

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

August 31, 2022

Nagad Now Gets NBFILicence to Form Subsidiary to Legalise MFS Operation

Nagad, a mobile financial service provider of Bangladesh Post Office, got consent for a licence of non-bank financial institution (NBFIL) under which it will form a subsidiary to legitimate its operation.

The board of Bangladesh Bank has decided to give a letter of intent against "Nagad Finance PLC" at a meeting held on Tuesday at its headquarters.

Muhammad Farid Khan, vice-chairman of Summit Group, will be the chairman of the proposed company. Tanvir A Mishuk, managing director of Nagad Ltd, is also the director of the proposed NBFIL.

The major condition is that Nagad Finance has to bring in more than 90% of its investment from abroad to increase foreign currency inflow, said a top manager of the Bangladesh Bank, on the condition of anonymity.

The central bank official, who attended the board meeting, said major investment will come from the United States and Singapore, according to the Nagad Finance's proposal.

Source: <https://www.tbsnews.net/economy/banking/nagad-consent-license-nbfil-486930>



Sonali Paper's New Product Line Goes into Production

Sonali Paper & Board Mills Ltd has begun the commercial operation of a new product line to produce aluminium foil paper boxes.

In May last year, the company decided to add a new product line.

The commercial operation of the product line began on Monday, Sonali Paper said in a posting on the Dhaka Stock Exchange yesterday.

At its peak, the line will produce 2.80 crore pieces of boxes per year and may generate annual additional sales revenue of Tk 19.60 crore. The commercial operation of the product line began on Monday, Sonali Paper said in a posting on the Dhaka Stock Exchange yesterday.

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Source: <https://www.thedailystar.net/business/economy/news/sonali-papers-new-product-line-goes-production-3107136>

Light Engineering Products to Boost Bangladesh Export Basket

As Bangladesh seeks to diversify its export basket the focus has been on engineering products and bicycles, which have high demand in the international market.

The government has taken several development projects aimed at developing the sectors to meet growing global demand, officials related to the industry said. Bangladesh already exports a significant portion of such products to Europe and African markets, reports UNB.

According to the Export Promotion Bureau (EPB), domestic manufacturing companies earned US\$168 million from bicycle exports in the FY 2021-22, an increase of 28.31 per cent from the previous fiscal year.

The Bangladesh University of Engineering and Technology and the National Investment Board estimate that 40,000 small and medium enterprises are running in this sector, providing direct benefit to about eight million people.

Around 400 registered entrepreneurs have set up light engineering industries and related factories in lands provided by Bangladesh Small and Cottage Industries Corporation (BSCIC). The government has also declared the light industry an important sector.

Source: <https://thefinancialexpress.com.bd/economy/light-engineering-products-to-boost-bangladesh-export-basket-1661863685>



ICDs Revise Down Service Tariffs

The owners of private inland container depots (ICDs) today revised down tariffs for all the five types of services in container handling a day after the latest government move to trim fuel prices.

On Monday, the government announced cutting diesel price by Tk 5 per litre and the next day the members of Bangladesh Inland Container Depots Association (BICDA) in a virtual meeting decreased their charges by 3.5 to 5 per cent from the recently increased rates.

According to the new decision, tariff for import container handling package would now be increased by 30 per cent against the earlier decision of raising it by 35 per cent from previous charge remained effective before August 6.

According to the BICDA circular, import container handling package for a 20-foot container which was earlier raised from Tk 9,754 to Tk 13,080 has now been fixed at Tk 12,605.

For a 40-foot container the package charge was earlier raised to Tk 15,107 from the previous rate of Tk 11,255 and the new rate has now been fixed at Tk 14,557, the circular stated.

Source: <https://www.thedailystar.net/business/news/icds-revise-down-service-tariffs-3107011>



Chartered Life IPO Subscription Opens on 25 September

Subscription to the initial public offering (IPO) of Chartered Life Insurance Company Limited will open on 25 September and continue till 29 September.

The new generation life insurer secured approval of the Bangladesh Securities and Exchange Commission (BSEC) earlier, to raise Tk15 crore from the capital market at a face value of Tk10 per share.

The IPO is intended to comply with the regulatory requirement, whereby insurers like banks and non-bank financial institutions, are obliged to go public within several years of commercial operations.

The company will use the IPO funds to invest in government and publicly listed securities, alongside meeting the expenses for the IPO.

Chartered Life was incorporated in 2013 and its paid-up capital stood at Tk22.5 crore at the end of 2020.

According to the actuarial valuation report, the company's total life insurance fund was Tk35.22 crore at the end of 2021, while the surplus in the life insurance fund was over Tk4.67 crore.

Source: <https://www.tbsnews.net/economy/stocks/chartered-life-ipo-subscription-opens-25-september-486194>



IFIC Bank to Issue Tk500cr Coupon Bearing Bond

IFIC Bank Limited has decided to issue its fourth coupon bearing bond worth Tk500 crore to strengthen its Tier 2 capital as per Basel III requirements.

The subordinated bond will be a non-convertible one, and its issuance is subject to approval of the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, according to the bank's filing on the websites of the stock exchanges on Sunday.

In June this year, the BSEC approved the bank's issuance of its third non-convertible subordinated bond with a face value of Tk1 crore per unit.

In the first half of 2022, its net profit declined to Tk92.80 crore, compared to Tk154.53 crore in the same period previous year.

As of 31 July 2022, sponsors and directors jointly held 6.14%, the government 32.75%, institutions 21.64%, foreign investors 0.94%, and the general public, 38.53% shares of the bank.

Source: <https://www.tbsnews.net/economy/stocks/ific-bank-issue-tk500cr-coupon-bearing-bond-485574>



Global: Business

Oil Edges Higher

Oil edged higher on Monday to extend last week's gains as potential Opec+ output cuts and conflict in Libya helped to offset a strong US dollar and a dire outlook for US growth.

Saudi Arabia, top producer in the Organization of the Petroleum Exporting Countries (Opec) last week raised the possibility of production cuts, which sources said could coincide with a boost in supply from Iran should it clinch a nuclear deal with the West.

Brent crude was up 13 cents, or 0.1 per cent, at \$101.12 a barrel by 1150 GMT, having risen by 4.4 per cent last week. US West Texas Intermediate (WTI) crude was up 10 cents, or 0.1 per cent, at \$93.16 after gaining 2.5 per cent last week.

"Oil prices are inching higher on hopes of a production cut from Opec and its allies to restore market balance in response to the revival of Iran's nuclear deal," said Sugandha Sachdeva, vice president of commodity research at Religare Broking.

Oil's gain was limited by a strong US dollar, which hit a 20-year high on Monday after the Federal Reserve chairman signalled that interest rates would be kept higher for longer to curb inflation.

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



Asia Continues Global Stock Slump as Fed Tightening Fears Flare

Asian markets extended the global stocks selloff on Wednesday, as investor worries about aggressive monetary tightening were inflamed further by strong US jobs data.

The overnight JOLTS report on job openings - closely watched by the Federal Reserve - pointed to extremely tight labour conditions, defying the Fed's tightening efforts so far and bolstering the case to do more.

To discourage speculation about rate reductions next year, New York Fed President John Williams said on Tuesday that the central bank likely needed to get the policy rate above 3.5%, and was unlikely to cut rates at all in 2023.

MSCI's broadest index of Asia-Pacific stocks declined 0.7%. Its world equity index slumped 0.9% on Tuesday, for a third straight day of losses.

Source: <https://www.tbsnews.net/world/global-economy/asia-continues-global-stock-slump-fed-tightening-fears-flare-487102>



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>



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