Stocks see mixed performance as DSE falls, CSE rises

STAR BUSINESS REPORT

The stock markets in Bangladesh witnessed a mixed performance yesterday as the key Dhaka Stock Exchange (DSE) index experienced a fall while the opposite happened in the case of Chittagong Stock Exchange (CSE).

The DSEX, the broad index of the country's prime bourse, dropped by 1.47 points, or 0.03 percent from that on the previous day before closing at 5,169. This was a fall for a third consecutive day.

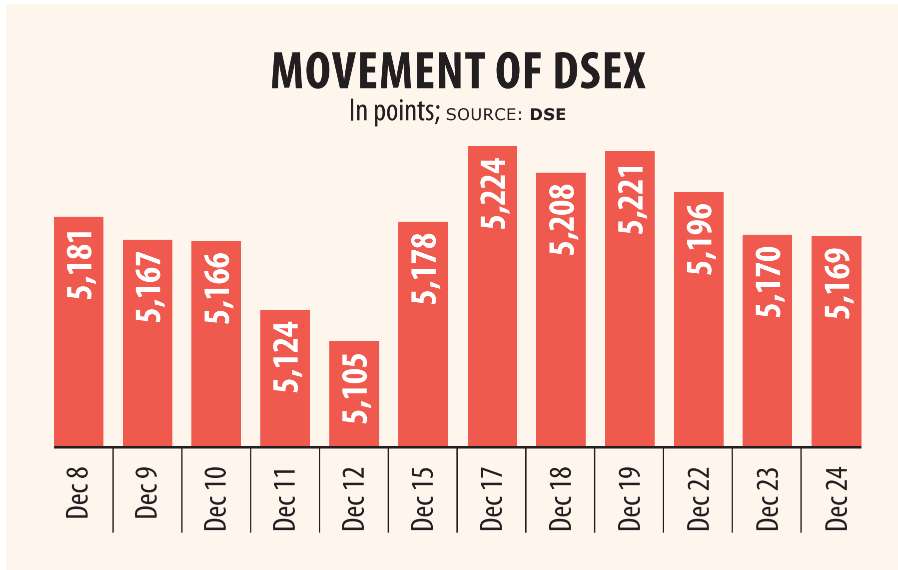
The other two indices of the DSE saw an opposite trend as the DSES index for the Shariah-based stocks rose by 2.78 points, or 0.24 percent, to 1,158.

Meanwhile, the DS30 for the blue chips grew by 0.91 points, or 0.05 percent, to 1,923.

Of the issues that changed hands on the DSE trading floor, 150 saw a price hike, 159 closed lower and the remaining 86 did not witness any price fluctuations.

Turnover, which is the total value of shares that changed hands and a key indicator of the liquidity flow in the market, decreased 9.07 percent to Tk 276 crore.

Orion Infusion Ltd emerged as the most-traded share with a turnover of Tk 18.7 crore.



In its daily market update, Shanta Securities said the market movement was driven by negative changes in the market capitalisation of financial institutions, travel and leisure, and paper and printing scrips.

Market capitalisation is the total existing market value of a company's existing shares.

Meanwhile, there were positive changes in the market capitalisation of food and allied, miscellaneous, and textile scrips.

Most of the large-cap sectors, meaning those that account for large amounts in market capitalisation, posted a negative performance, with non-bank financial institutions (NBFI) experiencing the highest loss of 0.92 percent.

The NBFI sector was followed by fuel and power (0.87 percent), food and allied (0.19 percent), telecommunication (0.18 percent) and engineering (0.06 percent).

However, the pharmaceuticals sector logged a gain of 0.13 percent, and the banking sector recorded a 0.51 percent gain.

Companies like Islami Bank Bangladesh, Renata, Eastern Bank, Khan Brothers PP Woven Industries, Taufika Foods and Lovello Ice-cream, Orion Infusion, Fortune Shoes, Heidelberg Materials Bangladesh, Pubali Bank and Olympic Industries drew investors the most, according to LankaBangla Financials.

However, Al-Arafah Islami Bank, National Bank, Beacon Pharmaceuticals, BAT Bangladesh, Power Grid Company of Bangladesh, Beximco Pharmaceuticals, Grameenphone, IFIC Bank, Shahjalal Islami Bank and ACME Laboratories suffered losses.

At the CSE, the CSE All Share Price Index (CASPI), the premier index of the port city bourse, posted a gain as the index rose by 34.6 points, or 0.24 percent, to settle the day at 14,489.

First Security Islami Bank sacks DMD

STAR BUSINESS REPORT

First Security Islami Bank (FSIB) has fired a newly appointed deputy managing director over his alleged involvement in irregularities at his previous place of employment, Social Islami Bank Limited (SIBL).

"Your service in the bank is no longer required," reads the job termination letter signed by Syed Waseque Md Ali, managing director of the FSIB, and sent to the dismissed official, Md Akmal Hossain, at the beginning of this week.

The letter mentioned that the SIBL had officially informed the FSIB of having discharged Hossain from service on December 19 this year.

"In this situation, we have no option but to cancel your joining in our bank service and advise you to refund all the emoluments you received from this bank from the date of joining," read the termination letter.

Hossain had joined the FSIB as deputy managing director on September 29 this year, showing his letter of resignation from the post of senior executive vice-president at the SIBL.

He had served the SIBL's international division from 2012 to 2022. The Daily Star came to know of an allegation that Hossain was involved in various irregularities related to foreign trade at the SIBL which benefited S Alam Group, a Chattogram-based conglomerate.

The Group had taken a huge amount of loans from a number of banks, far exceeding their single borrower exposure limit.

"Social Islami did not show any specific reason for my dismissal and First Security also did not want to hear anything from me before cancelling my appointment," Hossain told The Daily Star yesterday.

"I was not involved in any irregularity at Social Islami, rather I was awarded for foreign trade achievements in the bank," he said.

China plans to issue $411b special treasury bond next year

REUTERS, *Beijing*

Chinese authorities have agreed to issue 3 trillion yuan ($411 billion) worth of special treasury bonds next year, two sources said, which would be the highest on record, as Beijing ramps up fiscal stimulus to revive a faltering economy.

The plan for 2025 sovereign debt issuance would be a sharp increase from this year's 1 trillion yuan and comes as Beijing moves to soften the blow from an expected increase in US tariffs on Chinese imports when Donald Trump takes office in January.

The proceeds will be targeted at boosting consumption via subsidy programmes, equipment upgrades by businesses and funding investments in innovation-driven advanced sectors, among other initiatives, said the sources.

The sources, who have knowledge of the discussions, declined to be identified due to sensitivity of the matter.

The State Council Information Office, which handles media queries on behalf of the government, the finance ministry and the National Development and Reform Commission (NDRC), did not immediately respond to a Reuters request for comment.

China's 10-year and 30-year treasury yields rose 1 basis point (bp) and 2 bps, respectively, after the news.

The planned special treasury bond issuance next year would be the largest on record and underscores Beijing's willingness to go even deeper into debt to counter deflationary forces in the world's second-largest economy.

The issuance "exceeded market expectations," said Tommy Xie, head of Asia Macro research at OCBC Bank.

"Furthermore, as the central government is the only entity with meaningful capacity for additional leverage, any bond issuance at the central level is perceived as a positive development, likely providing incremental support for growth."

China does not generally include ultra-long special bonds in annual budget plans, as it sees the instruments as an extraordinary measure to raise proceeds for specific projects or policy goals as needed.

As part of next year's plan, about 1.3 trillion yuan to be raised through long-term special treasury bonds would fund "two major" and "two new" programmes, said the sources with knowledge of the matter.

The "new" initiatives consist of a subsidy programme for durable goods, allowing consumers to trade in old cars or appliances and buy new ones at a discount, and a separate one that subsidises large-scale equipment upgrades for businesses.

The "major" programmes refer to projects that implement national strategies such as construction of railways, airports and farmland and build security capacity in key areas, according to official documents.

The state planner NDRC said on Dec. 13 Beijing had fully allocated all proceeds from this year's 1 trillion yuan in ultra-long special treasury bonds, with about 70 percent of proceeds financing the "two major" projects and the remainder going towards the "two new" schemes.

TARIFFS THREAT

Another big portion of the planned proceeds for next year would be for investments in "new productive forces", Beijing's shorthand for advanced manufacturing, such as electric vehicles, robotics, semiconductors and green energy, the sources said.

One of the sources said more than 1 trillion yuan would be earmarked for that initiative.

India reviews $30b sulphur-cutting programme for coal plants

REUTERS, *New Delhi*

India is reviewing a decade-old $30 billion programme requiring coal-fired power plants to install equipment to cut sulphur emissions after government-backed studies showed they had little impact on curbing pollution, according to a document reviewed by Reuters.

Nearly 540 power plant units were required by 2026 to install flue-gas desulphurization (FGD) systems that remove sulphur from the plants' exhaust gases but only about 8 percent have done so, including those run by state-run NTPC and privately held JSW Power.

The government previously said expensive foreign technology and manpower were some of the hurdles in achieving the target. But with cities like New Delhi and Kanpur some of the most polluted in the world, India's government is under pressure to reduce the impact of the sectors' emissions.

Instead of FGDs, government officials have proposed deploying locally made electrostatic precipitators that remove fine particles such as dust and smoke from emissions and are one-fifth of the cost of an FGD system, according to a document from the Office of the Principal Scientific Advisor to the Indian government summarising a Nov. 13 meeting between the Office and the ministries of power, coal and the environment.

PHOTO: REUTERS/FILE

Chimneys of a coal-fired power plant are seen in New Delhi.

Representatives of the ministries and Ajay Kumar Sood, the principal scientific adviser to the government who chaired the meeting, did not immediately respond to requests seeking comment.

The document showed several of the attendees agreed Indian power plants would be better off focusing on cutting emissions of tiny particulate matter that can lodge deep in the lungs rather than on sulphur reductions.

"This is due to the predominance of other pollution sources in urban areas and the very low sulphur content of Indian coal coupled with the effective dispersion of (sulphur dioxide) generated from thermal power plants due to the tall stacks and the climactic conditions in India," the document cited R. Srikanth, the head of the engineering school at India's National Institute of Advanced Studies (NIAS), as saying.

Srikanth did not immediately reply to a request for comment.

The document cited a NIAS study that said Indian coal, which is used to generate 92 percent of the country's thermal power, has a sulphur content of only 0.5 percent. The range globally is 0.5 percent to 5 percent.

The study said the coal's high ash content was a bigger problem for power plants, and high-efficiency electrostatic precipitators would be better at curbing that pollution.

The document also cited government-backed studies by the NIAS, Indian Institute Of Technology (IIT) Delhi and National Environmental Engineering Research Institute that showed power plants with the FGD systems showed negligible improvement in air quality. A FGD system costs 12 million rupees ($141,000) per megawatt of capacity.

UK economy flatlines in third quarter

REUTERS, *London*

Britain's economy failed to grow during the first three months of Prime Minister Keir Starmer's new government, official figures showed on Monday, adding to signs of a slowdown that has cast a shadow over his time in office so far.

The Office for National Statistics lowered its estimate for the change in gross domestic product output to 0.0 percent in the July-to-September period from a previous estimate of 0.1 percent growth. The ONS also cut its estimate for growth in the second quarter to 0.4 percent from a previous 0.5 percent.

Starmer and his finance minister Rachel Reeves took power in early July, warning of the poor state of the economy before announcing tax increases for businesses in a budget on October 30 that has alarmed many employers.

Analysts, many of whom said the grim tone of the new government risked slowing the economy, said the numbers suggested zero growth over the entire second half of the year.

The Bank of England last week forecast that the economy would not grow in the fourth quarter. But it kept borrowing costs on hold because of the risks still posed by inflation.

Paul Dales, chief UK economist at consultancy Capital Economics, said the GDP downgrade was caused in part by weaker demand for exports while consumer spending and business investment at home held up.

Brace! Risks stack up for global economy in 2025

REUTERS

No sooner had the global economy started to put the aftermath of the Covid-19 pandemic behind it than a whole new set of challenges opened up for 2025.

In 2024, the world's central banks were finally able to start lowering interest rates after largely winning the battle against inflation without sparking a global recession.

Stocks hit record highs in the United States and Europe and Forbes declared a "banner year for the mega wealthy" as 141 new billionaires joined, opens new tab its list of the super-rich.

But if this was supposed to be good news, someone forgot to tell voters. In a bumper election year, they punished incumbents from India to South Africa, Europe and the United States for the economic reality they were feeling: a merciless cost of living crisis brought on by cumulative post-pandemic price rises.

For many, it might get tougher in 2025. If a Donald Trump presidency enacts US import tariffs that spark a trade war that could mean a fresh dose of inflation, a global slowdown or both. Unemployment, currently near historic lows, could rise.

Conflicts in Ukraine and the Middle East, political logjams in Germany and France, and questions over the Chinese economy further cloud the picture. Meanwhile, rising up the rank of concerns for many countries is the cost of climate damage.

WHY IT MATTERS

According to the World Bank, the poorest countries are in their worst, opens new tab economic state for two decades, having missed out on the post-pandemic recovery. The last thing they need are new headwinds - for example, weaker trade or funding conditions.

In richer economies, governments need to work out how to counter the conviction of many voters that their purchasing power, living standards and future prospects are in decline. Failure to do so could feed the rise of extremist parties already causing fragmented and hung parliaments.

An employee works on a shirt production line at a clothing factory in Suqian, in eastern China's Jiangsu province. The world's second-largest economy faces mounting pressure to begin a deep transition as its growth impetus of recent years runs out of steam.

PHOTO: AFP/FILE

New spending priorities beckon for national budgets already stretched after Covid-19, from tackling climate change to boosting armies to caring for ageing populations. Only healthy economies can generate the revenues needed for that.

If governments decide to do what they have been doing for years - simply piling on more debt - then sooner or later they run the risk of getting caught up in a financial crisis.

WHAT IT MEANS FOR 2025

As European Central Bank President Christine Lagarde said in her press conference after the ECB's final meeting of the year, there will be uncertainty "in abundance" in 2025.

It is still anyone's guess whether Trump will push ahead with tariffs of 10-20 percent on all imports, rising to 60 percent for Chinese goods, or whether those threats were just the opening gambit in a negotiation. If he goes ahead with them, the impact will depend on what sectors bear the brunt, and who retaliates.