

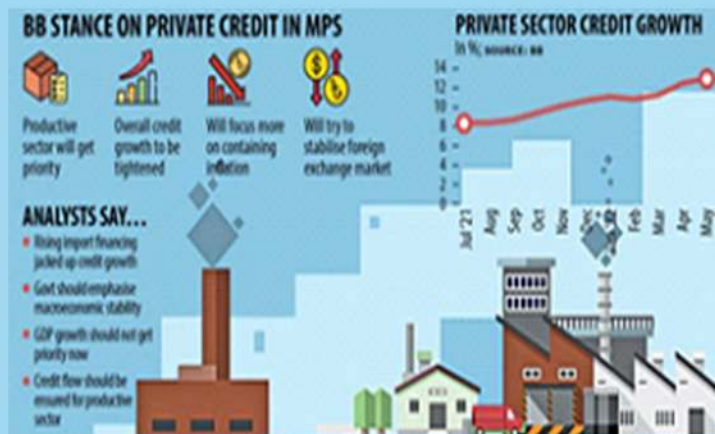
## Economy at a glance

### Export earnings cross \$50 billion in FY22

The country's exports crossed \$50 billion for the first time ever in the outgoing fiscal, thanks to a record year for the readymade garments sector, according to an anonymous source at Export Promotion Bureau (EPB). According to the EPB, the country earned \$47.17 billion from exporting goods and services during the July-May period of the current fiscal (2021-22). The source at EPB confirmed that readymade garments worth around \$3.20 billion were exported in 25 days of the current month, reports UNB. Bangladesh meanwhile became a member of the \$50-billion export income club by exporting goods and services around \$50.37 billion. The final export earnings will be released by EPB at the beginning of next month (July). The government's initiative to keep open garment industries, providing even the stimulus loans to pay the salary of workers, played an important role in getting a huge export order. After easing of Covid-19 pandemic restriction in the EU and USA, Bangladesh received huge export orders due to its ability to deliver products as per required schedule, according to the sector insiders.

### Private credit growth ticks up further

Private sector credit growth in Bangladesh accelerated to 12.94 per cent in May, the highest in more than three years, but rising inflation and deepening volatility in the exchange rate have paled the attainment. The credit growth in the first 11 months of the current fiscal year is, however, below the Bangladesh Bank's ceiling of 14.80 per cent for the entire year.



Economists say both the government and the central bank should focus on containing inflation, instead of GDP growth, restoring discipline in the foreign exchange market and tightening the private sector credit growth until the macro economy returns to its former self. The BB will revise the target on June 30 when it is due to unveil its monetary policy statement for the coming fiscal year of 2022-23.

### Inflation hits 8-year high in May

Inflation in May soared to 7.42% – an eight-year high – in Bangladesh, mainly driven by massive increase of prices of food items, reveals a report by the Bangladesh Bureau of Statistics (BBS). The point-to-point inflation (compared to the same time of last year) was 6.29% in April, registering a 1.13 percentage points increase in a single month. Food inflation stood at 8.3% in the last month, a jump by 2.07 percentage points from April, while inflation for non-food items fell by 0.31 percentage points in the same period.



Experts and economists expressed concern over the rising trend of inflation, especially rising price of food items during the harvesting season of Boro paddy. They are projecting further inflation in the coming months due to a shortage of food, lower food purchase by the government, a volatile international market and the recent price hike of natural gas.

### Remittance drops in May, piling pressure on forex

Remittance flows to Bangladesh declined 13.15 per cent year-on-year in May as higher rates of US dollars in the informal markets are prompting many migrant workers to shun formal channels, creating additional pressure on the country's already heated foreign exchange market. The inflow stood at \$1.88 billion last month compared to \$2.17 billion in the same month a year ago. Similarly, remittance transfers plummeted 15.95 per cent year-on-year to \$19.19 billion in the first 11 months of the current fiscal year.



The remittance flow, according to economists, is still satisfactory since May's receipts are much higher than the pre-pandemic monthly range of \$1.2 billion to \$1.5 billion. The higher exchange rate of the taka against the US dollar in the kerb market, a platform where the commoners sell and purchase US dollars, than in the formal channels is also making the hundi channel attractive.

### BB lines up Tk 100cr for digital nano loans

Bangladesh Bank introduced a Tk 100 crore refinance scheme for "digital nano loan" disbursements with an aim to expand the financial inclusion of marginalized people. Participating banks will be able to disburse loans of Tk 500 to Tk 50,000 to individual customers with up to 9 per cent interest under the scheme. The loans have to be disbursed entirely digitally by using internet banking, mobile apps, mobile financial services (MFS), or e-wallet services, according to a central bank circular. Scheduled banks will be able to avail the fund to disburse it to customers. Of the Tk 100 crore, Tk 50 crore will be disbursed as loans and later, another Tk 50 crore will be given as refinance benefits. However, the banks will have to have digital infrastructure to disburse the loans or partner with any digital financial service provider. Beneficiaries will have to repay the loan within six months of receiving it.

## Relaxed policy extended for NBF defaulters

Defaulters of non-bank financial institutions (NBFIs) will get two months more to re-schedule their bad debts under a relaxed loan classification policy, according to a notice issued by Bangladesh Bank. Bangladesh Bank said in February that defaulters of NBFIs would be permitted to reschedule their non-performing loans (NPLs) by giving 2 per cent down payment under a one-time only exit policy within April this year. But many defaulters have failed to apply for this on time, which is why Bangladesh Bank extended the deadline until July, the central bank notice said. As such, NBFIs will have to settle new applications by September. Loans that turned sour within December 31 last year can enjoy the relaxed policy, which allows NBFIs to waive 50 per cent of the interest on NPLs. The defaulters will get the waiver facility after they repay the entire amount of the bad loan within a year. The relaxed repayment facility will be annulled if the defaulter fails to pay back the loan on time.

## Profits of state enterprises fall to 9-year low

The profits of state-owned enterprises in Bangladesh fell to their lowest in nine years, owing to higher commodity prices in the global market and selling of essentials among the poor and low-income groups at subsidized rates.

The net profit of 49 state-run companies and corporations slumped 81 per cent year-on-year to Tk 2,867 crore in the outgoing fiscal year. This compared to Tk 15,159 crore recorded a year ago, according to the Bangladesh Economic Review 2022.



The review showed 11 companies posted higher profits in FY22 and a similar number of SoEs turned unprofitable, a record in recent times. Among the companies, the Bangladesh Telecommunication Regulatory Commission made the highest profit of Tk 2,651 crore, albeit a decrease of 20 per cent from a year ago. The Bangladesh Power Development Board (BPDB) returned to the red after it lost Tk 1,895 crore in FY22, the highest among the SoEs.

## REAL ESTATE NEWS

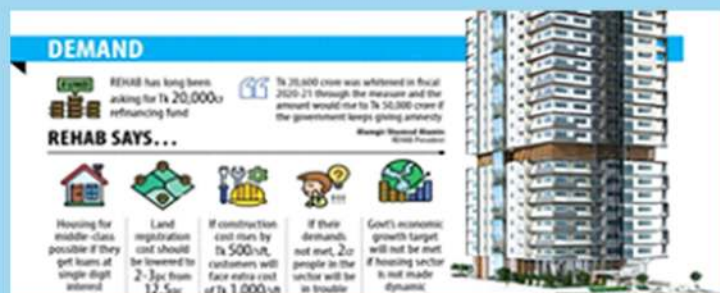
### Secondary market for flats, commercial spaces booming

The secondary market for flats and commercial spaces has been gaining prominence in the country nowadays due to affordability, mortgage facility and swift transfer of ownership. The demand is mostly driven by the burgeoning middle-class population in the big cities like Dhaka and Chattogram who now have more disposable income to go for property investment, according to Bproperty, a complete property solutions provider in Bangladesh. Besides, there aren't enough new flats constructed by the real estate developers to meet the soaring demand from customers while the price of new property is also a concern for the middle-class. Secondary property allows the customer to move as soon as they make the payment. Besides, secondary property is always cheaper than the new one while the cost of newly built property is increasing due to material price hikes in recent years.

### Continue amnesty for black money in housing

Realtors demanded the continuation of unquestioned amnesty for using black money to buy property even though holders of undisclosed income showed little interest to

legalize their assets through such investments in the outgoing fiscal year. The Real Estate and Housing Association of Bangladesh (REHAB) made the call as the finance minister, in his latest budget speech, did not propose continuing the measure in fiscal 2022-23.



According to REHAB president, Tk 20,000 crore was whitened in fiscal 2020-21 through the measure and the amount would rise to Tk 50,000 crore if the government keeps giving amnesty. The association believes the sector would be able to play a more fruitful role in the government's revenue earnings if its demands are met.

## NATIONAL HOUSING NEWS

### National Housing inks deal with bti

National Housing Finance and Investments Ltd. (NHFIL) recently signed an MoU with Building Technology & Ideas Ltd. (bti) for home loan financing. Under this MoU, NHFIL will finance the customers who will purchase flat or commercial space from BTI and NHFIL will provide a preferential rate and fee to the customers. Mohammad Shamsul Islam, managing director & CEO of NHFIL and Asif Iqbal, chief executive officer of BTI, signed this agreement on behalf of respective organizations. Other senior management team members Shital Chandra Saha, head of operation, Mahbubur Rashid Al-Amin, head of business from NHFIL and Saqib Sarkar, AGM, alternative channel development and Akik Ahmed, deputy manager, alternative channel development from BTI, were present.

