-soon, an analyst at Cape Investment & Securities, told AFP. The firm anticipates favourable market conditions for the rest of the year, with continued demand for memory chips in the server and mobile markets.

UK car output up a third after slump

REUTERS, London

British car production rose by nearly a third in the first half of 2021 from last year's slump, but remained down on the five-year average as the sector warned that Covid-19 continued to cause staffing and supply problems.

While factories were forced to close as the pandemic hit Britain in March last year, they have operated in 2021 with protective measures in place, although a lack of semiconductor chips has hit volumes. Some companies have also been affected by staff having to self-isolate for catching Covid-19 or being in contact with someone who had, as cases rose in recent weeks.

Output increased by an annual 31 per cent in the first six months of the year to 498,923 vehicles, helped by a 22 per cent increase in June, industry body the Society of Motor Manufacturers and Traders (SMMT) said, while noting the impact of chip supply problems.

US Senate advances \$1tr bipartisan infrastructure bill

REUTERS, Washington

A roughly \$1 trillion bipartisan infrastructure investment bill advanced in the US Senate on Wednesday, passing a key milestone that moves the emerging legislation toward formal debate and possible passage.

The Senate voted 67-32 to take the first procedural step toward debating the measure that has the support of Democratic President Joe Biden. The bipartisan agreement, which follows months of negotiations, gained the support of all 48 Democrats, two independents and 17 Republicans on this first procedural vote.

Additional procedural votes and debate on the bill itself were expected, possibly into the weekend or beyond.

Democrats intend the bill -- which includes funding for roads, bridges, broadband and other physical infrastructure -- to be the first of a pair of packages, followed by a sweeping \$3.5 trillion



REUTERS/FILE

A street is closed due to work in the road in Jersey City, New Jersey, US on March 31.

"human infrastructure" package that faces staunch Republican opposition and some dissent among moderate Democrats.

Democratic Senator Kyrsten Sinema and Republican Senator Rob Portman, the two lead Senate negotiators, announced Wednesday's agreement separately to reporters. Republicans blocked a similar move last week, saying details were not nailed down. In the latest bill, details on transit and broadband were still being finalized but lawmakers said legislative text would be completed soon.

"We're excited to have a deal," Sinema said. "We've got most of the text done, so we'll be releasing it and then we'll update it as we get those last pieces finalized."

The agreement includes \$110 billion for roads, \$73 billion for power grid spending, \$66 billion for railways, \$65 billion to expand broadband access, \$55 billion for clean drinking water, \$50 billion for environmental resiliency, \$39 billion for public transit and \$25 billion for airports, the White House said.