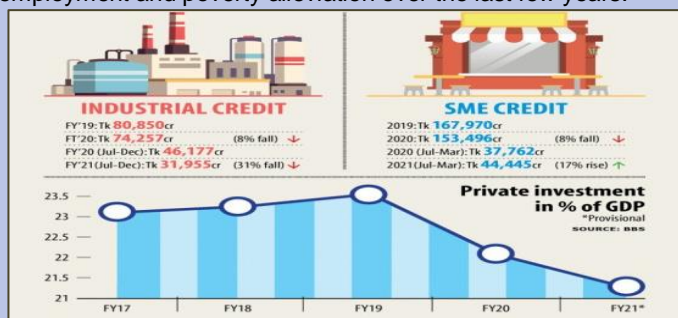


## Economy at a glance

### Private investment hits a trough

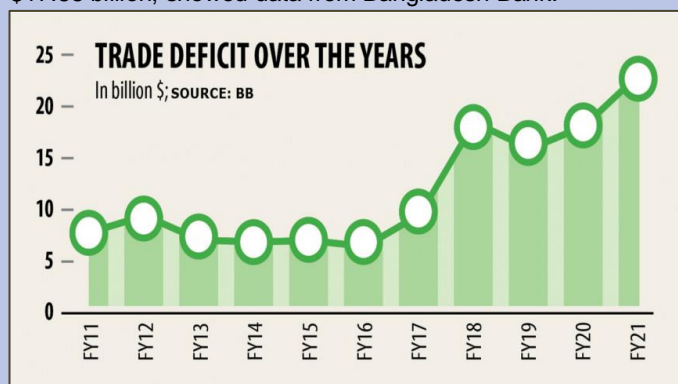
Private investment in Bangladesh fell to its lowest level in 14 years in the last fiscal year owing to the lingering uncertainty caused by the coronavirus pandemic and continuing structural weaknesses. The descent may slow down the progress made in the areas of employment and poverty alleviation over the last few years.



In 2020-21, the private investment-to-gross domestic product (GDP) ratio declined to 21.25 per cent, provisional data from the Bangladesh Bureau of Statistics (BBS) showed. This is the lowest ratio since 2007-08. However, the public investment-to-GDP ratio increased amid the pandemic as the government accelerated spending to safeguard the economy and the people from the crisis.

### Trade deficit hits all-time high

Bangladesh's trade deficit hit an all-time high of \$22.8 billion last fiscal year due to a rise in commodity prices in the global market. In fiscal 2019-20, this trade gap, which occurs when imports outweigh exports, swelled 27.66 per cent year-on-year to stand at \$17.85 billion, showed data from Bangladesh Bank.



Economists however assured that the record deficit would not have any adverse impact on the economy as the country's foreign exchange reserve was now in a good condition. In addition, exports went up in fiscal 2020-21, which pushed up imports as well. Last fiscal year, imports increased 12.55 per cent year-on-year to \$60.68 billion while exports 15.38 per cent to \$37.88 billion.

### Deposit interest shouldn't go below inflation rate: Bangladesh Bank

Bangladesh Bank (BB) asked banks not to set interest rates on fixed term deposits below the inflation rate as it yields negative returns for savers. The weighted average interest rate on deposits stood at 4.13 per cent in June while the average inflation rate was 5.56 per cent, showed data from Bangladesh Bank and the Bangladesh Bureau of Statistics (BBS). As a result, depositors are facing a negative return on savings, discouraging people from parking their savings in banks. BB said the inflation rate should be taken into account during the determination of interest rates on

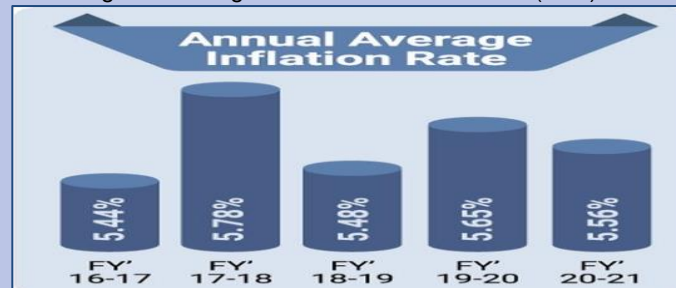
fixed term deposits with periods of three months and above to protect the interest of depositors, and to prevent imbalance of liabilities in the banking sector.

### Per capita income in Bangladesh rises to \$2,227

Per capita income in Bangladesh rose by 10 per cent year-on-year to \$2,227 in the just-concluded fiscal year, according to data of Bangladesh Bureau of Statistics (BBS). The per capita income was \$2,024 in 2019-20 fiscal year. According to BBS data, Bangladesh's economy grew 3.51 per cent in 2019-20 fiscal year, lowest in three decades, as the Covid-19 pandemic wrecked havoc on all spheres of economic life, with manufacturing, hotel and restaurants facing the biggest blow. The economic activities, however, began recovering gradually in the subsequent 2020-21 fiscal year following the lifting of the more than two-month long countrywide shutdown, and the recovery efforts by people continued until the beginning of the second wave of coronavirus in March 2021.

### Bangladesh's inflation recorded at 5.56pc in 2020-21 fiscal

Bangladesh's average inflation rate in fiscal year (FY) 2020-21 was recorded at 5.56 per cent, up 0.16 percentage points from the government's target of 5.4 per cent, official data disclosed. However, the 12-month average inflation rate was 0.09 percentage points lower than 5.65 per cent recorded in FY2020, according to the Bangladesh Bureau of Statistics (BBS).



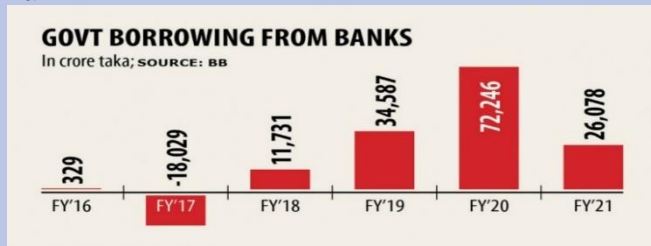
For FY 2021-22, the government has set a target to keep inflation within 5.3 per cent. Meanwhile, the point-to-point inflation rate in June was recorded at 5.64 per cent, the highest in eight months as prices of some commodities went higher. Monthly inflation was previously the highest at 6.44 per cent last October, the state stats agency revealed.

### Remittance inflow into Bangladesh falls 28pc to \$1.87b in July

The flow of inward remittances dropped significantly in July, following the second wave of the ongoing Covid-19 pandemic. The inflow of remittances plunged by nearly 28 per cent or US\$726.72 million to \$1.87 billion in July, the first month of the current fiscal year (FY), 2021-22, from \$2.60 billion in the same month of the previous fiscal, according to the central bank's latest statistics. The amount was \$1.94 billion in June 2021. The flow of inward remittances decreased by more than 3.0 per cent in July over that of the previous month despite celebration of the Eid-ul-Azha festival, the Bangladesh Bank (BB) data showed. According to experts, lower working days because of the lockdown may pushed down the inflow of remittances in July.

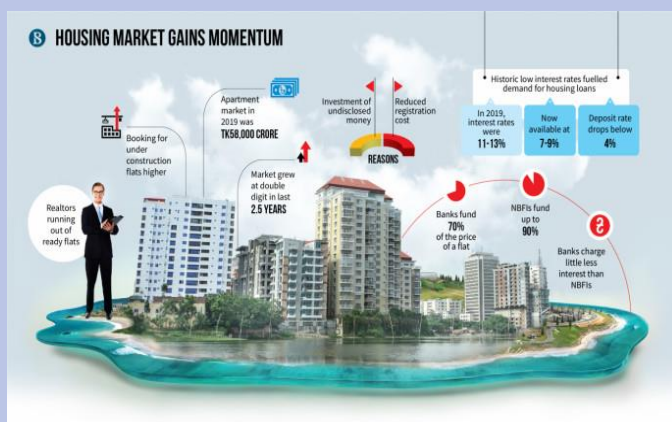
## Govt's bank borrowing plunges

The government's borrowing from the banking system declined sharply in the just-concluded fiscal year as it took on a staggering amount of debt through the sales of savings certificates and bonds. The government managed to borrow Tk 26,078 crore from banks in fiscal 2020-21, down 64 per cent year-on-year, according to data from the Bangladesh Bank.



## REAL ESTATE NEWS

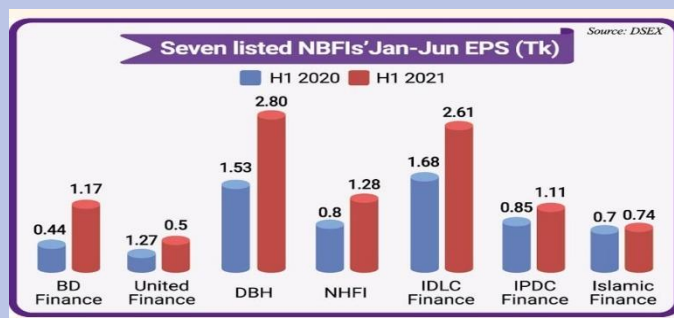
### Real estate comes back on low interest rates



## NATIONAL HOUSING NEWS

### Leading non-banking financial institutions including NHFIL record higher earnings per share

The country's leading listed non-banking financial institutions (NBFIs) bagged higher profits in the first half (H1) of 2021 thanks to lower cost of funds, suspension of loan classification and capital gains through investment in share market. The earnings per share (EPS) of all seven NBFIs, which published unaudited financial reports as of 4<sup>th</sup> August, 2021, increased during the January-June period of 2021, according to available data with the Dhaka Stock Exchange (DSE).



The companies are National Housing Finance & Investments Ltd., Bangladesh Finance, United Finance, IDLC Finance, Delta Brac Housing Finance Corporation, IPDC Finance and

The revised target on loans from the banking system was Tk 79,749 crore. But the government was forced to borrow less from the banks as many savers flocked to savings certificates and bonds due to the decline in the interest rate on deposit products offered by commercial banks. The low implementation rate of the annual development program (ADP) also played a role in the fall of bank borrowing. The government is giving interest ranging from 11.04 per cent to 11.76 per cent to savers. Banks offer a 3-5 per cent interest rate on the fixed deposit receipts.

Real estate companies in Bangladesh have now almost run out of ready apartments – an opposite picture of what they were going through a few years back. Undisclosed money whitening opportunities since July 2020 along with a moderate reduction of registration costs have been helping the companies sell more apartments since the second half of 2020, according to industry people. And the sustained historic low interest against bank deposits and home loans has further fueled the demand for housing, with more people opting for owning rather than renting apartments. People now find buying apartments as a good investment because they are not getting much from bank deposits and they cannot park a lot in subsidized national savings certificates. Since the end of 2019, both deposit and lending rates in the banking industry dropped by 400-500 basis points and savers now even get less than 4% a year from their bank deposits, while they can avail housing loans at a 7-9% interest rate.

Islamic Finance & Investment. National Housing Finance & Investments said that the EPS rose due to recovery of classified loans, reduction in provision for loans, investment in shares and reduction in interest expenses.

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