

Stocks rise for sixth straight day

STAR BUSINESS REPORT

All three Bangladesh stock indexes closed at record highs yesterday after a rocky week when investors were fretting over the Delta coronavirus variant while Bangladesh Bank launched an expansionary monetary policy for the current fiscal year.

Stocks of United Power Generation and Square Pharmaceuticals helped the indexes go up, contributing 15 points to the benchmark index.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), continued to surge for the past six trading days, rising 60 points, or 0.92 per cent, to 6,596 yesterday.

The DS-30, the blue chip stock index, soared 19 points to 2,385 on the day. The Shariah index of the premier bourse, DSES, rose 15 points to 1,439.

It looks to be a strong run of the indexes as investors' participation is well enough in the market, said a top stock broker.

For now, it looks justified based on strong earnings of the listed companies, he said, adding that the economy was rebounding.

The central bank's monetary policy was also supportive in sending the market index into higher levels, he added.

Turnover, another important indicator of the market, went up 8.5 per cent to Tk 2,511 crore. Market capitalisation of the DSE added 0.51 per cent to Tk 544,326 crore, which is also the highest in the DSE's history.

As banks do not have enough options for investing their excess liquidity due to the intensification of the pandemic, they are active in the stock market, said market analysts.

The central bank's expansionary monetary policy was also supportive in sending the market index to higher levels, an expert says

Many entrepreneurs are also rushing towards the stock market, they added.

At the DSE, 242 stocks advanced, 103 declined and 29 remained unchanged.

CVO Petrochemical Refinery topped the gainers' list, rising 10 per cent, followed by Usmania Glass Sheet Factory, Dacca Dyeing, Paper Processing & Packaging, and Gemini Sea Food.

Stocks of Beximco were traded the most, worth Tk 128 crore, followed by Orion Pharmaceuticals, GPH Ispat, Malek Spinning and Saif Powertec.

Asian Tiger Sandhani Life Growth Fund shed the most, falling 6.25 per cent, followed by Beacon Pharmaceuticals, GBB Power and NLI First Mutual Fund.

The port city bourse also rose yesterday. The CASPI, the general index of the Chittagong Stock Exchange, advanced 155 points, or 0.82 per cent, to 19,014.

Rising demand a blessing for Madhupur pineapple farmers

DISTRICTS IN FOCUS

MIRZA SHAKIL, Tangail

Pineapple farmers based in the Madhupur Garh region of Tangail district are ecstatic about the increasing demand for the fruit that has allowed them to secure better prices compared to previous years.

The Madhupur Garh region is known for producing a majority of the pineapples cultivated across Bangladesh each year. The pineapples grown in the region, which includes the Giant Q, Honey Queen and Aswshina varieties, are famous for their sweet, juicy flesh that bears a distinct aromatic flavour.

According to the Department of Agricultural Extension (DAE) in Madhupur upazila, pineapples were cultivated on around 6,500 hectares of land in the region.

Similarly, more than 3,000 hectares of land in the adjacent Ghatail upazila and Fulbaria upazila in Mymensingh were used to grow the fruit.

On an average, around two lakh tonnes of pineapple is produced in the country each year.

About 85 per cent of the pineapples grown in the region are the Giant Q variety, locally known as Calendar.

Of the rest, 5 per cent are the Honey Queen variety, locally called Joldungi, and 10 per cent are the Ashwina variety.

The demand for pineapples has seen an upward trend ever since the ongoing coronavirus pandemic began in March last year as the fruit is rich in vitamin C, local sources said.

During a recent visit to Madhupur upazila, it was seen that huge amounts of pineapple were on display at the four main local markets -- Jalchhatra, Ashrabazar, Moterbazar and Garobazar.

As such, the markets were abuzz with the humdrum of haggling between sellers and buyers from all over the country.

The Giant Q variety, which rules the markets between July and August, are being sold at Tk 40 to Tk 60 depending on size this year, up from Tk 20 to Tk 30 in previous years.

This is the highest price for the fruit as far as anyone can recall, according to local growers.

"We do not know actually why, whether it is for the ongoing Covid-19 pandemic or otherwise, but people are buying more of the fruits than previous years," said Ashraf Ali, a



According to the Department of Agricultural Extension in Madhupur upazila, pineapple is cultivated on around 6,500 hectares of land in the region, while around two lakh tonnes of pineapple are produced in the country each year.

MIRZA SHAKIL

trader at Jalchhatra, the largest pineapple market in Madhupur upazila.

Other than local traders, wholesalers from all over the country, including Dhaka, Gazipur, Manikganj and various northern districts, come to the markets in Madhupur to purchase pineapples during the picking season.

Earlier, local pineapple growers secured good prices for their Honey Queen variety between April and June earlier this year.

Each Honey Queen pineapple was sold for about Tk 30 to Tk 40 during that period while they had cost around Tk 15 to Tk 25 for the past few years. Abdul Kaleque Miah, a wholesaler from Dhaka who was at the Jalchhatra market,

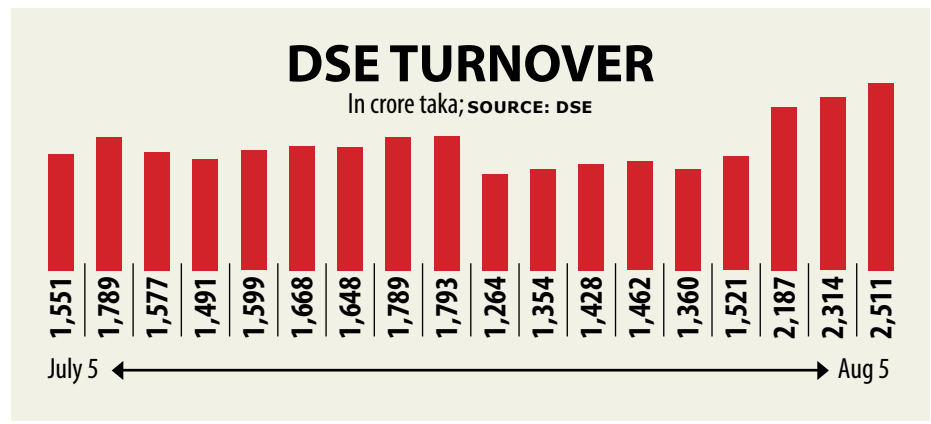
said the demand for Madhupur pineapples in the capital has risen compared to previous years.

"I bought 2,000 Giant Q pineapples for about Tk 50 to Tk 58 per piece in hopes that I can sell them for Tk 70 to Tk 80 per piece in the capital," he added.

Farmer Shamsul Haque of Moterbazar in Madhupur said he cultivated pineapples on 20 bighas of his land. To his satisfaction, he has sold about 80,000 of his pineapples at high prices.

Besides, the growers are also pleased with the lower amount of rainfall this year as the fruit ripens at a time when non-stop rain usually causes problems in marketing, he added.

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GLOBAL BUSINESS

China's Delta outbreak casts pall over growth

REUTERS, Hong Kong

Beijing's ability to balance its virus response and economic growth is facing a big test.

In the past few days a dozen provinces have imposed travel curbs, mass testing and other strict measures to contain an outbreak of the highly transmissible Delta strain of coronavirus that has infected nearly 500 people.

China has given enough vaccine shots to fully inoculate 60 per cent of its population, according to Reuters' vaccination tracker estimates.

Yet authorities are still taking a zero-tolerance approach to new cases.

Some cities have banned residents from leaving, cancelled major events and closed tourism sites.

That includes Wuhan, where the virus was first detected in 2019. In Jiangsu province, officials have shut out of caution over 40,000 entertainment centres used for playing cards and mah-jong.

The services sector, which is still

recovering from the initial lockdowns last year, will be hit hardest for now.

Household consumption spending booked a two-year compound annual growth rate of 7 per cent in the second quarter, still lower than the 9 per cent observed in 2019, analysts at China International Capital Corporation estimated.

Shelved travel plans and cancelled movie showings just ahead of the summer holiday could hit companies like Trip.com and Maoyan Entertainment hard. Airline and railway authorities already are refunding tickets.

The broader economic impact of the measures taken so far should be limited. Goldman Sachs analysts reckon it could shave less than one percentage point off China's annualised third-quarter GDP.

If this latest virus wave keeps spreading, though, the country risks undershooting the government's annual growth target of 6 per cent.

The timing of the spike is also

unfortunate, as it adds to growth worries caused by recent bad floods as well as a flurry of crackdowns in property and other sectors.

As it stands, the People's Bank of China, which has been withdrawing pandemic-induced stimulus, will have little choice but to keep monetary policies more accommodative.

There may also be even more restrictions on travel in and out of the country, as this latest outbreak appears to have been traced to passengers who flew from Russia to the major transportation hub of Nanjing.

The current short, sharp shock may nip this outbreak in the bud.

If not, Beijing's penchant for harsh restrictions to eradicate all locally transmitted cases despite a high vaccination rate will cast a much larger pall over the economy.

China reported 85 new confirmed coronavirus cases in the mainland for Aug. 4, with 62 of them locally transmitted, the National Health Commission said in a

statement on Aug. 5.

The recent virus resurgence is associated with an outbreak in Nanjing, the capital of Jiangsu province, in late July, with the Delta variant mostly likely introduced on a flight from Russia, Chinese officials have said.

All 31 provincial-level regions in the Chinese mainland have urged citizens not to leave the province where they live unless it is necessary, state news agency Xinhua reported on August 3.

Among other measures, 23 railway stations have halted ticket sales for Beijing-bound passengers. All flights at the airports in Nanjing and Yangzhou have been suspended.

The city of Wuhan on August 3 announced it will test its 12 million residents for the coronavirus after confirming its first domestic cases of the Delta variant.

Wuhan, where the virus was first detected, had previously reported no local coronavirus cases since May 2020.

NEWS In Brief

Uber posts \$1.1b profit

AFP, San Francisco

Uber on Wednesday reported a profit in second quarter on one-time gains and said its pandemic-stalled ride-hailing business was showing signs of recovering.

The San Francisco-based company reported a profit of \$1.1 billion.

Revenue rose to \$3.9 billion in the recently ended quarter, more than double what it took in during the same period last year.

The net income for the quarter included gains of \$1.4 billion from the revaluation of its investment in Chinese ride-share firm Didi and another \$272 million from its stake in the autonomous technology firm Aurora, according to Uber.



Tesla chair sells \$22m shares

REUTERS

Tesla Inc chair Robyn Denholm sold more than \$22 million worth of shares in the electric-car maker after exercising stock options, according to a filing with the US Securities and Exchange Commission (SEC).

Denholm sold 31,250 shares at weighted average prices ranging from \$703 to \$726.200 in transactions that took place on Aug. 2, according to the filing on Wednesday. Denholm, who joined Tesla's board as an independent director in 2014, replaced Chief Executive Officer Elon Musk as the chair in 2018, fulfilling a demand by the SEC to strip the job from Musk.

US crude stockpiles rise

REUTERS

US crude oil stockpiles rose, while gasoline inventories fell, in a signal of steady demand for fuel, the Energy Information Administration said on Wednesday. Crude inventories rose by 3.6 million barrels in the week to July 30 to 439.2 million barrels, compared with analysts' expectations in a Reuters poll for a 3.1 million-barrel drop.

Stocks at the Cushing, Oklahoma, delivery hub for US crude futures, however, fell for an eighth straight week, dropping by 543,000 barrels to 34.9 million barrels, their lowest since January 2020, the EIA said. Gasoline stocks fell by 5.3 million barrels, the EIA said, far more than expectations for a 1.8 million-barrel drop.

US recovery stumbles as private hiring slows

AFP, Washington

After recovering strongly as widespread vaccinations allowed for an easing of pandemic restrictions, hiring by American firms slowed sharply in July, raising fears the US recovery may be running out of steam amid increasing Covid-19 infections.

The setback reported in data released Wednesday comes as President Joe Biden's infrastructure and jobs plan nears approval in Congress, while he continues to push for massive spending on programs to support the economy and hiring.

Though officials express confidence the world's largest economy will continue to claw its way back, they also stress the critical role of government funding to address longstanding problems and inequalities that predated the pandemic.

The 330,000 private jobs payroll services firm ADP said the economy added last month was far smaller than economists had expected and less than half the number gained in June.

That could be a worrisome sign ahead of the government's monthly jobs report due out Friday, which economists expect could finally deliver another million-job increase.

"The labor market recovery continues to exhibit uneven progress, but progress nonetheless," ADP chief economist Nela Richardson said in a statement.

As businesses like hotels and restaurants were able to reopen, the hard-hit leisure and hospitality sector has been hiring workers at a brisk pace since March.

But the ADP data showed a gain of just 139,000 jobs in the industry last month -- the biggest of any sector by far but less than half of the June increase.

In recent weeks, rising infections from

the fast-spreading Delta variant of Covid-19 have caused some areas of the United States to again require masks, raising concerns that the rebound could stall.

"The slowdown in the recovery has also impacted companies of all sizes. Bottlenecks in hiring continue to hold back stronger gains, particularly in light of new Covid-19 concerns tied to viral variants,"

Richardson said.

But Treasury Secretary Janet Yellen said Wednesday the country is headed towards full employment after GDP returned to its pre-pandemic size in the second quarter -- which she credited to the unprecedented government response.

However, there are issues "beneath the surface" at work in the labor market, including racial disparities that she said public spending can help address.

On top of his \$1 trillion infrastructure plan, Biden has proposed \$3.5 trillion in spending on childcare, education and health.

"In the same way that ambitious fiscal policy is accelerating our recovery from the pandemic, it can start unwinding some of these destructive trends and spur growth," Yellen said at an event in Atlanta to promote Biden's agenda.

Underinvestment has been a drag on the economy, Yellen said, keeping the United States behind other advanced nations in many areas including childcare, which allows women to remain in the workforce.

Economists are projecting employment gains of over 900,000 and as much as a million in the key Labor Department employment report, and though the ADP data are not always in sync with the official figures, the big miss could foretell weak monthly hiring overall.



The slowdown in hiring underscores the challenges of a full labour market recovery in US.

AFP/FILE