

Economy

Pace of injecting high-powered money in economy slows

Bangladesh Bank's (BB) injection of high-powered money into the economy through devolvement of the government securities has been declining slowly in recent months, giving some respite amid the present high-inflation scenario. Bankers have pointed out a number of factors, like improvement in the commercial banks' liquidity situation as well as cautious lending by the banks in the election year, behind growing participation of the primary dealer (PD) banks in the auctions to purchase risk-free instruments - treasury bills and treasury bonds. According to the BB statistics, the government borrowed Tk 344.68 billion from the banking system in April 2023 through the government securities. The BB met as high as 47 per cent (Tk 160 billion) of the government's funding requirements from its own accounts, which is basically the print money. The BB's share of loans given to the government to meet its revenue shortfalls declined to 26 per cent (Tk 75.05 billion of Tk 293.97 billion) in May. But it rose again to 41 per cent (Tk 113.71 billion of Tk 275.04 billion) in June. In July, the government borrowed Tk 382.54 billion from the banking system, but the central bank's contribution was 36 per cent or Tk 137.19 billion.

<https://thefinancialexpress.com.bd/economy/bangladesh/pace-of-injecting-high-powered-money-in-economy-slows>

Universal Pension: Deposit BDT 5 Mn over 42 years, get up to BDT 60 Mn back

The Universal Pension Scheme is set to roll out on 17 August, aiming to establish a sustainable social security system for elderly citizens of private and informal sectors, expatriates, and impoverished people. In addition to ensuring social security and reducing the number of beneficiaries in the social safety programme, the scheme will be of significant advantages to contributors. By enrolling in the scheme at 18 years old, private sector employees or expatriates can receive benefits 12 times greater than their 42 years of contribution, documents from the Finance Ministry reveal. For example, if an expatriate starts contributing BDT 10,000 per month under the Probas Scheme, his total contributions to the government would amount to BDT 5,040,000 by age 60. With a monthly pension of BDT 3,44,655 from age 60 to at least 75, the accumulated sum would reach BDT 62,037,900, which is around 12.31 times their total contribution.

<https://www.tbsnews.net/bangladesh/universal-pension-deposit-tk50-lakh-over-42-years-get-tk6cr-back-679902>

Can Bangladesh hit development goals with scanty R&D?

Bangladesh's economy has been growing at a striking rate in the last one decade on the back of low-paid workers in the manufacturing and service sectors but innovation has played insignificant role behind the development journey. The main factor for the lack of innovation has been scanty investment, both public and private, although investments in research and development (R&D) are believed to be important keys to future prosperity. And experts warn that if the lower investment trend lingers, economic growth may be stuck at a certain level. In Bangladesh, the overall R&D investments stood at 0.03 percent of gross domestic product (GDP) in 2022-23, according to data of the planning commission. It was 0.54 percent in Vietnam, 0.70 percent in India, and 2.55 percent in China, World Bank data showed

<https://www.thedailystar.net/business/economy/news/can-bangladesh-hit-development-goals-scanty-rd-3390631>

Textiles & Apparel Sector

Apparel export to US ebbs down

Bangladesh's apparel export to the United States ebbed down during the first half of this year apparently as global economic slowdown, high inflation and rising interest rates dampened consumer demand. The ongoing sluggish economy induced by the twin crises of the Covid pandemic and the Russia-Ukraine war has left the retail stores in the USA--Bangladesh's single-largest export destination--with inventory glut that restrains the buyer from placing new orders, according to a trade account from the US side. This has caused an export slump both in terms of value and volume, industry-insiders have said. Bangladesh's readymade garment exports fetched US\$3.82 billion during the January-June period from America, marking a 23.55-percent fall, according to the data released on August 08 by OTEXA, an affiliate of the US Department of Commerce. The earnings were \$5.0 billion during the corresponding period of last year.

<https://thefinancialexpress.com.bd/economy/bangladesh/apparel-export-to-us-ebbs-down>

Capital Market

Stock selloff resumes as investors fear capital erosion

Dhaka-Chattogram stocks, after a one-day pause, resumed their downturn on Wednesday. Starting the session with a short-lasting optimism that followed the previous session's recovery efforts, DSEX, the broad-based index of the Dhaka Stock Exchange (DSE), nosedived in the first 30 minutes of the session. Rest of the day was dominated by the sellers and the major index finally closed 0.29% lower at 6,296.99 — the lowest since 19 June. Stockbrokers said the downfall started with booking quick gains and later, it turned into investors' rush for saving capital in a sliding market. A number of stocks, especially from the life and non-life insurance sectors, previously rose sharply and were falling with a similar momentum that created panic among investors who bought them at higher prices. Rupali Life Insurance stock, which nearly tripled in a few months, has already fallen by more than 50% from the recent peak. The dampened confidence across the trading floor due to the waning market momentum coupled with the prevailing macroeconomic and political concerns.

<https://www.tbsnews.net/economy/stocks/stocks-volatile-second-day-recovery-679518>

Why positive half-yearly earnings reports not reflected on the market?

Large-cap stocks, such as Grameenphone, British American Tobacco Bangladesh, and Robi Axiata, have failed to draw investors though they posted remarkable profit growths for the first half of this year. Almost all the top 10 large-cap stocks, including some renowned local conglomerates, are struggling to find buyers on the bourses even at lucrative price levels following earnings disclosures. Most of these stocks, which once dominated the market, have remained stuck at floor for eight to ten months, while low-performing junk stocks have been flying high on speculations. Only Square Pharma, Berger Paints, and LafargeHolcim saw a

slight movement since the floor price was imposed more than a year ago. Seven others are confined to the floor. Analysts say the price restriction discourages investors, including the institutional ones, who make investment decisions based on the market trend, to put money in the big stocks. Uncertain economic outlook may be another reason as to why fresh investments are not coming in.

<https://thefinancialexpress.com.bd/stock/bangladesh/why-positive-half-yearly-earnings-reports-not-reflected-on-the-market>

Stock/Bond-Specific

EBL joins the fray to invest in digital bank

Eastern Bank Ltd (EBL) is going to invest BDT 125 Mn to be a sponsor shareholder of a proposed digital bank, according to a decision of the board of the private bank taken yesterday. The name of the proposed digital bank is Digi10 Bank PLC, in which the private bank will hold 10% share of the initial paid-up capital of BDT 1250 Mn. The investment will be done subject to all regulatory approval, as per the decision of the EBL board. The disclosure by EBL comes after a number of banks unveiled their decision to invest in establishing digital banks, for which Bangladesh Bank called for applications from the third week of June

<https://www.thedailystar.net/business/economy/banks/news/eb1-joins-the-fray-invest-digital-bank-3390611>

Prime Finance incurs losses again

Prime Finance and Investment Limited has turned a loss of BDT 340 Mn in the first nine months of 2022 because of lower interest income and higher deposit cost. In 2021, it incurred a loss of BDT 19 Mn and hence, did not recommend any dividend for that year. The non-bank financial institution (NBFI) has published its financials for 2021 and un-audited financials for January to September period of 2022 on the Dhaka Stock Exchange (DSE) website on Wednesday. From 2015 to 2017, the company suffered a total loss of BDT 1830 Mn because of a loan scam which the Anti-Corruption Commission (ACC) has been investigating.

<https://www.tbsnews.net/economy/stocks/prime-finance-incurs-losses-again-679850>

EBL Asset Management Limited (EBL AML)