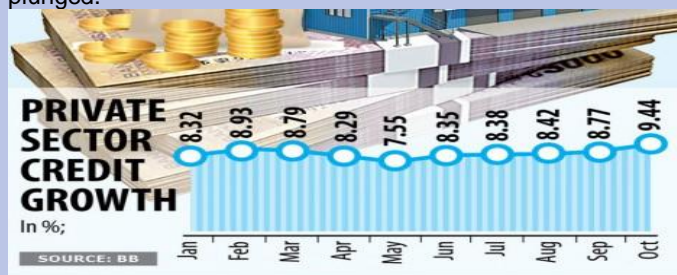


## Economy at a glance

### Business revival lifts credit growth to 13-month high

Private sector credit growth in Bangladesh accelerated to 9.44 per cent in October, the highest in 13 months as the economy is running in full swing, shaking off coronavirus fallout. The containment of the second wave of virus infections has largely encouraged businesses to go for expansion, bankers say. The credit growth had faced sluggishness right after the coronavirus arrived on the shores of the country in March last year as demand plunged.



According to experts, the demand for working capital and import financing had increased to a large extent in recent months as the coronavirus situation at home and abroad improved. In addition, businesses are now seeking loans for project financing to set up new industrial units as their confidence returned after the government tackled the second wave successfully.

### Bangladesh's services sector grows fast to 54pc of GDP

Bangladesh's services sector has expanded by nearly 90 per cent over the past five years to Tk 18.98 trillion, a latest official count shows. The size of the services sector stretching over accommodation, education, financial, transport, and wholesale and retail trading stood at Tk 18.98 trillion or nearly 54 per cent of the Tk 34.84 trillion nominal GDP (gross domestic product) in the fiscal year 2020-21. It was simply Tk 10.06 trillion in the fiscal year 2015-16, according to Bangladesh Bureau of Statistics (BBS).



Human-health and social-work activities saw the fastest growth to Tk 1.186 trillion till the last fiscal year, up by 117 per cent from the 2015-16 mark. The other sectors which saw tremendous expansion are financial and insurance activities, accommodation and food services, wholesale and retail trade, repair of motor vehicles, transportation and storage as well as real estate.

### Bangladesh to become 24th largest economy by 2036: Report

Bangladesh is set to become the 24th largest economy out of 191 countries by 2036 owing to its ability to attract large foreign investments, the rising RMG demand, and macroeconomic stability, says the CEBR. The Centre for Economics and Business Research (CEBR) disclosed the findings in its annual World Economic League Table (WELT 2022) report, stating that

Bangladesh has been among the world's fastest growing economies over the last decade.



In the report, the Bangladesh government's efforts to maintain a low debt-to-GDP ratio and operate a fiscal deficit of 5.9% in FY21 was mentioned in glowing terms. Apart from rising international demand for ready-made garments (RMG), the report mentioned that a large volume of foreign investments is entering the country's telecommunication industry driven by a competent workforce skilled in information and communication technology. The report also mentioned that despite the coronavirus pandemic, the country's economy expanded by 3.5% in 2020, a rare achievement compared to international standards. This was due to the strong remittance inflows and rebound of exports.

### Record exports bring home new hopes

Despite all the lockdowns, travel restrictions, and pandemic-induced economic downturn, Bangladesh recorded its highest ever single-month export earnings amounting to \$4.72 billion this year. According to Export Promotion Bureau (EPB) data, export receipts surpassed the \$3.46 billion target set for October, registering a whopping 60.37% year-on-year growth.



Moreover, apparel shipment grew by 53.27% to \$3.56 billion year-on-year in the same month, raising the total export earnings to \$15.74 billion in the first four months of this fiscal year. The highest earnings, \$2.04 billion, came from knitwear shipment, while woven items fetched \$1.51 billion, both posting over 52% growth from a year-ago period. Apparel exporters are hopeful of export growth to continue but are concerned about lower unit prices compared to soaring costs of raw materials.

### People's purchasing power falls in 2021

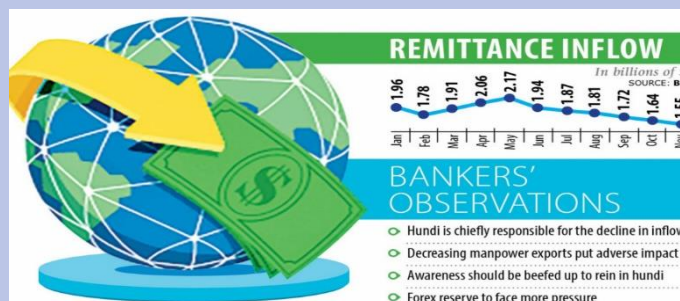
The purchasing power of a vast majority of the population fell substantially in 2021 as their cost of living far outstripped the income that also grew, but marginally. People, particularly from low- and lower-middle-income groups, have rued that their spending on key essentials and utility and other services increased at much faster pace than that of their income.



Market experts said pandemic-induced sluggish business, higher duties on some imported products, active market syndicate, price hike of diesel and kerosene as well as global raw material price hike cast a cumulative impact on the market.

## Remittance slides to 18-month low

The flow of remittance to Bangladesh fell sharply in November as the country's expatriates continue to prefer informal channels for sending their money. Expatriate Bangladeshis sent \$1.55 billion in November, down 5.48 per cent from a month earlier and 25 per cent year-on-year, according to data from Bangladesh Bank. This was the lowest remittance earnings since June 2020, when the amount was \$1.83 billion.



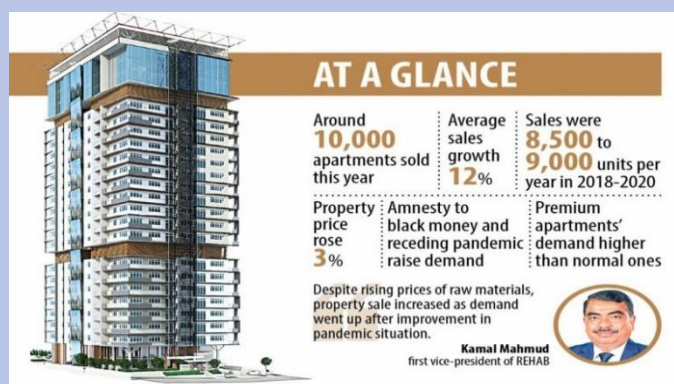
As restrictions on public movement have been removed, the global hundi cartel which operates an illegal cross-boundary financial system has become active again. The unofficial route had faced major disruptions in the first quarter of 2020 as international travels came to a halt due to the advent of Covid-19, fueling the use of banks and other official channels to send remittance, a Bangladesh Bank official said.

## NBFIs can now show unrealized interest as income

The non-bank financial institutions (NBFIs) can now show their unrealized interest of loans as income if borrowers can pay 25 per cent of their annual instalments by this year. The NBFIs have taken the opportunity after the central bank had allowed banks to enjoy the same facility last week. The NBFIs will have to realize the instalment amounts by this year in order to enjoy the facility. Some central bank officials, however, opposed the measure saying that it would inflate the profit of the NBFIs artificially as the income have not been earned in the form of cash. The profit of banks and NBFIs will just increase on papers, they said, differing the decision taken by the central bank's high-ups. The BB, however, said NBFIs would have to keep an additional 2 per cent provision against the loans, which will enjoy the opportunity. The non-banks will not be allowed to transfer the provisions to their income segment without prior approval from the central bank.

## REAL ESTATE NEWS

### Annual flat sales to cross 10,000 units for the first time



Realtors in Bangladesh have sold around 10,000 flats so far this year as customers shrugged off pandemic fallout and the government keeps extending the amnesty to the investment of untaxed money in the housing sector. According to the data of the Real Estate and Housing Association of Bangladesh (REHAB), around 10,000 flats were sold in 2021, up from 8,500 to 9,000 per year since 2018.

The prices of flats have started to rise in Dhaka, ending a three-year stagnation after easing of Covid-19 fallout as the demand for new homes increased. Despite higher prices of flats, there is no ready flat in the market. Customers expect the prices to go up further in the coming months, prompting them to purchase properties. Industry people say the demand for properties is picking up as there has been limited investment opportunities in the productive sectors because of the pandemic-induced economic slowdown, a drastic fall in bank deposit rates, cheap loans, and the continued scope to invest untaxed money.

## NATIONAL HOUSING NEWS

### National Housing Finance signs MoU with SEL

National Housing Finance and Investments Limited and Structural Engineers Limited signed a MoU Monday. Mr. Mohammad Shamsul Islam, Managing Director, NHFIL and Engr. Md. Abdul Awal, Managing Director, SEL signed the MoU on behalf of respective companies.

Among others, Mr. Shital Chandra Saha, EVP & Head of Operation, Mr. Mahbubur Rashid Al-Amin, VP & Principal Branch Manager, NHFIL, Mr. Md. Shahjahan Mia, General Manager-Head of Marketing & Finance, Mr. A.K.M. Shafiuddin (Shahin), Deputy General Manager- Marketing, SEL were also present in the signing ceremony. Under this MoU, apartment buyers of SEL



will get home loan facilities from National Housing Finance with easiest terms & conditions within shortest processing time.