

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

October 13, 2021

IMF Projects 6.5% Growth for Bangladesh in FY22

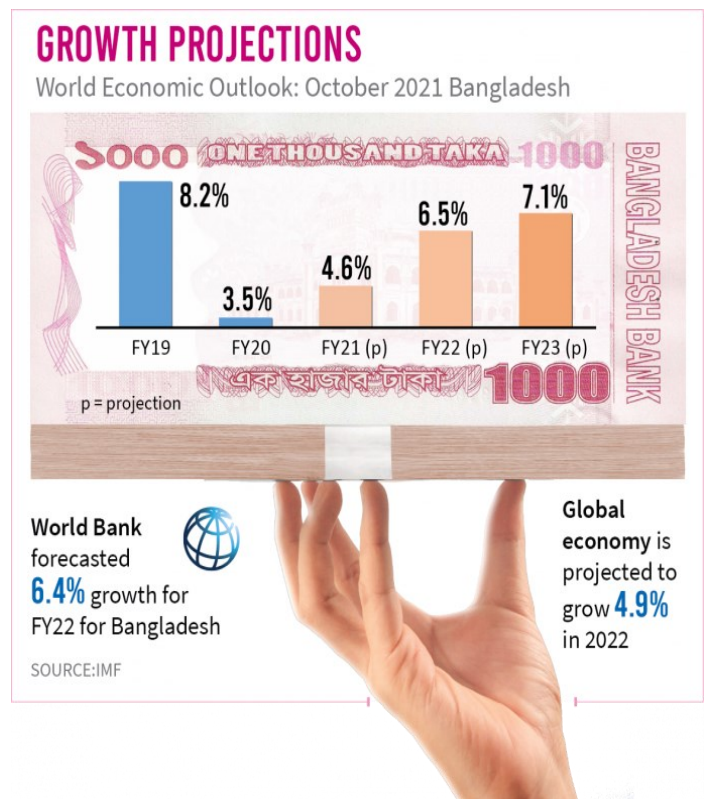
The International Monetary Fund (IMF) has forecasted 6.5% GDP growth for Bangladesh in the current fiscal year.

The projection came from the World Economic Outlook of the IMF titled "Recovery During a Pandemic Health Concerns, Supply Disruptions, and Price Pressures" released on Tuesday.

The World Bank projected 6.4% growth for Bangladesh in the current fiscal year last week. The projection of the IMF is just 10 basis points higher than that of the World Bank.

Earlier in April, the IMF predicted 7.5% growth for Bangladesh's economy in FY22, higher than the government's target of 7.2%. The development agency dropped the projection by 1 percentage point. The Washington-based global financial institution projected a stronger recovery in 2021 and 2022 for the after shrinking 3.1% in 2020.

Source: <https://www.tbsnews.net/economy/imf-projects-64-growth-bangladesh-fy2022-314968>



Local IT Firms to Get Preference in Govt Procurement

The government is set to provide preference to local IT and software companies in public procurements for setting up digital systems.

The BASIS has recently requested the government to formulate rules such that local software companies find it easy to participate in bidding, which would also promote locally manufactured IT and information technology enabled services.

It should make mandatory local production and assembling for digital displays, devices and software to expand the local market and reduce the risk of foreign dependence, it added.

Software made in Bangladesh should be a prerequisite for all projects funded by donors/development partners. It will create many backward linkage industries in the country and create employment, added the proposals.

Source: <https://www.thedailystar.net/business/economy/news/local-it-firms-get-preference-govt-procurement-2197076>



Pharma Raw Material Makers Get Tax Exemption until 2032

Manufacturers of raw materials used in making medicines will receive tax exemption until 2032 as the government looks to encourage local production of active pharmaceutical ingredients (APIs) to cut import reliance and bolster exports.

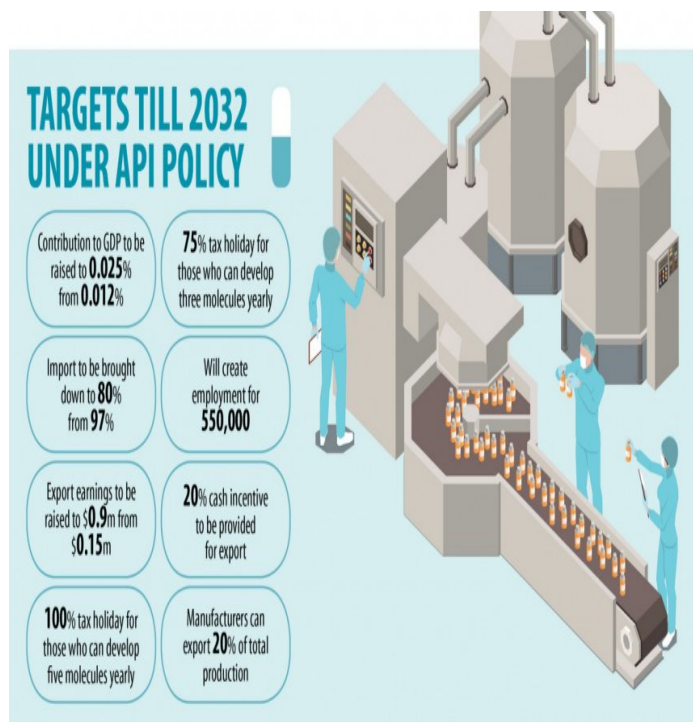
The National Board of Revenue said APIs and laboratory reagent makers that are already making the raw materials would enjoy the tax benefit, effective retrospectively from July 1, 2016.

Firms need to make at least five APIs and laboratory reagents annually from July 2022 to qualify for the tax holiday, the NBR said in an order on Monday.

The benefit will reduce in the case of production of less than five APIs and reagents.

The NBR said a 7.5 per cent tax will be payable for drug makers who will produce three new APIs and reagents every year from July 2022.

Source: <https://www.thedailystar.net/business/economy/industries/tax-customes/news/pharma-raw-material-makers-get-tax-exemption-until-2032-2197101>



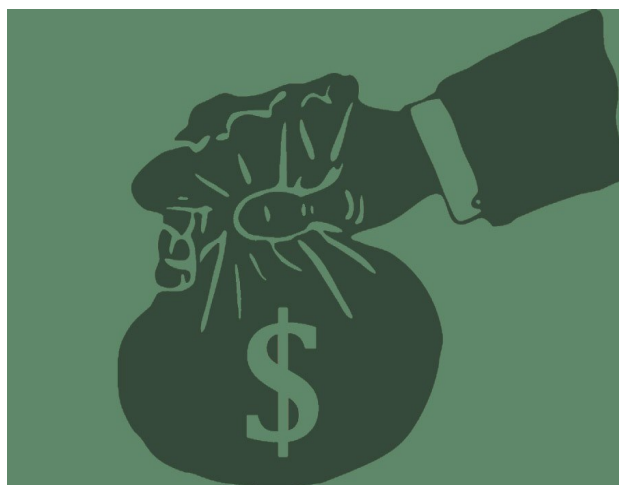
\$700 million Korean Aid for Bangladesh in Next Five Years

Dhaka is set to strike an economic-cooperation deal with Seoul today (Tuesday) as the latter will provide some \$700-million aid in the next five years.

For the first time in its economic ties, South Korea has assured Bangladesh of providing the record-highest assistance between 2021 and 2025, Economic Relations Division (ERD) officials said on Monday.

Seoul has assured Dhaka of supplying adequate funds for building the Kalurghat rail-cum-road bridge on the Karnaphuli river in Chattogram, he added. It has also proposed to support Dhaka WASA in its water supply development and establishment of training institute, bus procurement for the Bangladesh Road Transport Corporation.

Source: <https://thefinancialexpress.com.bd/economy/700-million-korean-aid-for-bangladesh-in-next-five-years-1634008504>



Stocks Tumble for 2nd Day, but Companies Post Good Earnings

Good earnings of companies could not stop selling pressure in the stock market, causing indices of both stock exchanges to plunge for the second consecutive day.

Amid sell pressures for profit booking, DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), on Tuesday declined 0.43% or 31.58 points to close at 7,313.

The blue-chip index DS30 fell by 0.26% to 2,749 and the Shariah index DSES gave up 0.35% to 1,591.

Some analysts said the country's stock market is following the adage "buy the rumor, sell the news", which is the tendency for traders to push up a stock's price on rumors or expectations and then sell once that news has been released, even if the news is positive.

Source: <https://www.tbsnews.net/economy/stocks/stocks-tumble-2nd-day-companies-post-good-earnings-315031>



Quasem Industries' profit grows 107% on capital gains

Quasem Industries Limited has posted a 107% growth in profit driving on the capital gains in 2020-21 fiscal amid the pandemic.

Half of the profit came from the government compensation for acquiring some land in Tangail.

In FY21, the country's largest dry cell battery manufacturer made a Tk9.16 crore profit; of which, Tk4.59 crore came as capital gains from the government.

Besides a variety of dry cell batteries, Quasem Industries manufactures battery-operated products, flashlights, air fresheners, shaving foam, and aerosol.

Officials said the company has done better business despite the disruption due to the pandemic. Overall, government compensation has contributed to a jump in profit.

Although the profit rose significantly, the company has recommended a 10% stock dividend, and after issuing bonus shares, the retained earnings will be used as capital. The earnings per share (EPS) stood at Tk1.39 in FY21, which was Tk0.67 the previous year.

Source: <https://www.tbsnews.net/economy/stocks/quasem-industries-profit-grows-107-capital-gains-315010>



UK Jobs Hit Record High

British employers increased their payrolls to a record high in September, shortly before the end of the government's wage subsidies scheme, potentially encouraging the Bank of England's progress towards a first post-pandemic interest rate hike.

The number of workers on companies' books rose by the most on record in data going back to 2014, up by 207,000 from August.

Employers turned to recruitment agencies to find staff and hotel and food firms created jobs as they recovered from Covid-19 lockdowns.

Separate official data published on Tuesday (12) showed the unemployment rate edged down to 4.5 per cent in the three months to August from 4.6 per cent in the May-July period, as expected by economists in a Reuters poll.

The BoE is gearing up to become the first major central bank to raise rates since the coronavirus crisis struck. Inflation is heading towards four per cent or higher – above its two per cent target.

Source: <https://www.thedailystar.net/business/global-economy/news/uk-jobs-hit-record-high-2197041>



Tesla Sold Record 56,006 China-made Vehicles in Sept

US electric vehicle (EV) maker Tesla Inc sold 56,006 China-made vehicles in September, the highest since it started production in Shanghai about two years ago, data from the China Passenger Car Association (CPCA) showed on Tuesday.

The September sales included 3,853 that were exported, the data showed.

Tesla, which is making Model 3 sedans and Model Y sport-utility vehicles in Shanghai, sold 44,264 China-made vehicles in August, including 31,379 that were exported.

Chinese EV makers Nio Inc and Xpeng Inc. delivered over 10,000 vehicles each last month. Volkswagen Group said it sold 10,126 ID series EVs in China in September.

CPCA said passenger car sales in China in September totalled 1.6 million, down 17 per cent from a year earlier.

Source: <https://www.thedailystar.net/business/global-economy/news/tesla-sold-record-56006-china-made-vehicles-sept-2197016>





Evergrande Misses 3rd Round of Bond Coupon Payments

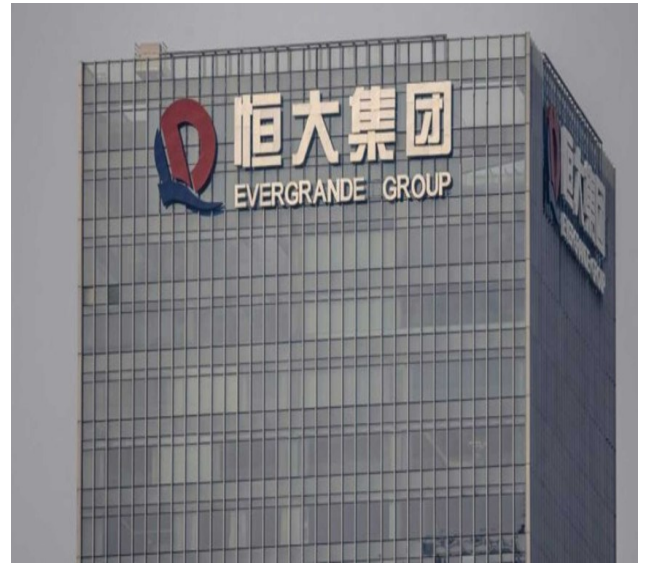
Debt-saddled Chinese property firms took heavy fire in bond markets on Tuesday, after the poster child of the sector's woes, Evergrande Group, missed its third round of bond payments in as many weeks and others warned of defaults.

A wave of developers faces payment deadlines before the end of the year and with Evergrande's fate looking increasingly bleak, fears are mounting of a wider crisis. Weary Evergrande bondholders still haven't received almost \$150 million worth of coupon payments that had been due on Monday, although there was little surprise after the firm had skipped two other payments in recent weeks.

Mid-sized rival Fantasia also missed a payment and Modern Land and Sinic Holdings are trying to delay deadlines that would still most likely be classed as a default by the main rating agencies.

Refinitiv data shows there is at least \$92.3 billion worth of Chinese property developers' bonds coming due next year.

Source: <https://www.thedailystar.net/business/global-economy/news/evergrande-misses-3rd-round-bond-coupon-payments-2197026>



Asian Markets down on Inflation, Energy Worries

Asian markets retreated Tuesday as investors grew increasingly concerned about a growing energy crisis, spiking inflation, signs of a slowdown in the global economy and an end to central bank financial support.

China's ongoing crackdown on the private sector and the debt woes of the country's property giant Evergrande were also acting as a dampener on sentiment. World markets have come under pressure in recent weeks as the reopening of economies and supply chain snarls ramp up inflation, with a rally in commodity prices a major factor.

All eyes are on the release this week of inflation data in the United States and China, with expectations for multi-high readings that will add pressure to central banks to tighten monetary policy.

The Federal Reserve has already signalled it will begin tapering its vast bond-buying programme by the end of the year as it looks to prevent prices from running out of control and the economy overheating.

Source: <https://www.thedailystar.net/business/global-economy/news/asian-markets-down-inflation-energy-worries-2197031>

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