



Alamgir Kabir



Duluma Ahmed

Southeast Bank reelects chairman, vice chairperson

STAR BUSINESS DESK

Southeast Bank has recently witnessed the reelection of its chairman and vice-chairperson at its 636th board meeting.

Alamgir Kabir has been chairman since September 29, 2004, says a press release.

He started his professional career in 1969 with the Rahman Rahman Huq and Company. He is the chairman of its all subsidiary companies and honorary adviser of National Life Insurance Company.

He obtained his Bachelor of Commerce degree from the University of Dhaka and Master of Commerce degree from Panjab University.

As a sponsor director, Duluma Ahmed has been vice chairman since May 22, 2017.

She is the chairperson of Mutual Food Products and Mutual Milk Products and director of Mutual Trading Company and Arla Foods Bangladesh.

Delta hits US hiring in new setback for Biden

AFP, Washington

The United States added far fewer jobs than expected in August as businesses grappled with the Delta wave of Covid-19, a major disappointment and yet another complication for President Joe Biden's plans to remake the world's largest economy.

Employment rose by just 235,000 jobs last month, according to Labor Department data released Friday, and while the unemployment rate fell to a pandemic low of 5.2 per cent, the report was nowhere near the job gains seen in recent months, which have topped one million.

In some ways, the lackluster hiring told a familiar tale, with the world's largest Covid-19 outbreak once again hurting the labor market and underscoring that it is unlikely to make much improvement if infections remain high.

Biden, who is negotiating passage of two massive spending bills through a Congress where even his ostensible allies have shown a willingness to defy him, said he had pulled the country from "economic free fall." "What we're seeing is an economic recovery that is durable and strong," he said in a speech from the White House.

But he acknowledged the job



US President Joe Biden

numbers fell short of expectations and added a somber message: "We have a lot more work to do."

"The president is urging Congress to enact both a \$1.2 trillion infrastructure overhaul and a \$3.5 trillion social welfare package. But on Thursday a moderate senator urged fellow Democrats to delay voting on the latter bill, which cannot pass without his support."

The Federal Reserve is also paying close attention to the data, as it could impact when it begins slowing its massive purchases of bonds meant to help the economy weather the pandemic. Chair Jerome Powell has signaled that could start by year's end.

The August payroll increase was sharply lower than the upwardly revised

1.1 million positions added in July, and considerably below the 750,000 new jobs expected by analysts. The weak hiring comes as states and businesses impose mask-wearing requirements and other restrictions to fend off the fast-spreading Delta variant.

Covid-19 vaccines have allowed for strong rehiring in recent months after more than 20 million people lost their jobs when the pandemic began last year, but as of August 5.3 million positions still haven't been recovered, according to the Labor Department report. The leisure and hospitality sector, which bore the brunt of the pandemic's initial layoffs, had added an average of 350,000 jobs per-month over the last six months, but in August it added zero positions, the data said.

There was no improvement either in the labor force participation rate indicating the share of people employed or looking for work, which was at 61.7 per cent in August, around the range it has hovered at for more than a year. Adult men and white Americans saw their unemployment rates decline, but joblessness remained widespread for others, including Hispanics, for whom unemployment was 6.4 per cent, and Black Americans, which saw a 0.6 per cent jump to 8.8 per cent unemployment.



Md Abul Bashar



Tanzina Ali

NCC Bank gets new chairman, vice-chairman

STAR BUSINESS DESK

The National Credit and Commerce Bank has recently witnessed the appointment of a new chairman and a vice-chairman at a board of directors meeting.

Chairman Md Abul Bashar previously served as vice-chairman and chairman of its audit committee, says a press release.

He was deputy managing director of the Prime Group of Industries for over 20 years and managing director of the group's recycling division and Prime Financial Consultants & Equities.

He obtained a Bachelor of Science degree in management information system from the US.

Vice-chairman Tanzina Ali obtained a Bachelor of Business Administration degree in finance from Bryant University.

India's services activity grows at faster rate

REUTERS, Bengaluru

India's dominant services industry returned to growth in August, expanding at its fastest pace since the pandemic began, as businesses reopened amid improved vaccination rates, a survey showed on Friday, although firms continued to cut jobs.

Despite the impact of the second wave of the Covid-19 pandemic, India's economic growth reached a record 20.1 per cent in the June quarter but analysts have said vaccination coverage remains crucial to sustaining the recovery.

The IHS Markit Services Purchasing Managers' Index rose to 56.7 in August - its strongest pace since the pandemic hit the country in March 2020 and well above the 50-level that separates growth from contraction. It had been below 50 for three months and was 45.4 in July.

"The Indian service sector bounced back in August, led by the reopening of several establishments and improved client confidence due to growing vaccine coverage," said Polyanna De Lima, economics associate director at IHS Markit.

"Service providers foresee a brighter outlook, with firms indicating that the economic recovery could be sustained if restrictions continue to be lifted and further waves of contamination can be avoided."

Overall new orders climbed at the fastest rate since January 2013, as optimism reached its highest level in five months. New export orders, however, continued to decline.

But employment remained in contractionary territory for the ninth month in a row, underscoring weakness in the labour market.

Persistent supply chain disruptions caused

by the pandemic meant input costs rose at their quickest rate since April and firms were unable to pass on some of the surge to customers. Prices charged rose at the slowest pace in four months.

"Another worrying aspect was the evidence that inflationary pressures continued to mount. Input costs increased at the fastest rate in four months, one that outpaced its long-term average," added De Lima.

Although the survey indicated inflation could

stay beyond the Reserve Bank of India's medium-term target of 4 per cent for some time, analysts believe the likelihood of the central bank tightening policy in the coming months remains low as it focuses more on economic growth.

The overall composite index rose to 55.4 last month from July's 49.2, well above the 50-mark for the first time in four months, as strong growth in services activity offset a softer rebound in manufacturing.



A store employee applies a social distancing sticker inside a shop in a mall after it reopened following the coronavirus disease outbreak in Mumbai, India.

REUTERS/FILE

Padma now seeks saviours abroad

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The beleaguered lender requested the government to allow it to get merged with any one of Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank or Bangladesh Development Bank.

This left the management of the state lenders in a state of discomfort.

Top officials of the state banks told The Daily Star last week that merging with Padma Bank would not bring them any good, given the former's poor financial health.

Contacted, Khasru said the DelMorgan & Co would mobilise \$350 million in equity capital and \$350 million in debt capital.

He claimed that the financial indicators of default loans, operating loss and loan-deposit ratio of Padma Bank had been showing trends of improvement since the new management took up responsibility.

"The entire investment process will be M&A transaction and hold controlling interest of the investors in the bank," he said.

Asked whether Padma Bank has backtracked from its earlier intent to merge with a state bank, Khasru said, "The bank will pursue M&A transactions to bring synergy in business and capital growth both locally and globally."

"The bank is analysing multiple options in the proposed M&A move," he said, adding that the bank needs new capital to ascertain future business growth.

He said financial health would obviously

improve with the new capital as "the right business and investment strategy of the bank is in place."

"Additionally M&A (with) foreign or local will definitely enhance brand value of the bank," said Khasru.

In last month's letter, Padma Bank said it faced a lot of constraints after the start of its new journey, including a severe shortfall of liquidity.

The bank said the Covid-19 pandemic affected credit growth as well as realisation of non-performing loans, causing losses to rise. "As such, our capital is declining noticeably," read the letter signed by Khasru.

The Covid-19-induced challenges led to operating losses of Tk 120 crore in the first half of 2021. As a result, shareholders' equity declined to Tk 221 crore, down from Tk 332 crore at the end of last year.

Padma Bank said its capital shortfall would amount to Tk 2,100 crore as of June this year.

Established in 2013 as Farmers Bank, the lender had fallen prey to scamsters.

A Bangladesh Bank investigation found that more than Tk 3,500 crore was siphoned off between 2013 and 2017.

State-owned financial institutions the Investment Corporation of Bangladesh, Sonali Bank, Janata Bank, Agrani Bank and Rupali Bank bought 60 per cent stakes in the bank for Tk 715 crore. The bank then took on the moniker Padma Bank.

US funding tapped for Pacific undersea cable after China rebuffed

REUTERS, Sydney

The Federated States of Micronesia will tap a US funding facility to construct a Pacific undersea communications cable, two sources told Reuters, after rejecting a Chinese company-led proposal that was deemed a security threat by US officials.

The United States has taken great interest in several plans in recent years to lay optic fibre cables across the Pacific, projects that would bring vastly improved communications to island nations.

The undersea cables have far greater data capacity than satellites, leading Washington to raise concerns that the involvement of Chinese firms would compromise regional security. Beijing has consistently denied any intent to use cable infrastructure for spying.

FSM said it was committed to providing fibre connectivity to the State of Kosrae, and onward connectivity to Kiribati and Nauru. It did not respond directly to questions about US funding. The US State Department declined to comment. The US and FSM have a long geopolitical relationship, enshrined in the Compact of Free Association, a decades-old agreement between the US and its former Pacific trust territories.

Asia, Mideast utilities turn to dirtier fuel as LNG prices bite

REUTERS, Singapore

Surging liquefied natural gas (LNG) prices are prompting utilities across Asia and the Middle East to burn more high-sulphur fuel oil (HSFO) than usual to meet increased power demand during summer, analysts and traders said.

The move towards the cheaper but more polluting HSFO highlights the problems faced by developing countries which have to grapple with the economics of lower costs versus meeting emission-cutting standards.

The strong demand for the residual fuel oil could last beyond the summer as the global economic recovery from the coronavirus gathers momentum and global LNG prices hold firm at more than twice where they averaged in 2020, the analysts said.

"With (spot) LNG prices surpassing HSFO, power generation plants are

switching from gas to oil where possible," said Serena Huang, Vortexa's Asia lead analyst, highlighting strong power demand in the Middle East, Pakistan and Bangladesh.

"Fuel oil imports are likely to rise further as LNG prices continue to head north amid tight supply-demand fundamentals," said Huang.

Asian spot liquefied natural gas (LNG) prices are currently at their highest since January and also at their highest for this time of the year since at least 2010.

They are expected to climb further during the northern hemisphere winter when demand for LNG for heating typically surges.

"LNG (imported) into Pakistan is now equivalent to about \$250 per tonne more expensive than 180-cst (centistoke) HSFO," a senior Singapore-based fuel oil trader said.

He added that on a forward price basis, spot LNG cargoes are trading above fuel oil prices through the first-quarter of 2022. "We will see unprecedented switching into first quarter of next year at current prices," the trader said, noting that fuel switching is already occurring across Asia and the Middle East.

Utilities are able to idle gas-fired power plants and restart oil-fired units if the price difference is wide enough and local emissions rules allow.

In South Asia, Pakistan's fuel oil imports this year are already about 65 per cent above 2020's total, while Bangladesh is considering increasing fuel oil imports by nearly 10 per cent in the financial year starting July 1.

"For Bangladesh's peak electricity demand, HSFO is an economically better option," a source with a utility in Bangladesh said.

BSEC working to boost investor confidence

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Islam, attending as chief guest, said that savers shied away from the market as they did not get proper returns and instead, lost their capital.

"And as their investments reduced, the stock market suffered," he added.

To address the situation, the BSEC has taken a strict stance on maintaining regulations, which is a basic responsibility that can boost investor confidence and subsequently, the market. Md Rakibur Rahman, a director of the DSE, said the market index is nothing but a price indicator which may soar past 10,000, 15,000, or even 20,000 points.

"But I hope the daily market turnover will reach Tk 5,000 crore within the next five years," Rahman said. Sensex, the market index for India's Bombay Stock Exchange, was at 54,000 points yesterday while it was 58,129 points last Friday.

So, index fluctuations are not a matter for concern.

"Many people ask whether the local market can sustain and to them I say the market will sustain 100 per cent since trading-based markets are sustainable," he said.

"However, the market may witness corrections," the DSE director added.

Eunusur Rahman, chairman of the DSE, and Tarique Amin Bhuiyan, managing director, also spoke at the event.

Soaring Tamijuddin Textile shares belie performance

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The fund was set to come from the company's own sources and bank loans. Most of the machinery will be gradually replaced with ones from China, Japan and Europe to set up a state-of-the-art spinning production facility, the company said in a disclosure.

Since the news was made public, the stock price has been rising every day. The company's earnings do not justify its stock price rise, said a stock market analyst of an asset management company, preferring anonymity.

The textile maker provided 10 per cent cash dividend for last year and its earnings per share (EPS) was Tk 0.98 in nine months of the last financial year (July 2020 to March 2021), which was Tk 0.81 in the corresponding period of the preceding year, according to the DSE data.

"If we compare the company with another listed, high dividend-paying company, it will be even more clear," said the analyst.

There are many listed textile makers who are paying higher dividends and their earnings are also very high, but their share prices are much lower than that of Tamijuddin, he said.

"It clearly shows that the stock is being gambled with," he added.

Square Textiles and Envoy Textiles are two renowned, top performing textile companies.

Square Textiles' EPS in the two periods in question were Tk 1.84 and Tk 2.06 respectively. It has been giving 10 per cent to 25 per cent cash dividends for at least the last five years along with stock dividends. Its share price closed at Tk 49 yesterday.

Meanwhile, for Envoy Textiles, the EPS were Tk 0.58 and Tk 2.06 respectively. It has also been giving

cash dividends of 5 per cent to 17 per cent in the past five years along with stock dividends. Its share price stood at Tk 34 yesterday.

In a conversation with The Daily Star, BSEC Spokesperson Mohammad Rezaul Karim said the company was under watch while data involving buyers of the shares were being analysed.

"Suddenly the company's share price skyrocketed, so we have kept it on our watch list," he said.

"Though the company made a disclosure, we are investigating whether it will implement it properly or not, because we have seen many times disclosures coming from many companies but not being implemented in the end," he said.

"But it pushed up the price of the stock, so we are aware of it," added Karim, also an executive director of the BSEC.

Shrimp processors closing down

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Bangladesh fetched \$550 million in export earnings in fiscal year 2013-14. Since then, export earnings have been falling consistently.

In fiscal 2020-21, export receipts declined 1.15 per cent year-on-year to \$328 million, showed data by Export Promotion Bureau.

BFFEA Vice President S Humayun Kabir told The Daily Star that the absence of advanced and long-term planning was also to blame for the industry's dismal state.

When fully operational, the industry has a combined capacity to produce 4 lakh tonnes of shrimp annually.

"But now we are getting just 10 per cent, or 40,000 tonnes to 45,000 tonnes, of that amount," he said, adding that a lack of shrimp supply was the main reason why many factories have closed down.

During a visit to shrimp processing factories in the Rupsha upazila

of Khulna, it was seen that many factories had been closed for years.

Anwarul Kadir, an economist and member of Transparency International Bangladesh (TIB), said unwillingness to repay loans and product tampering at shrimp processing factories also contributed to the industry's collapse.

Two-thirds of the factory owners even channelled their bank loans into other sectors in a bid to make more money and as a result, many are unable to pay instalments on time, he added.

After farmers stock their shrimp at warehouses, frozen shrimp exporters buy it from commission agents before processing them to ship abroad.

Besides, other issues such as a shortage of fry and feed continue to plague the industry while cyclones Amphan and Yaas made things worse. As a result, the cost of shrimp fry and feed has risen.

Hatcheries in the Khulna region

have failed to produce shrimp fry as per the demand for the past five years now, said Golam Kibria Ripon, general secretary of Khulna Divisional Fry Businessmen's Association.

"We need 160 crore to 170 crore fry but we get merely 20 to 25 per cent of this amount," he added.

According to the local office of the fisheries department in Khulna, shrimp is cultivated on about 260,000 hectares of land in the coastal districts each year.

Of it, 152,000 hectares are in Khulna, Bagerhat and Satkhira districts.

Kazi Belayet Hossain, former president of the Bangladesh Frozen Foods Exporters Association, said exporters could get a loan for one year at 4 per cent interest under the government's stimulus package for the sector.

"However, the banks are giving 13 to 14 conditions," he added.