

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 2.66%	▲ 2.88%	\$1,762.69	\$70.70	▼ 0.39%	▲ 0.33%	▲ 0.07%	▼ 0.24%	83.95	98.26	115.71	12.76
6,596.08	11,513.32	(per ounce)	(per barrel)	54,277.72	27,820.04	3,177.18	3,458.23	BUY TK	102.06	119.51	13.41
								SELL TK			

Star BUSINESS

DHAKA SUNDAY AUGUST 8, 2021, SRABAN 24, 1428 BS • starbusiness@thedailystar.net

Private investment hits a trough

REJAU KARIM BYRON and
DWAIPAYAN BARUA

Private investment in Bangladesh fell to its lowest level in 14 years in the last fiscal year owing to the lingering uncertainty caused by the coronavirus pandemic and continuing structural weaknesses.

The descent may slow down the progress made in the areas of employment and poverty alleviation over the last few years.

In 2020-21, the private investment-to-gross domestic product (GDP) ratio declined to 21.25 per cent, provisional data from the Bangladesh Bureau of Statistics (BBS) showed. This is the lowest ratio since 2007-08.

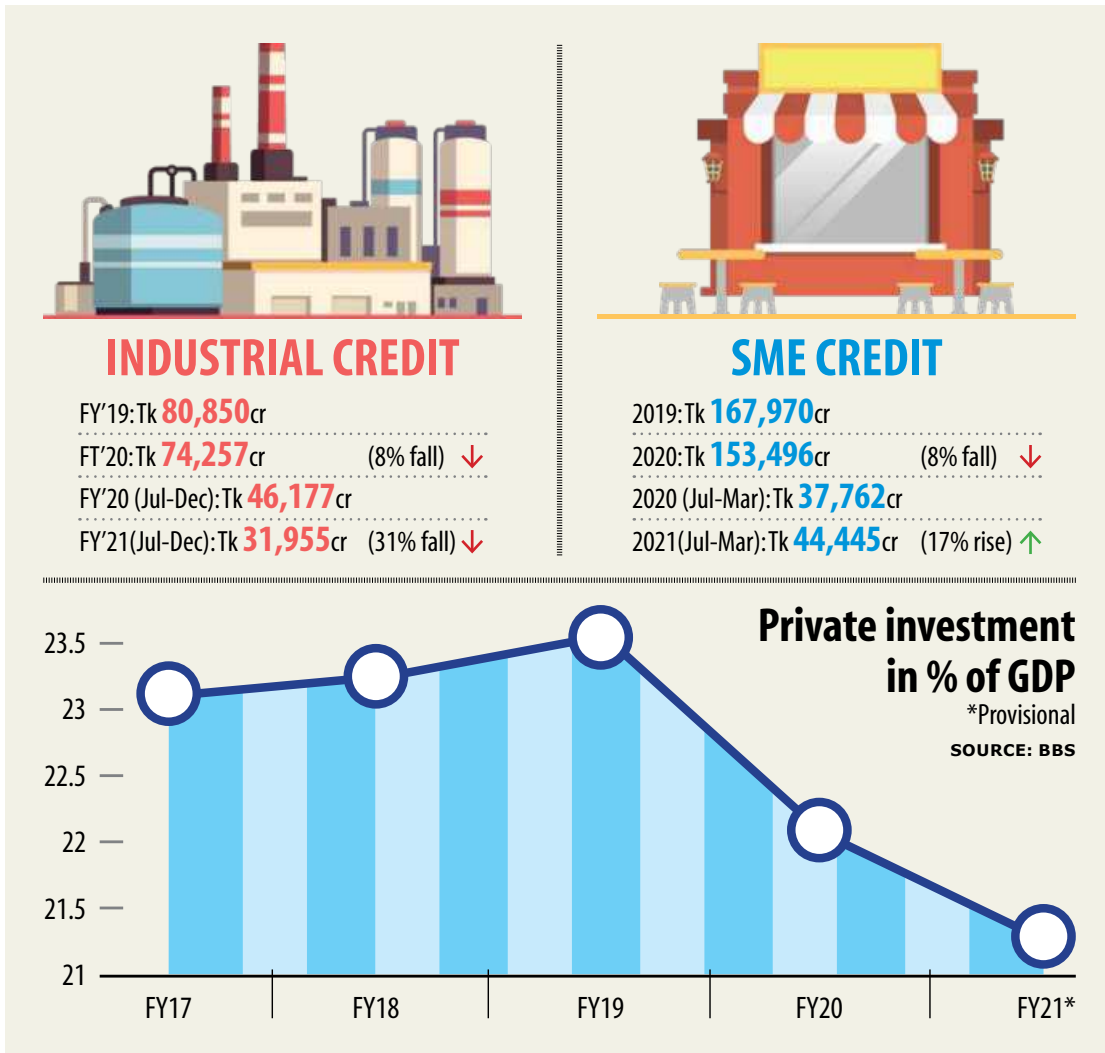
The proportion was also lower than the 24.41 per cent private investment predicted for the last fiscal year in the Eighth Five-Year Plan.

The ratio had risen to 23.5 per cent in 2018-19. It declined to 22.06 per cent in 2019-20 amidst the onset of Covid-19 in March last year.

Selim Raihan, executive director of the South Asian Network on Economic Modelling (Sanem), said the decline in private investment was definitely due to the impacts of the unprecedented shock from Covid-19.

"Private investment might have declined more compared to the provisional data of the BBS since the imposition of fresh lockdowns is hurting the economy."

Prof Raihan stressed the need for proper reassessment of the plan, especially over the investment situation in the



context of the pandemic.

Shamsul Alam, state minister for planning, said, "The plan is not a static document; it is a dynamic document. If the

situation requires, we will revisit it."

He said the plan was formulated, taking into account the impacts of the crisis.

"If any reassessment is needed with the new information and new situation, we will revisit growth rates and investment."

The overall investment-to-GDP

ratio was 29.92 per cent in FY21, the lowest in five years.

In 2016-17, the ratio was 30.5 per cent, and it rose to 31.6 per cent in 2018-19 before coming down to 30.47 in 2019-20 as the pandemic struck Bangladesh.

However, the public investment-to-GDP ratio increased amid the pandemic as the government accelerated spending to safeguard the economy and the people from the crisis.

The public investment-to-GDP ratio was 8.67 per cent in FY21, up from 8.41 per cent FY20 and 8.03 per cent in FY19.

Industrial loan disbursement, a key indicator to assess the investment situation, declined by 8.15 per cent in FY20. In the first half of FY21, the lending fell by 30.8 per cent compared to the same period a year ago, according to data from the central bank.

SME loan disbursement declined by 8.62 per cent in the calendar year of 2020 compared to 2019. It, however, rose 17 per cent year-on-year in the first three months of 2021.

A central banker said the SME loan disbursement increased as many small and medium enterprises started taking loans as the economy was recovering. The disbursement under the stimulus packages also picked up.

However, the private sector credit growth slipped to 8.40 per cent in FY21 against the central bank target of 14.80 per cent due to the depressed appetite for loans among investors.

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Pandemic turns 22 lakh jobless: DCCI

STAR BUSINESS REPORT

During the pandemic around 22 lakh people lost their jobs as the country's economy, trade and investment went through a very challenging time, said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI), yesterday.

"The overall economy fell into a crisis due to a rapid spread of Covid-19 cases across the world while poverty rate increased to 30 per cent from 9 per cent," he said.

Rahman was presenting a keynote at a webinar on "Biannual Economic State & Future Stance of Bangladesh Economy-Private Sector Perspective", organised by the DCCI.

He said economic recovery was now the only target to be achieved.

Moreover, Bangladesh is going to become a developing nation leaving the club of the least developed countries (LDCs) in 2026 and has just five years in hand to make preparations, he said.

The country may lose \$4 billion to \$6 billion of export earnings following the graduation, he said.

In order to boost internal revenue generation, Rahman suggested adopting full automation in tax, VAT, customs assessment, returns and credit processes.

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Brac to issue Tk 1,350cr bonds



STAR BUSINESS REPORT

Brac, the largest microcredit provider in Bangladesh, has stepped forward to issue zero-coupon bonds worth Tk 1,350 crore through private placement.

A zero-coupon bond is a debt security that does not pay interest. Instead, it trades at a discount, rendering a profit at maturity, when the bond is redeemed for its full face value.

Md Fashiullah, executive vice chairman of Microcredit Regulatory Authority (MRA), handed over the approval letter to Tushar Bhowmik, chief financial officer of Brac, at a programme on Thursday afternoon, said a press release of Brac.

Earlier on February 3, the Bangladesh Securities and Exchange Commission (BSEC) gave its approval, it said.

According to Brac, the bond is unsecured, non-convertible, and fully

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Are stock indices overvalued?



AHSAN HABIB

Soaring market capitalisation last week pushed Bangladesh's stock exchange indices to their highest point since inception in 2013 thanks to increased investor participation.

The country's bourses are seeing higher customer turnout as people are in search of a more profitable way to save money amidst the pandemic since banks offer low rates on deposits, according to market analysts.

However, many investors are now considering whether to offload their shares as the stock market may be overvalued.

The value of a market index is determined by the price-earnings ratio of the stocks being traded.

And although the ratio remains low, many stocks have soared to such an extent that their earnings do not justify the price, market analysts said.



DSEX surged to 6,596 points	DS-30 soared to 2,385 points
DSES rose to 1,439 points	Market cap hit Tk 544,326 cr

So, these stocks are considered overvalued but there are still many others that are being traded at lucrative prices, they added. "The stock market is overvalued to some extent," said AB Mirza Azizul Islam, former adviser to a caretaker government.

"But it is a good sign that some sectors, such as insurance, recently witnessed corrections," he added.

Islam, also former chairman of the Bangladesh Securities and Exchange Commission, went on to say that considering the country's inflation rate, the net interest rate of most local banks were negative.

"This is why people tend to come to the capital market," he said.

Investors should scrutinise a company's price-earnings ratio, performance, dividend history and so on to realise their true value before making any investments.

"People should not invest by paying heed to rumours," he added.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), surged to 6,596 points last week.

The DS-30, the blue-chip stock index, soared to 2,385 points. The Shariah index of the premier bourse, DSES, advanced to 1,439. All three indexes reached a historical high last week, as per DSE data.

"Still though, many stocks are underpriced so people can invest," said Prof Mohammad Musa, a stock analyst and member of the board of trustees of United International University.

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Digitalisation to help reach new markets: experts

STAR BUSINESS REPORT

Digitalisation is enabling businesses to reach new markets and help the economy move towards sustainability, according to speakers at a webinar held yesterday.

Bangladesh still lags far behind many of its peers in terms of available ICT services and number of users in the country, they said.

Besides, the country struggles with internet speed and is unable to secure the real benefits of modern technology.

These comments came during a webinar styled, "Digitalisation: country, business and global perspective", organised by the Institute of Chartered Accountants of Bangladesh (ICAB).

"The world is becoming data and technology-driven. Finance and accounting professionals have to find ways to capitalise on the opportunities of digital innovation," said Ahmed Munir Saleheen, secretary to the Ministry of Expatriates' Welfare and Overseas Employment.

For example, people are making the most of digital communication technologies amid the ongoing coronavirus pandemic, he added.

However, Saleheen urged for the careful use of advanced technologies so that it does not inadvertently harm society.

ICAB President Mahmudul Hasan Khusru said over 12 crore mobile subscribers and 4.3 crore internet subscribers in the country were now enjoying the benefits of digitalisation.

Urging the government to allocate more resources for ICT development to make the country run digitally, the ICAB president said digital transformation requires the necessary resources.

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Falling potato prices fan farmers' woes

SOHEL PARVEZ

A bumper yield of potato has now become a matter of concern for growers and traders as demand for the tuber declined for the ongoing countrywide lockdown.

Exports also could not help producers as the quantity of shipments edged up marginally, leaving farmers in a situation that does not usher hope to post profit, as only four months remain before the arrival of fresh harvests.

"The situation is very bad this year. It has become tough to sell potato. It appears that there would be no escape from losses," said Mazharul Islam, a potato farmer in Joypurhat, one of the main potato producing districts in the north.

Islam stored nearly 4.5 tonnes of the vegetable this year in cold storage. This includes 3.6 tonnes of potatoes that he grew on his own fields. He bought the rest during the peak harvesting season to store and sell in the lean period.

At the cold storage gates in his area, traders are offering Tk 700 for each 60-kilogramme bag of potato, which is around Tk 12 per kg.

His costing per bag stands at Tk 1,050 or

Tk 17.5 per kilogramme.

"If I sell now, my losses will be Tk 350 per bag," he added.

Farmers produced 1.06 crore tonnes of potato this calendar year, up 10 per cent from 96 lakh tonnes in calendar year 2020, shows data from the Department of Agricultural Extension (DAE) and Bangladesh Bureau of Statistics (BBS).

And encouraged by high prices of the popular vegetables for recurrent floods and public and voluntary distribution among poor people following outbreak of Covid-19 last year, farmers and traders stored increased quantity of the tuber vegetable this year.

Bangladesh Cold Storage Association (BCSA) estimates that growers and traders stored 55 lakh tonnes of potato this year to sell during the lean season.

Of the quantity, roughly 10 lakh tonnes will be used for seed and the rest for consumption.

And BCSA President Mosharraf Hossain said 30 per cent of the vegetable stored in cold storages has been released since June, when farmers begin to sell tubers from storages.

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Potatoes being sorted by size in a cold storage in Munshiganj sadar upazila on Friday afternoon with plans to send those to Cox's Bazar.

SAZZAD HOSSAIN

China's crude oil imports rebound

REUTERS, Beijing

China's crude oil imports rebounded in July from a six-month low as state-backed refiners ramped up output after returning from maintenance, though independent refineries slowed restocking amid probes by Beijing into trading and taxes.

China brought in 41.24 million tonnes of crude oil last month, equivalent to 9.71 million barrels per day (bpd), data from the General Administration of Customs showed on Saturday.

That compares with 40.14 million tonnes in June and 51.29 million tonnes in July 2020.

In the first seven months of the year, China, the world's top crude oil importer, took in 301.83 million tonnes, or 10.39 million bpd, down 5.6 per cent from the corresponding period last year.

"With state-owned refineries completing overhauls, the number of refineries resuming operation is gradually increasing," said analysts at China-based Longzhong consultancy, while adding that overall utilisation rates have not seen a significant jump.

Operating rates at independent refiners in refining hub Shandong, however, showed a clear downturn in the last month, with the average rate hitting the lowest level this year at 63 per cent in late July.

Analysts had expected that Beijing's crackdown on the misuse of import quotas and the impact of higher crude prices could see China's oil import growth sink to the lowest in two decades in 2021.

China in June cut 35 per cent of crude oil import quotas to non-state refiners in a second batch of allowances for 2021, in which several

small refiners did not receive any quotas.

Meanwhile, the central government has been carrying out investigations since April on illicit trading of import quotas, partly to ease a fuel surplus that has hurt state-owned refiners' profits.

Shandong province, where most independent refiners are located, stepped up efforts this week to curb fuel production by ordering its independent refineries to promise not to trade crude oil quotas.

Customs data on Saturday also showed China exported 4.64 million tonnes of refined oil products in July, up 44.5 per cent from a year ago but down 28.0 per cent from June.

Natural gas imports, including piped and liquefied natural gas (LNG) were at 9.34 million tonnes last month, up 27.1 per cent on year, the data showed.



REUTERS/FILE

A crude oil tanker is seen at Qingdao Port, Shandong province, China.

Berkshire Hathaway recovers from Covid woes

REUTERS

Warren Buffett's Berkshire Hathaway Inc on Saturday said many of its businesses are enjoying strong recoveries from the early depths of the coronavirus pandemic, fueling rebounds in profits and revenue.

The company Buffett has run since 1965 also signaled the billionaire's confidence in its future by repurchasing \$6 billion of its own shares in the second quarter, even as its stock price regularly set new highs.

Omaha, Nebraska-based Berkshire's manufacturing, service and retailing businesses suffered last year as economic activity plunged, job losses soared and shoppers stayed home.

But now, Berkshire said businesses such as the BNSF railroad, NetJets luxury planes and its namesake auto dealerships are posting "significant" recoveries despite supply chain disruptions and higher costs, with earnings and revenue sometimes topping pre-pandemic levels.

Another sign of improvement was Berkshire's decision not to repeat a caution from its previous quarterly report that other operating units still faced adverse effects from the pandemic.

Second-quarter operating profit rose 21 per cent to \$6.69 billion, or about \$4,424 per Class A share, from \$5.51 billion, or about \$3,463 per share, a year earlier.

Millions of Brits to face energy price hike

REUTERS, London

Energy prices for millions of Britons are expected to rocket from October after the energy regulator said it would increase its cap on the most widely used tariffs by about 12-13 per cent, due to soaring global gas prices.

A cap on electricity and gas bills came into effect in January 2019 and was aimed at ending what former British Prime Minister Theresa May called "rip-off" prices charged by energy companies.

Ofgem said the rise was driven by a 50 per cent increase in wholesale energy costs over the last six months.

"We can't ask companies to sell energy for less than it costs them to buy it," Jonathan Brearley, chief executive of Ofgem said in a briefing with journalists.

Consumer groups warned the rise will come at the worst possible time in the autumn as the furlough scheme, designed to support jobs throughout the coronavirus pandemic ends, and additional aid to the universal credit benefit is removed.

Ofgem said anyone worried about paying their bills should contact their supplier and said customers may be able to save money by shopping around for a new deal.

"This will be no comfort to those now facing the stark choice between heating and eating," said Simon Francis, co-ordinator of the End Fuel Poverty Coalition.

Ofgem calculates the cap using a formula that includes wholesale gas prices, energy suppliers' network costs and costs of government policies such as renewable power subsidies. The cap is updated twice a year. Since the previous cap update announced in February many British wholesale gas contract prices have doubled.

Gas prices have soared globally this year owing to factors including low stock levels, outages at gas plants and gas fields curbing domestic supply and imports from Norway while a buying spree in Asia has led to fewer international deliveries of liquefied natural gas (LNG).

With wholesale energy prices accounting for about 40 per cent of an average dual-fuel (gas and electricity) bill, Ofgem said there was no option but to make a significant increase to the cap.

The price cap was originally due to end in 2023 but the government said last month it would prepare legislation to allow it to continue beyond this date.

Brearley said he would welcome an extension.



REUTERS/FILE

Electricity pylons are seen in London, Britain.

Amazon orders all US employees to mask up at work

REUTERS

Amazon will require all of its US employees to wear a mask at work regardless of their vaccination status.

The move follows a surge in Covid-19 cases due to the highly contagious Delta variant.

The US public health agency revised its guidelines for mask wearing last month, saying that even fully vaccinated individuals should wear one in certain settings.

In a statement, Amazon said it was following the government guidance and working closely with leading medical healthcare professionals to keep workers

safe.

Amazon has also postponed its return to work guidance for its corporate employees till January next year.

Other companies are taking similar measures to tighten their defenses against Covid-19.

Alphabet's Google has extended its work from home policy through to October.

Facebook requires all of its US employees to get vaccinated to step into offices.

And Twitter has said it will close workspaces it already had reopened.

According to a Reuters tally, coronavirus cases worldwide surpassed 200 million this week.



REUTERS/FILE

Amazon is reportedly working closely with leading medical healthcare professionals.

Investors wary on Washington, balancing debt ceiling

REUTERS, New York

The economic boost from an expected \$1 trillion infrastructure bill working its way through the US Senate has helped push Wall Street stocks near record levels, but some investors are concerned that the next two months in Washington could be rocky.

At issue is not only the bipartisan infrastructure bill, but an expected \$3.5 trillion in proposed spending in a Democrat-led reconciliation bill. There is also a showdown coming over the debt ceiling, which could lead to a federal government shutdown if a deal is not reached to increase the borrowing limit by October.

Few expect the US government will default on its debt and upend the \$22 trillion Treasury market. Still, some analysts say a drawn out debt ceiling fight could increase volatility in a US stock market where valuations have become stretched with prices near record highs. Other worries include a looming unwind of the Federal Reserve's easy money policies and a resurgence of Covid-19 that

threatens to dent growth.

"When I look at Washington I see a lot of risk," said Steve Chiavarone, a portfolio manager and equity strategist at Federated Hermes.

He said he is concerned political posturing around the debt ceiling could escalate ahead of the 2022 Congressional elections, and that the reconciliation bill could boost corporate or individual tax rates, weighing on investor sentiment.

As a result, he is holding cash in anticipation of adding to value or cyclical stocks that may fall during a market sell-off, he said.

Overall, global fund managers increased their cash positions in July from 3.9 to 4.1 per cent of assets while adding to shares of large technology companies, according to Bank of America Merrill Lynch. At the same time, options markets indicate that investors see limited gains in the months ahead, according to Barclays.

Esty Dwek, head of global market strategy at Natixis Investment Managers Solutions, said that she has also been raising cash to reposition for more volatility in the

months ahead.

"We now have less visibility into the second half of the year" given the emergence of the Delta variant of the coronavirus and the potential for higher taxes as part of a broad reconciliation bill, she said.

The rising sense of concern comes as investors anticipate possible further details on plans to pull back emergency-level supports of the economy from the Federal Reserve at the Jackson Hole annual conference of central bankers.



A packet of former US president Abraham Lincoln five-dollar bill currency is inspected at the Bureau of Engraving and Printing in Washington in the USA.

REUTERS/FILE

RBI holds rates but raises inflation forecast

REUTERS, Mumbai

The Reserve Bank of India held rates at record lows on Friday, but it raised its inflation forecast and said it would normalise liquidity conditions in a signal that policymakers could be edging closer to tapering pandemic-induced stimulus.

As widely forecast, the RBI held the repo rate, its key lending rate, at 4 per cent and kept the reverse repo rate, the borrowing rate, unchanged at 3.35 per cent.

All 61 economists polled by Reuters late last month had said they see no change in the repo rate which has been steady at 4 per cent since May last year.

"The need of the hour is not to drop our guard and to remain vigilant against any possibility of a third wave especially in the background of rising infections in certain parts of the country," RBI Governor Shaktikanta Das said in a virtual address accompanying the MPC's decision.

All members voted in favour of the decision to hold rates and a 5-1 majority supported retaining the accommodative monetary policy stance, Das said.

The RBI also announced four variable rate reserve repo (VRRR) auctions of a larger-than-expected quantum, one each fortnight, over August and September to restore normal liquidity operations and raised its 2021/22 inflation forecast to 5.7 per cent from 5.1 per cent before.

"This should not be misread as a reversal of

the accommodative policy stance," Das told reporters, adding that the VRRR window is purely voluntary.

However, ANZ analysts said the higher than expected inflation revision, tightening of stance advocated by one member and the doubling of the size of VRRR auctions suggest the RBI has become less dovish.

"While India's overall monetary policy is and will remain supportive of growth, we should expect gradual progress towards policy normalisation," Dhiraj Nim and Sanjay Mahtur of ANZ wrote in a note.

To counter the economic fallout of the



SHAKTIKANTA DAS
RESERVE BANK OF INDIA GOVERNOR

pandemic, the central bank pumped in massive amounts of liquidity through various measures like open market operations over the last year, leaving the banking system with an average surplus of around 6 trillion rupees (\$80.87 billion).

Some traders saw the VRRR step as the start of RBI's liquidity normalisation and the eventual cash withdrawal phase, sending the benchmark 10-year bond yield up 3 basis points to 6.24 per cent.

"RBI policy is hawkish at the margin. While there is no real change in the policy, bond market participants will take the nuanced change in language seriously," said Sandeep Bagla, CEO at investment management firm TRUST AMC.

RBI has slashed the repo rate by a total of 115 basis points (bps) since March 2020 to soften the blow from the health crisis and tough containment measures. This follows 135 bps worth of rate cuts since the beginning of 2019.

The consensus in the latest Reuters poll expects the RBI to deliver two 25-basis-point rate hikes in the next fiscal year, taking the repo rate to 4.50 per cent by end-March 2023.

"We expect additional liquidity normalisation measures like overnight VRRR, increased quantum of higher tenure VRRR in the months ahead before expecting a reverse repo rate hike in December," said Upasna Bhardwaj, economist at Kotak Mahindra Bank.

Huawei revenue plunges further in 'challenging times'

AFP, Shanghai

Chinese telecoms giant Huawei's second-quarter revenue plunged 38 per cent, according to figures released Friday, with smartphone sales suffering from US sanctions and the offloading of its budget brand Honor.

Huawei is at the centre of an intense US-China trade and tech rivalry after the government of former president Donald Trump voiced concern the company could be used for espionage.

The United States has provided no evidence of spying but has barred Huawei from acquiring technologies crucial to its operations such as microchips and cut it off from using Google's Android operating system.

For the first half of the year, Huawei's overall revenues were 320.4 billion yuan (\$49.6 billion), down 29 per cent year on year, the Shenzhen-based firm said. Its net profit margin was 9.8 per cent, up slightly from the same period last year.

Huawei's consumer products division, which includes smartphones, achieved first-half sales of 135.7 billion yuan, down 47 per cent from a year earlier.

A company spokesperson said the decline was due in part to the loss of Honor, which was sold by Huawei late last year

to help it maintain access to components and survive. Huawei's travails have forced it to quickly pivot into new business lines including enterprise computing, technology for intelligent vehicles, and software.

In an accompanying statement, rotating chairman Eric Xu said "our aim is to survive". "These have been challenging times, and all of our employees have been pushing forward with extraordinary determination and strength," he said.

Huawei is the world's biggest supplier of telecoms network gear and was once a top-three smartphone producer along with Apple and Samsung.

But it has fallen well down the smartphone ranks amid the US pressure, according to industry trackers. Its networking gear has also been removed or delayed in a succession of Western countries on national security concerns.

Revenue for that segment of the business in the first half of 2021 was 136.9 billion, down 14.2 per cent year on year.

A company spokesperson said Huawei had no plans for layoffs or sell-offs. Another headache for the firm is the case of chief financial officer Meng Wanzhou -- daughter of CEO and founder Ren Zhengfei -- who is currently in Canada battling extradition to the United States.

bKash offers reward points

STAR BUSINESS DESK

Mobile financial service platform bKash has introduced a "bKash Rewards" service, enabling racking up points in customer's account through transactions and enabling using those for different offers, including cashbacks.

All bKash customers are eligible. By tapping on the icon in the bKash app, customers can learn about their earned points, position at reward level, cashback amount, offers, point history and other details, said a press release.

There are six reward levels, namely Bronze, Silver, Titanium, Gold, Platinum and Diamond, which can be unlocked with a gradual increase in use of bKash services.

Digitalisation to help reach new markets: experts

FROM PAGE B1

The keynote presenter, Mohammad Tufael Chowdhury, said reshaping Bangladesh's society with new technologies would enable businesses to reach new markets, grow faster and more efficiently.

The digital economy has three layers; culture, digital skills, adoption and inclusion, and connectivity infrastructure, he added.

Anir Chowdhury, policy advisor of the a2i Programme, ICT Division and Cabinet Division; Osman Ershad Faiz, chief information and operating officer of AMTD Group, Singapore; Kazi Monirul Kabir, founder & chief innovation officer of Spider Digital Innovations; and Sonia Bashir Kabir, founder of SBK Tech Ventures and SBK Foundation, Bangladesh, participated in the webinar.

Temperature extremes fuel global gas rally

REUTERS, Singapore

Global gas prices are expected to break records this winter as a hot northern hemisphere summer leaves inventories low in key markets, just as green energy drives ramp up in new regions.

As Reuters reports, benchmark Dutch natural gas prices in northwest Europe have surged 80 per cent in the past three months to all-time highs, while spot liquefied natural gas (LNG) in Asia is at an eight-year seasonal high, Reuters data showed.

Traders are betting that average winter prices will surpass last year's peaks, when a deep freeze across north Asia sent LNG soaring more than 200 per cent to record highs.

"Storage levels are quite low in many places as a hot summer has meant that there has not been much chance to replenish stocks, so this could be bullish for winter, especially if it's going to be freezing again," a Singapore-based trader said.

The average price for a December LNG derivatives contract in Northeast Asia is about \$17.65 per mmBtu, and around \$17.80 per mmBtu for January, a Singapore-based industry source said.

In contrast, last year's December delivered price for physical cargoes averaged about \$11.50 per mmBtu, and January's cargoes averaged close to \$17 per mmBtu.

East Asia, home to the world's top two LNG importers Japan and China, shipped in 18 million more tonnes in the first seven

months of 2021 than over the same period in 2020, Xi Nan, vice president of gas and power markets at Rystad Energy, said.

"Warmer temperature has been the main driver this summer, plus the green energy push in the JKTC (Japan, Korea, Taiwan and China) economies," she added.

Olympic host Japan boosted LNG imports to avoid a power crisis as a result of soaring temperatures, while Chinese

firms have been buying cargoes to meet peak demand in southern regions and to stockpile for winter.

European natural gas prices have also soared, with prices at the Dutch TTF hub jumping 32 per cent in the past month to record highs, fuelled by summer maintenance outages in Norway, low LNG supply, high carbon prices and low gas inventories. read more

Gas storage in Europe is currently about 50 per cent to 60 per cent full, compared with 80 per cent last summer, analysts said.

"There is a real risk of Europe entering the winter season with low inventory levels, suggesting that prices will remain well supported," ING analysts said in a recent note.

Russia's Gazprom has held off booking additional gas transit capacity to meet demand, which is also adding to upside price risks in Europe, analysts added.

"Russia is now the only country with spare production, but in order to increase exports they would need to book additional capacity through Ukraine, and up to this point they have refrained," James Huckstepp, EMEA gas analyst at S&P Global Platts, said. Platts Analytics holds a bullish market outlook for Dutch gas prices until 2023, he added.

US natural gas futures surged to a 31-month high this week, with Timera Energy expecting above-average temperatures until September and storage levels below the five year average. The current futures market forward curve suggests prices will hold above \$4 per MMBtu through March 2022.

On the supply side, nearly 30 million tonnes of additional LNG production is expected this year, but this will be easily absorbed by the top two consuming regions of Europe and Asia, say analysts.

"The two markets would fight for LNG supply this winter, especially in a cold winter," Rystad Energy's Xi said.



A liquefied natural gas tanker is tugged towards a thermal power station in Futtsu, east of Tokyo, Japan.

Pandemic turns 22 lakh jobless: DCCI

FROM PAGE B1

About the monetary policy, he said relaxed terms and conditions of repayment and collateral would help increase credit demand from the private sector.

The DCCI president recommended improving the country's competitiveness, cluster development of backward linkage industry, expanding advance deposit ratio (ADR) system and capital market-led long term financing to accelerate private investment.

He said cottage, micro, small and medium enterprises were going through a very tough time during this volatile situation.

For their survival, he suggested enabling collateral-free cash flows such as through loans, comprehensive policy framework, reducing bureaucratic complexities and at least a three-year moratorium period.

Addressing the webinar, Planning Minister MA Mannan said the government would continue its engagement with the private sector for framing a better policy regime for reforms, including that on tax and tariff structures.

Regarding the prevailing Covid-19 crisis, he said mass vaccination has started and hopefully the crisis would be overcome shortly.

He also said the private sector was in the driving seat when it came to stimulating the economy while the government was engaging in a good collaboration with the private sector which would take Bangladesh to a new destination.

Mohammed Farashuddin, chief adviser to East West University and a former Bangladesh Bank governor, said credit flow should be ensured for the cottage and micro entrepreneurs, which in turn would create the lifeline for a pragmatic shape of the economy.

Regarding revenue mobilisation, he said the private sector with its 2.5 crore people having a per capita income of \$5,000 could contribute in mobilising revenue.

He urged policy reforms and an efficient credit flow mechanism so that cottage, micro and small entrepreneurs could largely benefit.

He also urged for a buy back system for attracting better foreign direct investment and a transformation of the agriculture sector in producing goods and services for the domestic market.

In his keynote presentation, the DCCI president said in terms of the macroeconomic perspective over the last six months, the economy was moving more or less in the right direction despite the manifold Covid-led challenges.

According to him, both public and private sectors have to work hand in hand towards the road to recovery to achieve the game-changing economic transformation of Bangladesh targeted in 2026 and 2041.

Zaidi Sattar, chairman of the Policy Research Institute (PRI), underscored a tripartite partnership among the public, private and non-public sectors.

"Consumers are the integral part of private sector. So there should be a balance between the producers and consumers," he said.

"Depending on strong macroeconomic strength, Bangladesh's economy is performing quite better than the other countries in the world, although we are going through a tough time due to Covid," he noted.

He also mentioned that the growth was dependent on three pillars -- namely macroeconomic development, export performance and trade development.

He advocated for a sustainable trade policy enabling equal treatment, especially for the non-garment sectors.

Binayak Sen, director general of the Bangladesh Institute of Development Studies (BIDS), said there was no up-to-date data on the poverty situation, employment or human development, which actually affect the quality of policy formulation.

"We need a systematic and coordinated database," he said, adding that he was hopeful that after the lockdown, the poverty rate would come down.

"While designing a stimulus package, priority

should be given to cottage and small sector," said Sen.

He also underscored the importance of removing inequality in delivering education. For accelerating private investment, domestic tax structure is an issue, he added.

He further urged rationalising the domestic structure of tax, tariffs and hidden subsidies.

Moreover, he suggested decentralising the budget and institutional reforms to reach out to all the sectors.

Mohammad Abdul Momen, director of the Institute of Business Administration of the University of Dhaka, stressed on the need for product diversification and entrepreneurial diversification to face the graduation challenges.

He urged to strengthen government to government diplomacy to avail GSP+ facilities after the graduation.

He also underscored the importance of creating a "Made in Bangladesh" brand. "For that we can utilise the online platform," he said.

Nazneen Ahmed, country economist, UNDP Bangladesh, said "We cannot go for an unlimited lockdown for the sake of the economy so we have to go for mass vaccination and abiding by the health advisories."

During this volatile situation, access to finance including financial inclusion for the cottage, micro, small and medium enterprises, are more important, she said.

"In liquidity management system, we have to accommodate small investors for access to finance. To facilitate women entrepreneurs, including their financial inclusion, e-commerce can be a potential platform," she added.

She also urged for a public-private collaboration, nexus of government planning, improving trade negotiation and climate negotiating skills and green financing mechanism of banks.

Among others, NKA Mobin, senior vice president of the DCCI, and Monowar Hossain, vice president of the DCCI, addressed the webinar.

Falling potato prices fan farmers' woes

FROM PAGE B1

Islam is yet to clear potatoes from what he holds as he would only get Tk 7.5 per kilogramme at the current market price, which is 23 per cent less than the production cost of Tk 9.7 per kilogramme, as estimated by the Department of Agricultural Marketing (DAM).

Now, he wants to wait until September to see if prices go up.

"Otherwise what can I do? Increased exports could help us but there is no demand," he said.

Potato shipment increased 2 per cent year-on-year to 55,840 tonnes in fiscal 2020-21 from 54,800 tonnes the previous year, reads data from Plant Quarantine Wing of the DAE.

Kazi Mahabub Morshed, organising secretary of Bangladesh Potato Exporters Association (BPEA), said his firm got \$3.5 million-worth of contracts to export 15,000 tonnes of potato to Sri Lanka, Singapore and Malaysia.

"We could export nearly 7,000 tonnes," he said, adding that absence of adequate varieties suitable for export was a main reason for the low quantity of shipments.

"Farmers were least interested to sell potato during harvesting period," said Md Zakir Hossain, secretary general of Bangladesh Potato Exporters Association.

Mohammad Monir Hawlader, a farmer of Tongibari in Munshiganj, one of the country's main potato producing districts, said prices of the tuber were higher during the harvesting season. Later, prices declined.

Hawlader feared incurring losses of Tk 4 lakh this year.

Farmers and traders registered prices in July particularly before the Eid-ul-Azha. Prices began to decline after the government enforced a lockdown since July 23 to contain the coronavirus pandemic.

Yesterday, potato prices were Tk 20-Tk 25 per kilogramme in Dhaka city markets, down four per cent from that a month ago, data by the Trading Corporation of Bangladesh showed.

Zuhurul Islam, a farmer at Joypurhat, said prices might drop faster once farmers and traders begin to release increased quantity of potato from storages. "Prices are not falling as most of the people are not selling. Market will fall when there will be abundant supply," he said.

BCSA President Hossain said closure of restaurants for lockdown was responsible for the decline in demand for potato. "Besides, it is not being distributed as relief this year as we saw the previous year," he said "Problems will be solved to some extent if the lockdown is not continued," he said.

Losses piling up for flower growers

FROM PAGE B4

"As a result, flower cultivation in Gadhali has come to a standstill and I don't know how to turn the situation around anymore," Sardar added.

During normal times, flower farmer Samzed Ali would sell roses door-to-door for about Tk 5 per piece.

"Now though, even if I sell 100 roses, I make almost nothing since 100 roses currently cost about Tk 10 in total," he said.

Similarly, other flower varieties, such as cornflower and gladiolus, used to sell for about Tk 20 each.

But since there is no trade, 100 flowers can be bought for the same amount.

"I have to work hard to run my family," Ali added.

Since the number of social gatherings, such as weddings and festivals, has dropped drastically amid the ongoing coronavirus pandemic, it goes without saying that there is not much opportunity to sell flowers, according to farmer Abdus Salam.

"I am forced to take a ferry into towns or rural markets to sell flowers but even then no one wants to buy," he said, adding that he

ends up feeding them to his cows and goats.

Badal Chandra Biswas, deputy director of the Department of Agricultural Extension in Jashore, said about 625 hectares of land across six unions of the district were being used for commercial flower production.

"The region houses 6,500 flower farmers while there are about one lakh workers who are indirectly involved in floriculture here," he added.

Abdur Rahim, president of Bangladesh Flower Society, said Jashore caters to about 60 or 70 per cent of the country's demand for flowers.

"About Tk 500 crore worth of flowers were lost in five months of last year and three months of this year due to the coronavirus pandemic," Rahim added.

Of this, at least Tk 300 crore has been lost in the Jashore region.

So far, 300 farmers have been given loans of around Tk 2 crore, he said.

Against this backdrop, Rahim urged the government to allow social events to take place in accordance with the health safety rules as well as increase the incentives for florists.

Brac to issue Tk 1,350cr bonds

FROM PAGE B1

redeemable with tenures ranging from one and a half years to five years. Institutional investors, corporates and high net worth individuals will be eligible to purchase this bond in multiples of Tk 1 crore.

RSA Advisory is acting as a lead arranger while MTB Capital as trustee.

"Clients' savings and bank borrowings were the main source of funds for Brac microfinance.

Now bond issuance also comes as an alternative source of funding for the

microcredit institutions," said Bhowmik.

He expected that the bonds would open up avenues for non-lender institutions to invest in Brac's microfinance programme.

It is a great recognition for the microfinance sector, he said, expressing gratitude to all regulatory bodies for the cooperation along the way, he added.

The bonds will help improve the livelihoods of people, who need access to affordable financial solutions, especially in marginalised communities, in a more efficient way, said Brac.

Usmania Glass resumes production after one year

FROM PAGE B4

It paid a 10 per cent dividend in 2017-18, and the highest dividend of 60 per cent was announced in 2007-08.

Shares of Usmania Glass closed 10 per cent higher at Tk 62.70 on the Dhaka Stock Exchange on Thursday.

The government has a 51 per cent stake in the company. The rest of the shares is held

by institutional and individual investors.

The domestic glass market is worth around Tk 2,000 crore and new investments are flowing into the sector because of the availability of raw materials locally.

The annual demand for glass is 25 million square feet, and the total production capacity is 30 million square feet.

Private investment hits a trough

FROM PAGE B1

The decline has led to a pile-up of liquidity. The excess liquidity in the banking system was Tk 231,462 crore in June, up 66 per cent year-on-year.

The Sanem conducted surveys on 500 firms every three months since June last year. Referring to the survey findings, Prof Raihan said the pandemic badly hit private investors, and most of them were yet to make any recovery.

"So, they are not going for any new investment."

A few garment factories might have gone for expanding their capacity to manufacture personal protective equipment and masks.

"But we have not found any large investment or industrial set-ups," he said.

The micro, small and medium enterprises have been hit hard by the pandemic. The situation for them worsened because of inadequate support from the government.

Prof Raihan praised the government for announcing the stimulus packages to help the economy absorb the shock. But the outreach of government assistance to the micro, small and medium enterprises was not satisfactory.

Only 9 per cent of micro and small enterprises received funds from the stimulus packages, compared to 30 per cent medium enterprises and 46 per cent larger enterprises.

Mahbubul Alam, president of the Chittagong Chamber of Commerce and Industry, said: "As most of the businesses have been badly affected by the pandemic, they are now on a survival mode."

"They are busy in recovering the losses, so a majority of them are unwilling to make new investment and expand."

He said global connectivity had been disrupted in the last one and a half years,

slowing the flow of foreign investment to Bangladesh.

He called for proactive roles of Bangladesh's diplomatic missions abroad to attract foreign investment.

Since the start of the pandemic, economists were in agreement that investment would not pick up unless the coronavirus situation comes under control.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said: "My position remains unchanged. What we have been apprehending has been validated by the latest data of the BBS."

Private investment growth had stagnated at around 22 per cent even before the pandemic.

"Covid-19 has worsened the situation," said Mansur.

"But there have been no efforts on the part of the government to solve the structural weaknesses. It could have carried out various reforms even during the pandemic."

"As a result, we might go back to the pre-pandemic level after the crisis peters out. But we will not be able to attain sustained green growth post-Covid-19."

He said the only way for the government to pull the economy out of the pandemic was to accelerate the vaccination programme and enforce containment measures successfully.

"There is no point in talking about growth without vaccines."

State Minister Alam said the government would do everything possible in terms of financial, economic and monetary management and trade policies to speed up the economic recovery.

"We hope our all-out efforts will accelerate the economic growth, taking it to the pre-pandemic level."

Are stock indices overvalued?

FROM PAGE B1

"However, I think investors should be cautious in some cases when prices rise at a high speed," he added.

Musa went on to say that the insurance sector was overvalued.

He said bank stocks were still very much lucrative but the real picture of their performance was not clear since they do not keep proper provisions.

On the other hand, another major sector, textile, has many listed companies but only a few that can be invested in. "Actually, our stock market has a highly restricted investment scope so I don't find any company to invest in other than 10 to 12," he said.

As the indexes are at their highest level, some corrections could happen anytime, which is normal, he added.

In answer to a query, Musa said price-earnings ratios do not always give an accurate picture of the market as it was counted based on the average of many small and big companies.

"Still though, people should consider the price-earnings ratio for a company when they choose to invest in it," he added. The market's price-earnings ratio was at its highest of 30.58 in 2010, when the indexes were on a prolonged bull run. Now, it is 18.82, according to data from LankaBangla Securities.

A top official of an asset management company preferring anonymity said the indexes rose riding on good stocks but many low performing and junk stocks doubled, tripled or even more within a few months.

"So, risks remain in low performing companies, not in good stocks," he said, adding that they do not invest seeing the index but instead by analysing a company's potential and earnings. However, Bangladesh Bank's decision to mop up unused funds from banks may impact the whole stock market negatively.

The central bank on Thursday decided to clear excess liquidity which creates instability in the economy through asset bubbles.

Under the intervention, the central bank will revive a Bangladesh Bank Bill to allow lenders to invest idle funds. "Investors should not fear because the excess liquidity of the banks is not the major fund for the stock market," the asset manager added.

Usmania Glass resumes production after one year



MOHAMMAD SUMAN

Usmania Glass Sheet Factory has a daily production capacity of 20-22 tonnes.

MOHAMMAD SUMAN, Ctg

Usmania Glass Sheet Factory Ltd (UGSFL), a state-owned glass manufacturer, resumed production yesterday after a one-year gap.

After successfully producing 1 lakh square feet of glass under a trial operation, the company had returned to production in full swing, said Md Al Amin Munshi, executive engineer (chemical) of the company based in Chattogram.

The production of the company, a subsidiary of the Bangladesh Chemical Industries Corporation (BCIC), came to a halt after its reactor was damaged in a fire incident on June 23 last year.

The BCIC repaired the reactor at the cost of Tk 3 crore, and the heating resumed in the middle of June. It needs one-and-a-half months to come into production after the beginning of the heating.

UGSFL officials said that the authorities had taken several initiatives to modernise and expand to survive the competition. A proposal was awaiting approval from the government.

The company plans to make container glass (bottle) from next year. The BCIC has recently called for tenders to conduct a feasibility study to set up the plant inside the factory.

Twenty-nine companies took part in the bidding. But the awarding of the work could not be completed because of the

ongoing coronavirus pandemic.

"If we can establish the new plant, it will be possible to make glass bottles in the factory from next year," Md Akhtaruzzaman, managing director of UGSFL, told The Daily Star.

"We hope we will return to profit if it is implemented."

He said the quality of the glass made by UGSFL was good even after using the technology of 1959.

"However, if modern technologies are used, it will be possible to produce internationally standard glass."

UGSFL started its operation in 1960. The second unit began producing glasses in 1970. UGSFL was the only domestic source of glass till 1995.

Later, the state-run firm faced stiff competition when several private groups, including PHP Family, Nasir Glass and MEB Group, made a foray into glass manufacturing, breaking the monopoly of Usmania Glass.

It has a daily glass production capacity of 20 to 22 tonnes. The company sold three million square feet of glass in the last one year from its previous stock.

Listed on the Dhaka Stock Exchange since 2004, Usmania Glass incurred a loss of Tk 30 crore in the last five years. As a result, it could not pay any dividend in the last two fiscal years.

READ MORE ON B3

Losses piling up for flower growers

They call for easing Covid restrictions

MOHSIN MILON, Benapole

Sumon Biswas cultivated roses and Gerbera daisies on four bighas of his land in Gadkhali village of Jhikorgacha upazila in Jashore district.

During the pre-pandemic era, he could earn an average of Tk 50 lakh per month.

But ever since the Covid-19 outbreak began last March, business has taken a steep dive.

"I invested Tk 4 lakh to cultivate these flowers but I was only able to sell Tk 2 lakh worth so far this year," Biswas said.

Biswas had aimed to recover the losses incurred during the initial stage of the pandemic last year.

"However, even this year has turned to losses and I cannot even go for alternative cultivation," he added.

Before the advent of Covid-19, flowers were sold across the country all year round. At the time, fresh cut flowers would be taken to Gadkhali market, where they would sell out immediately, especially on national holidays.

Wholesalers played a big role in making this happen but due to the restrictions on public movement amid a rising infection rate, few come to see the flowers.

"That's why I travel far and wide by cycle to sell my flowers but still, buyers are hard to come by," Biswas said.

Like Biswas, another 6,500 growers in Gadkhali area, known as the flower capital of Bangladesh, are being forced to travel by cycle or van to various towns and villages to sell their flowers.

Meanwhile, growers who are unable to do the same are being forced to use their flowers as food for cows and goats.

Flowers worth Tk 300 crore are grown in the country each year but due to the Covid-19 pandemic, the industry has incurred serious losses, according to growers and traders.

Considering the situation, industry people have asked for low interest loans with two-year



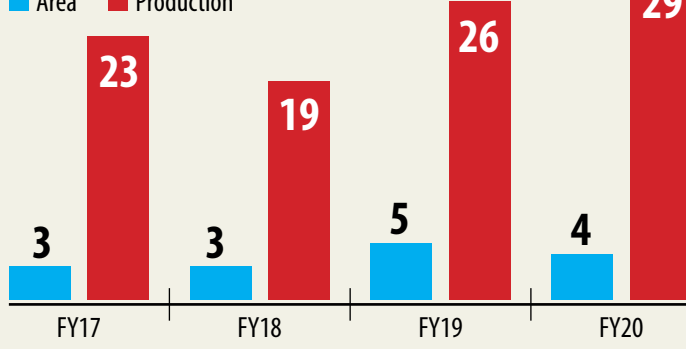
COLLECTED

Flowers worth Tk 300 crore are grown in the country each year but due to the Covid-19 pandemic, the industry has incurred serious losses, according to growers and traders.

ACREAGE AND PRODUCTION OF FLOWERS

In thousand tonnes; SOURCE: BBS

■ Area ■ Production



repayment tenures alongside other support from the government.

There are about 20,000 flower farmers in Bangladesh, of which about 6,000 are based in Jashore, producing a lion's share of the total

demand.

Flowers have long been recognised as the main cash crop for farmers in the region but the repeated waves of coronavirus infections across the country has

led to a disaster for them.

During the December-February period of fiscal 2020-21, when the Covid-19 situation had died down a bit, the demand for flowers began to recover since social events were back on.

But farmers' hopes of a turnaround in fortune was short-lived as the situation began to deteriorate again from March. After that, restrictions on public movement and recent nationwide lockdown took a toll on the industry.

Another farmer, Sher Ali Sardar, said growers started cultivating flowers again this year on their own initiative since they expected the situation would improve further.

"But its all over again because of the lockdown, I have never seen such an incident in my 42 years of flower cultivation," he said.

READ MORE ON B3

GLOBAL BUSINESS

China's export slowdown may signal more bumps ahead

REUTERS, Beijing

China's export growth unexpectedly slowed in July following outbreaks of Covid-19 cases, while imports also lost momentum, pointing to a slowdown in the country's industrial sector in the second half even as easing global lockdowns boost commerce.

The world's biggest exporter has staged an impressive economic rebound from a coronavirus-induced slump in the first few months of last year after quickly containing the pandemic, and its rapid vaccination rollout has helped drive confidence.

But new infections in July, mainly caused by the highly transmissible Delta strain have spread to tens of Chinese cities, prompting local authorities to lock down affected communities, order millions to be tested and temporarily suspend operations of some businesses, including factories.

Seasonal floods and bad weather last month also affected industrial production in some areas such as central China.

Exports in July rose 19.3 per cent from a year earlier, compared with a 32.2 per cent gain in June. Analysts polled by Reuters had forecast a gain of 20.8 per cent.

"The pandemic worsened in other Asian developing countries, which may have led to a relocation of trade toward China. But leading indicators suggest exports may weaken in coming months," said Zhiwei Zhang, chief economist at Pinpoint Asset Management.

Outbreaks of Covid-19 cases in eastern and



REUTERS/FILE

A worker drives a truck carrying a container at a logistics centre near Tianjin port in Tianjin, China.

southern Chinese provinces, the country's main export hubs, had crimped factory output.

Aside from the drag from efforts to counter the spread of the Delta variant, Chinese exporters also struggled with an ongoing global semiconductor shortage, logistics bottlenecks, and higher raw material and freight costs.

"Although orders are recovering, there are too many uncertainties in the second half of the

year, like how the domestic epidemic develops and the cost of raw materials. And at the same time, foreign production capacity is slowly picking up," said an exports sales manager based in Suzhou surnamed Ye.

Imports in July rose a slower 28.1 per cent from a year earlier, lagging a 33 per cent increase forecast in the Reuters poll, and 36.7 per cent growth the previous month.

US labour market powers ahead with strong job gains

REUTERS, Washington

US employers hired the most workers in nearly a year in July and continued to raise wages, giving the economy a powerful boost as it started the second half of what many economists believe will be the best year for growth in almost four decades.

The Labor Department's closely watched employment report on Friday also showed the unemployment rate dropped to a 16-month low of 5.4 per cent and more people waded back into the labor force. The report followed on the heels of news last week that the economy fully recovered in the second quarter the sharp loss in output suffered during the very brief pandemic recession.

"We are charting new economic expansion territory in the third quarter," said Brian Bethune, professor of practice at Boston College in Boston. "The overall momentum of the recovery continues to build."

Nonfarm payrolls increased by 943,000 jobs last month, the largest gain since August 2020, the survey of establishments showed. Data for May and June were revised to show 119,000 more jobs created than previously reported. Economists polled by Reuters had forecast payrolls would increase by 870,000 jobs.

The economy has created 4.3 million jobs this year, leaving employment 5.7 million jobs below its peak in February 2020.

President Joe Biden cheered the strong

employment report. "More than 4 million jobs created since we took office," Biden wrote on Twitter. "It's historic - and proof our economic plan is working."

Hiring is being fueled by pent-up demand for workers in the labor-intensive services sector. Nearly \$6 trillion in pandemic relief money from the government and Covid-19 vaccinations are driving domestic demand.

But a resurgence in infections, driven by the Delta variant of the coronavirus, could discourage some unemployed people from returning to the labor force.

July's employment report could bring the Federal Reserve a step closer to announcing plans to start scaling back its monthly bond-buying program. The US central bank last year slashed its benchmark overnight interest rate to near zero and is pumping money into the economy through the bond purchases.

"This is the last employment report Chair (Jerome) Powell sees before Jackson Hole, and we have to imagine that he lays the groundwork for a potential September tapering announcement," said Conrad DeQuadros, senior economic advisor at Brean Capital in New York.

"We think the odds continue to rise that tapering begins before the end of 2021."

Stocks on Wall Street rose, with the Dow Jones Industrial Average and the S&P 500 index hitting record highs. The dollar jumped against a basket of currencies. US Treasury prices fell.

Shipping giant Maersk buys e-commerce firms

AFP, Copenhagen

Danish maritime transport giant Maersk said Friday it was buying two e-commerce companies as surging demand for shipping led to another bumper profit in the second quarter.

The group is acquiring Visible Supply Chain Management, a US e-commerce logistics provider valued at \$838 million, and B2C Europe, which specialises in cross-border parcel delivery services and is valued at \$86 million.

"Our earnings and cash flow enable us to

further accelerate our transformation, invest in growing the business, also through targeted acquisitions," chief executive Soren Skou said in a statement.

"These two companies will further accelerate our logistics growth particularly in e-commerce by adding technology and last mile delivery capabilities for our customers in the United States and Europe."

"Maersk's net profit rose to \$3.7 billion between April and June, a nearly ninefold increase from the same period last year, beating expectations.

That was higher than what the group made in the full-year 2020.

As a result of the pandemic, demand for shipping has surged since mid-2020 and especially since the end of the year, in particular from Asia to the US and Europe.

Shipping companies and analysts attribute the rise to consumers purchasing more manufactured products, instead of spending their money on trips and restaurants and other experiences.

Additionally, many companies are still in the process of restocking after reducing their orders in the first months of the pandemic.



A 'Now Hiring' sign advertising jobs at a hand car wash is seen along a street in Miami, Florida, US.

REUTERS/FILE