

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

September 20, 2021

Pathway Built to Achieve Food Security

The government has prepared a national guideline to achieve food security and meet the Sustainable Development Goals (SDGs), officials said yesterday.

The national pathway document has been framed keeping in mind the issues of food security, hunger-free population, availability of nutritious food, safe food, reducing waste, and sustainable food production.

The guideline will be presented at the UN Food System Summit 2021 to be organised by the United Nations in New York on September 23.

An action plan has been formulated to take effective steps to sustain food production, from producers, production processes and supply chains to addressing adverse environmental effects, according to a paper distributed at the workshop.

The United Nations and the Food and Agriculture Organisation (FAO) have convened the summit to set different levels of the food system transformation to achieve the SDGs.

Source: <https://www.thedailystar.net/business/economy/news/pathway-built-achieve-food-security-2179791>



Prime Bank Trials SOFR-Linked Transaction

Prime Bank Limited has conducted a trial transaction in secured overnight financing rate (SOFR) with Wells Fargo Bank, New York on August 25 as the London interbank offered rate (LIBOR) would cease to exist after June 2023.

The SOFR is a benchmark interest rate for dollar-denominated derivatives and loans that is replacing the LIBOR. This transition is expected to increase long-term liquidity but also result in substantial short-term trading volatility in derivatives, according to investopedia.com.

The LIBOR has been the most reliable benchmark in the world for setting interest rates on the international interbank market for short-term loans, says a press release.

However, the SOFR provides a more accurate reflection of lenders' funding costs in US dollars and supports a large volume of transactions and financial products.

Source: <https://www.thedailystar.net/business/economy/banks/news/prime-bank-trials-sofr-linked-transaction-2179766>



No Transaction Fee for School Banking: BB

The Bangladesh Bank yesterday asked banks not to charge students any fee for carrying out transactions related to Bangabandhu Education Insurance through their school banking accounts.

The initiative to implement the Bangabandhu Education Insurance, with support from the Insurance Development and Regulatory Authority, has begun to mark the birth centenary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

State-run Jiban Bima Corporation will act as the insurer for the insurance policy, said the central bank in a circular.

All transactions related to the insurance can be carried out through the school banking accounts. But students cannot be charged any fee for such financial transactions, said the BB.

Source: <https://www.thedailystar.net/business/economy/banks/news/no-transaction-fee-school-banking-bb-2179786>



Income Tax Receipts Rise by 9.3pc in Aug

The income tax collection by the National Board of Revenue grew by 9.3 per cent year-on-year in August, according to NBR provisional data.

According to the data, field offices managed to collect Tk 9,623 crore in income tax in August 2021 while the figure was Tk 8,800 in the same month of the previous year.

NBR officials said that the revenue growth for the month of August indicated that the country's economy started recovering from the Covid fallout.

According to the data, of the total of 50 lakh TIN holders, only 24.31 lakh submitted their returns in the past fiscal year.

'The number of total TIN holders this fiscal year is more than 60.5 lakh. Half of the TIN holders are yet to submit tax returns but we are working to bring them under the tax compliance net by issuing legal notices to those defaulters,' said a NBR official.

He said, 'Income tax collection for the same month of the year of 2019 was the highest ever. In the year, a good number of previous year's tax defaulters submitted their returns.'

Source: <https://www.newagebd.net/article/149570/income-tax-receipts-rise-by-93pc-in-aug>



Stocks Fall after Gaining for Two Days

The stock market fell today after two days of its run in the gain thanks to the profit booking tendency in the large capital-based companies.

DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 36 points, or 0.50 per cent, to 7,191.

The large paid-up capital-based companies rose by around 10 to 12 per cent on an average in the last few days so people are taking profits, according to the market analysts.

Turnover, an important indicator of the market, decreased around 6 per cent to Tk. 2,033 crore today, down from Tk. 2,171 crore a day earlier.

Bangladesh Autocars topped the gainers' list that rose 9.94 per cent followed by Aziz Pipes, aamra Technologies, Unique Hotels, and Rupali Insurance.

Popular Life First Mutual Fund shed mostly in the market that fell 10 per cent followed by AB Bank First Mutual Fund, PHP First Mutual Fund, Trust Bank First Mutual Fund, and First Janata Bank Mutual Fund.

Source: <https://www.thedailystar.net/business/news/stocks-fall-after-gaining-two-days-2179421>



BSEC Pushes for Direct Listing of 11 Perpetual Bonds

The Bangladesh Securities and Exchange Commission (BSEC) is pushing 11 of the perpetual bond issuing commercial banks to ensure the prompt direct listing of the debt securities as instructed during their approval.

Observing a slower than expected pace in moves for listing, the capital market regulator had a meeting with the top executives of the banks last week, according to BSEC Executive Director and spokesperson Rezaul Karim.

To ensure the exchange trading of as many debt instruments as possible, the capital market regulator had asked the 11 issuer banks to directly list the bonds worth over Tk5,000 crore on the main trading platforms of the bourses after subscription so that investors can buy and sell those onscreen.

Source: <https://www.tbsnews.net/economy/stocks/bsec-pushes-direct-listing-11-perpetual-bonds-304801>

Fed to Stay Cautious as Economy Sends Mixed Signals

With the United States on the upswing from the Covid-19 pandemic, the Federal Reserve is expected to weigh in next week on whether the economy is healthy enough to begin withdrawing stimulus measures credited with aiding the revival.

Analysts do not expect the Fed to immediately begin the much-expected slowing of its massive bond purchases, and while the committee will release updated economic forecasts, few big changes are expected from previous estimates released three months ago.

The FOMC "likes to prepare markets for any major change," said Joe Brusuelas, chief economist at RSM US. When he addresses the press after the meeting, Fed Chair Jerome Powell "may choose the opportunity to signal that the tapering is coming, which would likely be a November announcement with a December start," the economist said.

Source: <https://www.thedailystar.net/business/global-economy/america/news/fed-stay-cautious-economy-sends-mixed-signals-2179781>



China will Steadily Promote Yuan Internationalization in 2021, Chinese Central Bank Says

China will "steadily and prudently" promote yuan internationalization in 2021, and further develop offshore yuan markets, the central bank said on Saturday.

Cross-border settlements in the local currency totalled 28.39 trillion yuan (\$4.39 trillion) in 2020, up 44.3% from the previous year, the People's Bank of China said in its 2021 yuan internationalization report.

Cross-border yuan settlements accounted for 46.2% of the overall cross-border settlements, hitting a record high, the central bank said.

Cross-border settlements in foreign trade reached 4.78 trillion yuan last year, up 12.7% from 2019, the central bank said.

Source: <https://www.tbsnews.net/worldbiz/china/china-will-steadily-promote-yuan-internationalisation-2021-chinese-central-bank-says>

Sterling Steadies against Euro

Sterling hit fresh lows against a broadly stronger dollar and rose versus the euro on Friday as some investment banks brought forward their forecast for a Bank of England rate rise.

The dollar climbed to three-week peaks on Friday, still benefiting from better-than-expected U.S. retail sales data released on Thursday.

British retail sales volumes unexpectedly fell last month in their longest streak of declines since current records began, though they remain above pre-pandemic levels.

A poor UK August retail sales report may take some of the momentum out of the rise in the UK money market rates and also GBP, ING said, referring to the British pound. Some analysts forecast the Bank of England (BoE) will raise rates in mid-2022, after recent strong inflation and economic data.

Goldman Sachs said on Thursday it had pulled forward its baseline forecast for a rate rise to May 2022 as the view of the BoE's Monetary Policy Committee is that minimum conditions for starting a monetary tightening have been met.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/sterling-steadies-against-euro-2179761>

Oil Falls

Oil prices fell on Friday as energy companies in the US Gulf of Mexico restarted production after back-to-back hurricanes in the region shut output.

Both Brent and US crude benchmarks were on track for weekly gains of 3.2 per cent and 3.3 per cent, respectively, owing to the recent supply tightness due to the hurricane outages.

Brent crude futures fell 42 cents to US\$75.25 a barrel by 12.48pm EDT (1648 GMT). US West Texas Intermediate (WTI) crude futures fell 60 cents to US\$72.01 a barrel. Friday's slump came after five straight sessions of rises for Brent. On Wednesday, Brent hit its highest since late July, and US crude hit its highest since early August.

"The reason oil prices reached such highs in the last few days was clearly supply disruptions and drawdowns in inventories, so now that US oil production is returning, oil as expected trades lower," said Nishant Bhushan, Rystad Energy's oil markets analyst.

Gulf Coast crude oil exports are flowing again after hurricanes Nicholas and Ida took out 26 million barrels of offshore production. Restarts continued with about 28 per cent of US Gulf of Mexico crude output offline, Reuters reported on Thursday.

Source: <https://www.thedailystar.net/business/global-economy/america/news/oil-falls-2179751>



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