

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

July 14, 2022

Importers Allowed to Issue Corporate Guarantee to Lenders

The Bangladesh Bank on Wednesday allowed importers to issue corporate guarantee, personal guarantee and third-party guarantee to their foreign lenders in importing goods under buyer's credit.

BB officials said that the scope would allow importers to save cost for import of goods.

To this end, the central bank issued a circular that allowed importers to pay corporate guarantee, personal guarantee and third-party guarantee instead of issuing bank guarantee to their foreign suppliers.

Instead of opening letter of credit, the country's importers are importing goods or items from abroad under buyer's credit that helps many importers save costs.

The importers are supposed to bear additional confirmation charge in case of importing goods against bank guarantee and LCs.

Due to reputation and high volume of imports, many overseas lenders are comfortable in providing credit to the suppliers of Bangladeshi importers on the basis of corporate guarantee, personal guarantee and third-party guarantee, said BB officials.

Source: <https://www.newagebd.net/article/175701/importers-allowed-to-issue-corporate-guarantee-to-lenders>



Remitting Visa Fees Made Easier

The Bangladesh Bank on Wednesday made remittance of visa fees collected by embassies more convenient through international debit and prepaid cards.

The central bank allowed banks to issue international cards in favour of authorised agents of foreign embassies to remit visa processing fees collected by the embassies through agents.

Issuance of international cards to the agents would relieve the embassies from procedural and accounting-related complexities, said BB officials.

Wednesday's BB circular said, 'To facilitate smooth transactions, it has been decided that international cards (debit or prepaid) may be used for online payments of visa processing fees.'

'In this context banks may issue international cards in the name of official designated by nominated agents,' it said.

Source: <https://www.newagebd.net/article/175702/remitting-visa-fees-made-easier>



Taka Slides Further against Dollar

The Bangladesh Bank has again depreciated the interbank exchange rate by Tk0.50 to Tk93.95 against the US dollar amid the volatility in the country's foreign exchange market.

To cover import costs after the just celebrated Eid-ul-Azha, the central bank on Wednesday sold \$97 million at the new rate. The green-back was sold at Tk93.45 the previous day.

The country's forex reserves came down further in one day due to the sales to \$39.70 billion on Wednesday. It was \$39.77 billion the day before.

Forex reserves stood at \$46.15 billion in December last year and for the first time in almost two years, the reserves fell below \$40 billion last Tuesday.

Meanwhile, banks said import LC (letter of credit) settlements did not start in full swing after Eid celebrated nationwide on Sunday.

The heads of treasury departments at several private banks said the banks settled LCs at Tk97-98 on Wednesday. Besides, they have given a rate of Tk93-94 to remitters.

Source: <https://www.tbsnews.net/economy/banking/taka-slides-further-against-dollar-457662>



Manpower Export Hits New High

Bangladesh's manpower export hit a new high in the past fiscal on post-pandemic rebound of the overseas job market as nearly a million found employment abroad following good demand for Bangladeshi workers.

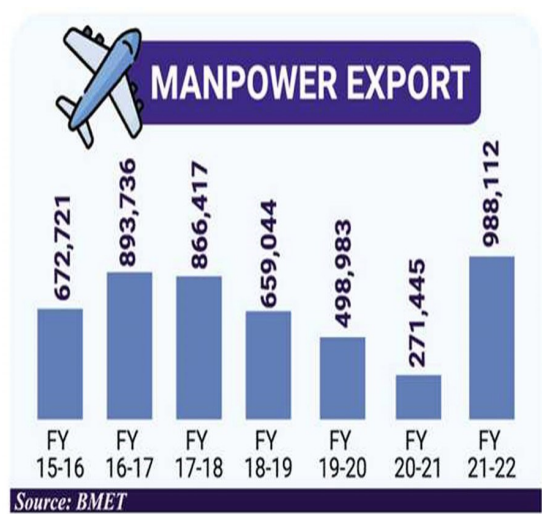
Sources painted such a sound picture of the country's wage-earner sector-a main source of its foreign-exchange reserves-as data available with the Bureau of Manpower Employment and Training (BMET) showed a total of 988,112 workers having gone abroad in the fiscal year (FY) 2021-22.

This happens to be the highest number of annual overseas jobs in the last seven years.

Officials hope the outflow of workers would increase in the current fiscal year as Malaysia is going to restart hiring manpower from the country, following a negotiated deal.

Talking to the FE, Md Shahidul Alam, director-general of the BMET, said they had a target of sending 400,000 workers abroad in the last fiscal. But they finally could send about 1.0 million workers.

Source: <https://thefinancialexpress.com.bd/economy/manpower-export-hits-new-high-1657772195>



CDBL Credits Primary Shares of Achia Sea Foods to Investor Accounts

The Central Depository Bangladesh Limited (CDBL) credited primary shares of Achia Sea Foods Ltd, a 100% export-oriented seafood producer, to the beneficiary owner (BO) accounts of its investors on Wednesday.

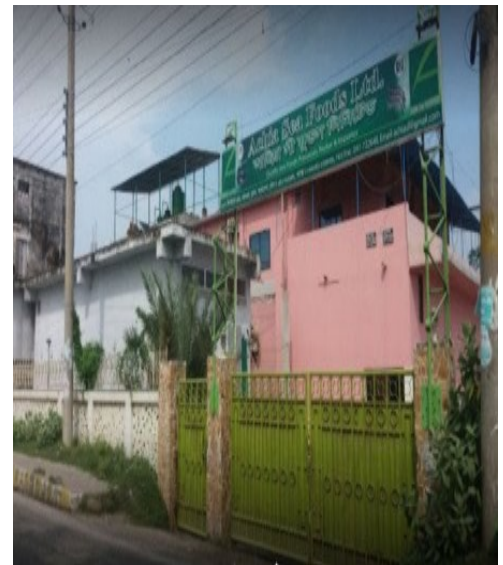
The company completed its qualified investor offer (QIO) subscription from 19 June to 23 June this year.

Earlier, the Bangladesh Securities and Exchange Commission (BSEC) allowed the company to raise Tk15 crore with a QIO on the SME platform of the Dhaka Stock Exchange.

AAA Finance and Investment Limited is the issue manager for the company.

In fiscal 2020-21, the company's earnings per share (EPS) stood at Tk1.88 and net asset value per share at Tk17.07. During the year, its revenue stood at Tk137.73 crore, which was Tk44.02 crore the previous year. In FY21, the company's net profit was Tk4.20 crore, which was Tk1.48 crore the previous year.

Source: tbsnews.net/economy/stocks/cdbl-credits-primary-shares-achia-sea-foods-investor-accounts-457734



Stocks Keep Losing Amid Growing Economic Worries

Total Trade	Total Volume	Total Value in Taka (mn)
139892	181955654	7023.113
Issues Advanced	Issues declined	Issues Unchanged
77	259	45



Stocks extended the losing streak for the second straight session on Wednesday as investors released their holdings amid growing macroeconomic worries.

DSEX, the key index of the Dhaka Stock Exchange (DSE), went down by 30.68 points to settle at 6,325. DSEX lost over 42 points in the past two consecutive sessions.

Analysts said the market outlook remains gloomy as investors are concerned about several macroeconomic issues such as the energy crisis due to gas shortages, inflationary pressure, depreciating currency, rising Covid-19 cases etc.

The ongoing bearish sentiment made investors cautious while the news of foreign-exchange reserves fell below \$40 billion, hitting two years low, kept them worried, said a merchant banker.

Source: <https://thefinancialexpress.com.bd/stock/stocks-keep-losing-amid-growing-economic-worries-1657707226>

Global: Business

Dollar Resumes Relentless Rise as Inflation Stokes Fed Bets

The dollar resumed its relentless rise on Thursday, driven by both expectations for faster Federal Reserve policy tightening and safe-haven flows amid growing fears of a recession.

The greenback charted new 24-year highs above 128 yen and edged back toward parity with the euro, after briefly breaching the level overnight.

Meanwhile, Singapore's dollar and the Philippine peso surged against their US peer after their respective monetary authorities surprised by tightening policy in off-cycle moves.

The buck was 0.37% higher at 137.935 yen after reaching 138.015 for the first time since September 1998.

The euro weakened 0.39% to \$1.0020. It touched \$0.9998 on Wednesday for the first time since December 2002.

US consumer price figures overnight showed inflation, already at four-decade highs, accelerating even further.

"The bottom line is US inflation momentum is rising," Commonwealth Bank of Australia analyst Kristina Clifton wrote in a client note.

Source: <https://www.tbsnews.net/world/global-economy/dollar-resumes-relentless-rise-inflation-stokes-fed-bets-457938>

Bank of Canada Surprises with 100bp Rate Hike to Tame Inflation

The Bank of Canada on Wednesday raised its main interest rate by 100 basis points in a bid to crush inflation, surprising markets and becoming the first G7 country to make such an aggressive hike in this economic cycle.

The central bank raised its policy rate to 2.5% from 1.5%, its biggest rate increase in 24 years, and said more hikes would be needed. Economists and money markets had been expecting a 75-basis point increase.

"We had indicated we were prepared to be more forceful. Today was more forceful," Governor Tiff Macklem told a news conference after the decision.

"Yes, it is a very unusual move to increase by 100 basis points at one decision and that really reflects the very unusual, exceptional circumstances that we find ourselves in."

Earlier, the central bank said excess demand, high inflation felt across sectors and rising consumer expectations of persistent price gains prompted the super-sized hike, which lifted the policy rate to its highest level since 2008.

Source: <https://www.tbsnews.net/world/global-economy/bank-canada-surprises-100bp-rate-hike-tame-inflation-457850>



Global: Business

Asian Stocks at Lowest in Two years, Euro near par with Dollar on Growth Fears

Asian shares fell on Tuesday, weighed down by the prospect of further monetary policy tightening by central banks, China's renewed Covid outbreak and Europe's energy shortage, which also left the euro a whisker from parity with the safe-haven dollar.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.8% to its lowest level in two years, while Japan's Nikkei lost 1.75%.

The euro fell as low as \$1.0006 against the US dollar, moving ever closer to parity for the first time since December 2002, as investors worry an energy crisis will tip the region into a recession.

"Risk-off sentiment is dominating global markets," said Yuting Shao, macro strategist at State Street Global Markets.

"The dollar is the go-to international reserve currency. So when there is a recessionary risk or there's pickup of volatility, the greenback is the currency that people rush to because that is the safest," Shao added.

Source: <https://www.tbsnews.net/world/global-economy/asian-stocks-lowest-two-years-euro-near-par-dollar-growth-fears-456850>



Japanese Shares Fall as Recession Fears Resurface

Japanese shares fell on Tuesday, following the prior session's gains after the weekend's upper house election, as rising domestic cases of Covid-19 raised worries of a recession.

Stocks had risen on Monday, outperforming the rest of the region, as the Japanese government's ruling coalition secured a strong result.

Japan's Nikkei share average was down 1.68% at 26,362.76 as the morning trading session ended.

The index was down 2.58% from the previous session's high of 27,062.17 and trading 0.58% lower than its Friday close when markets were rocked by the shooting of former Prime Minister Shinzo Abe.

A domestic securities broker said that the market was overbought on Monday despite the absence of any positive external factors.

The broader Topix lost 1.46% on Tuesday.

"The increased spread of Covid-19 has strengthened fears of a global recession," said a market participant at a domestic securities firm.

Source: <https://www.tbsnews.net/world/global-economy/japanese-shares-fall-recession-fears-resurface-456842>



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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