Prime Bank's Q3 profit rises 26% to Tk 131cr

STAR BUSINESS REPORT

Prime Bank PLC recorded a profit of Tk 131.34 crore in the January-March quarter of the current financial year.

This was up 26 percent from Tk 104.17 crore recorded in the identical third quarter of 2022-23.

Thanks to the profit growth, the consolidated earnings per share (EPS) were Tk 1.16 in Q3 of 2023-24, against Tk 0.92 in the same period of FY23, according to a filing on the Dhaka Stock Exchange.

Prime Bank attributed a growth in income from net interest and investment to the increase in the EPS.

As per the unaudited financial statement, net operating cash flow per share was Tk 1.19 in the negative in the third quarter, up from Tk 1.44 in the negative last year.

Established in 1995, Prime Bank is a second-generation commercial bank. It has 146 branches and 153 ATMs at 140 locations in Bangladesh, according to its website.

Shares of the bank declined 0.46 percent to Tk 21.7 yesterday.

Matin Spinning's profit jumps in Q3

STAR BUSINESS REPORT

Matin Spinning Mills' profit jumped 790 percent year-on-year to Tk 9.55 crore in the January-March quarter.

Earnings per share (EPS) were Tk 0.98 in the third quarter, compared with Tk 0.11 a year earlier, the company said in a filing to the Dhaka Stock Exchange today.

However, Matin Spinning did not register the same growth in the first nine months of the financial year, as the EPS for the July 2023-March 2024 period was Tk 1.56, down from Tk 3.99 in the same period a year earlier.

The net operating cash flow per share for the July 2023-March 2024 period was Tk 10.2, compared with last year's Tk 14.3.

Matin Spinning makes a wide range of yarns with a capacity of producing 51,000 kilogrammes of finished yarn per day. The mill also produces pre-consumer and post-consumer yarns from recycled materials, according to its website.

Shares of Matin Spinning declined 0.21 percent to Tk 47.7 yesterday.

PHOTO: PRABIR DAS

Stores in markets around the capital remain almost deserted as consumers refrain from going outdoors due to the severe heatwave sweeping over the country. Temperatures reached a high of 38.4 degrees Celsius yesterday. The photo was taken at New Market in Dhaka.

Small businesses, daily earners scorched by heatwave

SOHEL PARVEZ

After parking his motorcycle and removing his helmet, a young biker opened a red umbrella and stood on the footpath.

He purchased the umbrella for Tk 400 on Tuesday at a 'no-bargain price' since the demand for umbrellas has soared ever since a heatwave began sweeping over the country nearly three weeks ago.

"The salesman said he would only show me umbrellas if I bought one at a fixed price. I had no choice but to accept because I need to save myself from heat when I get off my bike," the slim young man, named Suman Ali, said.

He was waiting for passengers to inquire in person or call for a ride through an app at the capital's Sankar area.

The 28-year-old from Naogaon started his bike at 9:00 pm, when the sun was beginning to blaze and temperatures were rising.

Until noon, by which time the temperature had soared to 38 degrees Celsius, he could earn just Tk 500. He said he could earn far more on a normal day, when average temperatures remain around 33.6 degrees Celsius.

"Because of excessive heat, people are not coming out of their homes unless there is an emergency. Also, the number of riders is higher than the number of customers. So, overall fares have declined," said Ali.

He said he normally earns around Tk 2,000 between the hours of 9:00am and 6:00pm every day. But over the past week, his average income has been slashed by nearly half.

"It is also very tough to drive in such heat. At signals or amid traffic jams, you have to bear the heat radiating from cars around you and the pitched roads," he said.

Another rider, who parked his bike just behind Ali's, echoed those sentiments. He also attributed the decline in daily income to the ongoing heatwave, which has caused the usually jam-packed roads to become almost empty.

Such riders are among a section of workers suffering from losses in income due to high temperatures and humidity.

Over the last seven days, heatwaves have made the temperature in the capital four to five degrees Celsius higher than the corresponding days in the last 30 years.

Apart from health risks, this has also affected the incomes of a wide range of workers, from rickshaw pullers, restaurant workers, and street vendors to stores inside the city's numerous markets.

The heatwave and consequent decline in passengers wiped out the income of rickshaw-puller Md Anarul, the breadwinner for a family of four. They reside in a rented house in Dhaka's Adabor.

From 8:30 am to noon yesterday, he earned Tk 370. He had only two hours to go until he would have to return the rickshaw to the owner and pay Tk 150 as daily rent.

"On one hand, you have to toil hard and sweat when you are out on the street. On the other hand, you don't have people asking for rides. Schools and colleges are suspended. I have been earning less for around a week," he said.

But the hardships do not end there.

"You have to buy coils to fight mosquitoes and bear high temperatures at night too," Anarul said while waiting for passengers near the Jigatola intersection in Dhanmondi in the afternoon.

Yesterday, the mercury hit 38 degrees Celsius in Dhaka, the business and economic centre of the country.

Nearly a kilometre away, Md Akbar, a hawker selling t-shirts at Dhanmondi Hawkers' Market, was waiting for customers. He could not sell anything in the first one and a half hours since opening the shop, the young seller said.

Behind him, Mirpur Road, which remains congested on normal days, saw little flow of vehicles and rickshaws.

"In general, sales remain subdued after the Eid holidays. The heatwave has driven sales down further. No one is going out unless it is an emergency," said Mohammad Aiman, a salesman at a garment store at Dhanmondi Hawkers Market.

"We used to see customers in the evening hours after the heat subsides," said Jaminur Islam, a footwear seller at City's Elephant Road.

However, Mohammad Ashraful, who works as a food-

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SOS from SMEs

SALEKEEN IBRAHIM

Micro, small, and medium enterprises (MSMEs), thanks to their entrepreneurial spirit and agility, have emerged as the heart of the growing economy of Bangladesh and the backbone of the financial ecosystem. However, a concerning trend is developing, threatening their very existence.

In many cases, larger corporate entities leverage economies of scale to trespass upon markets traditionally dominated by MSMEs. As a result, we witness a disturbing rise in premature shutdowns of smaller ventures.

Big businesses can deploy more resources to expand their footprint. On the other hand, small businesses are usually at a disadvantage because they don't have comparable resources. The impact of the early departure of small businesses due to uneven competition goes far beyond the boundaries of individual businesses and affects the economy, the employment landscape, and the social fabric.

Usually, MSMEs circulate more money back into the economy than big firms or corporate chains. In addition, they bank on local or regional relationships, fostering trust and civic engagement among the communities. Therefore, the closure of MSMEs is a big blow to the economy's growth trajectory and the communities.

Moreover, the alliance of industries under the umbrella of big conglomerates deepens income inequality. The growing divide threatens social stability and obstructs national progress.

As soon as small businesses close, individual dreams and aspirations are shattered and the vision of moving up the economic ladder becomes a distant mirage. This hurts the very foundation of a prospering democracy. A sense of dissatisfaction increases among a large number of groups who were left behind by the tide of economic transformation.

We have witnessed a number of small businesses taking early exit due to the entrance of large conglomerates in different sectors and sub-sectors, such as plastic, bakery, confectionery, agro-processing, and frozen food, in the last couple of decades.

Addressing this pressing issue demands a multidimensional approach. Policy support is needed. Governments must endorse proactive industrial policies tailored to safeguard the interests of MSMEs and restrict giant groups from entering into true MSME clusters.

Targeted subsidies, tax holidays, access to affordable credit, and streamlined regulatory frameworks can provide a lifeline to struggling businesses, enabling them to navigate the turbulent times brought on by competition. Additionally, adopting an ecosystem favourable to innovation and entrepreneurship is paramount.

Incubation centres, technology hubs, and skill development initiatives can empower MSMEs to leverage their inherent strengths and carve out niches in the market.

Fostering a culture of collaboration and knowledge sharing can reinforce the resilience of MSMEs. Establishing clusters where smaller enterprises can pool resources, share best practices, and collectively negotiate with larger players can level the playing field. Moreover, strategic partnerships between MSMEs and academic circles, research institutions, and larger corporations can catalyse innovation and strengthen sustainable growth.

MSMEs should act as backward and forward linkage of big corporates where a win-win situation will prevail and they will not act as a competitor to each other.

For a fruitful future ahead, we must recognise the crucial role MSMEs play in shaping Bangladesh's economic destiny. By supporting policies that prioritise their growth and sustainability, we can tap their potential. As we strive towards building a more resilient and inclusive economy, we should pay heed to the call to safeguard the visions and aspirations of the countless entrepreneurs who dare to dream for a better tomorrow.

The author is a banker.

PepsiCo results beat expectations for revenue, profit

REUTERS

PepsiCo beat Wall Street expectations for first-quarter revenue and profit on Tuesday as demand for its sodas and snacks like Cheetos and Doritos in international markets drove growth even as it witnessed a slowdown in the United States. Consumers across Europe, Asia Pacific and China shelled out money for PepsiCo's pricey sodas and chips, while customers in the US cut back on the products due to strained budgets.

"We've had three years of ... massive consumer inflation and that has to be absorbed and I think the cumulative impact of that put a bit of strain on the consumer. But we expect that to abate as time goes on," PepsiCo CFO Jamie Caulfield said.

The company's average prices jumped 5 percent in the first quarter. Its organic volume slipped 2 percent, compared to a 4 percent drop seen in the fourth quarter. International business accounted for about 40 percent of PepsiCo's fiscal 2023 revenue, while its North America businesses accounted for the remaining.

PepsiCo has been expanding its portfolio in developed and emerging markets to drive demand by launching items such as flavored Quaker instant oats and Celsius energy drink, CEO Ramon Laguarta said.

Shares of the company, which also maintained its fiscal 2024 forecasts, fell 1.5 percent.

First-quarter sales at PepsiCo's largest business, its North America beverage unit, rose 1 percent, while organic volume fell 5 percent.

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Rising spot LNG prices starting to bite some Asian buyers

REUTERS, *Launceston*

There are early signs that the rise in the spot price for liquefied natural gas (LNG) for delivery to Asia to a three-month high is starting to crimp demand from price-sensitive buyers such as India.

The spot LNG price rose to \$10.50 per million British thermal units (mmBtu) in the week ended April 19, the most since January 19, and up 26.5 percent from the low so far in 2024 of \$8.30, reached in early March.

The recent increase in the price has been driven more by supply concerns, with the ongoing conflict in the Middle East fuelling concerns that shipments from Qatar, the world's third-largest LNG exporter, may be disrupted.

So far these fears have yet to be realised, but there have been increased costs for LNG shipments as vessels bound for Europe avoid the Red Sea, where Yemen's Iran-aligned Houthi group has launched missile strikes against several vessels, although none of these were LNG carriers.

With the spot price once again above \$10 per mmBtu, it has reached levels that have in the past resulted in buyers such as India, and even China, the world's top LNG importer, pulling back on purchases.

This is because at these price levels imported LNG finds it hard to compete with other fuels in domestic markets. India's LNG imports for April are estimated at 1.90 million metric tons by commodity analysts Kpler, which is down from 2.26 million in March and also below the 1.98 million from April last year.

LSEG data pegs India's April LNG arrivals at 1.79 million tons, a four-month low and down from 2.27 million in March and 1.88 million in April 2023.

China's imports of the super-chilled fuel are estimated at 6.14 million tons in April by Kpler, down from 6.64 million in March, but above the 5.31 million in April last year.

An LNG tanker passes boats along the coast of Singapore. The recent increase in LNG prices has been driven more by supply concerns, with the ongoing conflict in the Middle East fuelling concerns.

PHOTO: REUTERS/FILE

China's LNG imports in the first quarter of 2024 were strong, most likely as a result of the cheaper spot prices that prevailed for much of the buying period, but also because of the recovery of parts of the economy, especially manufacturing.

The official Purchasing Managers' Index rose to a 13-month high of 51.6 in March, and has now spent the last five months in positive territory above the 50-level that separates expansion from contraction.

The improving economic backdrop in China may serve to bolster demand for LNG, but the stronger price is also likely an obstacle.

Much will depend on the availability of alternatives, and it's interesting to note that China's domestic output of natural gas has also been rising strongly, with production in the first quarter rising to 63.19 billion cubic metres, up 5.2 percent from the same period in 2023.

Developed economies in Asia that import LNG tend to be less sensitive to rising prices as the bulk of imports are secured under long-term contracts, and LNG imports are largely stable.

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