

Stocks take a nosedive

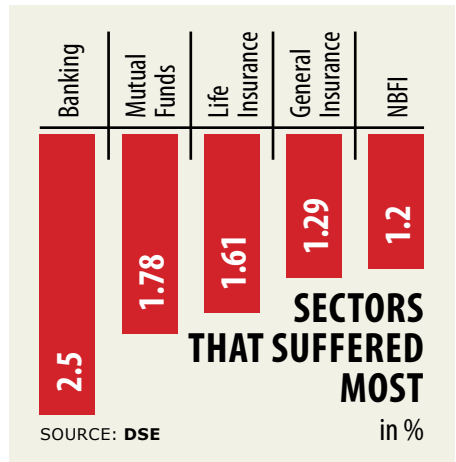
STAR BUSINESS REPORT

Stocks on the Dhaka bourse took a massive tumble yesterday after news broke that the banking sector is facing a high rate of bad loans, according to market players.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), lost 95 points, or 1.35 per cent, to 6,917. The index had shed 78 points collectively over the previous three days.

Despite being the highest capital-based sector, banks displayed the worst performance, slipping 2.50 per cent after news of increased bad loans and a cash crunch at several banks saw the light of day, analysts said.

As of September this year, non-performing loans stood at Tk 101,150 crore, up 14 per cent from nine months earlier



and 7.1 per cent year-on-year, Bangladesh Bank data showed.

As the banking sector has huge capital base, its bleeding had a massive impact on the overall index.

Banks dominated the turnover chart yesterday, contributing 34.71 per cent. However, the turnover dropped 14 per cent to Tk 1,129 crore, from Tk 1,314 crore the previous day.

Similarly, all other sectors, sans tannery and paper and printing, fell as well.

"A perception has been created among investors that the key index will move between 6,800 points and 7,300 points, so they sell shares when the index is close to the 7,300 level," a stock broker said.

On the other hand, some investors were quite shaky as they think that the money market is under some liquidity pressure.

"If the money market suffers from a liquidity challenge, then it spills over to the stock market," he added.

At the DSE, 75 stocks advanced, 259 fell, and 31 remained the same.

Shurwid Industries topped the gainers' list, rising 9.92 per cent, followed by Acme Pesticides, Sena Kalyan Insurance, Tosrifa Industries, and Mithun Knitting.

LR Global Mutual Fund One shed the most, dropping 10 per cent, followed by Kattali Textile, Bangladesh Industrial Finance, Gemini Sea Foods, and Premier Leasing.

One Bank was the most traded stock with its shares worth Tk 108 crore changing hands, followed by Beximco Ltd, IFIC Bank, First Security Islami Bank, and Delta Life Insurance.



PHOTO: S DILIP ROY

Laizu Khatun Lima, a resident of Chandrakhana Balatari village in Kurigram's Phulbari upazila, beams with pride while workers happily toil away at her wig factory. Earning about Tk 300 per wig, around 250 women in the area are now self-reliant thanks to the initiative. The photo was taken recently.

Wig-making makes a difference for rural women

Lima, an entrepreneur, employs 250 women in Kurigram to produce the largely export-oriented item

S DILIP ROY, Lalmonirhat

Laizu Khatun Lima, a resident of Chandrakhana Balatari village in Kurigram's Phulbari upazila, has brought a unique job opportunity for many women in the area, especially those from poor families.

Having begun her journey as a wig-maker just earlier this year, Lima now employs about 250 women in the village under her network.

Besides, after seeing how the profession provides an added income to support their livelihoods, more and more women in the region are showing interest in learning the craft.

The wigs made by Lima's network of workers are mostly exported to China, which, in turn, is the largest wig exporter in the world.

"I could live well by myself if I got a normal job but I am working for the welfare of many women



in the village as an entrepreneur," Lima said. "Through me, these women are able to financially support their families."

Lima secured a master's in Bengali literature in 2016 and began to look for a job soon after.

It was during this time that she came across a tutorial on how to make human-hair wigs on YouTube, an online video-sharing and social media platform.

And although it could be considered a risky venture given the very niche market for wigs, Lima's husband Samiul Islam Selim encouraged her.

So, after receiving training for just two weeks in Mymensingh and Dhaka, Lima returned to

her village in February this year.

She proceeded to build a workshop made of tin with the help of her father Hezar Uddin, a local farmer, and then trained 30 women on how to make wigs.

At the time, her workshop produced about five to six wigs daily. But since the number of workers has seen exponential growth, Lima's operation now produces between 70 and 80 wigs per day.

During the initial stage, Lima's father invested Tk 1.5 lakh to help kick-start her venture. "Now, there are more than Tk 4 lakh invested in my factory," she said.

Lima hopes to bring her factory up to modern standards within the next six months.

"I'm very happy to see the women in my village producing wigs in my factory, which helps them become self-reliant," she added.

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New Uber features to enhance safety

STAR BUSINESS REPORT

If any Uber trip takes an unexpected route or makes a deviation, drops or stops midway without any plausible cause such as traffic congestion, Uber representatives will contact the passenger and driver to check on their safety and understand the cause.

The practice will run under a tech-enabled feature, "RideCheck", which will flag certain trip irregularities or anomalies

that may indicate increased safety risks.

"We are heavily investing in ensuring the safety of drivers and passengers in Bangladesh," said an official of the mobility service giant at a roundtable at a Dhaka hotel yesterday with journalists on its "dynamic pricing".

Passengers can from now also avail extended support of up to 30 minutes after the trip ends via a round-the-clock safety helpline.

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GLOBAL BUSINESS

India announces bill to ban cryptocurrencies

AFP, Mumbai

India's government will introduce a bill to ban private cryptocurrencies and create a framework for a central bank-backed digital money, parliament said in a shock announcement late Tuesday.

The proposed bill "seeks to prohibit all private cryptocurrencies in India", the Lok Sabha said, and comes after Prime Minister Narendra Modi warned last week that Bitcoin presents a risk to younger generations and could "spoil our youth" if it ends up "in the wrong hands".

It is the latest such move by a major emerging economy, after China declared all cryptocurrency transactions illegal in September.

India's crypto market has boomed since the country's Supreme Court overturned a previous ban in April last year, growing more than 600 per cent over the past year according to research by Chainalysis. Between 15 and 100 million people in Asia's third-largest economy are estimated to own cryptocurrencies, with total holdings in the billions of dollars.

Their investments will now face an uncertain future. India's central bank announced in June that it is working to introduce its own digital currency by the end of the year, while warning it has "serious concerns" about private cryptocurrencies like Bitcoin, Ethereum and others.

The bill, to come before the new legislative session, will allow for some exceptions to promote cryptocurrency technology, according to parliament's bulletin of upcoming business, but no further details about the proposed legislation were released. The market price of Bitcoin appeared unaffected and was up 1.67 per cent in Tuesday's trade.

But the phrasing of the proposed bill sent alarm bells ringing among local traders and enthusiasts.

"The wording has created a panic," Kashif Raza, founder of crypto-education platform Bitinning, said, adding that the industry expected the government to take a more favourable view after recent consultations with the industry.

"Obviously there will be a shutter-down on the industry," he added. "The industry will die in its natural way. Intellectual capital will move away, investors will face losses."

Cryptocurrencies have been under scrutiny by Indian regulators since first entering the local market in 2013. A surge in fraudulent crypto transactions following the Modi government's demonetisation of nearly all banknotes in 2016 led to the country's central bank banning crypto transactions in April 2018.

The Supreme Court lifted the ban two years later and investments have surged in the time since.

Indians have been bombarded in recent months with advertisements for CoinSwitchKuber, CoinDCX and other home-grown crypto exchanges across television channels, online streaming services and social media.

Biden oil reserves bet melds China outreach with appeal to US voters

REUTERS, Washington

President Joe Biden's historic move to release oil from strategic reserves in coordination with big nations including China represents a unique bet that finding common ground with the United States' biggest economic rival can help dampen fuel prices for middle class Americans.

The move, announced by the US on Tuesday, underscores the complicated relationship Biden is trying to craft with China as he seeks agreement on key issues like climate change and trade, while linked in an economic arms race.

The rare moment of cooperation comes as inflation, and especially high gasoline prices, eat at Biden's popularity at home.

"This is a new era of oil diplomacy for the US to coordinate with India and China" said Daniel Yergin, an oil historian and the vice chairman of IHS Markit. Cooperation with China is likely to stick to energy and environment.

"Climate and energy are in a separate category from all the tough issues that need to be dealt with between the two countries," Yergin said.

The Biden administration's



US President Joe Biden speaks virtually with Chinese leader Xi Jinping from the White House in Washington on November 15.

REUTERS/FILE

diplomatic inroads with China first surfaced in Glasgow, Scotland this month where the two countries hammered out a surprise deal on boosting action on climate change including reducing emissions of methane, a powerful greenhouse gas.

"Glasgow showed that there is some level of common interest and diplomacy that can be successful between the United States and China," said Amy Myers Jaffee, a research professor at Tufts University and expert on global energy markets and climate.

Jaffee said both countries recognized the importance of a global climate agreement.

"I would say 'Ditto' on the oil market," Jaffee said. Washington has stark differences with Beijing on trade issues and human rights concerns related to Xinjiang,

Hong Kong, Tibet and Taiwan.

But the world's top two economies would benefit from energy cooperation given their adversarial relations with Saudi Arabia and Russia in terms of keeping oil prices low for consumers.

Combined, the United States and China consume nearly 35 million barrels of oil a day, more than a third of global demand. Even though the United States has become one of the world's largest oil producers, it is still the second-largest importer of crude, trailing only China.

China now imports more than 10 million barrels of oil a day. The United States imports about 6 million barrels per day, though in recent years it has sharply reduced its dependency on OPEC producers, with most of its imports now from Canada.

While China did not announce an oil tap on Tuesday, Biden spoke earlier with China's President Xi Jinping about opening their reserves and Chinese officials said on November 18 they are working on a release.

China held the first ever release of oil from its reserve in September, which aimed to stabilize prices.

German business morale darkens on supply bottlenecks, Covid wave

REUTERS, Berlin

German business morale deteriorated for the fifth month running in November as supply bottlenecks in manufacturing and a spike in coronavirus infections clouded the growth outlook for Europe's largest economy, a survey showed on Wednesday.

The Ifo institute said its business climate index fell to 96.5 from 97.7 in October. A Reuters poll of analysts had pointed to a November reading of 96.6.

"Supply bottlenecks and the fourth wave of the coronavirus are challenging German companies," Ifo President Clemens Fuest said.

Company executives were less satisfied with their current business situation and their expectations for the next six months were more pessimistic, the survey showed.

Despite record high orders, German carmakers and other manufacturers are forced to scale back production due to a lack of raw materials and intermediate goods such as microchips.

Samsung to build \$17b chip plant in Texas

AFP, San Francisco

Samsung said on Tuesday it will build a microchip factory in Texas, a \$17 billion investment that comes as semiconductor shortages are causing supply chain delays across many industries.

"Welcome to Texas, Samsung!" tweeted Texas' Republican governor Greg Abbott, who called the planned factory "the largest foreign direct investment in Texas EVER."

"The new plant, which is supposed to be operational by the end of 2024, is expected to create more than 2,000 skilled jobs and 'lay the groundwork for another important chapter in our future,'" said Kinam Kim, CEO of the South Korean giant's electronics division.

The chips manufactured on the

site will have applications in mobile technologies, 5G or even artificial intelligence, the group said.

The plant will be built in the town of Taylor, near the capital Austin.

The news was welcomed by the administration of President Joe Biden, whose economics and security advisors Brian Deese and Jake Sullivan said in a statement that the plant would go a long way to "helping protect our supply chains, revitalizing our manufacturing base, and creating good jobs right here at home."

"Samsung, the world's biggest memory chipmaker, has aggressively stepped up its investment in its semiconductor business as the world battles shortages of chips that have hit everything from cars and home appliances to smartphones and gaming consoles."

Samsung joins its rivals TSMC from Taiwan and Intel of the US in expanding chip manufacturing capacity in the United States, which sees the sector as an area of strategic competition with China. TSMC and Intel are building such plants in Arizona.

The two presidential advisers stressed that Tuesday's announcement was in large part the result of discussions between the heads of state of the two countries.

Samsung, which has been operating in the United States for 25 years, had filed documents for the project with Texas last January.

The Texas plant announcement came as Lee Jae-yong, the de facto leader of the wider Samsung conglomerate, visited the United States, looking to further boost its footprint in the world's biggest economy.