

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

August 16, 2022

BB Moves to Ensure Finance for Small Business Clusters

With an aim to facilitate increased access to finance for micro, small and medium enterprises operating in clusters, Bangladesh Bank yesterday asked banks to lend to 19 types of clusters giving the highest priority to agricultural processing, manufacture of agricultural machinery, garments and ICT.

It also directed banks to give the highest priority to clusters of leather and leather goods makers, light engineering and jute and jute goods, according to a circular.

The Bangladesh Bank move comes as small and medium firms operating in clusters are not getting adequate attention of bankers although the firms need the finance to grow and compete in the domestic and export markets.

And the gap in lending to small businesses prevails as there is no definite definition of clusters of the SMEs.

In its circular yesterday, Bangladesh Bank said an area would be considered a cluster if there are 50 or more firms producing homogenous or related products and services in a 5-kilometre radius.

Source: <https://www.thedailystar.net/business/economy/news/bb-moves-ensure-finance-small-business-clusters-3095236>



Janata Insurance Premium Income Goes up 56% in Q2

Janata Insurance Company Ltd - a first-generation non-life insurance company - registered a 56% increase in its net premium income in the April to June quarter of 2022, compared to the same quarter in 2021.

During the period, its net premium income stood at Tk9.94 crore, which was Tk6.37 crore in the previous year's second quarter.

Also, the company's gross premium income surged 20% to Tk13.76 crore in Q2 of this year, from Tk11.47 crore in Q2 of 2021.

From April to June, its net profit stood at Tk2.30 crore, 5% higher than in 2021.

The insurer paid net claims of Tk2.46 crore. Its earnings per share stood at Tk0.52 and net asset value per share at Tk15.32 on 30 June 2022.

Source: <https://www.tbsnews.net/economy/janata-insurance-premium-income-goes-56-q2-477786>



Bida, ILO Sign Deal to Streamline One-stop Service for Investors

International Labour Organization (ILO) and Bangladesh Investment Development Authority (Bida) have signed an agreement to promote, simplify and harmonise the one-stop service (OSS) of Bida.

Under the agreement signed on Tuesday, ILO will support the integration of safety licenses of four national regulators to Bida-OSS.

Over the course of a year, ILO will provide necessary support to Bangladesh Fire Service and Civil Defence Department (BFSCD), Chattogram Development Authority (CDA), Department of Inspection for Factories and Establishments (DIFE) and Rajdhani Unnayan Karttripakkha (Rajuk) to integrate and operate their licensing systems to Bida OSS.

Additionally, ILO will facilitate the simplification of application and payment process in Bida-OSS, and support an awareness campaign to promote the system among investors.

These activities will be conducted under the remit of ILO's RMG programme funded by Canada and the Netherlands.

Source: <https://www.tbsnews.net/economy/bida-ilo-sign-deal-streamline-one-stop-service-investors-478150>



International
Labour
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Banks Limited to Profit Highest Tk1 per Dollar



The Bangladesh Bank has set a gap of Tk1 between the selling and buying rates of one US dollar for banks to restore stability in the foreign exchange market.

The decision was made at a meeting of the Bangladesh Bank with the Association of Bankers Bangladesh (ABB) and the member banks of the Bangladesh Foreign Exchange Dealers' Association (Bafeda) on Sunday.

From now on, banks cannot earn more than Tk1 in profit per dollar on their weighted average buying cost, according to meeting sources.

Banks usually buy dollars from two sources – remitters and exporters. They buy the greenback at different rates from different sources, so they will calculate the weighted average of the buying costs and charge importers a maximum of Tk1 per dollar while selling it, according to the meeting decision.

The Bangladesh Bank also asked the ABB and Bafeda to work together to resume inter-bank exchange operation by this October, which has remained inactive for the last three months.

Source: <https://www.tbsnews.net/economy/banks-limited-profit-highest-tk1-dollar-477110>

Race Management Declares Dividends on its Mutual Funds

Bangladesh RACE Asset Management has announced dividends for the funds under its management for financial year 2021-22.

Of the dividends, unit holders will get cash dividends worth more than Tk207 crore.

The trustee board of the funds declared dividends on Sunday after reviewing the audited financial statements for the year ended 30 June, 2022.

At the tail end of the 2021-22 financial year, the country's capital market saw a major fall in share prices due to the dollar crisis.

The asset management company has been managing 11 funds, of which 10 are listed and one is non-listed.

Of them, it declared dividends worth around Tk202.38 crore for the 10 listed funds. The company has also declared a Tk4.95 crore cash dividend, at a rate of 14.50% for the non-listed Race Special Opportunities Unit Fund.

Source: <https://www.tbsnews.net/economy/stocks/race-management-declares-dividends-its-mutual-funds-477822>



Navana Pharma IPO Subscription Opens on 13 September

The primary subscription of the initial public offering (IPO) of Navana Pharmaceuticals Ltd will open on 13 September and continue till 19 September.

The cut-off price of the company's shares was fixed at Tk34 each through an electronic subscription system last month.

The drugmaker had earlier secured regulatory approval to raise Tk75 crore from the capital market under the book-building method to expand its business.

Incorporated in Bangladesh in 1986, the company operates in two categories of pharmaceuticals: veterinary and human health.

The veterinary division manufactures and markets more than 123 high-quality medicines and feed supplements that include poultry, dairy, and aqua products.

Source: <https://www.tbsnews.net/economy/stocks/navana-pharma-ipo-subscription-opens-13-september-476554>



Global: Business

China's 2022 Fuel Exports to Drop to 7-year Low

China's fuel product exports will rebound in August to near the highest for the year so far after Beijing issued more quotas in June and July, although broader curbs are set to cap shipments at seven-year lows for 2022, analysts and traders said.

The rebound in fuel exports from China, the world's second-biggest producer of refined fuels, has helped cool global prices that hit record highs in May and June as western sanctions on Russia following the Ukraine war tightened global markets.

Shipments are expected to level off over the rest of the year, however, as Beijing prioritises the local market to curb domestic fuel inflation. Diesel, gasoline and jet fuel exports for the year are expected to be as much as 40 per cent lower from 2021.

With the drop-off in China - once Asia's top gasoline exporter and a key diesel supplier - fuel importers will have to rely on South Korea, India and the Middle East, analysts said.

Source: <https://www.thedailystar.net/business/global-economy/news/chinas-2022-fuel-exports-drop-7-year-low-3096016>



Germans Face Big Energy Levy

German households face an energy surcharge reaching hundreds of euros in the wake of the Ukraine war, according to the rate published Monday, prompting the government to promise relief measures.

The charge has been set at 2.419 cents per kilowatt hour, Trading Hub Europe, a non-profit company of energy network operators in Germany, said.

For a family of four with an annual average energy usage of 20,000 kwh, this would come to about 483.80 euros (\$493.70) before goods and services taxes.

The surcharge is aimed at sharing out the soaring costs borne by energy importers after Russia drastically curtailed gas supplies to Germany after the invasion of Ukraine.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/germans-face-big-energy-levy-3095946>



Global: Business

Australian Inflation Speeds to 21-year High, Peak still to Come

Australian inflation sped to a 21-year high last quarter and is likely to accelerate even further as food and energy costs explode, stoking speculation interest rates will need to more than double to bring the outbreak under control.

Wednesday's gloomy report comes just a day before Treasurer Jim Chalmers is due to update the previous government's budget forecasts, and he is already warning that inflation would get worse before it got better.

Data from the Australian Bureau of Statistics showed the consumer price index (CPI) jumped 1.8% in the June quarter, just short of market forecasts of 1.9%.

The annual rate picked up to 6.1% from 5.1%, the highest since 2001 and more than twice the pace of wage growth.

A closely watched measure of core inflation, the trimmed mean, rose 1.5% in the quarter, lifting the annual pace to the highest since the series began in 2003 at 4.9%.

Source: <https://www.tbsnews.net/world/global-economy/australian-inflation-speeds-21-year-high-peak-still-come-465746>



Central Banks Must Resist Urge to Back off Inflation Fight: IMF Economist

Global central banks may get "antsy" about the swiftness of economic pain brought on by monetary tightening to fight inflation and be tempted to cut interest rates before the job is done, the International Monetary Fund's chief economist said on Tuesday.

That would be a huge mistake, prolonging the agony of inflation, IMF research director Pierre-Olivier Gourinchas told Reuters in an interview.

Gourinchas said rate hikes like the one expected from the US Federal Reserve on Wednesday are already raising borrowing costs and softening demand. That process needs to continue until inflation rates are back "within sight" of central bank targets of around 2% a year, he added.

The IMF cut its global economic growth outlook on Tuesday, as it warned that monetary tightening, along with spillover from the war in Ukraine and Covid-19 lockdowns in China, could push the global economy to the brink of recession in the coming months.

Source: <https://www.tbsnews.net/world/global-economy/central-banks-must-resist-urge-back-inflation-fight-imf-economist-465762>



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