

Shahjalal Islami Bank posts higher profit in Q1

STAR BUSINESS REPORT

Shahjalal Islami Bank Ltd's profit rose 4.25 per cent year-on-year Tk 105.89 crore in the first quarter of 2023.

The profit stood at Tk 101.57 crore in the January-March quarter of 2022.

Thus, the consolidated earnings per share of the bank were Tk 0.98 in January-March against Tk 0.94 reported in the same quarter of the previous financial year, according to the unaudited financial statements.

The consolidated net operating cash flow per share (NOCFPS) surged to Tk 12.84 from Tk 2.15. The consolidated net asset value per share (NAVPS) rose to Tk 21.20 on March 31 this year from Tk 18.33 on the same day last year.

The NOCFPS increased thanks to a hike in investment incomes, deposits received from customers and recovery against investments. The NAVPS rose because of a rise in the net profit after tax, said the Shariah-based bank in a filing on the Dhaka Stock Exchange.

Shares of Shahjalal Islami Bank closed unchanged at Tk 18.80 on the premier bourse of Bangladesh yesterday.

Rising iPhone sales help Apple beat forecasts

AFP, San Francisco

Apple on Thursday said iPhone sales and money made from services powered quarterly earnings that beat forecasts, despite inflation pressure and the slowing global economy.

The iPhone maker's bottom line capped a successful earnings season for US tech giants, with Meta, Google and Amazon also beating expectations after suffering a painful spell of lower sales and profits.

The smartphone titan reported profit of \$24 billion on revenue of \$94.8 billion in the first three months of this year.

The overall revenues for the period were lower than a year before, though this was expected, and Apple's shares were up about one percent in after-market trading.

"We are pleased to report an all-time record in services and a March quarter record for iPhone despite the challenging macroeconomic environment," Apple chief executive Tim Cook said in an earnings release.

US hiring shows surprise surge

AFP, Washington

Hiring in the United States picked up pace in April and unemployment returned to a multidecade low, government data showed Friday, signaling labor market resilience despite higher interest rates to tackle inflation.

The unexpected surge comes amid banking sector upheaval, higher borrowing costs and uncertainty surrounding a potential government default.

The world's biggest economy added 253,000 jobs last month, up from a revised 165,000 figure in March, said the Labor Department.

Meanwhile, the jobless rate ticked back down to 3.4 per cent, a level last seen in January and before then, the late 1960s.

"Employment continued to trend up in professional and business services, health care, leisure and hospitality, and social assistance," the Labor Department said in a statement.

Pay gains accelerated as well, with average hourly earnings rising 0.5 per cent to \$33.36, data showed. Compared with a year ago, the figure is up 4.4 per cent.

President Joe Biden hailed the figures, saying in a Twitter post: "My plan to invest in America is working."

While job gains in March were initially pegged at 236,000, the numbers were revised in the latest report -- alongside a similarly big downward revision to February's figures.

"The aggregate revision is split roughly evenly between February and March, with most of the downshift in the private services sector," said Ian Shepherdson, chief economist at Pantheon Macroeconomics.



Bhutanese King Jigme Khesar Namgyel Wangchuck pays a courtesy call on Prime Minister Sheikh Hasina at The Claridge Hotel in London on Saturday (local time). On the far right is the Bangladesh premier's younger sister, Sheikh Rehana. PHOTO: PIO

Life insurers continue to keep faith in govt securities

SUKANTA HALDER

Life insurance companies in Bangladesh have continued to put more than half of their investments in treasury bills and bonds in the absence of diversified investment opportunities, official figures showed.

Government bonds and bills accounted for 54 per cent, 52 per cent and 53 per cent of the total investments of insurers in 2020, 2021 and 2022 respectively, according to the Insurance Development and Regulatory Authority (Idra).

During the period, insurance companies invested Tk 36,674 crore, Tk 37,904 crore and Tk 37,992 crore in government securities, mutual funds, shares, debentures, real estate, listed banks and other sectors.

An Idra document showed that in the last three years, 35 life insurance companies that operate in Bangladesh parked most of their funds in government securities, fixed deposits, stock markets and policy loans and purchasing land, buildings, flats.

Land and other properties accounted for 8.39 per cent of their investments last year, up from 8.01 per cent in 2021. Their collective fixed deposits with banks were 21.07 per cent of the portfolios, down from 23.34 per cent a year ago.

The investment in government securities is much higher than the rules stipulated by the Idra as the investment tools are considered highly secure.

Idra regulations stipulate that at least 30 per cent of the funds held by the life insurance companies should be invested in government securities.

Ala Ahmad, CEO of MetLife Bangladesh, said: "In Bangladesh, we are one of the largest investors in government bonds. We are also strengthening our investment portfolio by investing in selective corporate bonds."

Sheikh Rakibul Karim, CEO of Guardian

Life Insurance, says good companies always seek less risky options to ensure a better return.

"In that sense, the best investment opportunity is offered by government bonds."

According to Karim, adequate investment opportunities have not been developed in Bangladesh for the insurance sector to make the most of their funds.



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Ala Ahmad
CEO of MetLife Bangladesh

"Many companies even are worried about keeping deposits with banks as some lenders have recently been in a difficult situation."

Globally, equities, middle market corporate loans, infrastructure debt, real estate equity, infrastructure equity and investment grade private placements were favoured asset classes for insurers, according to a survey report by Goldman Sachs Asset Management last year.

Jalalul Azim, managing director of Pragati Life Insurance, sees investing a large part of the portfolio in treasury bills and bonds as a sound strategy.

"The stock market has not been in good shape for the last few years, while banks offer lower deposit rates than previously."

Shahidul Islam Zahid, a professor of the department of banking and insurance at the University of Dhaka, says there is a concentration risk if insurers invest more than 50 per cent of their portfolio in a specific sector.

"Investing in government bonds was previously thought to be risk-free. But we are going through higher inflation," he said, adding that the return might be lower owing to the higher inflation.

In Bangladesh, inflation has remained at an elevated level for nearly a year. It stood at 9.24 per cent in April.

But the yield of bonds is higher than the inflation rate, according to Ershad Hossain, managing director at City Bank Capital Resources Ltd.

He said insurance companies hold a huge volume of funds for a longer period, but they mostly keep them in government securities and fixed deposits with banks.

So, rules should be there so that insurers can channel their funds to the bonds issued by corporates and banks, he said.

Main Uddin, a professor at the banking and insurance department in the University of Dhaka, says investing a large part in government bonds in the context of Bangladesh is not strategically bad.

"If companies invest in areas other than government securities, the return might be higher. But at the same time, the risk would also be higher."

Jahangir Alam, a spokesperson of the Idra, said overall, government bonds are the safest place for investors.

"From that point of view, it is natural that investors will give more priority to investing in government bonds."

"Idra's regulations stated that at least 30 per cent should be invested in government bonds. But if someone invests more than that, it's not a bad thing."

PM offers economic zone to Bhutan for mutual benefits

BSS, London

Prime Minister Sheikh Hasina offered Bhutan a scope to build an economic zone in Bangladesh for mutual benefits during a meeting in London with Bhutanese King Jigme Khesar Namgyel Wangchuck and Queen Jetsun Pema.

"We're establishing economic zones in Bangladesh. You can build an economic zone in our country," Foreign Minister Dr AK Abdul Momen quoted her as saying in a news briefing after the meeting on Saturday (local time).

Earlier, the Bangladesh premier and her younger sister Sheikh Rehana received the Bhutanese king and queen upon their arrival at The Claridge Hotel.

The Bangladesh premier said Bangladesh has already provided economic zones to India, Japan and South Korea.

"If you want, we can give you an economic zone in Kurigram," she said.

Sheikh Hasina made the offer when the Bhutanese king said they wanted to build an administrative economic zone in his country keeping the environment unharmed.

The Bangladesh foreign minister said Bhutan does not want to endanger their country environmentally as their country was a happy one.

The prime minister said Bangladesh has been developing communication with neighbours through all possible modes, including railways.

"Bangladesh is a connectivity hub. Bhutan can use Bangladesh's two ports and the Syedpur international airport," she said.

The Bhutanese king and queen praised the economic advancement of Bangladesh under the leadership of Sheikh Hasina.

The Bhutanese king expressed his desire to get direct transit to Bangladesh through India.

The Bangladesh premier welcomed Bhutan's eagerness, saying, "If necessary, we will talk to India over the matter."

The Bhutanese king said his country's prime minister and foreign minister have a special attachment with Bangladesh as both of them studied in Bangladesh.

He said both the premier and foreign minister of Bhutan wanted to visit Bangladesh privately.

To this end, Sheikh Hasina said, "My door is open for your people."

During the 50-minute meeting, they also discussed various family affairs and the Bhutanese king and queen spoke as if the prime minister was their maternal aunt, said the Bangladesh foreign minister.

German recession fears rise as factory orders plummet

AFP, Frankfurt

Industrial orders at German factories saw their biggest fall in March since the outbreak of the Covid pandemic in 2020, data showed Friday, the latest sign that Europe's biggest economy is facing a steep downturn.

New orders, which give a foretaste of industrial output, dropped a surprise 10.7 per cent from the previous month, according to provisional figures from federal statistics authority Destatis.

It was the biggest decline since April 2020, when the coronavirus pandemic snarled the global economy amid lockdowns and border closures.

The fall was far steeper than the 2.8 per cent decline forecast by analysts surveyed by the financial data firm FactSet.

Orders had been rising in recent months, bolstering hopes that Germany was weathering the fallout from the Ukraine war and resulting energy crisis better than feared.

But the latest data rang alarm bells anew about the state of the economy, with LBBW bank economist Jens-Oliver Niklasch calling the plunge a warning for investors.

"This figure destroys what had been a good start to the year for German industry, and is a real recession signal," he said in a research note.

The decline was reported across most areas of the manufacturing sector, Destatis said, with foreign orders dropping by 13.3 per cent and domestic orders by 6.8 per cent. Berenberg Bank economist Holger Schmieding said that "seen in isolation", the drop in orders "clouds the outlook for German manufacturing".



A "Now Hiring" sign is posted outside a restaurant looking to hire workers in Miami, Florida on May 05. US employment continued to trend up in professional and business services, health care, leisure and hospitality, and social assistance, the Labor Department said in a statement. PHOTO: AFP

China forex reserves jump to \$3.2tr

REUTERS, Beijing

China's foreign exchange reserves rose more than expected in April, official data showed on Sunday, as the dollar fell against other major currencies.

The country's foreign exchange reserves - the world's largest - rose by \$21 billion to \$3.205 trillion last month, compared with \$3.192 trillion tipped by a Reuters poll of analysts and \$3.184 trillion in March.

The yuan fell 0.63 per cent against the dollar in April, while the dollar last month fell 0.94 per cent against a basket of other major currencies.

China held 66.76 million fine troy ounces of gold at the end of April, rising from 66.50 million ounces at end-March.

The value of China's gold reserves rose to \$132.35 billion at the end of April from \$131.65 billion at the end-March.