

## HIGHLIGHTS OF THE DAY

Bangladesh: Economy

April 19, 2022

### Govt Inks \$250m Loan Deal with WB to Sustain Post-Covid Growth

The government on Monday penned a \$250 million loan agreement with the World Bank (WB) as budget support to sustain growth following the Covid-19 pandemic and to enhance resilience to future shocks.

Fatima Yasmin, secretary of the Economic Relations Division at the Ministry of Finance, and Mohammad Anis, acting country director of World Bank's Dhaka office, signed the loan agreement on behalf of the Bangladesh government and the WB, respectively, said a press release issued by the finance ministry on Monday.

In response to the adverse effects of Covid-19, the government has provided stimulus incentives to economically affected industries, the agriculture sector and export-oriented industries and to ensure food security, the government extended the social safety net programmes and employment creation.

The interest rate of the above-mentioned loan is 1.25%, and the service charge is 0.75%, and this loan has to be repaid in 30 years with a grace period of 5 years.

Source: <https://www.tbsnews.net/economy/world-bank-provides-250-million-budget-support-bangladesh-405206>



### Central Bank Sets Deposit Rate at 7%, Lending Rate 11% for NBFIs

The central bank has set interest rates on deposit collection at 7% and loans at 11% for the country's non-banking financial institutions (NBFI). These interest rates will be effective from 1 July this year, according to a Bangladesh Bank circular issued to the commercial banks' chief executives and managing directors on Monday.

The circular said recently it has been observed that some financial institutions are collecting deposits at high interest rates without complying with the existing market rates in terms of deposit collection and disbursement of loans.

The circular further said from 1 July 2022, interest rates on any types of deposits and loans cannot exceed the prescribed rates. However, the interest rate on deposits taken by the customers earlier will remain the same till the term of those debts expire.

Source: <https://www.tbsnews.net/economy/banking/bb-fixes-7-interest-deposits-11-loans-nbfis-405362>



## Production Starts at Two Jute Mills Leased to Private Sector

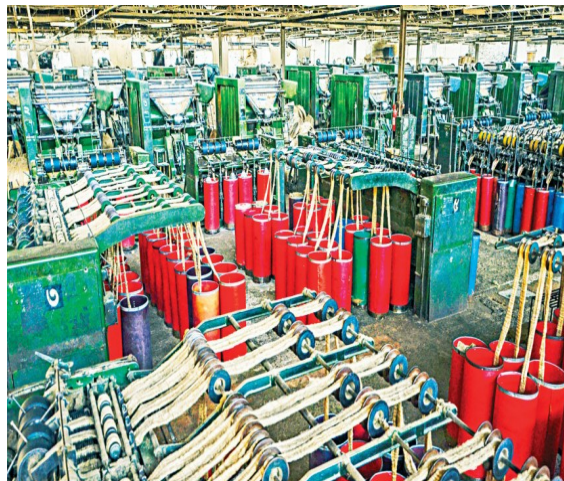
Two state-owned jute mills that were leased to the private sector recently began production, creating many employment opportunities in the process, according to Golam Dastagir Gazi, the minister of textiles and jute.

Gazi made this comment while inspecting production at Bangladesh Jute Mills Ltd, one of the leased units, in Palash upazila of Narsingdi yesterday.

The other mill is Karnafuli Jute Mills Ltd in Chattogram. Bangladesh Jute Mills, which was leased by Bay Group, is producing jute yarn and sacks while Unitex Group is using Karnafuli Jute Mills to produce various jute products for local and international markets.

Meanwhile, the leasing of two other jute mills -- Crescent Jute Mills Ltd in Khulna and Hafiz Jute Mills Ltd in Chattogram -- is under process.

Source: <https://www.thedailystar.net/business/economy/news/production-starts-two-jute-mills-leased-private-sector-3007421>



## Double Bandwidth at 25pc Higher Investment

Bangladesh Submarine Cable Company will increase its planned investment to connect to a third submarine cable by 25 per cent to avail double the bandwidth.

With Tk 870 crore, the company will now get 13,200 Gbps from the South East Asia–Middle East–Western Europe 6 (SEA-ME-WE 6) consortium.

Currently the state-run venture avails 2600 Gbps from SEA-ME-WE 4 and SEA-ME-WE 5. Another 1,000 Gbps or so of the bandwidth comes from India through six international terrestrial cable service providers based in Bangladesh.

Demand for bandwidth in the country now stands at 3,400 Gbps.

The third cable's addition will take the company's capacity to 15,800 Gbps.

Last year, Bangladesh signed an agreement with the SEA-ME-WE 6 consortium for the construction and maintenance of a connection to the third submarine cable.

Source: <https://www.thedailystar.net/business/telecom/news/double-bandwidth-25pc-higher-investment-3007511>

## DSE News

# DSEX Sinks below 6500-mark on Panic Sales

The prime index of the Dhaka Stock Exchange (DSEX) slumped below 6,500-mark on Monday after seven weeks as jitter investors went on a heavy sell-off to avoid further erosion of their portfolios.

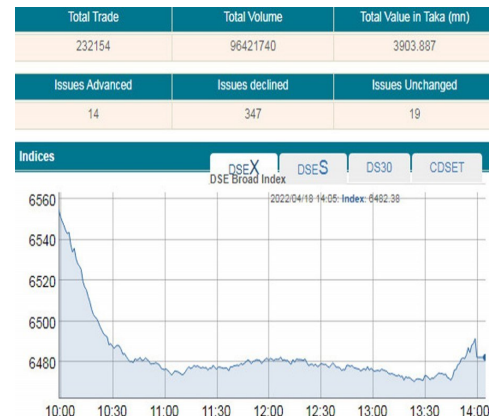
The market witnessed a steep fall from the beginning of the session as investors, particularly the retail ones, went for panic sales, plunging below the 6,500-mark instantly at the opening.

DSEX, the prime index of DSE, slid 72.49 points or 1.10 per cent to settle at 6,482. DSEX eroded over 102 points in the past two consecutive sessions.

Two other indices also saw a sharp decline. The DSE 30 Index, comprising blue chips, plunged 25.31 points to finish at 2,409 and the DSE Shariah Index (DSES) shed 13.54 points to close at 1,428.

Investors reduced their participation significantly further in the market, bringing turnover, an important indicator, to Tk 3.90 billion, from Tk 3.94 billion in the previous day.

Source: <https://thefinancialexpress.com.bd/stock/dsex-sinks-below-6500-mark-on-panic-sales-1650272261>



## Subsidiaries Help Doreen Power to Exceed Annual Profit in Nine Months

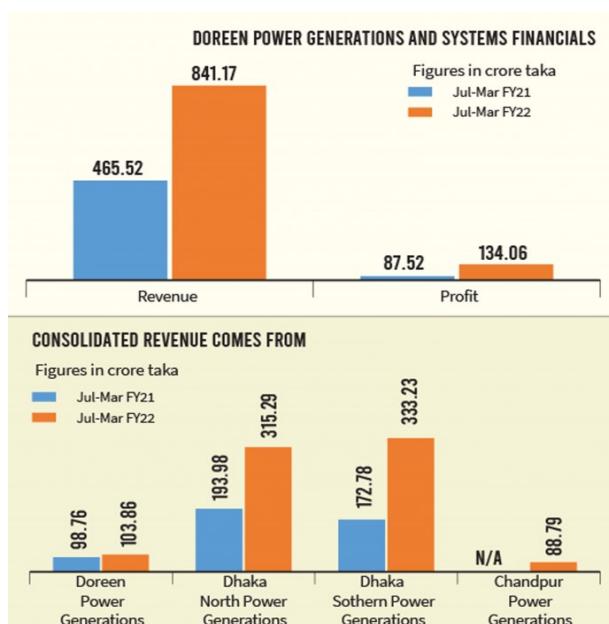
Doreen Power Generations and Systems — an electricity supplier to the national grid — surpassed its last fiscal's annual profit in the July to March period of the ongoing fiscal year thanks to its subsidiaries.

During the first nine months of fiscal 2021-22, Doreen Power's profit stood at Tk134.06 crore, whereas its whole year's profit for fiscal 2020-21 was Tk116.86 crore.

According to the company's disclosure on the Dhaka Stock Exchange (DSE) website on Monday, Doreen Power's profit increased because of significant growth in the revenue and profit of its subsidiaries.

The company has three subsidiaries: Dhaka Northern Power Generations, Dhaka Southern Power Generations which were formed in 2016, and Chandpur Power Generation which was formed in February this year.

Source: <https://www.tbsnews.net/economy/stocks/subsidiaries-help-doreen-power-exceed-annual-profit-nine-months-405382>



## US Banks' Commodity Trading Exposures Rise

Wall Street banks' commodities trading exposures are rising, which could leave them vulnerable to large swings in asset values following Russia's invasion of Ukraine, first quarter earnings disclosures showed.

Goldman Sachs Group Inc and JPMorgan Chase & Co both reported an uptick in a commodities trading risk measure, with Goldman's now the highest in a decade, according to a Reuters review of bank filings.

Oil, gas, wheat and precious metals markets have grown more volatile since Russia invaded Ukraine and Western countries imposed sanctions on Russian trade. But results so far suggest that banks are managing the risk effectively.

The London Metal Exchange (LME) halted nickel trading last month after prices doubled to more than \$100,000 per tonne. Sources blamed the price surge on short covering by one of the world's top producers.

The Fed's actions pushed asset values higher and triggered massive investor purchases, rupturing the normal workings of the market and creating a bonanza for investment banks dealing in gold, silver and other precious metals.

Source: <https://www.thedailystar.net/business/global-economy/news/us-banks-commodity-trading-exposures-rise-3007366>



## India to Attract \$100 bln FDI in 2022-23

India is expected to attract \$100 billion foreign direct investment (FDI) in 2022-23 on the back of economic reforms and ease of doing business in recent years, reports The Economic Times citing industry chamber PHDCCI.

It also said the current financial year is expected to attain a GDP growth of more than 8%.

However, the inflation scenario has been stoked by rising international commodity prices, particularly of crude oil, it said.

"India is expected to attract a \$100 billion FDI inflow in 2022-23 supported by various ground touching economic reforms and significant ease of doing business in recent years," the chamber said.

It has suggested a ten-pronged strategy to strengthen the economic growth and achieve the target of becoming a \$5 trillion economy in the next five years.

Source: <https://www.tbsnews.net/world/south-asia/india-attract-100-bln-fdi-2022-23-405354>



## China Economy Accelerates in Q1

China's economic growth accelerated in the first quarter of the year to 4.8 per cent, official data showed Monday, but the government warned of "significant challenges" ahead while massive Covid-19 lockdowns started to bite.

The world's second-biggest economy had lost steam in the latter half of last year with a property slump and regulatory crack-downs, pulling down growth.

But it exceeded expectations in the first three months of 2022, growing 4.8 per cent on-year, the National Bureau of Statistics (NBS) said, with Lunar New Year spending and factory production cajoling growth.

The weeks ahead, however, appear treacherous for the economy with Beijing's unrelenting zero-Covid approach to outbreaks clogging supply chains and locking down tens of millions of people -- including in the economic dynamos of Shanghai and Shenzhen as well as the northeastern grain basket of Jilin.

Source: <https://www.thedailystar.net/business/global-economy/news/china-economy-accelerates-q1-3007471>



## Asian Stocks in Defensive Mood on China and Rate Worries

Asian shares traded cautiously on Tuesday, with investors weighing China's measures to cushion an economic slowdown and the prospect of aggressive Federal Reserve monetary policy tightening.

Investors are also bracing for a barrage of earnings that will help them assess the impact of the Ukraine war and a spike in inflation on company financials. Netflix, Tesla and Johnson & Johnson are all to report this week.

Moscow has refocused its ground offensive in Ukraine's two eastern provinces but Ukrainian President Volodymyr Zelenskyy has vowed to fight on.

Early in the Asian trading day, MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.5% while US stock futures, the S&P 500 e-minis, were up 0.2%.

Australia's S&P/ASX 200 edged up 0.66%, as strong commodity prices lifted mining and energy stocks, while Japan's Nikkei rose 0.18%.

Source: <https://www.tbsnews.net/world/global-economy/asian-stocks-defensive-mood-china-and-rate-worries-405522>



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