

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

July 20, 2022

Increased Loan Facility for Exporters Extended till 31 Dec

The Bangladesh Bank has extended the tenure of the increased limit of loans given to exporters from its Export Development Fund (EDF) till December this year.

Usually, a client can borrow up to \$25 million from the fund. However, in a directive in May 2020, the limit was increased to \$30 million for the members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Textile Mills Association (BTMA).

According to that directive, the deadline was fixed for December 2020. Since then, the increased credit facility has been extended regularly.

As per a new circular issued on Tuesday by the Foreign Exchange Policy Department of the central bank, exporters will enjoy the facility till 31 December 2022.

Another circular issued by the same department on the same day said that the EDF loans would have to be repaid with the borrowers' export earnings or foreign exchange reserves.

Source: <https://www.tbsnews.net/economy/banking/increased-loan-facility-export-development-fund-extended-till-31-december-461214>



Eswatini Urges Bangladesh to Strengthen Business Ties

Minister for Commerce, Trade, and Industry of Eswatini (former Swaziland), Senator Manqoba Khumalo, urged Bangladesh to strengthen business relations with his country.

"Bangladesh can reach the almost untapped market of Africa worth \$1.3 billion by expanding business ties with Eswatini," he said at a discussion meeting with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka on Tuesday, reads a FBCCI press release.

Highlighting Tax and Duty-Free facilities and other incentives for foreign investors, Senator Manqoba said China and India are the two major exporters to Eswatini, while his government would like to see Bangladesh as another important trade and investment partner.

"Bangladesh may treat Eswatini as a potential market for exporting ready-made garments, agro products, and ICT and electronic products in particular. We, an African country, are interested in joint ventures as well," he added.

Source: <https://www.tbsnews.net/economy/eswatini-urges-bangladesh-strengthen-business-ties-461270>



ADP Implementation Bounces back

Government spending on projects under the Annual Development Programme (ADP) rebounded in fiscal 2021-22 following a two-year disruption caused by Covid-19 but the implementation rate it is still slow compared to pre-pandemic levels.

Development expenditure bounced back to 92.79 per cent in the previous fiscal that ended on June 30 as the government spent Tk 203,765 crore of the Tk 219,602 crore set aside for the ADP, shows data from the Implementation Monitoring and Evaluation Division (IMED) of the planning ministry.

Planning Minister MA Mannan yesterday announced the current ADP implementation rate after a meeting of the Executive Committee of the National Economic Council.

The average implementation rate was around 94 per cent in the two years prior to the Covid-19 outbreak in 2020, according to the Bangladesh Economic Review.

Development spending stood at Tk 61,377 crore in June, up 4.2 per cent year-on-year from Tk 49,704 crore.

Source: <https://www.thedailystar.net/business/economy/news/adp-implementation-bounces-back-3074541>



CMSMEs Get Tk 25,000cr

Bangladesh Bank yesterday unveiled a Tk 25,000 crore refinance scheme for cottage, micro, small and medium enterprises (CMSMEs) in order to increase their access to finances.

Borrowers in the CMSME sector will get funds in the form of term loans, whose tenure is more than one year, from the scheme, according to a central bank notice.

The tenure of the fund, which is revolving in nature, is three years.

Considered the backbone of the economy, the CMSME sector is contributing to the country by generating jobs and manufacturing items, cutting Bangladesh's reliance on imported items. There are 78 lakh such units across the country as per the latest data from the Bangladesh Bureau of Statistics.

"If needed, the fund size will be increased," the BB said.

Under the new scheme, banks and non-bank financial institutions (NBFIs) will receive funds at 2 per cent from the central bank, while CMSME borrowers will get loans at a maximum interest rate of 7 per cent.

Source: <https://www.thedailystar.net/business/economy/news/cmsmes-get-tk-25000cr-3074656>

DSE News

DSEX Sinks below 6200-Mark at Opening

Stocks witnessed a steep fall in the early trading on Tuesday, maintaining the previous day's trend, as the jittery investors were dumping their holdings amid growing economic tension.

Following the previous day's 87 points fall, DSEX, the prime index of the Dhaka Stock Exchange (DSE), went down by 72 points or 1.15 per cent to fall below 6200-mark and stand at 6,145 after the first hour of trading at 11:00 am.

Two other DSE indices also saw a sharp fall till then. The DS30 index, which consists of the blue-chip companies, dropped 29.46 points to 2,206 while the DSES Index, which represents Shariah-based companies, slumped 15.47 points to 1,344.

Turnover, another important indicator of the market, stood at Tk 1.27 billion after the first hour of trading.

Market insiders said most investors have been trying to exit the market by dumping their shares for a while now as they fear deepening challenges in the coming months.

Source: <https://thefinancialexpress.com.bd/stock/dsex-sinks-below-6200-mark-at-opening-1658208960>



GP's H1 Net Profit Inches down to Tk 1,730cr



Net profit of the leading mobile phone operator Grameenphone inched down in the first half of 2022 year-on-year despite posting 5.2 per cent revenue growth amid flooding in the country's northern regions.

GP's net profit decreased to Tk 1,730.46 crore in January-June of 2022 against Tk 1,741.15 crore in the corresponding period of 2021.

In April-June quarter of 2022, GP's net profit rose by 8.24 per cent, or Tk 70.12 crore, to Tk 920.64 crore from Tk 850.52 crore in the same quarter last year.

'The impact from the pandemic remained steady during the quarter with low number of Covid-19 cases, leading to continued economic recovery,' said Yasir.

Total revenue of GP rose to Tk 7,421.8 crore in the first half of 2022 compared with that of Tk 7,057.5 crore in the same period a year ago.

Source: <https://www.newagebd.net/article/176161/gps-h1-net-profit-inches-down-to-tk-1730cr>

Global: Business

ECB to Discuss 50bp Rate Hike this Week

European Central Bank policymakers will discuss whether to raise interest rates by a bigger-than-expected 50 basis points at their meeting on Thursday to tame record-high inflation, two sources with direct knowledge of the discussion told Reuters.

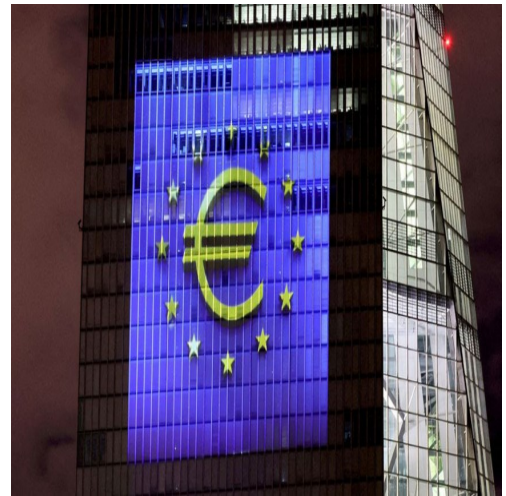
The sources said policymakers were also homing in on a deal to provide help for indebted countries like Italy on the bond market - provided they stick to European Commission rules on reforms and budget discipline.

The sources, who spoke on condition of anonymity because the deliberations are private, added the discussion about whether to increase rates by 25 or 50 basis points was still wide open.

Other major central banks have been raising rates in bigger increments, such as 75 or even 100 basis points, to contain surging inflation, raising the pressure on the ECB to do more.

The euro jumped on Tuesday after Reuters first reported that a 50 bp hike was under discussion, and was last up 0.9 per cent against the dollar at \$1.0232. The single currency briefly fell below parity last week.

Source: <https://www.thedailystar.net/business/global-economy/news/ecb-discuss-50bp-rate-hike-week-3074631>



Fitch Revises Pakistan's Outlook to Negative, Affirms at 'B-'

Ratings agency Fitch on Tuesday revised its outlook on Pakistan to negative from stable, citing a deterioration in the country's external liquidity position and financing conditions as well as the risks from renewed political volatility.

Fitch affirmed Pakistan's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) at "B-", but dollar bond prices fell sharply.

The International Monetary Fund (IMF) board was likely to approve a resumption in bailout payments, it said, but added there were considerable risks to the programme's implementation and to Pakistan's access to external finances after June 2023.

Ratings agency Moody's changed Pakistan's outlook to negative from stable on June 2.

Pakistan faces economic turmoil, with fast depleting foreign reserves, a declining currency and widening fiscal and current account deficits.

Source: <https://www.tbsnews.net/world/global-economy/fitch-revises-pakistans-outlook-negative-affirms-b-461410>



Global: Business

Asian Stocks at Lowest in Two years, Euro near par with Dollar on Growth Fears

Asian shares fell on Tuesday, weighed down by the prospect of further monetary policy tightening by central banks, China's renewed Covid outbreak and Europe's energy shortage, which also left the euro a whisker from parity with the safe-haven dollar.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.8% to its lowest level in two years, while Japan's Nikkei lost 1.75%.

The euro fell as low as \$1.0006 against the US dollar, moving ever closer to parity for the first time since December 2002, as investors worry an energy crisis will tip the region into a recession.

"Risk-off sentiment is dominating global markets," said Yuting Shao, macro strategist at State Street Global Markets.

"The dollar is the go-to international reserve currency. So when there is a recessionary risk or there's pickup of volatility, the greenback is the currency that people rush to because that is the safest," Shao added.

Source: <https://www.tbsnews.net/world/global-economy/asian-stocks-lowest-two-years-euro-near-par-dollar-growth-fears-456850>



Japanese Shares Fall as Recession Fears Resurface

Japanese shares fell on Tuesday, following the prior session's gains after the weekend's upper house election, as rising domestic cases of Covid-19 raised worries of a recession.

Stocks had risen on Monday, outperforming the rest of the region, as the Japanese government's ruling coalition secured a strong result.

Japan's Nikkei share average was down 1.68% at 26,362.76 as the morning trading session ended.

The index was down 2.58% from the previous session's high of 27,062.17 and trading 0.58% lower than its Friday close when markets were rocked by the shooting of former Prime Minister Shinzo Abe.

A domestic securities broker said that the market was overbought on Monday despite the absence of any positive external factors.

The broader Topix lost 1.46% on Tuesday.

"The increased spread of Covid-19 has strengthened fears of a global recession," said a market participant at a domestic securities firm.

Source: <https://www.tbsnews.net/world/global-economy/japanese-shares-fall-recession-fears-resurface-456842>



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