

Economy:

Forex shock to remain as major challenge

With a huge deficit in its financial account balance and foreign exchange reserves depleting, Bangladesh's main challenge in the coming months will be tackling foreign exchange shocks, according to economists. There was a deficit of \$2.1 billion in the country's financial account at the end of fiscal year 2022-23, in contrast to a surplus of \$15.5 billion a year earlier. Bangladesh's foreign exchange reserve stood at \$23.14 billion as of August 16, 2023 whereas it was \$39.54 billion a year earlier, showed the latest data of Bangladesh Bank.

<https://www.thedailystar.net/business/global-economy/news/forex-shock-remain-major-challenge-3399191>

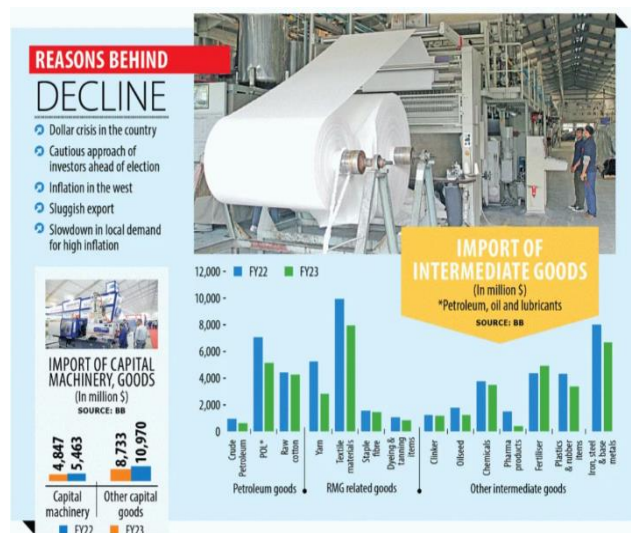
Govt borrowing bloats to Tk 1.84t

Government borrowing from internal and external sources climbed to Tk 1.84 trillion in the past fiscal, in a 13-percent year-on-year rise, with the domestic debt dominating the account. Bangladesh Bank statistics show borrowing from domestic sources - banking and non-banking-surged 23 per cent to Tk 1.09 trillion in the financial year 2022-23. Foreign or external borrowings increased nearly 2.0 per cent to Tk 746.5 billion in the period under review. The total deficit financing as percentage of GDP at current market price stood at 4.15 per cent in the FY2023. It was 4.08 in the year before.

<https://today.thefinancialexpress.com.bd/last-page/govt-borrowing-bloats-to-tk-184t-1692555048>

Capital machinery import slumps, a sign of slowing investment, economy

Bangladesh's import of capital machinery and intermediate goods, which are used to make finished products for both local and export markets, declined in the last fiscal year, reflecting a slowdown in private investment and the economy. The persistent dollar crisis, which began at the beginning of 2022-23, and higher inflation at home and abroad for a fall in the purchasing capacity of consumers are all to blame for the drop. Of late, businesses have become cautious when it comes to investments as political uncertainty is deepening ahead of the parliamentary election due early next year.



<https://www.thedailystar.net/business/economy/news/capital-machinery-import-slumps-sign-slowing-investment-economy-3399206>

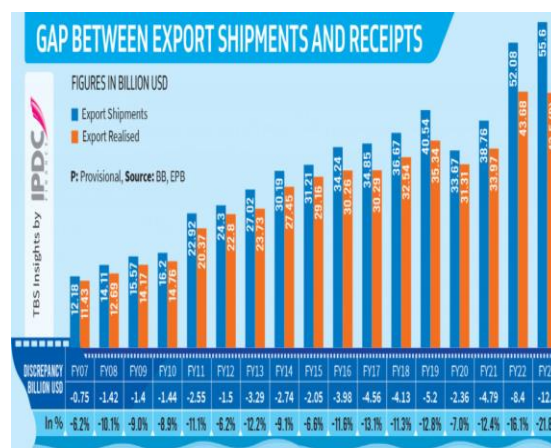
Govt set to restore tax benefit for bank depositors, exporters

The government is set to reinstate tax benefit for certain corporate bank depositors, exempted from mandatory submission of tax returns, and also for exporters to allow them to enjoy source tax at reduced rates, officials said. Source tax on cash incentives for exporters was 10 per cent, which was considered finally paid tax on the income under the Income Tax Ordinance 1984. In the Income Tax Act 2023, the National Board of Revenue (NBR) waived the provision.

<https://today.thefinancialexpress.com.bd/last-page/govt-set-to-restore-tax-benefit-for-bank-depositors-exporters-1692555247>

\$12b from exports did not come home last year

Bangladesh's export receipts fell short of the value of export shipments by \$12 billion in the last fiscal year, prompting concerns within the Bangladesh Bank regarding the historically high unrealised export proceeds pending abroad, which is taking a toll on the foreign exchange reserves. In fiscal 2022-23, export receipts totaled \$43 billion, a figure 22% lower than the export shipment value of \$55.6 billion, as reported by the Bangladesh Bank. The unrealised export value was twice the amount recorded in FY22 and six times higher than that of FY20.



<https://www.tbsnews.net/economy/12b-exports-did-not-come-home-last-year-685746>

Bank, NBFIs, and Insurance Sector:

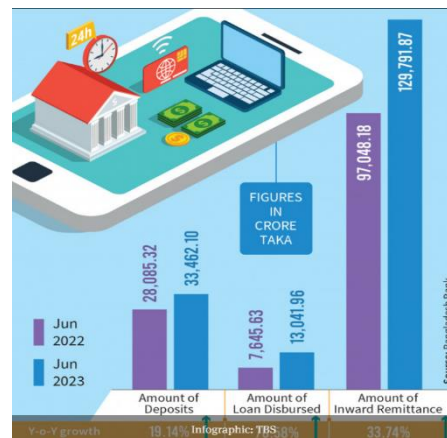
Uncertainty spurs cash stockpiling out of banks

Cash in people's hands reached Tk2.91 lakh crore till June surging by Tk36,000 crore from the previous month as pre-election political uncertainties and a global economic slowdown spooked consumer. As per central bank data, cash in people's hands or out of banking channels amounted to Tk2.36 lakh crore by June 2022, implying the amount grew over Tk55,000 in about a year till June 2023. The banks offer maximum 8% deposit rate but this is not high enough compared with the current inflation rate to encourage people to park their cash in banks. With general elections several months away, people are wary of investments and thus are prone to hold cash to themselves, according to bankers.

<https://www.tbsnews.net/economy/banking/uncertainty-spurs-cash-stockpiling-out-banks-685718>

Loan disbursements thru agent banking rise 70%

Loan disbursement through agent banking surged 70.58% year-on-year to Tk13,041 crore in June 2023 on the back of improved access to finance for rural people, according to Bangladesh Bank. At the end of June last year, the disbursement stood at Tk7,645 crore. Deposits and remittance inflows also grew by 19% and 33.74%, respectively, compared to the previous year, according to data from the central bank. Bankers said that with the gradual expansion of agent banking, many people who were previously excluded from banking services at the rural level can now easily avail themselves of the services, which is the key reason behind the increased flow of such loans.



<https://www.tbsnews.net/economy/banking/loan-disbursements-thru-agent-banking-rise-70-685726>

Telecommunication Sector:

BD risks higher reliance on costly LNG imports

The telecom regulator has once again sought Bangladesh Bank's (BB) intervention to help realise Tk 254 million it deposited with Padma Bank, officials said. Since 2017, Bangladesh Telecommunication Regulatory Commission (BTRC) had invested around Tk 380 million as term deposits in five branches of the Farmers Bank Limited, later reconstituted under the name Padma Bank Limited. Of the amount, the bank, however, did not pay back the deposit to the tune of Tk 254 million held with its four branches despite completion of its tenure in December 2017. The BTRC could retrieve Tk 126 million from the bank so far by sending repeated reminders, according to a letter forwarded last week to the central bank seeking its intervention.

<https://today.thefinancialexpress.com.bd/first-page/btrc-again-seeks-bbs-help-to-get-back-tk-254m-fdr-from-padma-bank-1692554697>

Apparel & Textile Sector:

Bangladesh adopts GM cotton

Bangladesh yesterday released two varieties of a genetically modified (GM) cotton for domestic cultivation, aiming to increase yields and reduce import dependence. This is the second GM plant to be introduced in the country. Bangladesh joined the GM-crop cultivating nations in 2014 introducing Bt brinjal, the first GM food crop in South Asia. At least 20 percent of the country's demand for cotton, or around 15 lakh bales, can be met by locally cultivating the Bt and hybrid varieties of cotton, according to Agriculture Minister.

<https://www.thedailystar.net/business/economy/news/bangladesh-adopts-gm-cotton-3399051>

Miscellaneous Sector:

10-year loan rescheduling facility for ship-builders

Loans, leases and investments extended by non-bank financial institutions (NBFIs) to ship manufacturers could be rescheduled for up to 10 years as the central bank took the initiative to help beleaguered borrowers resume making installments. Revenue flows to ship-builders, catering to both local and international markets, have been affected for various reasons that are not within their control. As a result, they are failing to pay installments regularly, according to the central bank.

<https://www.thedailystar.net/business/economy/news/10-year-loan-rescheduling-facility-ship-builders-3399176>

Capital Market:

DSE edges up as major sectors see stocks rise

The Dhaka bourse closed the week's first session marginally higher extending the gaining streak for the second consecutive session, on marginal price appreciations experienced by major sectors. On the day, the travel & leisure sector saw the highest appreciation. The other sectors that also watched stocks rising include IT, Cement, life insurance, food & allied and pharmaceuticals & chemicals. These sectors mainly helped the broad index to close the day in the positive territory.

<https://today.thefinancialexpress.com.bd/stock-corporate/dse-edges-up-as-major-sectors-see-stocks-rise-1692552679>

DSE to tap into potential of green RMG cos for capital market expansion

The Dhaka bourse has made a move to bring green ready-made garment factories into the capital market either through an initial public offering (IPO) or through issuance of bonds. It is set to sign an agreement with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) within a month from now. The Dhaka Stock Exchange has come to know that there are about 100 LEED certified garment units across the country, which are capable of meeting regulatory requirements to get equity or debt financing solutions.

<https://today.thefinancialexpress.com.bd/stock-corporate/dse-to-tap-into-potential-of-green-rmg-cos-for-capital-market-expansion-1692552625>

Stock-specific:

Crown Cement to buy fly ash from Matarbari power plant

Crown Cement PLC has decided to purchase fly ash from the Matarbari 2x600 MW Ultra Super Critical Coal Fired Power Plant to ensure smooth and regular production of cement. The company will soon sign a joint venture consortium agreement (JVCA) with the power plant. Fly ash collected from the plant will be used as a raw material for cement production, which will help in decreasing import dependency and save transport cost, according to the company secretary.

<https://www.thedailystar.net/business/economy/news/crown-cement-buy-fly-ash-matarbari-power-plant-3399106>

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