

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

March 13, 2022

BB Opens Tk1290cr Loan Fund for CMSEs

The government has constituted a Tk1,290 crore (\$150 million) loan fund to support cottage, micro and small enterprises (CMSEs) taken up by returning migrant workers, unemployed youth and rural entrepreneurs hit hard by Covid-19 pandemic.

The Supporting Post Covid Small Scale Employment Creation Project (SPCSSECP), funded by Asian Development Bank (ADB), will have special focus on women entrepreneurs and will lend up to a maximum of Tk50 lakh to a single borrower for five years, according to Bangladesh Bank.

The central bank on Thursday informed all banks and financial institutions of the refinancing facility and advised the eligible institutions to enter participation agreements to implement the project which will run for three-and-half years to June 2025.

The project aims to restore employment, income and economic activities through providing financial support to CMSEs started or operated by targeted vulnerable groups such as returning migrant workers, unemployed youths and rural entrepreneurs with a special focus on women entrepreneurs, the central bank said in its letter to chief executives of banks and other financial institutions.

Source: <https://www.tbsnews.net/economy/banking/bb-opens-tk1290cr-loan-fund-cmses-383062>



BGMEA Moves to Revive US GSP

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has signed a memorandum of understanding (MoU) with the American Apparel and Footwear Association (AAFA) to reinstate GSP status in the American market for local merchandise.

AAFA President and CEO Steve Lamar and BGMEA President Faruque Hassan signed the MoU between the two organisations in Washington, DC during the annual AAFA Executive Summit on March 10.

The two groups will explore opportunities and work together to increase trade access for Bangladesh to the US market, improve purchasing practices, build on the work already done by Bangladeshi industries on sustainability, and expand the strong partnership between the US and Bangladeshi industries.

Source: <https://www.thedailystar.net/business/organisation-news/news/bgmea-moves-revive-us-gsp-2981636>

Banks Allowed LC Opening with Zero Margin

The Bangladesh Bank has asked scheduled banks to charge margins at a minimum rate against opening of import letters of credit for essential kitchen commodities amid sharp increase in prices in such commodities ahead of the month of Ramadan.

The BB even allowed banks to open LC in zero margin based on bank-customer relationship.

The central bank on Thursday issued a directive to the managing directors and chief executives of all the schedule banks to prevent price hikes and to keep the kitchen market stable ahead of Ramadan, the month of fasting for Muslims.

BB said that the prices of import-dependent kitchen commodities have been on the rise due to different unsystematic post-coronavirus issues.

The central bank asked the banks to keep minimum margins against LCs opened for importing commodities, including edible oil, chickpea, lentil, onion, gram, spices, dates, fruits and sugar.

Source: <https://www.newagebd.net/article/165217/banks-allowed-lc-opening-with-zero-margin>



Meghna Industrial EZ Receives \$100m in Foreign Investment – Highest in Private Zones

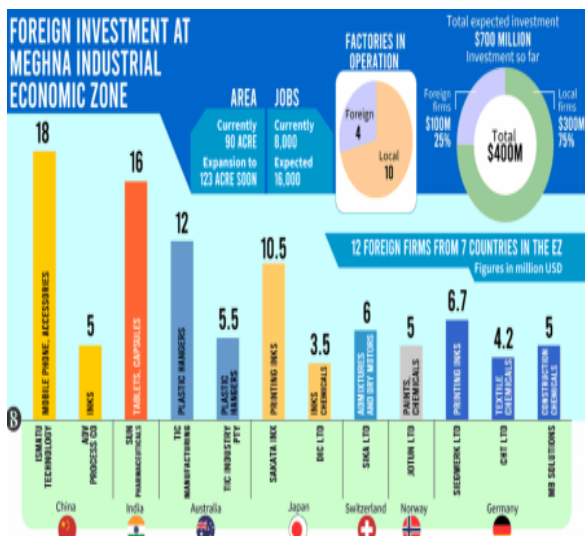
The Meghna Industrial Economic Zone has so far received \$100 million in foreign investment – the highest in the country's 11 private-sector economic zones.

A total of 12 foreign companies from seven different countries finalised agreements to put their money in the industrial hub near the Dhaka-Chattagram Highway in Narayanganj's Sonargaon, while four firms – Australian TIC Manufacturing and TIC Industries Pty, Japanese Sakata Inx and German Siegwirk Limited – have started their factory operations, according to officials of the economic zone.

Currently 14 factories, including 10 local ones, are manufacturing different types of products – from beverage to garment accessories – in the zone, while their investments have amounted to \$400 million.

Of the amount, local companies, mostly Meghna Group subsidiaries, invested \$300 million and the rest came from abroad.

Source: <https://www.tbsnews.net/economy/meghna-industrial-ez-receives-100m-foreign-investment-highest-private-zones-383473>



Mutual Fund Industry Agrees to Buy more Stocks

The recent downturn in the market has made many fundamentally sound stocks cheaper, and created a good buying opportunity for investors, believe professional asset managers of the country.

In a meeting with the Bangladesh Securities and Exchange Commission (BSEC) on Thursday, members of the Association of Asset Management Companies and Mutual Funds agreed to increase the use of their liquid assets to buy more undervalued stocks in the coming weeks.

After the meeting, BSEC Commissioner Professor Shaikh Shamsuddin Ahmed said, "The asset managers agreed on three points we discussed and I hope it would be beneficial for the market."

In Bangladesh, conventional mutual funds have to keep at least 60% of their assets under management in listed scrips regardless of market condition. And, they can hold the remainder in cash or park it into cash equivalent instruments, such as bank deposits.

Source: <https://www.tbsnews.net/economy/stocks/mutual-fund-industry-agrees-buy-more-stocks-383038>



Top Turnover Leaders on DSE See Price Erosion

Majority number of top turnover leaders lost prices in last week on Dhaka Stock Exchange (DSE) amid mixed performance by major sectors.

During the week, top 10 turnover leaders posted an aggregate amount of transaction worth Tk 9.97 billion and contributed 25.11 per cent in weekly market turnover.

Of top 10 companies, the share prices of seven declined ranging 0.26 per cent to 5.42 per cent in five sessions of last week.

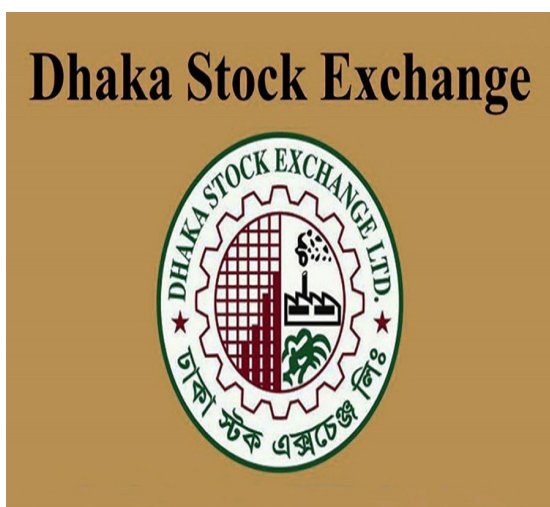
Of the companies, Beximco posted a turnover of Tk 2.62 billion and grabbed 6.61 per cent of weekly market transaction.

The company's share price declined 0.26 per cent and closed at Tk 152 each on Thursday.

The share price of Fortune Shoes declined 1.05 per cent in five sessions and the price closed at Tk 122 each on Thursday.

During the week, the company posted a turnover of Tk 1.64 billion and captured 4.14 per cent of the weekly market transaction.

Source: <https://thefinancialexpress.com.bd/stock/top-turnover-leaders-on-dse-see-price-erosion-1647142417>



Oil Bounces from a Sharp Drop

Oil prices bounced on Thursday from a sharp drop in the previous session after the United Arab Emirates backtracked on statements saying that OPEC and its allies might increase output to help to plug the gap in exports from Russia.

In a volatile market, Brent crude futures were up \$5.43, or 4.9 per cent, at \$116.57 a barrel by 1042 GMT after trading in an \$8 range. The benchmark contract slumped 13 per cent in the previous session in its biggest daily drop in percentage terms for about two years.

US West Texas Intermediate (WTI) crude futures were up \$4.49, or 4.1 per cent, at \$113.19 after trading in a \$7 range. The contract had tumbled 12 per cent in the previous session in the biggest daily decline since November.

PVM oil market analyst Tamas Varga called Wednesday's slump a "temporary correction".

Uncertainty over where and when supply will come from to replace crude from Russia has led to forecasts for oil prices up to \$200 a barrel.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/oil-bounces-sharp-drop-2980386>



India's Forex Reserves Rise by \$394 million to \$631.92 billion

India's foreign exchange (forex) reserves rose by \$394 million to \$631.92 billion in the week ended 4 March led by a sharp jump in foreign currency assets, the Reserve Bank of India (RBI) data showed.

The forex reserves had declined by \$1.425 billion in the previous week, reports ANI.

The foreign currency assets, which is the biggest component of the forex reserves, jumped by \$634 million to \$565.466 billion during the week under review, according to the RBI's weekly statistical supplement.

Expressed in US dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-dollar currencies like Euro, UK's Pound Sterling and Japanese Yen held in the foreign exchange reserves.

Source: <https://www.tbsnews.net/world/south-asia/indias-forex-reserves-rise-394-million-63192-billion-383794>



Thailand's Economy Rebounds in Q4

Thailand's economy rebounded in the fourth quarter of last year on the back of rising exports and the easing of coronavirus restrictions that allowed tourists to return, senior officials said Monday.

The 1.9 per cent on-year expansion was more than double what was forecast and marked a strong bounce after a 0.2 per cent contraction in the previous three months.

For the whole year the economy grew 1.6 per cent, according to the National Economic and Social Development Council, and also beat expectations.

South East Asia's second largest economy was hit with a 6.1 per cent contraction in 2020 -- its worst economic performance since the 1997 Asian Economic Crisis.

The NESDC said it saw growth of 3.5-4.5 per cent this year as tourism picks up and government spending kicks in.

Source: <https://www.thedailystar.net/business/global-economy/news/thailands-economy-rebounds-q4-2967516>



Gold Bid, Stocks Dumped further

Russia's invasion of Ukraine saw investors scrambling for the safety of gold and the protection of inflation hedges as weeks of brinkmanship came to a head on Thursday.

While market participants had been bracing for some form of aggression on Russia's part, Thursday's attack that brought explosions even in the Ukrainian capital of Kyiv, and across the country, made the war real for market participants.

Trader playbooks seemed to change from one that was built around the possibility of a diplomatic resolution to the crisis, to what had at one point been a tail-risk, or extreme, scenario.

"It looks pretty clear that they are moving toward Kyiv, which was always one of the worst case scenarios, because we now have a long night ahead of us trying to understand how bad this gets, and what sanctions get put up," said Chris Weston, head of research at brokerage Pepperstone in Melbourne.

Source: <https://www.thedailystar.net/business/global-economy/news/gold-bid-stocks-dumped-further-2970031>



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