



HIGHLIGHTS OF THE DAY

Bangladesh: Economy

August 08, 2022

Govt, WB Sign \$300m Loan Deal

The World Bank yesterday signed a \$300 million financing agreement with the Bangladesh government to help the nation strengthen its urban institutions to recover from the Covid-19 pandemic and improve preparedness for future shocks.

The Local Government Covid-19 Response and Recovery Project will benefit 39.9 million urban residents in all eight divisions, the World Bank said in a statement.

It will help Bangladesh's cities and towns to recover from the pandemic and prepare for future shocks, including climate change, disasters, and disease outbreaks.

In addition, 329 municipalities and 10 city corporations will receive funds bi-annually from the project to improve critical urban services and infrastructures to mitigate and respond to climate change impacts, disasters, and future disease outbreaks.

"Bangladesh is rapidly urbanising. With around 36 per cent of the population living in urban areas the city corporations and the municipalities can play a critical role in helping the urban poor recover from the pandemic as well as prepare to handle future shocks" said Mercy Tembon, World Bank country director for Bangladesh and Bhutan.

Source: <https://www.thedailystar.net/business/economy/news/govt-wb-sign-300m-loan-deal-3090226>



Firms Can Apply Online for Bonded Warehouse Licence

From the first week of September, entrepreneurs in Bangladesh will not require visiting the customs bond commissionerates to file applications to get a fresh licence to import raw materials duty-free used in making export-oriented finished products.

This is because businesses will be able to file applications online for the licence as the National Board of Revenue (NBR) yesterday roll out its automated customs bond management system to bring about transparency and prevent the misuse of the zero-duty import privilege.

Under the automated system, holders of bonded warehouse licence, which provides the scope to businesses to import products without tariff, are expected to get faster services from customs bond commissionerates (CBCs), field offices of the NBR, after completion of all the modules.

Source: <https://www.thedailystar.net/business/economy/news/firms-can-apply-online-bonded-warehouse-licence-3090326>



Tk1,000cr Scheme to Give Wheat, Maize Growers Loans at 4% Interest

The Bangladesh Bank has introduced a refinancing scheme of Tk1,000 crore to provide loans at 4% interest to wheat and maize cultivators in a bid to increase the yield of the food grains and reduce the country's dependency on imports.

"We have to import wheat and maize. Currently, a problem has arisen because of the Ukraine-Russia war. Due to which the refinancing scheme has been launched so that the country can meet the demand by producing the grains," said Md Serajul Islam, executive director and spokesperson of the central bank.

Keeping the current food crisis in mind, the Bangladesh Bank approved the scheme at its board meeting on Monday, said sources at the bank.

Under the scheme, banks will give loans directly to farmers and will pay the central bank 0.50% interest against their disbursed amount.

The three-year scheme will start in December this year and banks can collect a maximum of 4% interest from farmers against the loans, the sources added.

Source: <https://www.tbsnews.net/economy/tk1000cr-scheme-give-wheat-maize-growers-loans-4-interest-473370>



Padma Bridge Toll Collection Exceeds Tk100 crore Mark

Padma Bridge, the country's biggest self-financed mega project, has collected a total of Tk101.09 crore in tolls in the first 42 days since its opening to traffic on 26 June.

According to the Bangladesh Bridge Authority (BBA), some 9,03,840 vehicles from both sides crossed the bridge till Saturday (6 August).

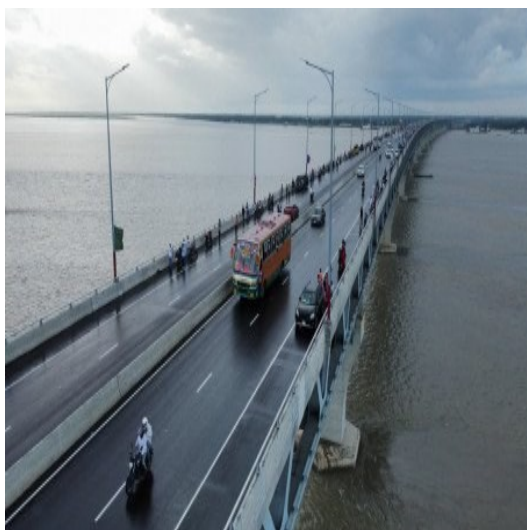
So far 524,538 vehicles have crossed the bridge through Mawa end contributing Tk50.72 crore to the country's exchequer.

Also, 379,302 vehicles passed the bridge through Jazira Toll Plaza accumulating Tk50.36 crore in tolls.

A total of Tk52,55,35,650 was collected in tolls in the first 20 days.

On 26 June when the bridge first opened to traffic; Tk2,09,40,300 toll was collected from 51,316 vehicles.

Source: <https://www.tbsnews.net/bangladesh/infrastructure/padma-bridge-toll-collection-exceeds-tk100-crore-mark-473130>



DSE News

Dutch-Bangla Bank Receives 'AAA' Credit Rating

Dutch-Bangla Bank Ltd has received a 'AAA' credit rating in the long term and 'ST-1' in the short term category, along with a stable outlook based on its audited financials and other relevant information up to 31 December 2021.

The Credit Rating Agency of Bangladesh Limited (CRAB) announced the bank's rating on Sunday, according to the Dhaka Stock Exchange website.

The rating indicates a company's strong capacity to repay stockholders, its congenial position in the stock market, financial excellence, healthiness, sustainable franchise, and first-rate operating environment.

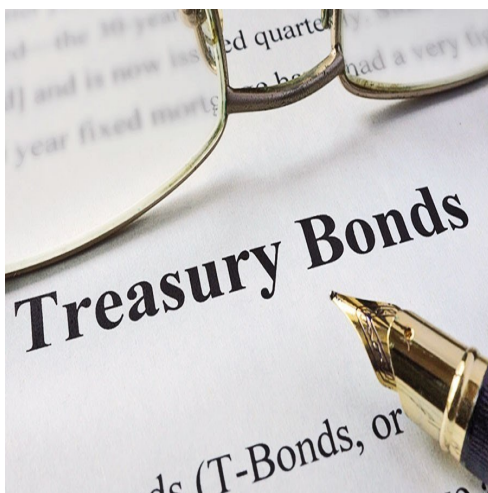
From January to June 2022, the private sector lender made a net profit of Tk248.78 crore, which was Tk225.93 crore in the same period of 2021.

During the period, its earnings per share stood at Tk3.58 and net asset value per share at Tk55.09. As of 30 June this year, sponsors and directors held 86.99%, institutional investors 5.01%, foreign investors 0.01%, and general investors held 7.99% shares of the bank.

Source: <https://www.tbsnews.net/economy/stocks/dutch-bangla-bank-receives-aaa-credit-rating-473298>



T-Bonds likely to Make Trading Debut Aug 16



Trading in Treasury Bonds (T-Bonds) is likely to begin on the secondary market on August 16 if the Dhaka Stock Exchange (DSE) can sort out some complexities that arose recently.

As per the instructions of the Bangladesh Securities and Exchange Commission (BSEC), the Dhaka and Chittagong bourses are supposed to start the trading of the T-Bonds on August 16.

"We have detected some complexities during a mock trading of the bonds on August 4. Still, we are trying to launch the trading of the bonds in the secondary market on August 16," said a senior official of the DSE. If the complexities can be resolved soon, T-Bonds would make their debut in trading markets, he added.

Stakeholders such as Bangladesh Bank (BB), Bangladesh Securities and Exchange Commission (BSEC), both the bourses and the depository authority, CDBL, signed a memorandum of understanding (MoU) on June 12 last to make the debut trading of the T-Bonds in the secondary market.

Source: <https://thefinancialexpress.com.bd/stock/t-bonds-likely-to-make-trading-debut-aug-16-1659936110>

Global: Business

China's Exports Gain Steam but Outlook Cloudy

China's export growth unexpectedly picked up speed in July, offering an encouraging boost to the economy as it struggles to recover from a Covid-induced slump, but weakening global demand could start to drag on shipments in coming months.

Exports rose 18.0 per cent in July from a year earlier, the fastest pace this year, official customs data showed on Sunday, compared with a 17.9 per cent increase in June and beating analysts' expectations for a 15.0 per cent gain.

Outbound shipments have been one of the few bright spots for the Chinese economy in 2022, as widespread lockdowns hit businesses and consumers hard and the once mighty property market lurches from crisis to crisis.

"China's export growth surprised again on the upside. (It) continues to help China's economy in a difficult year as domestic demand remains sluggish," said Zhiwei Zhang, chief economist at Pinpoint Asset Management.

Source: <https://www.thedailystar.net/business/global-economy/news/chinas-exports-gain-steam-outlook-cloudy-3090276>



BoE First Big Cenbank to Sell QE Bonds

The Bank of England looks set to become the first major central bank to sell some of the government bonds it purchased during more than a decade of quantitative easing, with a 40 billion pound (\$49 billion) sales programme likely to start next month.

The BoE's Monetary Policy Committee said on Thursday it was "provisionally minded" to start sales in the second half of September, subject to economic and market conditions and a confirmatory vote at its next meeting on September 15.

Deputy Governor Dave Ramsden told a news conference that there would be a "high bar" to amending gilt sales due to market conditions, once the programme had begun.

The BoE does not expect the gilt sales to play a significant role in tightening monetary conditions, relative to raising interest rates or the initial gilt purchases, but wants to ensure it has scope to undertake QE again if needed.

Source: <https://www.thedailystar.net/business/global-economy/news/boe-first-big-cenbank-sell-qe-bonds-3090281>



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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