

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

June 23, 2022

Number of Millionaires Increases in January-March Period: Bangladesh Bank

Bangladesh has seen an increase in the number of millionaires in January to March period of 2022 despite the inflation threat fuelled by the Russia-Ukraine war and Covid-19 pandemic, according to Bangladesh Bank's updated data.

The central bank data, made available on Wednesday, showed that the number of millionaire bank account holders stood at 1,03,597 in the first quarter (Jan-March) this year, which was 1,01,976 at the end of December 2021, reports UNB.

It means that number of millionaire bank account holders in the country increased by 1,621 in the first three months of 2022 despite the inflation threat fuelled by the Russia-Ukraine war and Covid-19 pandemic.

Economist AB Mirza Azizul Islam said that the global economy has started getting recovery with the ease of Covid-19 pandemic related restrictions.

"The wheel of industry is turning as before. Bangladesh's economy is also turning around. The rich people became richer more during the pandemic in Bangladesh and other countries in the world," He said.

Source: <https://thefinancialexpress.com.bd/economy/number-of-millionaires-increases-in-january-march-period-bangladesh-bank-1655908177>



Loan Moratorium Facility Extended till December

Borrowers have been given time till December this year to avoid their loans being classified as defaulted by paying 25-75% of their instalments for 2022.

Under the new facility, large industrial borrowers are allowed to repay their term loans, which became unclassified on 1 April, in phases – 50% by June, 60% in July-September, and 75% from October to December – without becoming a defaulter.

The remaining amount of the benefited instalments will have to be repaid in the same instalment of one year after the expiry of the loan period.

Islamic banks are also asked to follow the same policy in their investments.

Source: <https://www.tbsnews.net/economy/banking/loan-moratorium-facility-extended-till-december-445214>



Monetary Policy for FY23 to be Unveiled on June 30

Bangladesh Bank (BB) will announce the monetary policy for the new fiscal year (2022-23) on June 30.

Central bank's governor Fazle Kabir will announce the monetary policy through a press conference on the day, reports UNB.

In the last two years, the monetary policy was announced virtually due to the Covid-19 pandemic.

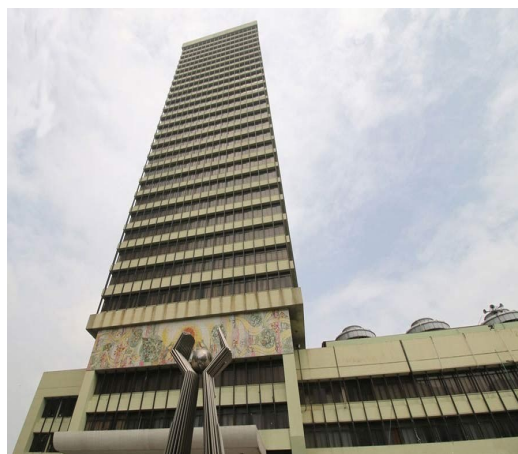
Usually, the BB formulates and publishes monetary policy for controlling inflation and achieving the desired GDP growth.

Monetary policy is very important in the financial management of the country. Through this, a plan is presented to increase or decrease the internal debt, money supply, internal resources, and foreign resources.

The BB has been facing several challenges this year to prepare a monetary policy as the time is very challenging for price hikes of energy and essential commodities as well, said a senior official who works at the monetary policy department of BB.

Chief Economist of BB Md. Habibur Rahman said that the government has set interest rates on bank loans and the exchange rate of dollars.

Source: <https://thefinancialexpress.com.bd/economy/monetary-policy-for-fy23-to-be-unveiled-on-june-30-1655910533>



Lending Thru Agent Banking Surges



Banks' lending through their agent banking channel rose by 177.53 per cent or Tk 1,274.7 in the January-April period of 2022 as a number of banks started exploring the cost-effective way of banking after the Covid outbreak.

The latest Bangladesh Bank data showed that the banks' lending through the agent banking channel reached Tk 1,992.7 crore in the first four months of 2022 against their lending of Tk 718 crore in the same period of 2021.

However, the growth in the period under consideration was paltry 0.67 per cent or Tk 13.2 crore compared with the transaction of Tk 1,979.5 crore in the previous four months — September-December of 2021.

Of the amount disbursed in January-April of 2022, the customers in rural areas got Tk 1,313.8 crore and the customers in urban areas got Tk 678.9 crore.

In the first four months of 2020, the banks disbursed only Tk 220.3 crore through agents.

Source: <https://www.newagebd.net/article/174018/lending-thru-agent-banking-surges>

DSE News

Navana Pharma's IPO share bidding to open July 4

The bidding for eligible investors (EIs) to explore the cut-off price of IPO shares of Navana Pharmaceuticals will begin on July 4 (Monday), aiming to raise Tk 750 million under the book-building method.

The bidding – a requirement for going public under the book-building method – will continue until 5:00 pm on July 7, according to a filing with the Dhaka Stock Exchange (DSE) on Wednesday.

Earlier, Navana Pharmaceuticals received the regulatory approval from the Bangladesh Securities and Exchange Commission (BSEC) on June 8 this year for raising Tk 750 million by issuing IPO shares under the book-building method.

Each eligible (EI) investor who intends to submit application should maintain a minimum investment of Tk 30 million at market price in matured listed securities as of June 26 while the amount would have to be Tk 15 million for pension funds, recognised provident funds and gratuity funds.

The minimum bidding value shall be Tk 2.0 million which is in accordance with the aforesaid consent letter to Navana Pharmaceuticals dated June 19.

Source: <https://thefinancialexpress.com.bd/stock/navana-pharmas-ipo-share-bidding-to-open-july-4-1655885066>



Stocks Inch up After Bumpy Ride

Stocks edged up on Wednesday after high volatility as investors were mostly cautious amid growing economic worries.

The market moved between positive and negative several times before closing slightly higher after a three-day losing streak.

DSEX, the prime index of the Dhaka Stock Exchange, went up by 6.14 points to settle at 6,317, after losing over 114 points in the past three consecutive days.

Turnover, the crucial indicator of the market, however, dropped further to Tk 6.94 billion, which was 4.28 per cent lower than the previous day's tally of Tk 7.25 billion.

The DSE Shariah Index (DSES) also advanced 2.56 points to close at 1,381. However, the DSE 30 Index, comprising blue chips, lost 1.46 points to finish at 2,293. Out of 382 issues traded, 193 advanced, 123 declined and 66 issues remained unchanged on the DSE trading floor.

Source: <https://thefinancialexpress.com.bd/stock/stocks-inch-up-after-bumpy-ride-1655894631>



Global: Business

Asia Shares Struggle, Oil Tumbles as Recession Fears Heighten

Asian shares wobbled while commodity prices fell on Thursday, as mounting worries about the risks of a global recession amid aggressive rate hikes by the Federal Reserve kept broad investor sentiment fragile.

MSCI's broadest index of Asia-Pacific shares outside Japan eked out a 0.5% gain in volatile trade, reversing earlier losses. Stocks in South Korea were down 0.7%, China's blue chips rose 1.2%, and Japan's Nikkei edged up 0.2%.

Chinese tech shares in Hong Kong staged a strong rebound, rising 2.8%, after Chinese President Xi Jinping chaired a top-level meeting on Wednesday that approved a plan for the further development of China's large payment firms and the fintech sector.

Volatility is set to continue when European markets open. The pan-region Euro Stoxx 50 futures were down 0.4% while German DAX futures and FTSE futures saw similar declines.

Both Nasdaq futures and S&P500 futures eased 0.1%.

Source: <https://www.tbsnews.net/economy/stocks/asia-shares-struggle-oil-tumbles-recession-fears-heighten-445390>

In Canada, Hot Inflation Opens Rare Attack on Central Bank

The Bank of Canada has come under a rare attack from critics after misjudging inflation and locking itself into rigid forward guidance that prevented it from reacting swiftly as prices surged and Canada's economy began to overheat.

One of the world's leading central banks, it is now being forced to play catch-up, hiking interest rates more aggressively than originally expected just as Canadian household debt levels hit new highs, surging far above other G7 nations.

With a possible recession looming, the bank is facing questions from politicians, economists and even the general public about the opacity of its decision-making process and renewed calls for it to release minutes, a common practice among many of its peers.

For its part, the Bank of Canada has admitted missteps and is promising more transparency, including an analysis of inflation forecast errors, due in July.

Source: <https://www.tbsnews.net/world/global-economy/canada-hot-inflation-opens-rare-attack-central-bank-445402>



Global: Business

Germany Moves to Ramp up Wind Power

The German government approved a draft law on Wednesday aimed at covering two per cent of the country's land area with wind turbines by 2032, by setting fixed regional targets and easing some administrative burdens.

The push to accelerate the expansion of wind power comes as Germany is scrambling to wean itself off Russian fossil fuels following the war in Ukraine.

"Independence from fossil energies and from Russian fossil energies must be advanced at full speed," Energy Minister Robert Habeck told reporters.

The goal is for Germany's 16 states to collectively dedicate two percent of the nation's surface area to wind power generation by the end 2032 -- up from 0.5 per cent currently.

The installation of wind turbines regularly runs into "not in my back-yard" resistance in Germany and objections from residents have often blocked such projects in the past, as have concerns about endangering local wildlife.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/germany-moves-ramp-wind-power-3049396>



Fed Rolls out Biggest Rate Hike in 28yrs

The Federal Reserve on Wednesday approved its largest interest rate increase in more than a quarter of a century to stem a surge in inflation that US central bank officials acknowledged may be eroding public trust in their power, and being driven by events seen increasingly out of their hands.

The widely expected move raised the target federal funds rate by three-quarters of a percentage point to a range of between 1.5 per cent and 1.75 per cent, still comparatively low by historic standards.

But the Fed's hawkish commitment to controlling inflation has already touched off a broad tightening of credit conditions being felt in US housing and stock markets, and likely to slow demand throughout the economy - the Fed's intent.

Officials also envision steady rate increases through the rest of this year, perhaps including additional 75-basis-point hikes, with a federal funds rate at 3.4 per cent at year's end. That would be the highest level since January 2008 and enough, Fed projections show, to slow the economy markedly in coming months and lead to a rise in unemployment.

Source: <https://www.thedailystar.net/business/global-economy/america/news/fed-rolls-out-biggest-rate-hike-28yrs-3049421>



Disclaimer

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