

BB scraps  
360-day  
special repo

STAR BUSINESS REPORT

The central bank yesterday scrapped the 360-day special repo facility thanks to the improvement in the coronavirus situation and a lack of demand for the borrowing tool.

In May 2020, the Bangladesh Bank introduced the special repo in order to implement the stimulus packages, unveiled by the government and the BB, and to ensure smooth liquidity management.

A repurchase agreement, or repo, is a short-term agreement to sell securities in order to buy them back at a slightly higher price.

Under the special repo, banks and financial institutions were able to borrow against additional treasury bills and bonds of statutory deposit rate with the BB.

**China to pay for Russian gas in yuan, rouble**

Says Gazprom

AFP, Moscow

Russia's energy giant Gazprom said Tuesday that China will start paying for Russian gas in rubles and yuan instead of US dollars, as Moscow seeks closer ties with Beijing in the wake of Western sanctions over Ukraine.

"A transition was made to making payments for Russian gas supplies to China in the national currencies of the countries -- the ruble and yuan," Gazprom said in a statement.

"The new payment mechanism is a mutually beneficial, timely, reliable and practical solution," Gazprom CEO Alexei Miller said as quoted in the statement following a video conference meeting with the head of China's oil group CNPC, Dai Houliang.

Miller said it will "simplify calculations" and "become an excellent example".

Miller informed his Chinese counterpart of the "status of work on the project for gas supplies via 'the eastern route' -- the 'Power of Siberia' gas pipeline" which connects the Russian and Chinese gas networks, Gazprom added.

The energy giant said gas from the Kovykta field will start flowing through Power of Siberia "before the end of the year", allowing for the "increase (in) the volume of gas deliveries to China in 2023".

## Europe shoring up power firms with billions more

REUTERS, Helsinki

Finland and Switzerland provided billions in financial support to power companies on Tuesday, as Europe scrambles to secure energy supplies in a deepening crisis sparked by Russia's move to shut a major gas pipeline.

Finnish utility Fortum said it had signed a bridge financing arrangement with government investment company Solidium worth 2.35 billion euros (\$2.34 billion) to cover its collateral needs.

A Finnish government official told Reuters the support was in addition to the 10 billion euros of liquidity guarantees Helsinki announced for power companies on Sunday.

Swiss utility Axpo said it had received a credit line of up to 4 billion Swiss francs (\$4.1 billion) from the government to help secure its liquidity needs.

The Swiss government has lined up a 10 billion franc safety net for power firms, but decided to allocate the funds to Axpo even though the legislation is still before parliament.

European governments are pushing through multi billion-euro packages to prevent utilities from collapsing and protect households amid soaring energy costs.

Benchmark gas prices in Europe have surged about 340 per cent in a year, and jumped as much as 35 per cent on Monday after Russia's state-controlled Gazprom said it would indefinitely extend a shutdown to the major Nord Stream 1 gas pipeline.

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A worker at a filling station equipped with an Autogas dispensary is seen loading up a car with the green fuel, which is cheaper and safer than compressed natural gas. The recent hike in fuel prices has pushed up the demand for Autogas, commonly known as liquefied petroleum gas.

PHOTO: SK ENAMUL HAQ

## Autogas consumption rising amid higher fuel costs

Station operators planning expansion for added demand

JAGARAN CHAKMA

The number of filling stations that dispense liquefied petroleum gas (LPG), also known as Autogas, is on an upward trend across the country as consumption is growing amid government efforts to cut dependency on compressed natural gas (CNG) and fuel oil.

According to station operators, the number of LPG filling stations hit 700 in August, up 75 per cent from 400 during the same month last year.

Another factor behind the increased demand is consumers have been eyeing ways to decrease their fuel costs following the recent hike in fossil fuel prices, which made LPG comparatively cheaper than petrol and octane.

LPG costs about Tk 60 per litre while the price of octane is Tk 130 per litre, making the green fuel about 54 per cent less expensive, they said.

The Ministry of Energy and Mineral Resources has so far given 14 LPG operators approval to set up around 3,000 stations across the country.

Ruhul Amin, senior manager and head of Autogas at JMI LPG, said they will set up 200 stations in Chattogram and Sylhet by next year, bringing the total number of their LPG dispensaries in the two regions up to 260.

Amin went on to say that they will fast track the establishment of these filling stations in order to increase the market rapidly.

The use of LPG to power vehicles is on the rise as people have realised that sources of CNG will decrease in the near future. Besides, LPG does not impact engine longevity unlike its CNG counterpart.

"LPG is risk-free for vehicle use as it is a liquid while CNG is dry gas," he said, adding that the fuel is also comparatively eco-friendlier.

Jakaria Jalal, executive director of Bashundhara LP Gas, said they have already set up 120 LPG filling stations in different parts of the country.

**Another factor behind the increased demand is that consumers have been eyeing ways to decrease their fuel costs following the recent hike in fossil fuel prices, which made LPG cheaper than petrol and octane**

"We have approval to set up a total of 400 LPG stations and so, the rest will be established within the next two years," he added.

Jalal then said that it costs between Tk 50 and Tk 60 lakh to set up an LPG station, including the required machinery.

Autogas consumption by vehicles currently stands at about 6,000 to 7,000 tonnes per month, which is around 5 per cent of the total monthly consumption of 120,000 tonnes.

Jalal then pointed out that CNG is now costlier than LPG even though the latter fuel is safer for engines and the environment.

Md Kamal Hossain, general manager (Autogas) of Omera Gas One, said they have established 40 LPG filling outlets.

Omera Gas One is a joint venture between Omera Petroleum of Bangladesh and Saisan

Co of Japan.

Citing how LPG demand is increasing due to higher petrol, octane and diesel costs, Hossain said they have plans to expand the number of their outlets five-times to 200 within the next two years.

"Besides, the cost of converting cars to run on a top-quality LPG system is just Tk 50,000 while converting to a CNG system costs Tk 90,000 at present," he added.

G-Gas LPG, a concern of Energypac Power Generation, has already set up 60 Autogas stations and aims to reach 300 stations within the next two years.

Naweed Rashid, chief strategy officer of the company, said LPG is a pollution-free product that can be shifted without the use of pipelines.

In addition, the price is still reasonable, he added.

Rashid also said there is no possibility to increase the price of LPG abnormally in either the local or international market as it is a by-product of petroleum.

Noman Ahmed Taffader, company secretary of Padma Oil Co Ltd, said that till date, 1,114 station operators have signed deals with them to set up LPG outlets.

Padma Oil, a state-owned company under the Ministry of Power, Energy and Mineral Resources, has taken initiatives to ensure that LPG is available as an alternative energy source for vehicles in Bangladesh.

Shaheena Khatun, joint secretary (development) of the Energy and Mineral Resources Division, which deals with the sector, said some other station operators are currently waiting for permission to set up LPG outlets as well.



High-voltage power lines, an electricity pylon and wind turbines are seen near Pedrola, Spain. European governments are pushing through multi billion-euro packages to prevent utilities from collapsing and protect households amid soaring energy costs.

## BB move lifts stocks

STAR BUSINESS REPORT

Shares in Bangladesh bounced back yesterday after falling for two consecutive sessions as general investors thought that banks might increase their participation in the market after a central bank move.

On Monday, the Bangladesh Bank sent a letter to the Bangladesh Securities and Exchange Commission (BSEC) informing that banks have the capacity to invest more in the market.

This lifted the key indices of both Dhaka and Chittagong bourses.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), edged up 39 points, or 0.61 per cent, to close at 6,470.

The DS30, the index that consists of blue chip companies, gained 0.90 per cent, and the DSES, the shariah-based index, was up 1 per cent.

Turnover, an important indicator of the market, however, slipped 6 per cent to Tk 1,315 crore. It was Tk 1,400 crore a day ago.

Losers outnumbered gainers with 146 securities declining, 127 advancing, and 94 remaining unchanged.

Shares on the DSE returned to the black amidst enthusiastic participation of investors in sector-specific stocks, overcoming sale pressure in the last two sessions, said International Leasing Securities Ltd in its daily market review.

After the correction in the previous two sessions, bargain-hunters revealed their buying interest from the opening of the session and it continued till the closure except for some sales pressures seen in the mid-session, it said.

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Among the sectors, paper rose 4.7 per cent, travel was up 4.4 per cent and jute advanced 3.5 per cent. The financial institution sector dropped 1 per cent, the life insurance sector fell 0.6 per cent, and the textile sector was down 0.3 per cent.

Investors' activity was mostly centred on pharmaceuticals, which accounted for 17.8 per cent of the day's turnover and the engineering sector, representing 11.2 per cent of the turnover.

Sinobangla Industries was the most successful stock on the day, surging 10 per cent.

Bashundhara Paper Mills rose 9.92 per cent, and Orion Pharmaceuticals went up by 9.90 per cent. Other major gainers included Sea Pearl Beach Resort & Spa, and Ratanpur Steel Re-Rolling Mills.

Phoenix Finance & Investments declined the most at 10 per cent after the non-bank financial institution reported losses in the year that ended on December 31, 2021.

Union Capital, National Tea Company, the SEMI FBLSL Growth Fund, and the DBH First Mutual Fund were among the major losers.

The Caspi, the all-share price index of the bourses in the port city of Chattogram, gained 84 points, or 0.44 per cent, to end at 18,988.

Of the issues, 95 won, 121 retreated, and 45 did not see any price movement.

## German industrial orders keep sliding

AFP, Frankfurt

German industrial orders slumped for the sixth consecutive month in July, official data showed Tuesday, raising the spectre that a recession was looming in Europe's biggest economy.

New orders dipped by 1.1 percent from a month ago, the federal statistics agency Destatis said in a statement.

The contraction was at 13.6 percent compared to a year ago, when orders were at a particularly strong level.

Germany's export-oriented industry has been hammered by the impact of Russia's invasion of Ukraine, which has exacerbated supply chain woes and sent energy prices soaring.

**Russia rakes in \$158b from energy exports after war**

AFP, Paris

Russia has raked in a whopping 158 billion euros (\$158 billion) in energy exports in the six months following its invasion of Ukraine, with the EU accounting for more than half, a think tank said Tuesday.

The Centre for Research on Energy and Clean Air called for more effective sanctions against Moscow after the invasion sent oil, gas and coal prices soaring.

"Surging fossil fuel prices mean that Russia's current revenue is far above previous years' level, despite the reductions in this year's export volumes," said the Finland-based organisation.

Natural gas prices have recently soared to record levels in Europe as Russia chokes off supplies. Crude oil prices also jumped following the invasion,

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PHOTO: REUTERS/FILE

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