

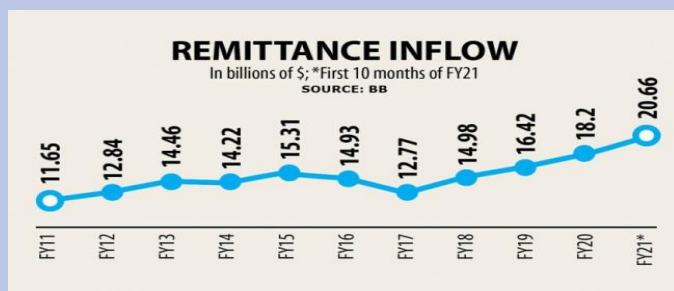
Economy at a glance

Forex reserve hits record of \$45.1b

The country's foreign exchange reserves hit a new record of \$45.1 billion on May 4, 2021, thanks to an upward trend of remittance and lower import payments. The reserves, one of the major macroeconomic indicators of an economy, have gone up 36.22 per cent in the last one year. It was \$33.11 billion on April 30, 2020, according to data from the central bank. A strong inflow of remittance has largely helped the country build up the foreign exchange reserve. On the other hand, the growth of imports has been feeble in recent months, which has helped push the foreign exchange reserve up as well.

Remittances past \$20b in 10 months

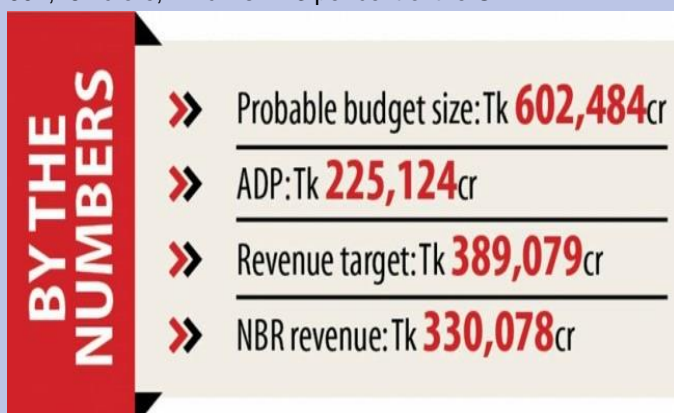
Remittance inflow surpassed the \$20-billion mark in the first 10 months of this fiscal year riding on the relentless efforts of migrant workers to send their hard-earned money home through banking channels. Between July and April, the Bangladeshi diaspora sent \$20.66 billion, up 39 per cent year-on-year, according to data from the central bank.



For the first time in the country's history, remittance inflow crossed the \$20 billion mark in a single fiscal year, a development that has given a breathing space to the government to absorb the economic shocks deriving from the coronavirus pandemic. Remittance inflow also increased 89 per cent year-on-year to \$2.06 billion in April as the migrant workers sent a whopping amount of funds ahead of Eid-ul-Fitr.

GDP growth target cut again

The government has revised down the GDP growth projection to 6.1 per cent for 2020-21, the second revision this fiscal year, reflecting the devastating impacts of the second wave of the coronavirus pandemic on the battered economy. The government had initially targeted to achieve an 8.2 per cent expansion in the gross domestic product (GDP) in the current fiscal year. Later, the target was reset at 7.4 per cent. The GDP growth target for the next fiscal year could be set at 7.2 per cent, according to a source who was present at the meeting. The government is planning for an expansionary budget for 2021-22. The size could be Tk 602,484 crore, which is 17.3 per cent of the GDP.



Stock turnover hits 3-month high

Investors are pouring money into stocks pinning hopes on the higher profit declarations by the listed companies for the latest quarter. As a result, index and turnover both are rising. Turnover at the Dhaka Stock Exchange (DSE) crossed Tk 1,400 crore on May 02, 2021 for the first time in the last three months.



According to the experts, investors are hopeful of making higher profits at the end of 2020-21 as the listed companies are announcing their quarterly reports and most of them booked higher profits. The companies' higher profits are a good sign for the market. The Chattogram Stock Exchange also rose on May 02. The CASPI, the general index of the port city bourse, surged 128 points, or 0.80 per cent, to stand at 15,973. Among 267 traded stocks, 145 rose, 82 dropped and 40 remained unchanged.

Banking stocks lose grace for high defaulted loans

Once known to many for their attractive stocks, banks are a long way from raising adequate interest among stock market investors as confidence has been sunk by high amounts of non-performing loans and low asset value. Among the listed 31 banks, 21 are witnessing their stocks of a face value of Tk 10 being traded at less than Tk 20.



Stocks of AB Bank, First Security Islami Bank, ICB Islamic Bank, National Bank and Standard Bank even traded below the face value. According to experts, investors are not buying banking shares for mainly two reasons. One is for the vulnerability of the sector and second is some investors do not want to invest in stocks of banks that offer interest on deposit. So they only go for Shariah-based banks. Default loans stood at Tk 88,734 crore last year, which was 7.66 per cent of the outstanding loans at that time, showed data from Bangladesh Bank.

NBFI borrowers can defer repayments till June

Borrowers of non-bank financial institutions (NBFIs) will get a fresh repayment deferral support of three months till June 30 this year. Bangladesh Bank (BB) on April 20, 2021, said such borrowers who were facing trouble in paying instalments during the Covid-19 pandemic would be eligible. The NBFIs' clients also enjoyed a loan moratorium facility throughout last year. The central bank extended the loan moratorium facility due to the second wave of the coronavirus pandemic, according to BB officials. The NBFIs will not be allowed to impose any penal interest, extra fee, commission or charge. The central bank asked the NBFIs to bring the directive into immediate effect, according to a BB notice.

Bangladesh Bank issues guideline on the use of public fund kept with MFS

Bangladesh Bank recently issued guidelines specifying the sole ways in which public money deposited in the accounts operated by mobile financial service (MFS) and e-money service providers can be used. The unused funds of clients which are deposited at MFS providers' accounts are collectively large. Such accounts are considered as trust cum and settlement accounts (TCSAs). The MFS providers, PSPs and other entities authorized to hold the TCSAs will not be allowed to take any loan against the public funds. Banks cannot issue any deposit certificate and guarantee to the MFS providers and PSPs, which would have then facilitated them in taking loans or using the fund as collateral. Funds deposited at the TCBAs cannot be used for day-to-day company operations. However, a certain portion of the public funds of the TCSAs can be invested in approved government securities, fixed deposit receipt (FDR) or any other approved instruments with prior approval from the BB. In the event of such investment, the principal amount of the investment will

always be credited back to the TCSAs upon maturity or sale. The MFS providers and PSPs will not be allowed to withdraw any cash from the TCSAs.

Bangladesh's business confidence shattered by Covid surge: Survey

Industries are again worried about their future as business activities have slowed down in the second quarter of 2021 following a strong resurgence of the Covid-19, according to a survey. As per the Business Confidence Index (BCI), calculated in the survey, the number of confident business entities dropped to 41.39 per cent in the second quarter (April-June) of 2021 from 57.90 per cent in the previous quarter (January-March).



The findings of the survey also showed that the sectors like RMG, textiles, pharmaceuticals, food processing, and financial institutions saw faster recovery during two previous quarters. Leather, light engineering, restaurant, transport and real estate sectors, however, witnessed a slower recovery. The findings of the survey, conducted in April 2021, were published at a webinar titled "Covid-19 and Business Confidence in Bangladesh: Findings from the 4th round of a Nationwide Firm-Level Survey." South Asian Network on Economic Modeling (SANEM) in collaboration with the Asia Foundation conducted the survey and organized the webinar to disseminate the findings.

REAL ESTATE NEWS

Used flats turning heads

There is no reliable data about the market size of the secondary flat segment. The demand in the segment is around 20 per cent of the total demand for the properties in Dhaka. The demand for the secondary flat is growing due to various reasons. Among them, two main factors are: they can be bought at lower prices, and they are roomy.

According to the new regulations on buildings, owners cannot use around 400sqft of a 2,000sqft flat although they have to pay the price. But, the owners of used flats can use the entire available floor space and rooms were spacious. According to a recent assessment of Bproperty, a property solutions provider, the ready flat market segment or the secondary property market have always been at the forefront of Bangladesh's real estate industry. "This high demand for secondary properties is reflected everywhere, all the time," according to the company. Data on property demand in the last 14 months showed the

requests for secondary properties in Dhaka averaged 76 per cent of all queries.



NATIONAL HOUSING NEWS

NHFIL profit growth 52% for the period ended January to March 2021

The net profit after tax of NHFIL jumped 52 percent year-on-year in first quarter (January to March, 2021) due to income from Govt. Treasury bond and reduced cost of fund. Company declared (un-audited) profit after tax of Taka 84.84 million for January to March, 2021 as against Taka 55.81 million for the same quarter a year earlier. NHFIL also declared Earning Per Share (EPS) of Taka 0.72 for January

to March, 2021 as against Taka 0.48 for January to March, 2020. The earning per share increased significantly due to decrease of cost of fund. The net asset value (NAV) per share was Taka 18.64 as on 31 March, 2021 and Taka 17.91 as on 31 December, 2020.