Lovello faces probe over unusual share trading

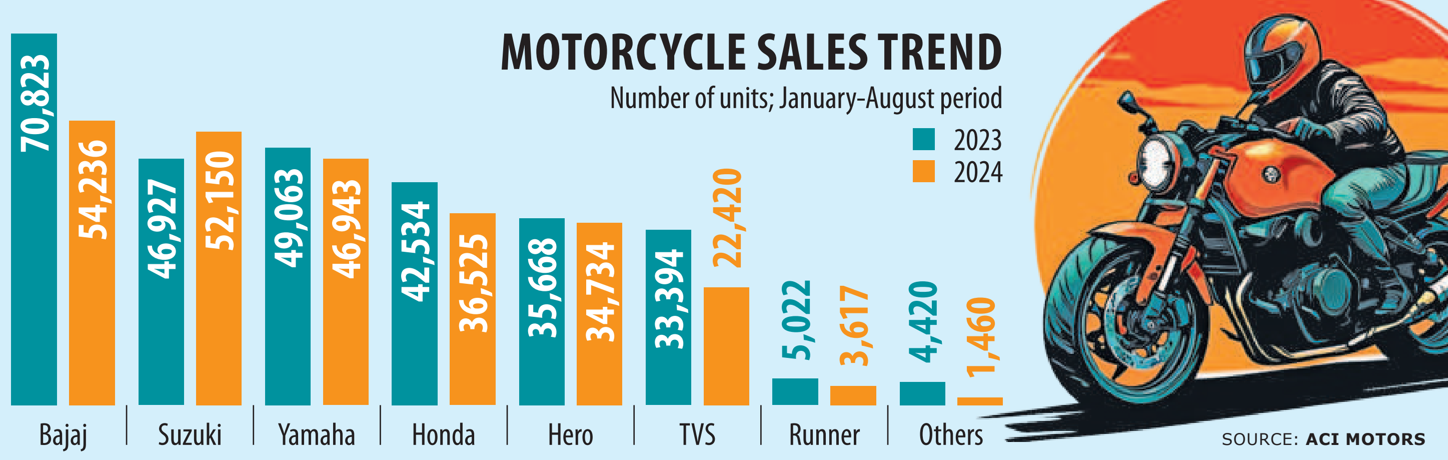
STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) ordered the Dhaka bourse to investigate the unusual movement of the price and volume of shares of Taufika Foods and Lovello Ice-Cream PLC.

In a letter issued on September 23, the stock market regulator said the price and volume of shares of the ice cream maker fluctuated significantly in recent times, which seemed unusual and suspicious.

Subsequently, the BSEC instructed the chief regulatory officer of the Dhaka Stock Exchange (DSE) to investigate the reasons behind such unusual movements and to verify whether there is market manipulation, insider trading and other market abuses.

The chief regulatory officer has been asked to submit the investigation report to the surveillance department of the BSEC within 30 working days.



Motorcycle sales drop amid high inflation, political changeover

JAGARAN CHAKMA

Motorcycle sales in Bangladesh have declined significantly as people are uncertain about buying luxury products amid the recent political changeover and higher inflation in the country, according to industry people.

As per a market assessment by ACI Motors, overall motorcycles sales fell by 12 percent year-on-year to 252,094 units during the January-August period of 2024.

Data of the Bangladesh Road Transport Authority (BRTA) shows that an average of 22,769 motorcycles were registered each month during the first half of this year while it was 25,868 units per month in 2023.

But aside from poor demand, the two-wheeler market is facing a product shortage as most local manufactures could not import the necessary components for difficulties in opening letters of credit.

Subrata Ranjan Das, executive director of ACI Motors, said both the regular and high-end motorcycle segments posted degrowth in sales during this year's January-August period.

He added that motorcycle manufacturers and retailers in Bangladesh will have no scope to expand their markets until the country's economy returns to complete normalcy.

Sales of ACI Motors, the local distributor of Japanese brand Yamaha, declined by about 4 percent year-on-year to 46,943 units during the eight-month period, as per the company's market assessment.

Market data shows that the two-wheeler sales of other brands, such as TVS, Honda and Runner, also fell by an average of 12 percent at the same time.

Shah Muhammad Ashequr Rahman, chief marketing officer at Bangladesh Honda Private Limited, said although sales were in the slow lane throughout this year's first half, demand fortunately increased in September.

Overall motorcycles sales fell by 12 percent year-on-year to 252,094 units during the January-August period of 2024

According to him, sales of Honda motorcycles have increased in northern Bangladesh as peoples' income in the region has grown. So, Rahman is hopeful that sales will grow further in coming days.

"We are trying to reach the doorsteps of people in rural areas as motorcycles are more necessary for them to commute compared to those living in urban areas," he said.

While pointing out how Honda makes motorcycles for both regular and high-end segments, Rahman said they are gaining more customers' trust each day by providing quality products at competitive prices.

Biplob Kumar Roy, chief executive officer of TVS Auto Bangladesh Limited, the local distributor of India's TVS Motor Company, said their sales have fallen by around 20 percent this year.

"People are in uncertainty about the upcoming situation regrading politics and the economy," he added.

TVS Auto sold only 15,000 motorcycles this August while it was 27,000 units the same month last year.

"We are witnessing a dull market as sales have been tight since second half of 2023," Roy said.

"It is really tough for the business to survive in such a situation," he added.

Roy also said people are unwilling to purchase luxury products such as motorcycles in the face of ongoing economic uncertainty.

Officials of Suzuki Bangladesh said their sales in the premium segment grew 11 percent year-on-year in the January-August period thanks increased demand for 150cc to 160cc bikes, particularly in the Gixxer series.

However, sales in the regular segment failed to meet expectations.

Overall sales of Suzuki motorcycles increased to 52,159 units during first eight months of the current year from 46,927 units during the same period of 2023.

Stocks rise for second day

STAR BUSINESS REPORT

The stock markets in Bangladesh rose for a second consecutive day yesterday as investors made cautious purchases of lucrative blue-chip shares hoping for corporate companies to soon make healthy earnings disclosures.

Islami Bank Bangladesh, Beacon Pharmaceuticals, Grameenphone, Olympic Industries, British American Tobacco Bangladesh, Heidelberg Chemicals Bangladesh, ACME Laboratory, Robi Axiata, Uttara Bank and Tamijul Textile Mills drew a significant number of investors, according to LankaBangla Financial Portal.

Islami Bank Bangladesh is the only lender which logged a double-digit growth, meaning of 25.19 percent, in share prices.

However, shares of Khan Brothers PP Woven Bag Industries, Beximco Pharmaceuticals, Orion Infusion, Bangladesh Submarine Cables, City Bank, United Commercial Bank, National Bank, Kohinoor Chemicals, Power Grid Company of Bangladesh and IFIC Bank suffered losses.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), rose by 17.57 points, or 0.30 percent, from that on the day prior to close at 5,777.

Similarly, the DSES index, representing the Shariah-based companies, edged up by 14.30 points, or 1.12 percent, or 1,288. Meanwhile, the DS30 index for the blue-chip firms grew by 12.45 points, or 0.59 percent, to 2,109.

Out of 395 issues, prices of 93 rose while most of the remaining 262 closed lower and 40 did not witness any price swings.

Turnover at the DSE, meaning the total value of shares traded on the day, increased by 6.56 percent to Tk 718 crore.

Grameenphone topped the turnover chart accounting for Tk 60 crore, which was a rise of 1.93 percent. It was followed by BRAC Bank, Linde Bangladesh and IBN Sina.

Block trades, meaning high-volume securities transactions that are privately negotiated and executed outside of the open market, amounted to Tk 13.34 crore, representing 1.9 percent of the day's total turnover.

A game changing model for boosting remittance

MASUD KHAN

Bangladesh has been experiencing a severe forex crisis for the past two years. Our two main sources of foreign currency are exports and remittances. While we have devoted significant attention to increasing exports, we have largely neglected the potential of remittances. In the past fiscal year, exports have been in the range of $47 billion.

If we consider a value addition of around 50 percent, the net forex earnings is around $23 billion. Meanwhile, judging the current trends, this year the remittances could be between $27 billion and $30 billion.

Workers, especially unskilled labourers abroad, often face cumbersome processes when using formal channels. This drives them to informal options like hundi, which are easier but deprive the country of vital foreign currency. To increase formal remittances, we must understand that, beyond financial needs, wage earners are driven by higher aspirations for esteem and respect.

So, to foster their loyalty and encourage remittance through formal channels, we must adopt a dual strategy addressing their immediate and long-term needs for dignity and recognition.

SHORT-TERM SOLUTIONS

Wage earners' elite club: The government can introduce a "Wage Earners Elite Club," offering tiered membership (platinum, gold, silver and bronze) based on remittance volumes. Benefits for club members could include VIP airport services, meaning that elite members would enjoy dedicated immigration counters and transportation. Additionally, platinum, gold, and silver members could be given access to exclusive lounges at airports, ensuring more comfortable travel.

Recognition and awards: High contributors would be publicly recognised, invited to national events and treated as Commercially Important Persons.

Free travel benefits: Platinum and gold cardholders would be eligible for free round-trip tickets, further incentivising formal remittance channels.

Annual membership upgrades: Elite club membership would be reassessed yearly, with additional perks for top remitters, such as upgraded travel benefits.

Also, the government should develop a remittance app to simplify the process of sending money. Features could include payment gateway integration, transparent currency conversion rates, strong security measures and real-time transaction tracking.

LONG-TERM SOLUTIONS

Sustaining esteem and incentivising remittances: To maintain long-term engagement, the government should offer healthcare and educational benefits. Doing so would allow wage earners and their families to receive healthcare coverage and priority access to schools, thereby improving their social safety net.

Dignity and respect: Embassies and airports must adopt a customer-service approach, ensuring wage earners are treated with the respect they deserve. Special training programmes for embassy staff could be implemented to this end.

Social safety net: Offering wage earners access to pension schemes, scholarships for their children and government-backed housing loans would create loyalty and trust, incentivising formal remittances.

By treating wage earners as valued contributors to the economy and recognising their need for dignity, respect, and belonging, the country can significantly boost remittance inflows. These measures will not only alleviate the foreign currency crisis but also improve the lives of those who sacrifice so much for their families and the nation.

The author is chairman of Unilever Consumer Care Ltd and chief adviser of the board at Crown Cement Group

World Bank's IFC investments hit record $56b in FY24

REUTERS, *London*

Investments from the World Bank's private investment arm hit a record $56 billion in its financial year to end-June, the lender's managing director told Reuters.

International Finance Corporation (IFC) commitments, which cover both its own short- and long-term financing as well as mobilised funding, had risen by 28 percent year-on-year, said managing director Makhtar Diop.

This was chiefly driven by internal reforms as part of World Bank President Ajay Banga's push to speed up lending across the group, which includes the IFC whose investments are targeted at spurring growth and reducing poverty in developing countries.

"(We) have been in a process of kind of seeing what we can do differently," Diop said, adding apart from streamlining processes the IFC had also decentralised decision making, allowing directors on the ground to take more responsibility over the deployment of funds in their patch.

Looking ahead to the financial year ending in June 2025, Diop expected another increase, aiming for a target of $62 billion, with the lender focusing efforts on infrastructure more widely, especially roads and transportation, and working with sub-sovereign entities, such as municipalities.

"They (municipalities) are not often the best equipped to structure deals and to do PPPs," Diop said, referring to public private partnerships. "If you manage to work with them and develop a good pipeline of PPPs and to help them to deliver school, health services, things that are under their responsibility, to help them have much greener cities ...you can have a huge amount of investment which is needed there."

China unveils fresh stimulus to boost ailing economy

AFP, *Beijing*

China unveiled some of its boldest measures in years on Tuesday aimed at boosting its struggling economy as leaders grapple with a prolonged property sector debt crisis, continued deflationary pressure and high youth unemployment.

The world's second-largest economy has yet to achieve a highly anticipated post-pandemic recovery and the government has set a goal of five percent growth in 2024 -- an objective analysts say is optimistic given the headwinds it is facing.

On Tuesday, central bank chief Pan Gongsheng told a news conference in Beijing that it would cut a slew of rates in a bid to boost growth, pledging to "promote the expansion of consumption and investment".

The moves represent "the most significant... stimulus package since the early days of the pandemic," said Julian Evans-Pritchard, head of China economics at Capital Economics.

But "it may not be enough", he warned, adding a full economic recovery would "require more substantial fiscal support than the modest pick-up in government spending that's currently in the pipeline".

Among the measures unveiled Tuesday was a cut to the reserve requirement ratio (RRR), which dictates the amount of cash banks must hold in reserve.

The move will inject around a trillion yuan ($141.7 billion) in "long-term liquidity" into the financial market, Pan said.

Beijing would also "lower the interest rates of existing mortgage loans", he added.

The decision would benefit 150 million people across the country, Pan said, and lower "the average annual household interest bill by about 150 billion yuan".

Minimum down payments for first and second homes would be "unified", with the latter reduced from 25 to 15 percent, Pan said.

And Beijing will create a "swap programme" allowing firms to acquire liquidity from the central bank, Pan said, a move he said would "significantly enhance" their ability to access funds to buy stocks.

"The initial scale of the swap programme will be set at 500 billion yuan, with possible expansions in the future," Pan said.

Shares in Hong Kong and Shanghai surged more than four percent Tuesday.

But Heron Lim at Moody's Analytics said the move was expected given gloomy economic data in recent months suggesting Beijing could miss its 2024 growth target.

"But this is hardly a bazooka stimulus," he told AFP.

"Far more monetary easing and a stronger government stimulus is also desirable to finish bailing out the real estate market and inject more confidence into the economy," he said.

A woman checks shoes for sale in a shopping area of Beijing. On Tuesday, China's central bank chief Pan Gongsheng said that they would cut a slew of rates in a bid to boost growth.

PHOTO: AFP/FILE