

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

December 05, 2021

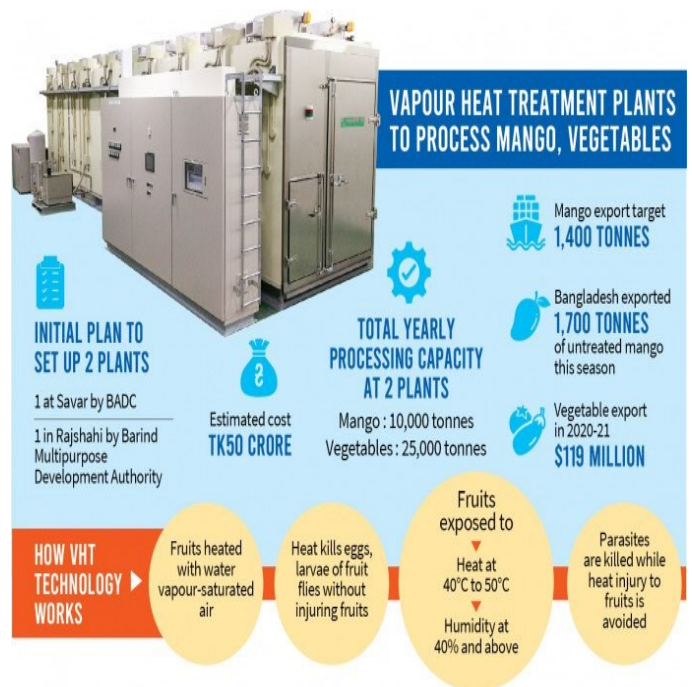
Govt to Set up Treatment Plants to Boost Agro Exports

The government is planning to set up two vapour heat treatment (VHT) plants to safely process 35,000 tonnes of fresh mango and vegetables per annum – a move aimed at increasing export agricultural products and finding an entry into countries, including Russia and Japan, that currently do not allow their imports from Bangladesh.

According to the initial plan of the planning ministry, the Bangladesh Agricultural Development Corporation (BADC) and the Barind Multipurpose Development Authority (BMDA) will set up the plants in Savar and Rajshahi, respectively, at a total cost of Tk50 crore. BADC would also set up an Auto Conveyor machine in Savar for making a packaging line.

According to BADC officials, Bangladesh currently exports mango to some countries in Europe and the Middle East on a small scale.

Source: <https://www.tbsnews.net/bangladesh/infrastructure/govt-set-treatment-plants-boost-agro-exports-338368>



Investment Proposals Grow 46.33pc in July-September

The investment proposals registered by Bangladesh Investment Development Authority (BIDA) grew by 46.33 per cent in July-September 2021.

This is a marked improvement from the corresponding period of the previous year when the investment inflow fell due to the worsening Covid-19 pandemic situation.

BIDA, an entity attached with the Prime Minister Office, provided registration to 189 companies with investment proposals of Tk 204.63 billion in the three months (July-September) this year.

A total 177 domestic companies have taken registration in July-September 2021 period with investment proposals of Tk 185.86 billion, as per a UNB report. In the same period, seven foreign nationals-owned companies and five joint venture companies have taken registration with investment proposals of Tk 18.77 billion.

Source: <https://thefinancialexpress.com.bd/economy/investment-proposals-grow-4633pc-in-july-september-1638456539>



Bangladesh's Merchandise Exports Grow 24.29pc in July-Nov

Earnings from the country's merchandise exports posted a 24.29 per cent growth to reach US\$19.79 billion during the first five months of fiscal year 2021-22 (FY22) on the back of ready-made garment (RMG).

The July-November export earnings in the 2020-21 fiscal year were US\$15.92 billion. In Bangladesh, the fiscal year starts on July 1 until June 30 next year.

The overall export earnings also surpassed the set target by 13.27 per cent, according to the provisional data of the Export Promotion Bureau (EPB).

In the meantime, the single month export earnings in November'21 registered a 31.25 per cent growth to US\$4.04 billion year-on-year. Bangladesh fetched \$3.07 billion from merchandise shipments in November last year, according to EPB data.

Bangladesh booked the highest-ever single-month US\$4.72 billion export income in last October with rebound of apparel shipments from pandemic recession.

Source: <https://thefinancialexpress.com.bd/trade/bangladeshs-merchandise-exports-grow-2429pc-in-july-nov-1638499173>



Textiles Ministry to Honour 7 Organisations

The Ministry of Textiles and Jute will celebrate National Textiles Day 2021 on December 4 by honouring seven organisations for their contribution to protecting the textiles sector in the pandemic's aftermath.

Textiles and Jute Minister Golam Dastagir Gazi announced this at a press conference organised by the ministry at Bangladesh Secretariat yesterday.

The ministry has continued its overall activities to take the textile industry forward on the path of globalisation by creating skilled manpower through the expansion of textile education and gathering technical knowledge with modern technology, he added.

The theme of this year's National Textiles Day is "globalisation of the textile sector; development of Bangladesh".

Source: <https://www.thedailystar.net/business/economy/news/textiles-ministry-honour-7-organisations-2908676>



Stocks Rebound as Market Sentiment Improves

Stocks bounced back in the outgoing week, snapping the previous week's big fall, as buoyant investors renewed their appetite for lucrative shares amid positive expectations as the finance ministry has stepped in to resolve a row between the central bank and the securities regulator.

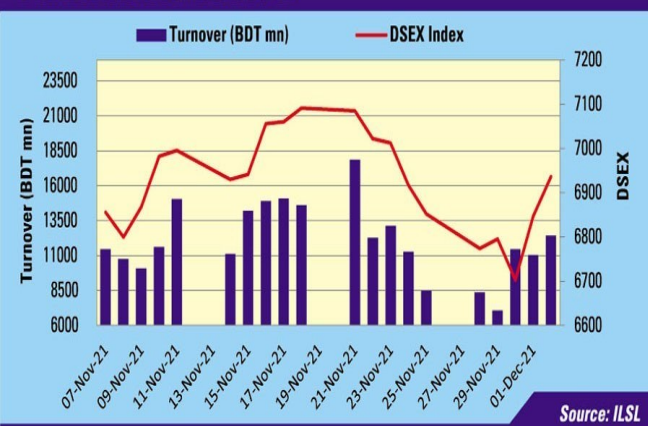
Week on week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), climbed 84.11 points or 1.23 per cent to settle the week at 6,936, after losing 240 points in the week before.

The market was highly influenced by the contradictory statements from the securities regulator and the central bank over some policy matters, which prompted the finance ministry to arrange a coordination meeting on December 7.

Stocks rebounded as expectations grew that the finance ministry's move to resolve the disputes between the Bangladesh Bank and the capital market regulator would yield a better outcome, said a merchant banker.

Source: <https://thefinancialexpress.com.bd/stock/stocks-rebound-as-market-sentiment-improves-1638592758>

4-week Market Movement



Perpetual Bond Making DSE Debut after 14 years

After a hiatus of 14 years, a perpetual bond, which is known as debt security without maturity, is going to debut on local stock exchanges on Sunday.

AIBL Mudaraba Perpetual Bond is the second such security to get listed on the country's bourses.

Earlier, in 2007, IBBL Mudaraba Perpetual Bond got listed as the first such debt security to enter the capital market.

Perpetual bonds have no maturity date and they pay interest to investors in the form of coupon payments, just as with most bonds, but the bonds' principal amount does not come with a set date for redemption (repayment).

Perpetual bonds are gaining momentum in Bangladesh as a large number of commercial banks are on their way to strengthening the Tier-I capital base to comply with Basel III guidelines.

Source: <https://www.tbsnews.net/economy/stocks/perpetual-bond-making-dse-debut-after-14-years-337987>



Global Tax Deal Leaves Billion-dollar Loopholes

Leaders of the world's largest economies hailed a recent agreement to overhaul global corporate tax rules as key ensuring multinationals paid their fair share of tax.

The October deal established a global minimum corporate tax rate of 15 per cent aimed at curtailing profit-shifting to lower-tax jurisdictions such as Ireland, where many large international firms have their European headquarters.

It will eliminate incentives to shift jobs and profits abroad, US President Joe Biden in early October.

But some companies could still use Ireland to reduce their tax bills even after the agreement takes effect, according to tax specialists and a Reuters review of corporate filings.

Ireland's relatively generous tax allowances permit multinationals with a presence in the country to sell intellectual property, such as patents and brands, from one subsidiary to another to generate deductions that can be used to shield future profits from tax.

Source: <https://www.thedailystar.net/business/global-economy/news/global-tax-deal-leaves-billion-dollar-loopholes-2909866>



US Service Sector Booms in Nov despite Shortages

Business activity in the massive US services sector grew beyond expectations in November even as companies dealt with shortages and supply delays, according to an industry survey released Friday.

The Institute for Supply Management (ISM) said its services index climbed to an all-time high of 69.1 per cent last month, more than expected and a gain of 2.4 points from October.

All industries surveyed reported growth, while employment climbed, orders were stable but strong and prices fell back slightly even as they remained at high levels, according to the report.

However, the survey's chair Anthony Nieves said the supply shortages and delays that have complicated business across the world's largest economy have yet to abate.

"Demand continues to outpace supply that has been impacted by capacity constraints, shortages of labor and materials and logistical challenges," he said.

There was no improvement in supplier delivery times last month, the report said.

Order backlogs did decline more than one percentage point to 65.9 per cent but that remained above the 50-per cent threshold indicating growth.

"Construction material shortages and longer lead times continue to hamper operations. Significant cost increases from labor and freight are forecast for the start of next year," one construction firm told the survey.

Source: <https://www.thedailystar.net/business/global-economy/news/us-service-sector-booms-nov-despite-shortages-2909876>

US Economy Gaining Steam as Manufacturing Forges ahead

US manufacturing activity picked up in November amid strong demand for goods, keeping inflation high as factories continued to struggle with pandemic-related shortages of raw materials.

Signs that the economy was gathering momentum halfway through the fourth quarter were underscored by other data on Wednesday showing private employers maintained a strong pace of hiring last month. But there are fears that the Omicron variant of Covid-19 could hurt demand for services as well as keep the unemployed at home, and hold back job growth and the economy.

"Manufacturing should continue to contribute positively to GDP growth over the next year as businesses replenish inventories and supply-chain issues improve," said Ryan Sweet, a senior economist at Moody's Analytics in West Chester, Pennsylvania.

Source: <https://www.thedailystar.net/business/global-economy/america/news/us-economy-gaining-steam-manufacturing-forges-ahead-2908641>



US Could Adjust Timing of Oil Stockpile Release if Prices Fall

The Biden administration could adjust the timing of its planned release of strategic crude oil stockpiles if global energy prices drop substantially, US Deputy Energy Secretary David Turk told Reuters on Wednesday.

Turk, speaking in a video interview for the Reuters Next conference, added that other consumer nations that had agreed to release strategic reserves in concert with the United States to tame prices could also adjust their timing, if needed. I think each country will make decisions based on what's useful and good for their consumers and based on where the price is, he said.

The Biden administration had announced last month it would release 50 million barrels from the SPR, with deliveries beginning as soon as January.

The move would come alongside smaller releases from China, India, Japan, South Korea and Britain, to help lower consumer energy costs.

Source: <https://www.thedailystar.net/business/global-economy/america/news/us-could-adjust-timing-oil-stockpile-release-if-prices-fall-2908606>



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