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HIGHLIGHTS OF THE DAY

Bangladesh: Economy **June 26, 2022**

Padma Bridge Will Add Tk 423.62 billion to GDP in a year: BBS

Newly-inaugurated Padma Bridge will add Tk 423.62 billion to the gross domestic product (GDP) in one year, according to the Bangladesh Bureau of Statistics (BBS).



The estimated amount is equal to1.2 per cent of GDP, reports UNB.

Bridges Division under the Ministry of Road Transport and Bridges has taken loans of Tk 301.93 billion from the Finance Division under the Ministry of Finance.

The Bridges Division would pay the loans in 36 years along with 1 per cent interest. The money will be collected as tolls from the vehicles that will travel through the Padma Bridge.

The government has already fixed toll rates on vehicles. There are two types of toll collection on the largest bridge in the country. One of these is that tolls can be paid directly.

Drivers will also be able to pay the toll by showing the card by recharging in advance. Vehicles do not have to stop for this at the toll plaza.

Source: https://thefinancialexpress.com.bd/economy/padma-bridge-will-add-tk-42362-billion-to-gdp-in-a-year-bbs-1656172681

NBFIs Do not Need to Submit Backup CD of Integrated Supervision System Data



Non-Bank Financial Institutions (NBFIs) do not have to submit monthly Integrated Supervision System (ISS) backup CDs, reads a Bangladesh Bank circular.

The central bank's Integrated Supervision Management Department issued a circular in this regard on Thursday that said as the monthly information regarding ISS of NBFIs obtained through web portal is considered, the backup CD of the same information does not have to be submitted to the Integrated Supervision Management Department.

As per the previous instruction, all NBFIs had to submit their monthly ISS-related information through the web portal as well as submit CDs in Microsoft Excel and CSV format to back up this information.

However, even if NBFIs do not have to submit a backup CD, the organisations have to submit the certificate of accuracy of the submitted information by the 20th of every month.

Source: https://www.tbsnews.net/economy/banking/nbfis-do-not-need-submit-backup-cd-integrated-supervision-system-data-445946

Private Sector Credit Growth Hits 41-month High in May

Private sector credit growth in the country peaked at a 41-month high in May this year, as it was 12.94% higher compared to the same period last year.



This growth is the highest since January 2019, when it was 13.20%.

According to the latest data from Bangladesh Bank, the credit growth of May was 1.86 percentage points lower than the Bangladesh Bank's target for the current fiscal year. The regulator had fixed the credit growth target at 14.8% for FY22.

Besides, credit growth in the private sector was 12.48% in April this year.

According to industry insiders, the upward trend in private sector credit growth will also continue in the coming days as the industry is expanding again after the second wave of the Covid-19 pandemic. Also, loans will increase due to the recent price hike of goods in the global market.

According to the central bank, private sector credit growth stood at 7.55% in May last year, but it has been on the rise since then.

Source: https://www.tbsnews.net/economy/private-sector-credit-growth-may-highest-41-months-445506

Bangladesh Slashes Rice Import Tariffs to 25 Percent



Bangladesh has cut customs tariffs and duty on rice until October 31 this year in order to encourage imports to increase supply of the staple grain in the domestic market and cool its prices, according to a notification today (June 23, 2022).

Importers will be able to bring the grain by paying a total of 25 percent import duty, down from 62.5 percent, said the National Board of Revenue (NBR).

Importers will however have to take permission from the food ministry for each consignment.

"We have reduced the duty to facilitate imports to contain prices," said a senior official of the NBR.

The new import tariff and tax comes into effect immediately. The move comes in the wake of a spike in the price of rice even during peak harvesting season of the largest crop Boro amid speculation of crop losses from flood and unfavourable weather. The ongoing flood also added further worries.

Source: https://www.thedailystar.net/business/economy/industries/tax-customes/news/bangladesh-slashes-rice-import-tariffs-25-percent-3055006

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DSE News

Malek Spinning to Issue a Tk290cr Bond

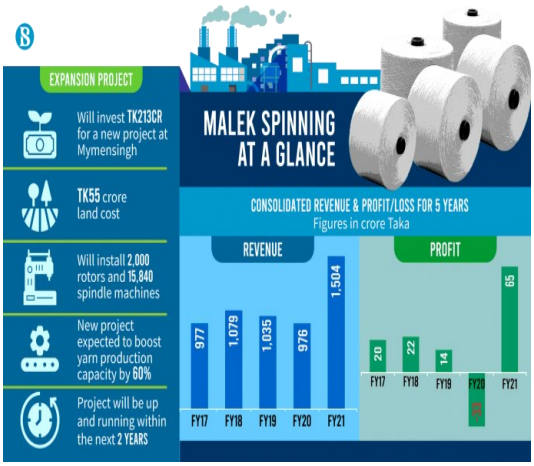
Malek Spinning Mills Limited, a concern of New Asia Group, has decided to raise Tk290 crore from the capital market by issuing a bond for business expansion and loan repayment.

As per the investment plan, the company will build a factory and install new machines by investing Tk213 crore to manufacture high-valued yarn to meet buyers' requirements.

The new project will create value addition with the improvement of product quality which will enable the company to sell its products at higher prices and retain better margins.

The board of the spinning miller, which is listed on the Dhaka Stock Exchange (DSE), has chosen the debt instrument to avail long-term financing. Usually, banks and non-bank financial institutions cannot disburse loans for the long term, said a senior officer of the company.

Malek Spinning produces export-oriented knit yarn. The existing installed production capacity of the company is 1.26 crore kg yarn per annum with 63,624 spindles. The new project will boost the production capacity by 60%.



Source: https://www.tbsnews.net/economy/stocks/malek-spinning-issue-tk290cr-bond-445842

Stocks Edge up for Second Day



Stocks ended marginally higher for the second straight session on Thursday as late hours selling pressure wiped out most of the early gains.

The market started on an upbeat note and the key index soared 52 points within the first 15 minutes of trading, but the rest of the session went down steadily, ultimately ending with over 9.0 points gain.

DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up by 9.85 points to settle at 6,327.

DSEX recovered only 16 points in the past two straight sessions. Before that, the index lost over 114 points on three consecutive days.

Turnover, the crucial indicator of the market, dropped further and amounted to Tk 6.83 billion, which was 1.58 per cent lower than the previous day's tally of Tk 6.94 billion.

Two other indices also edged higher. The DSE 30 Index, comprising blue chips, gained 4.64 points to finish at 2,298 and the DSE Shariah Index (DSES) shed 1.45 points to close at 1,382.

Source: https://thefinancialexpress.com.bd/stock/stocks-edge-up-for-second-day-1655979515

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Global: Business

Malaysia Plans Record $18 billion Subsidy Spend in Inflation Fight

Malaysia is expected to spend 77.3 billion ringgit ($17.6 billion) in subsidies and cash aid this year, the largest amount in history, to help temper the effects of rising prices, its finance minister said on Saturday.

Prices of goods have jumped in Malaysia in recent months due to supply chain disruptions, labour shortages and the impact of war in Ukraine. Food inflation rose 5.2% from a year earlier in May, the highest since November 2011, government data showed this week.



Malaysia is projected to spend 51 billion ringgit on consumer subsidies including for fuel, electricity, and food, assuming that commodity market prices remain at current levels, Finance Minister Tengku Zafrul Aziz said in a statement.

The government will also distribute 11.7 billion ringgit in cash aid, and 14.6 billion ringgit in other subsidies, he said.

Malaysia said on Wednesday it would disburse nearly $400 million this month to help households cope with rising food and living costs.

Earlier this month, it said an increase in government revenue from rising commodity prices was insufficient to offset an expected spike in subsidy spending this year.

Source: https://www.tbsnews.net/world/global-economy/malaysia-plans-record-18-billion-subsidy-spend-inflation-fight-447194

Japan Inflation Hits 7-year High

Japan's core consumer prices jumped 2.1 per cent again in May, the second consecutive monthly jump of a level not seen in seven years, official data showed Friday.



The core consumer price index, which excludes fresh food, jumped 2.1 per cent year-on-year in May, according to figures released by the internal affairs ministry.

The rise follows a 2.1 per cent jump in April, the first time since March 2015 that the figure breached the 2.0 per cent set by the Bank of Japan (BoJ) as its long-term inflation target.

The reading, in line with market expectations, comes after the Japanese central bank last week stuck to its monetary easing policy even as other central banks raise interest rates to tame inflation.

Source: https://www.thedailystar.net/business/global-economy/news/japan-inflation-hits-7-year-high-3056446

Global: Business

Germany Moves to Ramp up Wind Power

The German government approved a draft law on Wednesday aimed at covering two per cent of the country's land area with wind turbines by 2032, by setting fixed regional targets and easing some administrative burdens.



The push to accelerate the expansion of wind power comes as Germany is scrambling to wean itself off Russian fossil fuels following the war in Ukraine.

"Independence from fossil energies and from Russian fossil energies must be advanced at full speed," Energy Minister Robert Habeck told reporters.

The goal is for Germany's 16 states to collectively dedicate two percent of the nation's surface area to wind power generation by the end 2032 -- up from 0.5 per cent currently.

The installation of wind turbines regularly runs into "not in my back-yard" resistance in Germany and objections from residents have often blocked such projects in the past, as have concerns about endangering local wildlife.

Source: https://www.thedailystar.net/business/global-economy/europe/news/germany-moves-ramp-wind-power-3049396

Fed Rolls out Biggest Rate Hike in 28yrs



The Federal Reserve on Wednesday approved its largest interest rate increase in more than a quarter of a century to stem a surge in inflation that US central bank officials acknowledged may be eroding public trust in their power, and being driven by events seen increasingly out of their hands.

The widely expected move raised the target federal funds rate by three-quarters of a percentage point to a range of between 1.5 per cent and 1.75 per cent, still comparatively low by historic standards.

But the Fed's hawkish commitment to controlling inflation has already touched off a broad tightening of credit conditions being felt in US housing and stock markets, and likely to slow demand throughout the economy - the Fed's intent.

Officials also envision steady rate increases through the rest of this year, perhaps including additional 75-basis-point hikes, with a federal funds rate at 3.4 per cent at year's end. That would be the highest level since January 2008 and enough, Fed projections show, to slow the economy markedly in coming months and lead to a rise in unemployment.

Source: https://www.thedailystar.net/business/global-economy/america/news/fed-rolls-out-biggest-rate-hike-28yrs-3049421

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