

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

May 31, 2022

Banks Asked to Convert Export Proceeds into Taka Immediately

Bangladesh Bank has asked banks to convert major export earnings of businesses into taka immediately as it looks to increase the supply of US dollars in the economy.

The rule will be applicable for the value-added portion of export earnings. The value-added portion refers to the export proceeds that are available to exporters after their import bills for back-to-back letters of credit have been met.

"It is observed that the value-added portion is not encashed into the taka immediately on the repatriation of export proceeds, resulting in delayed cash support to exporters for meeting working capital needs in the taka," said the central bank in a notice today.

Banks have recently alleged that many exporters have not converted their dollars into the taka as the local currency has weakened drastically.

The latest measure from the BB came after the foreign currency reserves fell to \$42.29 billion on May 25 in contrast to \$46.15 billion in December, driven by higher imports against moderate exports and lower remittance flows.

Source: <https://www.thedailystar.net/business/news/banks-asked-convert-export-proceeds-taka-immediately-3035486>



Bangladesh Plans Adopting Payment Systems of Hong Kong, Singapore

Bangladesh is considering adopting new payment methods developed in Hong Kong and Singapore as an alternative to move away from the SWIFT system and save up dollars.

The government has instructed the Bangladesh Bank to look into the new systems and act accordingly, reports bdnews24.com.

After a meeting of the cabinet presided over by Prime Minister Sheikh Hasina on Monday at the Ganabhaban, Cabinet Secretary Khandker Anwarul Islam said, "[The new systems] are much more comfortable. [The cabinet] asked [the central bank] to explore them."

The central bank is bringing in around \$4-5 billion in funds from Hong Kong, which offered to open a Letter of Credit to pay off producers at a much lower interest rate if Bangladesh enters an agreement with them, the cabinet secretary added.

Source: <https://thefinancialexpress.com.bd/economy/bangladesh-plans-adopting-payment-systems-of-hong-kong-singapore-1653919835>



Bangladesh Gets Offers in 50,000-tonne Wheat Import Tender

Bangladesh's state grains buyer received the lowest price offer of Tk41,494 (\$464.55) a tonne CIF liner out in an international tender to import 50,000 tonnes of wheat.

Indian trading house Bagadiya Brothers submitted the lowest offer in the tender, which closed on Sunday, the Directorate General of Food said on Monday.

The only other offer was submitted by Agrocorp at a price of Tk41,568 (\$465.38) per tonne CIF liner out.

The state grains purchasing agency also cancelled a previous tender, which closed last week, citing high prices from the sole participant.

The offer price was Tk48,982 (\$548.38) a tonne including CIF liner out, up from the Tk35,656 (\$399.19) a tonne CIF liner out paid by Bangladesh in a tender on 11 April.

Bangladesh has issued a series of wheat tenders in recent months to shore up depleted reserves amid soaring prices of wheat.

Source: <https://www.tbsnews.net/bangladesh/bangladesh-gets-offers-50000-tonne-wheat-import-tender-430078>



Bangladesh Received \$1.65b as Remittances in 26 days of May

The ministry of finance is expecting the growth of inward remittance by 16 per cent in the fiscal year FY23.

Bangladesh has, meanwhile, received inward remittance of US\$1.65 billion in 26 days of May.

The ministry in a report said that over 550,000 workers went abroad during the post Covid-19 period from the country. The trend of manpower export will continue as many countries of the Middle East and Europe are hiring more workers to meet the huge non-skill and semi-skilled manpower. Besides, Qatar's football World Cup preparations have also created huge job demand in the service sector in the Middle East, reports UNB.

Bangladesh Bank (BB) data shows that foreign exchange reserve is increasing thanks to growing inward remittance in the recent months despite huge import payment demand.

The remittance inflow will increase in the next month ahead Eid-ul-Azha, as the expatriates are expected to send additional money on the occasion of the festival, he said. He said that remittance inflow has increased due to the ease of incentive delivery process and devaluation of Bangladeshi taka.

Source: <https://thefinancialexpress.com.bd/economy/bangladesh-received-165b-as-remittances-in-26-days-of-may-1653913293>



Islami Insurance's Profit Jumps 167% in Five Years

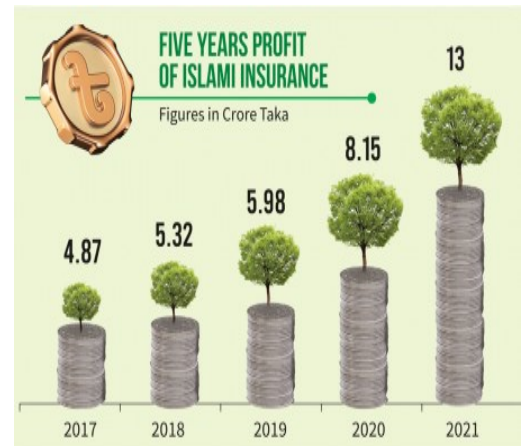
Islami Insurance Bangladesh Limited's net profit jumped 167% in the last five years riding on a robust growth in foreign trade which requires mandatory insurance coverage.

"For import-export business, opening LCs is a must. And insurance is compulsory for every LC. Imports and exports have increased in the last five years. So the company's business has grown," he told The Business Standard.

In 2020, the insurance regulator cancelled the 15% agent commission on the sale of general insurance policies. And insurance companies had to spend a lot of money every year on the agent commission. Which did not happen in 2021. Therefore, the profit increased by 60% in that year.

With the increase in the profit of Islami Insurance, the rate of paying dividends to the shareholders has also increased. The company, which has been paying dividends at the rate of 10% for the last seven years, has paid a 12.50% cash dividend to its shareholders for 2021.

Source: <https://www.tbsnews.net/economy/stocks/islami-insurances-profit-jumps-167-five-years-429938>



Stocks Rise for Third Day

Stocks in Bangladesh continued to rise today for the third consecutive day, but a selling spree at the last moment restricted the index to make a big jump.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 19 points, or 0.30 per cent, to 6,388.

Meanwhile, both the DS30, the blue chip index, and DSES, shariah based index, advanced 3 points and 3 points respectively.

Turnover of the DSE also hit Tk 836 crore while the previous day it was Tk 833 crore.

Western Marine Shipyard topped the gainers' list with a 9.57 per cent rise followed by South Bangla Agriculture & Commerce Bank, Tamijuddin Textile Mills, Karnaphuli Insurance and Ratanpur Steel Re-rolling Mills.

Beximco Ltd became the most traded stock with shares worth Tk 65 crore changing hands followed by BD Finance, Orion Pharmaceuticals, Beximco Pharmaceuticals, and IPDC Finance.

Source: <https://www.thedailystar.net/business/news/stocks-rise-third-day-3035321>



Global Refiners Falter in Efforts to Keep up with Demand

Refiners worldwide are struggling to meet global demand for diesel and gasoline, exacerbating high prices and aggravating shortages from big consumers like the United States and Brazil to smaller countries like war-ravaged Ukraine and Sri Lanka.

World fuel demand has rebounded to pre-pandemic levels, but the combination of pandemic closures, sanctions on Russia and export quotas in China are straining refiners' ability to meet demand. China and Russia are two of the three biggest refining countries, after the United States. All three are below peak processing levels, undermining the effort by world governments to lower prices by releasing crude oil from reserves.

Two years ago, margins for making fuel were in the dumps due to the pandemic, leading to multiple closures. Now, the situation has reversed, and the strain could persist for the next couple of years, keeping prices elevated.

Global refining capacity fell in 2021 by 730,000 barrels a day, the first decline in 30 years, according to the International Energy Agency. The number of barrels processed daily slumped to 78 million bpd in April, lowest since May 2021, far below the pre-pandemic average of 82.1 million bpd.

Source: <https://www.tbsnews.net/world/global-economy/global-refiners-falter-efforts-keep-demand-430162>



Stocks Dip, Bonds Drop as German Surprise Renews Inflation Fears

Stocks wobbled and bonds fell in Asia, while the dollar rose on Tuesday after a hot inflation reading in Germany heightened nerves about the pace and scale of looming interest rate hikes.

Rising energy prices added to worry about the persistence of consumer pain. Brent crude futures touched a two-month top of \$122.43 a barrel after the European Union vowed to slash imports of Russian oil by year's end.

US treasuries slumped on return from Monday's US holiday, sending the yield of the 10-year bond up nearly 10 basis points (bps) to 2.8405%. Chinese Purchasing Managers' Index (PMI) figures showed another month of contraction in services and manufacturing activity, though at a reduced pace of decline.

In equities, S&P 500 futures gave up early gains to fall back to flat early in the Asian session, and Nasdaq 100 futures were up 0.4%. MSCI's broadest index of Asia-Pacific shares outside Japan snapped a two-day winning streak and dropped 0.2%. Japan's Nikkei fell 0.1%.



Source: <https://www.tbsnews.net/world/global-economy/stocks-dip-bonds-drop-german-surprise-renews-inflation-fears-430038>



Asian Stocks Shrug off Wall St Weakness but Growth Concerns Remain

Asia stocks opened mostly in positive territory on Wednesday even as global growth concerns and weak US economic data weighed on Wall Street overnight.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.35%, Australian shares were up 0.33%, and Seoul and Taiwan both ticked upwards 0.61% and 0.2%.

Hong Kong's, Shanghai's and China's CSI300 indexes opened marginally higher while Japan's Nikkei share average was down 0.18%.

On Wall Street, the Nasdaq Composite dropped 2.35% and the S&P 500 lost 0.81% as worries returned over surging global inflation cornering central banks into aggressive rate hikes, thereby slowing growth.

"The Fed's problem right now is that plenty of soft indicators and surveys are pointing to a slowdown," Steve Englander of Standard Chartered Bank said.

Source: <https://www.tbsnews.net/world/global-economy/asian-stocks-shrug-wall-st-weakness-growth-concerns-remain-426410>



Tata Steel Says India Export Tax Could Alter Output Targets

India's Tata Steel is concerned New Delhi's sudden decision to impose an export tax on some steel products could force it to review its production targets, if the levy remains in place for a long time, its CEO told Reuters on Tuesday.

India imposed an export tax of 15% on some steel products over the weekend, at a time steelmakers are looking to make up for tepid local demand by increasing market share in Europe, where the Ukraine conflict has hit supplies.

The taxes were part of a series of measures India has taken to rein in retail inflation, which has hit eight-year highs. But India's top steelmakers body has warned the new duty will "adversely impact" mills that have been aiming to boost exports and widen global market share.

Tata Steel has plans to double its capacity from around 20 million tonnes per annum (mtpa) to 40 mtpa in India, but Narendran said it had baked in an assumption that 10-15% of that would be exported.

Source: <https://www.tbsnews.net/world/global-economy/tata-steel-says-india-export-tax-could-alter-output-targets-426254>



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