

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

September 29, 2021

Chinese FDI in Bangladesh Sees Huge Jump

Foreign direct investment (FDI) from China to Bangladesh has jumped by about 200 per cent year-on-year to \$418 million in the past seven months, according to Chinese ambassador Li Jiming.

"Over time, China has become Bangladesh's largest trading partner," he said, adding that Bangladesh is China's third largest market for engineering contracts in South Asia.

From January to July this year, the trade volume between China and Bangladesh reached \$13 billion, up 58.9 per cent year-on-year. At the same time, Chinese contractors in Bangladesh registered turnover of \$3.18 billion, up 59.5 per cent year-on-year.

Most Chinese investment comes in the local power sector, which received about \$443 million as of May this year, according to data from Bangladesh Bank.

China is investing in at least a couple of coal-fired projects right now, including the second phase of the Payra Thermal Power Plant, a joint venture with Bangladesh.

Source: <https://www.thedailystar.net/business/global-economy/news/chinese-fdi-bangladesh-sees-huge-jump-2186406>



Thai Envoy Calls for Signing FTA with Bangladesh

The Bilateral chamber also placed some proposals for enhancing bilateral trade and investment relationship between Bangladesh and Thailand, according to a press release.

BTCCI placed some important issues including making easier business policy between the business community, working jointly for Thai Special Economic Zone in Bangladesh, including more duty free Bangladeshi products, relocating labour intensive industry in Bangladesh like woven and textile Industry and some potential industry like power and energy, light engineering, electric, food, handicrafts and other effective bilateral activities.

The Thai envoy assured the business leaders of working on all proposals of BTCCI and augment business between the two countries.

Source: <https://www.newagebd.net/article/150281/thai-envoy-calls-for-signing-fta-with-bangladesh>



Private Sector Credit Increases 8.42 percent in August

Credit flow to the private sector has been growing gradually as July and August figures show mainly on the back of demand for working capital.

Private sector credit rose to 8.42 percent in August from 8.38 percent in July, according to the central bank.

July figure had also improved by .40 percentage points from June although it was still 6.8 percentage points lower than the Bangladesh Bank target.

The central bank in its monetary policy for this fiscal year had set its private sector credit flow target at 14.8 percent which is unchanged from the previous fiscal year's target. However, the target could not be met last time.

A central bank senior official hoped the demand for credit would increase in the coming months following the reopening of the country's overall economic activities gradually.

Source: <https://www.tbsnews.net/economy/banking/private-sector-credit-increases-842-percent-august-308848>



Yarn Price Eases after Big Jump

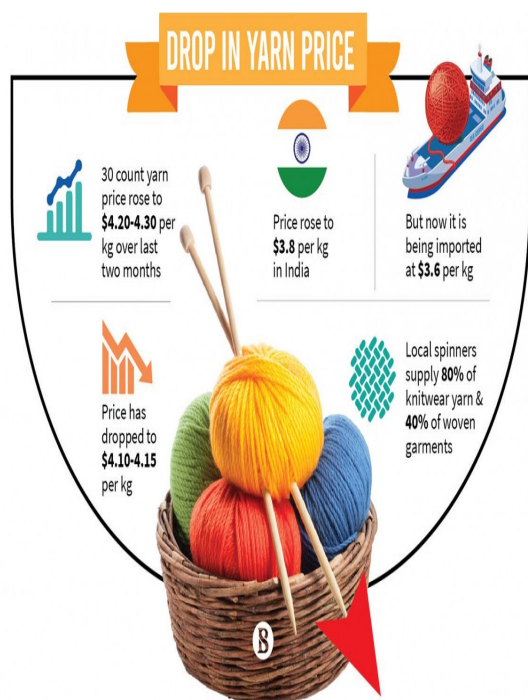
Garments manufacturers in Bangladesh have breathed a sigh of relief as yarn prices started easing after rising to a high level.

Imports of yarn, a key raw material for readymade garments, the country's top export product, have been on the rise in recent times due to some price advantages compared to buying from the local market. It has also resulted in price decreases in the local market.

Besides, harvesting of the main raw material, cotton, has started from this month in various producing countries, which will continue till next December, even though the price of cotton has not started to decline yet.

According to garment manufacturers and textile millers, the price of 30 count yarn, which is widely used in the country's garment industry, rose to \$4.20-4.30 per kg over the last two months. But now it has dropped to \$4.10-4.15 per kg.

Source: <https://www.tbsnews.net/dropped/industry/yarn-price-eases-after-big-jump-308509>



Bay Leasing Recommends 10% Cash Dividend

Non-banking financial institution Bay Leasing and Investment has recommended a 10% cash dividend for its shareholders for 2020.

The board of directors of the company made the decision at a meeting on Tuesday.

In 2019, it paid 7.50% cash and 2.50% stock dividends.

The annual general meeting (AGM) of Bay Leasing has been scheduled for 4 November where the company's recommended dividend and financial report will be approved.

The company set 18 October as the record date to determine the investors for the dividends.

The consolidated earnings per share (EPS) of the non-bank financial institution were Tk1.14 in the last year, which was 7% higher than the previous year. Meanwhile, the consolidated net asset value per share of the company stood at Tk19.80 in the last financial year that ended on 31 December 2020.

Source: <https://www.tbsnews.net/economy/stocks/bay-leasing-recommends-10-cash-dividend-308773>



Dhaka Bourse Hits Record 7,297 Points

The Dhaka stocks bounced back and hit its highest ever points level today thanks to the increased optimism among investors.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), soared 45 points, or 0.62 per cent, to 7,297 -- highest ever since its inception in 2013.

On September 9, the index hit its earlier record of 7,258.74 points.

Turnover at the premier bourse rose 7.82 per cent to Tk. 2,135 crore, up from Tk. 1,980 crore a day earlier.

Deshbandhu Polymer topped the gainers' list that rose 8.67 per cent followed by Pacific Denims, Saiham Textiles, Evince Textiles, and Summit Alliance Port.

Orion Pharmaceuticals became the most traded stock with shares worth Tk. 117 crore changing hands followed by LafargeHolcim Bangladesh, Beximco Ltd, Shajibazar Power, and SAIF Powertec.

Source: <https://www.thedailystar.net/business/news/dhaka-bourse-hits-record-7297-points-2185946>

Shift to EVs Means Huge 'Reskilling' Job for Europe

The shift to electric vehicles will force huge changes in the auto industry and require EU backing for 'reskilling' programs to help workers prepare for a zero-emission future, according to a report published on Tuesday.

The Platform for Electromobility, an industry group, said a report by the Boston Consulting Group showed by 2030 European auto industry employment will drop by less than 1 per cent from 5.7 million people today amid the transition to electric vehicles.

The European Commission has proposed an effective ban on new gasoline and diesel cars from 2035.

Automakers have warned that jobs at conventional combustion engine plants will be particularly at risk and have called on the European Union to help mitigate the impact the shift to electric will have on those manufacturing workers.

Source: <https://www.thedailystar.net/business/global-economy/news/shift-evs-means-huge-reskilling-job-europe-2186346>



Evergrande Fuels Concerns over China's Housing Bubble

A state crackdown on China's colossal property market has helped send one of its biggest developers to the brink of collapse, and analysts warn the fallout could lead to the bursting of a bubble that has been building for more than two decades.

China's property market has been a critical part of the economy, as Beijing's promise to improve people's living standards translated into new homes that in turn fuelled massive construction.

Hundreds of millions of middle-class Chinese see property as a key family asset and status symbol.

China's housing scene took off after key 1998 market reforms that boosted the private market from employer-designated homes -- rocketing in a breathtaking building boom on the back of rapid urbanisation and wealth accumulation.

Source: <https://www.thedailystar.net/business/global-economy/news/evergrande-fuels-concerns-over-chinas-housing-bubble-2186361>



German Election Leaves Investors Braced for More Spending

The purse strings have been loosened and will stay that way, no matter who heads Germany's new government. That's the verdict from investors who see potential gains for segments such as green finance alongside modestly higher bond yields.

After Finance Minister Olaf Scholz's centre-left Social Democrats (SPD) narrowly defeated the ruling Christian Democratic bloc (CDU/CSU) in Sunday's election, both parties will woo the Greens and the pro-business Free Democratic Party (FDP) to form a coalition.

Based on the colours of the parties involved, a potential Social Democrat-led alliance has been dubbed the 'traffic light' coalition, with a conservative-led one named after the flag of Jamaica.

And for investors following the negotiations, that may be the main difference between the two groupings. Apart from the FDP which wants a speedy return to the debt "brake" capping new federal borrowing, all the other parties have expressed some willingness to spend more flexibly.

Source: <https://www.thedailystar.net/business/global-economy/news/german-election-leaves-investors-braced-more-spending-2186341>



UK to Start Talks on Joining Trans-Pacific Trade Pact

Britain will begin talks on Tuesday with the 11 members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to join the pact it regards as important part of its future post-Brexit trade plans.

The CPTPP trade pact removes 95 per cent of tariffs between its members: Japan, Canada, Australia, Vietnam, New Zealand, Singapore, Mexico, Peru, Brunei, Chile and Malaysia.

Britain hopes to carve out a niche for itself in world trade as an exporter of premium consumer goods and professional services. Accession to the pact would supplement trade deals London is seeking, or has already agreed, with larger members.

Other members of the pact have already met to discuss Britain's application, but Tuesday's virtual meeting will see British attendance at the CPTPP's UK Accession Working Group, chaired by Japan, for the first time.

Source: <https://www.thedailystar.net/business/global-economy/news/uk-start-talks-joining-trans-pacific-trade-pact-2186331>

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