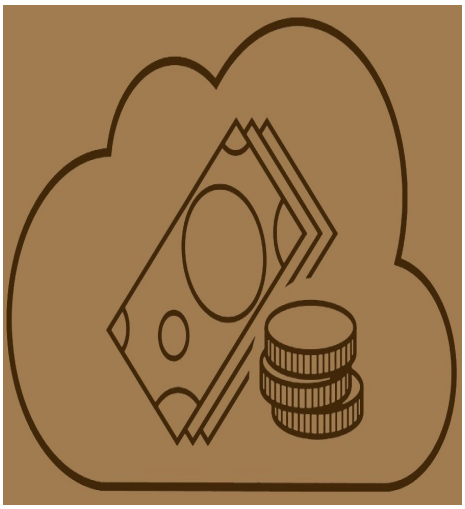
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HIGHLIGHTS OF THE DAY

Bangladesh: Economy **May 30, 2022**

Private Sector Credit Flow up to 12.48pc

Private-sector credit flow increased further in April 2022 following rising demand for loans, particularly for trade financing, to settle import-payment obligations.



The credit flow rose to 12.48 per cent in April on a year-on-year basis, from 11.29 per cent a month before, according to the central bank's latest statistics. It was 2.32 percentage points lower than the Bangladesh Bank's (BB) target of 14.80 per cent for the second half (H2) of the current fiscal year (FY), 2021-22.

"The private sector credit flow increased further in April following higher import payment obligations as well as total reopening of economic activities," a BB senior official told the FE on Sunday.

He also said the existing upward trend in the private sector credit growth may continue until June 2022, as the demand for credit, particularly for small and medium sectors, is enhancing gradually. Meanwhile, outstanding loans with private sector rose to Tk 13,096.31 billion in April 2022 from Tk 11,643.31 billion in the same month of 2021. The amount was Tk 11,888.55 billion in June 2021.

Source: https://thefinancialexpress.com.bd/economy/private-sector-credit-flow-up-to-1248pc-1653878557

More FDI in Logistics Sector Sought



Bangladesh needs huge investment in the logistics sector to ensure sustainable development in line with its economic growth, experts said at an event on Sunday.

Highlighting the role of logistics to ensure smooth supply chain and export diversification, speakers at the daylong discussion programme on "Foreign Direct Investment (FDI) in Logistics" at the Westin Dhaka in the capital, urged developed countries to invest in Bangladesh. Addressing the programme as the chief guest Commerce Minister Tipu Munshi said Bangladesh had become a big market with a lot of skilled manpower.

"Bangladesh is a big market for about 170 million people and 45% of them have good purchasing power. Neighbouring India and China are also two big markets. There are all kinds of investment opportunities here," he said.

The minister said the government is providing special facilities for investment and it was possible to produce goods at a low cost in Bangladesh and easily export those to other countries.

Source: https://www.tbsnews.net/economy/more-fdi-logistics-sector-sought-429374

HSBC Launches Instant Fund Transfer Solution

The Hongkong and Shanghai Banking Corporation in Bangladesh has recently launched an instant, real-time payment collection solution developed with support from the Bangladesh Bank's National Payments Switch of Bangladesh (NPSB).

The NPSB is an electronic platform operating with a view to attain real-time interoperability among scheduled banks, said a press release.

The solution will enable corporate and retail customers to instantly receive funds from other banks participating locally with NPSB-enabled internet banking fund transfers.

It will "reduce administrative time in Accounts Receivable reconciliation and help our customers to increase productivity and manage their cash flow more efficiently", said Kevin Green, country head of wholesale banking at HSBC Bangladesh.

Source: https://www.thedailystar.net/business/organisation-news/news/hsbc-launches-instant-fund-transfer-solution-3034761

Bangladesh Bank Increases Policy Rate to 5%

With an immediate effect, the central bank Sunday increased its policy rate by 25 basis points to 5% in a bid to keep the country's inflation in check.



The rise in the policy rate, which is also known as repurchase agreement (repo), is likely to make credit costly as banks will have to borrow from the central bank at the new rate.

The decision to increase the repo rate was taken at the 54th meeting of the Monetary Policy Committee, the Bangladesh Bank said in a press statement.

The Bangladesh Bank said the global economy has turned around thanks to mass Covid-19 vaccination programme and expansionary fiscal and monetary policies adopted by governments and central banks of different countries.

At the same time, the central bank said, rising global demand, disruptions in the international supply chain, protracted Russia-Ukraine war and new uncertainties in the global economy have led to rising prices of all commodities in the global market.

Considering the overall macroeconomic situation, the bank said it decided to up the repo rate from the existing 4.75% to 5.00% with immediate effect.

Source: https://www.tbsnews.net/economy/banking/bangladesh-bank-raises-interest-rate-5-429346

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DSE News

National Bank to Issue Tk500cr Bond for Capital Requirement

National Bank Limited – the first private sector bank fully owned by Bangladeshi entrepreneurs – will issue subordinated bonds worth Tk500 crore.



The bank, according to its disclosure on the websites of the bourses on Sunday, will issue the bond to strengthen its regulatory capital and to comply with the Base l-III capital requirement.

The decision is subject to the approval of the regulatory authorities, the bank said in that disclosure.

According to the bank's 2021 financials, its net profit after tax declined 90% to Tk38.15 crore, from Tk384.55 crore a year ago.

Owing to its massive profit decline, the bank did not declare any cash dividend for the year 2021. However, it had paid a 5% stock dividend to its shareholders.

As of April 2022, sponsors and directors held 28.48%, institutional investors 23.94%, foreign shareholders 0.83%, and general shareholders 46.75% shares of the company.

Source: https://www.tbsnews.net/economy/stocks/national-bank-issue-tk500cr-bond-capital-requirement-429310

Supportive Measures Help DSEX Soar 2.1%



Fresh fund injections, extended leverage facilities, and the narrowing of the bottom circuit breaker together helped attract buyers to the stock market on Sunday after a sharp fall over the last week.

DSEX, the broad-based index of the Dhaka Stock Exchange (DSE), steadily rose by 131 points or 2.1% to close at 6,369 on Sunday.

In the country's premier bourse, 343 scrips gained against 25 losers while 10 remained unchanged.

Besides, bourses observed a substantial increase in participation while the turnover has advanced by 54.6% and stood at Tk833 crore in the DSE.

On the sectoral front, financial institutions, miscellaneous, and pharmaceutical stocks contributed to the daily turnover most. All the sectors gained market capitalisation on Sunday, while services and real estate, ceramic, and IT demonstrated the best performance with around 5% gains.

Source: https://www.tbsnews.net/economy/stocks/supportive-measures-help-dsex-soar-21-429110

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Global: Business

Wall St Week Ahead Stock Rally Fanned by Hopes of Fed 'Past Peak Hawkishness'



Bad news may once again be good news on Wall Street, as signs of slowing US growth fan hopes that the Federal Reserve may not need to tighten policy as much as previously expected.

Home sales have fallen for a third straight month, while big misses from retail giants such as Target Corp and Walmart Inc shook their share prices last week. The Atlanta Fed's GDPNow estimate of real GDP growth for the second quarter fell to 1.8% on May 25, from 2.4% the previous week.

Softer economic growth raises risks of weaker corporate profits, in theory paving the way for softer share prices. Several Wall Street banks have in recent weeks warned that the chances of a US recession are rising, along with an increased likelihood of the low-growth, high-inflation environment known as stagflation.

In the near-term, however, some investors believe a nascent slowdown could bolster the case for the Fed to pull back on an aggressive monetary policy tilt that has unnerved investors and helped drive the S&P 500 index to the cusp of the 20% decline that many call a bear market.

Source: https://www.tbsnews.net/world/global-economy/wall-st-week-ahead-stock-rally-fanned-hopes-fed-past-peak-hawkishness-429242

Google May Join India's Open E-commerce Network



Alphabet Inc's Google is in talks with the Indian government to integrate its shopping services with the country's open e-commerce network ONDC, two sources familiar with the matter told Reuters.

Late last month India soft-launched its Open Network for Digital Commerce (ONDC) as the government tries to end the dominance of US companies Amazon.com and Walmart in the fast-growing e-commerce market.

The government estimates the Indian e-commerce market was worth more than $55 billion in gross merchandise value in 2021 and will grow to $350 billion by the end of this decade.

Source: https://www.thedailystar.net/business/global-economy/news/google-may-join-indias-open-e-commerce-network-3034791

Asian Stocks Shrug off Wall St Weakness but Growth Concerns Remain

Asia stocks opened mostly in positive territory on Wednesday even as global growth concerns and weak US economic data weighed on Wall Street overnight.



MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.35%, Australian shares were up 0.33%, and Seoul and Taiwan both ticked upwards 0.61% and 0.2%.

Hong Kong's, Shanghai's and China's CSI300 indexes opened marginally higher while Japan's Nikkei share average was down 0.18%.

On Wall Street, the Nasdaq Composite dropped 2.35% and the S&P 500 lost 0.81% as worries returned over surging global inflation cornering central banks into aggressive rate hikes, thereby slowing growth.

"The Fed's problem right now is that plenty of soft indicators and surveys are pointing to a slowdown," Steve Englander of Standard Chartered Bank said.

Source: https://www.tbsnews.net/world/global-economy/asian-stocks-shrug-wall-st-weakness-growth-concerns-remain-426410

Tata Steel Says India Export Tax Could Alter Output Targets



India's Tata Steel is concerned New Delhi's sudden decision to impose an export tax on some steel products could force it to review its production targets, if the levy remains in place for a long time, its CEO told Reuters on Tuesday.

India imposed an export tax of 15% on some steel products over the weekend, at a time steelmakers are looking to make up for tepid local demand by increasing market share in Europe, where the Ukraine conflict has hit supplies.

The taxes were part of a series of measures India has taken to rein in retail inflation, which has hit eight-year highs. But India's top steelmakers body has warned the new duty will "adversely impact" mills that have been aiming to boost exports and widen global market share.

Tata Steel has plans to double its capacity from around 20 million tonnes per annum (mtpa) to 40 mtpa in India, but Narendran said it had baked in an assumption that 10-15% of that would be exported.

Source: https://www.tbsnews.net/world/global-economy/tata-steel-says-india-export-tax-could-alter-output-targets-426254

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