

Economy:

Import tax exemption expands 18% despite efforts to rein in

The revenue board's repeated talk about boosting revenue by curbing tax exemptions has had no effect in practice as the amount of tax benefits continues to rise. Tax exemptions on imports alone jumped 18% to Tk61,032 crore in the just concluded fiscal year 2022-23, according to a recent internal report of the National Board of Revenue (NBR). Growth in import duty collection increased only 4% in the last fiscal, which is the lowest in the last two decades except for the Covid-19 year of 2021.

<https://www.tbsnews.net/nbr/import-tax-exemption-expands-18-despite-efforts-rein-677506>

Bank, NBFIs, and Insurance Sector:

Cenbank to cut classification time. Bankers fear rise in default loans

A Bangladesh Bank plan to halve overdue loans classification time may increase classified loans to a great amount, fear bankers. As per the guidelines agreed with the International Monetary Fund to avail of its \$4.7 billion budget support, the central bank plans to reduce the overdue period for classifying long-term loans to three months from six months in its efforts to contain non-performing loans and address irregularities in the banking sector. While the move is intended for faster resolution of defaulting loans and many bankers have welcomed these measures as a step in the right direction, some have remained sceptical about their effective implementation.

<https://www.tbsnews.net/economy/banking/cenbank-cut-classification-time-bankers-fear-rise-default-loans-677018>

Banks' profits hit by lower income from forex market

The combined profits of 35 listed banks in Bangladesh dropped 9 percent year-on-year to Tk 4,160 crore during the first half of 2023 as volatility in the country's foreign exchange market has curbed their commissions from forex dealings. As per their financial statements for the January-June period of the current calendar year, a majority of these lenders logged higher profits with just 13 registering reduced earnings.

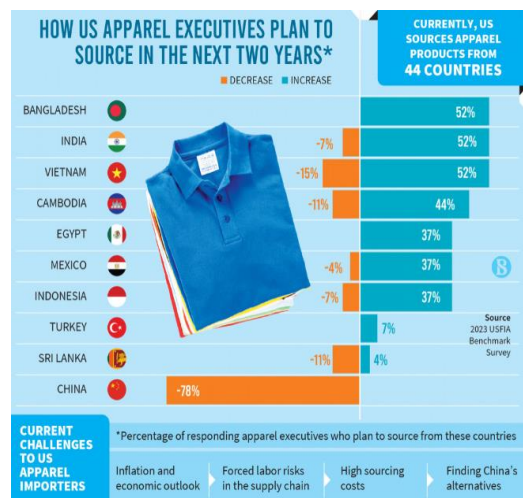


<https://www.thedailystar.net/business/economy/news/banks-profits-hit-lower-income-forex-market-3387436>

Apparel & Textile Sector:

US apparel buyers to increase sourcing from Bangladesh: Report

According to a study, 15% of US fashion executives expressed a desire to reduce their sourcing from Vietnam, while 11% aimed to do so from Cambodia and Sri Lanka. Additionally, 7% indicated a similar intention regarding India and Indonesia. More than half of US apparel executives intend to increase sourcing from Bangladesh, surpassing China, Cambodia, Indonesia, Egypt and other competitors, according to the US Fashion Industry Association's (USFIA) 2023 Benchmarking Study. Bangladeshi apparel entrepreneurs said the potential influx of additional orders to Bangladesh would not only catalyse the growth of existing industries but also pave the way for the creation of numerous job opportunities.



<https://www.tbsnews.net/economy/rmq/us-apparel-buyers-increase-sourcing-bangladesh-report-676582>

Poll tantrums affecting apparel trade

Oncoming political unrest over polls begins hurting ready-made garment (RMG) trade as Bangladesh's main export sector is getting lesser work orders in recent months, insiders said. Industrialists and economists anticipate the worse to come if the political situation gathers steam further in the coming months, as the main players on two sides of the political divide stand worlds apart over election issues. Utilization Declaration (UD) for export of the local apparel dropped 13.29 per cent month on month in June this year, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said.

<https://today.thefinancialexpress.com.bd/public/first-page/poll-tantrums-affecting-apparel-trade-1691170479>

Engineering Sector:

Rod prices drop as rains dampen demand

The price of mild steel (MS) rod of grade 60 has gone down slightly since Thursday thanks to a decline in demand due to a slowdown in construction and physical infrastructure development works for the monsoon rains. According to the Trading Corporation of Bangladesh, each tonne was retailing at Tk 99,500 on Thursday whereas earlier it was Tk 101,500. Just four months ago Bangladesh's construction sector was facing challenges due to frequent hikes in the price of MS rod and other major construction materials while slow development activities put many workers out of a job, according to industry people.

<https://www.thedailystar.net/business/economy/news/rod-prices-drop-rains-dampen-demand-3387426>

Investment bonanza in construction, squeeze in production

Gross fixed capital formation (GFCF) in Bangladesh, a key measure of investment in the economy, has seen a surge in construction sector amid Infrastructure-building carnival in a proportional drop in productive sectors. According to Bangladesh Bureau of Statistics or BBS data the GFCF in other sectors, for example, plants and equipment, transport equipment and others category dropped in the past fiscal year. The GFCF stood at Tk 13.9 trillion in the fiscal 2022-23, ending June last, at current prices, up by 9.0 per cent year on year, the national statistical office said.

<https://today.thefinancialexpress.com.bd/first-page/investment-bonanza-in-construction-squeeze-in-production-1691253878>

Miscellaneous Sector:

Companies at sea with oceangoing ships

The shipping lines, which invested heavily in the fleet of ocean-going vessels to profit from skyrocketing shipping costs during the pandemic years, are now feeling nervous as both freight charges and imports have declined sharply in the recovery period. Officials of several ship-owning companies such as KSRM Group, Meghna Group and Karnaphuli Group said freight charges on both bulk carriers and container ships dropped globally by about 50% over the course of a year as an aftermath of the Russia-Ukraine war. Also, container ships are carrying goods at less than half their capacity as imports have shrunk due to the dollar crisis, making it difficult for investors to meet their operating expenses.

<https://www.tbsnews.net/economy/companies-sea-oceangoing-ships-677502>

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