A liquefied petroleum gas bottling plant on the bank of the Pasur river in Mongla of Bagerhat. The company imports LPG and refill cylinders at the plant before marketing them across the country. The photo was taken on Saturday.

PHOTO: HABIBUR RAHMAN

# 3 bottlers control over half of $3.2b LPG market

## Say industry people, study

JAGARAN CHAKMA

Three bottlers control more than 50 per cent of the $3.2 billion liquefied petroleum gas (LPG) market in Bangladesh, according to industry people and a recent market assessment.

And the top 10 companies dominate more than 70 per cent of the 1.2 million tonnes of annual demand for LPG.

Bashundhara LP Gas, the first LP gas importer, cylinder distributor and cylinder manufacturer in the private sector of the country, is the market leader with a 24 per cent share, said market insiders and an assessment of local research firm Apprentice Consulting.

Omera LPG owns 19 per cent share while Jamuna 10 per cent, Totalgaz 6 per cent, Laugfs Gas 4 per cent, BM Energy 3 per cent, Beximco, Navana, Petromax, and JMI LPG 2 per cent each, and the rest 30 per cent.

"Still, there is a scope to grow in the market since the demand is rising in line with the healthy expansion of the economy," said Jakaria Jalal, general manager of Bashundhara LP Gas.

In Bangladesh, the demand for the fuel is rising owing to an inadequate supply of natural gas, the shift away from burning wood at the household level, and the government's drive against illegal gas connections and policies aimed at popularising LPG.

In 2019, the country's LPG use stood at around 10 lakh tonnes, which was only 47,000 tonnes in 2009.

Annual demand is expected to grow to 2 million tonnes by 2030 if the consumption keeps going up at the current pace.

### LPG MARKET AT A GLANCE

- Demand in FY22: **1.02**m tonnes
- Local production: **1.58**%
- Import: **98.42**%
- Annual growth rate in last two decades: **10-12**%
- Market size: $**3.2**b
- Active companies: **30**
- Dealers: **3,000**
- Retailers: **38,000**
- LPG cylinders in market: **2.8**m

SOURCE: APPRENTICE CONSULTING


The market widened at 10 to 12 per cent annually in the last two decades in keeping with an increase in the purchasing power of people and urbanisation.

Jalal says the growth of the market has slowed since it has crossed the rapid expansion stage.

"But companies with a good network would be able to raise their share."

Currently, the demand is going up by about 5 per cent annually, according to a senior official of a major bottler.

"The LPG market will grow until 2040," he said.

Now around 30 companies are active in the local LPG market and more than 15 companies are looking to make a foray into the industry.

Despite deepening competition amid the existing operators, global off-grid energy distributor SHV Energy entered Bangladesh's LPG market recently after completing the acquisition of local bottler and marketer Petromax LPG.

SHV Energy is a family-owned Dutch multinational company and has a presence in 25 countries across four continents.

"Foreign investors such as SHV will help develop the market further and deliver a better cooking experience to residential and commercial LPG users and better heating experience for industries, said Tanzim Chowdhury," chief executive officer of Omera Petroleum Ltd.

LPG is regarded as a safe and cost-effective alternative to natural gas and it has become more accessible nowadays as the supply is constantly increasing, according to Petromax LPG.

Another senior official of a bottler says companies should work together to find a way to bring down the price at the retail level.

"We need a more competitive market with reasonable profit margins," he noted.

The government moved to the market-based price fixing of LPG for private operators in April last year. The Bangladesh Energy Regulatory Commission (BERC) announces the price of the fuel in the first week of every month.

In August, the commission cut the prices of the 12-kg cylinder of LPG, mostly used by households, to Tk 1,219 from Tk 1,254 as the energy's cost has gone down in the international market.

Consumers, however, spend Tk 1,400 to Tk 1,450 for a 12kg cylinder.

Households account for 80 per cent of the total LPG consumption, while commercial use makes up 15 per cent and the transport sector consumes 5 per cent, according to industry people.

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# Stocks continue to drop for profit taking

STAR BUSINESS REPORT

Stocks continued to drop for a second consecutive trading day yesterday as general investors rushed to rake in profits by selling shares.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), dropped 58 points, or 0.90 per cent, to 6,431 yesterday.

Investors believe that the index could fall any time as it had gone up over the past couple of weeks through market manipulation of certain stocks instead of a better performance by companies with good track records.

"The confidence of investors is wearing thin as allegations of manipulation run high regarding certain shares," said a stock broker.

The Bangladesh Securities and Exchange Commission (BSEC), the stock market regulator, has done almost nothing to stop stocks with poor performance records from rising abnormally.

Turnover, an important indicator of the market, eroded 39.9 per cent to Tk 1,395 crore from that the previous day.

International Leasing Securities, in its daily market review, termed it a binge of shaky investors selling stocks of major sectors.

**DSEX, the benchmark index of Dhaka bourse, dropped 58 points, while turnover, another important indicator of the market, eroded 39.9 per cent**

The day started off on a positive note for the market but it could not be sustained halfway through, with the index spiralling downward till the end as investors preferred to book profits on the recent market surge, it said.

The decreased participation of investors in the market was reflected in the turnover.

Of 369 issues to undergo trade, 263 declined, 38 advanced, and 68 remained unchanged.

All the sectors witnessed price corrections, except for life insurance and engineering which advanced by 0.8 per cent and 0.5 per cent respectively.

Based on the turnover, investors' participation was mostly centred on engineering (14.8 per cent), miscellaneous (13.8 per cent) and pharmaceuticals (11.8 per cent).

Meanwhile, DS30, the index of the blue-chip companies', fell 0.77 per cent and DSES, the index of the Shariah-based companies, by 0.40 per cent.

The Sea Pearl Beach Resort & Spa surged 9.98 per cent, Sunlife Insurance Company 6.80 per cent and IPDC Finance 5.66 per cent. Other major gainers included Quasem Industries and Fareast Islami Life Insurance Company.

Sonargaon Textiles declined the most, by 9.95 per cent. Eastern Housing, Ratanpur Steel Re-Rolling Mills, SEML FBLSL Growth Fund and Bashundhara Paper Mills were among those suffering losses the most.

JMI Hospital Requisite Manufacturing was the stock to be traded the most with scrips worth Tk 93 crore changing hands. Nahee Aluminum Composite Panel, Eastern Housing, Beximco and Orion Pharma were also traded in significant numbers.

# Euro hits 20-year low against dollar

AFP, *Paris*

The euro sunk below $0.99 on Monday, a 20-year-low, following the announcement last week that Russia would cut off gas deliveries to Germany via the Nord Stream pipeline.

The euro fell 0.70 per cent to 0.9884 dollars Monday at 0535 GMT, its lowest since December 2002.

The European currency has continued to weaken against the dollar since the start of the year, hammered by economic turbulence and uncertainties sparked by Russia's invasion of Ukraine.

# Europe heading for recession

## Cost of living crisis deepens

REUTERS, *London*

The euro zone is almost certainly entering a recession, with surveys on Monday showing a deepening cost of living crisis and a gloomy outlook that is keeping consumers wary of spending.

While there was some easing of price pressures, according to the surveys, they remained high and the European Central Bank is under pressure as inflation is running at more than four times its 2 per cent target, reaching a record 9.1 per cent last month.

It faces the prospect of raising interest rates aggressively just as the economy enters a downturn.

A rise in borrowing costs would add to the woes of indebted consumers, yet in a Reuters poll last week almost half of the economists surveyed said they expect an unprecedented 75 basis-point rate hike from the ECB this week, while almost as many forecast a 50 bps hike.

Despite those expectations the euro dropped below 99 U.S. cents for the first time in 20 years on Monday after Russia said gas supply down its main pipeline to Europe would stay shut indefinitely.

Gas prices on the continent soared as much as 30 per cent on Monday, stoking fears of shortages and reinforcing expectations for a recession and a bitter winter as businesses and households are battered by sky-high energy prices.

S&P Global's final composite Purchasing Managers' Index (PMI), seen as a guide to economic health, fell to an 18-month low of 48.9 in August from July's 49.9, below a preliminary 49.2 estimate.

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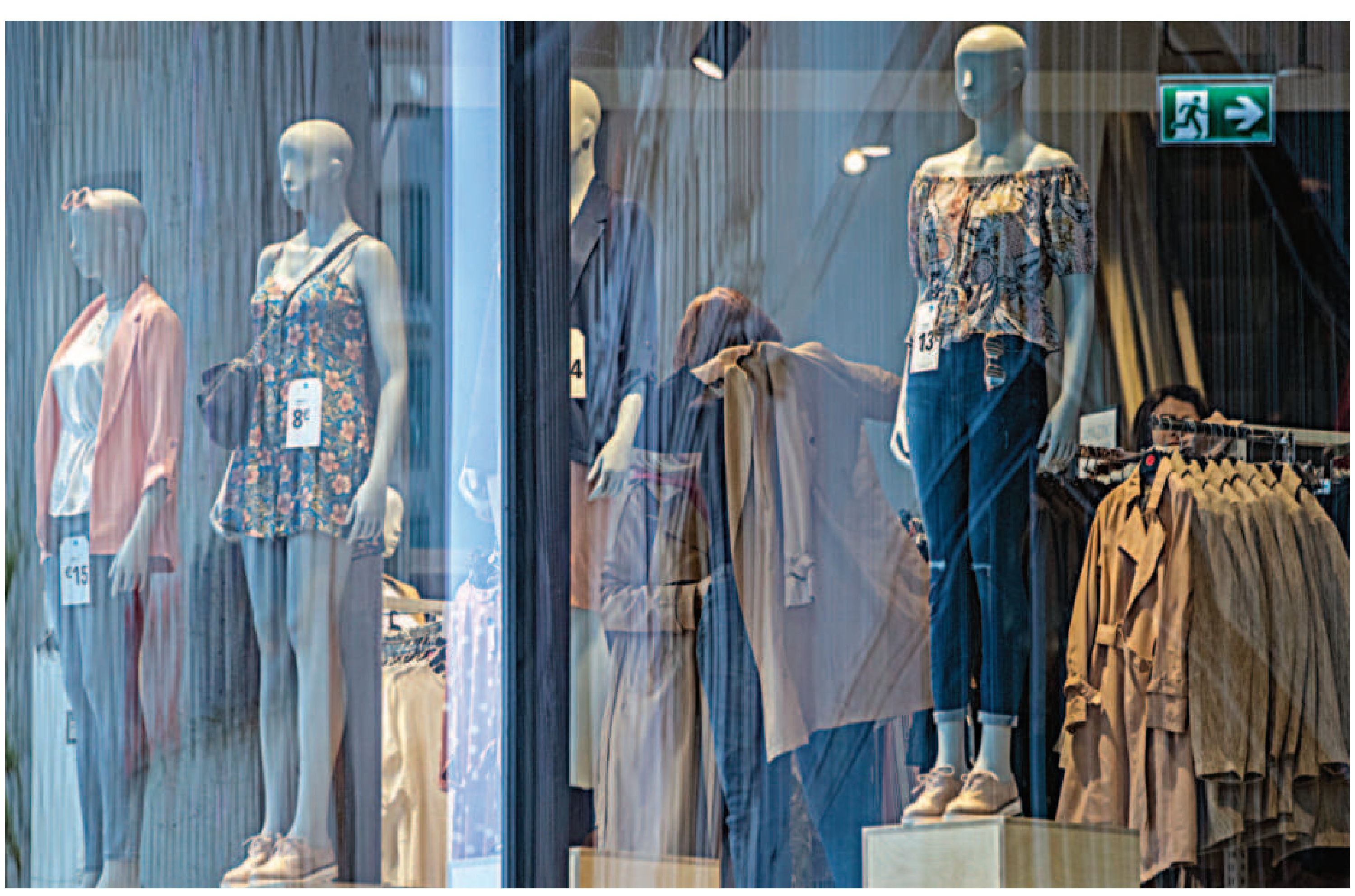

A customer tries on a coat in a clothing retailer's store in Berlin. Services activity in Germany, Europe's largest economy, contracted for a second month running in August as domestic demand came under pressure from soaring inflation.

PHOTO: AFP/FILE

# ECB poised for big rate hike

AFP, *Frankfurt*

After raising interest rates for the first time in over a decade at their last meeting, European Central Bank policymakers are poised to deliver another bumper hike on Thursday in a show of determination to tame soaring inflation.

Steep increases in the price of energy in the wake of the Russian invasion of Ukraine have heaped pressure on households and sent the pace of consumer price rises to new highs.

The ECB was unlikely to raise its rates "with the explicit goal of strengthening the currency", said Frederik Ducrozet, head of macroeconomic research at Pictet, but the euro's struggles against the greenback could "have some bearing on its decision-making".

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