

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

August 25, 2021

Forex Reserves Cross Record \$48 billion Mark

The country's foreign exchange reserves witnessed a new record crossing the \$48 billion mark following the \$1.45 billion financial assistance from the International Monetary Fund (IMF).

In addition to remittances sent by expatriates, the IMF aid mainly contributed to the surge in forex reserves.

Foreign exchange reserves in Bangladesh have reached new heights due to the positive trend of remittances sent by expatriates and the addition of loan assistance from the IMF, said a Bangladesh Bank official.

The reserve crossed the \$46 billion-mark on 28 June while \$45.01 billion-mark on 3 May and crossed the \$44 billion mark on 24 February this year and touched the \$40 billion-mark on October 28 last year.

Source: Forex reserves cross record \$48 billion mark (tbsnews.net)



Garment Makers Seek Spanish Investment in Non-cotton Textile

Local garment makers yesterday sought Spanish investment in non-cotton textile items as the demand for apparel items manufactured from man-made fibre (MMF) is on the rise.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), put forward the request to Francisco de Asís Benítez Salas, Spanish ambassador, when the envoy came to the BGMEA office in Dhaka.

Hassan highlighted the issues related to the garment industry in Bangladesh, including its progress in the areas of workplace safety, social and environmental sustainability, the BGMEA said in a statement.

The BGMEA president sought support from the embassy of Spain regarding the potential of foreign investment in non-cotton and technical textiles and high-end apparel items.

Source: Garment makers seek Spanish investment in non-cotton textile | The Daily Star



Flat Prices on the Rise

The prices of flats have started to rise in Dhaka ending a three-year stagnation as demand for new homes increased and construction costs surged.

Flats in Dhaka are as much as 6 per cent more expensive now, depending on their location and amenities. Prices could go up further in the coming months, according to realtors.

Before the latest turnaround, the price of flats had remained almost unchanged since 2018 owing to sluggish sales.

"On average, property prices increased by 3 per cent over the past year, mainly due to the higher cost of construction materials," said Faizur Rahman Khan, managing director of building technology and ideas (bti), one of the leading real estate companies in Bangladesh.

A recent assessment of bproperty.com, an online portal that facilitates property transfers and rentals, said the price of new flats in Badda was about 18.4 per cent higher this year compared to those added in 2020, going from Tk. 4,901 per sqft to Tk. 5,801 per sqft.

Source: Flat prices on the rise | The Daily Star



Govt Eyes 30% Vegetable Export Growth

The Executive Committee of the National Economic Council (Ecne) has approved a project to modernise a lab as the government wants to increase annual vegetable exports by 25-30% while reducing imports by 2%.

To this end, the agriculture ministry wants to transform the plant quarantine laboratory at the central packing house in the capital's Shyampur into a lab of international standards.

The ministry believes if the laboratory can be set up by 2023, exports of different vegetables and fruits, including potatoes and betel leaves, to various countries of Asia and Europe will grow.

This is because the facility will help comply with the World Trade Organisation's Agreement on Sanitary and Phytosanitary Measures (SPS agreement) and the International Plant Protection Convention (IPPC).

The plant quarantine lab was set up under a project in 2011. But due to a lack of proper equipment and skilled manpower, the lab does not function.

Source: Govt eyes 30% vegetable export growth (tbsnews.net)



Bourses Open Mixed after Record High

Stocks opened on a mixed trend on Tuesday, after a record-breaking rally in the past three days, as investors were active on both sides of the trading fence.

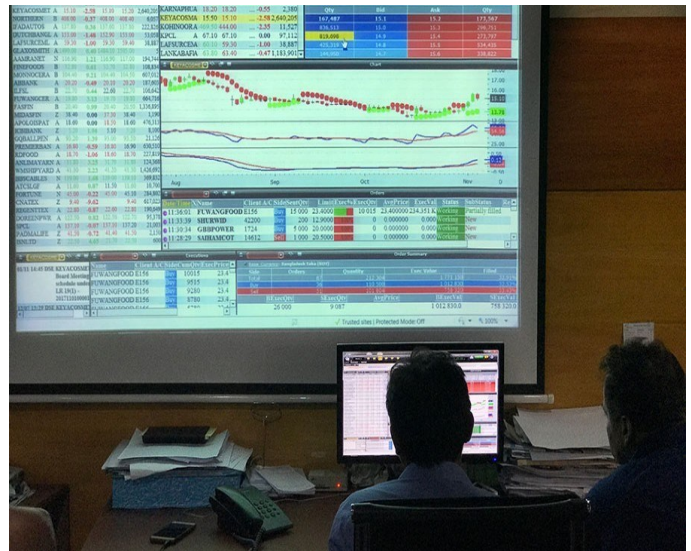
The market opened on a positive note this morning as DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up by 5.39 points or 0.07 per cent to stand at 6,867 points within the first 30 minutes of trading at 10:30 am – the highest since its inception more than eight years back in 2013.

The Shariah Index (DSES) gained 1.62 points to reach 1,488 points till then while the DS30 index, comprising blue chips, lost 4.98 points to stand at 2,454.

Turnover, another important indicator of the market, stood at Tk 4.45 billion within the first 30 minutes of trading at 10:30 am.

Beximco was the most traded stock till the filing of this report with shares worth Tk 605 million changing hands, closely followed by National Polymer, Makson Spinning, Power Grid Company and Malek Spinning.

Source: Bourses open mixed after record high
(thefinancialexpress.com.bd)



Utilisation of Sukuk Bond Funds Emphasized

Speakers at a seminar on Tuesday stressed the proper utilisation of funds mobilised through issuing Sukuk bonds to make it popular among institutional and general investors.

Timely distribution of dividend and scope of changing the ownership should also be ensured in this regard, they said, taking part in a discussion titled "Sukuk: A New Investment Avenue for Institutional Investors in Bangladesh".

"The tax-waiver facility for the bond is under consideration. Introduction of separate rules for Sukuk bonds is also important to make such debt instruments popular," Md. Firoz Ahmed, deputy secretary at the finance ministry, told the seminar.

Md. Gholam Mostafa, a deputy general manager (DGM) at Investment Corporation of Bangladesh (ICB), said the corporate bonds have no sovereign guarantee. "But, the ICB is working as the trustee considering its prospect."

Source: Utilisation of sukuk bond funds emphasised
(thefinancialexpress.com.bd)

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Md. Firoz Ahmed
Deputy Secretary, Finance Ministry

SUKUK BONDS

Delta Knocks Wind out of Asia's Economic Recovery

Asia's robust economic recovery from last year's coronavirus low is losing momentum as a surge in Covid-19 cases sees shops empty again and factories close, dimming prospects for corporate profit growth after a blockbuster half year.

The rapid spread of the highly infectious Delta variant of the novel coronavirus and low vaccination rates have caught much of the region off-guard, especially in emerging markets, even as economies in Europe and North America reopen.

"It's clear that economies across the region are suffering more from Covid-19 than they previously did. The biggest factor is that Asia is poorly vaccinated," said Rob Carnell, Asia-Pacific head of research at ING in Singapore.

While year-on-year corporate and economic indicators continue to show strong recovery, flattered by comparisons with 2020's sharp declines, quarter-on-quarter indicators reveal flagging momentum.

Source: Delta knocks wind out of Asia's economic recovery | The Daily Star



High Prices didn't Deter Americans from Homebuying in July

US homes for sale were in short supply and expensive in July, but Americans continued buying, according to industry data Monday showing sales rose for a second straight month.

Existing home sales climbed two percent last month to an annual rate of 5.99 million, seasonally adjusted, the National Association of Realtors (NAR) said, a pace that was above analysts' expectations.

The US real estate market grew white hot last year as the Covid-19 pandemic disrupted daily life and the Federal Reserve implemented easy money policies to support the economy, which made mortgages cheap and fueled sales.

But that demand drained supplies and record-setting prices are now seen as keeping buyers out of the market, a dynamic that NAR Chief Economist Lawrence Yun pointed to in the July data.

Source: High prices didn't deter Americans from homebuying in July | The Daily Star



Asian Stocks Rally on Extended Wall St Bounce

Asian stocks rose on Tuesday on an extended bounce on Wall Street as investors drew comfort from full approval granted to the Pfizer/BioNTech vaccine and on easing worries of an imminent tapering of stimulus by the Federal Reserve.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 1.2 per cent, with Japan and South Korean indexes jumping more than 1 per cent.

Chinese markets also edged up 0.2 per cent, with technology stocks extending their recovery after enduring a pummeling in recent weeks on regulatory worries.

The Nasdaq reached an all-time closing high on Monday after the US Food and Drug Administration granted full approval to the Covid-19 vaccine developed by Pfizer and BioNTech, in a move that could accelerate inoculations in the United States.

Analysts at ANZ pointed to growing expectations that decelerating global business activity will act as a restraint on central bank intentions to start dialling back monetary stimulus in the near term.

Source: Asian stocks rally on extended Wall St bounce | The Daily Star



Oil and Equities Bounce Back

Oil prices soared and stocks rebounded Monday on bargain-buying after last week's retreat, with traders riding a wave of renewed optimism.

In oil markets, both main contracts enjoyed big gains of over five per cent, while in equities, major Wall Street indices closed solidly higher, with the Nasdaq scoring a record.

"Markets enter the new week with some renewed optimism, having ended the previous week's tumultuous ride in positive fashion," noted Interactive Investor analyst Richard Hunter.

After suffering heavy losses recently owing to concerns the Delta variant of the coronavirus would impact demand as countries order new restrictions, investors were reassured by the fact China reported no new local Covid-19 cases on Monday for the first time since July.

Fears about the much more contagious variant have rattled world markets as it forces some governments to reimpose containment measures, which depresses demand for oil, since people cannot travel. Monday's positive vibes were reinforced by stronger-than-expected US existing home sales data for July.

Source: Oil and equities bounce back | The Daily Star



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