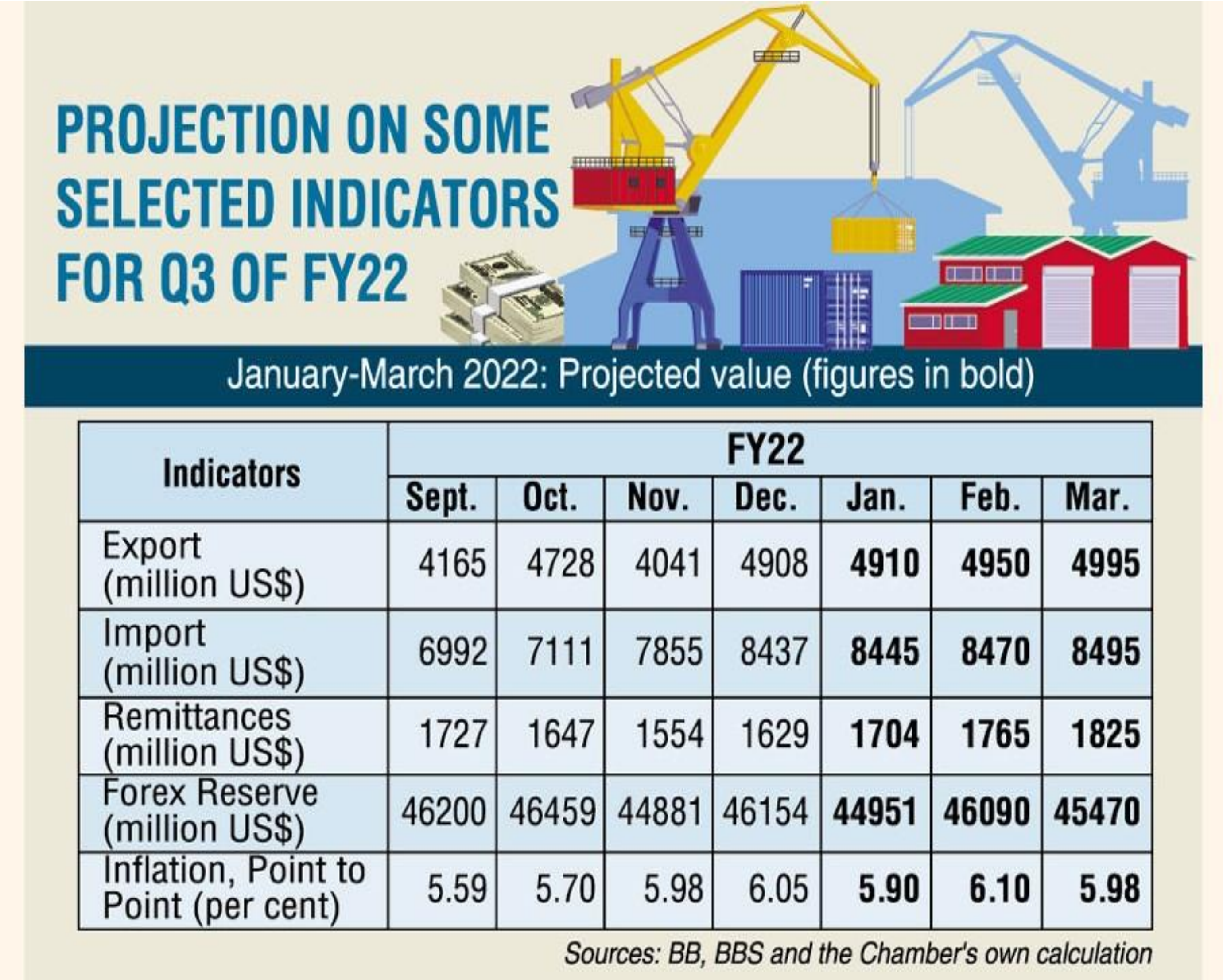
Headwind hits recovery

MCCI sees price spiral, remittance sloth among decelerators

FE REPORT | February 19, 2022 00:00:00



Indicators	FY22						
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Export (million US$)	4165	4728	4041	4908	**4910**	**4950**	**4995**
Import (million US$)	6992	7111	7855	8437	**8445**	**8470**	**8495**
Remittances (million US$)	1727	1647	1554	1629	**1704**	**1765**	**1825**
Forex Reserve (million US$)	46200	46459	44881	46154	**44951**	**46090**	**45470**
Inflation, Point to Point (per cent)	5.59	5.70	5.98	6.05	**5.90**	**6.10**	**5.98**

Sources: BB, BBS and the Chamber's own calculation

Bangladesh economy, despite showing signs of recovery from the pandemic shocks, sees some emerging challenges stemming mainly from price hike of essential commodities and decreasing remittances.

Such is a latest economic evaluation by an elite trade organisation that also points out recent fresh wave of the pandemic coupled with slow vaccine rollout as another key challenge.

"Despite the recovery trend in the economy, there are emerging challenges to be faced due to recent price rise of essential commodities, decreasing remittances, emerging of any new COVID wave, and slow vaccine rollout," says the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI).

The country's elite trade body mentions such headwinds in its 'Review of Economic Situation in Bangladesh for October-December 2021 (Q2 of FY22)'.

Terming the rising inflation as a major concern, the trade organization projects the rate of point-to-point inflation to rise to 6.10 per cent at the end of this month (February).

The MCCI, however, says the inflation might come down slightly to 5.98 per cent at the end of next month (March).

Meanwhile, after sustaining a rising trend in the last few months, the rate of inflation saw a downturn, to 5.86 per cent, in January, according to latest official data.

However, prices of most of the essentials, including rice, edible oils, onions and lentils, have been on the rise in recent times.

Besides, the government recently hiked the cylindered-LIP by Tk 62 to Tk1240 (per 12kg), creating extra burden on the commoners.

Such price hikes have already put the common people in peril.

Meanwhile, the state-run WASA has recently proposed a 20-per cent raise in its water tariffs.

The MCCI also says Bangladesh's economy is now rebounding from the COVID-19 shocks due to the time-befitting steps of the government alongside implementation of the stimulus packages.

"Economic condition seems to have been gradually improving after the easing of restrictions in late May 2020, supported by the government policies."

During the quarter under review (Q2 of FY22), the major macroeconomic indicators were seen in a satisfactory position.

It says the fiscal framework continues to be weak in view of poor achievements, more specifically, both in terms of revenue mobilisation and public expenditure.

The MCCI also identified "unemployment situation' and low investment as another challenge for the country's economy.

The chamber, however, says robust export earnings facilitated economic recovery in the recent times. The export-oriented garment, leather and domestic market-oriented steel, food-processing and transport sectors are running on a full scale.

The inward remittances, however, decreased, which has multiplier effects on other economic sectors, especially the small and medium industry. Foreign- currency reserves are in a satisfactory position and the exchange rate has long remained stable.

On the other hand, some of the economic indicators appear to be less promising than projected earlier, it mentions.

The country's premier trade body has also predicted rises in some of the country's economic parameters in the days ahead.

According to the projections, the country's export earnings would increase to US$ 4.95 billion at the end of this month (February) and exceed $4.99 billion for the month of coming March.

The MCCI projections reveal that the country's import value would also go up to $8.49 billion and 8.495 billion by the end of February and March, 2022 respectively.

Besides, the volume of inward remittance might stand at or even cross $1.76 billion (1765 million) at the end of this month and will reach 1.825 million in the next month, the MCCI projected.

On the other hand, after showing an upturn at the end of this month, the country's foreign-exchange reserves might come down to $ 45.47 billion at the end of next month, according to the MCCI.

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www.thedailystar.net / 19 February 2022

Economy showing signs of recovery: MCCI

Star Business Report
Thu Aug 26, 2021 02:12 PM Last update on: Thu Aug 26, 2021 02:19 PM

Despite some challenges, the economy has been showing some signs of recovery in the fourth quarter of 2021, according to a quarterly analysis of the Metropolitan Chamber of Commerce and Industry (MCCI) today.

The stimulus packages comfort the business groups, from large farms to petty micro-enterprises, which eventually helped the economy to boost again.

Exports and remittances are two important drivers of the economy, and amid the Covid-19 pandemic, both areas have done well.

Robust remittances and export earnings had facilitated Bangladesh's economic recovery in the just-concluded fiscal year (FY21).

Year-on-year, exports in FY21 grew by 15.10 per cent and the remittances grew by 36.11 per cent, the MCCI said in its Review of Economic Situation in Bangladesh April -June of the FY 2020-21.

The inward remittances have a huge positive impact on the rural economy to sustain the domestic consumption demand, which has multiplier effects on other economic sectors, especially the small and medium industries.

The rate of inflation is under control and the foreign currency reserve is in a satisfactory position. The exchange rate has long been remained stable while the balances of payments are also in a positive trajectory, MCCI also said.

Bangladesh, like many other countries of the world, struggled with the number of infections and the new normal of COVID-19 measures such as social distancing, wearing masks, virtual meetings, online classes etc.

Since reporting its first case on 8 March 2020. As a result, people across all socioeconomic backgrounds have been adversely affected including ours.

The consequences of the COVID-19 pandemic and multiple lockdowns since March 2020 have slightly pushed Bangladesh off its growth trajectory.

However, the recovery period is uncertain, but much depends on vaccination and the strength of the global economy. The non-availability of mass vaccination may appear to be one of the critical factors for slower economic recovery.

On the other side, some of the economic indicators appear to be less promising than projected earlier.

The fiscal framework continues to be weak because of poor achievements, more specifically, both in terms of revenue mobilization and public expenditure.

The unemployment situation and low investment is also a challenge. A significant increase in public and private investment is necessary to maintain competitiveness and generate further growth.

The policymakers need to focus on strategies for post-Covid recovery and concentrate on policies to upgrade various private sectors so that more successful revenue-earning streams can be generated and attract reinvestments from existing investors.

All these may cushion losses incurred during this pandemic period, the chamber also said.

www.newagebd.net / 19 February 2022

Price hike of essentials, falling remittance major challenges

MCCI says in its quarterly economic review

Staff Correspondent | Published: 22:19, Feb 18,2022

The Metropolitan Chamber of Commerce and Industry has identified price hike of essential commodities and decreasing remittances challenges for rebounding Bangladesh's economy from the Covid shock.

The trade body in its Review of Economic Situation in Bangladesh in October-December of 2021 published on Friday also said that despite the recovery trend in the economy, emerging of any new Covid wave and slow vaccine rollout could be appeared as challenges.

In the second quarter of the fiscal year of 2021-22, the major macroeconomic indicators were in a satisfactory position but some appeared to be less promising than projected earlier, the MCCI said.

'The rate of inflation increased in the quarter under review. The fiscal framework continues to be weak in view of poor achievements, more specifically, both in terms of revenue mobilisation and public expenditure. Unemployment situation and low investment are also challenges,' the report said.

Both food and non-food inflation rates increased in December 2021 compared with those in the previous month.

Food inflation increased by 0.03 percentage points to 5.46 per cent in December from 5.43 per cent in November and the non-food price inflation increased by 0.13 percentage points to 7 per cent in December 2021 from 6.87 per cent in the previous month.

The trade body projected that the performances of export, import, and remittances might increase in the third quarter of FY22 but the foreign exchange reserve was likely to fall in the period due to the payment to the Asian Clearing Union against imports.

The economic review also said that the rate of inflation might go up in February because of the probable rise in some essential commodities.

It said that the robust export earnings had facilitated economic recovery in the recent time but the inward remittances decreased, which had multiplier effects on other economic sectors, especially the small and medium industry.

The report showed that the inflow of remittances in July-December of FY22 decreased by 20.91 per cent to $10.24 billion from $12.95 billion in the corresponding six months of the previous fiscal year.

The decline in remittances was a reflection of the second wave of Covid pandemic situation when many Bangladeshi migrants lost their jobs and many others who returned home could not go back due to suspended international flights as a part of countrywide lockdown and unmet vaccination requirements, it said.

The MCCI said that Bangladesh's trade deficit with the rest of the world crossed $15 billion in July-December of FY22.

Though the import and export grew substantially, the import growth was higher than the export earnings that kept the country's trade deficit high, it observed.

www.businessinsiderbd.com / 19 February 2022

MCCI projects higher remittance inflow in Q3 of FY22

BI Report || BusinessInsider

Published: 19:30, 18 February 2022 Update: 19:32, 18 February 2022

MCCI logo

The Metropolitan Chamber of Commerce and Industry (MCCI) forecasts an uptick in the performances of export, import, and remittances inflow in the remaining months in Q3 of FY22.

According to its “Economic Situation in Bangladesh October - December 2021 (Q2 of FY22)”, Bangladesh's export earnings would go up to $4.95 billion and remittance inflow to $1.83 billion in March this year.

The report said the economy of Bangladesh is facing some difficulty due to the ongoing COVID-19 pandemic.

However, the country is expected to overcome the situation after imposing some restrictions due to the second wave of the deadly virus.

As a result, the foreign exchange reserve is likely to fall in January and March of FY22 due to the payment to the Asian Clearing Union (ACU) against imports.

According to the review report, forex reserve would go down to $45.47 billion after a lower $46.09 billion in February.

Moreover, the rate of inflation can be expected to down to 5.98 percent in March after going up at 6.10 percent in February because of the probable rise in some essential commodities.

Imports will marginally go up in March at $8.5 billion from February’s $8.47 billion.

Bangladesh's economy is now rebounding from the Covid-19 shocks due to the time-befitting steps of the government alongside implementation of the stimulus packages, the report said.

The economic condition seems to have been gradually improving after the easing of restrictions in late May 2020, supported by government policies.

Despite the recovery trend in the economy, there are emerging challenges to be faced due to recent price rise of essential commodities, decreasing remittances, emerging of any new Covid wave, and slow vaccine rollout.

During the quarter under review (Q2 of FY22), the major macroeconomic indicators are in a satisfactory position.

Exports and imports are two important drivers of the economy, and amid the Covid-19 pandemic, both areas have done well.

Robust export earnings have facilitated economic recovery in recent time.

The export-oriented garment, leather, and domestic market-oriented steel, food-processing, and transport sectors are running in full scale.

The inward remittances however decreased, which has multiplier effects on other economic sectors, especially the small and medium industries.

The foreign currency reserve is in a satisfactory position and the exchange rate has long remained stable.

On the other side, some of the economic indicators appear to be less promising than projected earlier.

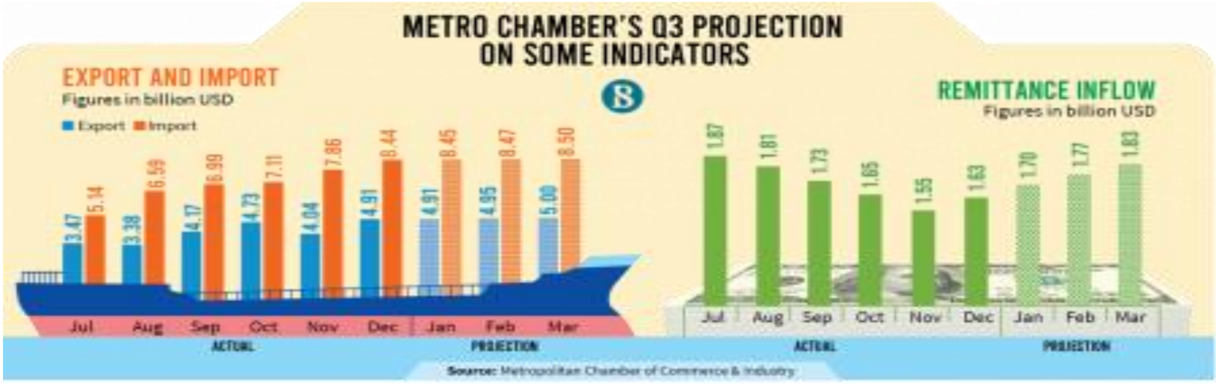
The fiscal framework continues to be weak in view of poor achievements, more specifically, both in terms of revenue mobilization and public expenditure.

The unemployment situation and low investment are also challenges.

www.tbsnews.net / 19 February 2022

Economy on recovery path, picks pace in Q2: MCCI

The chamber observes economic condition seems to have been gradually improving, thanks to time-befitting steps of the government alongside implementation of stimulus packages



Bangladesh's economic recovery from Covid-19 shocks gained further momentum in the second quarter of the ongoing 2021-22 fiscal year as almost all of the major macroeconomic indicators were in a satisfactory position, says the Metropolitan Chamber of Commerce and Industry (MCCI).

In its review of the economic situation in Bangladesh for October-December 2021, the chamber has observed that economic condition seems to have been gradually improving following the easing of pandemic-related disruptions in late May 2020, thanks to the time-befitting steps of the government alongside implementation of the stimulus packages.

In October-December 2021, exports and imports – two important drivers of the economy – did well, observes the trade body in its quarterly review report released on Friday.

Robust export earnings have facilitated economic recovery in recent times, says the report, adding the export-oriented garment, leather sectors, and domestic market-oriented steel, food-processing and transport sectors are running in full scale.

Foreign currency reserves are in a satisfactory position and the exchange rate has long remained stable, it adds.

There are, however, some economic indicators that appear to be less promising than were projected earlier, the report says adding inflation rate increased while the fiscal framework continues to be weak in view of poor achievements, more specifically, both in terms of revenue mobilisation and public expenditure.

The inward remittances decreased, which has multiplier effects on other economic sectors, especially small and medium enterprises.

The MCCI also observes that there are emerging challenges to be faced due to recent hikes in prices of essential commodities, decreasing remittances, emergence of any new Covid wave, and slow vaccine rollout.

Unemployment situation and low investment are also challenges, it continues.

On the basis of observations in the preceding nine months, the Chamber has made its own projections on some selected economic indicators for the third quarter of FY22.

The performances of export, import, and remittances may increase in all three months of the quarter while the forex reserves are likely to fall in January and March owing to the payment to the Asian Clearing Union (ACU) against imports.

The rate of inflation, however, can be expected to go up in February 2022 because of the probable rise in some essential commodities, the chamber continues.

Export-import

According to the MCCI's quarterly review, export earnings in July-December 2021 increased by 28.41% to $24.70 billion from $19.23 billion in the corresponding period of the previous year, thanks to the highest ever single month export earnings of $4.91 billion in the last month of the quarter.

Export earnings in December 2021 grew year-on-year by 48.28% riding on readymade garments. The December earnings also surpassed the target of $3.91 billion, set for the month.

Total value of custom-based imports increased by 54.47% to $42.12 billion year-on-year in the July-December quarter of FY22. A gradual decline in the Covid-19 infection rates and the subsequent relaxation of restrictions has encouraged businesses to rescue imports.

Foreign aid

The disbursement of foreign aid increased by 39.0% to $4.17 billion in July-December of FY22 from $3 billion in the corresponding period a year ago, says the MCCI.

Development partners' commitments of foreign aid, however, marked a 31.14% year-on-year fall to stand at $4.40 billion in the second quarter of FY22.

Foreign direct investment

Citing the Bangladesh Bank's balance of payments data, the MCCI in its review report says the net foreign direct investment (FDI) in July-December of FY22 increased by 4.57% to $870 million from $832 million in the corresponding period of the previous fiscal year.

On the other hand, the gross inflow of FDI during the period under review also increased year-on-year by 3.66% to $1,900 million.

The chamber, however, observes that FDI inflow to Bangladesh is low compared to that in many countries at similar levels of development.

Balance of payments

The country's trade deficit with the rest of the world crossed $15 billion in July-December of FY22. Trade imbalance increased year-on-year by 127.21% or $8.75 billion to $15.62 billion during the said period.

Even though the import and export grew substantially, the import growth was higher than the export earnings that kept the country's trade deficit high.

Meanwhile, the country's current account deficit deteriorated further in the first half (July-December) of FY22 following higher import payment obligations along with lower inflow of remittances. The current account deficit stood at $8.18 billion during the period under review against $3.52 billion surplus in July-December of FY21.

However, the financial account's surplus improved further following higher inflows of medium-and long-term loans as well as aid flows, mentions the MCCI, citing Bangladesh Bank's data. The financial account's surplus stood at $6.68 billion in July-December of FY22 against a surplus of $2.22 billion in H1 of FY21.

Actually, the soaring deficit in trade as well as the current account reflects the growing imbalance of the external account, thus creating mounting pressure on the country's overall balance of payments (BoP), observes the MCCI.

The BoP posted a negative balance of $1.79 billion in the first six months of FY22 against a positive balance of $6.16 billion in the corresponding period of FY21.

Exchange rate and foreign exchange reserves

Between end-June of FY21 and end-December of FY22, the value of Taka depreciated by 1.16% in terms of US dollar. On the inter-bank market, the US dollar was quoted at Tk84.8054 at the end of June 2021 and Tk85.8 at the end of December 2021.

The Bangladesh Bank's gross foreign exchange reserves stood at $46.15 billion (with ACU liability of $1.94 billion) at the end of December 2021, compared to $43.17 billion (with ACU liability of $1.27 billion) at the same point of time a year ago.

Inflation

The point-to-point inflation over the last few months increased as per the latest BBS data, according to the MCCI.

The general point to point inflation rate rose by 0.07 percentage points to 6.05% in December 2021 from 5.98% in November 2021 and the inflation in November also increased by 0.28 percentage points from October 2021.

The inflation increased mainly due to increase of prices of both food and non-food items. A year ago, in December 2020, the inflation rate was lower at 5.29%.

Both food and non-food inflation rates increased in December 2021 compared to the previous month (November).

Agriculture

Full data on agricultural production for the second quarter of the current fiscal are not available yet, as the harvesting of the three major crops – aman, aus and boro - will be spread over the coming months of the fiscal, says the MCCI.

The chamber in its quarterly review, however, mentions that the sector employed about 39% of the country's labour force and accounted for about 13.47% of the GDP in FY21.

The favourable natural factors and strong government support in terms of timely availability of inputs and finance notwithstanding that the sector witnessed its growth rate go down to 3.45% in FY21 from 4.59% a year ago.

Industry

The MCCI says the country's industry sector registered a 6.12% growth in FY21, which was 3.25% in the previous year.

Besides, the share of the industry sector in the GDP increased slightly by 0.21 percentage points to 34.99% in FY21 from 34.78% in FY20.

Data on the sector for the second quarter of FY22 are yet to be available, says the trade body.

In the broad industry sector, the manufacturing sub-sector registered a growth of 5.77% in FY21, compared to the previous fiscal year's 1.80%.

Within manufacturing, the large and medium scale industries sub-sector performed comparatively better than it did in the previous fiscal, growing at 6.56% in FY21, compared to 1.39% in FY20.

The small scale manufacturing industries grew by 1.73% in FY21, down from 3.96% a year ago. However, the share of the manufacturing sub-sector in GDP increased to 23.66% in FY21 from 23.59% in the previous year.

Within manufacturing, the share of the large and medium scale industries sub-sector in GDP rose to 19.92% in FY21 from 19.72% in FY20, and the share of small scale industries sub-sector in GDP, however, decreased to 3.73% from 3.87%.

Power

The power supply situation improved in the quarter under review but the demand for power also shot up during the period.

Citing the power development board, the demand for electricity was 7,922 megawatt (MW) on 31 December 2021 and there was no load-shedding. The actual generation was 6,768 MW during the day peak and was 8,193 MW during evening peak.

In 2021, the maximum generation was 13,792 MW, which was recorded on 27 April.

Total installed capacity rose to 22,031 MW on 31 December 2021 and present capacity rose to 20,934 MW, but production remained low because of gas shortage and also because of the suspension of production at some power stations for maintenance.

Public finance

The tax revenue collection by the National Board of Revenue (NBR), year-on-year, grew by 16.82% in July-December of FY22, thanks to the reopening of the economy following the pandemic-induced lockdown.

The NBR collected Tk1,29,090 crore in July-December of FY22 compared to Tk1,10,501 crore in the same period a year ago. Even then, the revenue collection in the first half of FY22 was only 39.12% of the target set for the fiscal.

Implementation of the annual development programme (ADP) by the ministries and divisions remained sluggish in the first half of the current fiscal like in the previous year.

The MCCI, citing the latest data provided by the Implementation Monitoring and Evaluation Division (IMED), says 58 ministries and divisions could spend Tk56,962 crore in July-December of FY22, which is 24.06% of the total allocation of Tk2,36,793 crore for the entire fiscal. In the first of FY21, the rate of ADP implementation as against the total allocation for the year was 23.89%.

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Major macroeconomic indicators in satisfactory position: MCCI

Staff Correspondent

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The MCCI has said the major macroeconomic indicators in the country are in a satisfactory position as the economy is rebounding from the Covid-19 shocks thanks to the time-befitting steps of the government alongside implementation of the stimulus packages.

The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) said this on Friday in the Review of Economic Situation in Bangladesh, October-December 2021 (Q2 of FY22) prepared by the trade organisation.

Exports and imports are two important drivers of the economy, and amid the Covid pandemic, both the areas have done well, the MCCI said in the observation.

Robust export earnings have facilitated economic recovery in the recent time.

However, the inward remittances decreased, which has multiplier effects on other economic sectors, particularly the small and medium industries, it said.

The reserve of foreign currency is in a satisfactory position and the exchange rate has long remained stable.

On the other side, some of the economic indicators appear to be less promising than projected earlier, the trade body observed.

The rate of inflation increased in the quarter under review.

The fiscal framework continues to be weak in view of poor achievements, more specifically, both in terms of revenue mobilisation and public expenditure. Unemployment and low investment are also challenges, it added.

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‘Price pressure main challenge for the reviving economy’

Staff Correspondent
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The recent price rise of essential commodities, unemployment situation and low investment are major challenges for the economic progress of Bangladesh, says Metropolitan Chamber of Commerce and Industry (MCCI) in its latest review on the economy.

Besides, decreasing remittances, new COVID wave, and slow vaccine rollout are other deterrents to the economy which may have multiplier effects on economy.

“Despite the recovery trend in the economy, there are emerging challenges to be faced due to recent price rise of essential commodities, decreasing remittances, emerging of any new COVID wave, and slow vaccine rollout”, reads the review of the MCCI.

“On the other side, some of the economic indicators appear to be less promising than projected earlier. The rate of inflation increased in the quarter under review. The fiscal framework continues to be weak in view of poor achievements, more specifically, both in terms of revenue mobilization and public expenditure. Unemployment situation and low investment are also challenges”.

A review of Metropolitan Chamber of Commerce and Industry (MCCI) was released on Friday. The Economic Situation in Bangladesh-October - December 2021 (Q2 of FY22) has touched almost all major sectors in the economy.

According to the review, Bangladesh's economy is now rebounding from the COVID-19 shocks due to the time-befitting steps of the government alongside implementation of the stimulus packages. Economic condition seems to have been gradually improving after the easing of restrictions in late May 2020, supported by the government policies.

The review said during the quarter under review (Q2 of FY22), the major macroeconomic indicators are in a satisfactory position while some of the economic indicators appear to be less promising than projected earlier.

On overall price pressure, the review says the general point to point inflation rate rose by 0.07 percentage points to 6.05 per cent in December 2021 from 5.98 per cent in the immediate past month (November 2021) and the inflation in November also increased by 0.28 percentage points from October 2021. The inflation increased mainly due to increase of prices of both food and non-food, items. A year ago, in December 2020, the inflation rate was lower at 5.29 per cent. On the other hand, non-food price inflation increased by 0.13 percentage points to 7.00 per cent in December 2021 from 6.87 per cent in the previous month. Year-on-year, non-food price inflation was also lower at 5.21 per cent.

Exports and imports are two important drivers of the economy and both areas have done well amid the pandemic. The export-oriented garment, leather and domestic market-oriented steel, food-processing and transport sectors are running in full scale. Robust export earnings have facilitated economic recovery in the recent time. Foreign currency reserve is in a satisfactory position and the exchange rate has long been remained stable, said the review.

"On the other side, some of the economic indicators appear to be less promising than projected earlier. The rate of inflation increased in the quarter under review. The fiscal framework continues to be weak in view of poor achievements, more specifically, both in terms of revenue mobilization and public expenditure. The inward remittances however decreased, which has multiplier effects on other economic sectors, especially the small and medium industry," reads the review.

The review also showed sector wise economic performance and condition of the country.

Agriculture

The favorable natural factors and strong government support in terms of timely availability of inputs and finance notwithstanding, the agriculture sector achieved a lower rate of growth of 3.45 per cent in FY21 compared to 4.59 per cent in FY20. To tackle the economic losses caused by the COVID-19 pandemic, the government had created a refinance scheme of Tk.50.0 billion for the agriculture sector.

Industry

The sector registered a growth of 6.12 per cent in FY21, which was 3.25 per cent in FY20. Besides, the share of the industry sector in GDP increased slightly by 0.21 percentage points to 34.99 per cent in FY21 from 34.78 per cent in FY20.

Power

The power supply situation improved in the quarter under review but the demand for power shot up, too. In 2021, the maximum generation was 13,792 MW, which was recorded on 27 April. Total installed capacity rose to 22,031 MW on 31 December 2021 and derated/present capacity rose to 20,934 MW, but production remained low because of gas shortage and also because of shutting of some power stations for maintenance.

Services

The sector, recorded a higher growth of 5.61 per cent in FY21, compared to 4.16 per cent in the previous fiscal year and the share of the sector in GDP increased to 51.53 per cent in FY21 from 51.48 per cent in FY20.

Money and Capital Market

Broad money (M2) recorded a lower growth of 9.60 per cent at the end of December 2021 compared to 14.23 per cent growth achieved at the end of December 2020. Total liquid assets of scheduled banks stood lower at Tk.447,522 crore at the end of December 2021, compared with Tk.449,088 crore at the end of June 2021. At the end of December 2021, the daily turnover stood at Tk.14.75 billion on an average in 2021, up by 127 per cent year-on-year.

Export and Import

Export earnings in December 2021 grew year-on-year by 48.28 per cent to US$4.91 billion from US$3.31 billion riding on the readymade garment (RMG) amid the COVID-19 pandemic.

Total value of custom based import during July-December of FY22 remarkably increased by 54.47 per cent to US$42.12 billion against US$27.27 billion during July-December of FY21.

Remittances

The inflow of remittances in July-December of FY22 decreased substantially by 20.91 per cent to US$10.24 billion from US$12.95 billion in the corresponding six months of the previous fiscal year.

This decline in remittances is a reflection of the second wave of COVID-19 pandemic situation when many Bangladeshi migrants lost their jobs, some migrants were laid off by their companies; besides, many others who returned home couldn't go back due to suspended international flights as a part of countrywide lockdown and unmet vaccination requirements.

Foreign Aid and Foreign Direct Investment (FDI)

The disbursement of foreign aid increased by US$1.17billion or 39.0 per cent to US$4.17billion in July-December of FY22 compared to US$3.00billion in July-December of FY21. The net foreign direct investment (FDI) in July-December of FY22 increased by 4.57 per cent to US$870 million from US$832 million in the corresponding period of the previous fiscal year (FY21).

Inflation

The general point to point inflation rate rose by 0.07 percentage points to 6.05 per cent in December 2021 from 5.98 per cent in November 2021 and the inflation in November also increased by 0.28 percentage points from October 2021. The inflation increased mainly due to increase of prices of both food and non-food items. A year ago, in December 2020, the inflation rate was lower at 5.29 per cent.

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Economy rebounding from Covid shocks for timely steps

Says MCCI review report on economic situation of Q2

By Staff Correspondent
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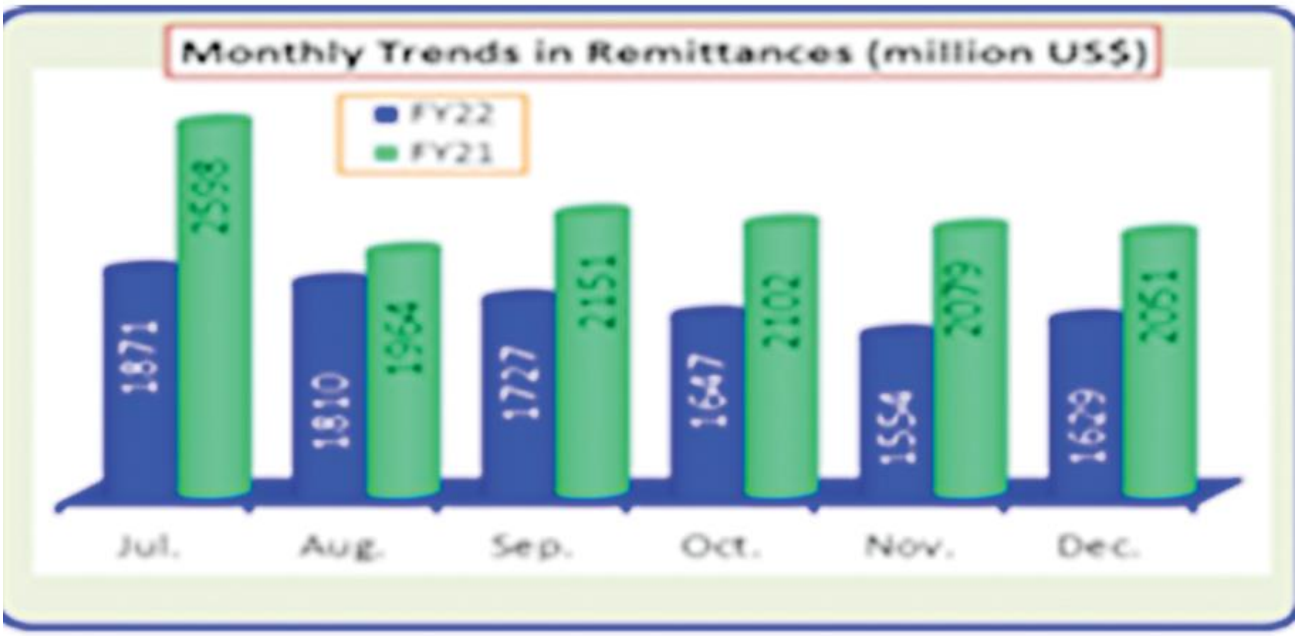

Bangladesh's economy is now rebounding from the COVID-19 shocks due to the time-befitting steps of the government alongside implementation of the stimulus packages, said a quarterly review report on economic situation, done by the metropolitan Chamber of Commerce and Industries (MCCI), released on Friday.

The MCCI review also added that there are emerging challenges to be faced due to recent price rise of essential commodities, decreasing remittances, emerging of any new COVID wave, and slow vaccine rollout.

"During the quarter under review (Q2 of FY22), the major macroeconomic indicators are in a satisfactory position. Exports and imports are two important drivers of the economy, and amid the COVID-19 pandemic, both the areas have done well", the report said.

It mentions that robust export earnings have facilitated economic recovery in the recent time. The export-oriented garment, leather and domestic market-oriented steel, food-processing and transport sectors are running in full scale.

MCCI also expressed worry that the inward remittances however decreased, which has multiplier effects on other economic sectors, especially the small and medium industry. Foreign currency reserve is in a satisfactory position and the exchange rate has long been remained stable.

On the other side, some of the economic indicators appear to be less promising than projected earlier. The rate of inflation increased in the quarter under review.

The report reviewed the overall economic situation of the country from October to December 2021, the 2nd quarter of the FY 2022.

According to the review, the export earnings (merchandise) in July-December of FY22 increased by 28.41 per cent to US$24.70 billion from US$19.23 billion in the corresponding period of the previous fiscal year, thanks to the highest ever single month export earnings of US$4.91 billion in the last month (December 2021) of the review period.

Export earnings in December 2021 grew year-on-year by 48.28 per cent to US$4.91 billion from US$3.31 billion riding on the readymade garment (RMG) amid the COVID-19 pandemic.

The inflow of remittances in July-December of FY22 decreased substantially by 20.91 per cent to US$10.24 billion from US$12.95 billion in the corresponding six months of the previous fiscal year while the disbursement of foreign aid increased by US$1.17billion or 39.0 per cent to US$4.17billion in July-December of FY22 compared to US$3.00billion in July-December of FY21.

On the other hand, development partners' commitments of foreign aid however decreased by 31.14 per cent to US$4.40 billion in July-December of FY22 from US$6.39billion in July-December of FY21.

The net foreign direct investment (FDI) in July-December of FY22 increased by 4.57 per cent to US$870 million from US$832 million in the corresponding period of the previous fiscal year (FY21), according to the BB's balance of payments data.

On the other hand, the gross inflow of FDI during the period under review also increased year-on-year by 3.66 per cent to US$1900 million from US$1833 million

The country's trade deficit with the rest of the world crossed US$15 billion in July-December of FY22. Trade imbalance increased by 127.21 per cent or US$8.75 billion to US$15.62 billion during July-December of FY22 from US$6.87 billion in the corresponding period of FY21.

Though the import and export grew substantially, the import growth was higher than the export earnings that kept the country's trade deficit high.

The point-to-point inflation over the last few months increased as per the latest BBS data. The general point to point inflation rate rose by 0.07 percentage points to 6.05 per cent in December 2021 from 5.98 per cent in November 2021 and the inflation in November also increased by 0.28 percentage points from October 2021.

According to BB data, broad money (M2) recorded a lower growth of 9.60 per cent at the end of December 2021 compared to 14.23 per cent growth achieved at the end of December 2020 (Table 1).

Domestic credit, on the other hand, grew by 12.37 per cent at the end of December 2021, while a lower rate of growth of 9.91 per cent was recorded at the end of December 2020.

At the end of December 2021, the Dhaka Stock Exchange (DSE) posted a decade-high daily turnover value along with a rise in market capitalization to GDP ratio. The daily turnover, an important gauge, stood at Tk.14.75 billion on an average in 2021, up by 127 per cent year-on-year.

The tax revenue collection by the National Board of Revenue (NBR), year-on-year, grew by 16.82 per cent in the first six months of the current fiscal year (July-December of FY22), thanks to economic reopening after the COVID-19 pandemic induced lockdown.

The NBR collected Tk.1,290.90 billion in H1 of FY22 compared to Tk.1,105.01 billion in H1 of FY21. However, the revenue collection in July-December of FY22 was only 39.12 per cent of the target (Tk.3300.00 billion), according to provisional data of the NBR.

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Economic system on restoration path, picks tempo in Q2: MCCI

February 18, 2022 by nationalnewspaper_8d782u

Bangladesh's financial restoration from Covid-19 shocks gained additional momentum within the second quarter of the continuing 2021-22 fiscal yr as virtually all the main macroeconomic indicators had been in a passable place, says the Metropolitan Chamber of Commerce and Trade (MCCI).

In its evaluate of the financial scenario in Bangladesh for October-December 2021, the chamber has noticed that financial situation appears to have been progressively bettering following the easing of pandemic-related disruptions in late Might 2020, because of the time-befitting steps of the federal government alongside implementation of the stimulus packages.

In October-December 2021, exports and imports – two necessary drivers of the financial system – did nicely, observes the commerce physique in its quarterly evaluate report launched on Friday.

Strong export earnings have facilitated financial restoration in current occasions, says the report, including the export-oriented garment, leather-based sectors, and home market-oriented metal, food-processing and transport sectors are working in full scale.

Overseas foreign money reserves are in a passable place and the change charge has lengthy remained steady, it provides.

There are, nevertheless, some financial indicators that seem like much less promising than had been projected earlier, the report says including inflation charge elevated whereas the fiscal framework continues to be weak in view of poor achievements, extra particularly, each when it comes to income mobilisation and public expenditure.

The inward remittances decreased, which has multiplier results on different financial sectors, particularly small and medium enterprises.

The MCCI additionally observes that there are rising challenges to be confronted on account of current hikes in costs of important commodities, lowering remittances, emergence of any new Covid wave, and gradual vaccine rollout.

Unemployment scenario and low funding are additionally challenges, it continues.

On the idea of observations within the previous 9 months, the Chamber has made its personal projections on some chosen financial indicators for the third quarter of FY22.

The performances of export, import, and remittances could enhance in all three months of the quarter whereas the foreign exchange reserves are prone to fall in January and March owing to the cost to the Asian Clearing Union (ACU) in opposition to imports.

The speed of inflation, nevertheless, might be anticipated to go up in February 2022 due to the possible rise in some important commodities, the chamber continues.

Export-import

In accordance with the MCCI's quarterly evaluate, export earnings in July-December 2021 elevated by 28.41% to $24.70 billion from $19.23 billion within the corresponding interval of the earlier yr, because of the very best ever single month export earnings of $4.91 billion within the final month of the quarter.

Export earnings in December 2021 grew year-on-year by 48.28% driving on readymade clothes. The December earnings additionally surpassed the goal of $3.91 billion, set for the month.

Complete worth of custom-based imports elevated by 54.47% to $42.12 billion year-on-year within the July-December quarter of FY22. A gradual decline within the Covid-19 an infection charges and the next leisure of restrictions has inspired companies to rescue imports.

Overseas help

The disbursement of overseas help elevated by 39.0% to $4.17 billion in July-December of FY22 from $3 billion within the corresponding interval a yr in the past, says the MCCI.

Improvement companions' commitments of overseas help, nevertheless, marked a 31.14% year-on-year fall to face at $4.40 billion within the second quarter of FY22.

Overseas direct funding

Citing the Bangladesh Financial institution's stability of funds knowledge, the MCCI in its evaluate report says the online overseas direct funding (FDI) in July-December of FY22 elevated by 4.57% to $870 million from $832 million within the corresponding interval of the earlier fiscal yr.

Then again, the gross influx of FDI in the course of the interval below evaluate additionally elevated year-on-year by 3.66% to $1,900 million.

The chamber, nevertheless, observes that FDI influx to Bangladesh is low in comparison with that in lots of international locations at comparable ranges of improvement.

Stability of funds

The nation's commerce deficit with the remainder of the world crossed $15 billion in July-December of FY22. Commerce imbalance elevated year-on-year by 127.21% or $8.75 billion to $15.62 billion in the course of the mentioned interval.

Regardless that the import and export grew considerably, the import development was increased than the export earnings that stored the nation's commerce deficit excessive.

In the meantime, the nation's present account deficit deteriorated additional within the first half (July-December) of FY22 following increased import cost obligations together with decrease influx of remittances. The present account deficit stood at $8.18 billion in the course of the interval below evaluate in opposition to $3.52 billion surplus in July-December of FY21.

Nevertheless, the monetary account's surplus improved additional following increased inflows of medium-and long-term loans in addition to help flows, mentions the MCCI, citing Bangladesh Financial institution's knowledge. The monetary account's surplus stood at $6.68 billion in July-December of FY22 in opposition to a surplus of $2.22 billion in H1 of FY21.

Really, the hovering deficit in commerce in addition to the present account displays the rising imbalance of the exterior account, thus creating mounting strain on the nation's general stability of funds (BoP), observes the MCCI.

The BoP posted a unfavorable stability of $1.79 billion within the first six months of FY22 in opposition to a constructive stability of $6.16 billion within the corresponding interval of FY21.

Alternate charge and overseas change reserves

Between end-June of FY21 and end-December of FY22, the worth of Taka depreciated by 1.16% when it comes to US greenback. On the inter-bank market, the US greenback was quoted at Tk84.8054 on the finish of June 2021 and Tk85.8 on the finish of December 2021.

The Bangladesh Financial institution's gross overseas change reserves stood at $46.15 billion (with ACU legal responsibility of $1.94 billion) on the finish of December 2021, in comparison with $43.17 billion (with ACU legal responsibility of $1.27 billion) on the identical level of time a yr in the past.

Inflation

The purpose-to-point inflation over the previous couple of months elevated as per the most recent BBS knowledge, based on the MCCI.

The overall level to level inflation charge rose by 0.07 share factors to six.05% in December 2021 from 5.98% in November 2021 and the inflation in November additionally elevated by 0.28 share factors from October 2021.

The inflation elevated primarily on account of enhance of costs of each meals and non-food objects. A yr in the past, in December 2020, the inflation charge was decrease at 5.29%.

Each meals and non-food inflation charges elevated in December 2021 in comparison with the earlier month (November).

Agriculture

Full knowledge on agricultural manufacturing for the second quarter of the present fiscal are usually not obtainable but, because the harvesting of the three main crops – aman, aus and boro – will probably be unfold over the approaching months of the fiscal, says the MCCI.

The chamber in its quarterly evaluate, nevertheless, mentions that the sector employed about 39% of the nation's labour power and accounted for about 13.47% of the GDP in FY21.

The beneficial pure components and powerful authorities help when it comes to well timed availability of inputs and finance however that the sector witnessed its development charge go down to three.45% in FY21 from 4.59% a yr in the past.

Trade

The MCCI says the nation's trade sector registered a 6.12% development in FY21, which was 3.25% within the earlier yr.

In addition to, the share of the trade sector within the GDP elevated barely by 0.21 share factors to 34.99% in FY21 from 34.78% in FY20.

Information on the sector for the second quarter of FY22 are but to be obtainable, says the commerce physique.

Within the broad trade sector, the manufacturing sub-sector registered a development of 5.77% in FY21, in comparison with the earlier fiscal yr's 1.80%.

Inside manufacturing, the big and medium scale industries sub-sector carried out comparatively higher than it did within the earlier fiscal, rising at 6.56% in FY21, in comparison with 1.39% in FY20.

The small scale manufacturing industries grew by 1.73% in FY21, down from 3.96% a yr in the past. Nevertheless, the share of the manufacturing sub-sector in GDP elevated to 23.66% in FY21 from 23.59% within the earlier yr.

Inside manufacturing, the share of the big and medium scale industries sub-sector in GDP rose to 19.92% in FY21 from 19.72% in FY20, and the share of small scale industries sub-sector in GDP, nevertheless, decreased to three.73% from 3.87%.

Energy

The ability provide scenario improved within the quarter below evaluate however the demand for energy additionally shot up in the course of the interval.

Citing the facility improvement board, the demand for electrical energy was 7,922 megawatt (MW) on 31 December 2021 and there was no load-shedding. The precise technology was 6,768 MW in the course of the day peak and was 8,193 MW throughout night peak.

In 2021, the utmost technology was 13,792 MW, which was recorded on 27 April.

Complete put in capability rose to 22,031 MW on 31 December 2021 and current capability rose to twenty,934 MW, however manufacturing remained low due to gasoline scarcity and likewise due to the suspension of manufacturing at some energy stations for upkeep.

Public finance

The tax income assortment by the Nationwide Board of Income (NBR), year-on-year, grew by 16.82% in July-December of FY22, because of the reopening of the financial system following the pandemic-induced lockdown.

The NBR collected Tk1,29,090 crore in July-December of FY22 in comparison with Tk1,10,501 crore in the identical interval a yr in the past. Even then, the income assortment within the first half of FY22 was solely 39.12% of the goal set for the fiscal.

Implementation of the annual improvement programme (ADP) by the ministries and divisions remained sluggish within the first half of the present fiscal like within the earlier yr.

The MCCI, citing the most recent knowledge supplied by the Implementation Monitoring and Analysis Division (IMED), says 58 ministries and divisions might spend Tk56,962 crore in July-December of FY22, which is 24.06% of the whole allocation of Tk2,36,793 crore for your entire fiscal. Within the first of FY21, the speed of ADP implementation as in opposition to the whole allocation for the yr was 23.89%.

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অর্থনীতি ঘুরে দাঁড়ালেও রয়েছে চ্যালেঞ্জ: এমসিসিআই

করোনার ধাক্কা কাটিয়ে ধীরে ধীরে অর্থনীতি ঘুরে দাঁড়ালেও বহুমুখী চ্যালেঞ্জ রয়েছে বলে মনে করে মেট্রোপলিটন চেম্বার অব কমার্স অ্যান্ড ইন্ডাস্ট্রি (এমসিসিআই)। গতকাল সংগঠনটির পাঠানো ২০২২ অর্থবছরের জুলাই-ডিসেম্বর ত্রৈমাসিক প্রতিবেদনে এসব এসব বলা হয়।

প্রতিবেদনে সংগঠনটি জানায়, প্রণোদনা প্যাকেজ বাস্তবায়নের পাশাপাশি সরকারের সময়োপযোগী পদক্ষেপের কারণে বাংলাদেশের অর্থনীতি এখন কোভিড-১৯ ধাক্কা কাটিয়ে উঠছে। এমসিসিআই মনে করে, ২০২০ সালের মে মাসের শেষের দিকে বিধিনিষেধ শিথিল করার পরে অর্থনৈতিক অবস্থা ধীরে ধীরে উন্নত হয়েছে। তবে অর্থনীতি ঘুরে দাঁড়ানো সত্ত্বেও, নিত্যপ্রয়োজনীয় পণ্যে সাম্প্রতিক মূল্যবৃদ্ধি, রেমিট্যান্স হ্রাস, করোনার নতুন ঢেউ এবং ভ্যাকসিন কার্যক্রমের ধীরগতির কারণে উদ্ভূত চ্যালেঞ্জের মুখোমুখি হতে হবে।

পর্যালোচনাধীন ত্রৈমাসিকে, প্রধান সামষ্টিক অর্থনৈতিক সূচকগুলো সন্তোষজনক অবস্থানে রয়েছে। অর্থনীতির দুটি গুরুত্বপূর্ণ সূচক রপ্তানি ও আমদানি করোনা মহামারীর মধ্যেও ভাল ছিল। শক্তিশালী রপ্তানি আয় সাম্প্রতিক সময়ে অর্থনৈতিক পুনরুদ্ধারে গতি এনেছে। রপ্তানিমুখী পোশাক, চামড়া এবং দেশীয় বাজারমুখী ইস্পাত, খাদ্য প্রক্রিয়াকরণ এবং পরিবহন খাতগুলো পুরোদমে এগিয়ে যাচ্ছে। তবে অভ্যন্তরীণ রেমিট্যান্স হ্রাস পেয়েছে, যা অন্যান্য অর্থনৈতিক খাতে, বিশেষ করে ক্ষুদ্র ও মাঝারি শিল্পের উপর নেতিবাচক প্রভাব ফেলেছে। বৈদেশিক মুদ্রার রিজার্ভ সন্তোষজনক অবস্থানে রয়েছে এবং বিনিময় হার দীর্ঘদিন ধরে স্থিতিশীল রয়েছে।

অন্যদিকে, কিছু অর্থনৈতিক সূচক পূর্বের অনুমানের চেয়ে কম আশাব্যঞ্জক বলে মনে হচ্ছে। পর্যালোচনাধীন প্রান্তিকে মূল্যস্ফীতির হার বেড়েছে। আর্থিক কাঠামো দুর্বল কৃতিত্বের পরিপ্রেক্ষিতে,

আরও নির্দিষ্টভাবে, উভয় ক্ষেত্রেই দুর্বল রাজস্ব আহরণ এবং সরকারি ব্যয়ের শর্তাবলী। বেকারত্বের অবস্থা ও নি¤œমুখী বিনিয়োগকে চ্যালেঞ্জ হিসেবে মনে হচ্ছে।

এই সময়ে রপ্তানি আয়েও ভালো অবস্থানে আছে বাংলাদেশ। ২০২২ অর্থবছরের জুলাই-ডিসেম্বর মাসে রপ্তানি আয় ২৮ দশমিক ৪১ শতাংশ বেড়ে ২৪ দশমিক ৭০ বিলিয়ন মার্কিন ডলার হয়েছে যা আগের অর্থবছরের একই সময়ের হয়েছিল ১৯ দশমিক ২৩ বিলিয়ন। এছাড়া গত ডিসেম্বর মাসে একক মাস হিসেবে সর্বোচ্চ রপ্তানি আয় হয়েছে। এই মাসে আয় হয়েছে ৪ দশমিক ৯১ বিলিয়ন ডলার। ২০২১ সালের ডিসেম্বরে রপ্তানি আয় বছরে ৪৮ দশমিক ২৮ শতাংশ বৃদ্ধি পেয়ে ৪ দশমিক ৯১ বিলিয়ন মার্কিন ডলার হয়েছে যা আগের বছর একই সময় হয়েছিল ৩ দশমিক ৩১ বিলিয়ন ডলার। আর নির্ধারিত লক্ষ্যমাত্রার চেয়ে বেড়েছে ২৫ দশমিক ৫৮ শতাংশ।

২০২২ অর্থবছরের জুলাই-ডিসেম্বর মাসে রেমিট্যান্সের প্রবাহ ২০.৯১ শতাংশ কমেছে। এই সময়ে রেমিট্যান্সে এসেছে ১০.২৪ বিলিয়ন যা আগের অর্থবছরের একই সময় এসেছিল ১২.৯৫ বিলিয়ন ডলার। করোনার দ্বিতীয় ঢেউয়ের কারণে অনেক বাংলাদেশি অভিবাসী তাদের চাকরি হারিছে, কিছু অভিবাসীকে তাদের কোম্পানিগুলো ছাঁটাই করেছে। এই কারণে রেমিট্যান্স কমেছে বলে মনে করে সংগঠনটি।

২০২২ অর্থবছরের জুলাই-ডিসেম্বরে বাণিজ্য ঘাটতি ১৫ বিলিয়ন ডলার ছাড়িয়ে গেছে। ২০২১ সালের জুলাই-ডিসেম্বরে বাণিজ্য ঘাটতি ছিল ৬.৮৭ বিলিয়ন। আর ২০২২ সালের একই সময়ে সেটি প্রায় ১২৭.২১ শতাংশ বা ৮.৭৫ বিলিয়ন ডলার বেড়ে ১৫.৬২ বিলিয়ন ডলারে দাঁড়িয়েছে। আমদানি-রপ্তানি উল্লেখযোগ্য হারে বাড়লেও রপ্তানি আয়ের তুলনায় আমদানি প্রবৃদ্ধি বেশি ছিল যা দেশের বাণিজ্য ঘাটতি বাড়িয়ে দিয়েছে।

বিবিএসের সর্বশেষ তথ্য অনুযায়ী, গত কয়েক মাসে পয়েন্ট-টু-পয়েন্ট মূল্যস্ফীতি বেড়েছে। সাধারণ পয়েন্ট-টু-পয়েন্ট মুদ্রাস্ফীতির হার ডিসেম্বর ২০২১ সালে দশমিক ০৭ শতাংশ পয়েন্ট বেড়ে ৬ দশমিক ০৫ শতাংশে দাঁড়িয়েছে যা ২০২১ সালের নভেম্বরে ৫ দশমিক ৯৮ শতাংশ ছিল। নভেম্বরে মূল্যস্ফীতিও অক্টোবর ২০২১ থেকে দশমিক ২৮ শতাংশ পয়েন্ট বেড়েছে। সম্প্রতি নিত্যপণ্যের দাম বাড়ার কারণেই এই মূদ্রাস্ফীতি বেড়েছে বলে মনে করে সংগঠনটি। এক বছর আগে অর্থাৎ ২০২০ সালের ডিসেম্বরে মূল্যস্ফীতির হার ছিল ৫.২৯ শতাংশে কম।