

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

May 11, 2022

Non-banks Can Do Real-time Gross Settlement from June 1

The non-bank financial institutions would be able to use real-time gross settlement (RTGS) system—a platform that helps lenders transfer fund on a real-time basis—from June 1, according to a Bangladesh Bank notice.

The minimum limit of a transaction through RTGS is Tk 1 lakh and above, whereas there is no ceiling in the case of government payments.

In order to facilitate a safe, secured and efficient interbank payment system, the central bank introduced the RTGS platform in October 2015 as part of its digitalisation drive.

The central bank in the notice says that both banks and non-banks have been carrying out their dealings of inter-bank call money market through EDSMoney platform since December last year.

The amount of fund settled through the call money market will be transferred through the RTGS when NBFIs are attached to the platform.

EDSMoney provides a web-based electronic dealing platform with features where lenders will transact short-term amounts.

Source: <https://www.thedailystar.net/business/news/non-banks-can-do-real-time-gross-settlement-june-1-3020521>



Bangladesh Economy Grows 7.25% in FY22: BBS

Bangladesh's economy has grown 7.25 per cent in the outgoing fiscal year of 2021-22, powered by an expansion of manufacturing activities, according to the provisional data of Bangladesh Bureau of Statistics (BBS).

The economy began rebounding following the reopening from the on and off lockdowns aimed at containing the coronavirus pandemic.

This is the highest ever growth of the economy since 2018-19 fiscal year when the gross domestic product (GDP)—a measure of the size of an economy—increased 7.88 per cent, according to the BBS data.

Bangladesh economy grew only 3.45 per cent in the fiscal year 2019-20, lowest since 2000, according to World Bank data.

Source: <https://www.thedailystar.net/business/news/bangladesh-economy-grows-725-fy22-bbs-3020436>



Bangladesh Bank Tightens Import to Save Forex Reserve

Following the current volatile economic situation, the Bangladesh Bank has instructed the scheduled banks to keep the margin of Letter of Credit (LC) at a minimum of 50% which is double the previous margin set only one month ago.

In the case of motorcar (sedans, SUVs, etc), electrical and electronics items used as home appliances, the margin has been set at 75%, according to a circular issued by the Banking Regulation and Policy department of the central bank on Tuesday.

However, essential products, including baby food, food products, fuel, and health ministry approved lifesaving drugs and medical equipment, capital equipment and raw material for productive local industry and export-oriented industry, agricultural products, essential products to be used for government priority projects, have been excluded from the minimum margin.

According to the circular, the LC margins have been increased to keep the country's currency and debt management more integrated as Covid-19 and wars have destabilised the global economy.

Source: <https://www.tbsnews.net/economy/banking/lc-margin-doubled-month-car-home-appliance-tripled-417206>



26 Firms to Get National Productivity, Quality Excellence Awards

Twenty-six firms are going to get the "National Productivity and Quality Excellence Award 2020" as a recognition for their continuous improvement in productivity and quality.

Under the "Large Industry" category, 15 organisations including International Beverages Private Ltd, Fair Electronics Ltd, Runner Automobiles Ltd, Envoy Textiles, MM Ispahani Ltd, Premier Cement, and Square Toiletries, have won the award.

Six organisations, including Sylvan Technologies Ltd, Mascotex Ltd, Millennium Information Solution Ltd and BRB Polymer Ltd, have got the award under the "Medium Industry" category.

Besides, three firms, including Ahmed Food Products Privet Ltd, have won the award under the "Small Industry" category while Super Star Electronics Ltd has got the award under the "Micro Industry" category and Eastern Tubes Ltd has won the award under "State-owned Industry" category.

Source: <https://www.thedailystar.net/business/economy/industries/news/26-firms-get-national-productivity-quality-excellence-awards-3020576>



Midland Bank Files for Tk70 crore IPO

Midland Bank Ltd, a new generation private sector commercial bank, recently applied to the Bangladesh Securities and Exchange Commission for raising Tk70 crore from the stock market through an initial public offering (IPO).

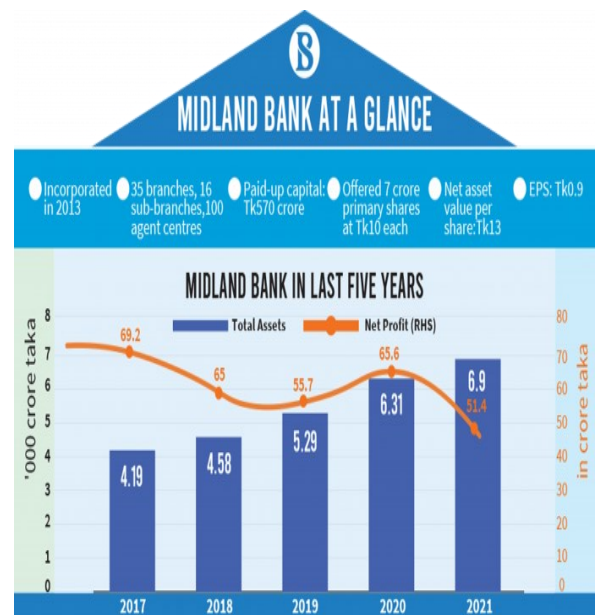
The bank will offer seven crore ordinary shares at a face value of Tk10 each.

The size of the planned IPO is significantly smaller compared to its peer new generation banks which are collecting up to more than five times money from the capital market.

Of the Tk70 crore IPO proceeds, the bank will invest over Tk61 crore in Treasury bonds and bills, Tk5 crore in the listed 'A' category securities, and the remaining Tk3.89 crore to meet the IPO expenses.

The bank, which was incorporated in 2013, steadily raised its balance sheet over the years and has been maintaining a profitable bottom line at least since 2017, according to its IPO prospectus.

Source: <https://www.tbsnews.net/economy/stocks/midland-bank-files-tk70-crore-ipo-417126>



BSEC Okays Investasia Growth Fund Draft Prospectus

The Bangladesh Securities and Exchange Commission (BSEC) approved the draft prospectus of Investasia Growth Fund, an open-ended mutual fund.

The commission approved the prospectus at its 823rd meeting on Tuesday, stating a press release.

According to BSEC, the primary target size of the fund is Tk25 crore. Of this, the sponsor will provide Tk2.5 crore and the remaining Tk22.5 crore will be collected by selling the mutual fund units to investors at a face value of Tk10 each.

Sentinel Trustee and Custodial Services Ltd is the trustee and custodian of the fund while Invest Asia Capital Asset Management Ltd is the asset manager who will focus on mid-and large-cap stocks, while capital protection will get high priority.

Open-ended mutual funds have no mandatory endpoint, and according to current regulations, their units are not listed with stock exchanges.

Source: <https://www.tbsnews.net/economy/stocks/bsec-okays-investasia-growth-fund-draft-prospectus-417070>



Global: Business

Bitcoin Drops below \$30,000, Lowest since July 2021

Bitcoin slumped below \$30,000 for the first time since July 2021 on Tuesday as cryptocurrencies track sinking markets with investors spooked by aggressive US monetary tightening and surging inflation.

The world's largest cryptocurrency by market value fell as low as \$29,764 in Tuesday trade, before recovering above \$30,000, extending a recent collapse in price as investors desert assets viewed as risky.

Bitcoin's value has more than halved since a November surge that saw the token hit a record of nearly \$69,000.

While crypto enthusiasts view bitcoin as a hedge against inflation, an influx of more traditional investors tend to view it as a riskier asset.

They have been offloading bitcoin and other digital tokens along with other volatile assets like tech stocks as the US Federal Reserve moves to hike interest rates to tackle decades-high inflation.

Source: <https://www.thedailystar.net/business/global-economy/news/bitcoin-drops-below-30000-lowest-july-2021-3020941>



Germany readies crisis plan

German officials are quietly preparing for any sudden halt in Russian gas supplies with an emergency package that could include taking control of critical firms, three people familiar with the matter told Reuters.

The preparations being led by the Ministry for Economic Affairs show the heightened state of alert about supplies of the gas that powers Europe's biggest economy and is critical for the production of steel, plastics and cars.

Russian gas accounted for 55 per cent of Germany's imports last year and Berlin has come under pressure to unwind a business relationship that critics says is helping to fund Russia's war in Ukraine.

Germany has said it wants to wean itself off Russian supplies but expects to be largely reliant on Moscow for gas until the middle of 2024.

Source: <https://www.thedailystar.net/business/global-economy/news/germany-readies-crisis-plan-3020951>



UAE's Non-oil Sector Maintains Solid Growth

The United Arab Emirates' non-oil private sector maintained solid growth in April but inflationary pressures loomed, a survey showed on Monday.

The seasonally adjusted S&P Global UAE Purchasing Managers' Index (PMI) slipped marginally to 54.6 in April from 54.8 in March, remaining above the series average of 54.1 and above the 50.0 mark that separates expansion from contraction.

"Cost pressures remained at their highest level for more than three years, driven by rising fuel and material prices, forcing businesses to raise their selling charges for the first time since July last year. The increase will spur greater concern of an inflationary-led dip in demand, particularly as the positive efforts from the pandemic recovery and Expo 2020 fade," wrote David Owen, economist at survey compiler S&P Global, referring to the Expo world fair hosted by Dubai from October 2021 to March 2022.

Source: <https://www.thedailystar.net/business/global-economy/news/uaes-non-oil-sector-maintains-solid-growth-3020056>



US Retail Gasoline Prices Soar

Retail gasoline prices in the United States rose on Tuesday and hit another all-time record, surpassing one set in March, as global refineries grappled with a bottleneck that has sent prices soaring ahead of driving season.

The average cost of a retail gallon of gasoline hit \$4.374 early Tuesday, according to the American Automobile Association, surpassing the former record of \$4.331.

Since March 30, Brent crude futures have lost 7 per cent, but gasoline futures are up 9.4 per cent, and hit a record on Friday of \$3.7590 per gallon before selling off on Monday.

Refinery closures due to both scheduled maintenance and unplanned upsets have boosted fuel prices even as the United States and other nations have taken steps to boost worldwide crude supply.

Global fuel stockpiles are dwindling as demand has rebounded to pre-pandemic levels. Supplies tightened further following the invasion of Ukraine and subsequent sanctions on Russia from the United States and allies.

Source: <https://www.thedailystar.net/business/global-economy/news/us-retail-gasoline-prices-soar-3020881>

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