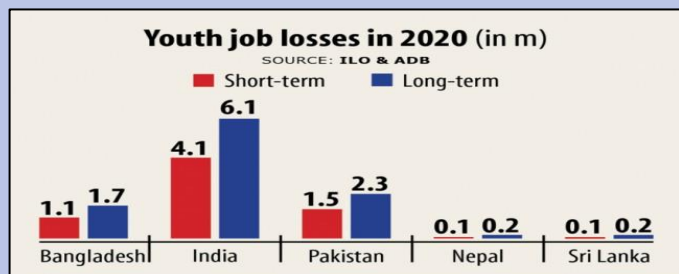


Economy at a glance

Youth unemployment to double this year

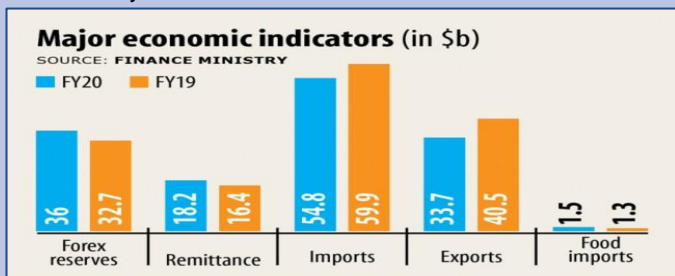
Youth unemployment in Bangladesh may more than double in 2020 if the country takes six months to contain the coronavirus pandemic, which has caused economic output and demand to fall drastically, said a new report.



In 2019, the youth unemployment rate was 11.9 per cent and it is expected to go up to 20.5 per cent this year in the case of a three-month short containment scenario and 24.8 per cent in the case of a six-month-long containment, said the report titled 'Tackling the Covid-19 youth employment crisis in Asia and the Pacific'. The report said 11.17 lakh youth would lose jobs in Bangladesh in case of a short containment. The number would go up to 16.75 lakh if the country takes six months to curb the deadly virus.

Reserves and remittance shine last fiscal year while revenue collection, exports disappoint

Record remittance earnings and foreign currency reserves are among a few positive takeaways for the government in an otherwise painful fiscal year as the devastating coronavirus pandemic pushed revenue collection to an unprecedented fall and exports to collapse. Bangladesh's tax collection dropped as much as 25.4 per cent year-on-year to Tk.168,677 crore in the just-concluded fiscal year as the coronavirus pandemic brought the economy to a standstill.

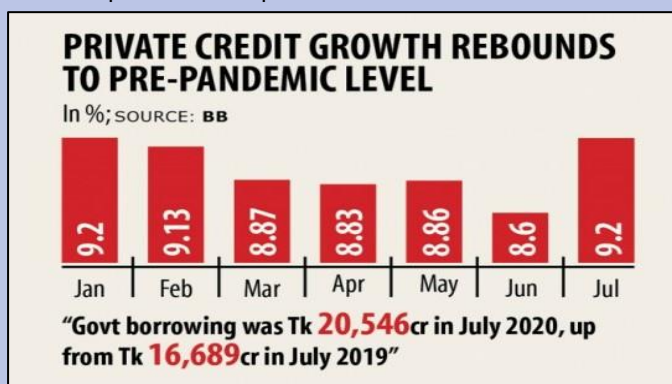


Overall, revenue collection dipped 20.5 per cent to Tk.200,248 crore. This is first-ever negative growth in Bangladesh's history. Imports fell 8.6 per cent year-on-year to \$54.8 billion, as demand dropped drastically in the country after the deadly virus arrived at the shores of Bangladesh in March. Similarly, exports plummeted 16.9 per cent to \$33.7 billion as Western countries were devastated by the pestilence.

Credit growth makes a turnaround, pointing to green shoots

Bangladesh's economic recovery from the devastating coronavirus pandemic has received a shot in the arm after both public and private sector credit growth rose sharply in July. Government borrowing jumped 51 per cent in the first month of the fiscal year while private sector credit growth returned to the pre-pandemic level of 9.2 per cent, data from the central bank showed.

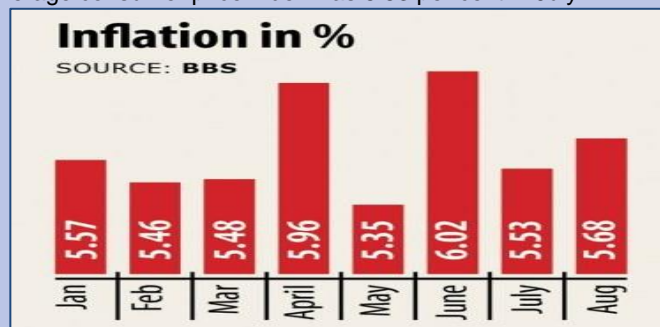
Private sector credit growth in July was the highest in six months and went past above 9 per cent for the first time in five months.



Disbursement of the government's massive stimulus packages and rebounding economic activities from the rubble of the pandemic contributed to the sharp uptick in credit growth. Net credit to the government sector shot up by 51.35 per cent to Tk.196,694.9 crore in July, from Tk.129,962.5 crore in the same month a year ago.

Inflation ticks up in August

Inflation has risen by 15 basis points to 5.68 per cent in August, led by an increase in prices of food items as per official data. The average consumer price index was 5.53 per cent in July.



Food inflation nudged up 38 basis points to 6.08 per cent in August. Non-food inflation declined 23 basis points to 5.05 per cent, data from the Bangladesh Bureau of Statistics (BBS) showed. In a press release, the BBS said the prices of vegetables, spices and sugar rose in August compared to July.

Remittance keeps rising despite pandemic headwinds

Migrant workers who toil abroad have once again beat forecasts, sending home 36 per cent higher remittance in August, in a respite for their families as well as the ailing economy amid the coronavirus pandemic. Last month, they remitted \$1.96 billion against \$1.44 billion in the same month a year ago, Bangladesh Bank data showed. This was the second straight month in the current fiscal year that they sent a higher amount of remittance. The inflow of remittance grew 50 per cent year-on-year to \$4.56 billion in the July-August period. The government's 2 per cent cash incentive on the remittance and the expansion of agent banking in suburban areas has encouraged migrant workers to send money through the formal channel as the beneficiaries receive the funds very quickly.

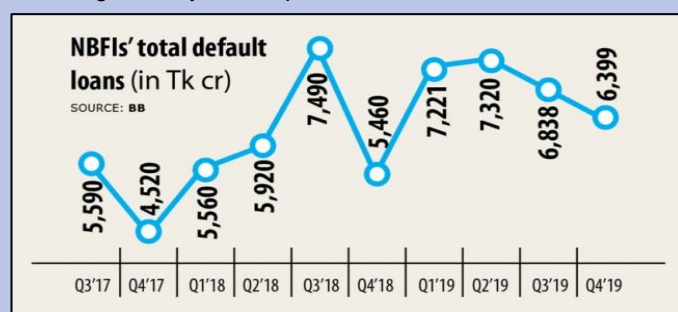
Banks' deposits swell

Deposits at banks rose 10.49 per cent year-on-year to Tk.1,305,453 crore in the last fiscal year on the back of tightening of rules around national savings certificates, record flow of remittance and rebounding economic activities.

State-run commercial banks' deposit climbed 8.22 per cent to Tk.325,730 crore at the end of June when 40 private commercial banks had a combined deposit of Tk.885,921 crore, up 11.25 per cent year-on-year. Nine foreign banks accumulated a base of deposit of Tk.61,482 crore, which is 13.55 per cent higher than in June last year, central bank data showed. The government has tightened rules to curb the misuse of national savings certificates. Savers of the national savings certificates now have to require a tax identification number to invest in the tools as well. The government also monitors the investment in the saving tools through an online management system, which is another reason behind the fall in the investment in the segment.

Like banks, NBFIs can now maintain loan status until September 2020

The central bank has pushed back the deadline for loan status classification by non-bank financial institutions to 30 September, giving more breathing room to borrowers struggling to stay afloat because of the lengthy pandemic. Earlier, BB ordered NBFIs not to downgrade any loans up to June.



Later, on 26th August, 2020, BB extended the deadline for the 34 NBFIs just like banks. It ordered NBFIs to consider all installments against long and short-term loans, leases and advances deferred between 1 January and 30 September. The instalment size and numbers would have to be re-fixed in October, BB said. The tenure of the loans would be rescheduled by pushing back the repayment period in line with the number of instalments that would remain unpaid until 30 September. The central bank also ordered the NBFIs to refrain from charging any penalty or additional fees or commissions for the January-September period.

BB eases credit rules for exporters

The Bangladesh Bank has relaxed rules on securing funds from pre-shipment credit schemes and the Export Development Fund so that exporters can avail soft loans to expedite shipments and make their international business more competitive. The central bank issued two circulars in this regard on 27th August, 2020. In the case of pre-shipment credit disbursements, lenders can now claim the amount from the BB within a week of disbursing the fund to its clients. Commercial banks have made disbursements from a pre-shipment credit fund of Tk.5,000 crore, which was allotted by the government in April this year to help businesses survive the Covid-19 fallout. Previously, lenders could only claim the disbursed amount after exporters delivered their shipments of goods as per the participation agreement with the BB. The central bank also extended the allotted time to receive payments from international buyers so that they do not incur any overdue costs for up to 720 days under the Export Development Fund. The existing timeframe is 300 days.

REAL ESTATE NEWS

Real trouble brews for real estate, subsectors

Bangladesh's real estate sector will hopefully be able to cope with the ongoing coronavirus pandemic as instalment collection on previous sales started to pick up after the economy reopened in June, according to various realtors and financiers. Besides, the government has allowed the use of untaxed income to purchase land or apartments while the reduction in registration fees makes this the perfect time to invest in real estate at reasonable costs.

REAL ESTATE SECTOR BY THE NUMBERS	Ongoing projects: 6,000
	Investment so far: Tk 150,000 cr
	Employment (direct and indirect): 35 lakh
	Every year, 10,000 to 12,000 apartments delivered
	Allied sectors: 230

However, the country's realtors also said that apartment prices could eventually increase due to the rising cost of raw materials and delays in project implementation.

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