

## Economy at a glance

### Inflation in April 6.29%, highest in 18 months

Inflation shot up to 6.29 percent in April – highest in 18 months – amid persistently high food prices and non-food prices, said Bangladesh Bureau of Statistics (BBS). In March, overall inflation was 6.22 percent. The previous high was recorded at 6.44 percent in October 2020. People in rural areas bore the brunt of higher inflation than urban areas in April. General inflation was 6.59 percent in rural areas whereas it was 5.75 percent in urban areas, according to BBS. Economists say that actual inflation could be higher than the BBS estimate as it has been using 2005-2006 prices for years to calculate the consumer price index.

### Credit flow rises on demand rebound

Credit flow into Bangladesh's private sector rebounds, after a downturn, on a demand surge for loans largely for trade financing amid rise in economic activity. Sources say settling higher import-payment obligations has led to demand growth for credits since March, after a February slump. The country's overall import expenses increased significantly under a cascading impact of a fresh spurt in prices of essential commodities, including fuel oils, on the global market.

Credit flow yet 3.51 percentage points below BB-set H2 mark at 14.80pc

Outstanding loans with pvt sector rose to Tk 12,914.39b in March



The credit disbursement rose to 11.29 per cent in March 2022 on a year-on-year basis, from 10.87 per cent a month before, according to the central bank's latest statistics. Higher prices of essential commodities, including petroleum products, on the global market besides the Eid-ul-Fitr festival also pushed up import payments during the period under review, the central banker explained.

### Bangladesh economy grows 7.25% in FY22: BBS

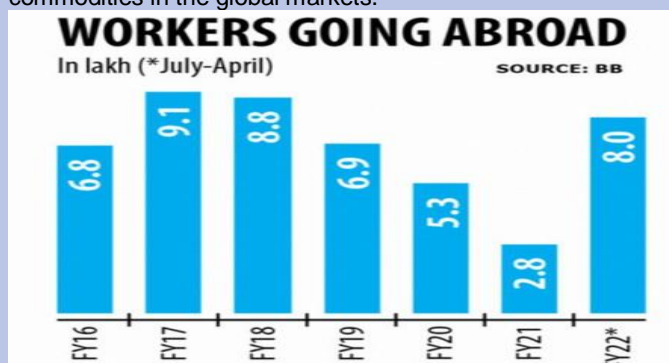
Bangladesh's economy has grown 7.25 per cent in the outgoing fiscal year of 2021-22, powered by an expansion of manufacturing activities, according to the provisional data of Bangladesh Bureau of Statistics (BBS). The economy began rebounding following the reopening from the on and off lockdowns aimed at containing the coronavirus pandemic. This is the highest ever growth of the economy since 2018-19 fiscal year when the gross domestic product (GDP)—a measure of the size of an economy—increased 7.88 per cent, according to the BBS data. Bangladesh economy grew only 3.45 per cent in the fiscal year 2019-20, lowest since 2000, according to World Bank data. With the latest growth, size of Bangladesh's GDP stands at \$465 billion in 2021-22 fiscal year from \$416 billion the previous year.

### Bangladesh's per capita income rises to \$2,824

The per capita income in Bangladesh rose by 9 per cent year-on-year to \$ 2,824 in 2021-22, according to data of Bangladesh Bureau of Statistics. The per capita income was \$2,591 in 2020-21. In local currency, the figures stood at Tk 241,470 in 2021-22 and Tk 219,738 in the previous year.

### Remittance may look up: Outward flow of migrant workers hits 4-year high

Nearly 8 lakh migrant workers went abroad in the first 10 months of the current fiscal year, comfortably exceeding the numbers a year ago, a development that bodes well for Bangladesh as it could pave the way for higher remittance earnings. An increased flow of money transfer from the migrant workers will be key in the coming months as abnormally high imports against moderate exports have created an exchange rate volatility in the country amid costly commodities in the global markets.



Data from the state-run Bureau of Manpower, Employment and Training (BMET) showed that 7.99 lakh migrant workers moved to other countries in search of jobs between July and April. It is already more than double 2.8 lakh workers who went overseas in the fiscal year of 2020-2021 and the highest in the last four years. Although a large number of workers are going abroad as global economies have reopened thanks to the improving coronavirus situation, Bangladesh might have to wait for some time to benefit from higher migration according to experts.

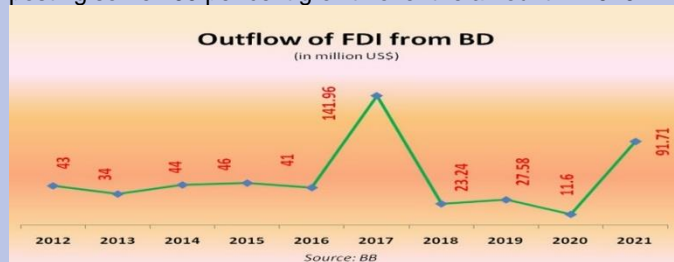
### Bangladesh Bank toughens stance against luxury imports

In the face of falling foreign exchange reserves, Bangladesh Bank instructed banks to take up to 75 per cent of import payments in advance from businesses to open letters of credit (LCs) for luxury and non-essential goods. The central bank took the decision in preparation of upcoming import payment adjustments to the Asian Clearing Union (ACU) which are estimated to eat away \$2.24 billion of the country's foreign exchange reserves according to BB official. The reserves, which stood at \$44 billion on April 30, may decline to less than \$42 billion once the BB adjusts the import payments, which have already been paid to the ACU. As per the latest BB notice, banks will have to impose a margin of at least 75 per cent on the opening of LCs for electronic goods such as air conditioners, refrigerators and washing machines.

The same margin has to be maintained for opening LCs for sedans and SUVs.

## Outward FDI sees big jump in 2021

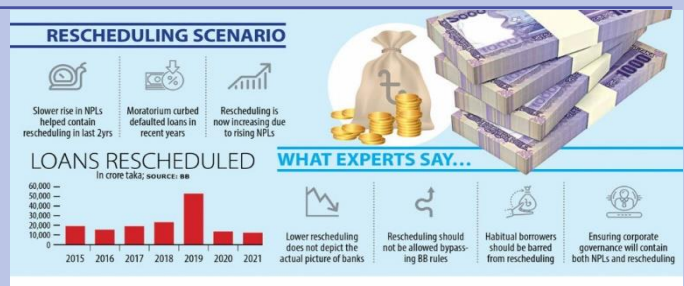
The outflow of foreign direct investment (FDI) from Bangladesh recorded a big jump in the last calendar year of 2021. According to the latest statistics, released by Bangladesh Bank, the net amount of outward FDI reached US\$91.71 million in 2021, posting some 209 per cent growth over the amount in 2020.



In 2020, the net outflow of FDI from the country was only \$11.60 million. It also showed that the gross amount of outward FDI stood at \$94.69 million last year against \$31.06 million in 2020. In the last year, 57 per cent of the total outward FDI landed in the United Kingdom, followed by Hong Kong, Nepal, India and United Arab Emirates (UAE) respectively. These five countries received 94.9 per cent of Bangladesh's annual outward FDI.

## Default loan rescheduling falls to 7-year low

Rescheduling of default loans fell to a seven-year low in 2021, riding on a moratorium extended by the Bangladesh Bank to protect borrowers from the economic shocks arising from the coronavirus pandemic. Last year, non-performing loans (NPLs) amounting to Tk. 12,379 crore were rescheduled, the lowest since 2015, data from the central bank showed. Analysts describe the declining loan rescheduling as a welcoming trend for the banking sector but add that there is no scope to be complacent.



There are concerns that rescheduling may surge as all types of loan moratoriums, which were unveiled by the central bank throughout 2020 soon after the coronavirus pandemic struck Bangladesh, were withdrawn this year. The temporary suspension of loan repayments had allowed borrowers to avoid slipping into the default zone by paying only 15 per cent of their instalments payable for 2021. In spite of the facility, the NPLs went up 16.38 per cent year-on-year to Tk 103,274 crore last year. The NPLs would have increased to a large degree had the central bank not declared forbearance. So, loan rescheduling is expected to go up in keeping with the rise in the NPLs.

## NBFI board chiefs can't hold post in subsidiary

The Bangladesh Bank barred the chairman of any non-bank financial institution (NBFI) along with the heads of executive, audit and risk management committees from holding any post of its subsidiary or foundation. The persons who are now holding such posts will have to resign or get exemption from the positions by June 30, according to a BB notice. The shareholder directors along with nominated and representative ones, who have spent one year and above in the posts, will not be allowed to serve their NBFIs on a regular or contractual basis. The persons who are now serving the NBFIs will have to resign or get exemption by June 30. The NBFIs have also been instructed to inform the matter to the BB within the first week of July.

## REAL ESTATE NEWS

### Rapid urbanization boosts housing in district towns

Real estate business is seeing a strong growth in the small district towns and the surrounding areas outside the major urban areas of capital Dhaka and commercial hub Chattogram. This boost for the sector has come from a number of factors – massive electrification in rural areas, rapid growth in urbanization, and rising purchasing power of the citizens.



Over the past 10 years, the housing sector has witnessed investments amounting to around Tk3 lakh crore in district towns all over the country, according to industry insiders. However, inadequate housing laws and complicated procedures for getting home loans and high interest rates from public and private banks are keeping many investors away from this sector. According to the Bangladesh Institute of Planners, the country's housing sector got an investment of about Tk10 lakh crore in the last 10 years and about 30% has gone into housing in towns and upazilas.

## NATIONAL HOUSING NEWS

### NHFIL Celebrates Pohela Boishak-1429

All the employees of National Housing celebrates Pohela Boishak-1429 with enthusiasm and sharing greetings with each other. Due to holiday, the day was later celebrated by all the Branches by exchanging greetings and good wishes with their valued clients.

