Trading of SMEs begins at Dhaka bourse

CSE to launch index for small firms

STAR BUSINESS REPORT

The six small-and-medium enterprises (DSE) listed on the DSE-SME board of the Dhaka bourse yesterday began secondary trading.

The DSE-SME, a small-cap board, was rolled out on April 30, 2019 with a view to facilitating finance for SMEs from the stock market.

Prof Mizanur Rahman, a commissioner of the Bangladesh Securities and Exchange Commission (BSEC), inaugurated the platform's first secondary trading session at a programme organised by the DSE at its office in Nikunja.

Among the six SMEs to begin secondary trading, Master Feed Agrotec and Oryza Agro Industries were recently listed after completing their qualified investor offers (QIO).

The four other companies -- Himadri, Wonderland Toys, Bengal Biscuits, and Apex Weaving and Finishing Mills -- were brought over to the SME board from the over-the-counter market.

"Thanks to the SME platform, SMEs in the country have the chance to raise funds from the stock market, which would impact the entrepreneurs positively," Rahman said while addressing the event as chief guest.

There are a huge number of SMEs in Bangladesh but financial reporting in the sector is not being properly carried out as firms themselves are dependent on inefficient people.

"So, their production costs are also higher," he added.

The BSEC commissioner went on to say that the DSE and SMEs should work together to enhance their efficiency, corporate governance and sustainability to this end.

"The bourse is responsible for ensuring investor interests are met, so it should prepare an online dashboard where companies can quickly publish their financial reports," he said.

The six SMEs are: Master Feed Agrotec, Oryza Agro Industries, Himadri, Wonderland Toys, Bengal Biscuits, and Apex Weaving and Finishing Mills

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

Earlier this year, the Chattogram Stock Exchange inaugurated its Small Capital Platform, the first of its kind in the country, through the debut of Nialco Alloys Limited on June 10.

Now, the port city bourse has decided to launch a separate index for the Small Capital Platform, namely the CSE-SME Index, next Sunday. The new index will be calculated based on the prices of five new companies alongside the existing Nialco Alloys on the first trading day.

"In addition to its existing five major indices and 18 sectoral indices, the CSE will introduce a new index," it said in a press release.

This index will be a free-float Index with a base of 1000 points.

Once the CSE-SME is launched, new issues will be added as per regular index practices.

Go Zayaan raises $2.5m for expansion

STAR BUSINESS REPORT

Bangladeshi travel-tech startup Go Zayaan has raised $2.6 million in a seed round led by Wavemaker Partners, one of Southeast Asia's leading venture capital firms, according to a press release.

The startup aims to improve user experience, attract new talents and bring more people and travel services online with the funds, it said.

"The future is online and Bangladesh will be no different. We are here to build the future of travel," said Go Zayaan Founder Ridwan Hafiz.

Previously, the company had raised its pre-seed round fund from BRAC Osiris Impact Ventures and OS Venture.

Go Zayaan began its journey in 2017 as an online travel agency in order to develop a travel infrastructure that solves people's issues pertaining to booking travel services, and cater to the growing demand for bookings for travels and accommodations in Bangladesh.

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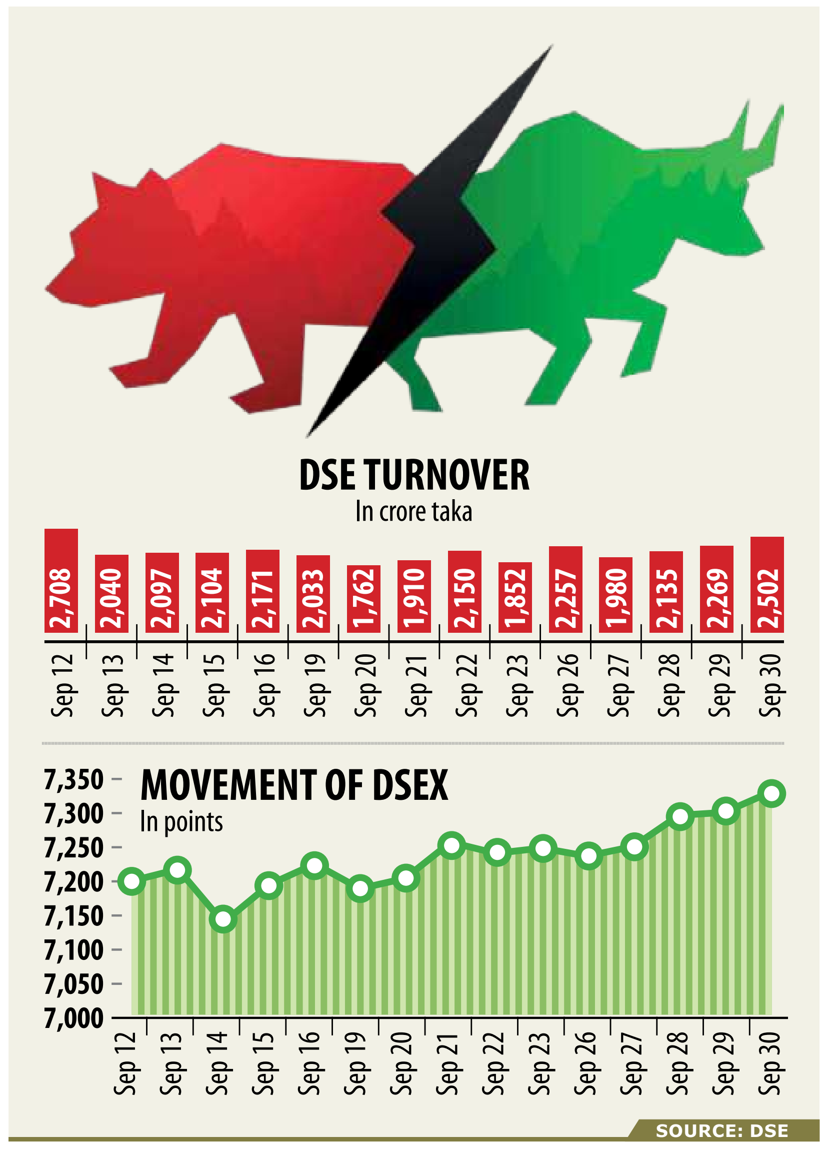
Stocks rise for third straight day

Propel DSEX to another record high



STAR BUSINESS REPORT

Stocks at the Dhaka Stock Exchange (DSE) continued to rise for a third consecutive day, sending the bourse's prime index to an all-time high.

The DSEX, the benchmark index of the DSE, rose 26 points yesterday, or 0.35 per cent, to 7,329, the highest since its inception in 2013.

"Many investors are optimistic and hope the market will go up further, so they are buying stocks," said a top official of a stock brokerage firm.

As a result, the market index is rising alongside its turnover.

"People are investing in huge paid-up capital-based companies and so, the index is rising even though fewer stocks have risen," he added.

At the DSE, 165 stocks rose, 171 declined and 39 remained unchanged.

Turnover at the Dhaka bourse shot up 10 per cent to Tk 2,502 crore with LafargeHolcim Bangladesh being the largest contributor.

The stocks of the multinational cement maker traded the most, worth Tk 200 crore, followed by Orion Pharmaceuticals, Beximco Limited, Power Grid, and Beximco Pharmaceuticals.

CVO Petrochemical topped the gainers' list, rising 8.67 per cent, followed by Sonali Paper, Premier Cement, Baraka Patenga Power, and Agni Systems.

Eastern Insurance shed the most, falling 9.98 per cent, followed by Desh Garments, Fareast Finance, Nurani Dyeing, and Shyampur Sugar Mills.

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GLOBAL BUSINESS

Global supply disruptions could still get worse

Central bankers warn

REUTERS, *Frankfurt*

Supply constraints thwarting global economic growth could still get worse, keeping inflation elevated longer, even if the current spike in prices is still likely to remain temporary, the world's top central bankers warned on Wednesday.

The disruptions to the global economy during the pandemic have upset supply chains across continents, leaving the world short of a plethora of goods and services from car parts and microchips to container vessels that transport goods across the seas.

"It's ... frustrating to see the bottlenecks and supply chain problems not getting better, in fact at the margin apparently getting a little bit worse," Federal Reserve Chair Jerome Powell told a conference.

"We see that continuing into next year probably and holding inflation up longer than we had thought," Powell told the European Central Bank's Forum on Central Banking. Speaking alongside Powell, ECB chief Christine Lagarde voiced similar concerns, arguing that the end of these bottlenecks, once thought by economists to be just weeks away, is uncertain.

"The supply bottlenecks and the disruption of supply chains, which we have been experiencing for a few months ... seem to be continuing and in some sectors accelerating," Lagarde said. "Im thinking here about shipping, cargo handling and things like that."

Global inflation has spiked in recent months on a surge in energy prices, and the production bottlenecks are pushing prices even higher, raising fears that the runup, if it lasts long enough, could seep into expectations and raise the overall profile of inflation.

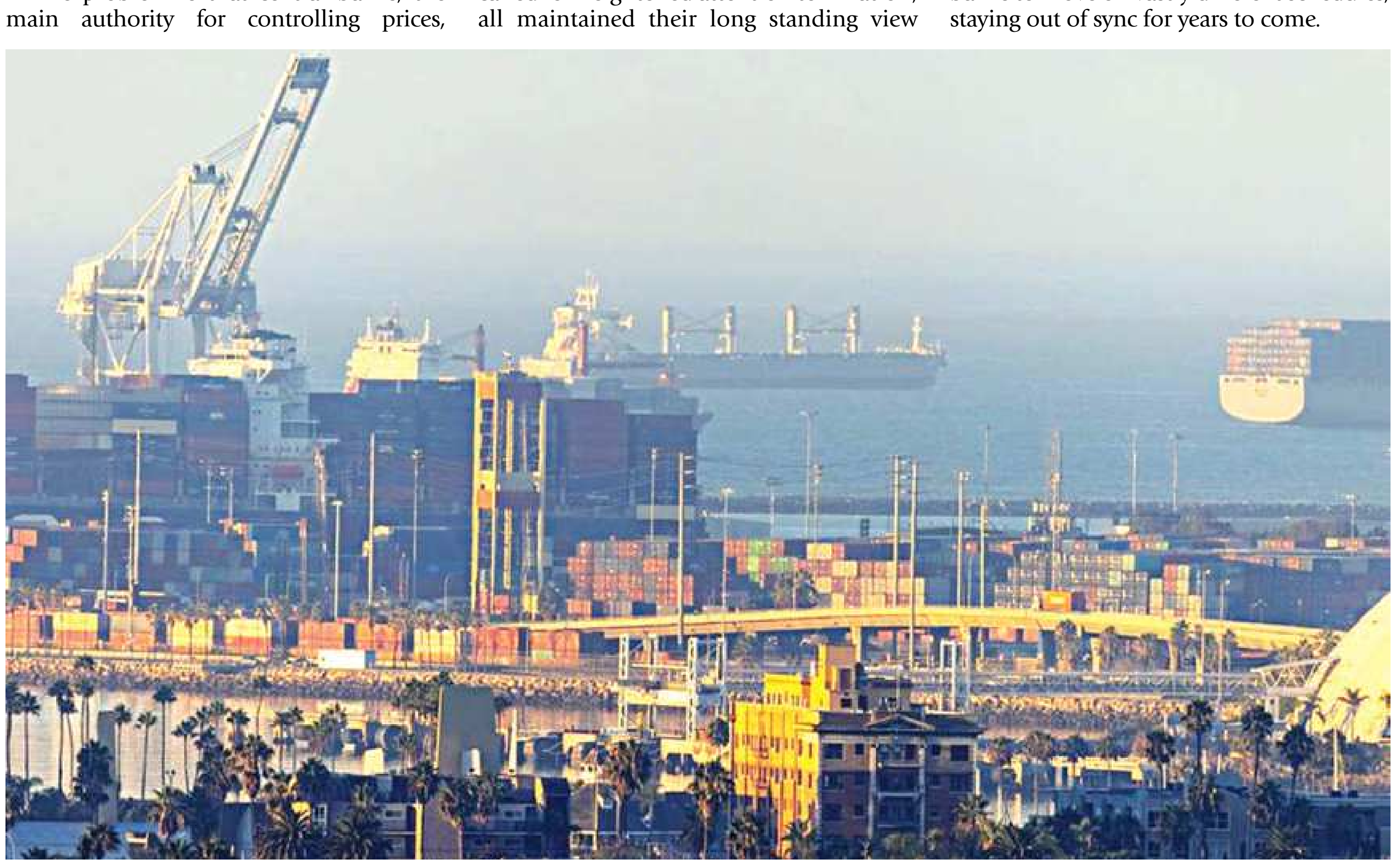
Indeed, Lagarde said the ECB would be "very attentive" to these second-round effects while Bank of England Governor Andrew Bailey, another speaker at the forum, said he would keep a "very close watch" on inflation expectations.

"If this period of higher inflation, even though it ultimately is very likely to prove temporary, if it lasts long enough, will it start affecting, changing the way people think about inflation? We monitor this very carefully," Powell added.

The problem is that central banks, the main authority for controlling prices, have no influence over short-term supply disruptions, so they are likely to be bystanders, waiting for economic anomalies to self-correct without lasting damage.

"Monetary policy cannot solve supply side shocks. Monetary policy cannot produce computer chips, it cannot produce wind, it cannot produce truck drivers," Bailey said. Still, even as policymakers called for heightened attention to inflation, all maintained their long standing view that the spike in inflation would be temporary and price rises would moderate next year, moving back to or below central bank targets.

Concerns about "sticky" inflation have fuelled a debate about the need to unwind crisis-era stimulus measures, and comments from Wednesday's panel reinforced expectations for the world's biggest central banks to move on vastly different schedules, staying out of sync for years to come.



The Port of Long Beach is seen as a record number of cargo container ships wait to unload in Long Beach, California on September 22.

PHOTO: REUTERS

Congress races to keep US open for business

AFP, *Washington*

The US Senate wrangled Wednesday over a stopgap funding bill with just one day left to prevent a government shutdown, as lawmakers stare down a number of deadlines with massive stakes for the economy and President Joe Biden's sweeping domestic agenda.

The coming days are expected to be the most critical yet of Biden's presidency, as he negotiates the tricky passage of two giant spending bills and a fix to lift the debt ceiling without the support of Republicans.

But the most urgent priority is funding for federal agencies, which runs out at the end of the day on Thursday, and Senate Democrats are preparing temporary legislation to keep the lights on until December 3.

The bill, which includes $6.3 billion to help Afghan refugees and $28.6 billion in disaster aid, is expected to have broad cross-party support in both chambers of Congress.

"We can approve this measure quickly and send it to the House, so we can reach the president's desk before funding expires midnight tomorrow," Chuck Schumer, the leader of the Senate Democrats, said in the chamber.

It was unclear by early evening if the Senate would go ahead with a late vote before packing up for the day or sleep on it, leaving it until just hours before Thursday's deadline.

Shutdowns typically mean hundreds of thousands of government employees being sent home as federal services and properties close.

There has never been a shutdown during a national emergency such as the pandemic, but the Congressional Budget Office estimates that the 2018-19 stoppage wiped $11 billion from the economy.

With the threat of the shutdown off the table, Democratic leadership would be free to focus on raising the debt ceiling and passing Biden's sputtering domestic agenda -- a $1.2 trillion infrastructure plan and a $3.5 trillion spending plan.

The bills are central to Biden's legacy, but both risk failing because of feuding between the Democrats' progressive and centrist factions.

In a sign of the jitters unsettling the West Wing, Biden canceled a Wednesday trip to Chicago, staying in Washington to lobby holdouts ahead of an uncertain House vote on infrastructure.

Legislators were due to deliver their verdicts on that bill on Thursday although even that looked increasingly unlikely with the leftist grouping and the moderates miles apart on a path forward.

The White House regularly points to polling showing Biden's legislative priorities are broadly popular, although less so in some key swing districts.

"Our objective here is winning two votes, getting these two pieces of important legislation across the finish line, because we know the impact they will have on the American people," Biden's spokeswoman Jen Psaki told reporters.

Lawmakers are also deadlocked over the prospect of a first-ever US debt default that would erase an estimated six million jobs and wipe out $15 trillion of household wealth, tanking the economy.

The government is likely to run out of cash on October 18, Treasury Secretary Janet Yellen has warned, unless Congress raises the federal borrowing cap.

But Republicans say they won't help, despite having pressed for hikes under former president Donald Trump, because they want no part in Democrats' historically large package of social reforms.

Foreign businesses in China rattled by 'hostage diplomacy'

AFP, *Beijing*

Huawei executive Meng Wanzhou's return from Canada this week was lauded as a diplomatic triumph in China, but the celebrations left a bad taste for the expat business community, already rattled by the threat of "hostage diplomacy".

That dread was based on the part of the story Chinese state media were largely silent about -- just as flag-waving crowds prepared to welcome Meng at Shenzhen airport, two Canadians were heading the other way after being detained for nearly three years.

Ex-diplomat Michael Kovrig and businessman Michael Spavor were seized in China in December 2018, just days after Meng was detained in Vancouver on a US warrant in a fraud case.

Beijing insisted these were unrelated events, but the detention of the "Michaels" was widely seen as retaliation, an impression reinforced when they were released exactly as Meng left for China.

"It increasingly seems like business is being more politicised," said Steven Lynch, managing director of the British Chamber of Commerce in China.

And a Shanghai-based Canadian manager said: "The celebratory, nationalist reception of Meng was off-putting to quite a few international executives here. "Foreign firms in China have always trod a fine line on politically sensitive issues to not upset the authorities in the world's second-largest economy.

But the Meng-Michaels case ramped up fears about staff being arrested based on diplomatic hostilities between China and their home countries.

Evergrande misses second offshore bond payment

REUTERS, *Shanghai*

China Evergrande Group missed paying bond interest due on Wednesday, two bondholders said, its second unpaid offshore debt obligation in a week, although the cash-strapped company on Thursday made a partial payment to some of its onshore investors.

The company, reeling under a debt pile of $305 billion, was due on Wednesday to make a $47.5 million bond interest payment on its 9.5 per cent March 2024 dollar bond, after having missed $83.5 million in coupon payments last Thursday.

With liabilities equal to 2 per cent of China's GDP, Evergrande has sparked concerns its woes could spread through the financial system and reverberate around the world, though worries have eased somewhat after the central bank vowed to protect homebuyers' interests.

The central bank on Wednesday urged financial institutions to cooperate with relevant departments and local governments to maintain the "stable and healthy" development of the real estate market and safeguard housing consumers' interests.

Evergrande's silence on its offshore payment obligations has, however, has left global investors wondering if they will have to swallow large losses when 30-day grace periods end for coupons that were due on September 23 and September 29.

Some offshore Evergrande bondholders had neither received interest payments nor any communication by the end of Wednesday New York time, said the people familiar with the matter, who declined to be identified due to sensitivity of the issue.