

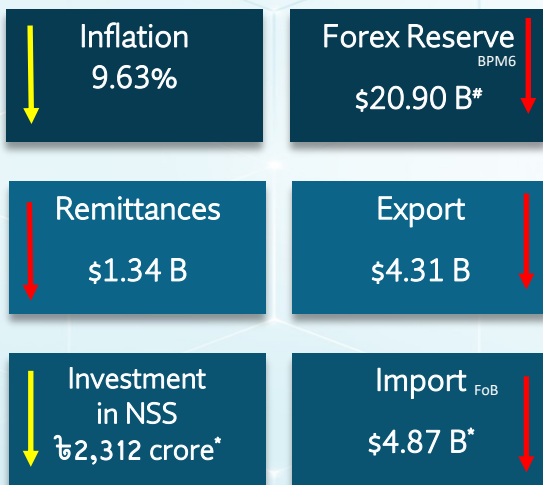


Inflation seems to have declined slightly

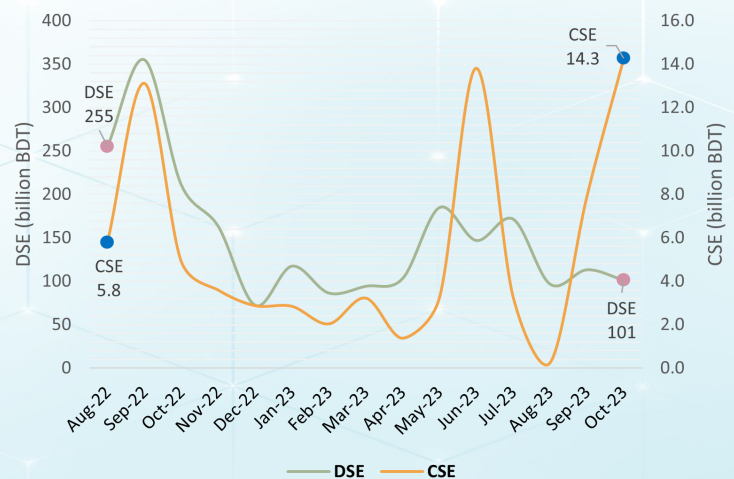
Despite the increase in interest rates, inflation has not receded significantly. In September, CPI saw a slight decrease from 9.92% in August to 9.63%. Food inflation reached 12.37% in September, substantially impacting the cost of living, particularly for low-income groups. The Bangladesh Bank has now set a target to bring inflation down to 8% by December. This slight decline is attributed mainly to the food inflation rate, which dropped from 12.54% to 12.37%, even though it remains at the upper limit of single-digit inflation, signifying ongoing economic challenges.

Bangladesh's Forex reserves fell below the benchmark

The reserves down to \$20.9 billion from \$21.05 billion on last week of October. The two primary sources of US dollars for Bangladesh, exports and remittances, have continued to be less than anticipated. To settle import payments for Bangladesh Petroleum Corporation, Bangladesh Agricultural Development Corporation, and Bangladesh Chemical Industries Corporation, banks—particularly state-run lenders—are receiving US dollar support from the central bank. The reserves, among other agencies, have been steadily declining.



Turnover of stock markets



Remittance keep dropping despite a record outflow

In September, Bangladesh saw the lowest remittance inflow in 41 months, with \$1.34 billion received, and a 13% decline from the previous year. This decline is linked to a higher US dollar exchange rate in the open market, driving expatriates to informal channels like "hundi." The drop follows an 18.78% decrease in August remittances, raising concerns about depleting foreign currency reserves and financial accounts, despite a surge in the number of workers going abroad for employment in the current fiscal year.

DSE turnover follows decline

The Dhaka stock exchange has experienced a decline in turnover, dropping from BDT 211 billion in October last year to BDT 101 billion this year. Market Analysts attribute this decline to a steadily rising policy rate, which is hampering capital inflow into the market and causing many fundamentally sound stocks to remain at floor prices. The falling turnover may redirect investment towards treasury bills, bonds, and deposits, further diminishing market liquidity.

OCTOBER AT A GLANCE

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| <p>▷ During July through September of FY24, exports of ready-made clothing to the European Union were USD \$5.51 billion. With the increased 11.47 percent in the European markets, RMG exports to the USA were USD \$2.07 billion, representing a 2.77 percent gain. Concurrently, exports to the United Kingdom and Canada totaled USD \$1.45 billion and USD \$352.86 million, respectively, representing growth rates of 21.35 percent and 5.44 percent. Exports to Japan, Australia, and South Korea climbed by 39.44 percent, 54.11 percent, and 37.01 percent, respectively, among the top non-traditional markets.</p> | <p>▷ Despite receiving \$2.88 billion in commitments, the amount disbursed fell by about percent to \$1.28 billion. \$90.53 million in grants and \$2.79 billion in loans made up the total amount of pledges but the disbursements fell by roughly 5 percent to \$1.28 billion. In Jul-Sep 2023, ADB allocated \$790 million among multilateral and bilateral lenders. The World Bank offered \$300 million in loans while Japan pledged \$1 billion.</p> | <p>▷ Bangladesh non performing loans ratio stood at 10.1 percentage in June 2023,. Weaker business activities and loosened loan repayment rules are the main causes of the ratio of non-performing loans. Although it remained low when compared to pre-COVID levels, the ratio of gross NPLs to total loans climbed to 10.11 percent at the end of Q4FY23 from 8.80 percent at the end of Q3FY23.</p> | |
| <p>▷ With biscuit have become the No.1 item, Candy and Noodles has risen to the top five in Bangladesh's processed food export basket. Candy shipments brought nearly \$30 million for exporters in 2021-22. Noodles and pasta shipments increased by 45 percent to \$35 million. In FY22, food exports brought in \$458 million to Bangladesh, with the top 10 commodities generating 91 percent of the total revenue food.</p> | <p>▷ The cost of borrowing for the government increased, namely, to the point where interest payments increased by 22.14 percent year over year to Tk 92,538 crore in the most recent fiscal year. A lack of liquidity in the banking industry has recently resulted in an increase in the interest rate on government securities. The gross domestic product estimate for FY23 indicated that the overall debt-to-GDP ratio was 36.34 percent.</p> | <p>▷ Prime Minister Sheikh Hasina introduced the local currency card TakaPay, which will help preserve much-needed US dollars and lessen reliance on foreign card programs like Visa and Mastercard. The BB's "The National Payment Switch of Bangladesh" is an electronic payment platform that TakaPay will use to offer services across the country.</p> | <p>▷ Bangladesh exported \$4.31 billion worth of goods in September, the second-lowest amount this year. Despite a YoY growth of 10.37 percent from the previous year, they fell 7 percent short of the \$4.63 billion target. However, aside from the ready-made clothing sector, several major sectors experienced declines, including frozen and live fish, agricultural products, leather, and leather products.</p> |
| <p>▷ The Bangladesh Bank has approved Nagad, a renowned mobile financial service provider in Bangladesh, to build the country's first digital bank. Nagad Digital Bank strives to assist persons who have difficulty visiting traditional banks for a variety of reasons. Nagad Digital Bank's founder and managing director emphasized that the bank will begin operations as soon as all paperwork and essential preparations are completed. It has already begun planning to bring banking services to people's homes, according to the announcement.</p> | | | |

The figures on point to point inflation, export, remittances are of September; (*) Import and investment in national saving scheme are of August. (*)The foreign exchange reserve is the latest amount of 26th October 2023. All data have been collected from Statistics Department, Bangladesh Bank, and Bangladesh Bureau of Statistics (BBS)

Since its inception in 1994, Unnayan Shamannay today stands as a pro-people research and advocacy organization acclaimed nationally as well as internationally. This organization has pioneered research and research-based-advocacy in the fields of pro-poor public expenditure, environment and climate change, sustainable development, financial inclusion, and social innovation.

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