Stocks keep soaring, cross 7,000 points again

STAR BUSINESS REPORT

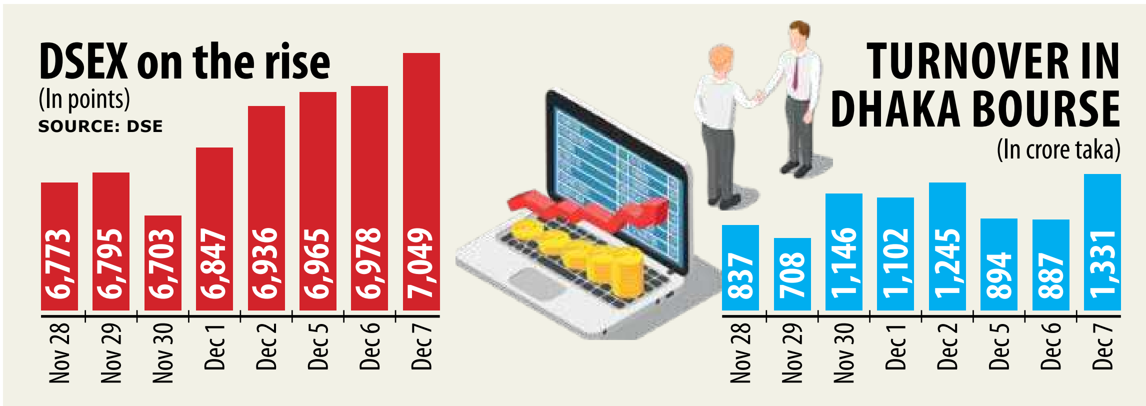
The domestic stock market maintained its gaining streak for a fifth consecutive day yesterday thanks to higher investor participation.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 70 points, or 1 per cent, to 7,048.

With this, the index has crossed 7,000 points after nine trading days. In the last four days, it soared 345 points, or 5 per cent.

At the same time, the DSE's turnover rose 49 per cent to Tk 1,330 crore, up from Tk 887 crore on the previous day.

The benchmark index of the Dhaka bourse crossed the 7,000-mark by adding 70 points as investors were putting fresh bets on sector specific stocks in hopes of getting positive results in the coordinating meeting, International Leasing Securities said in its daily market review.



Investors are optimistic that a meeting between the finance ministry and Bangladesh Securities and Exchange Commission will remove all disputes among the two regulators and accelerate overall economic development, it said.

At the country's premier bourse, 274 stocks advanced, 69 declined and 32 remained the same.

Meghna Condensed Milk topped the gainers list, rising 10 per cent, followed by Meghna Pet Industries, Khan Brothers PP Woven Bag, Tamijuddin Textile, and Sena Kalyan Insurance.

Aman Feed shed the most, dropping 3.57 per cent, followed by Asia Insurance, GBB Power, Index Agro Industries and Fortune Shoes.

Stocks of Beximco Ltd traded the most with Tk 130 crore worth of shares changing hands, followed by One Bank, GSP Finance, Power Grid, and First Security Islami Bank.

The Chittagong Stock Exchange (CSE) also rose yesterday. The CASPI, the main index of the CSE, gained 204 points, or 1 per cent, to hit 20,606.

Among the 291 traded stocks, 210 rose, 61 fell and 20 remained unchanged.

25 firms face BSEC ultimatum on holding minimum shares

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has again taken strict stance, giving a 30-day ultimatum to 25 listed company directors to maintain the regulation for holding the minimum number of shares.

Earlier, the BSEC ordered all the listed companies directors to hold at least 2 per cent shares individually and 30 per cent jointly.

However up until October 31, the BSEC found that 25 companies had failed to hold the minimum shares. This prompted the commission on Monday to send letters to the managing directors of the companies.

The directors of all the listed companies were ordered to hold at least 30 per cent shares, according to the BSEC directives.

If the companies failed to hold the shares, they will be punished as per the BSEC order, the regulator said in its letter.

Among the companies are Aziz Pipes, Fu-Wang Foods, Fas Finance and Investment, Active Fine Chemicals, Salvo Chemicals, Delta Spinners, Central Pharmaceutical, Appollo Ispat, Information Services Network, Generation Next Fashion and RSRM Steel.

The remaining ones are Alhaj Textile, Olympic Accessories, Shurwid Industries, Fareast Islami Insurance, Pharma Aids, Kattali Textile, Fu-Wang Ceramic, Mithun Knitting, C&A Textile, Familytex, Prime Insurance, Fine Foods, Agni System and Advent Pharmaceuticals.

MFS helping Bangladesh become digital economy

MOHAMMAD RASHEDUL ALAM

Vision 2021, commonly known as Digital Bangladesh, one of the long-term socioeconomic development goals of the country, was unveiled more than a decade ago, and initiatives were taken accordingly by the government.

As part of the efforts, the Bangladesh Bank issued licences for mobile financial service (MFS). It aimed to bring the unbanked people into the formal financial sector and lead to greater financial intermediation and contribute to growth.

MFS is revolutionising the traditional money transaction process and within a very short period of time, it was widely accepted thanks to affordability and the secure medium of transaction. Tech-savvy population, mobile connection, and internet penetration have played an active role for the bullish growth of the MFS sector since its inception.

In July 2021, the number of registered MFS users reached 10.27 crore. It grew 159 per cent in the last four years. The number of monthly MFS transactions was 32.64 crore in July.

In recent years, Bangladesh has witnessed a rapid growth of digitalisation, which is slowly changing the shape of the country's socioeconomic parameters and pushing it towards the digital age. MFS operators are contributing to transforming Bangladesh into a digital economy.

Over the last couple of years, Bangladesh has remarkable progress in enhancing financial inclusion. And as a key driver, MFS has played an active role. In 2013, the financial inclusion rate was 20 per cent. It rose to 55 per cent in 2019.

In parallel with the growth of digital payment, the e-commerce sector's expansion has exceeded all expectations.

From January 2020, retail e-commerce has been growing at 72 per cent a month on an average, and is projected to cross Tk 25,500 crore by 2023, powered by easy digital payment gateway through MFS platform and internet penetration.

Going cashless has multiple micro- and macro-level advantages. It not only eases one's life, it also helps reduce paper currency production cost.

Digital payments have been growing steadily in Bangladesh for the last several years, thus helping the country boost revenue collection.

As per Bangladesh Bank statistics, monthly transaction volume grew more than 50 per cent year-on-year to Tk 62,230 crore in August 2021, which was Tk 41,403 crore in the same month last year.

In 2017, the Economist published a widely referenced article claiming that oil had been replaced as the world's most valuable resource by data. Data is the raw product for a digital economy. In Bangladesh, one of the biggest sources of financial information is MFS.

OPINION

Decision-makers, both in public and private sectors, rely on data to make decisions. Using artificial intelligence and machine learning technology, the 10.27 crore customers' transaction trend and numbers can be a potential source of information for effective disaster and pandemic relief management and running government safety nets, social welfare and other development programmes.

The government's decision to distribute the fund under its social safety net programmes through MFS will ensure faster execution and transparency and bring more unbanked people under the formal financial system.

Currently, Bangladesh runs more than 125 social protection programmes through 20 ministries and divisions. The government has allocated Tk 95,570 crore for social protection purposes in the current fiscal year.

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GLOBAL BUSINESS

Biden vows to fix US money laundering loopholes

AFP, *Washington*

President Joe Biden's administration will announce an anti-corruption strategy meant to tackle two major vehicles for money laundering in the United States -- real estate transactions and shell companies.

"We'll be releasing the first ever US government strategy on countering corruption," a senior administration official said on a conference call ahead of the announcement on Monday.

The administration intends to tighten regulations on real estate transactions to prevent them from being used to launder money earned through trafficking, embezzlement or bribes.

It also aims to increase financial transparency by better identifying who is behind front companies.

"With the United States being the world's largest economy, we understand that we bear particular responsibility to address our own regulatory deficiencies," the official said.

This, the official added, includes better identification of beneficial owners, which refers to the real owners of financial assets placed in shell companies.

Congress passed a law in January requiring US companies to declare their beneficial owners to the federal government. This marked a breakthrough in the United States, where laws on the matter are extremely flexible -- for example in places such as Delaware, Biden's home state.

The White House wants to better regulate real estate transactions, particularly when made in cash.

"The US real estate market continues to be used as a vehicle for money laundering," the US Treasury Department said in a statement.

In a report published in August, the Washington think tank Global Financial Integrity (GFI) estimated that in the last five years, at least $2.3 billion in dirty money had been laundered through real estate transactions in the United States.

"Yet the US remains the only G7 country that does not require real estate professionals to comply with anti-money laundering (AML) laws and regulations," it said.

China's export growth loses steam in Nov

AFP, *Beijing*

Export growth in China lost some steam in November as holiday demand from abroad faded, official data showed Tuesday, but demand for overseas fuel pushed up imports to spike above expectations.

Strong exports have helped to boost growth in the world's second-largest economy since mid-2020, with China containing domestic outbreaks through tough lockdowns and mass testing -- after the coronavirus was first detected in the central city of Wuhan.

Despite recent power outages caused by emissions-reduction targets, the surging price of coal, and supply shortages, factories kept the goods flowing and the power crisis has been winding down.

But experts have warned that the export boom is likely to fade as the world gradually returns to normalcy.

In November, exports rose 22 per cent on-year, better than analysts expected but below the 27.1 per cent growth clocked in October, according to the latest customs data.

A recent report by ING said Chinese exports likely slowed "given that most orders for western holiday demand have been fulfilled".

Imports, however, rose an unexpected 31.7 per cent -- well above the 21.5 per cent increase tipped by a Bloomberg consensus poll.

"The surprisingly high number comes from contributions of coal, natural gas and crude oil imports... it's basically to meet the domestic demand for energy," said Zhaopeng Xing, senior China strategist at ANZ Research.

AFP/FILE

Chinese workers checking on the giant container crane at the port in Lianyungang, China's Jiangsu province.

Samsung to merge mobile, consumer electronics units

REUTERS, *Seoul*

Samsung Electronics Co Ltd will merge its mobile and consumer electronics divisions, the firm said on Tuesday, naming new co-chief executives in the biggest reshuffle since 2017 to simplify its structure and focus on the logic chip business.

Two co-chief executives, instead of three, will lead the South Korean firm as it pivots on the two business pillars of chips and consumer devices, including smartphones, to help lead the next phase of growth and boost competitiveness.

Samsung, whose Galaxy flagship brand helped it become the world's biggest smartphone maker by volume, is seeking to revive slowing mobile growth, whose profit contribution shrank to 21 per cent last quarter from nearly 70 per cent at its peak in early 2010s.

Instead, its component business, led by chips, has become the most profitable, helped by a boom in data storage and a recent shortage of global semiconductor supplies.

The business generated nearly three-quarters of Samsung's 15.8 trillion won ($13.4 billion) operating profit last quarter.

Samsung said Han Jong-hee, the head of visual display business, will become a co-CEO, leading the newly merged division spanning mobile and consumer electronics as well as continuing to lead the television business.

Han has risen through the ranks in Samsung's visual display business, without experience in mobile. It is not immediately clear what changes or divisions of labour were expected under Han, but analysts said the reshuffle could help Samsung tackle challenges such as offering seamlessly connected services between its smartphones and home appliances.

"In the long term, the biggest challenge is forming a platform of Samsung's own," said Lee Jae-yun, an analyst at Yuanta Securities Korea.

"Those businesses have to keep increasing connectivity between devices, but so far it hasn't been able to create a lasting platform with presence."

More immediate problems are a shortage of chip supplies, rising raw material prices, logistics difficulties, and competition from Apple Inc and Chinese rivals amid concerns about a slowing mobile market, analysts said.

Kyung Kye-hyun, chief executive of component affiliate Samsung Electro-Mechanics and a former head of the flash memory chip and technology team, was named co-CEO to lead the chip and components division.

Other high-profile promotions included naming as vice chairman Chung Hyun-ho, the head of a "task force" that analysts said co-ordinates decision-making in Samsung Electronics and affiliates, and which media have said works closely with Lee.

The re-organisation is the latest sign of centralised change at Samsung after Vice Chairman Jay Y Lee was paroled in August after a bribery conviction.

IMF sees China's growth 'slowing notably'

AFP, *Washington*

China has an important part to play in the global economy as it recovers from Covid-19, but its growth is slowing, IMF Managing Director Kristalina Georgieva said Monday.

The head of the Washington-based crisis lender held a virtual meeting with Chinese Premier Li Keqiang and discussed topics ranging from inflation to the recovery from the pandemic, according to a statement released by the IMF.

"China achieved a truly remarkable recovery, but its growth momentum has been slowing notably. As China is a vital engine for global growth, taking strong actions to support high-quality growth will help not only China, but the world," Georgieva said.

In October, the IMF lowered its forecasts for China's growth due to an accelerating pullback in public spending, predicting an eight percent expansion this year and 5.6 per cent growth in 2022.

While the 2021 figure is Beijing's strongest rate of growth since 2011, analysts warn China is facing a painful fallout from real estate weakness and shocks from surging coal prices and shortages.

Georgieva added that Beijing had made "important contributions" to expanding vaccine access so the world can achieve the IMF's goal of innoculating 40 per cent of the population of each country against Covid-19 by the end of this year and 70 per cent by the middle of next.

With China embroiled in an ongoing spat with the United States, Georgieva said countries need "to cooperate to reduce trade tensions and strengthen the multilateral trading system, which is a key engine for growth and jobs.

"The IMF is pushing the G20 group of the world's richest countries, including China, to extend and improve their debt relief initiative, warning last week that many countries face a dire crisis without the help.

The group's Debt Service Suspension Initiative (DSSI) expires at the end of the year, and Georgieva said she "welcome continued engagement with China on" the G20's Common Framework that continues some of the relief.