

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

August 03, 2022

Exports Rise 14.70pc Year-on-year in July

The country's merchandise export earnings maintained moderate growth in the first month of the current fiscal year (FY23), posting over 14.70 per cent rise to \$3.98 billion year-on-year as a result of good performance of apparel shipments.

Bangladesh fetched \$3.47 billion in July 2021, according to provisional data from the Export Promotion Bureau (EPB) released Tuesday.

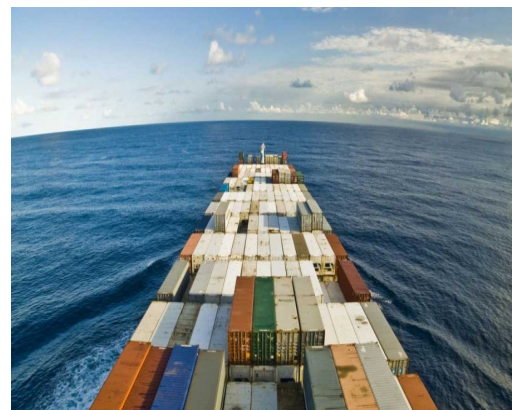
The overall export earnings also surpassed the set target by 1.65 per cent.

Since September last, bar May this year, the country's single-month export earnings have surpassed the four-billion mark.

Of the total \$3.98 billion export earnings in July'22, the RMG sector fetched \$3.36 billion, posting a 16.61 per cent growth year-on-year. A dissection of the clothing-sector performance shows that the knitwear subsector earned \$1.85 billion from exports, registering 11.80 per cent growth.

Earnings from woven garments export have amounted to \$1.51 billion in the past eight months, up by 23.11 per cent.

Source: <https://thefinancialexpress.com.bd/economy/exports-rise-1470pc-year-on-year-in-july-1659436904>



Action Plan Unveiled for Impact Investment

The National Advisory Board (NAB), a committee that guides impact investment in Bangladesh, has unveiled a strategic action plan to attract local and global investment, particularly from the private sector, to help fund sustainable development in the country.

Planning Minister MA Mannan and BIDA Executive Chairman Md Sirazul Islam jointly unveiled the plan, styled "Bangladesh Impact Investment Strategy and Action Plan (BIISAP)" at the Bangladesh Investment Development Authority (BIDA) auditorium yesterday.

The strategic plan will help attract more investment opportunities to minimise the financial gaps for fulfilling the sustainable development goals (SDGs) of Bangladesh.

Besides, it will encourage and inspire the government to be more involved in impact investment, and scale up private sector initiatives in this regard, according to officials of NAB Bangladesh.

Source: <https://www.thedailystar.net/business/economy/industries/investments/news/action-plan-unveiled-impact-investment-3086486>



Finance Ministry Recommends Calculating Capital Market Exposure on Cost Basis

The Ministry of Finance has recommended the banks to calculate capital market exposure on cost basis.

The ministry made the recommendation in a letter, which was sent to the Bangladesh Bank on Tuesday (2 August).

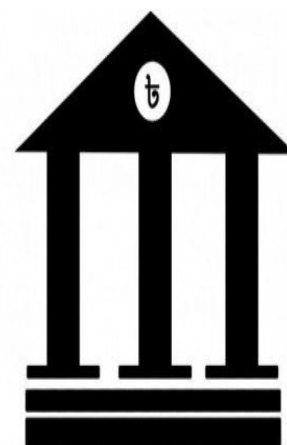
Earlier, on 17 July, the central bank sought opinion from the finance ministry over this issue.

The exposure is now calculated on the basis of market prices of stocks, which the stock market regulator Bangladesh Securities and Exchange Commission (BSEC) has been pressing the central bank to calculate on the basis of cost price.

BSEC officials said that due to market price basis calculation of exposure banks make sell pressure when stock market index hikes.

That is why the market fail to keep the upward trend, which caused further loss for the investors.

Source: <https://www.tbsnews.net/economy/banking/finance-ministry-recommends-calculating-capital-market-exposure-cost-basis-470246>



Dollar Stable at Tk108 in Kerb Market

The US dollar is selling at Tk107.50 to 108 in kerb market today; it was traded at the same price in the open market for the last two days.

A number of money changers in the Paltan, Motijheel and Baitul Mukarram areas of the capital have said that they are buying dollars at the rate of 107 taka from Tuesday (2 August) morning.

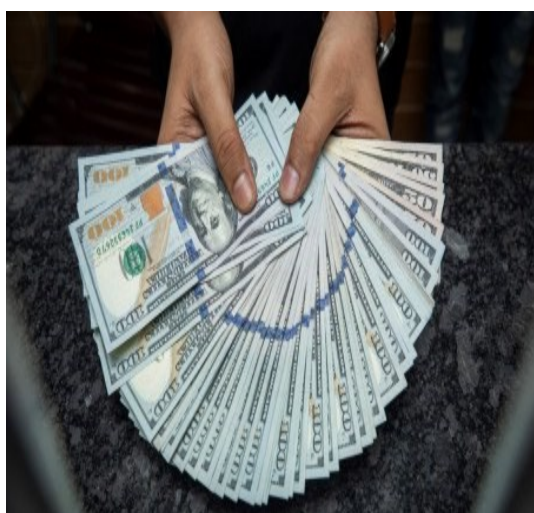
Earlier, on 26 July, the price of the dollar had reached a record of Tk112 on the open market. Due to the monitoring of the Bangladesh Bank and law enforcement forces, the dollar price has been reined in.

Along with monitoring, the central bank has started taking action against money changers not abiding by the law.

So far, three money changers - Bismillah Money Changer, Drawing Money Changer and Faiz Money Changer have been suspended.

It is also said that at least 3-4 money changers will be given show cause notices asking why they did not follow the guidelines of the central bank.

Source: <https://www.tbsnews.net/economy/dollar-stable-tk108-kerb-market-469794>



DSE News

Pubali Bank's Profit Grows 31% in H1

Pubali Bank — a state-owned commercial bank — reported a 31% growth in profit in the January to June period of 2022 compared to the same six months of the previous year.

During the period, its net profit after tax increased to Tk242.53 crore from Tk185.27 crore in the first half (H1) of 2021.

Also, the bank's interest income increased significantly to Tk1,340.53 crore in H1 of 2022 from Tk1,107.25 crore in H1 of 2021.

Pubali Bank's investment, commission, exchange, and brokerage incomes also increased significantly in the first half of 2022 compared to the previous year.

In the second quarter alone, the bank registered a 42% jump in profit to Tk119.81 crore, year-on-year, thanks to a surge in investment and other incomes.

In 2021, the bank made a profit of Tk435.17 crore and paid a 12.5% cash dividend to the shareholders.

Source: <https://www.tbsnews.net/economy/stocks/pubali-banks-profit-grows-31-h1-470174>



DSE Turnover Hits nearly Three-month High

Stocks extended the winning streak on Tuesday with a turnover on the prime bourse hitting almost three months high as buoyant investors are putting fresh funds on stocks riding on regulatory support.

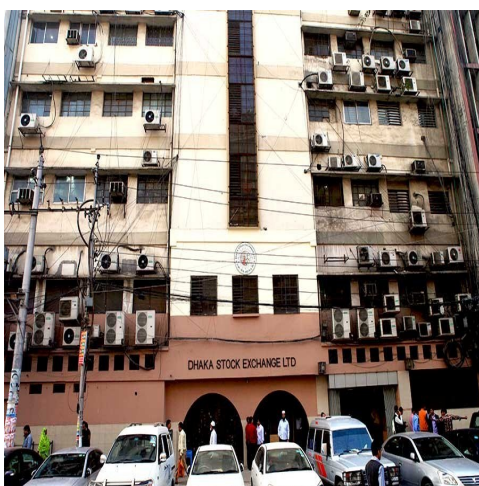
Turnover, a crucial indicator of the market, stood at Tk 11.83 billion on the country's premier bourse, in a further buck by 28 per cent over the previous day's tally of Tk 9.22 billion.

Two other indices also closed higher. The DS30 index, comprising blue chips, rose sharply by 30.01 points to finish at 2,234 and the DSE Shari-ah Index (DSES) soared 1,527 points to close at 1,362.

Market operators said stocks kept gaining as buying spree added strength to the equity indices after the securities regulator reintroduced the floor price mechanism to stop the free fall.

The market witnessed a substantial increase in participation as the investors put fresh funds on lucrative issues hoping that the market will not fall further due to the floor price system, said a merchant banker.

Source: <https://thefinancialexpress.com.bd/stock/dse-turnover-hits-nearly-three-month-high-1659435028>



Global: Business

Oil Falls on Demand Worries, Stronger US Dollar

Oil prices fell about 1% in early trade on Wednesday, reversing gains from the previous session ahead of a meeting OPEC+ producers on fears of a slowdown in global growth hitting fuel demand and a firmer dollar.

Brent crude futures fell 94 cents, or 0.9%, to \$99.60 a barrel at 0020 GMT, wiping out the previous session's gain.

West Texas Intermediate (WTI) crude futures were down 68 cents, or 0.7%, at \$93.74 a barrel, after climbing 53 cents on Tuesday.

The Organization of the Petroleum Exporting Countries and allies including Russia, together known as OPEC+, meet on Wednesday. OPEC+ sources told Reuters last week that the group will likely keep output unchanged in September, or raise it slightly.

Ahead of the meeting, OPEC+ trimmed its forecast for an oil market surplus this year by 200,000 barrels per day (bpd) to 800,000 bpd, three delegates told Reuters.

Source: <https://www.tbsnews.net/world/oil-falls-demand-worries-stronger-us-dollar-470274>



RBI to Raise Key Interest Rates Friday

The Reserve Bank of India will hike its key interest rate on Friday, economists polled by Reuters said, but there was no consensus on the size of the move given the absence of any clear guidance from the central bank.

With inflation running at a near-decade high and the rupee trading near a record low, the RBI, which only began raising rates in May, is expected to front-load subsequent hikes to catch up with its global peers.

Predictions from the 63 economists polled between July 25 and August 1 ranged from a 25 basis point hike to one of 50 bps when the RBI meets on August 5.

Over 40 per cent of economists, 26 of 63, expected the RBI to go for a hefty 50 bps hike, taking the repo rate to 5.40 per cent. More than one-quarter of respondents, 20 of 63, forecast a smaller 35 bp hike. About 22 per cent, 14 of 63, said 25 bps while the remaining three said 40 bps.

Source: <https://www.thedailystar.net/business/global-economy/news/rbi-raise-key-interest-rates-friday-3086441>



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>



Disclaimer

The above is a summary of important business news published in the leading daily newspapers of Bangladesh. Please note that the news summary doesn't reflect the opinion of Alliance Capital Asset Management Limited (ACAML). Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. This report is intended for distribution in only those jurisdictions in which Alliance Capital Asset Management Ltd. is liable and any distribution outside those jurisdictions is strictly prohibited.

Alliance Capital Asset Management Ltd.

Contact Us

Address:

Sima Blossom (10th floor)
Comprehensive Holdings
Plot # 390 (Old) 03 (New)
Road # 27 (Old) 16 (New)
Dhanmondi C/A,
Dhaka-1209.

Office: +880 2 9121360 Fax
: +880 2 9120971

Developed By:

Mehnaz Tabassum Khaleel
sarah@acaml.com

Visit us on the web at:
www.acaml.com