

# 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

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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

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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

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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

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"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

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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

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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.