

Economy

Chinese company to invest USD 9.5 Mn in Mongla EPZ

China's M/s Yuanshun Enterprise Company Limited has announced its plans to establish a **packaging industry** at the Mongla Export Processing Zone (Mongla EPZ). With an investment of **USD 9.5 Mn**, this venture is expected to generate employment opportunities for 490 Bangladeshi nationals. The newly established company, fully owned by foreign investors, will focus on producing various types of packaging boxes including paper boxes, jewellery boxes, jewellery bags, watch boxes, gift boxes, and cartoons. It aims to manufacture 10 Mn pieces annually to cater to the growing demand for quality packaging solutions, reads a press release.

<https://www.tbsnews.net/economy/chinese-company-invest-95-million-mongla-epz-653114>

3 firms to invest USD 27.81 Mn in refuelling station, tourism, agro processing

Three companies – Istamarina Refuelling Station Ltd, Bangladesh Agriculture Products Ltd, and Rangs Properties Limited – will **invest USD 27.81 Mn in refuelling stations**, agricultural product processing and tourism sectors. The firms have been allotted 15 acres of land combined at the Bangabandhu Sheikh Mujib Shilpa Nagar and Sabrang Tourism Park, which is expected to create more than 850 jobs.

According to Beza, the master plan includes food corners at various places in the park, an open stage for cultural programmes on the seashore, a reserve forest for environmental balance and nature lovers, recreation centres, local product stalls, exhibition space, a children's park, an underwater world, a botanical garden, an aquarium, etc., to attract domestic and foreign tourists.

<https://www.tbsnews.net/economy/3-companies-invest-2781m-refuelling-station-agriculture-tourism-sector-653174>

Japan to provide USD 4 Mn for Bangladesh's primary education development

The Japan government will provide Bangladesh with a USD 4 Mn grant for Fourth Primary Education Development Programme (PEDP4). IWAMA Kiminori, ambassador of Japan to Bangladesh and Sharifa Khan, secretary of Economic Relations Division, Ministry of Finance signed the Exchange of Notes on the Japanese grant aid on Tuesday (20 June 20), reads a press release. Japan has provided total about USD 15 Mn for PEDP4, including this 4th grant, which is the financial support for a variety of implementations for achieving the programme.

<https://www.tbsnews.net/economy/japan-provides-4-million-grant-4th-primary-education-development-programme-653298>

ECNEC approves 16 projects worth BDT 243.62 Bn

The Executive Committee of National Economic Council (ECNEC) has cleared a total of 16 projects including a BDT 63.45 Bn one to improve urban governance and infrastructure in 88 municipalities under 48 districts. Among the approved projects, three other new projects involving BDT 81.60 Bn were undertaken to improve important Upazila and Union roads in two divisions and important rural infrastructures in three districts, reports UNB.

“Today a total of 16 projects were approved. The overall estimated cost of the projects is BDT 243.621 Bn (only additional costs of eight revised projects were counted here),” said Planning Minister MA Mannan while briefing reporters after the meeting. Of the total cost, the government will finance BDT 128.731 Bn, while BDT 114.72 Bn will come from foreign sources and the rest BDT 161.50 Mn from the own funds of the organizations concerned.

<https://thefinancialexpress.com.bd/economy/bangladesh/ecnec-approves-16-projects-worth-24362-billion>

Tax break to stay till 2036 for private power producers

The National Board of Revenue (NBR) has extended a tax holiday by 12 years on the income privately-run power plants, except for coal-fired ones, that will start generation of electricity any time before June 30 next year. This means the tax exemption can be enjoyed until June 30, 2036, according to an NBR notification issued on June 19.

The tax break is being offered since 2011 to support the government's goal to expand the country's energy production capacity to support the economy, which has been growing annually by around 6% over the last two decades. Until January 2023, Bangladesh's total installed capacity was of 23,482 megawatts (MW), of which the private sector accounts for 44%, according to Bangladesh Economic Review 2023.

<https://www.thedailystar.net/business/economy/news/tax-break-stay-till-2036-private-power-producers-3351676>

LC margin eased for importers serving SMEs

Bangladesh Bank (BB) yesterday relaxed rules regarding financing availed by commercial importers to cater to cottage, micro, small and medium enterprises (SMEs), aiming to accelerate growth of industries and jobs. Banks will be able to fix the amount of down payment or margin for opening letters of credit (LCs) based on their relation with importers, said the central bank in a circular.

Around a year ago the central bank had imposed a 75% cash margin for opening LCs for the import of machineries, spare parts, textile and chemical raw materials of plastic and packaging items and medical equipment. Commercial importers serving the cottage, micro, SMEs were under its purview, which was brought about in an effort to reduce pressure on the country's foreign exchange reserves and contain volatility in the exchange rate of taka against the US dollar.

<https://www.thedailystar.net/business/economy/news/lc-margin-eased-importers-serving-smes-3351686>

Bank, NBF, and Insurance

Bill placed to define movable assets as collateral for loan

The Secure Transactions of (Moveable Assets) Bill 2023 was placed in parliament today aiming to bring movable property under the definition of collateral for bank loans. Finance Minister AHM Mustafa Kamal placed the bill which was sent to the parliamentary standing committee on the finance ministry for further scrutiny.

As a result, not only immovable property, movable assets such as fixed deposits, gold, silver, intellectual property, can be treated as collateral. However, the movable property must be registered for a mortgage. For this purpose, it has been decided to have a separate authority for the registration of movable assets for which valuation of those is possible, mentioned in the proposed law. As a result, both banks and borrowers will benefit, and providing loans will be easier, as stated in the text of the bill.

It also mentioned 16 categories of assets as movable, including shares of listed firms, intellectual property rights, furniture, raw materials for export products, work orders, precious metals such as gold, certificates of deposits in banks and financial institutions, medicinal plants, and fruit-bearing trees, electronic goods, preserved agricultural goods, processed fish or seafood, livestock, poultry and similar animals that are sources of income, vehicles, machinery, electronic appliances, software, agricultural products, minerals, processed fish, etc.

<https://www.thedailystar.net/business/news/bill-placed-define-movable-assets-collateral-loan-3351381>

Bangladesh Bank eases provisions for loan classification

Bangladesh Bank (BB) on Tuesday relaxed loan-classification provisions requiring the borrowers to pay at least half of their payable installments by June 30 to avoid being classified. The Banking Regulation and Policy Department (BRPD) of the central bank issued a circular regarding this on the day.

It said businesses that were branded as 'unclassified' from April to June this year would not be classified as defaulters, if they repay only 50 per cent of their installment. Simultaneously, short-term agriculture credit and micro-loans will also be eligible for these benefits, according to the circular. The central bank said the instructions were given to keep all businesses running, including the manufacturing and services sectors, in order to maintain the momentum of economic activity.

<https://thefinancialexpress.com.bd/trade/bangladesh-bank-eases-provisions-for-loan-classification>

Bangladesh Bank lifts NBFIs' rate cap

(Effective from July)

The existing ceiling on lending and deposit rates of the non-bank financial institutions (NBFIs) has been withdrawn, giving a sigh of relief to these institutions. The Bangladesh Bank (BB), in a circular on Tuesday, issued a guideline regarding a new lending-rate mechanism - based on the benchmark reference rate, which will be effective from July 1.

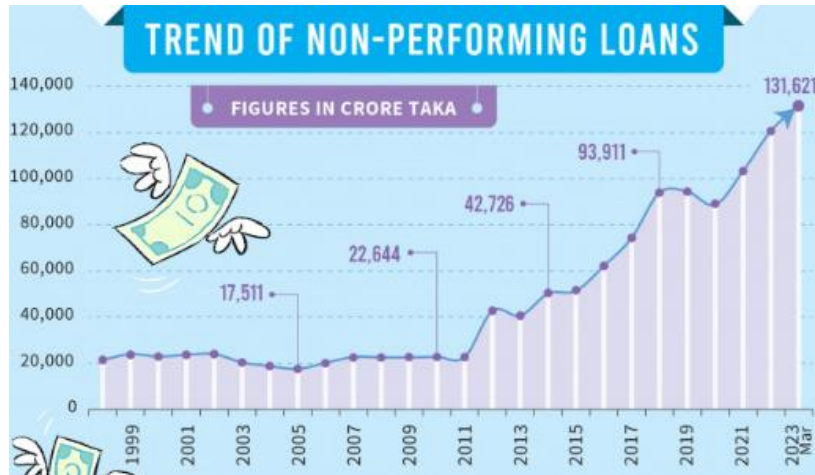
The BB said the NBFIs can fix their interest rates against deposit by adding maximum two percentage points with the SMART Index. In terms of lending, the NBFIs can add maximum 5.0 percentage points with the market-driven benchmark reference rate.

It means, the depositors will get more than 9.0 per cent interest against their investment in the NBFIs, while the cost of lending from these institutions will go over 12 per cent, as the six-month moving average of the risk-free government securities up to May is 7.17 per cent.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-bank-lifts-nbfis-rate-cap>

NPL's unstoppable rise

Finance Minister AHM Mustafa Kamal, soon after taking over in January 2019, had asserted that non-performing loan (NPL) would not grow "by even a single penny from today". Four years later, it emerged as even a bigger problem in the central bank's new monetary policy statement as default loan has soared by nearly Tk38,000 crore since then to Tk131,621 crore now.



"The country's financial sector has also been burdened by a high non-performing loan," says the latest MPS unveiled on 18 June. The outgoing monetary policy, announced in January this year, also stated how a high level of NPLs was considerably disrupting the stability within the financial sector.

<https://www.tbsnews.net/economy/banking/npls-unstoppable-rise-653410>

MFS transactions' record grow in April; number of accounts now 26.5cr

The Mobile Financial Services (MFS) continue to grow in volume as more and more financial transactions in the country take place using the platform. The latest statistics on the MFS from the Bangladesh Bank revealed that Tk1.25 lakh crore was transacted through licensed MFS in April this year. This figure is a record for the volume of monthly transactions, even without the amount transacted over Nagad, which was still offering a similar kind of service in April, but without an MFS license.

<https://www.tbsnews.net/economy/banking/mfs-transactions-record-grow-april-number-accounts-now-265cr-653518>

Agribusiness

Agribusiness bears highest potential among emerging sectors

Agribusiness in Bangladesh, including food processing and associated machinery production, has the highest potential among eight emerging sectors, with domestic market sales estimated to reach USD 8 Bn by 2025, according to Bangladesh Investment Development Authority (Bida). "In 2021, the country's domestic market size was USD 3.2 Bn and it is expected to be USD 8 Bn by 2025," said Shah Mohammad Mahboob, director general of an International Investment Promotion wing of Bida. The immense potential of agribusiness is in the manufacture of processed foods, vegetable or fruit products, milk, dairy products, edible oil etc., he said.

<https://www.thedailystar.net/business/economy/news/agribusiness-bears-highest-potential-among-emerging-sectors-3351531>

Footwear

Synthetic footwear exports on a roll

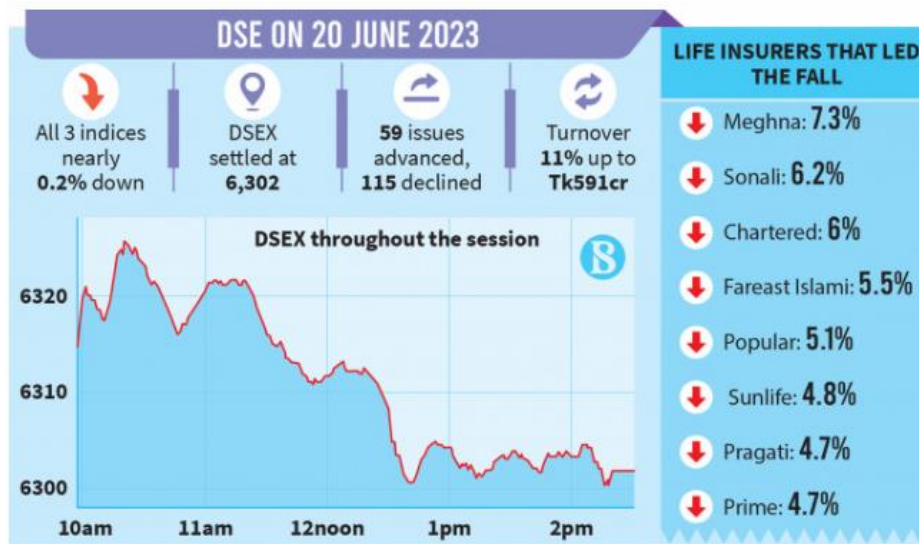
The shipment of synthetic footwear and sports shoes from Bangladesh grew 6.21% year-on-year in July-May of the outgoing fiscal year thanks to shifting orders from China and the expanding capacity of manufacturers. Non-leather footwear exporters bagged USD 433.53 Mn during the 11-month period of 2022-23, up from USD 408.18 Mn a year earlier, data from the Export Promotion Bureau showed. The receipts built on a 30.39% whopping shipment growth seen in the previous year when manufacturers brought home USD 449.15 Mn. This came although leather footwear exports from Bangladesh posted a declining trend in recent months owing to slower demand.

<https://www.thedailystar.net/business/economy/news/synthetic-footwear-exports-roll-3351696>

Stock-Exchange News

Insurance stocks: From top gainers to losers in a day

Insurance stocks that filled up the list of top gainers at the Dhaka bourse on Monday, failed to dodge cautious investors' selloffs the next day and ended up to be the most corrected ones. On Tuesday, all of the top ten losers at the Dhaka Stock Exchange (DSE) were insurance stocks, of which, eight were life insurance ones. Whereas, the insurance sector made 19 of the 20 top gainers the previous day. Investors went for booking profits especially from the insurance sector, as they were looking for quick gains from recently rallied stocks.



<https://www.tbsnews.net/economy/stocks/indices-close-lower-tuesday-653138>

Stock-Specific News

Pubali Bank director to buy 2 Mn shares

Trouser Line Limited, a corporate director of Pubali Bank Ltd, has expressed its intention to buy 2 Mn shares of the company. The director wants to buy these shares at the prevailing market price (in the Public and Block markets) through Dhaka Stock Exchange. Rana Laila Hafiz is the managing director of Trouser Line Limited (a representative) and a director of Pubali Bank Ltd.

<https://www.tbsnews.net/economy/stocks/pubali-bank-director-buy-20-lakh-shares-652994>

Islamic Finance lends BDT 3.73 Bn without collateral

Islamic Finance and Investment Limited – a non-bank financial institution – has disbursed loans of BDT 3.73 Bn without any eligible security, such as a mortgage or a lien on shares, according to its independent auditor. In the audit report for 2022, Kazi Zahir Khan and Co mentioned that the collateral-free loans represent 31% of the company's total leases, loans, and advances.

A central bank official said there is scope to provide collateral-free loans to small entrepreneurs in some emerging sectors, such as women entrepreneurs and agriculture. "However, it should not be more than BDT 0.5- BDT 1 Mn. There is no scope to provide a bigger loan without collateral," he added.

<https://www.tbsnews.net/economy/stocks/islamic-finance-lends-tk373cr-without-collateral-653370>

EBL to arrange BDT 3.32 Bn loan for lithium battery project

Eastern Bank Limited (EBL) will arrange a **syndicated term loan facility of BDT 3.32 Bn** for Bangladesh Lithium Battery Limited. To this end, EBL arranged a bank syndication meeting with the participation of prospective banks and nonbank financial institutions at a hotel in Dhaka recently, said a press release. EBL is acting as the mandated lead arranger for the loan. The lithium battery company will use the fund in setting up a lithium battery plant with a capacity of 1 gigawatt. The plant will create a backward linkage to its concurrent electronic vehicle project and will effectively address the current market demand for lithium batteries.

<https://www.thedailystar.net/business/economy/news/eb-l-arrange-tk-332cr-loan-lithium-battery-project-3351651>

Global Stock Market News

Global stocks mostly drop

Asian and European stocks mostly fell Tuesday, as China's smaller-than-forecast interest rate cut failed to dispel worries over its flagging powerhouse economy. Sentiment was also subdued before the return of Wall Street traders from a long holiday weekend.

- London stocks firmed on the eve of critical UK inflation data and ahead of Thursday's expected interest rate increase from the Bank of England.
- Frankfurt and Paris slid one week after the European Central Bank also lifted rates but the US Federal Reserve hit pause, while both flagged more hikes. World oil prices meanwhile advanced and the dollar wavered against rival currencies.

‘Developments in China, where the central bank cut its reference interest rate by ten basis points, continue to point to a slower-than-predicted post-pandemic recovery in the world’s second-largest economy,’ said ActivTrades analyst Ricardo Evangelista. ‘With China’s economy struggling to regain momentum, the headwinds for the global economy get stronger,’ he warned.

The People’s Bank of China reduced its benchmark five-year rate by 10 basis points, less than the 15 points expected, though it did meet forecasts for a 15-point reduction in the one-year rate. Traders were left disappointed by Beijing’s lack of action to kickstart the country’s lumbering economic recovery.

In reaction Hong Kong stocks dropped more than one per cent, with tech firms — which are susceptible to higher borrowing costs — taking the brunt of the selling, while property companies also dropped. Shanghai was also in negative territory, but Tokyo eked out gains. Tuesday’s retreat extended this week’s losses that were fuelled by frustration at the lack of detail from China on measures to boost the economy, which has failed to recover since painful zero-Covid measures were removed at the end of 2022.

<https://www.newagebd.net/article/204752/global-stocks-mostly-drop>