

Economy at a glance

34.95pc remittance growth recorded in seven months of FY21

Bangladesh recorded a 34.95 per cent growth of remittance in seven months of the fiscal year 2020-21 (FY21) compared to the same period of the last fiscal year. The country received \$1.96 billion in remittance in January 2021. The volume of remittance was \$1.64 billion in the same period of last year, reports UNB citing the central bank data. Total remittance stood at \$14.9 billion in the first seven months of FY21 (July 2020 to January 2021), which was \$11.05 billion in the corresponding period of the previous fiscal, the data showed. According to the Bangladesh Bank, the country's foreign exchange reserve stood at around \$43 billion.

Taka is now more export friendly

Bangladesh is gaining its export competitiveness compare to its peer countries thanks to the central bank's aggressive buying of dollars to banks, which has helped check taka's appreciation while currencies of major competitor countries had higher appreciation.



Taka saw only a 0.12% appreciation against the greenback during the pandemic when Chinese yuan saw the highest 8.95% appreciation and Indian rupee the second highest of 3.41%, according to Bangladesh Bank data presented at a recent bankers' meeting. When exporters are in short of orders during the pandemic, the higher currency appreciation of the competitor countries narrowed the price gap with Bangladesh, increasing competitiveness of local exporters in the international market, according to market insiders.

Export drops 5pc in January

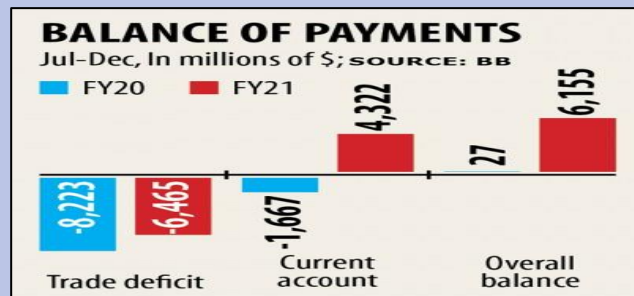
Earnings from merchandise exports fell 4.99 per cent year-on-year to \$3.43 billion in January because of slower recovery of garment shipment from the pandemic-induced business slowdown, according to official data. January's receipts were 9.58 per cent lower than the monthly target of \$3.80 billion, according to data from the Export Promotion Bureau (EPB).



Between July and January, the first seven months of the fiscal year, the shipment of garment, which typically contributes more than 80 per cent to the national export, declined 3.44 per cent year-on-year to \$18.40 billion. Jute and jute goods shipment rose 27.08 per cent year-on-year to \$765.63 million between July and January. Home textile export was up 44.34 per cent to \$638.96 million. Shipment of leather and leather goods declined 5.78 per cent to \$526.58 million, terry towel shipment slipped by 2.79 per cent to \$23.31 million, frozen and live fish export fell 8.62 per cent to \$308.26 million, and agricultural product shipment went down 2.06 per cent to \$591.49 million.

Trade deficit narrows on falling imports

The trade deficit shrank heavily in the first half of the ongoing fiscal year because of dwindling imports amid the economic slowdown, in a sign of depressed demand and consumption. Between July and December, the trade deficit, which occurs when imports outweigh exports, stood at \$6.46 billion, down 21.37 per cent year-on-year, data from the central bank showed. The economic meltdown brought on by the coronavirus pandemic has adversely affected the domestic demand, bringing down import payments.



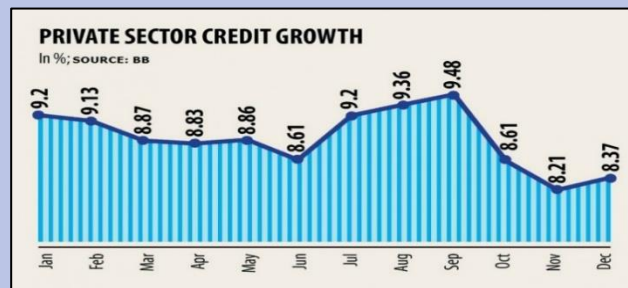
The falling import of capital machinery and industrial raw materials indicated that investment in the private sector is feeble. Current account balance, one of the major indicators of the balance of payments (BoP), stood at \$4.32 billion in the July-December period in contrast to a deficit of \$1.66 billion a year ago. The lower imports and an increase in remittances have widened the current account.

Loan moratorium ends with relaxed repayment facility

The loan moratorium facility to cushion the Covid-19 fallout ended on 1 January this year, resuming the classification of loans. The central bank's Banking Regulation and Policy Department (BRPD) issued a circular in this regard on 31st January, 2021. Due to the pandemic, borrowers did not have to repay loan installments from January to December 2020 and loan classification was paused. Though the moratorium has ended, the Bangladesh Bank has relaxed the repayment of term loans. Borrowers for term loans will get 50% extra time to repay the installments till January 1, 2021, said the central bank circular. But the extended period will not be more than two years, and the bank-client relationship will determine the extension.

Private credit growth inches up in Dec

The year-on-year credit growth stood at 8.37 per cent in December, up from 8.21 per cent a month earlier, showed data from Bangladesh Bank. In its monetary policy statement for fiscal 2020-21, the central bank set a private sector credit growth target of 11.5 per cent by December last year and 14.8 per cent by June

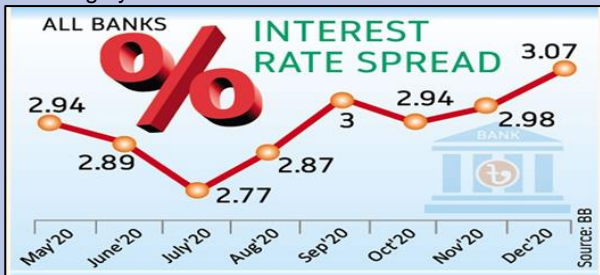


this year. But till date, this has turned out to be far from reality because of the financial meltdown brought on by the coronavirus pandemic.

Banks add accrued interest to the principal amount of loans in the final month of every quarter, which usually pushes up credit growth temporarily, said bankers. For this reason, the credit growth inched up last month, which is why the increase in growth should not be termed an extraordinary phenomenon, they said.

Interest rate spread widens as small savers hit hard

The interest rate spread widened further in December last as the banks cut the deposit rates deeper than that of the lending rates. The weighted average spread between the lending and deposit rates rose to 3.07 per cent in December 2020 from 2.98 per cent a month ago. It was 2.94 per cent in October last year. Experts predicted further fall in interest rates on fresh deposits in the coming months if the upward trend of excess liquidity in the banking system continues.



Most of the banks have slashed their interest rates on all types of deposits because of the higher inflow of liquidity in the market, affecting the savers, particularly small ones

REAL ESTATE NEWS

Law for speedy compensation for victims of land fraudulence on cards

Land ministry is preparing to draft a new law to provide speedy compensation to real land owners who have been harassed by land and real estate frauds. To this effect, the ministry

NATIONAL HOUSING NEWS

New Year celebration at NHFIL

On the first day of the year, celebration of New Year 2021 took place with participation of all the employees at its Corporate Head Office of National Housing maintaining social distancing. Mr. Md. Khalilur Rahman, Honorable Managing Director of National Housing greeted all the officials by cutting cake. Branch Managers of Dhaka regions with other senior executives were present in that event.



significantly. The average spread of the state-owned commercial banks (SoCBs) was 2.13 per cent in December last while the private commercial banks (PCBs) 3.14 per cent, foreign commercial banks (FCBs) 5.90 per cent and specialized banks (SBs) 1.87 per cent.

Inflation drops to 8.5yr low

Inflation dropped to 5.02 per cent in January, the lowest in eight and a half years, on the back of the arrival of winter vegetables that contributed to the consumer price decline, official figures showed yesterday.



This is the third straight month of overall consumer price decline. In December, inflation, a measure of changes in the prices of a basket of commodities and services, was 5.29 per cent, according to the Bangladesh Bureau of Statistics (BBS). A decline in the price of non-food items also contributed to the fall in the overall inflation, easing pressure on the wallets of consumers. A large number of the population, especially the poor and low-income groups, still suffer for the high price of coarse rice.

organized a workshop on the proposed new law at the land ministry conference room at the Secretariat on 18 January, 2021. The workshop was presided over by land secretary. Legal experts, ministry and field level officials took part in the workshop. They also expressed their experiences and opinions on various issues related to land fraudulences, forgery of documents and ledgers, land grabbing, river land grabbing and so on.

Workshop on “Sustainable Finance and Green Finance”

A workshop on “Sustainable Finance and Green Finance” was organized by National Housing Finance and Investments Limited through virtual platform (zoom cloud meeting) on Saturday, 23rd January 2021. The workshop was conducted by Ms. Anamica Das, AM and Mr. Jayed Hosen Manik, AM. The speakers emphasized on the growing importance of Sustainable Finance and Green Finance along with the guidelines & policies provided by Bangladesh Bank and the prospective sectors to be financed under Sustainable Finance and Green Finance Senior executives and officials of the company were presents on the workshop.

