

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

GDP growth target cut again

- The government has revised down the GDP growth projection to 6.1% for 2020-21, the second revision this fiscal year, reflecting the devastating impacts of the second wave of the coronavirus pandemic on the battered economy. The government had initially targeted to achieve an 8.2% expansion in the gross domestic product (GDP) in the current fiscal year. Later, the target was reset at 7.4%. In March, the World Bank projected that Bangladesh's GDP might grow as high as 5.6% in the current fiscal.
- The government is planning for an expansionary budget for 2021-22. The size could be BDT 6.02 trillion, which is 17.3% of the GDP. The next budget could prioritise buying and producing coronavirus vaccines, stimulus packages and the health sector to face the pandemic-induced economic shock and protect the poor from hunger. The government has unveiled a BDT 2.25 trillion annual development programme (ADP) for FY22. The budget for FY21 has been revised down to BDT 5.40 trillion, from BDT 5.68 trillion initially. The revenue generation target could be set at BDT 3.89 trillion for FY22. The National Board of Revenue (NBR) would be given a task to earn BDT 3.30 trillion, almost similar to the current fiscal's target.

<https://www.thedailystar.net/business/economy/news/gdp-growth-target-cut-again-2083905>
<https://www.tbsnews.net/economy/budget/next-budget-targets-higher-spending-without-raising-taxes-237214>

Yields on treasury bills drop

- The yield on treasury bills (T-bills) dropped further on Sunday as the commercial banks having excess liquidity rushed to offer bids in the auction due to the ongoing lockdown, bankers said. The cut-off yield, generally known as interest rate, on the 91-day T-bill fell to 0.55% on the day from 0.70% of the previous auction, held on April 05, according to the auction results. Besides, such yield on 364-day T-bill came down to 1.54% from 1.75% of the previous auction, held on April 12. The government borrowed BDT 17 billion through issuing the T-bills on Sunday to partly meet its budget deficit, according to the central bank officials. Cancellation of some auctions in the last week of March and second week of April along with the lockdown has pushed down the yield on T-bills, they explained. Bankers feared that the falling trend in yields on T-bills might continue in the coming months if the second wave of the pandemic continues.
- Meanwhile, the excess liquidity with all the scheduled banks almost doubled in January 2021 as significantly lower private credit growth indicates a slower investment situation in Bangladesh. The surplus liquidity grew by more than 97% to BDT 2,040.56 billion as on January 31, 2021 from BDT 1,035.58 billion a year before, according to the central bank's latest statistics. It was BDT 2,047.18 billion as on December 31, 2020. Actually, most of the banks are now forced to invest more in the securities mainly due to lower credit demand for both public and private sectors because of the ongoing pandemic, another senior treasury official of a leading private commercial bank explained.

<https://today.thefinancialexpress.com.bd/last-page/yields-on-treasury-bills-drop-1619374149>

Bad debts hit new and foreign banks too

- The government approved nine fourth generation banks in 2013 to increase competition and also hoped they would open new avenues in the banking sector. But the trend of bad debts, which is common at old banks, affected them as well. A similar situation was observed at foreign banks in the past few years. They were once deemed examples of good governance. But in the last five years, they were also hit by bad loans, although the amount was considerably lower than that at government banks. Analysing data on default and bad loans of 59 banks from 2016 to 2020, it was found that bad debts, although low in amount, increased rapidly at fourth generation banks, and such loans at six foreign banks were almost 100% of the total amount of their default loans.
- Overall, most of the default loans in the banking sector are now bad debts. In the last five years, the amount of bad debts increased by BDT 247.52 billion and reached BDT 770 billion, which is about 87% of the total amount of default loans. The amount of bad debts is equivalent to the cost of building two Padma bridges or three metro rails or four ports like the Matarbari deep sea port.

<https://www.tbsnews.net/economy/banking/bad-debts-hit-new-and-foreign-banks-too-237190>

Internet Banking: Transaction value tops BDT 80 billion for 4 months in February

- The amount of online banking transactions remained above BDT 80 billion for the fourth consecutive month in February as people found fintech-based transactions more convenient instead of visiting bank branches amid the outbreak of Covid-19. Bangladesh Bank data showed that the amount of transactions through internet banking stood at BDT 84.77 billion in February 2021.

- Since the beginning of Covid crisis in the country in March 2020, people have become more cautious and have been trying to maintain social distancing in their day-to-day activities, including banking transactions. The transaction value through internet banking increased as new internet banking customers increased by 36.82% or 0.91 million within a span of 14 months. The number of internet banking users increased to 3.38 million at the end of February 2021 from 2.47 million in December 2019.

<https://www.newagebd.net/article/136384/transaction-value-tops-BDT-8000cr-for-4-months-in-february>

Online orders boost home appliance sales

- Home appliance makers and retailers are witnessing better sales than previous year on the back of online shopping, promotional offers and free delivery ahead of Eid-ul-Fitr. Usually, home appliance makers and retailers enjoy a festive mood ahead of the biggest spending season of the year. The sales went down during the same period last year because of the pandemic. The scenario is slightly different this year as consumers seem to have overcome nervousness about the deadly pathogen, although the infection rate of Covid-19 and death from the virus have risen to record levels.

- The major players in the household appliance market are Walton Group, Transcom Electronics, Rangs Electronics, Rangs Toshiba, Singer Bangladesh, Best Electronics, MyOne Electronics, Jamuna Electronics, Pran RFL (Vision), Esquire Electronics, Electra International, and Super Star Group. Among the foreign companies, Samsung, LG, General, Sharp, and Whirlpool are popular among the customers.

- The deputy general manager for marketing at Transcom Digital said the middle-income groups had disposable income, and they had no scope to spend on tourism, travel or any other purpose. This boosted the sales of home appliances. The additional senior director at Walton Group said the sales had risen around three times compared to the March-April period last year.

<https://www.thedailystar.net/business/retail/news/online-orders-boost-home-appliance-sales-2083901>

Garment makers want more stimulus

- Garment factory owners are demanding more stimulus funds from the government to pay three months' salaries alongside festival allowances to workers. We demanded that the government give low-cost funds to us for paying salaries for April, May and June and festival allowance to the workers, said the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). The commercial banks affiliated with garment factories have already enabled mobile financial service (MFS) accounts through which workers are already receiving their salaries and allowances. Last year, the government provided BDT 105 billion in stimulus funds to the export-oriented garment, leather and footwear sectors for the payment of salaries and allowances at only 2% service charge.

- The garment sector has been going through a tough time as many of the major export destinations in Europe and the US were in lockdown because of Covid-19. However, while economies of some supplier countries like China and Vietnam started reopening, Bangladesh went into a lockdown, although the garment sector is out of its purview. The local apparel suppliers have been running their factories amidst challenges since March last year for a dearth of work orders from the international retailers and brands. Last year, the local suppliers have faced work order cancellations or hold-ups worth USD 3.18 billion and unusual payment deferrals. So far, some 90% of work orders were reinstated through intense negotiations of the BGMEA, government and suppliers with the international retailers and brands. But still the uncertainty persists as the retailers and brands did not confirm when they will complete making payments to the local suppliers.

<https://www.thedailystar.net/business/economy/news/garment-makers-want-more-stimulus-2083889>

<https://www.tbsnews.net/economy/rmg/garment-owners-want-incentive-pay-workers-wages-bonuses-237184>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$62.08	\$13.56	27.95%
Crude Oil (Brent)*	\$66.02	\$14.22	27.45%
Gold Spot*	\$1,778.84	(\$116.26)	-6.13%
DSEX	5,498.21	96.14	1.78%
S&P 500	4,180.17	424.10	11.29%
FTSE 100	6,938.56	478.04	7.40%
BSE SENSEX	47,878.45	127.12	0.27%
KSE-100	44,706.76	951.38	2.17%
CSEALL	7,232.65	458.43	6.77%

Exchange Rates

USD 1 = BDT 84.83*
 GBP 1 = BDT 117.85*
 EUR 1 = BDT 102.70*
 INR 1 = BDT 1.13*

**Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.*

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