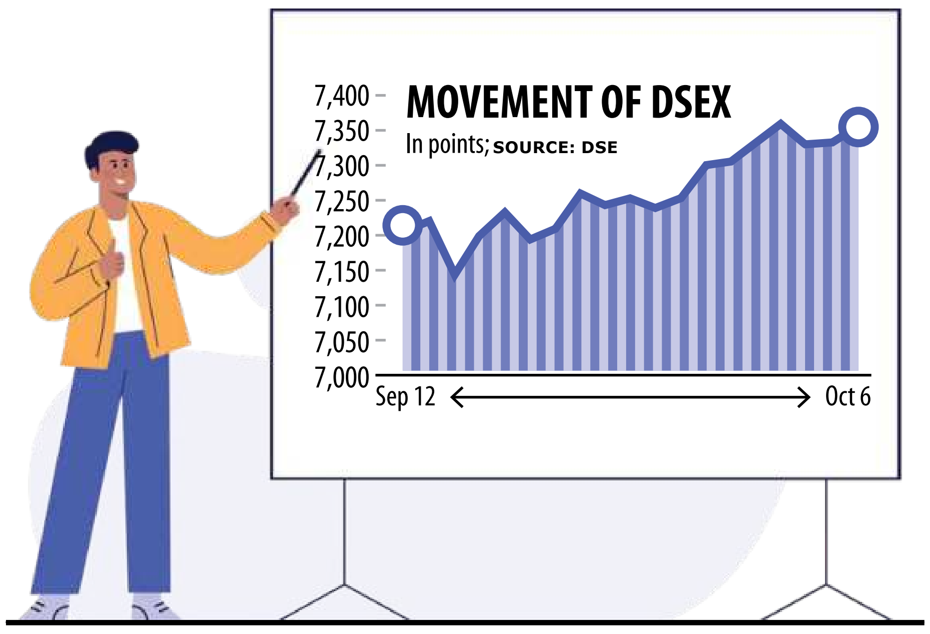
Stocks go up for second day

Investors hopeful of sustained rise



STAR BUSINESS REPORT

Bangladesh's stock market has continued its rise for two days straight amid increased investor participation.

"Since the market has seen an upward trend for a while now, people are investing more funds in hopes that the index will rise again," said a merchant banker.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), rose 19 points, or 0.26 per cent, to 7,351 yesterday.

It is considered normal behaviour for investors to pour funds into the market when they see a rising index but instead, they should invest when the index drops since stock prices are comparatively lower at the time, he added.

Still though, the market index is not overvalued, according to the Bangladesh Securities and Exchange Commission and relevant government officials.

"So, increased investments have led to a rising index," the merchant banker said, adding that even though many stocks were overvalued, the overall market was not.

At the DSE, 112 stocks rose, 231 declined and 31 remained unchanged.

Turnover of the Dhaka bourse increased 13 per cent to Tk 2,681 crore, up from Tk 2,352 crore previously.

Among major sectors, services & real estate, fuel & power, and ceramics experienced price appreciations while non-bank financial institutions, general insurance and life insurance sectors faced corrections, according to UCB Stock Brokerage.

Stocks of LafargeHolcim Bangladesh Limited were traded the most, worth Tk 174 crore, followed by Orion Pharma Limited, Beximco Limited, the Power Grid Company of Bangladesh Limited and Paramount Textile Limited.

The Power Grid Company of Bangladesh topped the gainers' list, rising 9.95 per cent, followed by Advent Pharma Limited, Paramount Textile Limited, Coppertech Industries Limited, and MJL Bangladesh Limited.

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Potato traders in Munshiganj worried over price slump

SAJJAD HOSSAIN, *Munshiganj*

Potato farms cover about half of the 67,000 hectares of arable land in Dhaka's Munshiganj district, making it the region's main cash crop.

And although the popular root vegetable saw good prices last year, people who stored stocks in cold storages hoping for similar profits this season are now suffering losses.

Around 13 lakh tonnes of potato were produced on 37,850 hectares of land in the district this year, about five lakh of which was placed in cold storages.

At present, potato is being sold for about Tk 12 per kilogramme (kg) at the wholesale level while the retail price is around Tk 16 per kg.

Stockists who held back their stocks claim to be suffering losses of between Tk 600 to Tk 650 per 50 kg considering current prices.

"I bought potatoes from farmers at Tk 13 per kg and then had to spend about Tk 125, including labour and incidentals, to move them to a cold storage," said Babul Pike, another potato trader.

All in all, it costs about Tk 950 to keep a 50-kg bag of potato in a cold storage while it is selling for just Tk 300 to Tk 350.

"So, traders lose about Tk 580 to Tk 600 per bag," Pike said.

Echoing the same, officials of the district's Department of Agricultural Marketing (DAM) said potato traders were incurring losses of between Tk 120 to Tk 200 per 50 kg.

The price is not high this time due to increased supply but even though this is causing problems for stockists, farmers remain unaffected, they said.

Prashant Kumar Mandal Dulal, manager of the Kadam Rasool cold storage in Munshiganj city, said about 80,000 sacks of potato, each weighing 50 kgs, were kept in his cold storage in March this year.

Since then, about 28,000 sacks have been released.

Dulal went on to say that he is owed about Tk 60 lakh by various people who used his cold storage. So far, Tk 12.6 lakh has been paid but the rest of his creditors seem to have dropped off the map due to bad business.

Each 50-kg sack of potato sold for about Tk 1,400 to Tk 1,500 in 2020 but this year, prices are nowhere near that amount, he added.

Making matters worse, potatoes cannot be kept in cold storage for longer than three to four months, after which the crop must be discarded, said Manoranjan Shah, manager of Nippon Cold Storage.

And with the cold storages set to shut down for the year in November, time is running out for hoarders to sell their stocks.

Besides, it would also cost cold storage owners if the potato traders are unable to pay for the rent or loans owed, Shah added.

He went on to say that of the 2.13 lakh sacks of potato kept at his cold storage, just one lakh has been released so far.

Another reason for the crop's slow movement is that potatoes were sent abroad last year while that did not happen this year, Shah said.

ABM Mizanul Haque, district market investigator of the DAM, said about 34 per cent of the potatoes kept in cold storage have been unloaded so far.

Haque also informed that about 80 per cent of the potatoes in cold storage were kept by stockists while farmers made up the remaining 20 per cent.

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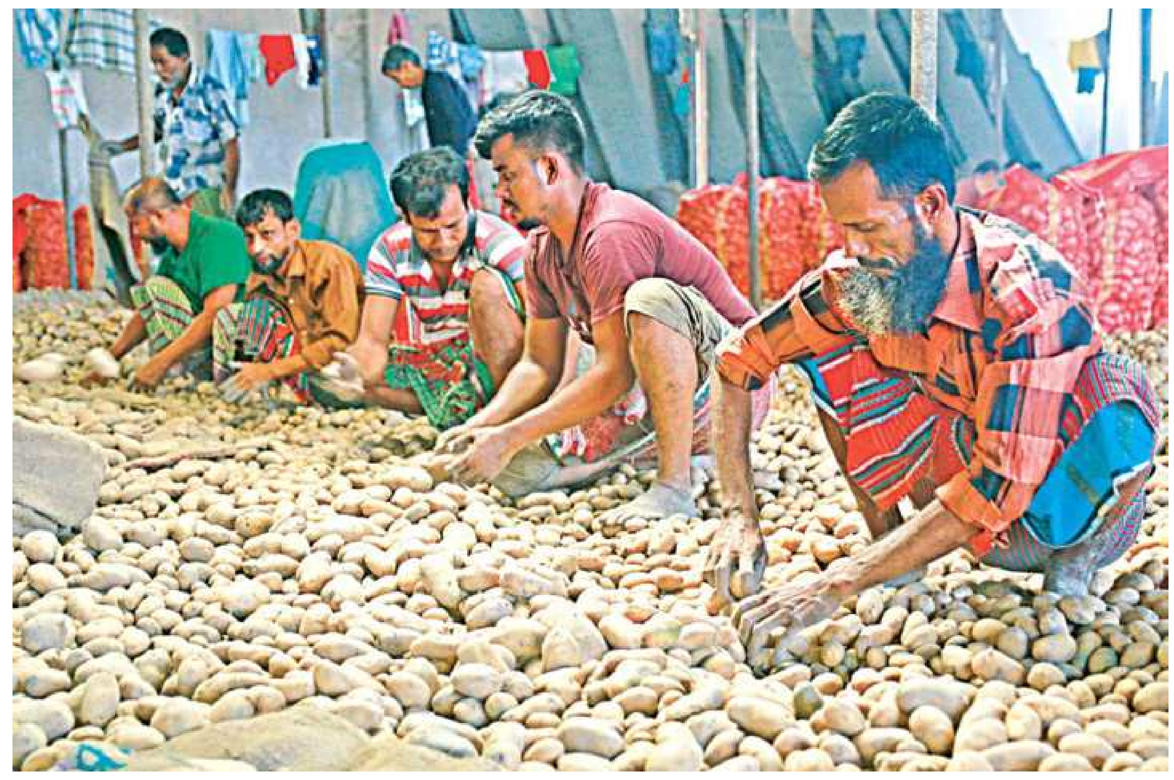

SAJJAD HOSSAIN

Although potato prices were good last year, people who kept stocks in cold storages hoping for similar profits this season are now suffering losses. The photo was taken recently from Muktarpur area of Munshiganj.

DISTRICTS IN FOCUS

GLOBAL BUSINESS

IMF trims 2021 GDP forecast

REUTERS, *Washington*

The International Monetary Fund expects global economic growth in 2021 to fall slightly below its July forecast of 6 per cent, IMF chief Kristalina Georgieva said on Tuesday, citing risks associated with debt, inflation and divergent economic trends in the wake of the Covid-19 pandemic.

Georgieva said the global economy was bouncing back but the pandemic continued to limit the recovery, with the main obstacle posed by the "Great Vaccination Divide" that has left too many countries with too little access to Covid-19 vaccines.

In a virtual speech at Bocconi University in Italy, Georgieva said next week's updated World Economic Outlook would forecast that advanced economies will return to pre-pandemic levels of economic output by 2022 but most emerging and developing countries will need "many more years" to recover.

"We face a global recovery that remains 'hobbled' by the pandemic and its impact. We are unable to walk forward properly - it is like walking with stones in our shoes," she said.

The United States and China remained vital engines of growth, and Italy and Europe were showing increased momentum, but growth was worsening elsewhere, Georgieva said.

Inflation pressures, a key risk factor, were expected to subside in most countries in 2022 but would continue to affect some emerging and developing economies, she said, warning that a sustained increase in inflation expectations could cause a rapid rise in interest rates and tighter financial conditions.

"High debts, soaring food prices and lack of vaccines are the greatest threats facing developing countries," said Eric LeCompte, executive director of the religious development group Jubilee USA Network.

"We are counting economic losses in the trillions if developing countries can't access vaccines."

Georgieva said central banks could generally avoid tightening for now, but they should be prepared to act quickly if the recovery strengthened faster than expected or risks of rising inflation materialized.

She said it was also important to monitor financial risks, including stretched asset valuations.

Global debt levels, now at about 100 per cent of world gross domestic product, meant many developing countries had very limited ability to issue new debt at favorable conditions, Georgieva said.

Georgieva said it was important that debt restructuring efforts already initiated by Zambia, Chad and Ethiopia be concluded successfully to encourage others to seek help.

Better transparency about debts, sound debt management practices and expanded regulatory frameworks would help ensure increased private sector participation, she said in response to a question from a participant.

Asked about rising debt levels in Europe, Georgieva said growing economic momentum had put Europe on a sound footing to avoid another sovereign debt crisis like the one faced by Greece in the aftermath of the global financial crisis of 200708.

But she said countries would have to plan carefully how to shift course to medium-term fiscal consolidation to erase the increased pandemic-related debt burden.

"The bills are going to come due," she said, adding that good planning was needed to ease debt burdens over time while avoiding "brutal" cuts in education or healthcare funding.

Georgieva urged richer nations to increase delivery of Covid-19 vaccines to developing countries, remove trade restrictions and close a $20 billion gap in grant funding needed for Covid-19 testing, tracing and therapeutics.

International Monetary Fund's Managing Director Kristalina Georgieva speaks during a joint news conference at the end of the Summit on the Financing of African Economies in Paris on May 18. REUTERS/FILE

Google to invest $1b to lift Africa internet access

AFP, *Johannesburg, South Africa*

Google on Wednesday said it will invest $1 billion over the next five years to allow for faster and more affordable internet access and support entrepreneurship in Africa.

Internet reliability is a problem in Africa where less than a third of the continent's 1.3 billion people are connected to broadband, according to the World Bank. But the continent, where nearly half the population is under 18, is a promising market.

According to Google and Alphabet boss, Sundar Pichai "huge strides" have been made in recent years, but more work is needed to make "internet accessible, affordable and useful for every African".

The investment will support digital transformation by ensuring improved connectivity and access, he said in a statement.

The funds will, among other things, go towards infrastructure development including the Equiano subsea cable that will connect South Africa, Namibia, Nigeria and St Helena with Europe.

The deal expands Google's pledge announced four years ago to train around 10 million young Africans and small-scale businesses in digital skills.

"I am of the firm belief that no one is better placed to solve Africa's biggest problems than Africa's young developers and startup founders," said Google's Africa managing director Nitin Gajria.

Internet access is also hampered by the affordability of smartphones.

Biden says US future depends on his investment package

AFP, *Howell*

President Joe Biden delivered a stark warning of American decline Tuesday in a speech urging Congress to vote through his ambitious infrastructure and social spending packages or lose out to the likes of China.

"These bills are not about left versus right or moderate versus progressive, or anything that pits Americans against one another," he said at a trade union training center in Howell, Michigan.

"These bills are about competitiveness versus complacency. They're about opportunity versus decay," he said.

"To oppose these investments is to be complicit in America's decline.

"Facing a rift in his own party -- which controls Congress with the narrowest of majorities -- and a Republican opposition aggressively blocking where it can, Biden hopes that appealing to Americans outside of Washington will give his agenda new life.

He began his speech to the blue collar audience, gathering in a swing district won by Donald Trump during the 2020 presidential election, by saying there was "a lot of noise in Washington.

"He then made his case for the $1.2 trillion infrastructure spending bill and a social support bill worth possibly around $2 trillion, saying that the government investment had underpinned private sector dynamism throughout US history and was now needed again.

"We led the world in research and development... but then something happened. We slowed up," Biden said.

"We risk losing our edge as a nation. "He cited statistics that show US education and infrastructure have slipped far down the rankings in comparison to other advanced countries.

"Our competitors aren't waiting," he said.

"In recent years, China has spent about three times as much on infrastructure as a share of their economy that we have.

"Polls show that the proposals are popular.

A new survey out Tuesday by Quinnipiac found 62 to 34 per cent in favor of the infrastructure bill and 57 to 40 per cent in favor of a social spending bill.

Citing that broad popularity, Biden says the solution should be clear. However, with such a tight majority in Congress and such an implacable opposition, the path forward is tortuous and may yet end in failure.

Just one Democrat breaking with him in the Senate or a handful in the House is enough to wreck his agenda.

Democrats are divided essentially between moderates and progressives on the size and speed of the spending proposals, with Biden trying to bridge the gap.

The social support bill is already being whittled down from the progressives' previous demand for a $3.5 trillion price tag.

In Michigan he met with local congressional Representative Elissa Slotkin, one of the moderate Democrats.

Before leaving Washington, Biden held a virtual meeting with a group of other moderates. On Monday he did the same with a group representing the more leftist wing of the party.

The White House said that Monday's meeting was "constructive" and that they "discussed their shared commitment to seizing this moment to make investing in families the heart of our economic growth and competitiveness strategy.

President Joe Biden says Congress must pass his spending plans to keep the US competitive in the world. AFP/FILE

Tesco profits jump on 'elevated' pandemic sales

AFP, *London*

British supermarket giant Tesco on Wednesday posted surging first-half profit on the back of elevated pandemic sales and its "resilient" supply chain.

Profit after tax jumped almost 70 per cent to 781 million ($1.1 billion, 917 million euros) in the six months to the end of August, the nation's biggest retailer said in a statement.

That compared with 465 million a year earlier, when the group was also buoyed by the Covid pandemic.Tesco also ramped up its annual profit forecast and unveiled a 500-million share buyback.

Shares jumped 4.1 per cent to 263.35 pence in late morning London deals.

Revenue rose six per cent to 30.4 billion as it "continued to benefit from elevated sales as a result of the Covid-19 pandemic", it said.

"We've had a strong six months; sales and profit have grown ahead of expectations and we've outperformed the market," added chief executive Ken Murphy.

He pointed to "the resilience of our supply chain and the depth of our supplier partnerships" as a key factor.

A significant number of UK retailers are currently unable to source enough products because of the supply crunch caused in large part by a shortage of lorry drivers owing to Covid and Brexit fallout.