Legacy shares soar despite poor dividend

Legacy Footwear Ltd.

STAR BUSINESS REPORT

The price of Legacy Footwear Limited's stock soared around 8 per cent yesterday in spite of its announcement earlier in the day that it was going to give out a minimal amount as dividend.

The company's stock price closed at Tk 62.40 whereas it was Tk 58 on the previous day.

Its Dhaka Stock Exchange (DSE) website disclosure said it was going to give out 1 per cent cash dividend, that too to only general shareholders.

The price rise after the announcement of a minimal dividend is not logical, said a merchant banker, preferring anonymity.

A vested group is spreading rumours that the stock will undergo manipulation, so people rushed to buy it, he said.

So the dividend declared did not come into consideration, he said, adding that general investors should be cautious and refrain from making investments based on rumours.

The company had not declared any dividend in 2019-20 but announced 5 per cent and 20 per cent in the preceding years respectively.

The price of the stock has been volatile in the past two years. It fluctuated between Tk 50 and Tk 86 for rumours, said a stock broker.

The stock was loved by manipulators as it is a small company with a relatively small number of shares, he added.

Legacy Footwear has a paid-up capital of Tk 13 crore alongside 1.30 crore shares, shows the DSE data.

In 2019, the Bangladesh Securities and Exchange Commission (BSEC) decided to fine four investors and their associates Tk 5.10 crore for manipulating shares of Legacy Footwear.

A top BSEC official said they would keep the company in their radar to prevent manipulation.

Investors also should be careful and not buy shares based on rumours, he added.

A Manipuri weaver toils away on a handloom, preparing winter products following a rapid increase in demand due to the declining Covid-19 situation. The photo was taken recently.

PHOTO: MINTU DESHWARA

Manipuri weavers on road to recovery

MINTU DESHWARA

Both the international and domestic demand for Manipuri cloth, a style of handwoven fabric native to Sylhet that come in block, stripe and flat colour print, has recovered in line with the receding coronavirus pandemic.

Local and foreign tourists alike began flocking to Sylhet after the government eased all restrictions on public movement amid the declining Covid-19 infection rate.

The travellers never forget to pick up a few Manipuri items during their travels, particularly before the winter season.

But as the Covid-19 pandemic forced economies across the globe into repeated lockdowns, the demand for such products was practically nonexistent for the past 19 months.

But with the coronavirus infection rate now seemingly under control following the rollout of mass vaccination programmes, Manipuri weavers and vendors in Sylhet are seeing a massive onrush of customers for winter products, such as blankets and warm clothing.

There are at least 30 Manipuri clothing and tailoring shops on either side of Lama Bazar in Sylhet city while the Srimangal and Kamalganj upazilas of Moulvibazar district house 100 shops collectively.

During a visit to the region last Friday, it was seen that almost all local shops were selling Manipuri products of similar quality, price and design.

Since the prices are kept relatively low, different classes of people buy these products.

Women make up a majority of the local industry's customer base with Manipuri saris priced anywhere between Tk 1,000 to Tk 10,000.

Meanwhile, towels are being sold for Tk 90 to Tk 500 while bedsheets are priced between Tk 800 to Tk 1,500 and blankets are Tk 320 to Tk 10,000.

DISTRICTS IN FOCUS

"While completing my studies, I would make Manipuri clothes with my mother to earn a little extra for our family but sales were almost zero after Covid-19 forced everyone to stay home," said L Nandita Debi, a resident of Homerjan village in Kamalganj.

Like her, many other Manipuri traders faced hard times in that situation and had to sell their products at low prices.

"However, the situation has since improved as many weavers are selling directly to end consumers," Debi said, adding that e-commerce played a vital role in this regard.

However, the industry is not what it once was, according to local weavers such as Minti Sinha and Shiuly Rani Sinha in Kamalganj.

The price of yarn was low just three years ago, when a family could produce a four by four foot Manipuri cloth for Tk 100.

It now costs about Tk 500 to make the same piece of fabric.

Apart from increased raw material costs, poor access to finance, a lack of government patronage and timely training are the biggest challenges for marketing Manipuri products.

"With this backdrop, Covid-19 came as a double blow for local weavers," Sinha said, adding that they are still trying to recover previous losses for now.

Anamika Sinha, another Manipuri weaver of the same upazila, said many wholesalers from across the country are coming in droves to place orders which were held up by the pandemic.

But due to a yarn shortage, the weavers are unable to fully cater to the increased demand.

"Although there is a huge demand for Manipuri cloth from both home and abroad, there is a shortage of raw materials and government support," she added.

Sinha went on to say that if customers continue to respond positively, they will be able to quickly recover their previous losses.

Initially, the industry was able to survive on the raw materials available in Sylhet alone but as demand increased, weavers started buying the necessary materials from Dhaka, Narsingdi and Chattogram. Still though, the supply of raw materials continues to fall short.

"So, it is necessary to ensure the availability of raw materials in this industry on a priority basis," she said.

Rabi Singha Rajesh, member secretary of the Manipuri Cultural Academy, said the region is reputed for handloom weaving but now many have turned away from the profession due to a lack of adequate patronage and wages.

READ MORE ON B2

Stocks dip under 7,000 points

STAR BUSINESS REPORT

The stock market index once again fell under the 7,000-point range yesterday as investors have taken a wait and see approach.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE) dropped two points to 6,998.

However, the blue-chip index, DS-30 rose, by five points to 2,625 at the same time.

Turnover, an important indicator of the market, fell 22 per cent to Tk 1,275 crore, down from Tk 1,637 crore a day earlier.

At the DSE, 133 stocks advanced, 205 declined and 38 remained unchanged.

"Investors are waiting on the sidelines as they are confused about the future of the index," a merchant banker said.

No one knows whether the market index will go up or down in the near future but the recent decline has caused panic.

"On the other hand, they were ready to book profits if the index crossed over 7,300 points," he added.

Mozaffar Hossain Spinning Mills topped the gainers list, rising 9.7 per cent, followed by Al-haj Textiles, Hamid Fabrics, Legacy Footwear and Shepherd Industries.

Stocks of Beximco Limited traded the most, worth Tk 128 crore, followed by Fortune Shoes, IFIC Bank, Orion Pharmaceuticals, and Delta Life Insurance.

Midas Financing shed the most, dropping 8.37 per cent, followed by Fareast Life Insurance, AFC Agro Biotech, Meghna Pet Industries, and Lub-rref (Bangladesh).

Among the major sectors, food and allied products rose by 1.01 per cent while engineering increased by 0.95 per cent, and general insurance grew by 0.80 per cent.

However, non-bank financial institutions dropped 2 per cent, cement fell 1.30 per cent and banks downed by 0.70 per cent, according to LankaBangla Securities.

Meanwhile, the Chattogram Stock Exchange recovered somewhat as the CASPI, the main index of the port city bourse, rose by 58 points, or 0.28 per cent, to 20,539 yesterday.

Among the 288 traded stocks, 128 rose, 136 fell and 24 remained unchanged.

GLOBAL BUSINESS

World leaders seek ways to strengthen global supply chains

REUTERS, *Rome*

US President Joe Biden and 16 other world leaders on Sunday discussed action to make supply chains more resilient in the face of any future health crises, as well as climate change and even planned attacks.

Supply chain problems have emerged as the global economy has pulled out of a pandemic-induced recession and threaten to slow recovery.

They have already stoked inflation.

"We have to take action now, together with our partners in the private sector, to reduce the backlogs that were facing. And then, we have to prevent this from happening again in the future," Biden told world leaders at a meeting to address supply chain bottlenecks on the sidelines of the G20 in Rome.

"Now that we have seen how vulnerable these lines of global commerce can be, we cannot go back to business as usual. This pandemic wont be the last global health crisis we face. We also need to increase our resilience in the face of climate change, natural disasters, and even planned attacks," he said.

Apart from the United States, leaders and representatives from the European Union, Australia, Britain Canada, Democratic Republic of Congo, Germany, Indonesia, India, Italy, Japan, Mexico, the Netherlands, Republic of Korea, Singapore and Spain took part in the meeting.

A written White House summary of the talks said countries expressed willingness to work together to make supply chains more resilient.

It said they had agreed to work for more transparency and information-sharing between countries and on the need to have multiple reliable suppliers of raw materials, intermediate and finished goods.

"Openness and communication can promote a swift response to disruptions to supply chains - like those that the globe is facing right now - and allow other players within a supply chain to take mitigating steps," the White House summary said.

"We should avoid any unnecessary trade restrictions and maintain free flow of goods and services," it said.

The leaders emphasized also the need for security, especially in technology supply chains, and for fair and sustainable labour conditions and said they would work with the private sector to reach these goals.

A man rides his bicycle past a gas station that was damaged by Hurricane Maria two years ago, as Tropical Storm Karen approaches in Loiza, Puerto Rico.

REUTERS/FILE

Climate finance could make or break COP26 summit. Here's why

REUTERS, *London*

At the UN climate conference, expect one theme to drown out the cacophony of pledges from countries and companies around the world: money.

The COP26 summit, which began on Sunday in Glasgow, will attempt to complete the rules to implement the 2015 Paris Agreement - which aims to limit global warming to 1.5 degrees Celsius above preindustrial times - and secure more ambitious commitments from countries to meet its targets.

Underpinning progress on both issues is money.

Climate finance refers to money that richer nations - responsible for the bulk of the greenhouse gas emissions heating the planet - give to poorer nations to help them cut their own emissions and adapt to the deadly storms, rising seas and droughts worsened by global warming.

So far, the money hasn't arrived.

Developed countries confirmed last week they had failed to meet a pledge made in 2009 to provide $100 billion a year in climate finance by 2020.

Instead it would arrive in 2023.

"Their credibility is now shot," said Saleemul Huq, an adviser to the Climate Vulnerable Forum of 48 countries, adding that the broken finance promise could "sour everything else" at the Glasgow talks.

"They are basically leaving the most vulnerable people on the planet in the lurch, after having promised that they're going to help."

The Alliance of Small Island States, whose influence at past UN climate talks has outweighed its members' size, said: "The impact this has had on trust cannot be underestimated."

The reaction made clear the struggle that countries will face at COP26 as they negotiate divisive issues that have derailed past climate talks.

The $100 billion pledge is far below the needs of vulnerable countries to cope with climate change, but it has become a symbol of trust and fairness between rich and poor nations.

Vulnerable countries will need up to $300 billion per year by 2030 for climate adaptation alone, according to the United Nations. That's aside from potential economic losses from crop failure or climate-related disasters. Hurricane Maria in 2017 cost the Caribbean $69.4 billion.

European Union climate policy chief Frans Timmermans said delivering the $100 billion was one of his three priorities for COP26, alongside finishing the Paris rulebook and securing more ambitious emissions-cutting targets.

"I think we still have a shot at getting to $100 billion," Timmermans told Reuters.

"It would be very important for Glasgow to do that, also as a sign of trust and confidence to the developing world." Italy said on Sunday it was tripling its climate finance contribution to $1.4 billion a year for the next five years.

China says coal supply improving

REUTERS, *Beijing*

China's coal supply situation has seen significant improvement with joint efforts from coal producers, logistics and downstream users, while coal prices have also stabilized, said the state planner.

The most-traded January thermal coal futures contract on the Zhengzhou Commodity Exchange fell 9.26 per cent to 925.2 yuan (US $ 144.48) per tonne early Monday. A series of cooling measures announced by China have caused futures prices to fall more than 53 per cent from their high of 1,982 yuan on October 19.

Since July, the government has approved capacity extensions in hundreds of coal mines across the country amid widespread electricity shortages in part due to insufficient supply, and has put in place a series of measures to contain the coal prices which have climbed nearly 190 per cent this year.

"The average daily coal production has reached over 11.5 million tonnes for a few consecutive days since mid-October, reaching as high as 11.72 million tonnes," said the National Development and Reform Commission (NDRC) in a statement released Sunday evening.

Reuters calculations show that China's new rate of coal production allows it to produce more fuel this year than ever before if the increase is sustained.

Meanwhile, the daily coal supply of major coal-fired power plants reached 8.32 million tonnes, the highest level in history.

This helps bring the total stock of coal in Chinese power plants to 106 million tonnes, up more than 28 million tonnes from the end of September, and these could support 19 days of consumption, the NDRC said.

The NDRC estimated coal stocks at power plants at over 110 million tonnes in three days.

Spot prices for thermal coal with an energy content of 5,500 kilocalories have fallen to less than 1,200 yuan per tonne in mines and less than 1,500 yuan per tonne in ports, while futures contracts on the Top-traded thermal coal has plunged 51 per cent in the past eight trading days, said the state planner.

Separately, on Sunday, the NDRC said it has set up an online platform to monitor the implementation of long-term coal contracts signed between coal miners and downstream users, and the system will be officially launched early November.

China has repeatedly urged coal companies to strictly meet their contractual obligations in an effort to stabilize coal prices.