

Economy

Bangladesh gets USD 858 Mn World Bank loan for climate resilient agri, road safety

Bangladesh and the World Bank yesterday signed two financing agreements totalling USD 858 Mn to enhance climate-resilient agricultural growth, food security, and improve road safety. The credits are from the World Bank's International Development Association (IDA) and have a 30-year term, including a five-year grace period. The USD 500 Mn Programme on Agricultural and Rural Transformation for Nutrition, Entrepreneurship, and Resilience (PARTNER) will help transform the agriculture sector by promoting crop diversification, food safety, and climate resilience across agri-food systems of Bangladesh.

The USD 358 Mn Road Safety Project – which is the first dedicated road safety project in South Asia supported by the World Bank – will help the country improve road safety and reduce deaths and injuries from road traffic crashes in selected high-risk highways and district roads. In two national highways – N4 (Gazipur-Elenga) and N6 (Natore to Nawabganj) – the project will pilot comprehensive road safety measures, including improved engineering designs, signing and marking, pedestrian facilities, speed enforcement, and emergency care.

<https://www.tbsnews.net/economy/bangladesh-receives-858million-world-bank-improve-climate-resilient-agriculture-growth-and>

Bangladesh, Denmark sign BDT 4.74 Bn agreement for implementing bilateral dev programme

Bangladesh and Denmark on Wednesday signed a Framework Agreement of BDT 474 Bn for implementing the Bilateral Development Programme 2023-2028. The strategic objectives of the Framework Agreement will be complemented by cross-cutting priorities such as the strengthening of democracy, empowerment of youth, and improving gender equality through empowering women and girls, reads a press release.

<https://www.tbsnews.net/bangladesh/bangladesh-denmark-sign-tk474-crore-agreement-implementing-bilateral-dev-programme645562>

EPZ firms awarded extended bond license facility

The government has announced an extension of fiscal benefits for companies operating within the country's Export Processing Zones (EPZ) as part of its ongoing efforts to streamline business processes and reduce operational costs. Effective immediately, the customs authority, which falls under the purview of the National Board of Revenue (NBR), has revised its regulations to grant EPZ companies the ability to obtain bonded-warehouse licenses for a period of three years. This marks an extension from the previous two-year licensing period. Besides, EPZ factories will now have the option to renew their bond licenses every three years, providing them with increased flexibility and longer-term planning opportunities.

<https://thefinancialexpress.com.bd/economy/bangladesh/epz-firms-awarded-extended-bond-licence-facility>

Gap between inflation, wage growth hits 9-month high

The gap between inflation and the wage rate growth in Bangladesh rose to a nine-month high in May, deepening the cost-of-living crisis for the poor and the low-income groups as consumer prices continue to outpace real incomes. The Wage Rate Index (WRI) of the BBS that takes into account the wages of workers

across 44 occupations in agriculture, industry and services rose 7.23% in April against a 9.24% spike in the Consumer Price Index. Although the wage growth has been slowly climbing since July last year, it has lagged the inflation rate for the 16th consecutive month.

<https://www.thedailystar.net/business/economy/news/gap-between-inflation-wage-growth-hits-9-month-high-3339811>

Interest rate cap withdrawal to affect investment: FBCCI

If the bank interest rate cap is withdrawn and left to be decided by the open market, inflow of investment will be affected, said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday. However, a large number of economists have been suggesting over many months to withdraw the interest rate cap for lowering the high inflation in the domestic markets. Previously, bank interest rates were increased to reduce inflation but the result was the opposite, as inflation could not be contained while investment was affected, said Jashim.

<https://www.thedailystar.net/business/economy/news/interest-rate-cap-withdrawal-affect-investment-fbcci-3340611>

Gold price rises by BDT 1,749 per bhoari

The Bangladesh Jewellers Samity (BAJUS) has increased the price of gold by BDT 1,749 per bhoari. The new price has been set in view of the rise in the price of gold in the local market, the BAJUS said in a statement on Wednesday (7 June). With the new rate effective from Thursday, 22-carat gold will cost BDT 98,444 per bhoari. Besides, the price of 21-carat gold will now cost BDT 93,964 per bhoari and 18-carat gold BDT 80,540.

<https://www.tbsnews.net/markets/gold-price-rises-tk1749-bhoari-645706>

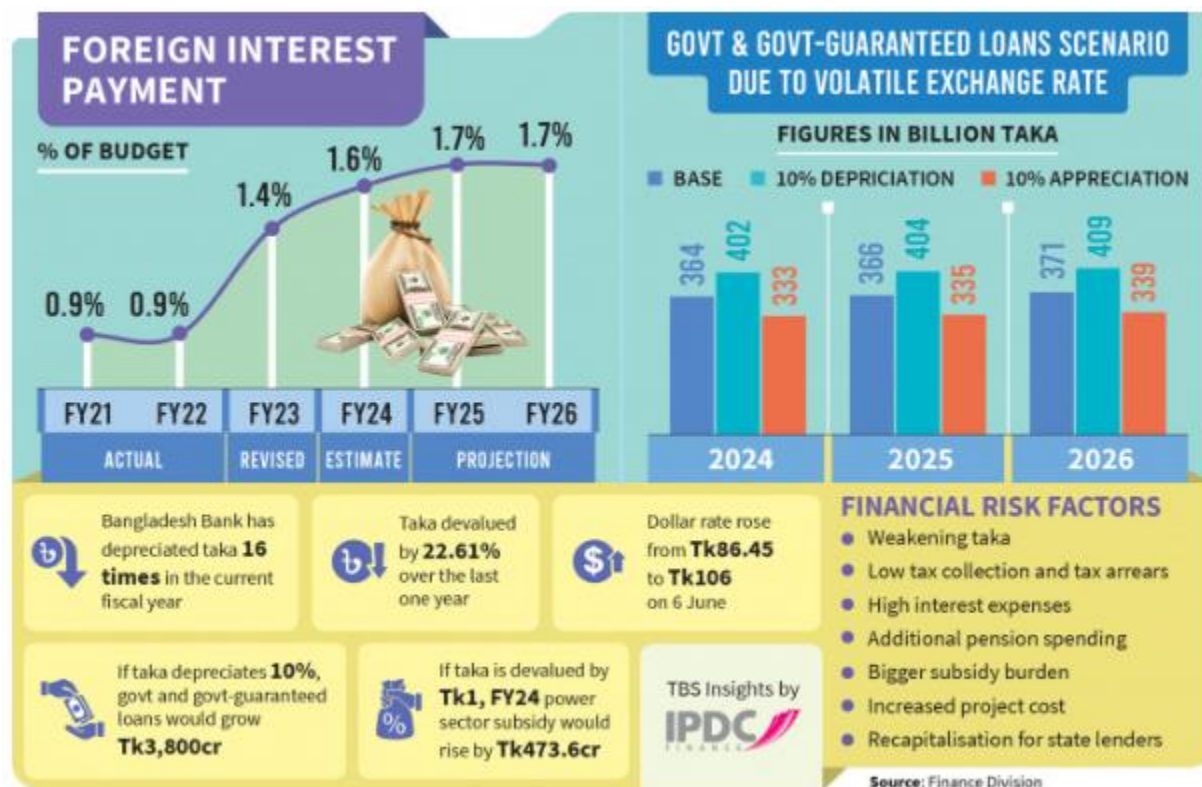
Investors want consistent, equitable tax regime

Presenting various difficulties in the country's current tax system, local and foreign investors have demanded a consistent and equitable tax regime that ensures an investment-friendly environment. A 5% advance income tax was imposed on the yearly turnover of the beverage products as minimum tax, which would have a huge impact on the companies in the long run, said Ta Duy Tung, managing director of Coca-Cola Bangladesh Beverages Limited, said at a post budget discussion organised by the American Chamber of Commerce in Bangladesh on Wednesday (7 June). Previously, the advanced income tax on beverage company turnover was 0.6%.

<https://www.tbsnews.net/economy/budget/investors-want-consistent-equitable-tax-regime-645806>

Weak taka number one risk for macro stability: Finance

If the local currency loses its value against the dollar by one taka more, the government's subsidy spending for electricity alone will go up by BDT 4.74 Bn in the upcoming financial year. A 10% depreciation will mean an increase of BDT 38 Bn in government loans and guarantees in the fiscal 2023-24, the finance ministry projects. In a document it identifies losing value of taka as the number one risk for the macroeconomic stability for the next three years, which is not only fuelling inflation but also causing additional financial cost for the government.



<https://www.tbsnews.net/economy/weak-taka-number-one-risk-macro-stability-finance-645810>

USD 1.62 Bn in private sector foreign loan instalments due in 2023

The country's private sector has to pay off instalments of long-term foreign loans amounting to USD 1.62 Bn in 2023 amid the ongoing dollar crisis. According to a report by the Bangladesh Bank, the principal amount of long-term foreign loans to be paid from January to December this year is USD 1.27 Bn with more than USD 354 Mn in interest payments. The central bank said the interest amount for 2023 is the highest in 31 years between 2009 and 2040.

According to the central bank report, repayments of private sector long-term loans were USD 2.82 Bn during the year 2022, recording an increase of 29.6% over the previous year 2021 (USD 2.18 Bn). It is worthwhile to note that during the period of 2022, the new borrowings of this type of loan were USD 2.82 Bn, recording a decrease of 30.3% over the previous year 2021 (USD 4.05 Bn).

<https://www.tbsnews.net/bangladesh/162b-private-sector-foreign-loan-instalments-due-2023-645494>

BEZA study: Fuel crunch upsets most EZ investors

A majority of the surveyed stakeholders, including investors in economic zones (EZs), have cited fuel crunch as one of the key economic challenges, according to a new study. It also identified high energy tariff, inadequate logistic infrastructure, hike in staff wages and complicated administrative procedure as major macroeconomic challenges. Management consulting firms Deloitte and DDC jointly did the study on market assessment and presented the findings to seek stakeholders' opinion at the event.

According to the survey, 92% of the respondents expressed their willingness to procure land in the EZs while Chattogram is their most preferred destination. Khulna and Barishal regions are likely to become more popular in future, thanks to the opening of Padma Bridge and the development of Mongla and Payra ports. The study suggested strengthening BEZA's one-stop services (OSS), solving policy uncertainties and negotiations with financial institutions as some of the key issues to be addressed. It identified 20 priority sectors for EZ investors, including apparel, IT and software, pharmaceuticals and API, plastic and leather goods.

<https://thefinancialexpress.com.bd/economy/bangladesh/beza-study-fuel-crunch-upsets-most-ez-investors>

Budget 2023-24

Inflation, huge bank borrowing, forex situation major factors to implement budget

Economists, experts and business leaders in a post budget meeting on Wednesday termed inflation, huge bank borrowing, forex situation and tax administration as the major factors ahead of the country's economy. "Total domestic financing requirement of the budget will be about BDT 1.6 Tn and since nonbank financing in the form of National Savings Certificates is very negligible or negative almost the entire amount would need to come from the domestic banking system," noted economist Dr Ahsan H Mansur told the meeting organised by the American Chamber of Commerce (AmCham).

He noted that since the schedule banks are already suffering from liquidity shortage and very slow deposit growth (7.5% till April), government borrowing from the schedule banks will lead to crowding out of the private sector and push up the lending interest rates sharply.

<https://thefinancialexpress.com.bd/economy/bangladesh/inflation-huge-bank-borrowing-forex-situation-major-factors-to-implementbudget>

Tannery

Leather and footwear export fall

The exports of leather footwear from Bangladesh declined 4.28% year-on-year in July-May of the ongoing financial year owing to lower orders from Europe, the main market, official figures showed. Bangladesh shipped leather footwear worth USD 644 Mn during the 11-month period. It was USD 756 Mn in July-May of 2021-22, according to the Export Promotion Bureau (EPB). Leather exports also declined: it was down 18.11% to USD 114.59 Mn.

<https://www.thedailystar.net/business/economy/news/leather-and-footwear-export-fall-3340646>

Stock-Specific News

ADN Telecom to acquire 10% stake of Shohoj Ltd at BDT 120 Mn

Publicly listed IT and telecommunication services provider ADN Telecom is going to acquire a 10% stake at Shohoj Limited — the pioneer of Bangladesh's largest online ticketing platform "Shohoz" — at a cost of BDT 120 Mn. This is the first local investment in Shohoj Limited, and the company will use the fund to expand its business. ADN Telecom's Managing Director Henry Hilton told The Business Standard, "This investment was planned seeing good business potential from the share acquisition. Not only will it help

Shohoj expand its business, but also help us expand ours." "Apart from this, our expert team and Shohoj's team will work on business development," he added.

<https://www.tbsnews.net/economy/stocks/adn-telecom-acquire-10-stake-shohoj-ltd-tk12cr-645778>

Global Stock-Exchange News

Asian stocks edge higher on Fed hope but traders remain wary

Most markets crawled higher Wednesday (7 June) on speculation that China will unveil measures to support its struggling economy, while investors held out hope the Federal Reserve will skip an interest rate hike this month.

Reports that US Secretary of State Antony Blinken will visit China provided optimism for a thawing of relations between the

superpowers, but with a lacklustre Wall Street performance and few catalysts to drive business, regional traders moved cautiously. Meanwhile, a World Bank warning on the global economic outlook gave some food for thought as it lowered its growth expectations for next year.

<https://www.tbsnews.net/economy/stocks/asian-stocks-edge-higher-fed-hope-traders-remain-wary-645350>

