

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

December 20, 2021

IMF Enhances Growth Projection for Bangladesh for FY'22

The International Monetary Fund (IMF) has enhanced the economic growth projection for Bangladesh to 6.6 per cent for the current fiscal year (FY) from its October projection of 6.5 per cent.

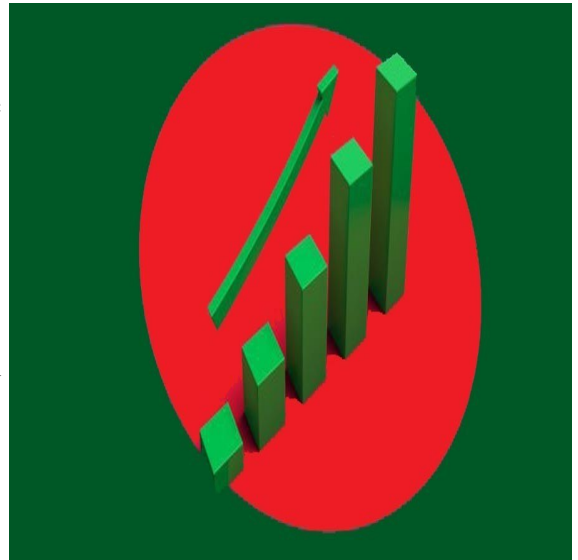
“Growth is expected to pick up to 6.6 per cent in FY, 2021-22 as the impact of Covid-19 abates and policies remain accommodative,” Rahul Anand, Division Chief in the IMF’s Asia & Pacific Department, disclosed while addressing at a press briefing held at a city hotel on Sunday.

The projection is lower than the government's target of GDP (gross domestic product) growth 7.2 per cent for FY'22.

Earlier on October 12 this year, Washington-based global monetary watchdog cut the economic growth forecast for Bangladesh to 6.5 per cent for the current fiscal year from its April projection of 7.5 per cent mainly due to the worsening coronavirus pandemic dynamics.

As the external environment improves and the domestic vaccination programme progresses, the growth is projected to increase to 7.1 per cent in FY'23, Mr Anand explained.

Source: <https://thefinancialexpress.com.bd/economy/imf-enhances-growth-projection-for-bangladesh-for-fy22-1639899379>



NBR Eases Bonded Warehouse Rules to Boost Exports

With many export-oriented firms facing losses for cancellation of export orders by buyers or other factors and sit with stock of raw materials, the National Board of Revenue (NBR) has relaxed rules regarding holding period of raw materials imported duty-free by firms under bonded warehouse licence.

Additional time will be granted for export-oriented factories with bonded warehouse licence if the quality of raw materials remain good and the firms' get buyers abroad.

Export-oriented firms in the export processing zones, economic zones and hi-tech parks will also get scope to apply for time extension if bonding period expires.

The NBR will consider the applications case to case basis, according to the notification.

Source: <https://www.thedailystar.net/business/economy/industries/tax-customes/news/nbr-eases-bonded-warehouse-rules-boost-exports-2921486>



Capital Market Will be Key to Bridging Infra Financing Gap: DCCI President

To encourage good companies and pursue well-performing large corporates for listing on the country's capital market, the tax difference between listed and non-listed companies should be rationalised, said Dhaka Chamber of Commerce and Industry president Rizwan Rahman during a courtesy call with Bangladesh Securities and Exchange Commission chairman Shibli Rubayat-Ul-Islam at the BSEC headquarters in the capital, Dhaka, on Sunday.

As per the Global Infrastructure Hub Report, the country will need to invest \$608 billion in the infrastructure sector from 2016 to 2040, said Rizwan.

The capital market can play a pivotal role in reducing the investment gap of the country, he said.

Shibli said that the BSEC had already organised several roadshows in the United Kingdom, the United States and Switzerland to attract foreign investments to the capital market as well as to brand Bangladesh.

Source: <https://www.newagebd.net/article/157729/capital-market-will-be-key-to-bridging-infra-financing-gap-dcci-president>



NBFIs Allowed to Take Unrealised Interest into Profit

The Bangladesh Bank has come up with a discount for non-bank financial institutions (NBFIs) also, allowing them to show unrealised interest incomes as profits if borrowers pay only 25% of their payable amounts of the current year.

The central bank on Sunday issued a circular giving an instruction detailing how NBFI's will transfer incurred interest against moratorium loans in their profits for 2021.

Earlier, the central bank issued a similar directive for banks allowing them to show unrealised interest incomes as profits.

As NBFIs are taking a high risk for showing unrealised interest income as profits, they must maintain an additional 2% provision named "Special Provision" against those moratorium loans, read the circular.

According to industry insiders, the risk of taking unrealised income into profits is that if borrowers fail to pay the rest of the amount, it will increase default loans. A rise in default loans will increase provisioning requirements and high provisioning requirements will eat up profits.

Source: <https://www.tbsnews.net/economy/banking/nbfis-allowed-take-unrealised-interest-profit-346060>

Stocks Tumble after Single-Day Break

Stocks witnessed a sharp fall on Sunday, after a single-day break, as investors dumped their holdings due to a confidence crisis.

DSEX, the prime index of the Dhaka Stock Exchange (DSE), slumped 84.98 points or 1.23 per cent to settle at 6,783, after gaining over 30 points in the previous day.

The core index wiped out more than 584 points or 8.0 per cent since it reached 7,367 recorded on October 10 this year.

Turnover, a crucial indicator of the market, also dipped to Tk 7.86 billion, which was 2.60 per cent lower than the previous day's tally of Tk 8.07 billion.

Market analysts said stocks failed to maintain the previous day's rising trend as investors went on a selling spree from major sector stocks amid lack of confidence.

Most of the investors opted for selling shares amid growing tension as the ongoing spat between Bangladesh Bank and Bangladesh Securities and Exchange Commission took a new turn on perpetual bond issue, according to a stockbroker.

Source: <https://thefinancialexpress.com.bd/stock/stocks-tumble-after-single-day-break-1639908856>



Fund Raising through Rights Shares Low

Funds raised by listed companies through issuance of rights shares remained low as only one company raised fund through rights issuance in the outgoing calendar year.

Insufficient documents, strict conditions on rights issue rules and the securities regulator's conservative approach in giving approval were main factors behind the low fund collection through rights issuance, market insiders said.

Only one company -- National Polymer Industries - raised Tk 547.38 million by issuing more than 36.49 million rights shares of Tk 15 each, including Tk 5.0 as a premium per share, according to statistics available with the Dhaka Stock Exchange (DSE).

The company issued one rights share for existing one share (1R:1) to support the business growth (land purchase and land development, import of capital machinery), finance the increased working capital needed along with repayment of bank loans.

Source: <https://thefinancialexpress.com.bd/stock/fund-raising-through-rights-shares-low-1639885181>



China to Tighten Antitrust Legal Enforcement

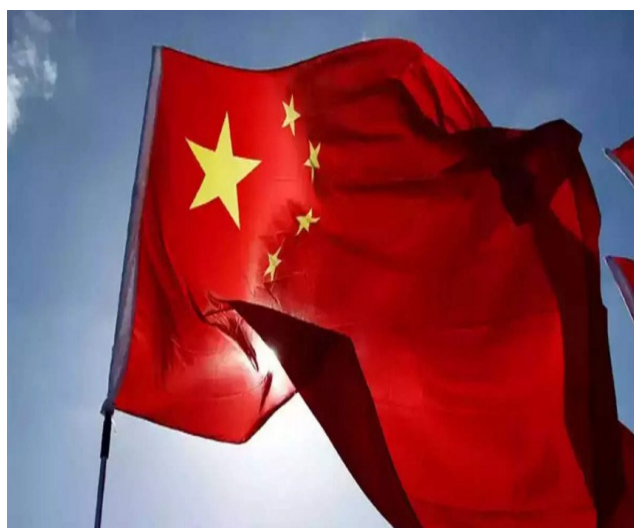
China's antimonopoly bureau will step up legal enforcement against monopolistic behaviour and push forward the amended antimonopoly law to improve the regulatory framework, said Gan Lin, chief of the national antimonopoly bureau.

China last month elevated the seniority of the market regulator's antitrust unit, the National Anti-Monopoly Bureau, and appointed Gan as chief, a move which would help antitrust investigators gain resources when examining mergers and acquisitions.

Gan said China still faces "insufficient punishment" for some monopolistic activities, while some antitrust regulations remain at the elementary level.

"With the rapid development of the digital economy, and new industries and business models emerging one after another, there are great differences in competition modes between the new and the traditional economy," Gan said in an interview published on the official website of State Administration for Market Regulation (SAMR) on Sunday.

Source: <https://www.thedailystar.net/business/global-economy/news/china-tighten-antitrust-legal-enforcement-2921451>



Apple Seeks Dismissal of India Apps Market Antitrust Case

Apple Inc has asked India's antitrust watchdog to throw out a case alleging abuse of market power in the apps market, saying it is too small a player in the South Asian country where Google is dominant, a filing seen by Reuters shows.

The filing was made after the Competition Commission of India (CCI) started reviewing allegations that Apple hurts competition by forcing app developers to use its proprietary system which can charge commissions of up to 30 per cent on in-app purchases.

Apple denied the allegations in its filing to the CCI and stressed that its market share in India is an "insignificant" 0-5 per cent, while Google commands 90-100 per cent as its Android operating system powers most other smartphones.

"Apple is not dominant in the Indian market ... Without dominance, there can be no abuse," Apple said in the submission dated Nov. 16 which was signed by its Chief Compliance Officer, Kyle Andeer.

"It has already been established that Google is the dominant player in India," it added.

Apple and the CCI did not respond to a request for comment. A spokesperson for Alphabet Inc's Google declined to comment when asked about Apple's assertions in the filing.

Source: <https://www.thedailystar.net/business/global-economy/news/apple-seeks-dismissal-india-apps-market-antitrust-case-2921401>

US Industrial Production Hits Pandemic High

US industrial production climbed in November to its highest level since the Covid-19 pandemic began, the Federal Reserve said Thursday.

The 0.5 per cent overall gain in the month was less than expected but brought the index to its highest level since September 2019, and 5.3 per cent above its level in November 2020, according to the report.

Mining and manufacturing each posted 0.7 per cent gains, while utilities fell 0.8 per cent, the central bank data said.

There was solid growth in big-ticket manufactured goods production last month, and motor vehicles and parts made up a large part of that, according to the report, indicating the sector is working its way through the semiconductor shortage that hobbled production in recent months.

However, auto and parts production was 5.4 per cent below where it was a year ago.

Ian Shepherdson of Pantheon Macroeconomics said the data boded well for American manufacturers.

Source: <https://www.thedailystar.net/business/global-economy/america/news/us-industrial-production-hits-pandemic-high-2919361>



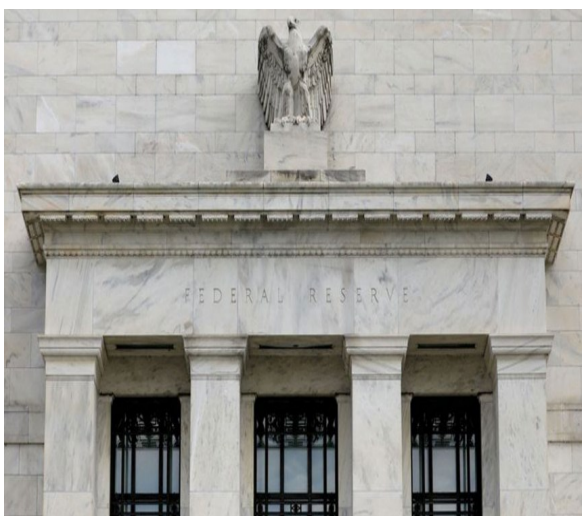
Fed Signals Three Rate Hikes in 2022

The Federal Reserve said on Wednesday it would end its pandemic-era bond purchases in March and pave the way for three quarter-percentage-point interest rate hikes by the end of 2022 as the economy nears full employment and the US central bank copes with a surge of inflation.

"The economy no longer needs increasing amounts of policy support," Fed Chair Jerome Powell said in a news conference in which he contrasted the near-depression conditions at the onset of the coronavirus pandemic in 2020 with today's environment of rising prices and wages and rapid improvement in the job market.

The pace of inflation is uncomfortably high, he said after the end of the Fed's latest two-day policy meeting, and "in my view, we are making rapid progress toward maximum employment," a combination of circumstances that has now convinced all Fed officials, even the most dovish, that it is time to exit more fully the pandemic policies put in place two years ago.

Source: <https://www.thedailystar.net/business/global-economy/america/news/fed-signals-three-rate-hikes-2022-2919376>



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