Stock turnover hits four-month low

Index falls for fourth day

Star Business Report

Bangladesh stock market has continued to bleed for the last four consecutive days while turnover of the market dropped to a four-month low yesterday.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), dropped 56 points to 6,898.

The Dhaka bourse extended its losing streak for a fourth straight day as the pessimist group of investors continued their selling binge during the last session, said International Leasing Securities in its daily market review.

Becoming confused with the market direction, the spooked investors tended to remain on the sidelines and were reluctant to make fresh investments in stocks, it said.

Market turnover has gone down to a four-month low at the Dhaka bourse. The 10 stocks that were traded the most captured around 42 per cent where Beximco alone accounted for 12.9 per cent, it added.

Turnover at the DSE fell 10 per cent to Tk 1,154 crore from Tk 1,295 crore a day earlier. Earlier, its turnover was Tk 1,148 crore on June 29.

At the DSE, 89 stocks advanced, 246 declined and 40 remained unchanged.

Bangladesh Lamps topped the gainers' list rising 9.96 per cent followed by Gemini Sea Food, Pharmaids Pharmaceuticals, Kattali Textile and Dacca Dyeing & Manufacturing Company.

Investors are on the sidelines, observing when the stock market will stop falling and turn around to rise, said a stock broker.

This is only because of low confidence, he said.

If stocks bounce back now, general investors will double down on their participation, he added.

Stocks of Beximco were traded the most, worth Tk 149 crore, followed by Orion Pharma, IFIC Bank, British American Tobacco Bangladesh and Delta Life Insurance.

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Stock investors watch price movement of shares on a screen at the office of a brokerage firm in Dhaka.

PHOTO: STAR/FILE

Export earnings rise on volume-driven growth

Says CPD Distinguished Fellow Mustafizur Rahman

Akanda Muhammad Jahid

Bangladesh's exports hit a historic high of $4.73 billion in October with a 60.37 per cent year-on-year increase riding on the stunning rebound of readymade and non-readymade garment shipment.

Overall, export earnings increased 22.62 per cent to $15.74 billion in the July to October period, showed data from the state-owned Export Promotion Bureau (EPB).

"The export earnings have grown from both RMG and non-RMG sides. Even, the growth in non-readymade garments is higher than in readymade garments," said Prof Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD).

"This is also a very good aspect in terms of export diversification," he said, adding that both the demand side and supply side have contributed to this growth.

It means that as the economy has turned around, there has been a resurgence in demand in major markets, he said.

On the other hand, on the supply side, export-oriented industries have been able to continue production uninterrupted since the lockdown, he added.

"But having said that, we should be cautious that the prices of many raw materials such as cotton, yarn and intermediate imports in the export-oriented industry have also increased in the international market," said Rahman.

"As the price of intermediate imports has increased, the net value addition in the export-oriented industry is a little less than the gross value addition," he said.

Mustafizur Rahman

The price of high intermediate imports is included in the price of the products that have been exported, he said.

"The price of intermediate imports has gone up, but the price of our finished products has not increased at that rate. So, volume-driven RMG growth is being noticed here," Rahman said.

"There are two things in export earnings - one is the price effect and the other is the volume effect. A large part of the growth that has taken place here for the increase in volume actually is based on productivity growth," he said.

So employment generation and growth did not happen that much here in terms of profit margins and value addition, said Prof Rahman.

In addition, coronavirus has caused some disruption in production in China and Vietnam. Bangladesh has been able to take some advantage of this, he added.

In the first four months of the current fiscal year since July, earnings from garment shipment amounted to $12.62 billion, up 20.78 per cent year-on-year.

Of the sum, $7.21 billion came from knitwear shipment, which grew 24.27 per cent. Woven garment shipment rose 16.41 per cent to $5.41 billion.

Frozen and live fish export grew by 17.46 per cent to $225.23 million, agricultural products rose 29.34 per cent to $464.11 million, and leather and leather goods shipments were up 28.85 per cent to $364.9 million.

However, jute and jute goods export fell by 24.11 per cent to $332.98 million last month.

Rahman said, "While our overall exports were not doing so well, jute product exports were doing well."

"It is disheartening that despite its promise as an environment-friendly product, jute export has demonstrated a negative growth when all other products are going good," he said.

To sustain future growth, competitiveness must increase, he said. "In order to increase competitiveness with China and India, we need to increase productivity, technology-based skills," he said.

"Readymade garments and other export-oriented sectors need to increase product diversification," he said

"At the same time, we need to restructure our incentive structure from the perspective of technology, meaning that the factories which will enrich productivity, skills and technology will have to provide more incentives," Rahman said.

Vietnam is taking advantage of the markets that China is losing and Bangladesh also has to enter those places, he said, adding, "We have to pay attention to increase non-RMG exports such as light engineering, leather and footwear in regional markets."

"Though the price of intermediate imports has gone up, the price of our finished products has not increased at that rate. So, volume-driven RMG growth is being noticed here."

GLOBAL BUSINESS

UK, India plan to connect world's green power grids

Reuters, *Glasgow*

Britain and India introduced a plan on Tuesday to improve connections between the world's electricity power grids to accelerate the transition to greener energy.

Linking the grids would allow parts of the world with excess renewable power to send it to areas with deficits. For instance, countries where the sun has set could draw power from others still able to generate solar electricity.

The "Green Grids Initiative" at the COP26 climate talks in Glasgow, Scotland, was backed by more than 80 countries and could set a model for how rich countries help poorer ones to reduce their emissions and meet the goal of capping global warming at 1.5 degrees Celsius (2.7 Fahrenheit) above pre-industrial norms.

"If the world has to move to a clean and green future, these interconnected transnational grids are going to be critical solutions," Indian Prime Minister Narendra Modi said in a statement.

US independent energy expert Matthew Wald said the plan underscored how renewable energy sources need more transmission lines since they must often be built far from cities, unlike coal or gas-fired plants whose fuel can be shipped in.

But Wald said planners in various countries - including the former Soviet Union - have long dreamed of cheap transmission across time zones with limited progress. Although powerline technology has improved in recent years, Wald and others said the plan would require spending large sums.

"We're talking about transmission networks that will need to be undersea. They will need to cross mountain ranges. They'll need to cross deserts" said Kartikeya Singh, senior associate at Washington-based Center for Strategic and International Studies, The official announcement of the trans-national grid plan did not include cost figures or funding details.

Modi and British Prime Minister Boris Johnson had previously outlined the plan. On Monday, Modi had said India would reach net zero carbon emissions by 2070, two decades later than scientists say is needed.

Although seen as sceptical of efforts to slow climate change, Modi has attended the conference, while leaders of other major emitters, including China and Russia, are not attending in person.

The grids plan showed Modi willing to move the world's second-most populous nation away from fossil fuels as long as developed countries help, said Julie Gorte, senior vice president for sustainable investing at Impax Asset Management.

"Left to their own devices India is going to build coal plants," she said.

Britain's Prime Minister Boris Johnson and India's Prime Minister Narendra Modi attend the World Leaders' Summit "Accelerating Clean Technology Innovation and Deployment" session during the COP26 Climate Conference at the Scottish Event Campus in Glasgow, Scotland on November 2.

PHOTO: AFP

The plan is part of a broader attempt to speed up the roll out of affordable low-carbon technology, covering more than 70 per cent of the global economy.

Announcing the first five goals of the plan, dubbed the "Glasgow Breakthroughs", Johnson flagged targets to push clean power, zero emissions autos, near-zero emission steel, low-carbon hydrogen and climate-resilient agriculture.

The United States and the United Arab Emirates, meanwhile, began an initiative, with $4 billion in backing, to help farming adapt to climate change.

Yahoo, Fortnite exit China as tech crackdown bites

AFP, *Beijing*

US internet services company Yahoo said on Tuesday it has pulled out of mainland China, becoming the latest tech firm to withdraw as a crackdown by Beijing on the industry gathers pace.

The move comes just days after American gaming giant Epic said it will shut its popular game "Fortnite" following the imposition of strict curbs on the world's biggest gaming market.

Beijing has embarked on a wide-ranging regulatory clampdown on a number of industries in a drive to tighten its control of the economy, with tech firms taking the brunt.

The push has seen a number of US-based companies withdraw major products from China in recent weeks, with Microsoft in October announcing the closure of its career-oriented social network LinkedIn.

"In recognition of the increasingly challenging business and legal environment in China, Yahoo's suite of services will no longer be accessible from mainland China as of November 1," Yahoo said in a statement emailed to AFP.

"Yahoo remains committed to the rights of our users and a free and open internet. We thank our users for their support. "Foreign tech companies have long walked a tightrope in China, forced to comply with strict local laws and government censorship of content.

Google shut down its search engine in China in 2010, refusing Beijing's requirement to censor search results.

Reports in 2018 of a plan by Google executives to explore reopening a site in China sparked a backlash from rights groups and Google employees warning that a censored search engine would set a "dangerous precedent".

Yahoo China was launched in 1999, when the company was among the world's most important internet firms.

Its presence in the country has shrunk in recent years, with Yahoo shutting down its Chinese mail service in 2013.

Yahoo's latest statement echoes Microsoft's complaint in October that it faced an increasingly "challenging operating environment and greater compliance requirements".

China's crackdown has also hit the video gaming sector, with officials in late August saying they wanted to curb addiction by announcing drastic cuts to the amount of time children can spend playing online.

On Sunday gaming giant Epic said it had pulled the plug on "Fortnite", saying it will shut down the Chinese version of the massively popular game on November 15.

The action-packed shooter and world-building game is one of the most popular in the world, boasting more than 350 million users.

"Fortnite China's Beta test has reached an end, and the servers will be closed soon," a statement from the firm said. "On November 15 at 11am, we will turn off game servers, and players will no longer be able to log in.

"The move brings an end to a long-running test of Epic's version of "Fortnite" specifically created for the Chinese market, where content is policed for excessive violence.

The Chinese test version was released in 2018, but "Fortnite" never received the government's green light to be formally launched and monetised as approvals for new games slowed. Daniel Ahmad, senior video game analyst at Niko Partners, said fighting games such as "Fortnite" had faced tighter approval requirements in recent years.

"We believe the lack of approval is the main reason why Tencent and Epic decided to close the game at this point," Ahmad said, despite the developers making numerous changes to tone down the bloodier aspects of the game.

Taliban bans Afghans from using foreign currencies

AFP, *Kabul*

Afghanistan's Taliban government announced a ban on the use of foreign currencies on Tuesday, threatening further disruption to an already ailing economy.

Since the Islamist group seized power in mid-August, the national currency the Afghani has depreciated and the country's reserves are frozen abroad.

With the economy teetering banks are running short of cash and the international community has so far refused to recognise the new government.

Meanwhile, many transactions inside the country are conducted in US dollars, and in areas close to southern border trade routes Pakistani rupees are used.

But, in a press statement, Taliban spokesman Zabiullah Mujahid declared that from now on anyone using foreign currency for domestic business would be prosecuted.

"The economic situation and national interests in the country require that all Afghans use the Afghani currency in every transaction," he said.

"The Islamic Emirate instructs all citizens, shopkeepers, traders, businessmen and the general public to henceforth conduct all transactions in Afghanis and strictly refrain from using foreign currency."

China sets target for coal use at power plants by 2025

Reuters, *Beijing*

China plans to reduce average coal consumption during electricity generation at power plants to improve energy efficiency and lower greenhouse gas emissions.

By 2025, coal-fired power plants must adjust their consumption rate to an average of 300 grams of standard coal per kilowatt-hour (kWh), economic planner the National Development and Reform Commission (NDRC) said in a statement on Wednesday.

"Further promoting the energy saving and consumption reduction at coal-fired power units is an effective means to improve energy efficiency and is of great significance for achieving carbon emission peak in the power industry," the NDRC said.

Carbon dioxide (CO_2) emissions from the power generation and heating sector accounts for about 40 per cent of total CO_2 emissions in China. In 2020, average coal use in power generation was 305.5 grams per kWh, down from 370 grams per kWh in 2005.

"The reduction of coal use helped to cut 6.67 billion tonnes of CO_2 emissions from the power sector in 2006-2020, or 36 per cent of total emission reductions in the industry," the NDRC said.

The NDRC asked new power plant projects to adopt ultra-super critical units that consumer coal at an average rate below 270 grams per kWh. While new water-cooling units that use more than 285 grams per kWh and air-cooling units higher than 300 grams per kWh will not be allowed.

It also said that power plants with average coal use above 300 grams per kWh that cannot be upgraded for energy efficiency improvement will be gradually shut down.

The country also plans to complete flexibility adjustments at 200 gigawatts of coal-fired power capacity in 2021-2025, which would help transform coal plants to back-up power sources from the dominant fuel source currently and help boost renewable power consumption.