

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

June 29, 2022

Export Earnings Cross \$50 billion in FY22

The country's exports crossed \$50 billion for the first time ever in the outgoing fiscal, thanks to a record year for the readymade garments sector, according to an anonymous source at Export Promotion Bureau (EPB).

According to the EPB, the country earned \$47.17 billion from exporting goods and services during the July-May period of the current fiscal (2021-22). The source at EPB confirmed that readymade garments worth around \$3.20 billion were exported in 25 days of the current month, reports UNB.

Bangladesh meanwhile became a member of the \$50-billion export income club by exporting goods and services around \$50.37 billion. The final export earnings will be released by EPB at the beginning of next month (July).

AHM Ahsan, vice-chairman of EPB, said exports usually fall slightly in May and June. Despite this, exports of goods will exceed \$50 billion in the current financial year.

He said if service exports were added, it may cross \$58 billion this year breaking all the previous records.

Source: <https://thefinancialexpress.com.bd/economy/export-earnings-cross-50-billion-in-fy22-165642783>



Japan to Provide Tk 114.09b to Bangladesh for Three Projects

Out of the total amount, Japan will provide 1,65,861 million Yen (equivalent to Tk 114.0 billion or \$1.4 billion) for the 2nd tranche of Dhaka Mass Rapid Transit Development Project (MRT Line 5, Northern Route) and Southern Chattogram Regional Development Project.

The rate of interest of this loan will be 0.70 per cent for construction, 0.01 per cent for consultancy services, Front End Fee (at a time) 0.2 per cent, and repayment period will be 30 years with a grace period of 10 years.

Besides, Japan will provide 128 million Yen or around Tk 95.70 million as grant against the project for Improvement of Meteorological Radar System in Dhaka and Rangpur.

Japan is the single largest bilateral development partner providing financial support for the socio-economic development of Bangladesh. Till May 2022, the ODA commitment has exceeded to \$27.432 billion and disbursements to \$17.96 billion.

Source: <https://thefinancialexpress.com.bd/economy/japan-to-provide-tk-11409b-to-bangladesh-for-three-projects-1656424378>



BB Allows Relaxed Loan Facility for NBFIs Clients

Borrowers of non-bank financial institutions (NBFIs) can now avail a flexible loan repayment facility similar to that being enjoyed by bank customers up till December this year, according to a Bangladesh Bank notice issued yesterday.

As per the notice, borrowers of NBFIs who are struggling to repay their loans can avail the relaxed repayment facility considering the recent resurgence of the coronavirus pandemic and flooding in northern and north-eastern parts of the country.

As such, borrowers will be able to avoid falling into the default loan category by repaying half of the loan payable for the April-December period.

Clients will have to pay half of the payable amount every quarter during the period mentioned by the central bank.'

The relaxed facility will be provided to borrowers who are facing a crisis to pay back their instalments due to the pandemic. However, businesses that currently have a weak cash-flow will not be allowed to get the support.

Source: <https://www.thedailystar.net/business/economy/news/bb-allows-relaxed-loan-facility-nbfi-clients-3059186>



New Notes Worth Tk25,000cr to be Issued Ahead of Eid-ul-Azha



Bangladesh Bank will issue new notes worth Tk25,000 crore on the occasion of the upcoming Eid-ul-Azha.

The new notes will be available from Wednesday (29 June) for anyone to exchange with equivalent old notes, said Bangladesh Bank Executive Director Serajul Islam.

According to the Central Bank, new notes will be exchanged among the public from 29 June to 7 July (except on weekly and public holidays) through the counters of various branches of the Bangladesh Bank.

In addition, new notes of Tk10, Tk20 and Tk100 will be exchanged from 40 branches of various commercial banks in Dhaka city in a special package during the said period.

Bangladesh Bank has allocated Tk1.6 crore for each branch.

Source: <https://www.thedailystar.net/business/economy/news/bb-allows-relaxed-loan-facility-nbfi-clients-3059186>

DSE News

BSEC Okays Draft Prospectuses of Two Mutual Funds

The Bangladesh Securities and Exchange Commission (BSEC) has approved the draft prospectuses of EDGE Al-Amin Shariah Consumer Fund and ICB AMCL CMSF Golden Jubilee Mutual Fund - two open-ended mutual funds.

The commission approved the prospectuses at its 829th meeting on Tuesday, said a press release.

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

Therefore, investors buy and sell open-ended fund units based on current asset value from the asset manager's office or through authorised agents.

Brac Bank Ltd is the custodian for both the funds.

Source: <https://www.tbsnews.net/economy/stocks/bsec-okays-draft-prospectuses-two-mutual-funds-449070>



Stocks Edge up for Second Consecutive Day

Stocks edged higher for the second straight session on Tuesday as the bargain hunters showed their buying interest on selective lucrative issues.

DSEX, the key index of the Dhaka Stock Exchange (DSE), went up by 22.25 points or 0.35 per cent to settle at 6,342. DSEX added over 41 points in the past two days.



Two other indices also ended marginally higher. The DSE 30 Index, comprising blue chips, advanced 9.37 points to finish at 2,294 and the DSE Shariah Index (DSES) rose 4.84 points to close at 1,385.

Turnover, the crucial indicator of the market, also rose and total turnover amounted to Tk 8.18 billion, which was 17 per cent higher than the previous day's tally of Tk 7.0 billion.

Gainers took a strong lead over the losers as out of 382 issues traded, 199 advanced, 133 declined and 50 remained unchanged on the DSE trading floor. Shinepukur Ceramics was the most-traded stock with shares worth Tk 368 million changing hands, closely followed by Beximco (Tk 291 million), Fu-Wang Food (Tk 226 million), BD Finance (Tk 225 million) and Delta Life Insurance (Tk 176 million).

Source: <https://thefinancialexpress.com.bd/stock/stocks-edge-up-for-second-consecutive-day-1656411120>

Global: Business

Oil Prices Rebound

Oil prices bounced and Wall Street stocks declined Monday, reversing the most recent trends as markets eye the end of a bruising second quarter.

After positive sessions for several leading European and Asian bourses, Wall Street stocks were in the red most of the day, and finished modestly lower.

The broad-based S&P 500, which has fallen about 14 per cent since the end of the first quarter, shed 0.3 per cent on Monday.

Wall Street last week enjoyed a rare positive performance amid talk that weakening economic data may have set the stage for central banks to tighten less aggressively than they have been suggesting.

But the first session of the week also revealed angst over the current macroeconomic backdrop.

Economists are increasingly pessimistic about the potential for US policymakers to engineer a "soft landing" as central banks tighten monetary policy, reversing a after a long period of rock-bottom borrowing rates due to surging inflation.

Source: <https://www.thedailystar.net/business/global-economy/news/oil-prices-rebound-3059101>

Austria Prepares to Reopen Coal Power Plants

At the Mellach coal power plant in southern Austria, spider webs have taken over the conveyor belts, and plants and flowers have sprung up around the vast lot that once stored coal.

The plant, Austria's last coal-fuelled power station, was closed in the spring of 2020, but now the government -- nervous that Russia may cut its crucial gas deliveries further -- has decided to get the site ready again in case it's needed.

"I never would have imagined that we would restart the factory," Peter Probst, a 55-year-old welder, told AFP during a visit of the plant.

"It's really sad to be so dependent on gas," he added. Europe had been trying to move away from coal in the fight against climate change.

Today, the Mellach plant's white and red chimney stands out amid fields of corn and pumpkins, the city of Graz in the distance. Inside, the walls are black, and coal dust clings to the doors and railings.

Some 450,000 tonnes of coal were stored at the plant before its closure as Austria's conservative-Greens coalition aimed to have all electricity come from renewable resources by 2030.

Source: <https://www.thedailystar.net/business/global-economy/news/austria-prepares-reopen-coal-power-plants-3059106>



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

The above is a summary of important business news published in the leading daily newspapers of Bangladesh. Please note that the news summary doesn't reflect the opinion of Alliance Capital Asset Management Limited (ACAML). Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. This report is intended for distribution in only those jurisdictions in which Alliance Capital Asset Management Ltd. is liable and any distribution outside those jurisdictions is strictly prohibited.

Alliance Capital Asset Management Ltd.

Contact Us

Address:

Sima Blossom (10th floor)
Comprehensive Holdings
Plot # 390 (Old) 03 (New)
Road # 27 (Old) 16 (New)
Dhanmondi C/A,
Dhaka-1209.

Office: +880 2 9121360 Fax
: +880 2 9120971

Developed By:

Mehnaz Tabassum Khaleel
sarah@acaml.com

Visit us on the web at:
www.acaml.com