

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

May 23, 2022

Bangladesh World's Second in Maintaining Currency Value: AL

Bangladesh ranks second among countries that succeeded in maintaining its currency value, although the rate of currency against the dollar has decreased in almost all countries of the world due to the war between Russia and Ukraine, says the Awami League (AL).

According to a study conducted by the Information and Research Sub-Committee of the AL, Cambodia ranks first in the world and Bangladesh ranks second among the countries with the lowest depreciation of its currency.

The study claims that since the start of the Russia-Ukraine war in March, Bangladesh's currency has depreciated by 3.41% and Cambodia's by zero per cent. As a result, the value of the Bangladeshi currency has increased compared to all other countries except a few.

According to research data, the value of the Bangladeshi taka has risen against the currencies of almost all countries of the world except Brazil, Russia and Cambodia.

Source: <https://www.tbsnews.net/economy/bangladesh-worlds-second-maintaining-currency-value-al-424866>



BEA Places Tk 20.5 lakh crore Budget Proposal

The Bangladesh Economic Association on Sunday placed a Tk 20,50,036-crore budget proposal for the next fiscal year 2022-23.

Barkat said that they had placed such a huge budget proposal considering the global economic situation, Covid pandemic, and the impact of the ongoing Russia-Ukraine war.

The proposed budget of the BEA is around 3.40 times higher than the original national budget size of the current fiscal year which is Tk 6,03,681 crore or 17.5 percent of the GDP. The proposed budget of BEA is pro-people and pro-democracy, Barkat said, adding that the main aim of their budget was to include 70 to 80 per cent of the country's people into sustainable middle class over the next 10 years.

Besides, it also aims to address inequality and lowering down the poverty rate at the lowest level which would ensure establishing a civilised social system in light of the spirit of the War of Liberation.

Source: <https://www.newagebd.net/article/171253/bea-places-tk-205-lakh-crore-budget-proposal>



Forex Reserves Improve Slightly, Stand at \$42.30 billion

Bangladesh's foreign exchange reserves have improved a little to stand at \$42.30 billion, which was at \$41.92 billion on May 10.

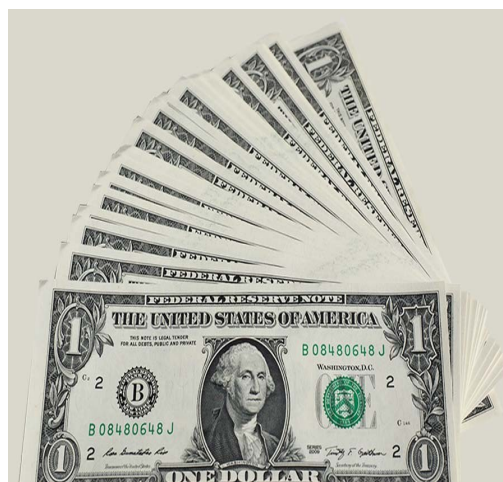
"Recently, the reserve of foreign exchange was a slight dip below the \$42-billion mark, but after that, the reserve was crossed US\$42 billion again and today it is \$42.30 billion," said General Manager of the Forex Reserve and Treasury Management Department Saiful Islam said, reports BSS.

According to bdnews24.com, a slight dip below the \$42 billion mark recently was enough to make analysts nervous as the economy has already been suffering from sluggish inward remittances and skyrocketing inflation in the last quarter of the ongoing fiscal.

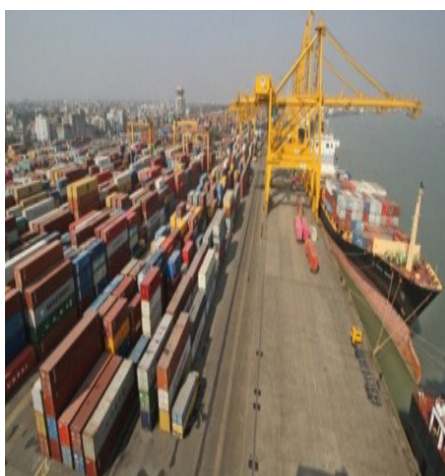
The central bank and the economists are saying that the decline of COVID-19 cases was met with a global hike at the prices of commodities as the Russia-Ukraine war caused the supply and delivery costs to go up. As a result, the demand for the US dollars rose and the Bangladeshi taka, like many other currencies in the world, began losing value.

Meanwhile, the higher dollar expenditure for imports and other necessities is putting pressure on the foreign exchange reserves. Bangladesh had a record \$48.02 billion in August last year, sufficient to pay import bills for up to one year, but a steady decline has brought it down to the current level.

Source: <https://thefinancialexpress.com.bd/economy/forex-reserves-improve-slightly-stand-at-4221-billion-1653227952>



52,500 tonnes of Wheat Arrived at Chattogram from India



A ship with 52,500 tonnes of government wheat has arrived at Chattogram Port from neighbouring India.

The ship is currently at the outer anchorage of Kutubdia Port. Once the customs clearance and other ancillary processes, including the plant quarantine certificate, are completed on Monday, they will be unloaded at Chattogram Silo by a lighter ship, according to Chattogram Food Department sources.

Bangladesh has a demand for 75 lakh tonnes of wheat every year. Of this, 11 lakh tonnes of wheat is produced locally and the rest is imported. From 1 July to 30 April this year, 55.46 lakh tonnes of wheat arrived in the country.

Chittagong Chamber of Commerce and Industry President Mahbubul Alam said wheat has been imported at the public-private level keeping in view the demand of previous years. There is no bar on importing wheat from India on the G2G agreement. If the dollar price is kept under control, the situation will become normal.

Source: <https://www.tbsnews.net/bangladesh/52500-tonnes-wheat-arrived-chattogram-india-424910>

Margin Loan Ceiling Raised to 100%

To allow contrarian investors to buy more stocks at declined prices, and also help the market avert the forced selling of securities from leveraged investment accounts, the securities regulator has raised the ceiling of margin loans to 100%, from 80%.

Leverage, technically called margin loan, allows investors to buy more securities with the money borrowed from their brokers or merchant banks.

The Bangladesh Securities and Exchange Commission (BSEC) on Sunday said brokers and merchant bankers may lend their clients up to 100% of their equities, as long as the price to earnings (PE) ratio of a particular stock does not exceed

The leverage facilitation came in response to the sharp fall in the stock market as the DSEX dropped 1.84% to 6,142 – the lowest since 30 June 2021.

Amid the macroeconomic headwinds that caused the exchange rate turbulence, rising inflation, and hurting the corporate earnings outlook, the broad-based index of the Dhaka Stock Exchange (DSE) declined by 7.7% in May alone and the last eight consecutive falling sessions caused over Tk33,000 crore capital erosion on the country's premier bourse.

Source: <https://www.tbsnews.net/economy/stocks/margin-loan-ceiling-raised-100-424650>



DSEX Hits 11-month Low as Sell-off Continues

Stocks witnessed yet another major setback on Sunday, with the key index of the Dhaka bourse sinking below the 6,200-mark after 11-month, as the jittery investors continued to sell off to exit from the market.

The market fell from the beginning of the session as investors, particularly the retail ones, went into panic sales, plunging below the 6,200-mark instantly at the opening.

Finally, DSEX, the key index of the Dhaka Stock Exchange, slid 115.56 points or 1.84 per cent to settle at 6,142, the lowest in nearly 11 months since June 29, 2021. DSEX shed over 555 points in the past eight straight sessions.

Two other indices also saw massive erosions. The DS30 index, comprising blue chips, slumped 39.51 points to finish at 2,277 and the DSE Shariah Index (DSES) shed 21.31 points to close at 1,361. Turnover, a crucial indicator of the market, stood at Tk 6.79 billion, which was 1.64 per cent higher than the previous day's tally of Tk 6.68 billion.

Source: <https://thefinancialexpress.com.bd/stock/dsex-hits-11-month-low-as-sell-off-continues-1653210622>



General Atlantic Plans \$2 billion Investment in India, Southeast Asia

Global private equity firm General Atlantic plans to plough \$2 billion into India and Southeast Asia over the next two years after falling valuations made the region's startups more attractive, a senior executive told Reuters.

General Atlantic is in early-stage investment talks with about 15 companies in sectors including technology, financial services, retail and consumer, Sandeep Naik, the head of its business in India and South-east Asia, said in an interview.

General Atlantic's existing high-profile Indian investments include education technology companies such as Byju's, which offers online tutoring in a country where internet and smartphone use is booming and is valued at around \$22 billion.

It has also invested in Reliance Retail, India's largest retailer, and in Southeast Asia its portfolio includes Indonesian food and beverage retailer PT MAP Boga Adiperkasa and social entertainment platform Kumu in the Philippines.

Source: <https://www.tbsnews.net/world/general-atlantic-plans-2-billion-investment-india-southeast-asia-425038>



Oil Climbs in Tight Market as US Driving Season Looms

Oil prices rose in early trade on Monday with US fuel demand, tight supply and a slightly weaker US dollar supporting the market, as Shanghai prepares to reopen after a two-month lockdown fuelled worries about a sharp slowdown in growth.

Brent crude futures rose 82 cents to \$113.37 a barrel at 0126 GMT, while US West Texas Intermediate (WTI) crude futures climbed 69 cents, or 0.6%, to \$110.97 a barrel, adding to last week's small gains for both contracts.

"Oil prices are supported as gasoline markets remain tight amid solid demand heading into the peak US driving season," said SPI Asset Management managing partner Stephen Innes.

Analysts said despite fears about soaring fuel prices potentially denting demand, mobility data from TomTom and Google had climbed in recent weeks, showing more people were on the roads in places like the United States.

"High frequency data suggests demand continues to grow," ANZ analysts said in a note.

Source: <https://www.tbsnews.net/world/global-economy/oil-climbs-tight-market-us-driving-season-looms-425030>



Wall Street Ends Mixed after Punishing Week

Wall Street ended mixed on Friday after a volatile session that saw Tesla slump and other growth stocks also lose ground.

The S&P 500 and the Nasdaq logged their seventh straight week of losses, their longest losing streak since the end of the dotcom bubble in 2001.

The Dow suffered its eighth consecutive weekly decline, its longest since 1932 during the Great Depression.

Worries about surging inflation and rising interest rates have pummeled the US stock market this year, with danger signals from Walmart Inc and other retailers this week adding to fears about the economy.

The S&P 500 spent most of the session in negative territory and at one point was down just over 20% from its Jan. 3 record high close before ending down 18% from that level and flat for the day.

Closing down 20% from that record level would confirm the S&P 500 has been in a bear market since reaching that January high, according to a common definition.

Source: <https://www.tbsnews.net/economy/stocks/wall-street-ends-mixed-after-punishing-week-423750>



China Lifts Ban on Canada Canola Imports

China has lifted a ban on Canadian canola imports, a Canadian official said Thursday, calling it "very good news" for producers that Ottawa argued had been caught up in a diplomatic row.

"We got the news yesterday from the Chinese authorities that our Canadian canola can go to China," Agriculture Minister Marie-Claude Bibeau said.

"We had two big companies who were suspended for a while, so it's very good news for our producers," she told reporters in Ottawa.

Beijing had imposed the ban on Viterra Inc. and Richardson International in March 2019 as tensions flared between Ottawa and Beijing, saying harmful organisms had been detected in their canola shipments.

Worth tens of billions of dollars, the oil seed crop is used to make cooking oil, animal feed and biodiesel fuel. Vexed Canadian officials at the time decried the ban, saying there were "no scientific reasons for this action," and took their concerns to the WTO.

Source: <https://www.thedailystar.net/business/global-economy/news/china-lifts-ban-canada-canola-imports-3028716>



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