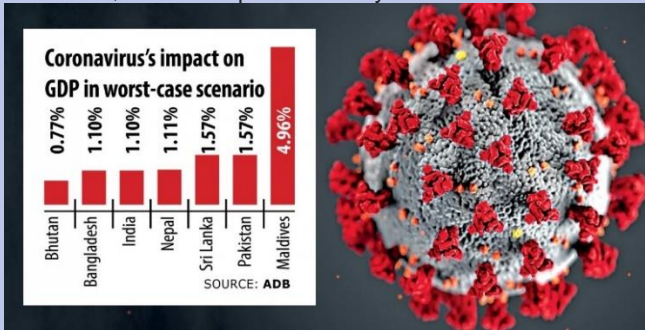


Economy at a glance

Coronavirus stands to wipe \$3b off Bangladesh economy

Bangladesh's gross domestic product may contract by as much as 1.1 percent in the hypothetical worst-case scenario of a significant outbreak of coronavirus in the country, said the Asian Development Bank (ADB) in an analysis. That means, the novel virus, which is already set foot in Bangladesh, could wipe \$3.02 billion off the \$300 billion-plus economy.



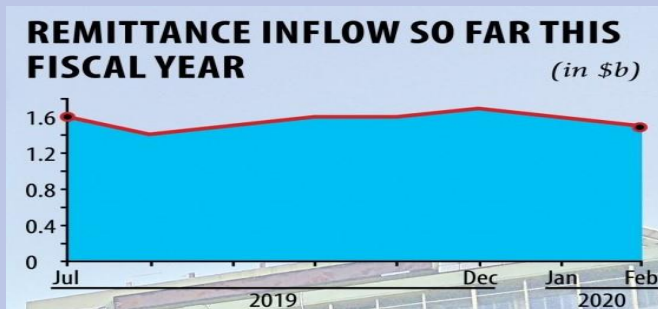
In such a scenario, 894,930 jobs will be lost, according to the ADB. China is the biggest trading partner of Bangladesh and the biggest source of raw materials. The world's second largest economy accounted for more than a fifth of the country's imports of \$56 billion in fiscal 2018-19, Bangladesh Bank data showed. According to experts, the barriers to imports from China, the epicentre of the virus, will hurt the export-oriented sectors and disrupt the supply chain, adding that the overall trade may be affected to some extent because of the coronavirus.

BB sets 9.0pc interest rate on all loans for Banks

The central bank has instructed banks to fix a maximum 9.0 percent interest rate on all loans except credit cards as part of the government initiative to bring down the lending rate to a single digit. The new instruction will come into effect from April 01, 2020, according to a notification, issued by the Bangladesh Bank (BB) on 23rd February, 2020. Borrowers will have to pay an additional 2.0 percent as panel interest along with the new rate if they become defaulters despite getting the facility, it added. The BB, however, kept unchanged the interest rate at 7.0 percent for exporters. From the current year, banks will not be allowed to disburse loans to the industrial sectors less than their average outstanding credit in the last three years.

Remittance: the only bright spot

Remittance kept up its strong growth momentum last month as migrant workers sent home 10.16 percent more than they did a year earlier, in a major boost to the economy under stress from sliding exports. Exports fell 5.21 percent year-on-year to \$22.92

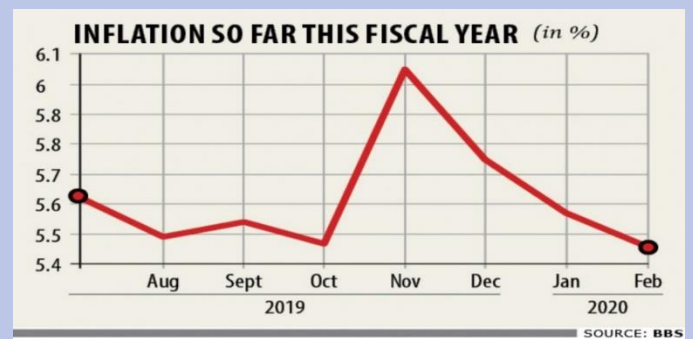


billion in the first seven months of the fiscal year, according to data from the Export Promotion Bureau.

In February, expatriate Bangladeshis sent home \$1.45 billion to take the tally to \$12.49 billion so far in fiscal 2019-20. The eight-month receipts were up 20.05 percent year-on-year, according to data from the Bangladesh Bank. The 2 percent cash subsidy for remitters from this fiscal year has been the main driver behind the spike, according to economists and BB officials. If the trend continues, remittance will hit a milestone of \$20 billion come the end of the fiscal year, said BB officials. Some \$16.4 billion flew in to the country last fiscal year.

Food inflation tumbles to 42-month low in February

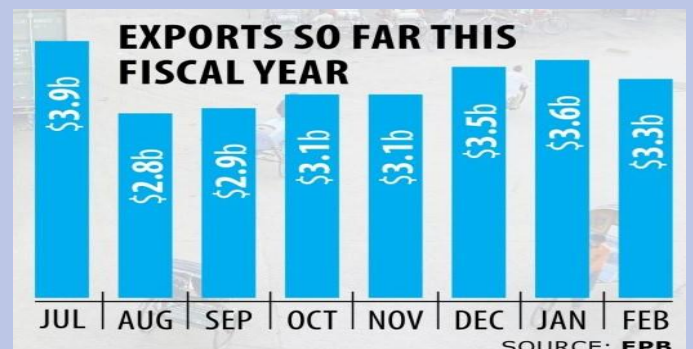
Food inflation fell to a 42-month low of 4.97 percent in February, helped by easing off pressures on some items such as rice and onions in recent months, according to official figures published by BBS. As a result, overall inflation dropped to a 12-month low of 5.46 percent in February, according to data from the Bangladesh Bureau of Statistics (BBS).



In February, food inflation was down 15 basis points from a month earlier and non-food inflation, which encompass average prices of clothing and footwear to transport and communication, dropped seven basis points to 6.23 percent. Together, the two contributed to the 11 basis point-fall in overall inflation. Food inflation was the lowest since September 2016.

Exporters on the ropes

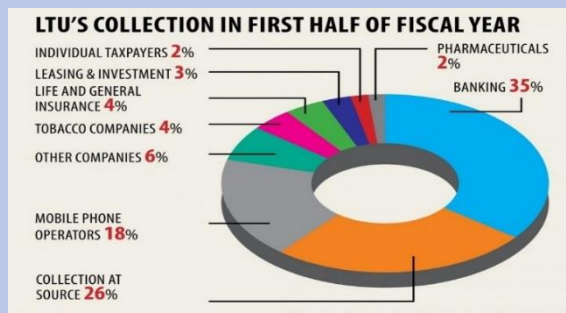
Export earnings in February edged down 1.80 percent year-on-year to \$3.32 billion mainly because of a slowdown in apparel shipment, according to data from the Export Promotion Bureau (EPB). The February earning is also 10.74 percent short of the \$3.72 billion target set for the month, while overall exports in July-February, the first eight months of the current fiscal year, fell 4.79 percent to \$26.24 billion.



The July-February receipt is also 12.72 percent less than the periodic target of \$30.06 billion. Exports await a further blow amid the coronavirus outbreak in China, the major source of raw materials for Bangladesh's apparel items, said exporters and economists.

Interest rate caps poised to shrink NBR's collections

The state coffer's receipts from the banking sector, which accounts for about one-third of the National Board of Revenue's Large Taxpayers Unit's collections, are likely fall in the wake of interest rate caps on loans and deposits, said taxmen and bankers. Banks accounted for 35 percent of tax collection of Large Taxpayers Unit, the main tax collector for income tax under the NBR, in the first half of the current fiscal year.



The revised interest rate is going to reduce banks' operating profits, according to experts adding that the decline in

REAL ESTATE NEWS

REHAB arranges 4-day fair at Chattogram

The four-day REHAB Fair 2020 was held at the port city's Radisson Blu Chattogram Bay View hotel from February 6th to February 9th. Housing and Public Works Minister SM Rezaul Karim inaugurated the 13th edition of the housing fair, organized by the Real Estate and Housing Association of Bangladesh. Some 73 stalls were set up at the fair, where realtors, building material manufacturers, banks and other financial institutions showcased their products and services.

Real estate sector starts rebounding

The volume of lending by banks and financial institutions, or FIs, to the real estate sector has started rising in recent years as a sign of the industry's recovery, people familiar with the development said. Bankers have attributed such a rise to the growing demand for formal finance from both builders and buyers. As the demand for residential space

NATIONAL HOUSING NEWS

Annual Business Conference 2020

Annual Business Conference of National Housing Finance and Investments Ltd. was held on 15 February, 2020 at Corporate Head Office. Mr. Md. Khalilur Rahman, Managing Director, presided over the program. Mr. S. M. Anisuzzaman, Deputy Managing Director was also present in the event.

All Branch Managers, Departmental Heads, Senior Executives and Officials attended the conference. In the conference, branch managers exchanged their views and share their opinions regarding achievement of business goals of 2020 in a better way. Honorable Managing Director appreciated all the Managers and Executives for the business growth of the Company in 2019. He also gave necessary directions to officials to improve and achieve business target in 2020 in his speech.

banks' income will invariably lead to a reduction in tax collection. All the banks have already downsized their budgets to cope with the new interest rates. Taxmen said the effect of interest rate reduction and subsequent drop in profitability of banks are likely to be visible in the next fiscal year as banks will pay tax based on their incomes in the 2019 calendar year.

BB asks NBFIs to find ways to restructure weak peers

The central bank asked non-bank financial institutions to explore avenues to restructure their weak peers with a view to improving the image of the financial sector. The banking watchdog came up with the proposal at a meeting with the Bangladesh Leasing and Finance Companies Association (BLFCA), a forum of the managing directors of the NBFIs, at the central bank headquarters in Dhaka. Some NBFIs are struggling to survive as they faced a wide-range of financial scams in recent years. The BLFCA has made some recommendations to the central bank to overcome the existing woes in the NBFIs sector. Moreover, the central bank sought suggestions from the BLFCA on how to restructure the weak NBFIs. The lenders requested the central bank to extend emergency liquidity support to the NBFIs against their cash reserve requirement and the statutory liquidity ratio, except those struggling owing to poor corporate governance.

grows rapidly in the land-starved economy, the market players are now increasingly taking up more residential projects with increased facilities after learning lessons from the "aggressive business policy", which led to the sluggishness, according to realtors. According to the data of Bangladesh Bank, the volume of advances of banks to the real estate sector in financial year of 2013-2014 was only Tk.408 billion and the volume rose to Tk.438 billion, Tk.518 billion, Tk.603 billion and Tk.721 billion in FY'15, FY'16, FY'17 and FY'18 respectively. The upward trend of investment continued further in the immediate past fiscal year (FY'19) when the amount of lending was calculated to around Tk.800 billion, the data showed. After analyzing the advances in FY'19, it was found that highest volume of the lending (33.40 percent) went to the purpose of housing (commercial) for developer/contractor while 33.29 percent flown to housing (residential) in urban area for individual person.

