

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

June 27, 2022

New Monetary Policy to Seek Balance between Credit Flow and Inflation

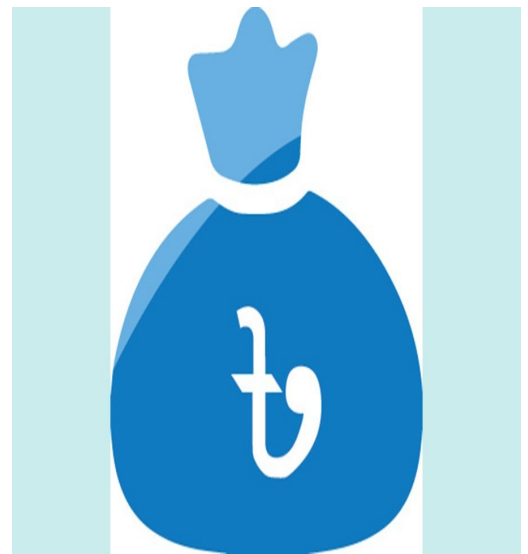
Amid an eight-year high CPI in May and record devaluation of the currency, both policy hawks and doves at the Bangladesh Bank have their sight on the four key challenges in the upcoming fiscal year- addressing the soaring inflation, reining in the rising price of the US dollar, fattening up the depleted reserves and striking a balance between credit flow and inflation to keep the economy moving, reports bdnews24.com.

These key four issues will be at the forefront of the upcoming monetary policy which will be announced soon after a high-level meeting on Monday with the bank's governor Fazle Kabir in the chair in Dhaka.

According to traditions, monetary policies for the first half of the fiscal year were usually announced at the end of July after considering propositions and suggestions from stakeholders. Last year, the monetary policy was made public on Jul 29.

This year, however, the announcement date was brought forward since it will essentially be the last monetary policy overseen by Kabir, whose tenure as the top central banker is coming to an end on July 3.

Source: <https://thefinancialexpress.com.bd/economy/new-monetary-policy-to-seek-balance-between-credit-flow-and-inflation-1656301060>



Bangladesh Bank Updates Environmental, Social Risk Management Guideline

The Bangladesh Bank yesterday published the updated version of its guideline on environmental and social risk management (ESRM) for banks and financial institutions to help the country attain development goals and address the sustainability agenda in the financial sector.

The central bank released the ESRM guideline in 2017.

"Following the implementation experience of the guidelines, the BB is now issuing its updated version to establish sectoral best practice," said Fazle Kabir, governor of the central bank, in a message in the guideline.

The ESRM guideline has a bigger focus on social and climatic risks, which are becoming relevant and crucial for Bangladesh. It has been made comprehensive with a provision for environmental and social due diligence for financing infrastructure projects.

Source: <https://www.thedailystar.net/business/news/bangladesh-bank-updates-environmental-social-risk-management-guideline-3057461>



VAT Collection from Large Cos Rises in July-May

Value-added tax collection from large-scale companies witnessed a 17.67-per cent growth in the July-May period of the current fiscal year 2021-2022, but missed the target set for the period, according to National Board of Revenue provisional data.

Large taxpayers' unit (LTU-VAT) of the National Board of Revenue managed to collect Tk 48,338.64 crore in VAT from big companies in July-May of the current fiscal year.

In the same period of the previous fiscal year 2020-2021, the collection was Tk 45,906.90 crore.

The data showed that VAT collection grew riding on a higher collection from some major sectors, including tobacco, mobile telephone, pharmaceutical, petroleum gas, electricity distribution and banking, in the period.

VAT earnings from tobacco industries were the highest, Tk 21,330 crore, in the period, while Tk 4,079.73 crore received from the mobile telephone sector, Tk 3,176.45 crore from the pharmaceutical sector, Tk 2,613.70 crore from the petroleum gas sector, Tk 1,364.35 crore from the banking sector and Tk 1,279.02 crore from the electricity distribution sector.

Source: <https://www.newagebd.net/article/174373/vat-collection-from-large-cos-rises-in-july-may>



Contractors Seek Import Duty Waiver on Construction Materials



Contractors have asked for temporary waiver of import duty on construction materials citing excessive price increase of all items including rod, cement, stone, brick and bitumen.

Bangladesh contractors' association handed over a written list of their demands to Prime Minister's Private Industry and Investment Adviser Salman F Rahman during a meeting on Sunday at the Bangladesh Investment Development Authority (BIDA) building.

In the current global reality, they recommended necessary fund allocation under Price Contingency during cost estimation for each construction project.

Therefore, import duty on raw materials for construction materials should be suspended as the contractors are suffering financially to cope with the sky-rocketing prices, it added.

They further called on the government to adjust prices for existing contracts according to the Public Procurement Rules (PPR) and update the rate schedule for new ones as they are struggling with ongoing projects due to recent hike in material costs.

Source: <https://www.tbsnews.net/economy/industry/contractors-seek-import-duty-waiver-construction-materials-447722>

DSE News

Dawn Global Management Keen on Helping Bangladesh to Launch ETF

Dawn Global Management Limited, an England-based investment manager, has expressed its interest in helping Bangladesh with capital and technical assistance in launching the country's first exchange traded fund (ETF) in the stock market.

Maurits Pot, founder and chief executive officer of Dawn Global Management, expressed this interest at a meeting with the Bangladesh Securities and Exchange Commission (BSEC) on Sunday.

Five representatives of Dawn Global as well as BSEC Chairman Professor Shibli Rubayat-ul-Islam and its Commissioner Shaikh Shamsuddin Ahmed were present at the meeting.

The Dhaka bourse's managing director said ETFs have several advantages over traditional open-end funds. The four most prominent advantages are trading flexibility, portfolio diversification and risk management, lower costs, and tax benefits.

He said an ETF is a product similar to a mutual fund, which will be managed by an asset manager. Initially, an ETF will be launched with DSE-30 index companies by setting up a fund of Tk50 crore.

Source: <https://www.tbsnews.net/economy/stocks/dawn-global-management-keen-helping-bangladesh-launch-etf-447766>



Pearl Paper to Sell Another One lakh Shares of Monospool Paper



Pearl Paper and Board Mills, a corporate sponsor of the Monospool Paper Manufacturing Company, has announced it will sell one lakh Monospool shares from its holdings.

According to the disclosure of Monospool Paper on the Dhaka Stock Exchange (DSE) website on Sunday, the shares will be sold at the prevailing market price on the DSE within the next 30 working days.

According to Monospool Paper's FY21 annual report, Pearl Paper held 218,526 shares, which is 2.33% of all Monospool shares.

Earlier, Pearl Paper first sold off 55,000 shares of Monospool from its holdings. After the second sale, it will have only 63,526 of the company shares. After 12 years, in June last year, Monospool Paper returned to the main board from over-the-counter (OTC) of the stock exchanges.

Source: <https://www.tbsnews.net/economy/stocks/pearl-paper-sell-another-one-lakh-shares-monospool-paper-447718>

Global: Business

Sri Lanka Hikes Fuel Prices as US Delegation Arrives

Sri Lanka hiked fuel prices on Sunday, creating further pain for ordinary people as officials from the United States arrived for talks aimed at alleviating the island's dire economic crisis.

Ceylon Petroleum Corporation (CPC) said it raised the price of diesel, used widely in public transport, by 15 percent to 460 rupees (\$1.27) a litre while upping petrol 22 percent to 550 rupees (\$1.52).

The announcement came a day after Energy Minister Kanchana Wijekera said there would be an indefinite delay in getting new shipments of oil.

Official sources said the island's remaining fuel supply was sufficient for about two days, but that authorities were saving it for essential services.

A delegation from the US Treasury and the State Department arrived for talks to "explore the most effective ways for the US to support Sri Lankans in need", the US embassy in Colombo said.

"As Sri Lankans endure some of the greatest economic challenges in their history, our efforts to support economic growth and strengthen democratic institutions have never been more critical," US ambassador Julie Chung said in a statement.

Source: <https://www.tbsnews.net/world/global-economy/sri-lanka-hikes-fuel-prices-us-delegation-arrives-447522>



Inflation in S Korea to Exceed 6% as early as June: Minister

South Korea's consumer inflation is expected to exceed 6% as early as June, or possibly in July or August, the finance minister said on Sunday.

South Korea's consumer inflation in May rose to 5.4%, its highest in 14 years.

Finance minister Choo Kyung-ho said the government was watching the situation very closely and making an all-out effort to stabilise consumer prices, during an interview with local broadcaster KBS.

Choo said he did not see the Korean won's recent weakness below 1,300 per dollar as a sign of economic crisis, as it was in line with the dollar's strength globally.

He reaffirmed that the authorities would take market stabilising measures if herd-like movements intensified in the currency market. South Korea's central bank governor Rhee Chang-yong said last week that the country's June consumer price index was likely to be higher than the May figure.

Source: <https://www.tbsnews.net/worldbiz/global-economy/inflation/inflation-s-korea-exceed-6-early-june-minister-447502>



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>



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