

Stock recovery picks up as investors return

STAR BUSINESS REPORT

The domestic stock market continued its recovery yesterday as major indices maintained an upward trend for the past two trading sessions thanks to increased investor participation, according to experts.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE) soared by 114 points, or 1.66 per cent, to 6,982 yesterday. This is the highest single-day leap since October 26, when the prime index grew by 1.75 per cent.

Similarly, turnover at the DSE reached Tk 1,163 crore, up 15 per cent from Tk 1,007 crore a day earlier.

Of the stocks listed with the Dhaka bourse, 301 rose, 43 fell and 31 remained the same.

ADN Telecom topped the gainers' list, rising 9.79 per cent, followed by Sena Kalyan Insurance, Islamic Finance, Advent Pharmaceuticals, and Dominage Steel Building.

The Dhaka stocks observed a bullish session as bargain hunters continued their buying spree on sector specific issues amid optimism, International Leasing Securities said in its daily market review.

The market started with buoyancy and ended in the same line as optimistic investors showed their appetite by pouring money into stocks.

As a result, the prime index of the country's premier bourse has come within arm's reach of the 7,000-point mark.

"The investors' enthusiasm in the financial institution, cement, ceramic and textile sectors helped the DSEX stay in the green," it added.

Stocks of Beximco Limited traded the most, worth Tk 145 crore, followed by Orion Pharmaceuticals, LafargeHolcim Bangladesh, Beximco Pharmaceuticals, and IFIC Bank.

Doreen Power shed the most, dropping 7.62 per cent, followed by Hamid Fabrics, Eastern Insurance, Eastern Cables, and Fortune Shoes.

The Chittagong Stock Exchange (CSE) also rose yesterday. The CASPI, the main index of the port city bourse, rose by 336 points, or 1.67 per cent, to 20,434.

Among 282 traded stocks, 228 rose, 30 fell and 24 remained unchanged.

Container handlers hike charges, irking businesses

DWAIPAYAN BARIUA, Ctg

Private inland container depots (ICDs) have raised five types of operational charges, amounting to around Tk 145 crore in additional costs if last fiscal year's trade volumes are taken into account.

The change in handling costs of import and export containers comes hot on the heels of a 23 per cent increase of the price of diesel.

Following a virtual meeting of members of Bangladesh Inland Container Depots Association (Bicda) on Tuesday evening, the association issued a circular saying the new rates would have a retrospective effect from November 4.

Stakeholders, including exporters, mainly readymade garment exporters, importers, freight forwarders and shipping lines, termed the Bicda decision "illogical and one sided" and said it contradicted an ICD policy.

The change will not affect import and export containers passing directly through the Chattogram port.

However, almost 90 per cent of exports are currently loaded into containers at the 19 private ICDs, known as off-docks, located in and around the port city before being shipped.

Moreover, 21 per cent of import-laden containers are sent from the port to these ICDs where the goods are unloaded for delivery to the consignees.

Besides, once emptied of imports at the port, containers are sent to the ICDs for temporary storage.

According to the Bicda circular, part of the changes in charges came to a package involving handling import containers, starting from the pickup at the port to loading onto consignees' trucks.

That for a 20-foot container went up from Tk 7,930 to Tk 9,754 while for a 40-foot container from Tk 9,150 to Tk 11,255.

On an average, it has been an increase of Tk 1,964.

Last fiscal year, the 19 ICDs handled 2,82,733 TEUs (twenty-foot equivalent units) of import-laden containers.

Had it been last year, importers would have had to bear an additional Tk 55 crore



Goods are being unloaded from an inland container depot in Chattogram. The change in handling costs of import and export containers comes following a 23 per cent increase in the prices of diesel.

PHOTO: STAR/FILE

in costs.

As for the package for handling export-laden containers, the 20-foot ones saw a rise from Tk 4,140 to Tk 5,092 and 40-foot ones from Tk 5,520 to Tk 6,790.

Moreover, the ICDs also raised a verified gross mass charge, meaning that for weighing an export-laden container, by Tk 265. Thus, the average charge has been raised by Tk 1,376.

Taking into consideration the fact that the ICDs handled 6,5600 TEUs of export-laden containers last fiscal year, exporters would have had to bear an additional Tk 90 crore.

Bangladesh Garment Manufacturers and

Exporters Association First Vice President Syed Nazrul Islam said such a sudden decision was in no way acceptable.

A rising number of orders had provided an opportunity for the garment sector to make a rebound from the pandemic-induced losses but such a hike would ruin it, he opined.

BICDA Secretary Md Ruhul Amin Sikder said the rise was to adjust with additional fuel costs of vehicular and equipment operations.

Syed M Tanvir, managing director of leading denim exporting firm Pacific Jeans, said exports would be badly affected by this increase.

"Although our shipping term is FOB (where buyer pays the shipping cost), customers will reduce price offers... therefore we will lose competitiveness," he said.

Chittagong Chamber of Commerce and Industry President Mahbul Alam said such decisions should be taken through discussions with all stakeholders.

Bangladesh Freight Forwarders Association Vice President Khairul Alam Sujan said the Bicda decision contradicted the ICD policy, which says changes in charges need to be fixed by a tariff committee of the shipping ministry comprising all stake holders.



GLOBAL BUSINESS

Biden looks to reap rewards of huge infrastructure bill

AFP, Washington

US President Joe Biden hits the road Wednesday to show off the huge new infrastructure bill passed last week, hoping to reap its benefits politically even as he watches his approval ratings slump.

The Democratic president chose Baltimore, a port city less than an hour's drive from Washington, to explain to the nation why and how the country will spend \$1.2 trillion on its sagging infrastructure.

On Monday evening, in an interview on local television in Cincinnati, Ohio, the Democratic leader insisted it would only be a "matter of weeks" before the effects of the massive investment plan would start to be seen.

Days earlier he had predicted it would be "two to three months" before the public starts to see the real effects of the bill on expanding internet networks, roads, bridges, drinking water pipes, electric car charging stations and a slew of other projects.

The president is counting on the program producing an impact -- at least politically -- before Americans vote in midterm elections in a year's time. That election, traditionally a challenge for the party in power, could well cost the Democrats their slim majority in Congress.

In the meantime, Biden's cabinet has been rallying to play up the legislative win, while the president is trying to mobilize local party officials to provide after-sales service for the gigantic spending bill.

It is popular in principle, but its precise details remain unclear to the wider public, especially after weeks of complicated negotiations in Congress.

And another battle is already underway in Congress over the other part of Biden's ambitious economic and social reform agenda: an up to \$1.85 trillion plan that includes major investments in health, education, tackling climate change and expanding social welfare programs.

After Baltimore, the president will continue to plug his message on the ground, deputy White House spokeswoman Karine Jean-Pierre said Tuesday. Biden likely has the experience of Barack Obama -- under whom he served as vice president -- in mind.

Obama steered through a huge stimulus package totaling almost \$800 billion in 2009, with vastly differing economic and political results.

China's slowdown raises questions for global economy



AFP/FILE

The economic slowdown in China represents a kind of extinction of engines for the world economy.

AFP, Washington

The Chinese economy, weighed down by electricity shortages and a vast real estate crisis, has lost its luster recently, to the point where economists are starting to question its impact on the global growth it has helped drive for more than 20 years.

The difficulties of the real estate sector in China triggered by the troubles of giant Evergrande could pose risks for the world economy and affect the United States, the Federal Reserve warned in its report on financial stability released Monday.

That is a marked change of tone from September, when Fed Chairman Jerome Powell still believed the world's largest economy was not really directly exposed to difficulties in China.

Evergrande, estimated to be worth some 260 billion euros, is one of the biggest companies in China.

Its financial situation is closely scrutinized because its collapse would deal a serious blow to the growth of the Asian giant.

The real estate sector is estimated to account for 25-30 per cent of China's GDP.

In the third quarter, gross domestic product, suffering drag from the Evergrande crisis, grew by 4.9 per cent year-on-year, down from 7.9 per cent in the second quarter.

"So far, the likes of the Evergrande debacle has been contained by Chinese official sector buffering," said Padhraic Garvey, regional head of research for the Americas at financial institution ING.

But he admitted there were "unknown risks." And he said the Fed cannot ignore the fact that "China is right up there as a factor given its size, and the size of its financial sector."

"In October, the International Monetary Fund revised downwards its expansion forecasts for China, counting on eight percent, or down 0.1 per cent. Its chief economist Gita Gopinath stressed that the institution is "paying very close attention" to developments in the Evergrande crisis.

"Our view is that the [Chinese] government has the resources and the ability to ring-fence the problem, which means that while we will see a shakeup happening in the real estate sector, that it will be contained and will not spill

over more broadly" to China's economy, Gopinath told CBS news.

The IMF expects global GDP to rise 5.9 per cent this year against six percent in July.

Beyond the real estate crisis, a slowdown in the world's second-largest economy had been anticipated by many economists as the Chinese government, which is anxious to reduce debt, slows down investments by local authorities and tightens conditions for bank loans.

China is expected to experience an average growth of around 3.5 per cent for the next decade, or about half the growth rate of the 2010s, according to Conference Board projections released last week.

The US research group estimates that the Chinese economy will settle on "a long soft fall" trajectory over the next decade.

Still, "the economic slowdown in China represents a kind of extinction of engines for the world economy," said Gregory Daco at Oxford Economics.

However, he noted that "the dynamic still remains favorable for the moment," especially since the slowdown in China is partly offset by "relatively robust growth in the United States" and in Europe.

APEC ministers say free trade key to pandemic recovery

AFP, Wellington

Pacific Rim trade and foreign ministers agreed at a virtual summit Wednesday that free trade and open economies will drive the region's recovery from the coronavirus pandemic.

Ministers from the 21-nation Asia-Pacific Economic Cooperation (APEC) group met online to discuss their Covid-19 response ahead of a meeting of national leaders on Saturday, including US President Joe Biden and his Chinese counterpart Xi Jinping.

New Zealand Trade Minister Damien O'Connor, hosting the meeting, said highlights included a plan to voluntarily freeze fossil fuel subsidies and commitments to liberalise tariffs on vaccines and other pandemic medical supplies.

O'Connor said there was overarching agreement on the need to avoid erecting trade barriers in response to the challenges thrown up by the pandemic.

"It is free, fair and open trade that will help economies move forward out of this pandemic... we need openness to drive global growth, indeed it is trade that presents the solution to our challenges," he said.

"Some 81 million jobs have been lost across the region due to Covid-19 and the impact on supply chains has been significant, but APEC members have rejected protectionism during this crisis."

"APEC's 21 member economies collectively account for almost 40 per cent of the world's population and around 60 per cent of the global economy."

The summit was originally slated to be held in Auckland but is being held online for a second time due to Covid-19 after Malaysia hosted virtually in 2020.

Prime Minister Jacinda Ardern this week conceded "it means our ability to put New Zealand on the world stage isn't quite what it would have been".

Evergrande manages \$144m before payment deadline

AFP, Beijing

Crisis-hit property developer Evergrande has managed to raise around \$144 million by slashing its stake in an internet company, days before a looming debt interest payment deadline.

Evergrande sold a 5.7 per cent stake totalling HK\$1.12 billion (\$144m) in HengTen Networks Group in three separate transactions from last Thursday, Hong Kong stock exchange filings showed.

The indebted property developer faces a Wednesday deadline for an overdue \$148 million offshore bond coupon payment it initially missed last month.

The crisis at one of China's biggest property developers has hammered investor sentiment, rattled the key real estate market and fuelled fears of a spillover into the wider economy. Battered down in a sea of debt worth more than \$300 billion, Evergrande has been trying to dispose of its assets to raise cash.

But some offshore bond holders said they had not received payments of over \$80 million that were due Saturday, Bloomberg reported.

The HengTen sale reduced Evergrande's stake in the internet services firm from 26.55 per cent to 20.82 per cent, according to the filings.