

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

June 30, 2022

Corporate Tax Slashed by 2.5%

The government has decided to reduce the corporate tax by 2.5% for all listed and non-listed production-oriented companies, according to parliament sources.

Companies can keep Tk36 lakh cash transactions annually, which was Tk12 lakh previously.

At the same time, single transactions for the companies have been set at Tk5 lakh.

Finance Minister AHM Mustafa Kamal placed the Tk6,78,064 crore national budget for FY23 at Jatiya Sangsad on 9 June.

According to the proposed budget, the corporate tax rate has been reduced to 20% from 22.5% for listed companies, 27.5% from 30% for non-listed companies and 22.5% from 25% for one-person companies.

In the proposed budget, the tax rate of other export-oriented companies like readymade garments has also been reduced to 12% in a bid to enhance the competitiveness of Bangladeshi products in the world market.

It will be the third time in a row that the corporate sector is going to enjoy this facility. In FY21 and FY22, the government offered corporate tax cuts to help businesses deal with pandemic-induced losses.

Source: <https://www.tbsnews.net/economy/budget/corporate-tax-slashed-25-449730>



Uttara EPZ to Get \$8.5 million Investment



Bangladeshi company Texas Clothing Limited is going to establish a garments manufacturing industry in Uttara Export Processing Zone (UEPZ) with an investment of US\$ 8.5 million.

An agreement was signed between Bangladesh Export Processing Zones Authority (BEPZA) and M/s Texas Clothing Limited have signed an agreement in this regard at BEPZA Complex in the capital, reports BSS.

In presence of the Executive Chairman of BEPZA Major General Abul Kalam Mohammad Ziaur Rahman, BEPZA and Texas Clothing signed the deal.

The company will produce annually 7.0 million pieces of different garment items like Woven Shirt, Denim Pant, Twill Pant, Jacket and Woven Bottom. This company will create employment opportunities for 1450 Bangladeshi nationals.

Source: <https://thefinancialexpress.com.bd/economy/uttara-epz-to-get-85-million-investment-1656506634>

Bangladesh Gets \$753m for Trade, Connectivity

The World Bank yesterday approved a \$1.03 billion financing to help improve regional trade in Bangladesh and Nepal by reducing trade and transport costs and transit time along the regional corridors.

The Accelerating Transport and Trade Connectivity in Eastern South Asia (ACCESS) Programme Phase-1 will help the governments address the key barriers to regional trade -- manual and paper-based trade processes, inadequate transport and trade infrastructure, and restrictive trade and transport regulations and processes.

The Phase-1 will help replace lengthy manual and paper-based trade processes with digitalised automated solutions in Bangladesh and Nepal, said the WB in a press release.

The automation will enable faster border crossing times and install electronic tracking of truck entry and exit, electronic queuing, and smart parking.

The programme will also help improve selected road corridors and upgrade key land ports and custom infrastructure while ensuring a green and climate-resilient construction. It will help the integration of land-locked Nepal and Bhutan with the gateway countries of Bangladesh and India.



Source: <https://www.thedailystar.net/business/economy/news/bangladesh-gets-753m-trade-connectivity-3060036>

New Monetary Policy with Higher Policy Rate Comes Thursday



The central bank is going to announce today a new monetary policy for FY23 with an increased policy rate aimed at controlling inflation.

The new monetary policy will also include appropriate steps to keep the foreign exchange rate normal, said sources at the Bangladesh Bank.

The central bank will increase the policy rate or repo rate – the rate at which the central bank will lend money to commercial banks – to 5.25%. The interest rate for money kept at the central bank by the commercial banks (reverse repo rate) will remain 4%.

Earlier, on 29 May this year, the central bank increased the repo rate from 4.75% to 5 points after almost two years. In July 2020, the central bank reduced the policy rate by 50 basis points from 5.25% to 4.75%.

Source: <https://www.tbsnews.net/economy/new-monetary-policy-higher-policy-rate-comes-thursday-449886>

DSE News

Stocks Edge Higher after Bumpy Ride

Stocks edged higher for the third straight session on Wednesday, after high volatility, as many investors remained cautious amid the confidence crisis.

The market opened higher and the key index rose nearly 30 points within the 20 minutes of trading. But rest hours' volatility eroded most of the initial gains, ultimately ending nearly 8.0 points higher.

DSEX, the key index of the Dhaka Stock Exchange (DSE), went up by 7.87 points or 0.12 per cent to settle at 6,350. DSEX added 49 points in the past three days.

The DS30 Index, comprising blue chips, also saw a fractional gain of 0.59 point to finish at 2,295. However, the DSE Shariah Index (DSES) dropped 0.24 points to close at 1,385.

Turnover, the crucial indicator of the market, stood at Tk 8.05 billion, which was 1.60 per cent lower than the previous day's tally of Tk 8.18 billion. Market operators said the bargain hunters took the opportunity of buying stocks at lucrative prices while some booked profit on selective stocks.

Source: <https://thefinancialexpress.com.bd/stock/stocks-edge-higher-after-bumpy-ride-1656497527>

Total Trade	Total Volume	Total Value in Taka (mn)
160045	221318815	8056.987
Issues Advanced	Issues declined	Issues Unchanged
157	172	52



Rice Bran Oil Spondon back after Five Years

After a five-year hiatus, Emerald Oil Industries' rice bran oil Spondon has returned to the country's market.

The packaging of Spondon – the almost forgotten rice-bran and "heart-friendly" cooking oil – was unveiled afresh at a function held at a city hotel on Tuesday evening.

Minori Bangladesh – a subsidiary of Japanese farming company Minori Co Limited – has extended its hand to revive Emerald Oil by taking over its sponsor-directors shares.

Emerald Oil's full-fledged production started in January this year, with fresh investment from Minori Bangladesh.

Professor Rumana Islam, a commissioner of the Bangladesh Securities Exchange Commission (BSEC), said, "Spondon oil has come up afresh after the acquisition. We hope the company will do much better and Emerald Oil will protect the interests of investors."

Source: <https://www.tbsnews.net/economy/stocks/rice-bran-oil-spondon-back-after-five-years-449822>



Global: Business

Asian Shares End Quarter in Sombre Mood, Dollar on High

Asian shares were ending a rough quarter in a sombre mood on Thursday amid fears central banks' cure for inflation will end up sickening the global economy, though it is proving to be a fillip for the safe-haven dollar and government bonds.

Polymakers on Wednesday reiterated their commitment to controlling inflation no matter what pain it caused, and data on US core prices later in the session will only underline the extent of the challenge.

"Inflation can be sticky," warned analysts at ANZ. "It is broadening from goods to services and wage growth is accelerating."

"Even with rapid rate rises, it will take time for tightness in labour markets to unwind, and that means inflation can stay higher for longer."

That suggests it is too early to pick a peak for interest rates or a bottom for stocks, even though markets have already fallen a long way.

The S&P 500 has lost almost 16% this quarter, its worst performance since the very start of the pandemic, while the Nasdaq is off an eye-watering 21%.

Source: <https://www.tbsnews.net/world/global-economy/asian-shares-end-quarter-sombre-mood-dollar-high-449990>

China's Factory, Service Sectors Shake off 3 Months of Lockdown Pain

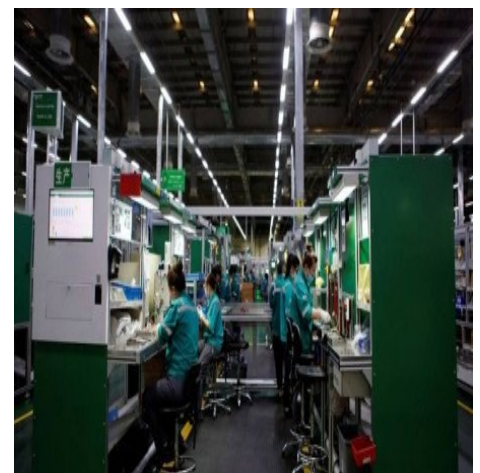
China's factory and service sectors snapped three months of activity decline in June, business surveys showed on Thursday, as authorities lifted a strict Covid lockdown in Shanghai, reviving output and consumer spending.

The official manufacturing purchasing managers' index (PMI) rose to 50.2 in June from 49.6 in May, the National Bureau of Statistics (NBS) said. That slightly missed the forecast for 50.5 in a Reuters poll but rose above the 50-point mark that separates contraction from growth for the first time since February.

While activity has sped up since various Covid lockdowns imposed since March have been rolled back, headwinds persist, including a still subdued property market, soft consumer spending and fear of any recurring waves of infections.

"Today's NBS numbers were encouraging to see, even if manufacturing slightly underwhelmed and expectations were for an improvement given the easing of lockdown restrictions," said Matt Simpson, senior market analyst at City Index.

Source: <https://www.tbsnews.net/world/global-economy/chinas-factory-service-sectors-shake-3-months-lockdown-pain-450006>



Global: Business

Germany Moves to Ramp up Wind Power

The German government approved a draft law on Wednesday aimed at covering two per cent of the country's land area with wind turbines by 2032, by setting fixed regional targets and easing some administrative burdens.

The push to accelerate the expansion of wind power comes as Germany is scrambling to wean itself off Russian fossil fuels following the war in Ukraine.

"Independence from fossil energies and from Russian fossil energies must be advanced at full speed," Energy Minister Robert Habeck told reporters.

The goal is for Germany's 16 states to collectively dedicate two percent of the nation's surface area to wind power generation by the end 2032 -- up from 0.5 per cent currently.

The installation of wind turbines regularly runs into "not in my back-yard" resistance in Germany and objections from residents have often blocked such projects in the past, as have concerns about endangering local wildlife.

Source: <https://www.thedailystar.net/business/global-economy/europe/news/germany-moves-ramp-wind-power-3049396>



Fed Rolls out Biggest Rate Hike in 28yrs

The Federal Reserve on Wednesday approved its largest interest rate increase in more than a quarter of a century to stem a surge in inflation that US central bank officials acknowledged may be eroding public trust in their power, and being driven by events seen increasingly out of their hands.

The widely expected move raised the target federal funds rate by three-quarters of a percentage point to a range of between 1.5 per cent and 1.75 per cent, still comparatively low by historic standards.

But the Fed's hawkish commitment to controlling inflation has already touched off a broad tightening of credit conditions being felt in US housing and stock markets, and likely to slow demand throughout the economy - the Fed's intent.

Officials also envision steady rate increases through the rest of this year, perhaps including additional 75-basis-point hikes, with a federal funds rate at 3.4 per cent at year's end. That would be the highest level since January 2008 and enough, Fed projections show, to slow the economy markedly in coming months and lead to a rise in unemployment.

Source: <https://www.thedailystar.net/business/global-economy/america/news/fed-rolls-out-biggest-rate-hike-28yrs-3049421>



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