

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

July 21, 2022

\$67b Export Target Set for FY23 amid Global Recession Fears

Despite the World Bank's forecast that global economic growth would slump this year, Bangladesh has set a \$67 billion export target for the current fiscal 2022-23, which is 10.10% more than the actual export earnings in the last fiscal year.

"Of the target, \$58 billion will come from exporting goods and \$9 billion from the service sector," Commerce Minister Tipu Munshi said during a press briefing at the Secretariat yesterday.

The target for exporting goods is 11.36% more than the last fiscal year's earnings – \$52.08 billion. Earnings from the service sector exports were \$8 billion in that fiscal year.

The World Bank's latest global economic forecast has said most countries should begin preparing for a recession. It added that the global economy had already been impaired by the aftereffects of the Covid-19 pandemic and the Russia-Ukraine war, which left international supply chains in tatters and significantly hampered income growth and poverty reduction efforts in developing countries.

Source: <https://www.tbsnews.net/economy/bangladesh-sets-67-billion-export-target-current-fiscal-amid-global-recession-fears-461498>



BB Takes more Steps to Ease Forex Pressure



Bangladesh Bank yesterday took more initiatives, including raising the interest rate on its Export Development Fund (EDF), to ease the ongoing pressure in the country's foreign exchange market.

The central bank has hiked the interest rate on EDF loans to 1.50 per cent per annum, up 50 per cent from 1 per cent previously, in order to make the borrowing costlier.

As such, banks will now charge manufacturer-exporters 3 per cent interest instead of the previous 2 per cent for availing the fund, according to a central bank notice.

The volume of the EDF now stands at \$7 billion. In another move, the central bank extended the usance period for the imports of industrial raw materials, agricultural machinery and chemical fertilizers under supplier's or buyer's credit. A usance, or a deferred letter of credit (LC), means that even after buyers have received goods or services, they get a grace period to make the payment to banks or other lenders.

Source: <https://www.thedailystar.net/business/economy/banks/news/bb-takes-more-steps-ease-forex-pressure-3075571>

Idcol to Get \$256.5m Global Climate Loan

Infrastructure Development Company Limited (Idcol) yesterday signed an agreement to receive \$256.5 million from the Green Climate Fund (GCF) to promote private sector investment through large-scale adoption of energy-efficient technologies in the textile and garment sectors.

The GCF is the world's largest climate fund, mandated to support developing countries raise and realise their nationally determined contributions and ambitions towards low-emissions and climate-resilient pathways.

The GCF's governing instrument was approved by the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC).

Set up in 1997, Idcol is a government-owned non-bank financial institution working to catalyse private sector investment in areas such as renewable energy and infrastructure.

This is the first concessional GCF credit line for Bangladesh, as well as the first private sector financing of the GCF in the country.

Source: <https://www.thedailystar.net/business/economy/news/idcol-get-2565m-global-climate-loan-3075566>



Bangladeshi Startups Net \$90m in H1

Bangladeshi startups have raised nearly \$90 million in investment in the first half of the running calendar year, according to a study report.

Of the latest investment, business-to-business platform ShopUp raised \$63 million followed by delivery service Paperfly's \$13 million, it reveals.

The report styled 'Bangladesh Startup Ecosystem 2021-22: Coming of Age' was prepared and launched recently by LightCastle Partners, a local management consultant.

Bangladesh has drawn global attention in recent times for its remarkable socio-economic progress as reflected in the startup ecosystem.

Three factors play a vital role in the vibrant startup ecosystem-booming digitisation catalysed by Covid-19, changing population demographics with increasing consumption, and increased public-private attention to supporting the landscape.

Currently, Bangladesh boasts more than 1,200 active startups creating drastic impacts in day-to-day Bangladeshi lives through new, innovative products and services, it cites.

Source: <https://thefinancialexpress.com.bd/economy/bangladeshi-startups-net-90m-in-h1-1658370376>



DSE News

Stocks Extend Losing Streak for Seven Straight Sessions

Stocks extended the losing streak for seven straight sessions on Wednesday as the jittery investors kept their sell-off amid deepening economic uncertainty.

After witnessing volatility throughout the session, DSEX, the prime index of the Dhaka Stock Exchange (DSE), went down by 14.39 points or 0.23 per cent to settle at 61.38.

DSEX shed more than 227 points in the past seven days after the Eid vacation.

Two other indices also ended lower. The DS30 index, comprising blue chips, shed 7.15 points to finish at 2,206 and the DSE Shariah Index (DSES) lost 1.80 points to close at 1,346.

Turnover, a crucial indicator of the market, however, jumped 108 per cent to Tk 6.65 billion, up from the previous day's 16-month lowest turnover of Tk 3.19 billion. Market insiders said the cautious investors kept their sell-off as they fear deepening challenges in the coming months amid the ongoing global economic turmoil which impacted the Bangladesh economy.

Source: <https://thefinancialexpress.com.bd/stock/stocks-extend-losing-streak-for-seven-straight-sessions-1658314488>



Islami Bank's Profit Declines in June Quarter

Islami Bank Bangladesh Limited reported a 2.3% decline in profits in the April to June quarter of 2022.

During the period, the bank's consolidated net profit stood at Tk255 crore, which was Tk261 crore in the same quarter of 2021.

Its consolidated earnings per share (EPS) stood at Tk1.58, which was Tk1.61 in the same period of 2021.

However, from January to June, the private sector lender's consolidated net profit increased to Tk339 crore, from Tk335 crore in the same six months of 2021.

During the period, its consolidated EPS was Tk2.10, which was Tk2.08 in the previous year.

The bank's solo profit increased year-on-year in both quarters.

Source: <https://www.tbsnews.net/economy/stocks/islami-banks-profit-declines-june-quarter-462070>



Global: Business

Volvo Sees Higher Sales and Profits

Swedish truck maker Volvo on Tuesday reported higher sales and profits in the second quarter despite the company still feeling the effects of global supply chain disruptions.

The world's number two truck maker reported a better than expected revenue of 118.9 billion Swedish kronor (\$11.4 billion) and a net profit of 10.5 billion. Analysts had predicted an average of 107 billion in revenue and 8.9 billion in net profit, according to a survey by Factset.

"In this quarter, we have had extra costs related to supply chain disruptions as well as higher costs for material and have continued to work proactively and successfully with price management to mitigate these effects," Martin Lundstedt, CEO of Volvo, said.

"The situation in the global supply chain for semiconductors and other components continues to be unstable, characterised by disruptions, unpredictability and lack of freight capacity," he noted.

Source: <https://www.thedailystar.net/business/global-economy/news/volvo-sees-higher-sales-and-profits-3074561>



Fed to Stick to 75 bps Hike in July; 40% Chance of Recession

The US Federal Reserve will opt for another 75 basis point rate hike rather than a larger move at its meeting next week to quell stubbornly-high inflation as the likelihood of a recession over the next year rises to 40%, a Reuters poll of economists found.

Inflation hit 9.1% in June, another four-decade high, stoking expectations the Fed, having only just shifted gears from 50 to 75 basis points at the last meeting, would act even more forcefully and go for a 100 basis point hike.

But some of the more hawkish Fed officials in public remarks have favored a 75 basis point hike, tempering those expectations in recent days. Last month's 75 bps hike was the first of that size since 1994.

The July 14-20 Reuters poll found 98 of 102 economists expect the Fed to hike rates by 75 basis points at the end of the July 26-27 meeting to 2.25%-2.50%. The remaining four said they expected a 100 basis point hike.

Fed funds futures are pricing only around a one-in-five chance of a full percentage point hike, putting those expectations largely in line with the poll results.

Source: <https://www.tbsnews.net/world/global-economy/fed-stick-75-bps-hike-july-40-chance-recession-462114>



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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