

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

September 7, 2021

Spinners on an Expansion Spree

The spinning industry in Bangladesh is witnessing massive investment as local entrepreneurs are either expanding their production capacities or setting up new units as the demand for garment raw materials is rising.

Local spinners have a combined capacity to process 13.43 million bales of cotton each year. But due to various drawbacks, they are unable to run at full steam.

As a result, the mills currently manage to make use of 8.5 million bales of cotton annually, shows data from the Bangladesh Textile Mills Association (BTMA), a platform for entrepreneurs from the primary textile sector.

"Just earlier this year, around Tk 1,900 crore was invested in the spinning industry despite the ongoing coronavirus pandemic," said Monsoor Ahmed, chief executive officer of the BTMA.

Three new spinning mills will go into operation within the next two years, while some of the existing millers plan to expand their capacities to meet the growing demand.

Source: <https://www.thedailystar.net/business/economy/industries/news/spinners-expansion-spree-2170206>

SPINNING SECTOR BRIEF

- Present spindles: **13.43m**
- Spindles to be added: **1m**
- Fresh investment made in 2021: Tk **1,900cr**
- Current yearly cotton and other fibres processed by spinners: **2m tonnes**
- Yearly yarn consumption: **2.2m tonnes**



Apparel Orders Staging a Strong Comeback

The flow of work orders to the garment industry is rebounding strongly on the back of the reopening of stores of retailers and brands in Europe and the US, the two main export destinations for the apparel manufacturers in Bangladesh.

Local suppliers estimate that their exports in the next summer might go up by 20 to 30 per cent. The production for the season runs from September to March.

Bangladesh is strong in the manufacturing of knitwear and woven clothes, which are mainly worn during the days of summer and mild winters.

The value of monthly exports from Fakir Apparels varied between \$10 million and \$11 million over the past one year. But Ahmed expects it will go up to \$13 million to \$14 million from September.

Source: <https://www.thedailystar.net/business/economy/news/apparel-orders-staging-strong-comeback-2170196>

Private Credit Growth Moves Upward for 2nd Consecutive Month

Private sector credit flow marked a positive growth for two months in a row on the back of the resumption of economic activities following the vaccine rollout.

Lending to businesses recorded 8.38% growth in July – a slight increase from 8.35% in the previous month.

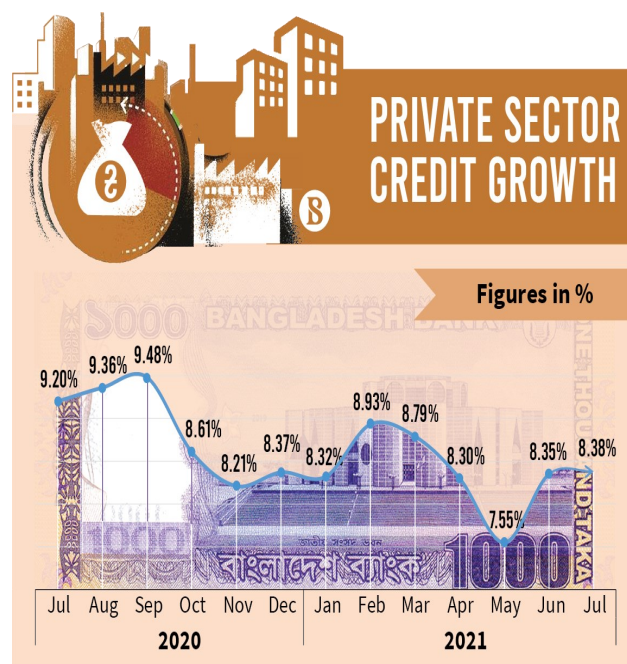
The credit growth, however, is yet to get pace as bankers have remained cautious in lending amid rising default loans and low recovery of stimulus loans.

The Bangladesh Bank in its monetary policy for the current 2021-2022 fiscal year has set the target of credit growth in the private sector at 14.8%.

The central bank's monetary policy statement says the economy will start to get back vibrancy soon once the pandemic is brought under control. As a result, the demand for credit in all sectors will increase in the coming months, it adds.

According to bankers, the recent upward trend in credit growth is chiefly attributable to a rise in the number of LC (letter of credit) openings.

Source: <https://www.tbsnews.net/economy/banking/private-credit-growth-moves-upward-2nd-consecutive-month-298750>



Tk10 Account Holders to Get up to Tk5 lakh Low-Interest Loans

The Bangladesh Bank has set up a fund of Tk500 crore for Tk10 accounts holders to bring the marginalized people, who have lost the source of their income in the Covid-19 pandemic, under financial services.

In a circular on Sunday, the Financial Inclusion Department of the central bank also said banks will receive loans from the Bangladesh Bank at 1% annual interest and provide the loans at a maximum of 7% interest at the customer level.

Banks can lend up to a maximum of Tk5 lakh to a single borrower under the facility.

Banks will be able to disburse loans from their branches, sub-branches, and agent banking branches under this scheme.

Source: <https://www.tbsnews.net/economy/banking/tk10-account-holders-get-tk5-lakh-low-interest-loans-298261>



DSE Daily Turnover Crosses Tk. 29b-mark

Stocks extended their rally for the fifth straight session on Monday with all three indices and market-cap hitting new highs as buoyant investors continued on buying spree riding on regulatory measures.

After witnessing some profit booking initially, DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), went up 22.67 points or 0.32 per cent to settle at more than 7,075 – the highest since its inception nearly nine years back on January 27, 2013.

Turnover, a crucial indicator of the market, crossed Tk. 29 billion-mark after two weeks and amounted to Tk. 29.01 billion on the country's premier bourse, in a further buck-up by 1.15 per cent over previous day's tally of Tk. 28.68 billion.

The market capitalisation of the prime bourse also hit a fresh all-time high at Tk. 5.718 trillion on Monday, surpassing the previous day's record high of Tk. 5.692 trillion.

Source: <https://thefinancialexpress.com.bd/stock/dse-daily-turnover-crosses-tk-29b-mark-1630926244>



Small, Medium Entrepreneurs Can Raise Funds from Stock Market

The Small and Medium Enterprise Foundation (SMEF) and the Dhaka Stock Exchange (DSE) signed a memorandum of understanding (MoU) on Monday under which the latter will help small entrepreneurs raise funds from the capital market.

Entrepreneurs of the country's small and medium enterprises (SMEs) will be able to raise capital, ranging from Tk. 5.0 million to Tk. 300 million, from the stock market, following the Bangladesh Securities and Exchange Commission (Qualified Investor Offer by Small Capital Companies) Rules 2018.

SMEF managing director (MD) Mafizur Rahman and DSE MD Tarique Amin Bhuiyan inked the MoU at a ceremony, held at DSE Tower in the city's Khilkhet area, said a statement - issued by the SMEF.

As per the agreement, both the organisations will collaborate with each other to promote SMEs through different programmes.

Source: <https://thefinancialexpress.com.bd/stock/small-medium-entrepreneurs-can-raise-funds-from-stock-market-1630982954>



Shipping Industry Proposes Levy to Speed up Zero Carbon Future

Leading shipping associations have proposed creating a global levy on carbon emissions from ships to help speed up the industry's efforts to go greener.

With about 90 per cent of world trade transported by sea, global shipping accounts for nearly 3 per cent of the world's CO2 emissions and the sector is under growing pressure to get cleaner.

For the first time, the International Chamber of Shipping (ICS) and Intercargo jointly proposed a levy based on mandatory contributions for each tonne of CO2 emitted from ships exceeding 5,000 gross tonnes and trading globally.

The money collected would go into a climate fund that would be used to deploy bunkering infrastructure in ports around the world to supply cleaner fuels such as hydrogen and ammonia, according to the proposal.

Source: <https://www.thedailystar.net/business/global-economy/news/shipping-industry-proposes-levy-speed-zero-carbon-future-2170096>



World Shares at Record High as Investors Count on Fed Largesse

Global stocks inched higher on Tuesday to a record high for the eight straight session as investors wagered the US Federal Reserve is likely to delay the start of tapering its asset purchases after the soft US jobs data.

Japanese shares extended their bull run on hopes the ruling Liberal Democratic Party will compile additional economic stimulus and easily win an upcoming general election after the country's unpopular Prime Minister Yoshihide Suga said he would quit.

Tokyo's Nikkei rallied as much as 1.3%, moving past the psychological barrier of 30,000 for the first time since April, also helped by a reshuffle in the Nikkei.

The latest rally, which started after Federal Reserve Chair Jerome Powell's dovish speech at Jackson Hole Symposium late last month, received a further boost from a surprisingly soft US payrolls report on Friday.

Source: <https://www.tbsnews.net/world/global-economy/world-shares-record-high-investors-count-fed-largesse-298825>



German Industrial Orders Reach Record High

German industrial orders climbed to a new high in July, official data showed Monday, as the economy continued its strong recovery from the coronavirus pandemic.

The indicator rose 3.4 per cent on the previous month to reach its "highest level since the beginning of the time series in 1991", when it began after the reunification of Germany, according to federal statistics agency Destatis.

Orders were up 24.4 per cent compared with July last year, when the effects of pandemic-related shutdowns were still being felt acutely.

Compared with February 2020, the month before pandemic restrictions were imposed in Germany, orders were up 15.7 per cent, the agency said.

The previous high point had been reached in December 2017, well before the pandemic. The rise in the indicator was driven by orders from abroad.

The record was achieved despite global shortages in components, such as semiconductors, timber and plastics, limiting production in key sectors for the German economy.

Carmakers including Volkswagen have scaled back production of their vehicles in response to the limited supply of computer chips, a crucial component in both conventional and electric vehicles.

Source: <https://www.thedailystar.net/business/global-economy/news/german-industrial-orders-reach-record-high-2170146>

High Inflation Looms over ECB Meeting

Rising eurozone inflation will provide the backdrop for the meeting of European Central Bank governors Thursday, with markets hoping for hints of when policymakers might start easing their massive pandemic-era stimulus.

As the economic recovery gathered steam in the 19-nation club, consumer prices rose at a pace not seen in the past decade, reaching three per cent in August — well above the ECB's new two-per cent target.

The ECB launched its 1.85-trillion-euro (\$2.2 trillion) pandemic emergency bond-buying programme (PEPP) last year to help the euro region weather the coronavirus crisis.

The huge asset purchases, scheduled to run until March 2022, are aimed at keeping borrowing costs low to keep credit flowing and boost economic growth.

The ECB will on Thursday also unveil the latest quarterly growth and inflation forecasts, but analysts expect few surprises.

The inflation outlook is predicted to stay roughly unchanged, at 1.5 per cent in 2022 and 1.4 per cent in 2023 — well below the 2.0 per cent target.

Source: <https://www.newagebd.net/article/148404/high-inflation-looms-over-ecb-meeting>



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