

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

May 25, 2022

NBFIs Urge BB to Revise Interest Rates Upward

Top executives of non-bank financial institutions (NBFIs) urge the central bank to revise up interest rates on both lending and deposits to facilitate the sector's smooth run.

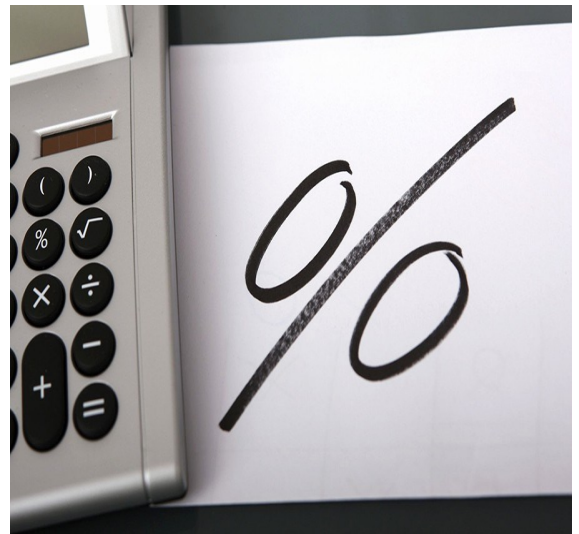
At a meeting Tuesday, they proposed the rate up at maximum 8.0 per cent instead of 7.0 per cent for term deposit with tenures of one year and above while lending rate at 12 per cent instead of 11 per cent only for small and medium enterprise (SME) loans.

The proposal was mooted at the meeting of the leaders of Bangladesh Leasing and Finance Companies Association (BLFCA) at the Bangladesh Bank (BB) headquarters in Dhaka with BB Governor Fazle Kabir in the chair.

An eight-member high-level team of the BLFCA, led by its Chairman Mominul Islam, attended the meeting.

"The central bank has agreed on the proposed interest rates in principle," the chairman of the BLFCA, a forum of managing directors (MDs) and chief executive officers (CEOs) of the NBFIs, told the FE after the meeting was over.

Source: <https://thefinancialexpress.com.bd/economy/nbfis-urge-bb-to-revise-interest-rates-upward-1653446313>



Washington in Touch with Dhaka on Newly Launched IPEF

The United States has said they look forward to continuing to exchange views with Bangladesh on the newly launched Indo-Pacific Economic Framework (IPEF).

"Bangladesh is an important regional partner of the United States," acting US Embassy Spokesperson Bryan Schiller told media on Monday.

Schiller said they have been in contact with Bangladesh about the IPEF since the Partnership Dialogue in March and at regular intervals in Dhaka and Washington.

Nations joining the US in the Indo-Pacific Economic Framework are Australia, Brunei, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and Vietnam. Along with the United States, they represent 40% of world GDP.

Source: <https://www.tbsnews.net/economy/washington-touch-dhaka-newly-launched-ipef-425818>



India Greenlights Wheat Exports to Bangladesh on G2G Basis

Bangladesh's concern over wheat supply may be slightly alleviated as Indian exporters have expressed an interest in exporting 3 lakh tonnes of the staple to Bangladesh.

In a letter to Bangladesh Food Minister Sadhan Chandra Majumder on 20 March, the National Federation of Farmers' Procurement, Processing and Retailing Cooperatives of India Limited (NCOF) said its members would officially export wheat to Bangladesh on a G2G basis as they have received the green signal from the Indian government.

The Ministry of Food has started working on the offer and has sent a letter to Bangladesh High Commissioner in New Delhi Muhammad Imran, who was appointed on 22 May, to arrange for the import of wheat from India.

The price for the wheat would be determined through negotiations. Of the 3 lakh tonnes, 2 lakh would be supplied through the Chattogram port. The remaining 1 lakh tonnes will be supplied half through either the Mongla or Khulna ports, and the other half by railway.

Source: <https://www.tbsnews.net/economy/india-greenlights-wheat-exports-bangladesh-g2g-basis-426226>



Export of BJMC's Privately Produced Jute Products Begins

Export activities of privately produced jute products has started today, said Textile and Jute Minister Golam Dastagir Gazi.

"The jute sector has been revived with the resumption of export of jute products produced by KFD Jute Mills Ltd in Chittagong and as the production activities of Bangladesh Jute Mills Corporation (BJMC) started under private management, new employment opportunities have been created in these mills," he said.

The KFD Jute Mill is currently producing in an average of 10 tonnes of jute goods daily by 600 workers and Unitex Jute Industries Ltd have so far exported 130 tons of jute products in Vietnam, Tunisia and China while about 600 tons of jute goods are also awaiting for shipment.

Unitex Jute Industries Ltd are going to be launched two more production units through modernisation. As a result, it could be produced in an average of 100 tonnes of products daily by combining conventional and versatile jute products.

Source: <https://thefinancialexpress.com.bd/economy/export-of-bjmcs-privately-produced-jute-products-begins-1653403125>



Capital Market Revised Refinancing Scheme: Tk 2.05b Sought from Bangladesh Bank

The capital market refinancing scheme supervision committee has sought Tk 2.05 billion from the central bank for disbursement among market operators under the revised scheme.

"We have requested the central bank to disburse Tk 2.05 billion, and the BB hopes that the fund will be released within a couple of days," said a BB official - who attended the meeting.

In the meeting, the refinancing scheme supervision committee also approved the market operators' applications, submitted for receiving Tk 220 million from the scheme.

The committee held its first meeting after a couple of days after the government extended tenure of the revised refinancing scheme until December 2027 to help revitalise the capital market. The representatives of the central bank, the Bangladesh Securities and Exchange Commission (BSEC), and the Investment Corporation of Bangladesh (ICB) attended the meeting, among others.

Source: <https://thefinancialexpress.com.bd/stock/capital-market-revised-refinancing-scheme-tk-205b-sought-from-bangladesh-bank-1653446117>



Stocks back in the Red as Taka Devalue further

After a one-day rally, stocks have slipped into the red zone again as the central bank further devalued the taka against the US dollar which has extended investors' worries about inflation.

On Tuesday, the benchmark index DSEX of the Dhaka Stock Exchange (DSE) lost 0.79% to close at 6,211 points and the blue-chip index was also down by 14 points to 2,295.

The Bangladesh Bank on Monday depreciated the taka by Tk0.40 re-fixing the local currency's exchange rate against the US dollar at Tk87.90 in a bid to stabilise the volatile forex market. This is the third depreciation of the local currency against the greenback this month.

The broad index of the premier bourse earlier lost more than 550 points in the last eight days till Sunday due to the volatile exchange rate and increasing commodities prices.

Source: <https://www.tbsnews.net/economy/stocks/stocks-back-red-taka-devalue-further-426242>



Oil Prices Climb on Prospects for Tighter Supply as Demand Rises

Oil prices rose in early trade on Wednesday, boosted by tight supplies and the prospect of rising demand from the upcoming start of the US summer driving season.

Brent crude futures for July rose 46 cents, or 0.4%, to \$114.02 a barrel by 0020 GMT. US West Texas Intermediate (WTI) crude futures for July delivery was up 58 cents, or 0.5%, to \$110.35 a barrel.

Brent had gained 0.1% on Tuesday while WTI settled down 52 cents.

France's new foreign minister said on Tuesday she was optimistic that those still opposed to a new European Union sanctions package that would phase out Russian oil imports to the bloc could be convinced, and that the bloc would strike a deal that would have the effect of tightening global supply.

Supply could tighten just as US Memorial Day weekend travel is expected to be the busiest in two years, as more American drivers hit the road and shake off coronavirus pandemic restrictions despite high fuel prices.

Source: <https://www.tbsnews.net/world/global-economy/oil-prices-climb-prospects-tighter-supply-demand-rises-426414>



Electric Car Sales Soar

Sales of electric cars accelerated last year but the availability of critical raw materials such as lithium risked slowing the sector's growth, a report warned Monday.

At 6.6 million last year, electric vehicles sales more than doubled and they now account for one in 10 new cars sold, according to the International Energy Agency's annual report on the sector. China alone accounted for half of those sales.

Electric vehicle sales continue to soar, rising by 75 per cent in the first quarter of this year compared to the same period last year.

Public subsidies to lower the cost to consumers have been a major factor in the adoption of electric vehicles, and they doubled last year to nearly 30 billion euros (\$32 billion) last year.

Source: <https://www.thedailystar.net/business/global-economy/news/electric-car-sales-soar-3031041>



Asian Stocks Shrug off Wall St Weakness but Growth Concerns Remain

Asia stocks opened mostly in positive territory on Wednesday even as global growth concerns and weak US economic data weighed on Wall Street overnight.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.35%, Australian shares were up 0.33%, and Seoul and Taiwan both ticked upwards 0.61% and 0.2%.

Hong Kong's, Shanghai's and China's CSI300 indexes opened marginally higher while Japan's Nikkei share average was down 0.18%.

On Wall Street, the Nasdaq Composite dropped 2.35% and the S&P 500 lost 0.81% as worries returned over surging global inflation cornering central banks into aggressive rate hikes, thereby slowing growth.

"The Fed's problem right now is that plenty of soft indicators and surveys are pointing to a slowdown," Steve Englander of Standard Chartered Bank said.

Source: <https://www.tbsnews.net/world/global-economy/asian-stocks-shrug-wall-st-weakness-growth-concerns-remain-426410>



Tata Steel Says India Export Tax Could Alter Output Targets

India's Tata Steel is concerned New Delhi's sudden decision to impose an export tax on some steel products could force it to review its production targets, if the levy remains in place for a long time, its CEO told Reuters on Tuesday.

India imposed an export tax of 15% on some steel products over the weekend, at a time steelmakers are looking to make up for tepid local demand by increasing market share in Europe, where the Ukraine conflict has hit supplies.

The taxes were part of a series of measures India has taken to rein in retail inflation, which has hit eight-year highs. But India's top steelmakers body has warned the new duty will "adversely impact" mills that have been aiming to boost exports and widen global market share.

Tata Steel has plans to double its capacity from around 20 million tonnes per annum (mtpa) to 40 mtpa in India, but Narendran said it had baked in an assumption that 10-15% of that would be exported.

Source: <https://www.tbsnews.net/world/global-economy/tata-steel-says-india-export-tax-could-alter-output-targets-426254>



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