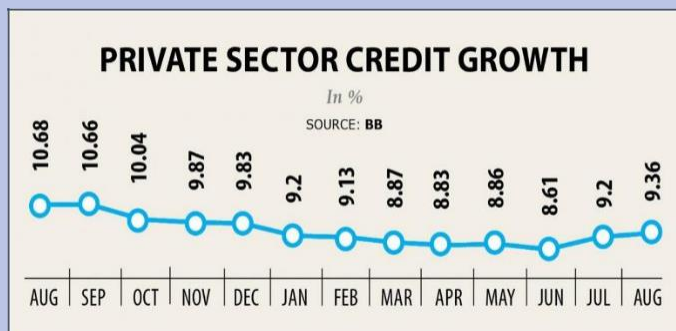


Economy at a glance

Stimulus packages fueling private credit growth

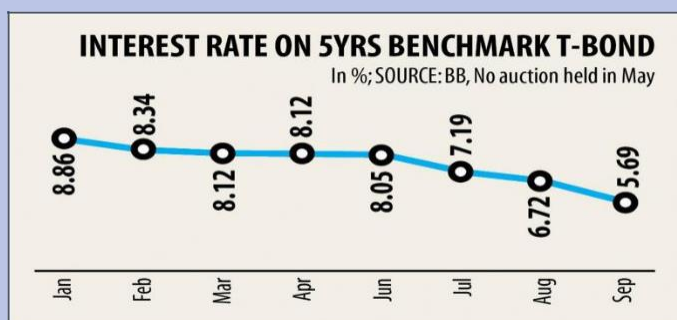
Private sector credit growth extended its gains for the second straight month in August driven by loans given under the stimulus packages aimed at reviving the economy. The year-on-year credit growth stood at 9.36 per cent in August, up 9.20 per cent from a month earlier, according to data from the central bank.



Credit growth had decreased in the two years to April before increasing in May and declining once again in June. It started an upward trend in July, a sign of the steady recovery process of the country's economy. The outstanding loans in the private sector stood at Tk 11,01,676 crore as of August in contrast to Tk 10,95,202 crore in the previous month.

Banks' zeal for govt. debt instruments bringing down interest rate

The yield on government treasury bills and bonds continued to maintain a steep decline in recent months as lenders kept on a relentless pursuit of the government debt instruments in efforts to get their idle funds invested. The interest rate on the 5-year Treasury bond, which is highly popular compared to other government debt instruments due to its maturity period, stood at 5.69 per cent this month, down from 8.86 per cent in January.



The ongoing economic meltdown is mainly responsible for the downward trend of the yield on the government debt instruments according to experts. Good borrowers are now reluctant to take out money from banks given the existing dull state of business. Prior to that, banks were forced to stop lending during the lockdown period ranging from March 26 to May 31.

Covid-19 fallout: 68% lost jobs in Dhaka and Ctg

Around 68 percent of the people who had to stop working in urban areas of Dhaka and Chattogram due to the pandemic have lost their jobs, according to a World Bank report. The rate of the job losses was 76 percent in the capital while it was 59 percent in the port city, said the report, titled "Losing Livelihoods:

The labour market impacts of Covid-19 in Bangladesh". Slum areas witnessed higher -- 71 percent -- job losses than non-slum areas where it was 61 percent, it said, adding that some of the people expecting to resume their previous jobs may not be able to do so, thus the actual job losses may have been even higher. The report was prepared based on rapid panel phone surveys among respondents from Dhaka, Chattogram and Cox's Bazar. The survey was carried out in two phases -- one after the pandemic began and the second one from June 10 to July 10.

Govt. to use forex reserves for development projects

The government has decided to use the country's ballooning foreign exchange reserves to implement development projects. The decision came as the country's reserve touched a new milestone of \$40 billion riding on robust flow of remittance, a fall in imports caused by the pandemic and a recent uptick in exports.



In September, the central bank submitted a concept paper to the finance ministry on using the foreign exchange reserve. If the government takes fund from the reserve to implement projects, it will have to provide guarantee, the BB said. The fund will have to be returned in foreign currencies as well. The central bank also came up with another alternative: the government could purchase foreign currencies from the reserve directly by using the taka.

Inward remittance grows by over 48pc in Q1 of FY21

The inflow of remittances grew by more than 48 per cent in the first quarter (Q1) of the current fiscal year (FY21) despite the ongoing Covid-19 pandemic. The flow of inward remittances rose to US\$6.71 billion during the July-September period of FY21, from \$4.52 billion in the same period of the previous fiscal, according to the central bank's latest statistics. The money sent home by Bangladeshis working abroad amounted to \$2.15 billion in September 2020, up by \$187 million from the previous month's value.

Inflation rises in September

Inflation rose for the second consecutive month in September driven by an increase in the price of both food and non-food items. The average Consumer Price Index climbed 29 basis points to 5.97 per cent last month. It was 5.68 per cent in August. Food inflation went up by 42 basis points to 6.50 per cent in September from 6.08 per cent in August. Non-food inflation edged up seven basis points to 5.12 per cent, data from the Bangladesh Bureau of Statistics (BBS) showed. In a press release, the BBS said the prices of food items such as coarse rice, potato, brinjal, lady's finger, ginger and eggs rose in September compared to August.

Another breather for borrowers

Bangladesh Bank on 28th September, 2020 extended the deadline for loan status classification by banks further to December 31, as it now forecasts the economy would be enshrouded by the coronavirus-induced gloom for longer than it had imagined earlier. Now, banks will have to maintain the same credit status of a borrower as on January 30 until the new deadline. This is the third time extension of the loan moratorium facility for borrowers in attempts to enable them to tackle the ongoing economic hardship smoothly. In its latest instructions, the central bank asked lenders not to treat the borrowers as installment defaulters as well if clients fail to pay back any installment of loans between the months of January and December. The instalments will be considered as deferred ones and banks will have to reconstruct the loans from the inception of next year.

Covid cranks up Bangladesh e-Commerce

Bangladesh's e-Commerce has got a big boost as its market size has swelled by 30 times over the last five years. The suppliers' and customers' devotion to the online platform for conducting business and purchasing products have helped electronic trade expand in the country. According to the Bangladesh Competition Commission (CCB), the size of e-Commerce in Bangladesh climbed to Tk.166.16 billion until August of this year, roughly 29.67 times the amount in 2016. Bangladesh's e-Commerce has got a better shape, especially during the lockdown enforced to slow the spread of coronavirus as people staying at home purchased almost all types of products through online shopping platforms. According to Bangladesh Bank (BB) officials, Bangladesh's



online and mobile payment system have boosted a lot resulting in a jump in the e-Commerce in Bangladesh.

Registration of new firms hits an all-time high

Registration of new firms in Bangladesh rose to an all-time high of 11,110 in the last fiscal year, highlighting the expansion of business activities and people's enthusiasm about setting up fresh ventures, official figures showed. The figure is 24.32 per cent higher from the fiscal year of 2018-19, when 8,936 registrations were taken, according to data from the Office of the Registrar of Joint Stock Companies and Firms (RJSC).

Registration obtained for setting up new companies rose 50 per cent to 9,010 in FY20 from 6,945 a year ago. Some 250 registrations were taken to establish societies and 1,827 for partnership firms, respectively up from 229 and 1,740 a year ago. In the first two months of the current fiscal year, 2,279 registrations were obtained from the RJSC, including 1,892 for companies, 45 for societies and 228 for partnership firms.

REAL ESTATE NEWS

REHAB now plans to hold housing fair in March

The annual housing fair of the Real Estate and Housing Association of Bangladesh (REHAB) is not being held this year due to the Covid-19 pandemic. Instead, it now plans to hold the next year's fair in March next. The REHAB, an organization of over 100 developers, has recently sought permission from the

commerce ministry to hold the next annual fair. It has proposed organizing the fair from March 16 to 21, 2021 at the Bangabandhu International Conference Centre (BICC), which is expected to create a matchmaking platform among the customers, housing-related financial organizations and the real estate companies. According to the organizers, around 200 companies, including developers, building materials firms and financial institutions, will participate in the fair.

NATIONAL HOUSING NEWS

21st AGM of NHFIL: First Virtual Annual General Meeting in the history of NHFIL

Amidst of outbreak of corona virus, listed companies are using virtual platforms to hold annual general meetings to avoid mass gatherings and also to maintain social distancing. NHFIL hold its first virtual AGM on Sunday, 20th of September at 12.00 p.m.

The Company approved 10.00% Cash Dividend for the shareholders for the year 2019. Shareholders of NHFIL got the password to attend the meeting and a good number of them attended. The meeting was presided over by Mr. Mahbubur Rahman, chairman of the Company. In the AGM Directors, Promoters, Chairman of Audit Committee and a large number of Shareholders along with Mr. Md. Khalilur Rahman, Managing Director and Company Secretary were present.



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