

## Economy at a glance

### Bangladesh's forex reserves cross \$44b again

Bangladesh's forex reserves rose to \$44.30 billion again after slacking in the previous month, thanks to growing inward remittance. The forex reserve fell to \$43.89 billion on March 6, 2022 after paying import bills of \$2.16 billion to Asian Clearing Union (ACU). It was the lowest forex reserves for Bangladesh in the past one year. The export earnings and remittance inflows of \$15.29 billion in nine months of the current (July-March) fiscal year (FY), pushed the foreign currency reserves to 44.30 billion on 3rd April, 2022 in contrast to a month ago. Bangladesh Bank (BB) sources said that with the reserves, it will be possible to meet the import costs over five months. But even six months ago, Bangladesh Bank had reserves to meet the import cost of 10 months.

### Bangladesh's poverty declines to 11.9%: World Bank

The estimated poverty in Bangladesh has declined by 0.6 percent in the 2021 fiscal year, riding on the strong economic recovery amid the Covid-19 pandemic, according to the latest report of the World Bank. The global lender revealed the report titled "Bangladesh Development Update – Recovery and Resilience Amid Global Uncertainty". According to the report, Bangladesh has made a strong economic recovery from the Covid-19 pandemic, but growth faces new headwinds as global commodity prices increase amid the uncertainty created by the war in Ukraine.

### March exports hit record \$4.76b

Export receipts hit \$4.76 billion in March, the highest ever on record in a single month, posting 55 per cent growth year-on-year as buoyancy remained in shipments of major manufactured goods such as garments, home textiles and leather footwear despite the Russia-Ukraine war's effect on global trade. The previous record was of October 2021 when it reached \$4.73 billion. With March, the total earnings from shipping goods abroad rose 33.4 per cent year-on-year to \$38.6 billion in nine months since July of fiscal year 2021-22, providing much-needed support to the country's foreign exchange reserves, which is under pressure amid ballooning imports.

### Trade deficit heads to historic high

Bangladesh's trade deficit escalated by 80 per cent in the first eight months of the ongoing fiscal year in the wake of a surge in import payments against lower exports receipts. Between July and February, the trade deficit, which occurs when the value of imports exceeds the value of exports, totalled \$22.30 billion in contrast to \$12.35 billion during the same period a year ago, data from the Bangladesh Bank showed. The shortfall may surpass the previous peak of \$23.77 billion, registered last fiscal year, as import payments are expected to maintain the current momentum to feed the growing economy since global commodity prices are showing little signs to cool off anytime soon. The widening of the trade gap has intensified pressures on the exchange rate of the taka against the US dollar, which will ultimately reduce the foreign exchange reserves as well.

### Inflation climbs to 16-month high

Inflation in Bangladesh jumped to 6.17 per cent in February, the highest in 16 months, driven by soaring costs of foods, further eroding the purchasing capacity of consumers. The higher prices are particularly painful for the low-income groups, many of whom are already being seen queuing for hours to get subsidised foods from the government's open market sales operations.



In February this year, consumers had to spend 6.22 per cent more than a year ago to buy foods, data from the Bangladesh Bureau of Statistics (BBS) showed. Non-food inflation, which includes clothing, footwear, fuel, lighting, transport and healthcare, declined 16 basis points to 6.10 per cent in February from the prior month.

### Commodity exchange to build 'eco-system' in country's futures market

The country's maiden commodity exchange is set to roll out in November this year with the trading of wheat, cotton and gold. The Chittagong Stock Exchange (CSE) has already started work to launch this "futures market". A commodity exchange is a system where various commodities are traded. The transactions take place either on paper or electronically. The product remains in a shop, warehouse or field. From there, it is finally disposed of or handed over after a certain time. Through the futures market, a farmer or entrepreneur will go into production after being sure of the price of their products before the start of the season. In this way, the commodity exchange will work to build a secure marketing system. Through this, farmers and farmers' cooperatives will be sure to get a fair price. At the same time, there is no risk of crop failure, so buyers will get the product at a fair price.

### Remittance income increasing from US, EU

Bangladesh received second highest remittance from the United States in March, which showed a change in inward remittance flow. The remittance earning has been dominated by the Middle Eastern countries since independence. But now the situation is changing as many Bangladeshi skilled people work in the developed countries. According to experts, the remittance earning will get diversified because of freelancing job in the developed countries like the US, Canada and the EU. The BB's remittance update shows that Bangladesh received \$308.82 million remittance from the US in March, which is highest so far in remittance from the country in a single month. In March, Bangladesh received inward remittance of \$377 million from KSA, \$214.16 million – UK, \$184.14 million – UAE, \$144.48 million – Kuwait, \$119.59 million – Qatar, \$85.88 million – Italy, \$81.43 million – Malaysia, \$74.30 million – Oman, and \$57.48 – Bahrain.

### Classified loans of NBFIs soar sharply

Classified loans of the country's non-bank financial institutions rose sharply, amounting to Tk.13,016 crore at the end of the last year, thanks to the lenders' irrational loan disbursements and irregularities amid weak monitoring by the Bangladesh Bank. Out of 34 financial institutions, twelve – Aviva finance, CVC Finance, Fareast Finance and Investment, First Finance, Industrial and Infrastructure Development Finance, Infrastructure Development, MIDAS Financing, National Finance, Phoenix Finance and Investments, Premier Leasing, Union Capital, Uttara Finance – saw up to 300% surge in classified loans in 2021, according to the central bank quarterly report.





As of December 2021, the total disbursement of the 34 institutions stood at Tk.67,354 crore, while around one-fifth or 19.33% of the disbursement was classified. In 2020, the disbursement was Tk.10,053 crore and classified loans were 15.02%.

## REAL ESTATE NEWS

### DSE to launch real estate investment trust

The Dhaka Stock Exchange (DSE) is planning to launch Real Estate Investment Trust (REIT). REIT is a company that owns, operates, or finances income-generating real estate and it modeled after mutual funds. It pools the capital of numerous investors. This makes it possible for individual investors to earn dividends from real estate investments without having to buy, manage, or finance any properties themselves. According to the chairman of Bangladesh Securities and Exchange Commission (BSEC), the REIT has scope to work to establish livable and planned housing along with town planning. The BSEC will form the rules after talking with the related business people.

## NATIONAL HOUSING NEWS

### Celebration of Women's Day-2022

National Housing Finance and Investments Limited celebrated International Women's Day 2022 with the theme of current year '#BreakTheBias' at its Corporate Head Office. All women employees Dhaka Division of the company were present at that program. Mr. Mohammad Shamsul Islam, Managing Director of NHFIL and Senior Officials of Corporate Head Office of NHFIL were also participated in the program. Mr. Mohammad Shamsul Islam welcomed and greeted all the female employees with gifts as token of appreciation and his inspiring speech. He appreciated the initiative of female employees of NHFIL for celebrating the day each year gracefully for motivating all the female employees. In concluding speech, female employees from different Branches of NHFIL shared their views about the positive working environment of NHFIL and the significance of women empowerment that inspire them.

### SMEs to get Tk 398cr from Islamic Development Bank

The Islamic Development Bank (IsDB) will finance Tk 398 crore for the country's cottage, micro, small and medium enterprises (CMSMEs) with a view to propping up the businesses hit hard by the pandemic. All Islamic banks, non-bank financial institutions (NBFIs) and shariah-based windows of conventional lenders will get the fund through Bangladesh Bank. The government signed an agreement with the IsDB, a multilateral development bank headquartered in Jeddah, in June last year to manage the fund in order to bolster the country's CMSME sector. The project will contribute to the economic stimulus packages launched by the government for combating the Covid-19 crisis, according to a central bank notice. Lenders will take the fund from the project at a maximum profit rate of 4 per cent while the highest rate for end users will not surpass 7.18 per cent. Banks and NBFIs will have to submit the list of qualified borrowers to the IsDB through the central bank, after which the funds will be released to them.

### Apartment prices going through the roof

Flats in Bangladesh witnessed a fresh price increase as realtors are being forced to pass on the increased construction cost to customers arising out of soaring prices of steel, cement, bricks and other materials. Pent-up demand and the supply disruption have been fueling the prices of construction raw materials after the coronavirus pandemic situation improved globally. The price escalated further following the outbreak of the Russia-Ukraine war from the fourth week of February as Russian firms faced problems in exporting products to Europe. Ukraine is also a major supplier of finished and semi-finished steel products. Since the disruption to the global supply chain has deepened, the prices of rods, cement and other construction raw materials have increased recently in Bangladesh as the country largely relies on imports to meet the domestic requirement. Realtors say flats in Dhaka, the biggest market for the industry, are as much as 10 per cent more expensive now, depending on their locations and amenities, compared to six months earlier.

